

## The Common Violation Pattern of Securities Firms

	common violation pattern	Regulation
Brokering Business	1. Accepting a customer's trading order with discretionary authority over the type, quantity, price, or purchase or sale of the securities.	Paragraph 2(3) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms.
	2. Subscribing or trading securities in the name of the customer or by using the customer's account.	Paragraph 2(7) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms.
	3. Borrowing or lending of money or securities to or from a customer, or acting as an intermediary for the borrowing or lending of money or securities to or from a customer.	Paragraph 2(9) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms.
	4. Safekeeping securities, cash, chops, or deposit books of customers, or misappropriating any of those things.	Paragraph 2(11) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms.
	5. Associated persons use office computer or telephone to subscribe, trade, or settle securities as agent on behalf of another person.	<ol style="list-style-type: none"> <li>1. Paragraph 2(17) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms.</li> <li>2. Order no.09600340632 stipulated by Financial Supervisory Commission on July11, 2007.</li> </ol>
	6. Fraud, deception, or other misleading behavior when engaging in underwriting, proprietary trading, or brokerage trading of securities.	Paragraph 1 of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms.
	7. Associated persons and their main customers buy or sell the same underlying stock in a short period of time, but the supervisor of the business unit failed to verify whether there is a conflict of	1. Paragraph 2(1) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms.

	interest between the associated persons and their customers.	2. (VI) 、 1 of CA-11210 of the standard guidelines for the internal control system of securities firms.
Dealing Business	1. Engaging in the trading of exchange-listed or OTC-listed stocks with information learned on the job.	Paragraph 2(1) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms
	2. Securities firms operate derivative financial product trading business without the central bank's permission.	1. Paragraph 1 of Article 19-4 of the Regulations Governing Securities Firms. 2. Paragraph 2(23) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms
Underwriter Business	1. A responsible/ associated person of a securities firm subscribes securities in the name of any other person.	1. Paragraph 2 of Article 2 of the Regulations Governing Securities Firms 2. Paragraph 2(7) 、 (8) 、 ( 11 ) 、 (19) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms
	2. Underwriting fees collected to be reimbursed or refunded to the issuer or any related party.	Paragraph 1 of Article 28 of the Regulations Governing Securities Firms
	3. A securities firm underwriting or re-selling securities does not accord with the handling rules prescribed by the securities dealers' association.	1. Paragraph 2 of Article 28 of the Regulations Governing Securities Firms 2. Taiwan Securities Associations Article 36(8) of the Rules Governing Underwriting and Resales of Securities by Securities Firms
Others	1. Soliciting, acting as an intermediary for, or promoting unapproved securities or derivative products thereof.	Paragraph 2(23) of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of

		Securities Firms
	2. Responsible persons and associated persons of a securities firm violate the principles of honesty and good faith when conducting business.	<p>1. Paragraph 2 of Article 2 of the Regulations Governing Securities Firms.</p> <p>2. Paragraph 1 of Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms</p>