

SUPERVISORY GUIDELINE – CONTRACT NOTE

□ **Obligation to deliver documents describing the details of contracts to customers (Rules 63, 68 (h))**

BASIC PRINCIPLES

- A securities company shall make it principle in its internal rules to ensure prompt and clear delivery of the contract details which enables customers to protect customer's benefit in two ways: (1) minimizing the risk of price fluctuation and (2) avoiding customer's transactions being abused by securities company's staff for its benefit (e.g. replacing customer's transaction with a securities company's own transaction).

CHECK POINT 1: OPERATIONAL FLOW

- A securities company shall establish the operational flow from document preparation and content check to document delivery in its rules.
- Does a securities company establish a method of confirming whether the documents have been delivered to customers?
- Do relevant officials understand the procedures correctly?

CHECK POINT 2: CONTENTS OF DOCUMENT

- Do documents delivered to customers contain the following matters?
 - 1) the contract date of the transaction;
 - 2) whether it was a purchase or a sale;
 - 3) the name of securities traded;
 - 4) the quantity; and
 - 5) the price.