

Content

Title :	Eligible Assets Maintenance Requirements for a Local Subsidiary Bank of a Foreign Financial Institution 
Date :	2014.04.15
Legislative :	1. Promulgated on December 11, 2009 2. Amended on July 13, 2011 3. Amendments on 15 April 2014 per Order Jin-Guan-Yin-Wai-Zi No. 10350001150
Content :	<p>1. These Regulations are promulgated in accordance with Paragraph 2, Article 36 of the Banking Act.</p> <p>2. Whenever a foreign financial institution hold 50% or more of the outstanding voting shares or capital stock of a domestic bank directly or indirectly, such domestic bank (hereinafter as "subsidiary bank") shall meet the ratio of assets and liabilities to net worth as following:</p> <p>(1) The amount of its eligible assets based on its holdings of the following asset items shall be calculated according to assigned weights. Total amount of holding of eligible assets shall not be less than 40 percent of the total amount of NTD deposits accepted by the local bank:</p> <p>(i) NTD cash on hand is calculated at 85% of the amount.</p> <p>(ii) Certificates of Deposits Issued by the Central Bank of the Republic of China as well as NTD deposits deposited and re-deposited in the Central Bank of the Republic of China combined are calculated at 85% of the amount.</p> <p>(iii) NTD bonds and bills issued by the ROC government combined are calculated at 85% of the value.</p> <p>(iv) NTD bonds, bills, beneficial securities and asset-backed securities issued by state-run enterprises and private enterprises in the ROC are calculated at 75% of value for investment grade securities and 70% of value for non-investment grade securities.</p> <p>(v) NTD stocks issued by the ROC enterprises are calculated at 55% of the value.</p> <p>(vi) Outstanding NTD mortgage loans extended to ROC nationals (excluding non-accrual loans) are calculated at 85%.</p> <p>(vii) Outstanding loans extended to state-run and private enterprises, government agencies and individuals in the ROC (excluding outstanding NTD mortgage loans in the previous subparagraph) are calculated at 70% for secured loans and 60% for unsecured loans.</p> <p>(viii) Total investment in real estate for own use in the ROC is calculated at 60%.</p> <p>(2) The total net asset amount (i.e., the amount of asset minus the amount of liability for each transaction) of the subsidiary bank, combined with the amount of branches within the territory of Republic of China of the foreign financial institution, shall meet the following requirements:</p> <p>(i) The daily average balance of the total net asset amount in each month shall not exceed 50% of subsidiary bank's net worth, as of the end of the</p>

preceding fiscal year. The calculation of the daily average balance shall be from the first day to the last day of the month, dividing the sum of daily balance by the number of days in the month; the daily balance of a non-business day shall be deemed as same as on the previous business day.

(ii) The daily total net asset amount shall not exceed 100% of the subsidiary's net worth as of the end of the preceding fiscal year.

(3) The cash capital increase made by the local bank during the year may be included in the calculation of net worth mentioned in the preceding subparagraph, and the base date for calculation shall be the date on which the certificate of capital verification is acquired.

3. The term "Investment-grade" mentioned in preceding Point refers to those that meet the criteria set forth in Article 4 of the Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest.

4. The term "secured" mentioned in Point 2 refers to collateral provided in Article 12 of the Banking Act.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System