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| Title :       | Jin-Guan-Yin-Wai-Zi No. 10100064320    |
| Date :        | 2012.06.04  |
| Legislative : | Date: June 4, 2012  |
| Content :     | <p>Regulations Governing Financial Institutions Accepting Foreign Currencies and Foreign securities as Collateral When Handling NTD Credit Extensions<br/>Date: June 4, 2012<br/>Ref: Jin-Guan-Yin-Wai-Zi No. 10100064320</p> <p>Financial institutions accepting foreign currencies and foreign securities as collateral when handling NTD credit extensions shall comply with the following provisions:</p> <ol style="list-style-type: none"><li>1. The financial institutions may accept foreign currencies and foreign securities as collaterals from the holders stated below when conducting NTD loan transactions:<ol style="list-style-type: none"><li>(1) Domestic residents (including a foreign national who holds an Alien Resident Certificate, or a foreign legal entity that has been recognized by the government of the Republic of China) .</li><li>(2) The branch company of a foreign legal entity that has been recognized by the government of the Republic of China, which holds the foreign currencies and foreign securities provided by its headquarters.</li></ol></li><li>2. The foreign securities referred to in the preceding Paragraph include the following items:<ol style="list-style-type: none"><li>(1) Bonds issued by central governments of Mainland China and foreign countries.</li><li>(2) Certificates of term deposits issued by the headquarters and branches of creditable banks, whose global assets or capital ranked among the world's top 1,000 banks in the previous year; and the term deposits issued by the overseas branches of domestic banks of Republic of China.</li></ol></li><li>3. The purpose of credit extension in Paragraph 1 shall be limited to participation in domestic economic activities, and the purpose of foreign exchange is prohibited. If the borrower defaults, the process of foreign exchange related to disposing the collaterals should comply with "Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions".</li><li>4. When handling the related risk-controlling matters on selection and disposal of collateral concerning this business activity, the financial institutions must adopt rules for internal operating procedures and stipulate the ratio of CDs issued by the financial institutions in Mainland China and their branches as collaterals for NTD loans.</li><li>5. If the financial institutions thereof possess bonds issued by the central government of Mainland China, or Certificates of (term) Deposits issued by a financial institution in Mainland China and its branches, the collaterals could be handled by offshore banking units, or overseas branches/ or subsidiaries banks set up in a third area before the financial</li></ol> |

institutions are allowed to provide Renminbi-related businesses to domestic customers. The financial institutions are required to comply with the amount limit of credit, investment and interbank loan and deposit in accordance with the calculation methods stipulated in the Article 12-1 of "Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution Between the Taiwan Area and the Mainland Area".

6. This Order takes immediate effect. The 2 July 2009 Order Financial-Supervisory-Banking- Wai Zi- 09800177840 of the Financial Supervisory Commission is repealed immediately.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System