


Content

Title :	Financial-Supervisory-Securities-Firms-1030001431 
Date :	2014.01.28
Legislative :	Issue date: 28 January 2014
Content :	<p>1. This Order is issued pursuant to Article 15, subparagraph 3 of the Securities and Exchange Act.</p> <p>2. A securities broker may operate foreign bond trading agency business, and shall be subject to the following provisions:</p> <p>(1) A securities broker that intends to operate foreign bond trading agency business shall obtain the FSC's approval for the "foreign bond trading agency" business item, as well as the permission of the Central Bank, before it may commence the operation.</p> <p>(2) A securities broker that intends to operate foreign bond trading agency business shall obtain written authorization from an overseas financial institution that is registered and permitted by the competent authority of the home country to operate securities business (below, "foreign financial institution"), and sign a contract for agent services for trading of the bonds.</p> <p>(3) Purchasers of bonds from a securities broker serving as an agent for the trading of foreign bonds shall be limited to professional institutional investors as defined in Article 3, paragraph 3, subparagraph 1 of the Regulations Governing Offshore Structured Products.</p> <p>(4) The scope of foreign bonds for which a securities broker may serve as a trading agent is as follows:</p> <p>i. "Foreign bonds" means foreign currency denominated bonds issued outside of Taiwan by a foreign entity.</p> <p>ii. "Foreign bonds" above does not include the following:</p> <p>(i) Corporate bonds issued overseas by a domestic enterprise.</p> <p>(ii) Bonds trading in a Mainland area securities market or bonds issued or managed by a Mainland area government or company.</p> <p>(iii) Bonds issued by a company whose stock is a component stock of the Hang Seng China-Affiliated Corporations Index.</p> <p>(iv) Bonds issued by a company in which a Mainland area government or company directly or indirectly holds equity of 30 percent or more, and traded on a securities market in the Hong Kong or Macao area.</p> <p>iii. A securities firm that serves as an agent for the sale of offshore structured products shall do so in accordance with the Regulations Governing Offshore Structured Products.</p> <p>(5) A securities broker that operates the aforementioned business shall observe the following restrictions:</p> <p>i. A securities firm engaging in foreign bond trading as an agent for a foreign financial institution may not engage in margin purchases or short sales of the foreign bonds.</p> <p>ii. A securities firm serving as an agent for foreign bond trading, and a purchaser of foreign bonds through such an agent, shall exercise care not to violate Article 22 of the Securities and Exchange Act with respect to the transfer of the foreign bonds.</p> <p>(6) When a securities broker serves as an agent for foreign bond trading, it shall do so in accordance with the instructions of the foreign financial institution and the written documents it has signed with the domestic purchaser, and shall keep the information on file for auditing. The written documents shall, at a minimum, explain the role of the domestic securities firm as well as the legal relationship and the relationship of rights and obligations between the three parties: the domestic securities firm, the foreign financial institution, and the domestic purchaser.</p> <p>(7) A securities broker employee engaging in the foreign bond trading agency business shall be a qualified associated person, and shall be</p>

registered before executing the business.

(8) A securities firm operating foreign bond trading agency business shall file a foreign bond trading agency operations statement with the Taiwan Securities Association by the tenth day of each following month. The Taiwan Securities Association shall compile and report the filings to the FSC and the competent authority for foreign exchange.

(9) A securities firm shall make appropriate amendments to its internal control system before it commences operating foreign bond trading agency business.

3. The 20 January 2005 Order No. Financial-Supervisory-Securities-II-0930159964 and 19 December 2005 Order No. Financial-Supervisory-Securities-II-0940005916 of the FSC are repealed from this day forward. This Order is effective from this day forward.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System