

Content

Title :	Financial-Supervisory-Securities-Firms-10300032443
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Content :	<p>Order of the Financial Supervisory Commission (FSC) Issue date: 18 February 2014 Issue no.: Financial-Supervisory-Securities-Firms-10300032443</p> <p>1. The scope of products of business conducted by an offshore securities branch under Article 22-4, paragraph 1 of the Offshore Banking Act ("the Act") shall be limited to products denominated in foreign currencies, and, with the exception of the following products approved by the competent authority, the denominating currency may not be New Taiwan Dollars, and the linked underlying may not be a New Taiwan Dollar exchange rate, a New Taiwan Dollar interest rate index, or a New Taiwan Dollar denominated product, and further, no investment portfolio may involve any product denominated in New Taiwan Dollars:</p> <p>(1) Offshore funds involving the domestic securities markets, provided that the ratio of investment by the fund in the Republic of China (ROC) securities market may not exceed 30 percent of the net assets of the fund.</p> <p>(2) Non-deliverable New Taiwan Dollar interest rate swaps (NDIRS) settled in foreign currency.</p> <p>(3) The foreign currency classes of multi-currency funds that include a New Taiwan Dollar class, that are issued by onshore securities investment trust enterprises and are sold by offshore securities branches, and provided that the ratio of investment by the fund in the ROC securities market does not exceed 30 percent of the net assets of the fund.</p> <p>The trading counterparties under the preceding subparagraphs 1 to 3 shall be limited to natural persons, juristic persons, government agencies, or financial institutions outside the territory of the ROC (collectively, "non-residents").</p> <p>2. When an offshore securities branch conducts underwriting of securities issued outside the territory of the ROC under Article 22-4, paragraph 1, subparagraph 4 of the Act, the parties targeted for allocation include non-residents and onshore professional investors. However, the purchasers to whom foreign currency denominated securities obtained by the underwriter on a firm commitment basis may be sold are subject to Article 22-4, paragraph 1, subparagraph 3 of the Act.</p> <p>3. The scope of the already permitted foreign currency derivative products referred to in Article 12, paragraph 4 of the Regulations Governing Offshore Securities Branches is as specified in the attached table, and the relevant application document and legal compliance statement are as attached.</p> <p>4. When an offshore securities branch conducts foreign exchange business that involves Renminbi (RMB) denominated products or products issued in the</p>

Mainland Area, it shall be subject mutatis mutandis to the relevant provisions governing the conduct of foreign currency business under the subparagraphs of Article 22-4, paragraph 1 of the Act.

5. An offshore securities branch conducting trading across foreign currencies on behalf of customers in connection with securities business may not conduct the exchange of RMB involved in financial products on behalf of principals.

6. Under Article 10 of the Regulations Governing Offshore Securities Branches, natural persons and juristic persons within the territory of the ROC referred to in Article 22-4, paragraph 1 of the Act shall satisfy the requirements for professional investors set out in Article 3 of the Regulations Governing Offshore Structured Products.

7. Any investments made in foreign currency denominated securities and any foreign currency derivatives trading conducted by an offshore securities branch shall both be counted in the limits imposed on its head office.

8. This Order is effective from this day forward.

Originals: To be posted on the public notice boards of the FSC and the Securities and Futures Bureau of the FSC

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