

Content

Title : Financial-Supervisory-Securities-Firms-1030028654 [Ch](#)

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Content : 1. With the exception of the items listed below, an offshore securities branch of a securities firm conducting commission agency business with offshore natural persons, juristic persons, government agencies, or financial institutions pursuant to Article 22-4, paragraph 1, subparagraph 2 of the Offshore Banking Act ("the Act") shall do so pursuant to the Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities and other applicable regulations:

- (1) The types and scope of foreign currency financial products for which it engages in brokerage trading.
- (2) The qualifications required for professional investors.
- (3) Requirements that products be submitted to the Taiwan securities association or the competent authority for review, approval, recordation, or effective registration.
- (4) Provisions regarding the handling of recommendations, advertising, business solicitations, and promotional activities.
- (5) Provisions regarding the handling of custody matters for customer accounts.
- (6) Provisions regarding money lending in connection with securities business.

2. When an offshore securities branch of a securities firm conducts agency services for the trading of foreign securities, the traded securities shall be limited to foreign bonds, and the purchasers of the bonds shall be limited to professional investors. Trading shall be conducted pursuant to regulations governing agency services for foreign bond trading.

3. When, pursuant to Article 22-4, paragraph 1, subparagraph 6 of the Act, an offshore securities branch of a securities firm conducting business for which its head office has received approval from the competent authority conducts asset allocation business on behalf of a customer through a trust, if the customer is an offshore natural person, juristic person, government agency, or financial institution, then with the exception of the following matters, that asset allocation business shall be conducted pursuant to the Directions for the Conduct of Wealth Management Business by Securities Firms, the Regulations Governing the Scope of Business, Restrictions on Transfer of Beneficiary Rights, Risk Disclosure, Marketing, and Conclusion of Contract by Trust Enterprises, and the Rules Governing the Management and Employment of Collective Investment Trust Funds, and relevant regulations:

- (1) The types and scope of the trust assets managed, utilized, and disposed.
- (2) The qualifications for professional investors.

(3) Requirements that products be submitted to the Taiwan securities association or the competent authority for review, approval, recordation, or effective registration.

(4) Provisions regarding the handling of recommendations, advertising, business solicitations, and promotional activities.

4. An offshore securities branch of a securities firm conducting the business under the preceding three paragraphs shall exercise the due care and fiduciary obligations of a good administrator. In addition to providing full explanations of the important content of products, services, and contracts and fully disclosing relevant risks, it shall adopt directions for the following matters, which shall be implemented following the head office's submission to the board of directors and the board's approval:

(1) Standards for acceptance of customers and know-your-customer review procedures.

(2) The types and scope of products that may be provided to customers.

(3) Product suitability rules.

(4) A product launch review mechanism.

(5) Compliance matters related to recommendations, advertising, business solicitations, and promotional activities.

5. The business under paragraph 3 shall be booked on the account books of the offshore securities branch of the securities firm, and shall be separately disclosed in the notes to the financial reports of the trust department of the head office (or the branch office of a foreign securities firm within the Republic of China).

6. Matters governed by this Order shall be incorporated into the internal control and audit systems for implementation.

7. This Order shall take effect from this day forward.

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