

Content

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Legislative :	Order of the Financial Supervisory Commission Issue date: 15 March 2017 Issue no.: Financial-Supervisory-Securities-Firms-1060004899
Content :	Order of the Financial Supervisory Commission Issue date: 15 March 2017 Issue no.: Financial-Supervisory-Securities-Firms-1060004899 <ol style="list-style-type: none">1. An offshore foreign institutional investor (FINI) may borrow securities, and may provide its domestic assets as collateral, free of the restrictions concerning "may not sell securities it does not hold" and "may not provide collateral" in Article 21, subparagraphs 2 and 3 of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals.2. An offshore FINI may lend securities that it holds. For securities loans in the form of negotiated transactions, when the offshore FINI borrows the securities, it may provide domestic or foreign collateral. If the collateral is domestic exchange-listed or OTC-listed securities, the lender shall place the securities in a segregated account in the custody of the central securities depository.3. An offshore FINI acting as the lender in a negotiated transaction may not apply under Article 14, paragraph 1, of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals for foreign exchange settlement of domestic cash collateral provided by the borrower, as it is not "investment capital" remitted in by, or "investment income" of, that FINI. An offshore FINI that applies for foreign exchange settlement of proceeds from the sale of borrowed securities shall be deemed to be making an outward remittance of investment capital; the NT Dollar amount of investment capital that it applies to remit outward may not exceed the balance of the net investment capital it remitted inward as converted into NT Dollars.4. The custodian institution of an offshore FINI engaging in securities borrowing and lending shall file a statement of total inventory assets with the Financial Supervisory Commission and the Foreign Exchange Department of the Central Bank of China within 10 days after the end of each month in accordance with Article 22 of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals, and shall add the following asset and liability account titles: "securities receivable - securities loans," "deposits paid for securities borrowed - cash," "deposits paid for securities borrowed - securities," "deposits paid for securities borrowed - government bonds," "securities deliverable - securities loans," "deposits received for securities loaned - cash," "deposits received for securities loaned - securities," and "deposits received for securities loaned - government bonds."5. Securities lending or borrowing by an offshore FINI shall be conducted in accordance with the Taiwan Stock Exchange Corporation Securities Borrowing and Lending Rules and with Article 82-2 of the Operating Rules of the Taiwan Stock Exchange Corporation. In addition, the maximum amount of borrowed securities sold by the offshore FINI of a privately placed mutual fund or unit trust may not exceed 50 percent of the size of the fund, and the amount lent of any single security it holds may not exceed 50 percent of the amount of that security that it holds.

6. This Order is effective from this day forward. The 21 March 2007 Order No. Financial-Supervisory-Securities-VIII-09600008090 of the FSC is repealed from this day forward.

Originals: Post on the public notice board of the FSC and the public notice board of the Securities and Futures Bureau, FSC

Copies: Legal Affairs Committee, Executive Yuan; Central Bank; FSC (Department of Legal Affairs, Department of Information Management); FSC Financial Examination Bureau; Taiwan Stock Exchange Corporation; Taipei Exchange; Taiwan Depository & Clearing Corporation; Taiwan Futures Exchange Corporation; Taiwan Securities Association; Lex Data Information Inc.; Root International Information Co., Ltd.; Winkler Partners, Attorneys at Law; all custodian institutions

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