

Content

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Legislative :	Order of the Financial Supervisory Commission Issue date: 20 November 2017 Issue no.: Financial-Supervisory-Securities-Firms-1060041459
Content :	<p>1. A bank applying to concurrently operate foreign bond trading agency business shall be subject to the following provisions:</p> <p>A. A bank applying to concurrently operate foreign bond trading agency business shall apply to the FSC in accordance with the Standards Governing the Establishment of Securities Firms, and obtain approval to concurrently operate, as a securities broker, the business item of "foreign bond trading agency," as well as the permission of the Central Bank, before it may commence the operation. The amount of capital that the bank is required to allocate or exclusively set aside, and the operation bond that it is required to deposit, for the concurrently operated business shall comply with the applicable provisions of the Standards Governing the Establishment of Securities Firms.</p> <p>B. When a domestic bank or a Taiwan branch of a foreign financial institution applies to concurrently operate foreign bond trading agency business, its total assets reported in the financial report for the most recent period, audited and attested by a certified public accountant, may not be less than NT\$150 billion; or, in the case of a Taiwan branch of a foreign financial institution, the institution's head office shall have been ranked, in terms of capital or assets, among the world's top 50 banks in the year preceding the application.</p> <p>C. A bank to which any of the following circumstances applies may not apply to concurrently operate foreign bond trading agency business:</p> <p>a. Its ratio of equity capital to risk-weighted assets for the most recent period before the application date does not meet the standard set by the FSC.</p> <p>b. It has not set aside a sufficient allowance for bad debts (losses).</p> <p>c. It has an accumulated deficit in the calendar year preceding the application date.</p> <p>d. Its non-performing loan ratio for the quarter preceding the application date is higher than 3 percent.</p> <p>e. It has been sanctioned with an administrative fine one time or more for violation of banking laws or regulations in the calendar year preceding the application date. This restriction does not apply, however, if the violation has already been specifically corrected, and the correction has been recognized by the FSC</p> <p>D. A bank concurrently operating foreign bond trading agency business shall be subject to the following provisions:</p> <p>a. The bank shall make appropriate amendments to its internal control system before it commences concurrently operating foreign bond trading agency business.</p> <p>b. The bank concurrently operating foreign bond trading agency business shall have the necessary information transmission facilities for real-time access to trading information relating to foreign bonds.</p> <p>c. The bank concurrently operating foreign bond trading agency business shall have a minimum of three qualified associated persons to handle the business on a full-time basis, unless the bank meets the following requirements:</p> <p>I. When the bank concurrently operates foreign bond trading agency business, the same associated persons are allowed to concurrently handle</p>

business of the same nature as is set out in Article 5, paragraph 1, subparagraph 3, items 2 or 3 of the Regulations Governing Business Scope and Risk Management for Banks Operating Trust or Securities Business, and the requirements of Article 4, paragraph 9 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms shall be complied with. When calculating whether the minimum required number of associated persons is met, any associated person who is simultaneously performing the above businesses shall be calculated as half a person.

II. If a bank concurrently operating securities business has allocated operating capital to the amount required to be allocated by a financial institution which concurrently operates securities business under Article 15, paragraph 1 of the Standards Governing the Establishment of Securities Firms, it may be exempted from the requirement regarding the minimum number of associated persons.

E. When a head office of a domestic bank or a Taiwan branch of a foreign financial institution has obtained approval to concurrently operate, as a securities broker, the business item of "foreign bond trading agency," if its offshore banking branch intends to operate the above business under Article 4, paragraph 1, subparagraph 4 of the Offshore Banking Act, the offshore banking branch shall, before it may commence the operation, apply to the FSC for permission, and submit the approval letters issued by the CBC and the FSC permitting the head office of the domestic bank or the Taiwan branch of the foreign financial institution to operate foreign bond trading agency business.

F. When an offshore banking branch operates foreign bond trading agency business, the purchasers of the foreign bonds so traded shall be limited to customers outside the territory of the ROC, and the trading shall be handled in accordance with the rules governing securities brokers operating foreign bond trading agency business.

2. This Order is effective from this day forward. The 9 January 2017 Order No. Financial-Supervisory-Securities-Firms-1050050072 of the FSC is repealed from this day forward.

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