

Content

Title :	Directions for Offshore Banking Branches Conducting Securities Businesses <b>Ch</b>
Date :	2017.11.27
Legislative :	Promulgated on November 27, 2017
Content :	<p>1. The Bank applies and conducts the following permissible securities businesses stipulated in the Offshore Banking Act (hereinafter referred to as the "Act" ) shall conform with this Order, the Securities and Exchange Act and relevant ordinances,</p> <p>(1) The business of commission agency, brokerage or agency of foreign currency denominated securities as stipulated in the Sub-paragraph 4, Paragraph 1, Article 4 in the Act.</p> <p>(2) The business of buying or selling of foreign currency denominated securities stipulated in the Sub-paragraph 6, Paragraph 1, Article 4 in the Act; However, the investment in foreign currency denominated securities according to Article 9 of the Rules Governing Offshore Banking Branches shall be excluded.</p> <p>(3) The business of underwriting securities issued outside the territory of the Republic of China stipulated in the Sub-paragraph 7, Paragraph 1, Article 4 in the Act.</p> <p>2. When the trading instruments involved the business provided in the Sub-point 2 of the preceding Point are offshore structured products, such transaction shall be limited to the following counterparty and shall comply with the scope stipulated in the Sub-paragraph 6, Paragraph 1, Article 4 in the Act:</p> <p>(1) The professional institutional investor and the high net worth corporate investor defined in the Sub-Paragraph 1 and 2, Paragraph 3, Article 3 of the Regulations Governing Offshore Structured Products.</p> <p>(2) Regarding the criteria that the professional institutional investor or funds shall meet, the total assets stated in the financial reports shall be higher than NTD 100 million, and the other criteria shall apply to the Sub-paragraph 3, Paragraph 3, Article 3 of the Regulations Governing Offshore Structured Products.</p> <p>3. The offshore banking branch which conducts business provided in the Point 1 herein shall stipulate related policy of know your customer, customer classification, products classification, products suitability, business solicitation and promotion controls, risk disclosure (such as not applicable to Financial Consumer Protection Act, maximum tolerance loss limit, etc.), risk control, internal control and internal audit system. The bank shall establish and implement internal operating procedures of the said matters, and shall report the information of financial products to Financial Supervisory Commission (hereinafter referred to as the "Commission" ) and the agency designated by the Commission periodically.</p> <p>4. The securities involved in the business provided in the Point 1 herein, in addition to the approval from the competent authority, shall be within the the limits below:</p> <p>(1) The denominated currency shall not be in New Taiwan Dollar.</p> <p>(2) The underlying instrument shall not be involved in exchange rate or interest rate index of New Taiwan Dollars, or any New Taiwan Dollar denominated product.</p> <p>5. The business provided in the Point 1 herein shall be booked in offshore banking branch and disclosed in the footnote of financial statements of securities department of the Bank (or of the branch of the foreign bank that was established when the foreign bank applied for registration.)</p> <p>6. The offshore banking branch conducting business provided in the Point 1 herein shall enter into an agreement with the financial institution that such financial institution shall not resell the offshore structured</p>

products to the investor within the territory of the Republic of China with the business model other than the securities business as prescribed in the Sub-point 2, Point 1 of this Order.

7. Unless approval according to the Securities and Exchange Act was duly granted, the offshore banking branch which has conducted the securities business defined in the Point 1 prior to the issuance of this Order shall apply the license within six (6) months after the Order is announced.

The transaction which was entered prior to the issuance of this Order with the counterparty not fulfilling the requirements of this Order could be kept until its maturity under same terms.

8. This order takes effect immediately.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System