


Content

Title : Financial-Supervisory-Securities-SITC-1150380279 

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1. Pursuant to Article 23, paragraph 1, subparagraph 9 of the Regulations Governing Offshore Funds, the types, scope of utilization, and restrictions for offshore funds offered and sold in Taiwan, other than offshore exchange-traded funds (ETFs), shall comply with the following provisions:

A. Equity offshore funds:

a. The total amount invested in stocks shall be at least 70 percent of the fund's net asset value.

b. When the name of a fund indicates investment in a specific underlying, region, or market, the fund's investment in securities related to such underlying, region, or market shall be at least 60 percent of the fund's net asset value.

B. Fixed-income (bond) offshore funds:

a. A bond offshore fund shall not invest in the following, unless otherwise provided by law or regulation:

I. Stocks.

II. Securities with equity characteristics, provided that convertible corporate bonds, corporate bonds with warrants, exchangeable corporate bonds, and bonds with loss-absorbing capacity issued by a financial institution are not subject to this restriction.

b. The total amount invested in convertible corporate bonds, corporate bonds with warrants, exchangeable corporate bonds, and bonds with loss-absorbing capacity that qualify as eligible capital instruments as defined by the financial competent authority shall not exceed 10 percent of the fund's net asset value.

c. When convertible corporate bonds, corporate bonds with warrants, or exchangeable corporate bonds held by a fund are converted into, exercised for subscription of, or exchanged for stock upon satisfaction of the applicable conditions, the fund shall adjust its holdings to comply with the applicable requirements within one year.

d. The weighted average duration of the fund's asset portfolio shall be at least one year.

e. The total amount invested in non-investment grade bonds and bonds complying with U.S. Rule 144A (hereinafter, "Rule 144A Bonds") shall not exceed 20 percent of the fund's net asset value.

C. Non-investment grade bond offshore funds: In addition to complying with items a. to d. of the preceding subparagraph, investments in non-investment grade bonds and Rule 144A Bonds shall comply with the following:

a. The total amount invested in non-investment grade bonds shall be at least 60 percent of the fund's net asset value.

b. The total amount invested in Rule 144A Bonds shall not exceed 40 percent of the fund's net asset value.

D. If a bond offshore fund invests in bonds of emerging market countries in an amount reaching 60 percent or more of the fund's net asset value, the fund shall, in addition to complying with Items a. to d. of subparagraph B, ensure that the total amount invested in non-investment grade bonds and Rule 144A Bonds does not exceed 40 percent of the fund's net asset value.

E. Balanced offshore funds:

a. Simultaneous investment in stocks, bonds, and other fixed-income securities shall be at least 70 percent of the fund's net asset value, wherein the total amount invested in stocks shall be not more than 90 percent

and not less than 10 percent of the fund's net asset value.

b. The total amount invested in non-investment grade bonds and Rule 144A Bonds shall not exceed 30 percent of the fund's net asset value.

F. Multi-asset offshore funds:

a. The fund may simultaneously invest in asset classes such as stocks, bonds (including other fixed-income securities), fund beneficiary certificates, real estate investment trust (REIT) beneficiary securities, and other investment items approved by the FSC; the total amount invested in any single aforementioned asset class shall not exceed 70 percent of the fund's net asset value.

b. The total amount invested in non-investment grade bonds and Rule 144A Bonds shall not exceed 30 percent of the fund's net asset value.

c. The fund shall not invest in offshore funds that have not been approved by or effectively registered with the FSC.

G. Money market offshore funds:

a. The total amount utilized by a money market offshore fund for bank deposits, short-term bills, and repurchase (repo) transactions (including short-term bills and securities) shall be at least 70 percent of the fund's net asset value.

b. The total amount invested in short-term bills and securities issued, guaranteed, or endorsed by any single non-financial institution company shall not exceed 10 percent of the fund's net asset value.

c. The total amount of deposits placed with any single financial institution, and investments in short-term bills and securities issued, guaranteed, or endorsed by that institution, shall not exceed 10 percent of the fund's net asset value.

d. The weighted average duration of a money market offshore fund shall not exceed 180 days; if an underlying utilized is a repo transaction, the duration shall be calculated based on the term of the repo transaction.

e. The underlyings utilized by a money market offshore fund shall be limited to those with a remaining maturity of not more than one year; provided, however, that this restriction shall not apply to repo transactions.

2. An offshore fund institution that applies to the FSC and is recognized under the Incentive Policy for Offshore Fund Development in Taiwan may apply the incentive measures under that Policy and shall not be subject to the provisions of the preceding point regarding fund types, scope of utilization, and restrictions.

3. This Order is effective from this day forward, and shall apply to cases applied for (or filed) after 3 October 2023. The 3 October 2023 Order No. Financial-Supervisory-Securities-SITC-1120383911 of the FSC is repealed from this day forward.

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