

Content

Title :	Regulations Governing Types and Amount Limits of the Securities in Which a Commercial Bank May Invest <b>Ch</b>
Date :	2026.04.22
Legislative :	<p>1. LETTERBUREAU OF MONETARY AFFAIRS, MINISTRY OF FINANCE From: Bureau of Monetary Affairs, Ministry of Finance Ref. No.: Tai-Tsai-Zong (1) Tze89772314 Date: December 5, 2000.</p> <p>2. Amended on November 12, 2002.</p> <p>3. This Ministry's Orders Tai-Tsai-Rong-(1)-Zi-0910054218 of December 12, 2002, Tai-Tsai-Rong-(1)-Zi-0921000866 of November 3, 2003, and Tai-Tsai-Rong-(1)-Zi-0928011810 of December 30, 2003 shall be abrogated immediately as of this date.</p> <p>4. Article 2 and 3 amended and issued on 24 November 2011 per Order No. Jin-Guan-Yin-Fa-Zi-10010007680 of the Financial Supervisory Commission, Executive Yuan; for enforcement from date of issuance.</p> <p>5. Article 2,3 and 5 amended and issued on 26 October 2012 per Order No. Jin-Guan-Yin-Fa-Zi-10110006290 of the Financial Supervisory Commission; for enforcement from date of issuance.</p> <p>6. Article 3 amended and issued on 17 September 2015 per Order No. Jin-Guan-Yin-Fa-Zi-10410004820 of the Financial Supervisory Commission; for enforcement from date of issuance.</p> <p>7. Article 2,3 and 5 amended and issued on 22 December 2016 per Order No. Jin-Guan-Yin-Fa-Zi-10510005390 of the Financial Supervisory Commission; for enforcement from date of issuance.</p> <p>8. Article 2,3,4 and 5 amended and issued on on 22 April per Order No. Jin-Guan-Yin-Fa-Zi-11502705961 of the Financial Supervisory Commission; for enforcement from date of issuance.</p>
Content :	<p>1. The Directions are issued pursuant to Article 74-1 of the Banking Act.</p> <p>2. Commercial banks may make the following types of investments in the securities beyond and within the boundaries:</p> <p>(1) Government bonds.</p> <p>(2) Short-term notes.</p> <p>(3) Bank Debentures.</p> <p>(4) Bonds issued by international or regional financial organizations.</p> <p>(5) Shares traded on securities exchanges or OTC markets (domestic shares including exchange-listed shares, OTC-listed shares, emerging stocks issued by an issuer with a credit rating of at least a certain grade granted by a credit rating institution approved by the Competent Authority, and shares issued by a TWSE-listed / TPEX-listed company whose existing stockholders and employees have renounced their subscription rights, and underwritten shares issued by a TWSE-listed / TPEX-listed company approved for listing, where the bank participating in the subscription of such shares as a specific person in conducting an underwriting transaction ), certificates of entitlement to new shares, bond conversion entitlement certificates, and corporate bonds. However, this does not apply to investments in fixed income preferred shares not traded on securities exchanges or OTC markets before the amendment and implementation of the Directions on October 26, 2012.</p> <p>(6) Fund beneficiary certificates, stock options, and call/put warrants issued in accordance with the laws and regulations of other countries.</p> <p>(7) Negotiable certificates of deposit and savings bonds issued by the Central Bank of China.</p> <p>(8) Beneficiary securities and asset-backed securities.</p> <p>(9) Private placement shares and private placement corporate bonds issued by an issuer with a credit rating of at least a certain grade granted by a credit rating institution approved by the Competent Authority, and private placement corporate bonds with a credit rating of at least a certain grade</p>

granted by a credit rating institution approved by the Competent Authority.  
(10) Foreign currency-denominated Islamic fixed-income securities (Sukuk) offered and issued within the territory of the Republic of China by foreign issuers.

(11) Exchange traded notes issued by domestic securities firms.

(12) Other securities approved by the Competent Authority.

Shares under Subparagraph 5 of the Preceding Paragraph do not include securities under an altered trading method designated in the "Operating Rules of The Taiwan Stock Exchange Corporation" and the "Taipei Exchange Rules Governing Securities Trading on the TPEX" or Trading Managed Stocks on the TPEX designated in the "Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX."

3. The limits on the amount of the securities beyond and within the boundaries in which a commercial bank may invest are as follows:

(1) The aggregate outstanding amount of the original acquisition costs of a commercial bank's investment in shares and certificates of entitlement to new shares traded on securities exchanges or OTC markets, private placement shares, private placement corporate bonds, fund beneficiary certificates, stock options and call/put warrants issued in accordance with the laws and regulations of various countries, and exchange traded notes (ETNs) issued by domestic securities firms may not exceed 30% of the calculation basis of the commercial bank. However, the aggregate outstanding amount of the original acquisition cost of shares (excluding domestic OTC-listed shares), stock options, call/put warrants and certificates of entitlement to new shares, traded on the OTC market, private placement shares, and private placement corporate bonds may not exceed 5% of the calculation basis of the commercial bank.

(2) The aggregate outstanding amount of the original acquisition costs of a commercial bank's investment in short-term notes (excluding treasury bills and negotiable certificates of deposit), bank debentures, corporate bonds, beneficiary securities, and asset-backed securities or Islamic fixed-income securities (Sukuk) that are unrated or whose credit rating granted by a credit rating institution approved by the Competent Authority fails to meet a certain grade may not exceed 10% of the calculation basis of the commercial bank. However, when short-term notes, bank debentures, or corporate bonds have no credit rating, but the credit rating of their issuer, guarantor, or acceptor is at least the foregoing grade, or if beneficiary securities, asset-backed securities, or Islamic fixed-income securities (Sukuk) have no credit rating but the credit rating of their guarantor is at least the foregoing grade, they shall not be subject to this restriction.

(3) The aggregate outstanding amount of a commercial bank's investment in those securities listed in Paragraph 1 of Article 2, except bonds issued by the National Government, treasury bills, and negotiable certificates of time deposit and savings bonds issued by the Central Bank of the Republic of China (Taiwan), may not exceed 25% of the sum of its total outstanding deposits and amount of issued bank debentures.

(4) Where a bank concurrently engages in securities business, any securities purchased pursuant to Article 71 of the Securities and Exchange Act and remaining unsold one year after acquisition, shall count towards the investment limits on securities specified in the preceding three subparagraphs.

(5) The outstanding balance of short-term notes and bonds purchased by a bank under repurchase agreements (repos) shall not count towards the investment limits on securities specified in Subparagraphs (1) to (3). However, the outstanding balance of short-term notes and bonds sold under reverse repurchase agreements shall count towards the foregoing limits.

(6) The aggregate number of shares, certificates of entitlement to new shares, and bond conversion entitlement certificates of a single company invested by a commercial bank may not exceed 5% of that company's total issued shares.

The term "calculation basis" as used in Subparagraphs (1) and (2) of the preceding Paragraph shall mean the bank's finalized net worth as of the end of the previous fiscal year, after deducting the following items. However, a bank may include in its calculation basis any increase in net worth resulting from a cash capital increase or a merger during the fiscal year,

and shall use the date of obtaining the capital attestation certificate as the calculation base date. If a bank issues cash dividends during the fiscal year, the amount of such dividends shall be subtracted from the calculated basis on the distribution date:

(1) The original acquisition cost of shares held by a bank in another bank for more than one year. However, investments in overseas subsidiary banks shall not be subject to this restriction.

(2) The original acquisition costs of investments in enterprises other than banks, where such investments have been approved by the Competent Authority or are permitted under other applicable laws.

The "total outstanding deposits" under the preceding Subparagraphs (3), Paragraph 1 includes demand deposits, time deposits, checking deposits, Chunghwa Post Co., Ltd. transfer deposits, and foreign currency deposits. The ratio of the aggregate outstanding amount of the original acquisition cost of a commercial bank's investments in securities traded on securities exchanges or OTC markets to the calculation basis of the commercial bank, as referred to in Subparagraph 1 of Paragraph 1 hereof, shall be adjusted by the Competent Authority depending on local financial and economic conditions.

4. A commercial bank's investments in securities with credit rating of at least a certain grade granted by a credit rating institution approved by the Competent Authority shall mean securities meeting any one of the following conditions:

(1) S&P Global Ratings has given the securities a short-term credit rating of A -3 or above or a long-term credit rating of BBB- or above.

(2) Moody's Investors Service has given the securities a short-term credit rating of P -3 or above or a long-term credit rating of Baa3 or above.

(3) Fitch Ratings Ltd. has given the securities a short-term credit rating of F3 or above or a long-term credit rating of BBB- or above.

(4) Taiwan Ratings Corp. has given the securities a short-term credit rating of twA-3 or above or a long-term credit rating of twBBB- or above.

(5) Fitch Ratings Australia Pty Ltd., Taiwan Branch has given the securities a short-term credit rating of F3(twn) or above or a long-term credit rating of BBB-(twn) or above.

5. A commercial bank may not invest in shares, certificates of entitlement to new shares, bond conversion entitlement certificates, corporate bonds, short-term notes, fund beneficiary certificates or fixed income preferred shares of a company in which the bank's responsible person acts as a director, supervisor, or manager. However, the following shall not be subject to this restriction:

(1) Bank debentures (including subordinate bank debentures).

(2) Corporate bonds guaranteed by another bank.

(3) Short-term notes guaranteed or accepted by another bank and underwritten or traded by other bills finance companies.

(4) Negotiable certificates of deposit issued by the bank.

(5) Beneficiary securities and asset-backed securities with an issue maturity of less than one year.

(6) The shares, certificates of entitlement to new shares, bond conversion entitlement certificates of those companies with which the bank has established an investment relationship in accordance with Article 74 of the Banking Act and has the approval of the Competent Authority to assign its responsible person as a director, supervisor, or manager.

(7) The government (including the National Development Fund of the Executive Yuan) acts as the responsible person of the bank and concurrently serves as a director or supervisor of the security issuer, and no other responsible persons of the bank serve as a director, supervisor, or manager of the same security issuer.

When a corporate shareholder of a bank or its representative is elected as a director or supervisor, the definition of a responsible person of the bank as used in the preceding paragraph shall mean the natural person assigned to execute duties in accordance with laws, the representative elected to on behalf of the corporate shareholder as director or supervisor, and the corporate shareholder.

6. A commercial bank that acts as an originator institution (principal), trustee institution, or stockholder of a special-purpose company in accordance with the Financial Asset Securitization Act or Real Estate

Securitization Act may not invest in the following beneficiary securities or asset-backed securities:

(1) A bank that serves as an originator institution (principal) may not invest in any beneficiary securities or asset-backed securities that have been issued with the bank's financial assets, real estate, or real estate-related rights as their underlying assets.

(2) A bank that serves as a trustee institution may not invest in beneficiary securities issued by itself.

(3) A bank that serves as a stockholder of a special-purpose company may not invest in asset-backed securities issued by a special-purpose company established by itself.

7. If a bank's offshore banking branch invests in foreign currency securities, such investment shall be conducted subject to in Article 9 of the Regulations Governing Offshore Banking Branches, and the investment shall be counted into the securities investment limit prescribed in Article 3.

8. If the Competent Authority approves a commercial bank to invest in other corporate shares pursuant to Article 74 of the Banking Act, the amount of investment shall not be counted into the securities investment limit prescribed in Article 3.

9. If a commercial bank serves as an originator institution in accordance with the Financial Asset Securitization Act holds beneficiary securities or asset-backed securities that have been issued with the bank's financial assets as their underlying assets for the purpose of credit enforcement, such investments shall be conducted in accordance with relevant regulations prescribed by the Competent Authority. If the translations of the texts differ from the original Chinese texts, the original texts are preferential.