

## Major Progress in 2007

TWSE's achievements in the development of the securities market in 2007 included:

### LISTING

#### 1. Listing Promotion

30 companies became newly listed on TWSE in 2007, thirteen of which were formerly listed on the GTSM.

#### 2. Listed Companies Supervision

- TWSE conducted 219 regular audits and 11 exceptional audits on listed companies in 2007.
- Disclosure of Material Information**  
TWSE listed companies are required to timely disclose material information. 23,466 such announcements were made in 2007, and 295 of them were made in the form of a press conference. TWSE also conducted 711 audits to ensure that all records and documents with regard to these events were in good order.
- Investigation of Stock Transfers by Insiders**  
TWSE conducted 15,840 investigations on stock transfers by insiders of listed companies in 2007.
- Reviews of Financial Reports and Forecasts**  
TWSE implemented 2,698 form reviews and 219 substance reviews of listed companies' financial reports, as well as 20 form reviews and 9 substance reviews of listed companies' financial forecasts.

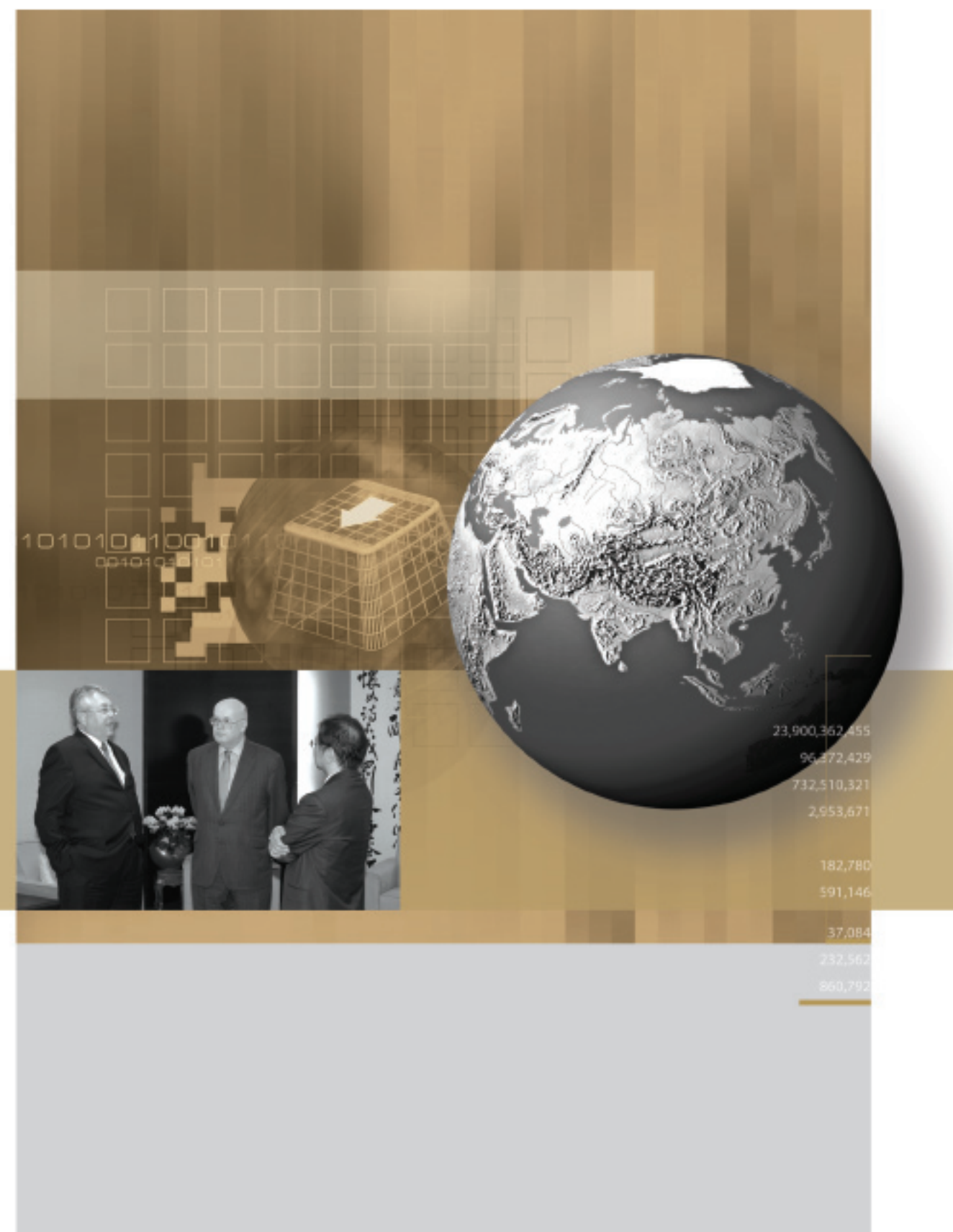


#### 3. Promotion of listing warrants

In 2007, a total of 2,704 new call/put warrants were issued, 3 kinds of Exercise ratios were included, and 2 underlying ETFs were added. The calculation method for warrant exercise margin was revised as well.

#### 4. Promotion of the listing of securitized real estate products

One Real Estate Investment Trust's (REITs) beneficiary securities were listed on TWSE.







## TRADING

### 1. Management and Services of Securities Firms

- TWSE monitors the operations, services and financial situation of securities firms. As a result, 70 regular audits, 539 selected audits, 19 IPO-related reviews, 235 financial reports and 2,245 monthly statements and capital adequate filing reports were reviewed.
- In order to prevent material default in the market, TWSE calculates the daily value at risk (VaR) of the outstanding position of securities firms, to be settled after market closing. TWSE conducted 1 audit on the risk management of securities firms in 2007.
- 4,510,533 new electronic trading accounts were opened in 2007. Total trading value by electronic trading accounts represented 20.06% of the total market. 61 securities firms handled customer demand for electronic trading, and 55 of them had previously obtained certification to ensure their technical capability.
- TWSE simplified the registration process for foreign investment in the Taiwan stock market. 2,757 foreign investors were admitted into Taiwan in year 2007.
- TWSE conducted 3,942 audits on the internal auditing of securities firms branches, and periodically held seminars on implementing internal controls for staff working in securities firms.

### 2. Market Surveillance

For the purpose to maintain order and fairness in the securities market by keeping investors informed, the following procedure was used. TWSE published the names and trading information of securities involved in abnormal transactions. If the abnormality continued, TWSE required securities firms to collect funds and securities in advance, thereby reducing the risk. Upon detecting irregular trading during trading hours, TWSE notified securities firms. If the irregularity was confirmed, TWSE reported it to the relevant authorities or law enforcement agencies.

## COMPUTER APPLICATIONS AND INFORMATION SERVICES

### 1. Management of Trading Information

- Visits to Information Users**  
TWSE conducted spot checks on market data wholesalers and major users, such as domestic and overseas data vendors, news/media, telecommunications enterprises, and internet companies, as well as cable TV operators. In 2007, TWSE visited seven information vendor head offices and 28 switch centers.
- Legal Access to Data**  
TWSE advocated information users to sign an "Agreement on the Supply and Use of Trading Information." A total of 39 information users including Fidessa plc have signed this agreement with TWSE.

### 2. Management of Trading System

TWSE implemented a "Fully Automated Securities Trading (FAST) System Renewal Plan," replacing the old trading system with a new one. Safe capacity increased from 4 million order/2.40 million transactions to 6.56 million order/3.93 million transactions.

### 3. Management of Trading Network

- Network Function Upgrade**  
TWSE implemented a "Securities Trading Information Network Upgrade Plan," which upgraded the primary routers and the 6513 switch.
- Market Data Transmitting Bandwidth**  
To deal with the increase in warrant issuance, TWSE assisted information vendors in upgrading their market data transmitting bandwidth from 512kb to 2Mb.

## INVESTORS SERVICES

### Investor Protection

To protect investors' rights and interests, TWSE conducted 133 investigations into securities firms and staff reported by investors. TWSE also conducted 3,087 selected audits. Furthermore, a total of 2,579 inquiries were made by investors about their account information at TWSE's office.



## OTHERS

## 1. International Activities

In 2007, TWSE actively participated in international securities organizations and meetings, such as WFE, AOSEF and IOSCO. TWSE also hosted the "AOSEF Market Data & Technology Collaboration Workshop." To strengthen information exchange and cooperation with international securities institutions, TWSE entered into Memorandum of Understanding with the Japan Osaka stock exchange, the Deutsch Borse, the Bombay stock exchange and the Abu Dhabi stock exchange. TWSE also held a "Taiwan Investment Forum" in New York, London, Abu Dhabi and Dubai to enhance the international visibility of the Taiwan market. In addition, TWSE hosted 383 foreign guests and 69 groups from sixteen countries in 2007.

## 2. Investors Education

- a) TWSE organized investment competition campaigns and workshops for college students and received a total of 44 organizations and 1,757 visitors from universities and institutions. TWSE also promoted special financial and economic topics via television. In addition to the TWSE's Investors Reading Room, TWSE published brochures and posters to announce new rules and provided the public with internet access to more electronic databases.
- b) TWSE held a total of 169 workshops to inform market participants of the new securities market regulations and operations. TWSE also conducted lectures through its WebPro system, the internet learning platform.
- c) To enhance insider trading education for investors, TWSE held a total of 46 seminars and workshops with 175,000 participants, including corporate insiders, CPAs, prosecutors, managers and employees from broker dealers, and general investors.

## 3. e-Memo

- a) TWSE assisted the relevant authority to complete the project "Financial Market Memo Exchange Center Equipment and System Expanding Procurement," actively assisting listed companies and information vendors to utilize the e-Memo exchange system, with the goals of increasing administrative efficiency and reducing paper and energy use.



- b) TWSE is the first organization to use the "Memo Management Online System," expecting that companies could also jointly adapt the e-Memo policy propelled by the government.

