



BUSINESS HIGHLIGHTS



Market Activities

Major Events in 2010

January

- Jan. 15 The Financial Supervisory Commission (FSC) announced permitted sectors and investment quotas for Mainland investors trading Taiwan securities.
- Jan. 16 The Memorandum of Understanding (MOU) on Cross-Straits Banking Supervision Cooperation came into force. The MOU covers supervision and cooperation within the cross-strait banking, securities and futures, and insurance sectors. It also covers areas such as the sharing of information, protection of privacy, co-supervision, follow-up liaison and reciprocal visits as well as crisis management. It also specified market entry requirements and preferential measures for both parties in order to facilitate the opening of the banking industry across the Taiwan Strait, such as the setting up of branches, purchase of shares, mergers and acquisitions.
- Jan. 29 The FSC published disclosure regulations for securities investment trusts who have applied to invest in securities listed in Mainland China as a Qualified Foreign Institutional Investor (QFII).

February

- Feb. 1 TWSE announced an amendment to Article 10 of the "Rules Governing Trading of Call (Put) Warrants" to include the continuous trading of warrants, in addition to the call auction matching method.
- Feb. 8 TWSE developed "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" in partnership with the GreTai Securities Market (GTSM).

March

- Mar. 16 The FSC announced amendments to the "Regulations Governing Approval of Securities and Futures Transactions between the Taiwan Area and the Mainland China Area". This was renamed as the "Regulations Governing Approval and Management of Securities and Futures Transactions and Investment Between the Taiwan Area and the Mainland Area" when the MOU regarding Cross-Strait Regulatory Cooperation on Securities and Futures came into force. The MOU outlined clear regulations concerning due diligence, risk supervision, and follow-up management for Mainland-incorporated securities, futures institutions and Mainland-invested securities. It also covered futures institutions which have established a representative office in Taiwan and have participated in equity investment activities. The FSC also amended Article 50 of the "Regulations Governing Securities Firms", Article 25 of the "Rules Governing Securities Investment Trust Enterprises" and Article 56-2 of the "Regulations Governing Futures Commission Merchants", raising the investment limit applied to securities firms, securities investment trusts and futures commission merchants investing in a foreign or Mainland company from 30% to 40% of its total net worth.
- Mar. 25 The FSC announced that it will permit Taiwan futures commission merchants to trade Taiwan Depository Receipts (TDRs) using their own funds.
- Mar. 30 TWSE announced that listed companies should adopt XBRL (eXtensible Business Reporting Language) format in their financial reports, in addition to the existing financial report format in accordance with regulations, starting from their 2010 interim reports.

April

- Apr. 7 The FSC announced a revision to the "Regulations Governing Applications for Issuance of Call (Put) Warrants by Issuers", permitting issuers to issue call (put) warrants which were linked to foreign securities or indexes tracking foreign securities markets.

May

- May 19 The FSC announced a partial revision to the “Regulations Governing the Offering and Issuance of Securities by Foreign Issuers”, which expanded the issuing channels for TDRs and extended its scope to cover fund raising in Taiwan and overseas, follow-on public offerings, the issue of employee stock options and capital reduction for foreign issuers that are primary listed, OTC-listed or listed on the Emerging Stock Board of GTSM.
- May 21 The FSC announced that it would allow securities firms to apply periodic orders in different amounts to offshore funds on behalf of clients.
- May 24 TWSE announced a revision to Article 4 of the “Taiwan Stock Exchange Corporation Procedures for Review of Securities Listings”, to create a simpler listing procedure for the spin-offs of companies which are already listed, compared to existing procedures for initial public offerings.

June

- Jun. 2 The “Securities and Exchange Act” was partially amended by a Presidential Order to set a clear standard of definition for insider trading.
- Jun. 8 TWSE announced a partial revision of the “Taiwan Stock Exchange Corporation Securities Borrowing and Lending Rules”, allowing US dollars (USD) to qualify as cash collateral provided by offshore Foreign Institutional Investors (FINI).
- Jun. 9 Article 2 of the “Securities Investment Trust and Consulting Act” and Article 4 of the “Futures Trading Act” were amended by Presidential Order, making the FSC the main regulatory body.
- Jun. 29 The Economic Cooperation Framework Agreement (ECFA) was officially signed during the Fifth Chiang-Chen Talks in Chongqing.

July

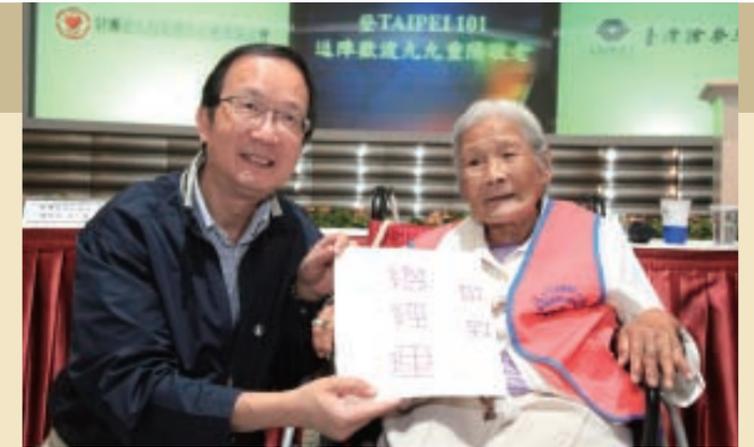
- Jul. 8 TWSE announced new regulations governing the operations of securities borrowers which provide collateral in USD.

August

- Aug. 17 The FSC announced a requirement for all securities and financial companies to open foreign currency accounts in designated foreign currency banks to hold their foreign currency deposits. The deposit amount was limited to 30% of the company’s capital net worth and should not be used to undertake any activity which would affect the exchange rate for New Taiwan Dollars (NT\$).

September

- Sep. 3 In accordance with Article 52-10 of the “Regulations Governing Offshore Funds”, the FSC announced that the amount invested by Taiwan investors in a private offshore fund could not exceed 90% of the net asset value of the private offshore fund.
- Sep. 3 The FSC published disclosure procedures and documents for offshore institutional funds conducting private placements in Taiwan, designating the Securities Investment Trust & Consulting Association of the R.O.C. (SITCA) as the reporting institution.



October

- Oct. 4 The FSC announced that it would allow offshore overseas Chinese and foreign nationals to invest in the stock or TDRs of foreign companies prior to their primary (or OTC) listing or secondary (or OTC) listing in Taiwan, as well as in stocks issued via a capital placement or a secondary TDR listing.
- Oct. 6 The FSC announced revisions to Article 13 of the “Regulations Governing Securities Investment and Futures Trading in Taiwan by Mainland Investors”, clearly stating that restricted industry sectors, percentage of ownership and investment limits governing investments in Taiwan securities by Mainland investors should be drafted by Competent Authority in consultation with Central Competent Authorities of respective industries and foreign exchange departments, before being submitted to the Executive Yuan for approval.
- Oct. 8 TWSE announced partial revisions to the “Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings”, “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings” and “Taiwan Stock Exchange Corporation Procedures for Review of Securities Listings”, limiting the number of newly issued shares that can be retained for employee purchases by an issuer to less than 15% of the newly issued shares.
- Oct. 14 The FSC announced the addition of the “film industry” and “publishing industry” to the list of prohibited industries in which Mainland investors can invest.

November

- Nov. 10 The FSC announced that quasi-money market securities investment trust funds, prior to becoming a money market securities investment trust fund, would be exempted from the NT\$500 million cap on short-term securities investments, as required by the “Regulations Governing Securities Investment Trust Funds”.
- Nov. 11 The FSC announced that outright purchases/sales of government bonds held by foreign investors with a maturity of longer than one year would be counted as part of the 30% limit on funds transferred to Taiwan.
- Nov. 30 The FSC announced investors with dual Taiwanese and foreign citizenship, after giving up one of their citizenships, are required to apply to remit exchange-listed (or OTC-listed) stocks held through securities firms.

December

- Dec. 8 KGI Securities Investment Trust launched the “Shanghai 50 ETF”, the first cross-listed ETF in Taiwan which directly tracks the performance of Mainland-listed stocks.
- Dec. 30 TWSE launched the “RAFI® EMP 99 Index”, adopting a newly developed compilation method by Research Affiliates, LLC which determines constituents and weightings based on the number of employees, making it one of the most innovative and pioneering corporate social responsibility indexes in the world.