



Business Achievements in 2011

Under the guidance of the regulator, TWSE implemented various operational measures in accordance with its annual plan to promote the healthy development of the securities market. Major achievements were as follows:

1 Listing

1. Expanding the Scale of the Securities Market: Encouraging Domestic and Foreign Companies to List in Taiwan

a) Amending Regulations

- (1) TWSE amended its relevant regulations and enhanced transparency in the information disclosure of listed companies, protected investor rights, assisted companies in establishing integrity in corporate culture and setting up a remuneration committee, while expanding the eligible rules and facilitating the access to capital market entry for agricultural-based enterprises.
- (2) TWSE amended its regulations regarding the review of listing applications, the supervision of listings, information disclosure and margin trading. These amendments simplified the review process for foreign companies applying for primary listing, allowed foreign primary listed companies to buy back listed shares, strengthened the investor information inquiry system and allowed a no par value or par value not limitation of NT\$10 per share for the foreign primary listed shares in Taiwan.

b) Promoting Advocacy

- (1) Events held in Taiwan: TWSE hosted the 2011 Intermediaries Forum, 2010 Underwriters, Accountants and Lawyers Award Ceremony, Underwriters Promotional Event, Strengthening the Construction of a Fundraising Platform for the High-technology and Innovative Industries Forum, Listed Company Responsible Persons Forum and Listed Company-related Business Event, Overseas Companies Forum, Listed Companies Performance Report Event, Listed Company Expo and TDR Forum. These events enhanced intermediaries' understanding of laws while recognizing outstanding performance and significant contributions to the capital market, provided channels of assistance to help companies solve issues during their listing applications, and established a platform for communication between foreign companies and investors. Visibility of foreign-listed companies in the Taiwan capital market was increased and the confidence of the investing public was also boosted, while advocating policies and conducting discussion on important market issues. All the above served as a future direction in policies for promoting business.

- (2) Events held Overseas: TWSE visited Shanghai, Hong Kong and Japan to host the Franchises Returning to List in Taiwan Forum, TDRs Listing Seminar and Japanese Companies Listing in Taiwan Forum. TWSE also visited local qualified companies and promoted the listing of such foreign companies in Taiwan.

- (3) Events to promote investment in Taiwan: In adherence with the Council for Economic Planning and Development's (CEPD) Ten Key Service Industries-Themed Monthly Activities, TWSE hosted the Strengthening the Construction of a Fundraising Platform for the High-technology and Innovative Industries Forum, arranging a variety of topics to advocate policies and exchange opinions with participants. TWSE participated in the CEPD's investment promotion delegation to Japan in response to the government's global investment promotions, attracting Japanese companies to invest in Taiwan and promoting business exchanges and cooperation between Taiwan and Japan. TWSE also participated eight times in the Ministry of Economic Affairs' (MOEA) 2011 Taiwan Business Alliance, touring large cities in Mainland China and various locations in Southeast Asia to host approximately 20 Taiwan business forums while visiting many local Taiwan-invested companies.

c) Tangible Results of Promotion

- (1) A total of 27 domestic issuers successfully listed on TWSE, of which 25 submitted listing applications in 2011.
- (2) Throughout the year, 16 foreign companies submitted primary listing applications in Taiwan, with 12 newly listed. A further 15 TDR issuance applications were submitted for secondary listings, with 9 TDRs newly listed.

2. Strengthening of Governance and Services for Listed Companies

a) Enhancing the Verification and Public Disclosure of Material Information

- (1) 30,243 pieces of material information were verified and disclosed to the public. TWSE also made 852 material information checks and hosted 154 press conferences on material information.
- (2) Regulations related to material information were amended, raising the upper penalty limit for violation of material information regulations to NT\$5 million.
- (3) Implementing and strengthening TDR issuers' synchronized information disclosure: When filing listing applications to TWSE, TDR issuers shall ensure that a material information synchronized reporting system has been established, and provide a letter of commitment for submitting documents to their primary listed exchange/regulatory authorities and TWSE at the same time.
- (4) On May 12, an MOU on the sharing of regulatory information was signed with the Hong Kong Exchanges and Clearing Limited as a foundation for mutual information sharing.
- (5) TWSE commissioned Reuters to establish a System to Obtain Real-Time Primary Market Material Information for TDRs, going online from April.
- (6) TWSE invited secondary listing companies and depositary institutions to attend three training courses on the handling of TDR material information as well as financial reports.
- (7) The handling of the earthquake situation in Japan: On the day of the 311 earthquake hitting Japan, TWSE immediately informed listed companies to make self-evaluation as to their circumstances. Where conditions seriously affected company operations, shareholders' rights and security prices, listed companies were asked to release material information in accordance with Article 2-49 of the TWSE Procedures for Verification and Disclosure of Material Information.





b) Enhancing the Efficacy of Corporate Governance

- (1) From April 12 to April 15, 2011, the regulators, with MOEA, hosted a forum on Corporate Operation and Social Responsibility, undertaken by TWSE and GreTai Securities Market (GTSM). This forum allowed the administration to listen to thoughts and suggestions from companies while expounding upon government policy initiatives. A manual of forum minutes was published and a Corporate Social Responsibility webpage area was created for the reference and exchange of companies and related parties.
- (2) TWSE amended the related articles of TWSE's Rules Governing Review of Securities Listings, for enforcement from June 9. These amendments were conducted in tune with the added Article 14-6 of the Securities and Exchange Act (the Act), stating that listed companies should establish a remuneration committee; and the announcement published by the in accordance with the authority given by the Act, stipulating "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".
- (3) TWSE conferred the Award to Excellent Disclosure of Corporate Social Responsibility Report on listed companies: In response to the strongly advocated international trend for corporate social responsibility and to encourage listed companies to pay greater attention to the compilation of corporate social responsibility reports, TWSE commissioned external scholars and experts to select 10 listed companies with outstanding performance in disclosing corporate social responsibility report. The recipients of the award were recognized on November 26, 2011 at the 2011 Listed Companies Expo, one of the TWSE 50th anniversary celebration activities, including China Steel Corp., Lite-On Technology Corp., United Microelectronics Corp., Taiwan Semiconductor Manufacturing Co. (TSMC), Asustek Computer Inc., AU Optronics (AUO), Chunghwa Telecom, Wistron Corp., CTCI Corp., and Sinyi Realty, Inc. (in order of stock code).

c) Promoting the Adoption of XBRL to file Financial and Business Information

- (1) In accordance with the complete adoption of XBRL-only reporting in all 2010 financial statements, TWSE has amended regulations, with a public announcement under process, discussed and formulated the launch of the Market Observation Post System, GTSM and conglomerate database in addition to analyzed management reports on the related effects of information integration on production. These actions addressed many matters related to system changes.
- (2) Short-term first-stage goal – From the fourth quarter of 2010, all financial statements were published using XBRL format with the new addition of financial statement footnotes in the text section. For the fourth quarter of 2010 and first quarter of 2011 all listed companies and FHC subsidiaries completed parent company financial statement publications (a total of 796 and 778) and consolidated financial statement publications (732 and 726).
- (3) Short-term second-stage goal – For financial statements in the second quarter of 2011, accounting policies were classified with more detail and divided into sections and labels, the contents of each section were made public and were developed according to classification standards. At the same time, in conjunction with the adjustment of reporting tools and systems, a training video was recorded and placed on WEBPRO for online learning for all the companies. The majority of listed companies and FHC subsidiaries have completed 2011 second-quarter individual and consolidated financial statement publications (790 and 739, respectively).

- (4) Short-term third-stage goal – For financial statements in the fourth quarter of 2011, the classification standards of a third stage of footnotes were deliberated. The proposal of a classification standard working group was discussed, and footnote classification standards developed according to the outcome of meeting discussions, while adjusting XBRL reporting tools and systems. Moreover, in order to enhance the understanding of all companies of the third-stage report content addition of financial statement footnotes in the form section, seven training seminars were held from December 2011 to January 2012.
- (5) In accordance with the 2013 implementation of IFRS, TWSE conducted the translation of IFRS classification standards and, in June 2011, completed the translation of the four major statements and 2,268 labels in the financial statement footnotes, while providing a report to the regulators after a successful review submitted to IASB, and placed on the IFRS Download Area as a reference for all.

d) Promoting the Adoption of International Accounting Principles in Taiwan (IFRS)

- (1) On March 2011, the first listed company questionnaire survey was conducted to assist the regulators to understand the progress of listed companies in adjusting to IFRS information systems. Furthermore, experts from industry, government and academia were invited to convene a meeting on how to assist companies in IFRS conversion of information systems; after which, a Guide to the Assessment of Practices in the Adjustment of Information Systems was compiled.
- (2) From April 2011, TWSE published a monthly IFRS conversion planning progress schedule for the preparation of IFRS conversion progress control and online publication for TWSE-listed, GTSM-listed, emerging company and chartered financial industries. TWSE conducted a monthly inspection of execution progress and submitted a report to the regulators, focusing on companies who were seriously behind in schedule. TWSE also collected the published conversion planning information from FHCs, banks and investment trust consultants, providing these to the regulators.
- (3) In July 2011, seven events for Persons in Charge of Companies Implementing IFRS Events were held, in the hope that through face-to-face communication with people in charge, companies will produce IFRS financial statements in 2013.
- (4) TWSE commissioned Professor Yann-ching Tsai's study team to conduct a Research Project on the Full Adoption of International Financial Reporting Standards, converting the 2010 financial statements of five listed companies, such as TSMC, into the IFRS statement. The project was completed in September 2011, and not only was it promoted in the IFRS First Year Commencement Event, it is also available for reference in the IFRS Area.
- (5) In August 2011, TWSE and GTSM co-hosted the IFRS potential talent study camp and conducted relevant courses to train domestic IFRS talent.
- (6) In September 2011, TWSE and GTSM co-hosted the IFRS First Year Commencement Event to show companies the determination of the government in meeting implementation expectations for IFRS accounting principles in Taiwan, while internationally promoting the first year of Taiwan entering IFRS.
- (7) In 2011, three second sub-group consultation meetings were held, and focused mainly on adjusting IFRS accounting items and codes, collecting the challenges that companies may encounter when entering IFRS and discussing related solutions, updating the compiled content of the main differences between IFRS and ROC GAAP and producing Financial Statement Differences and Influences from International Insurance Companies Conversion.
- (8) Throughout 2011, TWSE and GTSM co-hosted 15 IFRS training and promotional events for TWSE-listed, GTSM-listed and emerging companies.



2 Trading

1. Market Reforms

a) Adjusting the Auction Reference Price at Market Opening

The adjustment of the auction reference price at market opening has been implemented since March 28, 2011 to allow investors handling price fluctuations in daily reportable transactions for desired securities to adjust with market trends, increase transaction opportunities and elevate the efficiency of a market requiring price-reflexive transactions.

b) Reducing the Latency of Index and Statistical Information Disclosures

To facilitate investors in transaction decisions through a solid grasp of accurate information, references were made to the latency of index disclosures in the Asian region. The latency of indexes, trades and statistical transaction information requests has been shortened to 15 seconds since January 17, 2011, synchronizing disclosure with FTSE's Taiwan Index Series. Moreover, in addition to the overall market, the real-time statistical information for transactions and commissions were classified into stocks, funds and warrants.

c) Before Market Close Data Disclosure

To provide investors with more trading references, TWSE has launched an order matching simulation mechanism modeled on measures used by major stock exchanges across the world. According to the intervals of the intraday call auction (currently approximately every 20 seconds), during the five minutes before the closing session the simulation mechanism will simulate deals and disclose the highest bidding price and the lowest asking price as trading references. In addition, supporting measures similar to the Intraday Volatility Interruption System will be adopted during the closing system. When the simulation price of a stock rises or falls more than 3.5 percent in the last minute before the closing session, stock trading will be suspended from 13:31, for two minutes. During the suspension period, investors may add, cancel or adjust an order. The simulation mechanism will continue to match orders and disclose the highest bidding price and the lowest asking price until the calculation of the weighted index closing level at 13:33, to provide more market information to investors.

d) Allowing Foreign Individual Investors in Taiwan to Open NTD Accounts Through Domestic Agents

To facilitate overseas Chinese and non-resident foreigners selling stocks, TWSE added Article 77-2 to the Operating Rules of the Taiwan Stock Exchange Corporation, stipulating that overseas Chinese and foreign nationals who meet certain requirements may appoint lawyers, accountants, banks or security dealers to act as agents in the opening of NTD accounts, with certified documents required for the identification of the deputy agent. This was announced and became effective on July 29, 2011.

e) Setting Out Ways for Foreign Issuers to Repurchase Listed Securities

In accordance with Article 4 of the TWSE Rules Governing Foreign Issuers' Repurchase of Listed Securities (the "Repurchase Rules"), foreigners are allowed to repurchase stocks of listed companies using a special account, and related rules have been amended. The rules were announced and became effective on October 27, 2011.

f) Reducing the Rate of Handling Fees

In accordance with instruction from the regulators, from December 1, 2011, TWSE decreased handling fees from the previous rate of 0.0065% discounted by 20% (0.00572%) to a further 20% discount (0.0052%), at the same time, continuing to allocating the default damages reserve.

g) Developing the TDR Trading Suspension System

TWSE devised a system for suspending and resuming trading, applicable to TDRs and call (put) warrants of which the underlying securities are TDRs and foreign securities, with the revision of related rules conducted in two phases. Phase one was implemented in January 2011, executing the system for trading suspension of securities during a trading session, with the resumption of trading on the next business day. Phase two was announced in August 2011 and implemented in October of the same year, allowing the resumption of trading on the same day following a suspension of trading.



h) Abolishment of T day Settlement for Block Trade Transactions

As the transaction date and settlement volume for block trade transactions occupy a relatively low percentage of overall block trading, no effective method can be applied to keep investors from selling the shares which are not yet delivered to the account due to different settlement period. Therefore, the settlement date for a block trade is the second business day after the transaction date (T+2), related regulations were revised accordingly, effective since December 19, 2011.

i) Adjusting Reporting Procedures for Omnibus Trading Account (OTA)

TWSE adjusted the OTA information reporting timeline in order to prevent securities firms from delaying declarations and affecting follow-up computer operations. A securities firm shall submit the itemized post-allocation transaction statement to TWSE between 3 pm and 6 pm on T-day, in the prescribed electronic format. However, if the securities firm is unable to complete transaction allocation operations for an OTA with foreign principals, it may report by 6 pm of T-day and preserve unallocated information in the prescribed electronic format under the original OTA; it must report a partial allocation adjustment with respect to the itemized transaction information by 6 pm of T+1 day. This measure became effective on March 26, 2012.

j) Study and Development of Off-market Trading

Under the supervision of the regulators, TWSE deliberated the influences of off-market trading on collective market pricing, the elevation of Korea to a developed market by the UK's FTSE and its resulting effects, and the related off-market trading regulations in Korea. The Securities and Futures Institute (SFI) was commissioned to conduct a project researching the above issues. Research was completed in November 2011 and reported to the regulators.

k) Strengthening the Unified Reporting Functions for Securities Firms

TWSE updated functions related to the Supervision and Disclosure for the Wealth Management Businesses of Securities Firms, adding a reporting/monitoring system for the Establishment of Representative Offices and Investments for Cross-strait Securities Firms and a Securities Firms Reinvestment Search system. TWSE also established a primary listings (TWSE & GTSM) cross-reference system and implementation method, and amended FHC collective market reporting functions, while working with the regulators concerning the improvement of the system for underwriters, adjusting the ceiling cap for public procurement of primary listings (TWSE & GTSM) and primary issues of TDRs.

l) The Actuarial Analysis of the Settlement and Clearing Fund

The regulators approved a project conducting the actuarial analysis of the settlement and clearing fund on December 5, 2011, reducing joint responsibility of clearing and settlement funds from NTD\$8 billion to NT\$6.4 billion. The Special Clearing Fund maintained by TWSE remained the same at NT\$3 billion and the Joint Settlement and Clearing Fund (JSCF) contributed to by securities firms was decreased from NTD\$5 billion to NTD\$3.4 billion, while a mechanism was implemented allowing securities brokers flexibility in reallocation.

m) Margin Trading for Listed Securities

- (1) Adopting suggestions from the Taiwan Securities Association, starting from May 3, 2011, the margin trading accounts of securities firms as well as the securities and financial services industry were allowed to use USD from margin trading as collateral when borrowing securities on the TWSE SBL system.
- (2) To avoid concerns regarding the effect on stock prices by a high volume of short selling, since November 21, 2011, daily maximum short selling of borrowed stocks cannot exceed 20% of the average trading volume during the previous 30 business days per stock.

2. Stimulating Derivative Product Trading

a) Continually improving the offshore ETF issuance and trade system

- (1) Opinions were collected from foreign investors taking part in offshore ETF market allocation and trading in Taiwan, formulating packaged measures and providing suggestions to the Central Bank after receiving approval from the regulators.
- (2) Information regarding offshore ETF listing regulations, the monitoring of information transfers and conditions as well as market mechanisms, and information disclosure was collected from France, the UK, Germany, Mexico, Singapore, Hong Kong, Macau and Japan and reported to the regulators.

b) Operations Related to Call (Put) Warrants

(1) Auditing the Issuance of Call (Put) Warrants by Securities Firms

The issuance of 13,806 call (put) warrant was audited, a total amount of NT\$ 232,969,878 (thousands).

(2) Allowing Issuers to Issue Callable Bull/Bear Contracts

On June 3, 2011, amendments were made to related regulations and implemented on July 1, 2011.

(3) Organizing Promotional Activities for Warrants

TWSE and securities issuers co-hosted 30 promotional events for investors.

3. Strengthening Market Services and Supervision

a) Conducting Securities Firms Internal Control Information Forums

- (1) To acquaint securities agents with the revisions of Criteria Governing the Establishment of Internal Control System, a total of 13 information forums were conducted from May 9 to June 2, 2011 for securities firms' auditors and other related persons.
- (2) To enhance the financial structure of securities firms and maintain market trading order, in addition to prevent violations by securities agents, managers were encouraged to strengthen the monitoring of practitioners' compliance with regulations, and internal audit supervisors should instruct audit staff to thoroughly implement internal controls, while conforming to regulations. From July 25 to September 5, 2011, TWSE conducted 10 Sharing and Discussion of Violation Cases information events. A total of 1,196 managers, internal audit supervisors and legal compliance officers attended.



b) Conducting Risk Management Evaluations for Securities Firms

In 2001, to better understand the situations of securities firms in the implementation of risk management systems according to the Operational Items for Securities Firms' Risk Management Evaluations Procedures, TWSE and GTSM conducted risk management evaluations for eight securities firms engaged in derivative products business.

c) TWSE reviewed the financial statements and audited the finance, business and internal audit operations of securities firms. In 2011, TWSE conducted a review of 230 financial statements, 2,036 monthly sheets and self-capital adequacy reporting sheets and 16 previews of the raising of capital and issuance of securities. Also, 39 routine inspections were conducted into finance, business and internal audit operations. A total of 588 selected and regular cases were audited.

d) Maintaining Market Order

(1) Continually Monitoring the Market

Throughout the year, a total of 852 trading irregularities were announced, containing 155 types of listed securities and disposal measures were used to deal with 15 types of securities on 71 occasions. Moreover, real-time trading news reports and internet information were monitored, discovering 64 parties with material information that influenced the stock prices of listed companies. Request was made that they deliver public retractions. 12 cross-market monitoring information reports were made.

(2) Recording and Monitoring of Cable TV Investment and Finance Programs

Throughout the year, around 3,291 cable TV programs on finance and investment analysis and explanation were recorded and monitored; summarized program content showed that 8,857 company stocks were recommended. Over 585 listed companies with individual stocks that were evidently promoted or had trading abnormalities were selected from standard sampling and sent through daily e-mails to the Taiwan Securities Association for members to download. Investors were asked to check company financial operations and other related information through MOPS to ensure prudent investment. In regards to specific cases under inspection, according to the instructions of the regulators, more controversial investment TV programs were monitored and seven reports were delivered to the regulators. In addition, TWSE took the initiative to alert regulators of an additional 290 irregularities including reservations over the qualifications of analysts.

3 Computer Applications and Information Services

1. Executing the Securities and Futures' Peripheral Units Information Transmission Integration Project

To carry out information resource integration of the securities and futures' peripheral units, improving the quality and efficiency of information operations, decreasing operational costs and enhancing services provided to the securities and futures industry, Web Integration and FIX Protocol Integration were promoted under the instructions of the regulators. Construction was completed in June 2011 and provided for the industry to use after application.

2. Building a New Computer Center

In order to find a solution to bottlenecks at the Yang Te Center, provide a safe operation environment for computer systems and satisfy the long-term development needs of the securities market, the building of a Banqiao Computer Center (the first information center) has been planned. Discussions on the new computer center's architectural design were initiated with a team of architects.

3. Planning and Implementing a Continuous Stock Trading System

In accordance with TWSE's timetable for the complete promotion of continuous trading, planning for trading system proposals and installation was completed. Related operations including project management, needs analysis, planning and design, as well as development tests will be conducted according to the scheduled timetable.

4. Outsourcing of a Research Project on Cloud Use

In accordance with government policies to provide better services for the market, TWSE requested that the Institute for Information Industry research the employment of cloud computing technology in the securities market. With its Securities Market Cloud Platform and Application Service Needs Research Plan, 18 types of cloud application opportunities in TWSE were simulated; an implementation program for services was formulated, and suggestions on the securities market's cloud platform promotional strategies and operational mechanisms were offered, all of which served as future reference for subsequent planning and installation. The research report was completed in July 2011.

5. Responding to the Latest Personal Data Protection Act (PDPA)

In response to the latest PDPA, a personal data protection taskforce was formed, and procedures for a Personal Data Inventory and Personal Data Processing Risk Evaluation were completed. The result of the risk evaluation led to the introduction of a remote operations audit control system and proposals to construct a database safety control and audit system. Throughout the year, personal data-related educational courses were held, with a total of 328 participants. These aimed to enhance staff personal data protection awareness and management. Furthermore, 19 staff members were certified as leading auditors for the BS 10012 Personal Information Management System.

6. Enhancing IT Systems Service and Management Functions

- Improvements were made to the operations and management functions of the trading mainframe, enhancing system monitoring functions and web facility management to facilitate efficiency when handling irregularities. Adjustments to the converters and firewalls in the Yang Te and Xin Yi computer rooms were completed. Customized software went online as of December 23.
- The integration and virtualization of non-trading computer systems such as Windows, Linux and Unix were completed to boost resource use and system management efficiency, reducing the number of mainframes and space used by computer rooms. The second-stage Windows and Linux resource integration checks were completed, and the third-stage facility arrival and installation were completed on October 27. The second-stage plans and bidding procedures for the development of a UNIX resource integration system were completed.
- TWSE conducted the second-stage construction of the Non-trading Computer System: System Message Management System, centralizing the monitoring of information on the Xin Yi computer room servers and storage



devices, simplifying the operational procedures and reducing labor time. System installation was completed and the system went online.

- TWSE integrated non-trading computer system back-up procedures and elevated the efficacy of system damage restoration. On October 17, hardware was installed, and backup of the Internet, OPEN, OA, monitoring and all Xin Yi computer room servers and advanced system data were completed and synthesized with the Xin Yi back-up computer room.
- TWSE continued to promote the system maintenance, product promotion and customer services of the Public Information Transmission Monitoring Station, Network Information Shop and After-market Information, while enriching multi-media service functions of the information center.

7. Maintaining the normal operations and security of the computer trading system, non-trading computer system and network system

TWSE inspected and maintained the operational conditions of the computer mainframe, trading system network and back-up modem, high/low voltage electricity, uninterruptible power supply, generator, fire control and air conditioning, trading system application program, non-trading system network and hardware facilities on a regular basis to ensure safety.

8. Licensing stock indexes

TWSE proactively conducted the licensing of stock indexes compiled by TWSE or in cooperation with FTSE. A total of 45 licensing agreements were executed in 2011.

9. Participating in the Financial Information Exchange Platform service of Taiwan-CA Inc.

TWSE developed the Financial Information Exchange Platform with TWCA, hoping to provide the securities industry with a safer information exchange platform, while cutting down industry costs. The TWSE computer system connected to the platform and went online on July 20, 2010 and with TWCA FINE replaced the previous information exchange platform service in 2012 to increase financial information exchange service efficacy.

10. Promoting Trading Information Services

TWSE strived to sign contracts with domestic and foreign information companies to use trading information products or participate in various TWSE platform operations. Real-time trading information companies such as Digital Efficiency, Goldman Sachs, TVBS, Next Media and Jaguar Cars Limited, and real-time stock price information companies such as NHK and Next VIEW were added to the name list in 2011. The Financial Times Limited, a delayed transaction information company, signed a contract with TWSE.

11. Providing a Stock Integrated Information Webpage Service

An integrated information webpage for all stocks was added to the TWSE website for users to browse and check, allowing for better understanding of listed company trading information and related financial information, enhancing efficacy when using the TWSE website and assisting users in searching for information, solving issues with scattered website information and inconveniences for users in data collection.



4 Research and Development for the International Business

1. Encouraging offshore ETF and Feeder Fund ETF to List in Taiwan

In 2011, three domestic ETFs were listed on TWSE, including two domestic component ETF and one foreign component ETF.

2. Participating in Activities Held by International Securities Organizations

- TWSE attended the 8th Annual PASLA/RMA Conference on Asian Securities Lending (PASLA), Annual Meeting of the Global Association of Central Counterparties (CCP12), 20th Annual International Securities Lending Conference (ISLA) in Portugal and 6th Asia/ Oceania CCP Meeting (A/O CCP).
- TWSE participated in the Financial Information Service Division (FSID) events, including the World Financial Information Conference (WFIC), held in San Francisco, USA, and Asia Pacific Financial Information Conference (APFIC), held in Hong Kong.
- TWSE attended various meetings held by the WFE, including the Working Committee meeting in Mexico, Statistics Advisory Group meeting in Paris, Annual Conference and Working Committee meeting in South Africa and Regulation Task Force meeting in Singapore. TWSE also participated in events held by the International Organization of Securities Commissions (IOSCO), including the Emerging Markets Committee (EMC) in Rio de Janeiro, Brazil, 36th Annual Conference and Self-Advisory Working Committee meeting in Cape Town, South Africa, EMC Annual Meeting in The Dominican Republic, and the Asian and Oceanian Stock Exchanges Federation (AOSEF) Working Committee meeting in Mumbai, India.

3. Participating in International Forums

TWSE participated in various international forums, including the Forum on Hong Kong and Taiwan Financial Cooperation in Hong Kong, Futures Industry Association Annual Meeting and Forum on Strengthening Investor Relations and Enhancing International Visibility in Taiwan, Daiwa-Cathay Forum and Forum on Japanese Companies Listing in Taiwan in Tokyo, Haixi Conference on The Cross-Strait Economic and Financial Development in Xiamen, Baoa Forum for Asia on Hainan Island, 12th Five-year Plan and Shanghai-Taiwan Economic Trade Conference, Lujiazui Forum and Forum on the Greater China Financial Center held in Shanghai, and the DBS Access Asia Conference and World Exchange Congress Asia 2011 in Singapore.

4. Promoting the signing of MOUs in Cooperation with International Stock Exchanges

On May 12, 2011, an MOU for cooperation in information sharing was signed with the Hong Kong Stock Exchange, extending the MOU on the exchange of market information signed by the two exchanges on May 20, 1998 and taking a step further to strengthen the existing partnership. In total, TWSE has signed effective cooperation MOUs with 28 stock exchanges.

5. Proactively Pursuing Mutually Beneficial Cooperation with Various Stock Exchanges

In March, TWSE visited the Tokyo Stock Exchange and communicated on topics including mutually listed ETFs and the holding of a listed company expo. In May, TWSE visited the Shanghai Stock Exchange and discussion occurred on topics including mutually listed ETFs, the authorization of real-time trading information and the signing of a cooperation MOU. In August, the WFE General Secretary and Hong Kong, South Africa, London and Tokyo Stock Exchanges visited TWSE and exchanged views on international stock exchanges. In November, TWSE held the 50th anniversary forum on international capital market developments, inviting directors of global stock exchanges and industry experts to participate in an in-depth discussion on the challenges faced by global stock exchanges and development trends.



5 Securities Investment Education and Promotion

1. Arranging Securities Investment Education and Promotion

- a) TWSE held the 2011 Industry Knowledge Workshop with training course topics including Prospects of Industrial Rise and Fall from the Cross-Straits Situation, Current Situation and Future Development Trends of the Smart Phone Industry, Analysis of the Development Trends of Multimedia Products, Current Situation and Future Development Trends of the LED Industry, and Positions and Strategies of Cloud Computing Giants. TWSE invited experts including Chairman Schive, the HTC IR Director, Epistar R&D Vice President, Wintek Chairman and III Director, and analysts to conduct seminars. The courses were rich in content, containing both theory and practice. TWSE staff attended the courses with participants from the Securities and Futures Bureau and GTSM.
- b) TWSE hosted the Listed Companies Expo to boost the relationship between listed companies and investors, and enhance the visibility and influence of the Taiwan securities market in the International securities market. A total of 58 listed companies, six ETFs and warrant issuing securities firms, and 12 IT vendors exhibited, conducting 30 listed company information sessions and five investment and financial management seminars. Throughout the two days, almost 20,000 members of the public participated.
- c) TWSE held 50 community college financial lectures for the Financial Literacy Project: Investing in the Future Series, with a total of 4,500 participants.
- d) TWSE hosted the fifth Securities Knowledge Camps for Teachers from Primary and High Schools, lecturing on securities market-related systems, investment and financial management. Two camps were held in Taipei, and one in Taichung, Hualien and Kaohsiung respectively, with a total of 503 participants.
- e) TWSE established a professional service center providing full-time service to investors, and improved the quality of the investor services hotline. Three service personnel and six service hotlines were set up to receive related calls, with almost 15,000 calls for suggestions made throughout the year.
- f) TWSE hosted an online quiz game with prizes to the general public regarding the five topics of Investing in the Stocks of Primary Listed Foreign Companies in Taiwan and the Issuance of TDRs, ETFs, Call (Put) Warrants and Stock Market Knowledge. Over 1,200,000 people participated.
- g) TWSE hosted the eighth Campus Knowledge King of Securities Investment campus education competitions, to assist students in affirming both theory and practice. 92 tertiary institutions and 3,423 students participated in the competition.
- h) In order to increase and develop the understanding of investors in financial products and the capital market, TWSE published educational and promotional leaflets and posters on securities investment, seven different educational and promotional leaflets for topics such as callable (bear/bull) contracts, 11 posters concerning Adjusting Auction Reference Prices at Market Opening etc., and a two-volume picture album illustrating Warrants and TDRs.

2. Holding Business Promotion and Employee Training Seminars

- a) TWSE counseled securities firms in the dealing of margin trading and securities lending business, holding nine events starting from the end of December.
- b) TWSE held four Securities Firms New System Self-owned Capital Adequacy Training events.
- c) TWSE held educational and promotional events on topics including Adjusting Auction Reference Prices at Market Opening, Shortening the Latency of Index and Statistical Information Disclosure, The Market Suspension and Resumption of Trading Measures and Other Business and the Securities Firms Business Explanation Website Live Streaming Event. At the same time, TWSE visited various securities firms and made use of the internal training

network in the education and promotion of main and subsidiary companies while hosting a promotion of the viewing of video recordings.

- d) TWSE hosted 14 Forums on Securities Firms Clearing and Settlement and Listed Securities Lending Market Explanation to educate and promote to securities firm employees regarding securities clearing and settlement and listed companies lending market organization and practice guidelines.

3. Holding Educational and Promotional Forums on Strengthening the Prevention of Insider Trading and Internal Equity Management

- a) In order to boost the views of listed company internal persons and various sections of society towards insider trading regulations' knowledge and abidance, TWSE hosted 10 different educational and promotional activities on the prevention of insider trading. These activities included promotional workshops, contest events with prizes, advocacy for listed companies, and sending promotional information for the reference of companies listing for the first time. There were a total of 72,841 participants.
- b) To strengthen full awareness of companies on the Securities Exchange Act regulations regarding to insider equity management, various educational and promotional workshops were held on insider equity trading laws. These workshops were focused on participants from unlisted (GTSM) public companies, listed companies and companies listed for the first time.



6 Media Communication and Caring for the Community

1. Publishing Material Information and News of the Securities Market

TWSE arranged 153 listed companies' material information press conferences, allowing listed companies to disclose material information. TWSE also worked to deliver accurate material market information, issued 1,791 bilingual press releases, and received press coverage 689 times. It also worked with the mainstream financial media in Taiwan to cohost investment forums, and delivered a total of 11 speeches, as well as promoting news, advertising and interviews with domestic TV broadcasters, newspapers and magazines.

2. Corporate Social Responsibility

TWSE organized a number of charitable activities to demonstrate its concern for society, particularly for the elderly, children and other people in need who are contributing community members.

- Providing assistance services to the elderly and displaying the warmth of society, TWSE sponsored the Li Shin Charity Fund to provide food delivery services to the elderly in the Wanhua District.
- Providing a fair and supportive learning environment for children in situations of economic distress, TWSE sponsored 32 elementary and junior high schools in Taipei City, New Taipei City, Hsinchu City, Miaoli County, Taichung City, Nantou County, Pingtung County, Ilan County and Taitung County to provide after school tutorial classes, living allowances and emergency assistance to children in economic hardship.
- Encouraging prison inmates to rehabilitate and reintegrate into society by stimulating their determination and strength to change, TWSE sponsored the ROC Light up Cultural Association to arrange 20 Light Up Your Life speech tours to prisons across Taiwan. The objective of these speeches was to encourage inmates to change their lives by inviting previously rehabilitated inmates to share their moving life stories of change and positively moving forward in society.



Objectives for 2012

1 Promote Internationalization of the Capital Market

1. Develop into a Regional Fundraising Center

- Promote the listing of qualified domestic and foreign companies
- Cooperate with the Fund-Raising Platform for Hi-Tech and Innovative Firms initiative to stimulate listing applications for agricultural technology industries
- Continue to promote the market trading of foreign index ETFs

2. Expedite International Alignment and Strengthen Cooperation

- Upgrade the Taiwan stock market to a developed market by adjusting trading, clearing and settlement, and securities lending operations
- Promote and assist Taiwanese companies in adopting International Financial Reporting Standards in their financial statements
- Promote and implement the use of XBRL in the Taiwan capital market
- Adopt international protocol standards for information exchange governance
- Participate in activities arranged by international securities organizations, arrange international meetings and promote interaction and cooperation with overseas securities institutions



2 Promote a Comprehensive and Strong Mechanism for Market Operation

1. Issuance

- Promote Better Corporate Governance and Corporate Social Responsibility
 - Encourage listed companies to develop a comprehensive Corporate Governance System
 - Educate listed companies to place more emphasis on corporate social responsibility and display more integrity in their business
- Implement synchronized information disclosure of secondary listed companies

2. Trade: Increase Flexibility of the Trading System

- Discuss the content of information disclosures at market opening and before market closing, and related supporting measures
- Promote the comprehensive execution of continuous trading
- Discuss the adjustment of preferential measures for foreign ETF liquidity providers
- Develop the use of instant price stabilization measures for warrants
- Explore the trading suspension system and related measures

3. Clearing: Provide a Comprehensive Clearing System

- Implement related measures for the actuarial analysis of the Settlement and Clearing Fund, handling the clearing and settlement of securities firms with a monthly tracking mechanism