

Q&A for Foreign Institutional Investors (“FINIs”) to Use Taiwan Listed Stock as Collateral for Offshore Investment Activities

1. What are the operational procedures for FINIs to use Taiwan listed stock as collateral for offshore investment activities?

Answer: Please see attached charts for the operational procedures.

2. May the Taiwan Collateral Custodian, the Collateral Receiver's Taiwan Custodian and the Collateral Provider's Taiwan Custodian all be the same institution?

Answer: Yes.

3. May a pledge be created over the collateral?

Answer: Effective from March 30, 2026, FINIs may elect to create a pledge over Taiwan listed stock used as collateral for offshore investment activities. A FINI may choose to adopt either a general collateral arrangement or a pledged collateral arrangement, depending on its transaction structure and financing needs.

4. How is the collateral disposed of when the Collateral Provider defaults?

Answer:

(1) General collateral arrangement

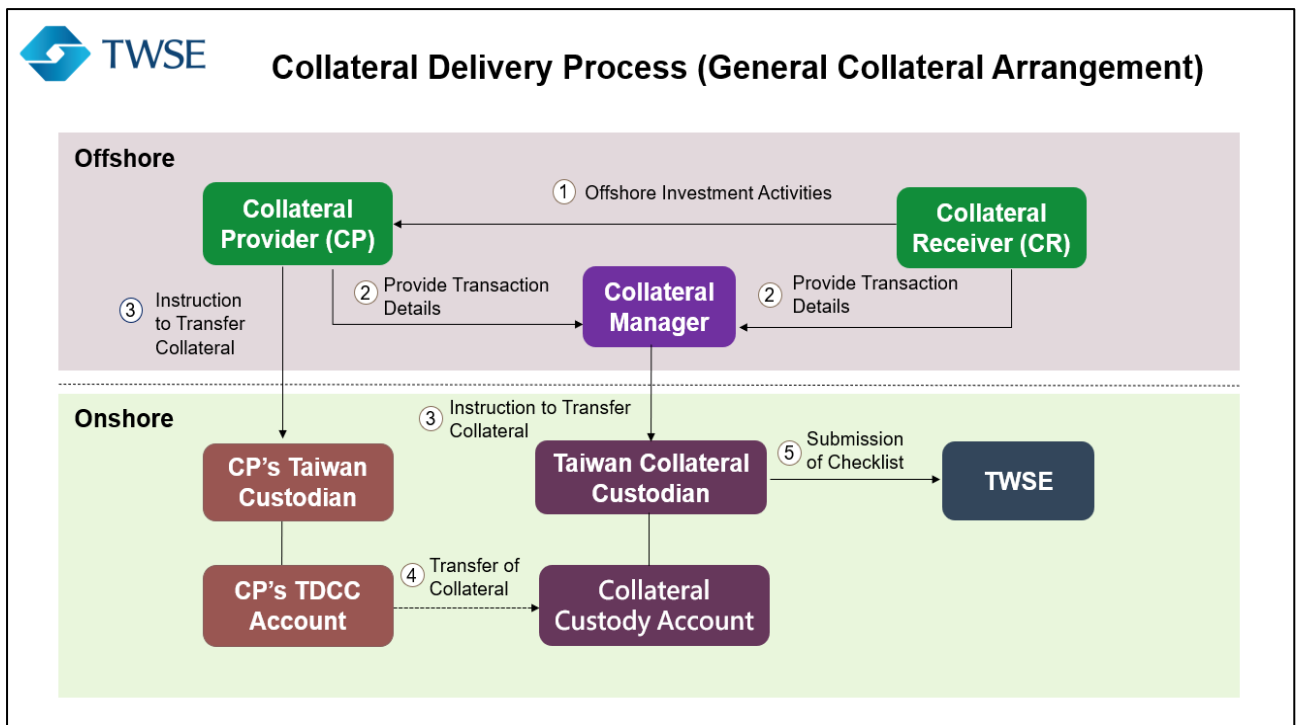
If the Collateral Provider defaults, the Collateral Manager shall instruct the Taiwan Collateral Custodian to dispose of the collateral. The Taiwan Collateral Custodian shall sell the collateral

through the Collateral Disposal Account. The proceeds from the disposal of the collateral shall be applied to the settlement of the obligations agreed between the Collateral Provider and the Collateral Receiver. The Taiwan Collateral Custodian shall remit the proceeds to the Collateral Receiver's account within one business day following the day on which the disposal proceeds are credited. Any surplus shall be returned to the Collateral Provider on the same day.

(2) Pledged collateral arrangement

If the Collateral Provider defaults, the Collateral Receiver, as pledgee, may dispose of the pledged collateral through self-auction in accordance with applicable regulations. After the pledged collateral has been sold in the market, the Taiwan Collateral Custodian shall, in accordance with the instructions of the Collateral Manager, carry out the relevant pledge-related book-entry operations. The proceeds from the disposal of the pledged collateral shall be applied to the settlement of the agreed obligations. Any surplus shall be returned to the Collateral Provider before the end of the first business day following the day on which the proceeds are credited.

Schedule:



Note: CP = Collateral Provider; CR = Collateral Receiver

