

CSDs: TDCC (Taiwan)

Date: 18 Aug 2008

SMI Markets: Taiwan

CMIRR Markets: Taiwan

FSC Announces Market Reforms

The Financial Supervisory Commission (FSC) has announced some liberalization projects in a move to bring the market in line with international standards. The liberalizations are as follows:

- The settlement cycle for securities is to be changed from T+1 to T+2, and both cash and securities will settle on a DVP basis on T+2 accordingly. This is expected to become effective after the next Chinese New Year, i.e. end of January 2009.
- All types of foreign institutional investors (FINIs) are to be allowed in the Securities Borrowing and Lending (SBL) program via the Taiwan Stock Exchange (TWSE) platform.
- Notarisation on the application documents will no longer be required for free of payment asset transfer.
- To extend block trading hours and allow block trading via brokers' omnibus accounts.

CSD Risk Impact

TDCC (Taiwan)

Impacted Risk Type: Asset Commitment Risk

Current Rating = AA-

Flash Impact = On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = On Watch

Impacted Risk Type: Counterparty Risk

Current Rating = AA-

Flash Impact = On Watch

The reforms which are to be undertaken will be positive for the Taiwanese market, especially with the implementation of a DVP settlement. At this stage, asset commitment, liquidity and counterparty risk are 'On Watch' until more information on the implementation of the projects becomes available.

Market Information Impact

Taiwan

This information affects the data contained in the Stock Market, Settlement and Stock Lending and Repos sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Taiwan

Market Rating: A+

Market Flash Impact: On Watch

Impacted Risk Type: Asset Commitment Risk

Current Rating = A+

Flash Impact = On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = On Watch

The reforms which are to be undertaken will be positive for the Taiwanese market, especially with the implementation of a DVP settlement. At this stage, asset commitment, liquidity and counterparty risk are 'On Watch' until more information on the implementation of the projects becomes available.

For further information contact:

Barry Morales - Americas, Middle East

Peter Katz - Asia Pacific, Eastern Europe

Jim Micklethwaite - Western Europe, Africa

Tel: (+44) 20 7830 8300 | Fax: (+44) 20 7287 1549

Email: cmiqueries@thomasmurray.com

Whilst reasonable care has been taken in the compilation of this information, neither Thomas Murray, its affiliates or information contributors shall have any liability for any errors, omissions, delays or inadequacies in the information or for any loss or damage however occasioned (whether arising directly or indirectly), to any person or company relying on this information, or any decision made, action or inaction taken by any party in reliance upon this information (except to the extent permitted by law).

© Thomas Murray Ltd. 2008

