

CSDs: TDCC (Taiwan)

Date: 11 Jan 2010

SMI Markets: Taiwan

CMIRR Markets: Taiwan

Overnight Overdraft Facilities for Foreign Institutional Investors

The Taiwan Stock Exchange (TWSE) is working with the Financial Supervisory Commission (FSC) on allowing foreign institutional investors (FINIs) access to overnight overdraft facilities for settlement. This new measure has been agreed by the Taiwan Bankers Association; however, it is awaiting approval from the FSC and the Central Bank of the Republic of China.

Currently, banks are allowed to provide intra-day overdraft facilities to foreign investors. The TWSE press release is available [here](#).

CSD Risk Impact

TDCC (Taiwan)

CSD Rating: A+

CSD Flash Impact: Stable

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Stable

The introduction of overnight overdraft facilities is expected to improve cash liquidity for FINIs, and would help reduce settlement fails resulting from the shortfall of cash. The impact on Liquidity Risk is set to 'Stable' pending the disclosure of further information and approval from the FSC and the central bank.

Market Information Impact

Taiwan

This information affects the data contained in the Cash Management and Settlement sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Taiwan

Market Rating: A+

Market Flash Impact: Stable

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = Stable

The introduction of overnight overdraft facilities is expected to improve cash liquidity for FINIs, and would help reduce settlement fails resulting from the shortfall of cash. The impact on Liquidity Risk is set to 'Stable' pending the disclosure of further information and approval from the FSC and the central bank.

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