

AIT/CCNAA CONSULTATIONS, MARCH 26, 1990
SUMMARY OF BANKING AND SECURITIES ISSUES

I. BANKING

Recent Taiwan Liberalization Steps: To become effective with the promulgation of the new foreign bank guidelines by early May.

- o The limits on foreign bank NT dollar deposits will be raised from 12.5 to 15 times inward remitted capital.
- o Foreign banks may be permitted to offer additional services including: accepting savings deposits; providing medium- and long-term loans; accepting, managing and employing trust funds without guarantee of profit return on the principal and liability for loss of principal; and providing securities brokerage and underwriting services subject to SEC approval.
- o The annual entry quota on new foreign banks will be increased from two to three banks.
- o Foreign banks seeking entry to the territory represented by CCNAA must be among the top 500, raised from the top 150, in the free world in terms of assets or capital.
- o A foreign bank may, upon fulfilling conditions set out in the guidelines, upgrade its liaison office to a branch office after one year of operation instead of two years.
- o The MOF may permit foreign banks having branches in the territory represented by CCNAA to open additional branches in any location if the MOF determines that development of the banking markets of the territory represented by CCNAA warrant such additional branches.

According to the "Standardization Law for Central Statutes," rules and regulations promulgated by the EY should be sent to the LY for its acknowledgement. Should the LY express a different opinion on the administrative rules, the LY has the right to revise the administrative rules.

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En March 28, 1990

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II. SECURITIES

Issues discussed:

- o Foreign securities branches and subsidiaries
- o Registration of foreign securities
- o Private pension fund management by foreign firms
- o Foreign investment in Taiwan stock market
- o Foreign trading in convertible bonds
- o Securities operations of foreign banks in the territory represented by AIT

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