

Chronology of Events of the CBC in 2010

Date	Events
Jan. 1	The principal received from the sale of structured products by banks were relisted as other financial liabilities and subject to a reserve ratio of 0.125 percent.
Mar. 8	The Bank requested financial institutions to enhance the collection of mortgage statistics, such as the amount of new loans, loan-to-value (LTV) ratios and the mortgage rates.
Mar. 16	The Bank and the Financial Supervisory Commission (FSC) amended the <i>Regulations Governing Approvals of Financial Institutions to Engage in Business and Investment Activities Between the Taiwan Area and the Mainland Area</i> to allow qualified banks to raise the ceiling for cross-strait lending business.
Mar. 24	The Bank's Board Meeting decided to leave the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral unchanged at 1.25 percent, 1.625 percent, and 3.50 percent, respectively.
Apr. 7	The Bank amended the <i>Regulations Governing the Handling of Counterfeit and Altered Foreign Currency Notes and Coins</i> to extend the scope to altered foreign currency notes or coins, and add the requirement for handling institutions to retain counterfeit notes or coins.
Jun. 1	<p>The Bank amended the <i>Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions</i>. The major amendments were as follows :</p> <ol style="list-style-type: none"> 1. The Bank adopted a negative list management approach for inward and outward remittances to the Mainland China Area. 2. With the Bank's approval, a national under 20 years of age may remit funds with an amount over NT\$500,000.
Jun. 9	The Bank and the FSC amended <i>Article 16 of the Offshore Banking Act</i> to

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	<p>exempt gains of structured derivatives from taxation, retroactively from January 1, 2010.</p>
Jun. 24	<p>The Bank's Board Meeting raised the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 12.5 basis points to 1.375 percent, 1.75 percent and 3.625 percent, respectively, effective from June 25, 2010.</p>
	<p>The Board also promulgated the <i>Regulations Governing the Extension of Housing Loans in Specific Areas by Financial Institutions</i>, effective from June 25, 2010.</p>
Jun. 30	<p>The Bank raised the remuneration rates on banks' B reserve accounts with the Bank. Reserves from demand deposits received 0.178 percent interest, while those from time deposits received 0.855 percent.</p>
Jul. 13	<p>The Bank and the FSC amended the <i>Regulations Governing the Administration and Settlement of Renminbi in the Taiwan Area</i> to allow qualified banks to engage in Renminbi coverage business with the Bank of China (Hong Kong), effective from July 15, 2010.</p>
Aug. 2	<p>To strengthen legal enforcement, foreign investors engaged in securities borrowing and lending shall deposit foreign currencies as cash collateral. In accordance with the <i>Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions</i>, inward remittance in the name of cash collateral and converted into NT dollars with an amount over US\$100,000 shall obtain the Bank's prior approval.</p>
Aug. 12	<p>The FSC, the Ministry of Finance and the Bank raised the maximum deposit insurance coverage to NT\$3 million, effective from January 1, 2011.</p>
Sept. 1	<p>As full deposit insurance coverage would expire at the year-end of 2010, the Bank required financial institutions to review their daily liquidity reserve ratio and notify the Bank immediately should the ratio drop to below 10 percent.</p>

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Sept. 30	<p>The Bank's Board Meeting raised the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 12.5 basis points to 1.5 percent, 1.875 percent and 3.75 percent, respectively, effective from October 1, 2010.</p> <p>The Board also urged banks to formulate appropriate policies for vacant land lending.</p>
Oct. 15	<p>The Bank raised the remuneration rates on banks' B reserve accounts with the Bank. Reserves from demand deposits received 0.193 percent interest, while those from time deposits received 0.934 percent.</p>
Oct. 21	<p>The Bank allowed the Bank of Taiwan and Mega International Commercial Bank to conduct Renminbi coverage business, effective from October 26, 2010.</p>
Nov. 11	<p>The Bank suggested the FSC to amend the regulations regarding foreign portfolio investments. Foreign investment positions in government bonds with maturities of over one year shall be within the ceiling of 30 percent of net inward remittance.</p>
Nov. 14	<p>The Bank conducted government bond buyback auctions for the first time.</p>
Nov. 29	<p>The Bank amended the <i>Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions</i> to be in line with changes in repos and the B reserve accounts practice, effective from December 25, 2010.</p>
Dec. 2	<p>The Bank and the FSC approved the setup of a domestic US dollar bills market and allowed Mega International Commercial Bank to act as clearing bank. From December 6, 2010 onward, domestic US dollar bill transactions shall be settled on a delivery-versus-payment (DVP) and real time gross settlement (RTGS) basis.</p>
Dec. 15	<p>To facilitate financial institutions' participation in open market operations, the Bank prescribed the <i>Directions for Open Market Operations by the</i></p>

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	<p><i>Central Bank of the Republic of China (Taiwan)</i> and amended the <i>Directions Governing Designated Dealers for Open Market Operations</i> and the <i>Online Network Operation Directions for the Central Bank of the Republic of China's (Taiwan) Open Market Operations</i>, effective from December 15, 2010.</p>
Dec. 22	<p>In line with the institutional needs of the Taiwan Clearing House and check clearing practices, the Bank amended the <i>Regulations Governing the Administration of Negotiable Instrument Clearing Business by the Central Bank of the Republic of China (Taiwan)</i>.</p>
Dec. 27	<p>The Bank amended Article 42 of the <i>Regulations Governing Foreign Exchange Business of Banking Enterprises</i> to lower the cap of the combined position of non-deliverable NT dollar forwards and NT dollar exchange rate options to one-fifth of the total position.</p>
Dec. 30	<p>The Bank's Board Meeting decided to take the following measures:</p> <ol style="list-style-type: none"> 1. Raising the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 12.5 basis points to 1.625 percent, 2.0 percent and 3.875 percent, respectively, effective from December 31, 2010. 2. Approving amendments to the <i>Regulations Governing the Extension of Housing Loans in Specific Areas by Financial Institutions</i>, promulgated on June 25, 2010. Major amendments were as follows: extending the scope of the Specific Areas, lowering the cap of LTV ratio on second housing loans for home purchases in the Specific Areas, and land collateralized loans will be subject to a maximum LTV ratio, effective from December 31, 2010. 3. Setting new reserve requirement ratios for NT dollar demand deposits held by non-residents. Such deposits shall be subject to a 90 percent reserve requirement on the amount exceeding the outstanding balance recorded on December 30, 2010 and a 25 percent reserve requirement will be applied to the amount below the December 30 level. Meanwhile, a zero remuneration rate will be applied to funds originating from the

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Dec.30	<p>aforesaid deposits on banks' B reserve accounts with the Bank, effective from January 1, 2011.</p> <p>The Bank's Board Meeting set the target zone of M2 growth for 2011 at 2.5 percent to 6.5 percent.</p>