

大事紀

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Chronology of Events of the CBC in 2008

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Jan.

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The Bank and the FSC agreed OBUs to accept foreign currency checking deposits in currencies other than the RMB to expand the scope of services provided by OBUs.

Feb.

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The Bank added SinoPac Securities Co. to the list of primary dealers in the central government bond market, and allowed Chunghwa Post Co., Chinatrust Commercial Bank and Taipei Fubon Commercial Bank to act both as designated dealers for open market operations and primary dealers in the central government bond market, effective April 1, 2008.

Mar.

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The FSC and the Bank adopted the following measures:

1. Foreign investors were allowed to deal in structured products with domestic securities firms and banks, including domestic and foreign equity and interest rate linked products denominated in the NT dollar or foreign currencies.
2. The total amount for a foreign investor to invest in government bonds, time deposits, money market instruments and money market mutual funds, together with NT dollar premiums and netting payments from trading OTC equity and NT dollar interest rate derivatives, structured products and equity swaptions derived from convertible bonds, shall not exceed 30 percent of his/her net inwardly remitted funds. The amount invested in outright transactions against government bonds with a residual maturity greater than one year is exempt from the said cap.

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The FSC and the Bank agreed foreign investors to deal in equity derivatives with domestic securities firms and banks, including NT dollar or foreign currency denominated equity options and equity swaps.

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The Bank and the FSC amended the *Regulations Governing Approvals of Banks to Engage in Financial Activities Between the Taiwan Area and the Mainland China Area*. Key amendments allowed the OBUs and overseas branches of Taiwan banks to extend loans to the Chinese branches of third-country enterprises, to engage in the factoring

of receivables resulting from transactions within Mainland China, and to accept Taiwan stocks, real estate, and other NT dollar assets as collateral for loans. The new regulation also cancelled the restriction that unsecured loans extended by an OBU or an overseas branch to Taiwanese companies in China may not exceed 10 percent of its assets.

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The Bank amended the *Directions for the Operation of Book-Entry Central Government Securities*. The settlement of the central government securities would be incorporated into the CBC Interbank Funds Transfer System with the delivery versus payment (DVP) scheme, effective April 14, 2008.

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The Bank's Board Meeting made the following decisions:

1. Raising the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 12.5 basis points to 3.5 percent, 3.875 percent and 5.75 percent, respectively, effective March 28, 2008.
2. Decreasing the required reserve ratio on foreign currency deposits from 5 percent to 0.125 percent, effective April 1, 2008.
3. Adjusting the remunerative rates on banks' B reserve accounts with the Bank by type of deposits, effective April 1, 2008. Reserves from demand deposits and time deposits will receive an annual rate of 0.25 percent and 2.75 percent, respectively.

May

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The Bank informed banks and Chunghwa Post Co. that outward remittances of domestic donation to the earthquake in Sichuan, China are exempt from the annual accumulated remittance amount of a company, an association, or an individual.

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In line with the newly adopted DVP scheme for central government securities settlement, the Bank amended the reserve requirement stipulated in Article 7 of the *Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions*.

Jun.

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The Bank's Board Meeting made the following decisions:

1. Raising the discount rate, the rate on accommodations with collateral, and the rate

on accommodations without collateral by 12.5 basis points to 3.625 percent, 4 percent and 5.875 percent, respectively, effective June 27, 2008.

2. Raising the required reserve ratios on NT dollar demand deposits and time deposits by 1.25 percentage points and 0.75 percentage points, respectively, effective July 1, 2008.

3. Revising the target zone of M2 growth for 2008 at 2 percent to 6 percent.

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The FSC and the Bank promulgated the *Regulations Governing the Administration and Settlement of Renminbi in the Taiwan Area* to allow trading of RMB banknotes in Taiwan, effective on June 29, 2008.

The Bank published the first issue of *Financial Stability Report of the Republic of China*.

Jul.

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The Bank incorporated the settlement of block trades in Taiwan Stock Exchange into the CBC Interbank Funds Transfer System.

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The Bank amended Article 5 of the *Directions Governing the Central Bank of the Republic of China (Taiwan) Special Financial Accommodations to the Central Deposit Insurance Corp., Ltd.* From new regulation effective onward, the financing interest rate shall be charged at a floating rate based on the weighted average interest rate on new loans set by five leading banks as announced by the Bank.

Aug.

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The FSC and the Bank agreed overseas Chinese and offshore foreign nationals to pledge securities in their Foreign Institutional Investor (FINI) accounts if additional collaterals are required for their NT dollar loans.

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The FSC and the Bank allowed foreign affiliates and branches of listed companies to set up FINI accounts to process offshore employees' stock dividends and cash capital increase.

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The Bank amended the *Regulations for Funds to be Re-Deposited by and Accommodated*

to the Credit Cooperatives to strengthen the risk management of redeposits of credit cooperatives, effective August 31, 2008.

Sep.

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The Bank relaxed remittance regulations to allow banks and Chunghwa Post Co. to engage in outward remittances related to investment in Mainland China with an accumulated value per project of US\$1 million and below without requiring the Bank's verification of the approval documents issued by the Ministry of Economic Affairs.

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The Bank's Executive Directors Meeting decided to lower the required reserve ratios on NT dollar demand deposits and time deposits by 1.25 percentage points and 0.75 percentage points, respectively, effective today.

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To be in line with the new NT\$200 billion preferential housing loan program launched by the Ministry of the Interior on September 22, 2008, the Bank would no longer accept the applications for the NT\$300 billion preferential housing loan program launched by the Ministry of the Interior on May 20, 2005.

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The Bank's Board Meeting made the following decisions:

1. Lowering the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 12.5 basis points to 3.5 percent, 3.875 percent and 5.75 percent, respectively, effective September 26, 2008.
2. Enlarging the scope of repo facility operations to ensure sufficient sources of liquidity for financial institutions. Eligible counterparties were expanded to include banks, bills finance companies, Chunghwa Post Co. securities firms and insurance companies. The terms of the facility were extended to be within a maximum period of 180 days, and the eligible collateral mainly included CDs and NCDs issued by the Bank and government bonds to provide market access to longer-term liquidity.

Oct.

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The Executive Yuan (Cabinet) announced to provide full coverage for all deposit accounts at CDIC-insured institutions that agree to participate in the deposit insurance program, effective from October 7, 2008 until December 31, 2009.

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The Bank's Executive Directors Meeting decided to lower the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 25 basis points to 3.25 percent, 3.625 percent and 5.5 percent, respectively, effective today.

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The FSC and the Bank abolished the US\$5 million cap on foreign portfolio investment in domestic securities made by any foreign individual person.

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The Bank's Executive Directors Meeting made the following decisions:

1. Lowering the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 25 basis points to 3 percent, 3.375 percent and 5.25 percent, respectively, effective today.
2. Adjusting the remunerative rates on financial institutions' required reserves kept in B accounts with the Bank to be aligned with the average deposit rates offered by the five leading domestic banks.

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The FSC and the Bank agreed shareholders of foreign companies listed in Taiwan's stock markets to register as FINIs or Foreign Individuals (FIDIs) to deposit the funds obtained from stake sales in a settlement account for further investment purposes.

Nov.

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The Bank lowered the remunerative rates on banks' B reserve accounts with the Bank. Reserves required against demand deposits received 0.374 percent interest on such deposits, while those against time deposits received 2.423 percent.

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The Bank's Executive Directors Meeting decided to lower the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 25 basis points to 2.75 percent, 3.125 percent and 5 percent, respectively, effective November 10, 2008.

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The Bank adjusted the remunerative rates on banks' B reserve accounts with the Bank. Reserves required against demand deposits received an unchanged 0.374 percent interest, while those against time deposits received a lower remunerative rate of 2.173 percent.

The Bank amended Article 5 of the *Regulations Governing the Central Bank of the Republic of China (Taiwan) Administration of Accommodations Extended by Banks to Securities Finance Companies or Securities Firms*. The ceiling on the aggregate outstanding balance of financing from all banks in support of a securities firm's margin trading services was raised to 3.5 times the securities firm's net worth.

The local banks agreed that clients could apply to reset their mortgage rates from quarterly adjustments to monthly adjustments in three months, aimed at improving the transmission of the Bank's rate cuts.

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The Bank approved the Asian Development Bank (ADB) to issue NT dollar denominated bonds from 2006 to 2036 with maturities of 1 year and above and a total net outstanding face value of up to NT\$35 billion under the Asian Currency Note Program.

Dec.

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The Bank's Board Meeting made the following decisions:

1. Lowering the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 75 basis points to 2 percent, 2.375 percent and 4.25 percent, respectively, effective December 12.
2. Setting the target zone of M2 growth at 2.5 percent to 6.5 percent for 2009.

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The Bank lowered the remunerative rates on banks' B reserve accounts with the Bank. Reserves required against demand deposits and against time deposits were 0.275 percent and 1.421 percent, respectively.

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The local banks agreed that corporate clients could apply to modify their loan contracts from quarterly to monthly rate adjustments before Mar. 31, 2009, to more promptly reflect the Bank's rate cuts.