

## Chronology of Important Events of the Central Bank of China in 2003

	Events
Jan. 7	<p>The Ministry of Finance and the Bank implemented the following measures relative to the enlargement of portfolio investment scope for foreign investors:</p> <ol style="list-style-type: none"> <li>1. Allowing foreign investment institutions to trade NT dollar interest rate derivatives should they already have cash positions in government bonds, time deposits and money market instruments.</li> <li>2. Abolishing the position requirement for foreign investors that the total contract value of their open interest positions for futures products should not exceed 30 percent of the market value of their spot product positions.</li> </ol>
Jan. 14	<p>The total amount of funds for local banks as a whole to extend the preferential housing loans was increased from NT\$720 billion to NT \$920 billion.</p>
Feb. 14	<p>To encourage domestic firms to hedge their foreign exchange risk, the Bank lifted supporting document requirements for firms conducting NT dollar/ foreign currency cross currency swaps transactions with the exchange of principals both at the outset and maturity.</p>
Feb. 26	<p>The Ministry of Finance and the Bank allowed foreign institutional investors to trade options on convertible bonds, and to invest in Taiwan listed securities and the securities quoted on Taiwan Emerging Stock Board, via tender offer.</p>
Mar. 21	<p>The Bank lowered the remunerative rate on banks' required reserves (B account ) from 2.25 percent to 1.75 percent.</p>

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Apr. 28	The Bank established an online network system for its open market operations with designated dealers.
Apr. 30	The Bank amended the <i>Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions</i> to integrate all the regulations related to the declaration of foreign exchange settlements.
May 9	The Ministry of Finance and the Bank allowed banks to act as agents on behalf of their own offshore banking units (OBUs) to conduct offshore foreign currency lending business to provide more efficient services to overseas Taiwanese businesses.
May 16	The Bank amended the <i>Directions Governing Designated Dealers for Open Market Operations</i> , effective from November 1. The designated dealers for open market operations are classified into two categories, general dealers and primary dealers in central government bonds.
June 12	The Ministry of Finance and the Bank relaxed the restrictions on foreign enterprises to raise funds from Taiwan by issuing the Taiwan Depositary Receipts (TDR).
Jun. 27	The Bank lowered the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral by 25 basis points to 1.375 percent, 1.75 percent and 3.625 percent, respectively.
Jun. 27	The Ministry of Finance and the Bank allowed qualified foreign institutional investors (QFIIs) to participate in the securities borrowing and lending.
Jul. 9	The Bank expressed its consent to the Ministry of Finance to adopt the following measures related to the liberalization of foreign

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portfolio investments:

1. Abolition of the US\$3 billion investment cap on QFIs.
2. Abolition of the 2-year mandatory inward remittance validity of QFIs' approved investment quota.

Jul. 23

The Bank promulgated the *Regulations Governing Foreign Exchange Business of Banking Enterprises*. The definition of banking enterprises in this regulation includes banks, credit cooperatives, credit departments of farmers' and fishermen's associations, and the Chunghwa Post Co. Ltd.. Meanwhile, the Bank may take action pursuant to the provisions of the *Administrative Enforcement Law* against any banking enterprise that fails to operate in accordance with the provisions of the aforementioned Regulations.

Aug. 6

The Bank allowed banks' offshore banking units (OBUs) to engage in the business of Renminbi non-deliverable forwards (RMB NDF ) and Renminbi non-deliverable options (RMB NDO ).

Aug. 22

The total amount of funds for local banks as a whole to extend the preferential housing loans was further increased from NT\$920 billion to NT\$1,200 billion.

Aug. 25

The Ministry of Finance and the Bank removed the ceiling on the total amount of funds raised by local securities investment trust companies from Taiwan to invest in overseas securities.

Sep. 1

The total amount of funds for local banks as a whole to extend the preferential loans to traditional industries was increased from NT \$1,050 billion to NT\$1,400 billion.

Sep. 9

The Ministry of Finance and the Bank allowed the initial principal of principal guaranteed funds raised by local investment trust companies to be invested in overseas securities.

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| Sep. 29 | Under the guidance of the Bank, the Taiwan Clearing House (TCH) established the first eCheck system in Asia.   |
| Oct. 2  | The Ministry of Finance and the Bank abolished the QFII system and adopt a new registration-based scheme to streamline the administration of foreign portfolio investment.   |
| Oct. 22 | The Ministry of Finance and the Bank allowed securities investment trust companies to launch out foreign currency-denominated funds in the domestic market.  |
| Dec. 26 | The Ministry of Finance and the Bank allowed local securities investment trust companies investing abroad to trade foreign currency options for the purpose of hedging.  |
| Dec. 29 | The Bank set the intermediate target corridors for M2 growth at 2.5 to 6.5 percent and for M2 plus bond funds growth at 4 to 8 percent for the year 2004, both targets higher than those for 2003 by 1 percentage point. |