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On 30 June 2010 a delegation led by Mr. Kwan Rae Min, Director of the South Korea Securities Depository (KSD) Global Services Team, together with Citibank Taiwan's Ms. Nita Jen, Vice President, Global Transaction Services, Securities Services Department, visited TDCC to gain an understanding of the application procedures, laws and regulations, and custodial operations for investment in Taiwan by foreign investors.

## New Chairman, Mr. Ding Kung-Wha, for TDCC



On 13 July 2010 the TDCC held a handover ceremony with new Chairman Ding Kung-Wha (right) and outgoing Chairman Tony C. C. Fan (left), with Standing Supervisor Lee Mingji (center) presiding. Mr. Wu Tang-Chieh, Financial Supervisory Commission (FSC) Vice Chairperson, also gave some remarks during the ceremony. New TDCC Chairman Ding Kung-Wha, MA, Department of Public Finance, National Chengchi University, previously served as adjunct Associate Professor in the Department of Public Finance at National Chengchi University, and the Department of Public Finance and Department of Business Adminis-

tration at National Taipei University, successively served as Chairman of the Securities & Futures Commission (SFC) of the Ministry of Finance, Chairman of the Securities and Futures Institute, and as Chairman of the Corporate Governance Association (CGA). Chairman Ding has extensive background in the securities field, and possesses a unique perspective and abundant experience in the development of domestic capital markets. Outgoing TDCC Chairman Tony C. C. Fan has assumed the position of Taiwan Futures Exchange Chairman, where he previously served as a supervisor and director.

## Adjustments to Book-Entry Transfer Operations for Securities Deposited as Margin for Short Sales

The Taiwan Stock Exchange (TWSE) has announced amendments to the Operating Rules for Securities Firms Handling Margin Purchases and Short Sales of Securities and the Sample Template for Letters of Consent for the Deposit of Securities as Margin (Collateral) by Means Other Than in Person. Beginning on 1 July 2010, when a securities firm processes a customer's application to use securities owned by the customer as margin (collateral) for

short sale, or as additional collateral deposited to make up a shortfall in the collateral ratio for margin purchase or short sale, the operation need not be conducted in person with the customer if the customer executes a letter of consent that is confirmed by the securities firm and retained on file.

In response to a report submitted by the TDCC, the competent authority on 25 March 2010 approved an exemption to the requirement of submitting an account passbook and account transfer application under Article 30, paragraph 1 of the Regulations Governing Book-Entry Operations for Centrally Deposited Securities when a customer applies to a TDCC participant to use securities owned by the customer as margin (collateral) for short sale or to

make up a collateral shortfall when the customer falls short of the collateral maintenance ratio requirement for margin purchase or short sale under the Operating Rules for Securities Firms Handling Margin Purchases and Short Sales of Securities or the Regulations Governing Margin Purchases and Short Sales Business Operations by Securities Finance Enterprises, submits application to the participant.

To support the implementation of the above mentioned operational adjustment, the TDCC has already adopted relevant operations procedures and adjusted its systems, and has notified securities finance companies and securities firms that formal implementation will begin on 1 July 2010.

# Major Indicators of Taiwan Economy

Period	Economic growth rate(%)	GNP (at current prices)		Unemployment rate(%)
		Amount (million US\$)	Per capita (US\$)	
2005	4.16	364,000	16,113	4.13
2006	4.89	374,500	16,494	3.91
2007	5.70	394,900	17,299	3.91
2008	0.12	402,600	17,576	4.14
2009	-1.87	392,200	16,997	5.74
2010.f	6.14	426,300	18,414	5.16

Period	Foreign trade (custom statistics) (Million US\$)			Annual Rate of change(%)	
	Exports	Imports	Balance	Exports	Imports
2005	189,394	181,606	7,788	8.8	8.2
2006	224,017	201,596	22,421	18.2	11.0
2007	246,723	219,346	27,377	10.1	8.8
2008	255,660	240,820	14,840	3.6	9.8
2009	203,698	174,663	29,035	-20.3	-27.4
2010.07	23,900	21,740	2,160	38.5	42.7

Period	Foreign exchange reserves (end of period, US\$ million)
2007	270,310
2008	291,710
2009	348,198
2010.07	370,110

Period	Consumer price index (Annual rate of change)(%)	Wholesale price index (Annual rate of change)(%)
2007	1.8	6.47
2008	3.53	5.15
2009	-0.25	5.75
2010.07	1.31	5.34

Period	Exchange Rate (NT dollars per foreign currency)		
	USD	JPY	EUR
2010.07	32.050	0.3710	41.83

Period	Interest rate(%)	
	Rediscount rate	Money market rate
2010.07	1.375	0.385

\* f: forecast

## TDCC Response Plan for the "Y1C Problem"

In Taiwan, officially known as the Republic of China (ROC), dates are variously expressed using the Western Gregorian calendar and the ROC (Minguo) calendar. The year 2011 marks the centennial of the 1911 revolution that led to the founding of the ROC. When that centennial year (year number 100 of the ROC calendar) arrives, if the data field indicating the year in an information system is expressed as a two-digit number, it will appear as "00" due to an insufficient number of spaces in the field, impacting data accuracy. This is commonly referred to as the "Y1C" problem.

Information systems use data designating the year for functions including storage, calculation, display, and printout. Possible impacts of the Y1C problem include an inability to accurately record any dates after the beginning of year 100 in the ROC calendar in the date data field, computer program errors in date determination and calculation operations, and incorrect year indications on display screens and reports. To resolve these problems it is necessary to inspect and modify the information systems.

Computers are currently used for all government agency business. Although the Y1C problem is not a crisis of Y2K magnitude, it must be addressed to

maintain data accuracy and prevent impacting the public interest.

To respond to the Y1C problem, the Taiwan Depository & Clearing Corporation (TDCC) Information Planning Department set up a task force and called upon all operations departments to evaluate possible operations issues that may arise in connection with the Y1C problem, and propose suggestions for improvement.

Hereunder is a status report explaining the TDCC's handling of the Y1C problem with respect to information systems:

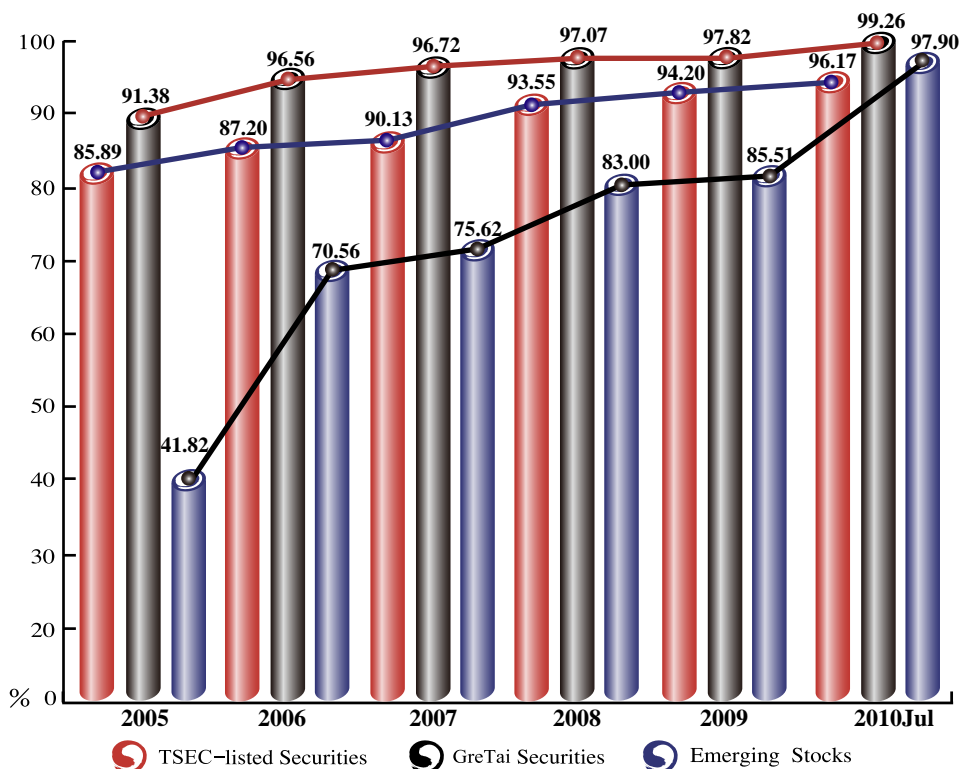
The TDCC modified 16 information systems and 9,376 application programs. After coordinating with the modification and testing of internal systems at securities firms, custodian banks, and other participants, the modification project formally came on-line on 3 May 2010. On 14 May 2010 the TDCC reported to the competent authority in writing that it had addressed the Y1C problem and completed modification of the information systems for all its operations, and that system operations were normal.

As instructed by the competent authority, the TDCC was also responsible for supervising Y1C responses by securities finance

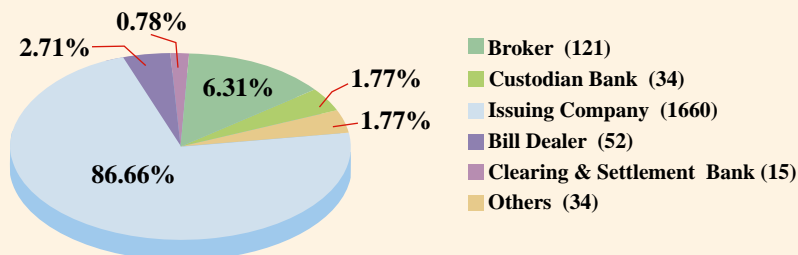
companies and the Taiwan Integrated Shareholder Service Company. On 1 March 2010, the respective companies had completed modifications to their internal information systems and issued undertakings to that effect. After the TDCC completed on-site inspections and verification, it filed the inspection results with the competent authority together with the report mentioned in the preceding paragraph.

Taiwan Futures Exchange (TAIFEX) also engaged the TDCC to be responsible for maintenance of the futures clearing system, which had no Y1C-related problems, requiring only adjustments to data exchange formats to coordinate with other internal company systems. Upon inquiry, the Taiwan Futures Exchange also indicated that there were no Y1C problems with their various information systems. The Chinese National Futures Association supervised by the TAIFEX and a total of 88 futures firms have all issued undertakings stating that they have no Y1C problem, or have already completed the requisite modifications. In year number 100 under the ROC calendar (the year 2011), therefore, all futures market business can be expected to function normally.

Ratio of Securities in Central Depository to Total Issuance



TDCC Participants (total 1916)



Accumulated Book-Entry Accounts: 14,603,115

Statistics of Book-Entry Operations

(1,000 Shares/10,000 NT)

Item Year Month	TSEC		GreTai		Emerging Stocks
	Total Trading Volume	Average Daily Trading Volume	Total Trading Volume	Average Daily Trading Volume	Trading Volume
2009 Aug	79,125,574	3,956,279	12,640,508	632,025	340,097
2009 Sep	93,096,525	4,231,660	16,509,059	750,412	534,002
2009 Oct	99,913,011	4,541,501	15,519,102	705,414	523,814
2009 Nov	81,744,357	3,892,588	13,488,888	642,328	431,728
2009 Dec	103,480,848	4,499,167	23,366,561	1,015,937	790,217
2010 Jan	106,392,874	5,319,644	20,733,209	1,036,660	573,514
2010 Feb	47,219,617	3,372,830	8,169,884	583,563	185,517
2010 Mar	81,095,086	3,525,873	19,297,083	839,004	462,979
2010 Apr	91,213,504	4,343,500	22,350,707	1,064,319	548,083
2010 May	73,264,043	3,488,764	16,021,301	762,919	439,003
2010 Jun	62,757,780	2,988,466	11,905,935	566,949	350,723
2010 Jul	84,653,421	3,847,883	16,738,716	760,851	516,872

Statistics of Bills Clearing & Settlement

Million NT

Item Year Month	Primary Market		Secondary Market				Total
	Underwriting/First	Redemption	Buy/Sell	Repo-Open	Repo-Close	Subtotal	
2009 Aug	422,058	445,924	891,548	1,699,048	1,735,128	4,343,724	5,211,706
2009 Sep	479,637	482,153	921,078	1,719,660	1,715,782	4,356,520	5,318,310
2009 Oct	471,571	463,462	995,794	1,667,906	1,679,848	4,343,548	5,278,581
2009 Nov	488,380	494,670	984,246	1,568,528	1,586,710	4,139,484	5,122,534
2009 Dec	527,243	551,971	997,172	1,936,192	1,912,898	4,846,262	5,925,476
2010 Jan	516,047	470,227	948,778	1,719,290	1,635,128	4,303,196	5,289,470
2010 Feb	386,212	347,162	727,552	1,426,798	1,415,970	3,570,320	4,303,694
2010 Mar	555,321	532,694	1,038,288	2,016,722	1,973,192	5,028,202	6,116,217
2010 Apr	468,467	474,296	951,838	1,926,886	1,983,014	4,861,738	5,804,501
2010 May	476,036	520,664	964,654	1,921,980	1,907,846	4,794,480	5,791,180
2010 Jun	522,464	508,509	989,770	1,904,380	1,853,692	4,747,842	5,778,815
2010 Jul	559,936	525,199	1,106,366	1,902,554	1,904,918	4,931,838	6,016,973

Par Value of Bills and Bonds Under Central Depository

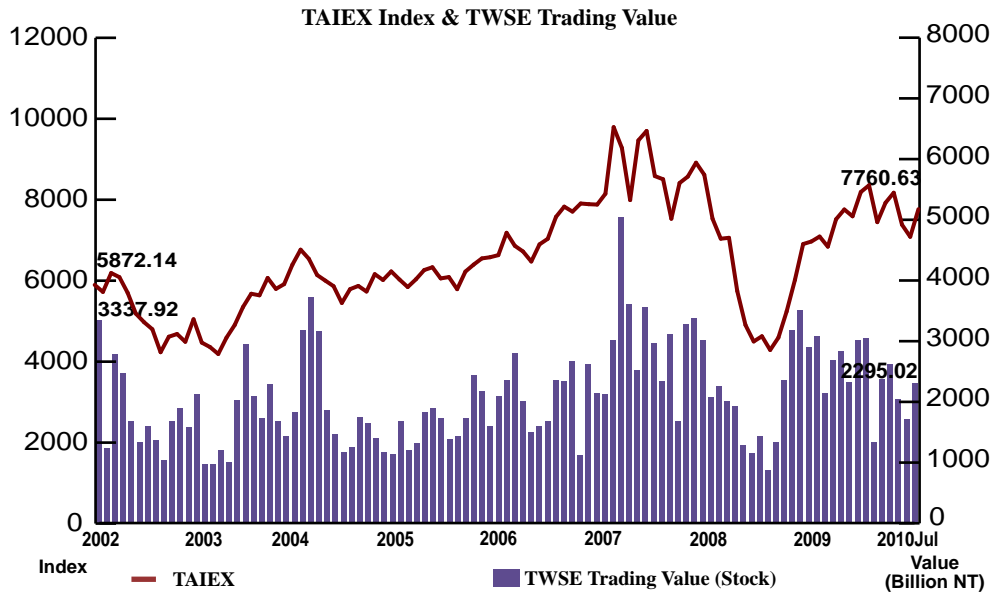
Million NT

Item Year Month	Bonds	Commercial Paper I	Commercial Paper II	Negotiable Certificate of Deposit	Bank Acceptance	Asset Backed Commercial Paper	Total
2009 Aug	1,535,236	101	673,932	10,977	213	36,652	2,257,111
2009 Sep	1,546,740	106	670,502	11,877	228	36,648	2,266,101
2009 Oct	1,602,731	96	680,193	10,337	257	36,590	2,330,204
2009 Nov	1,635,525	101	670,439	13,828	218	36,594	2,356,705
2009 Dec	1,660,460	155	651,306	9,685	197	35,109	2,356,912
2010 Jan	1,681,130	125	698,134	9,153	137	34,724	2,423,403
2010 Feb	1,694,321	145	736,722	9,658	100	34,699	2,475,645
2010 Mar	1,712,830	129	762,294	9,096	139	32,293	2,516,781
2010 Apr	1,742,552	149	756,564	8,964	155	32,293	2,540,677
2010 May	1,770,775	146	697,333	24,077	142	31,798	2,524,271
2010 Jun	1,841,777	166	702,585	34,898	116	29,682	2,609,224
2010 Jul	1,878,534	152	748,523	23,545	286	29,682	2,680,722

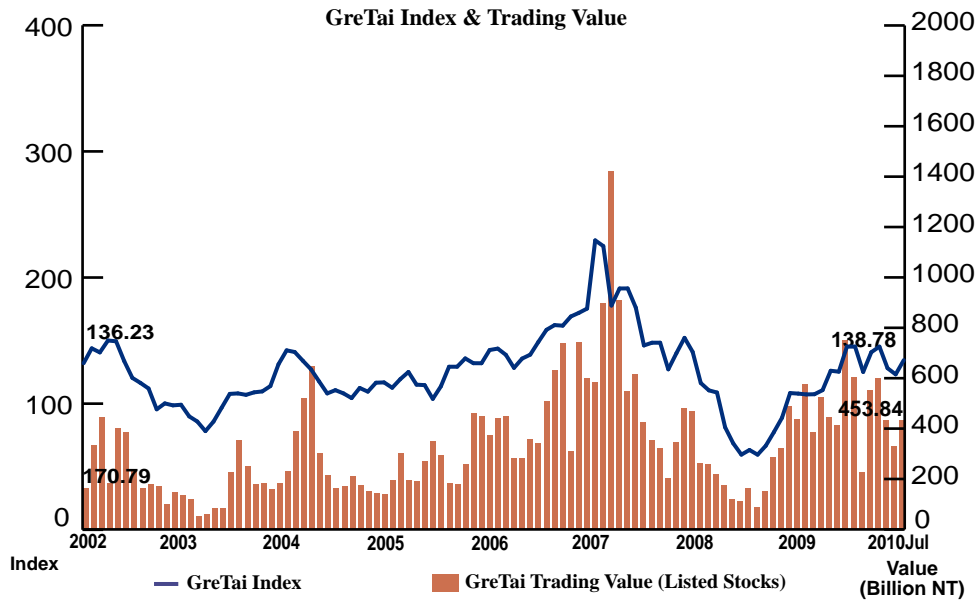
Note: Starting July 2008, the value of bonds are changed from par value to principal balance.

Statistics of Listed Companies

Item Year Month	TWSE				GreTai			
	NO.	Capital Issued (Billion NT)	Par Value (Billion NT)	Market Value (Billion NT)	NO.	Capital Issued (Billion NT)	Par Value (Billion NT)	Market Value (Billion NT)
2009 Aug	728	5,839.05	5,709.40	17,329.60	552	772.78	723.30	1,407.04
2009 Sep	730	5,828.37	5,724.42	19,107.80	551	783.82	726.00	1,592.45
2009 Oct	731	5,845.64	5,747.68	18,727.63	551	779.90	726.00	1,547.01
2009 Nov	732	5,860.17	5,745.65	19,402.59	552	779.23	727.00	1,666.78
2009 Dec	741	5,869.58	5,772.90	21,033.64	546	772.72	719.00	1,914.21
2010 Jan	741	5,871.82	5,775.22	19,705.86	548	775.46	723.54	1,693.74
2010 Feb	741	5,870.50	5,771.42	19,158.87	548	776.09	725.18	1,656.95
2010 Mar	741	5,838.24	5,751.69	20,426.04	549	780.61	730.33	1,883.00
2010 Apr	740	5,834.59	5,748.08	20,646.71	550	878.32	731.50	1,941.21
2010 May	741	5,840.95	5,754.49	19,051.87	553	789.79	734.47	1,759.87
2010 Jun	741	5,817.99	5,731.01	18,918.90	556	795.97	736.31	1,760.82
2010 Jul	743	5,837.90	5,730.82	20,071.12	557	802.72	738.11	1,874.17



Taifex Futures Index: 7780.70



The Shares and Market Capitalization under TDCC Custody (Million Shares/ Billion NT)

Item Year Month	Physical securities under custody		Dematerialized securities under custody			Total	
	Shares	Market Capitalization	Shares(A)	Ratio (A/B)%	Market Capitalization	Shares(B)	Market Capitalization
2009 Aug	450,583	10,401.66	372,324	41.89	9,115.85	822,908	19,519.52
2009 Sep	443,223	11,362.62	396,778	43.80	10,423.60	840,002	21,786.22
2009 Oct	444,043	11,041.09	405,450	44.36	10,381.98	849,494	21,423.08
2009 Nov	445,045	11,448.16	416,726	44.97	10,873.08	861,772	22,321.25
2009 Dec	446,387	12,100.88	427,308	45.53	12,254.70	873,695	24,355.58
2010 Jan	435,872	11,114.07	450,488	47.36	11,304.25	886,360	22,418.32
2010 Feb	423,445	10,764.15	472,500	49.14	11,764.15	895,945	22,528.30
2010 Mar	400,667	10,998.86	498,717	51.41	13,094.39	899,384	24,093.25
2010 Apr	371,344	10,651.73	532,565	54.65	13,903.01	903,909	24,554.74
2010 May	352,177	9,560.14	559,122	56.94	13,152.93	911,299	22,713.07
2010 Jun	330,073	9,294.79	584,317	59.37	13,464.88	914,390	22,759.67
2010 Jul	266,233	6,941.47	650,868	65.95	17,112.69	917,101	24,054.17