

### Major Indicators of Taiwan Economy

Period	Economic growth rate(%)	GNP (at current prices)		Unemployment rate(%)	Period	Foreign trade (custom statistics) (Million US\$)			Annual Rate of change(%)	
		Amount (million US\$)	Per capita (US\$)			Exports	Imports	Balance	Exports	Imports
2003	3.43	309,300	13,752	4.99	2003	144,240	127,258	16,982	10.4	13.1
2004	6.15	342,100	15,156	4.44	2004	174,034	167,895	6,139	20.7	31.9
2005	4.16	364,000	16,113	4.13	2005	189,394	181,606	7,788	8.8	8.2
2006	4.89	374,500	16,494	3.91	2006	224,017	201,596	22,421	18.2	11.0
2007	5.70	394,800	17,294	3.91	2007	246,723	219,346	27,377	10.1	8.8
2008. f	4.32	428,100	18,693	3.94	2008.3	24,250	24,080	170	22.8	37.3

  

Period	Foreign exchange reserves (end of period, US\$ million)	Period	Consumer price index (Annual rate of change)(%)	Wholesale price index (Annual rate of change)(%)
2005	253,290	2005	2.30	0.60
2006	266,100	2006	0.6	5.64
2007	270,310	2007	1.8	6.45
2008.3	286,860	2008.3	3.96	7.15

  

Period	Exchange Rate (NT dollars per foreign currency)			Period	Interest rate(%)	
	USD	JPY	EUR		Rediscount rate	Money market rate
2008.3	30.405	0.3058	47.641	2008.3.31	3.375	2.028

\* f: forecast

### TDCC Invites Japanese and Korean ETF Experts to Exchange Information on the Back Office Operations of Cross-border ETF Trading

In line with government policy on facilitating the internationalization of capital markets, and to encourage the cross-border trading of exchange-traded funds (ETFs), TDCC has invited ETF experts from Japan and Korea to come to Taiwan to exchange information on the back office operations of cross-border ETF trading. This is part of the preparatory work for the cross-border trading of ETF products.

Currently, ETFs are one of the major products being actively developed by exchanges around the world. Under globalization, cross-border ETF trading has also become a key international investment service provided by many exchanges. The Taiwan Stock Exchange Corporation (TSEC) is currently planning relevant procedures on trading foreign ETFs in domestic markets, hoping to create a friendly market

environment for cross-border ETFs and thereby attract foreign ETFs to list here. In the meantime, the stock exchange is actively planning for the listing of domestic ETFs on overseas exchanges. It is hoped that long-term international cooperation can be established through the dual-listing of ETF products on major overseas exchanges.

Echoing the TSEC projection to promote cross-border trading of ETF products, TDCC has been constructively planning for book-entry operations relating to the cross-border listing of ETFs. In October last year, TDCC invited Mr. Derrick Fung and Mr. Jose Leung from Cash Clearing Operations of Hong Kong Exchange & Clearing Limited (HKEx) to share their experience on "Book-Entry Operations Relating to the Domestic Listing of Foreign ETFs". In

February and March this year, TDCC also invited Mr. Jun Shimizu and Mr. Shinichiro Maekawa from the international department of Japan Securities Depository Center (JASDEC), as well as Mr. Byong Kil Choi, Ms. Helen Chai and Ms. Minhee Lee from the international department of Korea Securities Depository (KSD), to deliver lectures on the listing of Korea's ETF-Kodex 200 in Japan and book-entry account opening. TDCC has also requested relevant departments to brief on the current status of Taiwan's ETF market and related book-entry operations.

While the TSEC is studying the procedures for the listing of foreign ETFs in the domestic market, TDCC will continue to plan and provide relevant cross-border depository, book-entry transfer and settlement services.

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From left to right: JASDEC delegates, Mr. Shinichiro Maekawa and Mr. Jun Shimizu visited TDCC on February 25<sup>th</sup>, 2008.



From left to right: KSD delegates, Ms. Helen Chai, Ms. Minhee Lee, Mr. Byong Kil Choi visited TDCC on March 4<sup>th</sup>, 2008.



Mr. Sukhbaatar, President in the Board of Directors of MSCH&CD, and Ms. Tudevvaanchig Gandulam, Executive Director of MSCH&CD, led a delegation visiting TDCC on March 16<sup>th</sup>, 2008.

### TDCC Launches Services on Pledge Registration for the Repurchase of Short-Term Bills

The centralized depository and clearing system for short-term bills was implemented on April 2<sup>nd</sup>, 2004. At that time, pledge registration and related services was only available for outright short-term bills transactions. To accommodate the practical requirements of bill dealers as articulated in relevant meetings of R.O.C. Bills Finance Association, TDCC developed additional services to cover pledge registration relating to short-term bill repurchase (RP) transactions, which was formally implemented on January 14<sup>th</sup> 2008.

Currently, bill dealers are allowed to handle both the trade and guarantee business of short-term bills. Similar to the lending business handled by banks, guarantees issued by bill dealers usually involve different collateral requirements depending on the credit evaluation results of the customer, including short-term bills, real estate, stocks, bonds, etc. The bill dealers will have better control over the credit of this collateral if it is comprised of short-term bills transaction. This also helps to facilitate the development of the guarantee business.

TDCC launched pledge registration services for the RP transactions of

short-term bills on January 14<sup>th</sup> 2008. Bill dealers and banks have since been engaged in relevant system development. As of March 31<sup>st</sup>, 2008, many bills dealers and clearing banks have already opened this business.

Huang Rei-Ming, Manager of Taiwan Finance Corporation, indicated that: "The short-term bills depository and clearing system provided by TDCC is the sole back-office settlement/clearing platform in the domestic market providing efficient and integrated services for the RP/RS transactions of short term bills."

Apart from the settlement of funds and short-term bills, the system also handles various RP/RS related online transactions including new deals, renewals, withdrawal before maturity, maturity processing, automatic interest accrual/payment on unexpected holidays, and handling of default at maturity, etc. The newly-launched services on pledge registration against repurchase transactions of short-term bills has not only satisfied the operational requirements of the secondary markets, but also ensured more comprehensive and value-added services on top of the existing settlement operations.

