

Appendix 1: Guidelines for the Opening of Securities Borrowing and Lending Accounts by Specific Trading Accounts

(1) Domestic securities firm:

Status	Lending or borrowing	Where securities lent are from	Number of account to be opened	Purpose of borrowing of securities	
Securities broker	Lending	Acquired by underwriting	To use the account number of the existing "account used for sale of securities acquired by underwriter" with another securities firm	(Not applicable)	
		Acquired by investment	Domestic securities broker 9899XX-X (note)		
			Securities brokerage business engaged by the Taiwan branch of a foreign securities firm 99899X-X		
Securities proprietary trader	Lending	Acquired by proprietary trading	Proprietary trading account 000000-0	(Not applicable)	
		Acquired by underwriting			
		Acquired by investment			
	Securities borrowing	(Not applicable)	(Not applicable)	Proprietary trading account 000000-0	To meet transaction needs
				Proprietary trading account 55555-5	As needed for a market maker to provide trading quotes and engage in hedging
				Proprietary trading account 55555-6	As needed for a liquidity provider to participate in trading and engage in

				hedging
			Proprietary trading account 777777-7	<p>(1) ETF participating securities firm engages in the in-kind creation/repurchase, arbitrage, hedging of units of ETFs</p> <p>(2) As needed for providing liquidity of ETFs by liquidity providers of ETFs</p>
			Proprietary trading account 888888-1	<p>(1) As needed for hedging the operation of structured products and equity derivatives business on the TWSE.</p> <p>(2) To handle exercise of contract-based and overseas call warrants (central depository account).</p> <p>(3) As needed for hedging contract-based and overseas call/put warrants issued.</p>
			Proprietary trading account 888888-4	As needed for hedging exchange-traded notes (ETNs) issued.
			Proprietary trading account 888888-8	<p>(1) To handle exercise of call warrants (central depository account).</p> <p>(2) As needed for hedging of call/put warrants issued.</p>

Note: Domestic securities brokers' 9899XX-X account numbers are for securities trading accounts with own funds opened with another securities firm.

(2) Domestic futures commission merchants (FCM):

Status	Type of operation	Lending or borrowing	Where securities lent are from	Number of account to be opened	Purpose of borrowing of securities
Registered FCM	Exclusive futures trading business	Lending	To be held for investment	93XXXX-X (note 1)	(Not applicable)
	Exclusive proprietary futures trading business	Borrowing	(Not applicable)	93XXXX-X	As needed for hedging and delivery by contract
				939XXX-X (note 2)	As needed for hedging of stock option and stock futures trading by stock option or stock futures market makers
	Proprietary futures trader also engaging in proprietary securities trading business	Borrowing	(Not applicable)	To open a sub-account at the proprietary securities trading department 888888-3	As needed for hedging and delivery by contract
				To open a sub-account at the proprietary securities trading department 888888-2	As needed for hedging of stock option and stock futures trading by stock option or stock futures market makers

Status	Type of operation	Lending or borrowing	Where securities lent are from	Number of account to be opened	Purpose of borrowing of securities
Agent FCM	Proprietary securities trader also engaging in proprietary futures trading business	Borrowing	(Not applicable)	To open a sub-account at the proprietary securities trading department 888888-3	As needed for hedging and delivery by contract
				888888-2 To open a sub-account at the proprietary securities trading department 888888-2	As needed for hedging of stock option and stock futures trading by stock option or stock futures market makers

(3) Other specific trading accounts:

Status	Lending or borrowing	Where securities lent are from	Number of account to be opened	Purpose of borrowing of securities
Foreign issuer	Borrowing	(Not applicable)	A Taiwan subsidiary of a foreign issuer (proprietary trading account) 998888-4	As needed for hedging exchange-traded funds (ETNs) issued.
			Proprietary trading account 998888-8 (Note 1)	(1) To handle exercise of call warrants (central depository account).
			Proprietary trading account 951888-8 (Note 2)	(2) As needed for hedging call/put warrants issued.

			Proprietary trading account 998888-9 (Note 3)	(1) To handle exercise of contract-based and overseas call warrants (central depository account).
			Proprietary trading account 951888-9 (Note 4)	(2) As needed for hedging contract-based and overseas call/put warrants issued.
Risk management institution	Borrowing	(Not applicable)	Brokerage trading account 888888-8 (Note 5) 951888-6 (Note 6)	As needed for hedging call/put warrants issued.
			Brokerage trading account 888888-9 (Note 7) 951888-4 (Note 8)	As needed for hedging contract-based and overseas call/put warrants issued.

- Notes: 1. The foreign warrant issuer account no. 998888-8 is set up with the dealing department of a branch office in Taiwan for self-hedging by the issuer.
2. The foreign warrant issuer account no. 951888-8 is set up with the brokerage department of a branch office in Taiwan of a directly or indirectly wholly-owned subsidiary for self-hedging by the issuer.
3. The foreign warrant issuer account no. 998888-9 is set up with the dealing department of a branch office in Taiwan for self-hedging by the issuer (for issuing contract-based and overseas call/put warrants).
4. The foreign warrant issuer account no. 951888-9 is set up with the brokerage department of a branch office in Taiwan of a directly or indirectly wholly-owned subsidiary for self-hedging by the issuer (for issuing contract-based and overseas call/put warrants).
5. The domestic risk management institution account no. 888888-8 is set up by a warrant issuer engaging the hedging service of a domestic risk management institution, with the brokerage department of a branch office in Taiwan of the issuer or a subsidiary of the issuer.
6. The foreign risk management institution account no. 951888-6 is set up by a warrant issuer engaging the hedging service of a foreign risk management institution, with the brokerage department of a branch office in Taiwan of the issuer or a subsidiary of the issuer.
7. The domestic risk management institution account no. 888888-9 is set up by a warrant issuer engaging the hedging service of a domestic risk management institution, with the brokerage department of a branch office in Taiwan of the

issuer or a subsidiary of the issuer (for issuing **contract-based and overseas call/put warrants**).

8. The foreign risk management institution account no. 951888-4 is set up by a warrant issuer engaging the hedging service of a foreign risk management institution, with the brokerage department of a branch office in Taiwan of the issuer or a subsidiary of the issuer (for issuing **contract-based and overseas call/put warrants**).