

(Translation)

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(Translation)

Regulations

Chapter 1000: Risk Management Consideration

1001 Risk Management Consideration

For the purpose of considering and managing risks that may arise in the clearing and settlement system, the Board shall establish a Risk Management Sub-committee to perform duties under these Regulations.

1002 Composition of the Risk Management Sub-committee

The Risk Management Sub-committee shall comprise a group of persons who must at least possess knowledge or experience in relation to securities, risk management, or management of a securities or derivatives clearing house.

1003 Scope of Risk Management Consideration

For the purpose of managing the risks, the Risk Management Sub-committee shall determine the risk management policy for the clearing and settlement of securities of each type, or in accordance with the types of members, or the type of collateral, in order to promote and develop efficient risk management.

1004 Risk Management Sub-committee Duties

The Risk Management Sub-committee shall have the following duties:

(1) to determine the material policy and principles with respect to risk management of TCH, for instance, the qualifications of the TCH members, the maintenance of qualifications of the TCH members, the stipulation of the rate of collateral requirement, the determination of types and conditions of assets which TCH may accept as collateral, the sufficiency of the funding source to accommodate the damage in the securities clearing and settlement system, the calculation of the Clearing Fund contributions, the sufficiency of the overdraft limit of TCH, and the additional measures for certain members who the Risk Management Sub-committee deem should be subject to special monitoring and supervision;

(2) to consider a proposal, or acknowledge and monitor the result of the risk management in order to ensure that it complies with the policy and principles prescribed;

(3) to provide advice and views in relation to the development, improvement and resolution of any problems or difficulties in risk management which are in line with international standards, and are appropriate for the circumstances;

(4) to report to the Board the result of the risk management.

1005 Term of Office, Vacation from office and Meetings of the Risk Management Sub-committee

Provisions in relation to the term of office, vacation from office and the meeting of the Risk Management Sub-committee under the Regulations of TCH, with respect to derivatives, shall apply to the term of office, vacation from office and the meeting of the Risk Management Sub-committee under these Regulations, mutatis mutandis.