

1. Basic information

| | |
|---------------------------|--|
| Name | Taipei Exchange |
| Location of headquarters | 15F., No. 100, Sec. 2, Roosevelt Rd., Zhongzheng Dist., Taipei City |
| Year established | 1994 |
| Primary scopes of service | Helping emerging small-to-medium-sized and micro-enterprises primarily in the high-tech industry, and the innovation and creativity industry to become listed and raise funds. Operating the market trading business of diverse instruments, such as stocks, bonds, ETFs, ETNs, call (put) warrants, and over-the-counter derivatives, including centralized trading and negotiation features. |
| Primary market | Taiwan |
| Business locations | Guting Office, Taipei City Banqiao Office, New Taipei City Banqiao Server Room, New Taipei City Taichung Remote Backup Server Room, Taichung City |
| Number of employees | 287 persons |
| Total assets | NT\$18.576 billion |



證券櫃檯買賣中心
Taipei Exchange

2. History

Taiwan's over-the-counter (OTC) market took shape with the Taiwan Securities Association since February 1988. The Ministry of Finance subsequently decided in 1993 to establish TPEX, a non-profit institution, to formalize and strengthen Taiwan's capital market and specifically the OTC market. TPEX was established in accordance with the Securities and Exchange Act on July 27, 1994, and became officially operative on November 1. The initial funds were joint donations from the Taiwan Stock Exchange (hereinafter as TWSE), the Taiwan Securities Association, and the Taiwan Depository & Clearing Corporation (hereinafter as TDCC). The competent authority is the Financial Supervisory Commission (hereinafter as FSC).

1994~1999

Starting

- 1994/11 TPEX formally established
- 1994/12 Electronic trading system (for the main board) formally launched
- 1995/11 TPEX Capitalization Weighted Stock Index formally announced
- 1996/5 Regulations Governing Implementation of the Market Surveillance System for Securities Traded on the TPEX promulgated
- 1996/7 TPEX trading opened to foreign investment
- 1998/12 Launched Administration of the Joint Responsibility System Clearing and Settlement Fund
- 1999/1 Margin trading launched
- 1999/8 TPEX block trading system rules published and implemented

2000~2004

Growing

- 2000/7 Electronic Bond Trading System (EBTS) launched for outright trading
- 2002/1 Established the Emerging Stock Market
- 2002/5 Joined IOSCO as an affiliate member
- 2002/8 Officially launched the "Market Observation Post System (MOPS)"
- 2003/3 Launched call (put) warrants
- 2003/9 Emerging Stock Computerized Price Negotiation and Click System introduced

2005~2009

Maturing

- 2005/3 Bond Repo Trading Platform launched (integrated into the Electronic Bond Trading System)
- 2005/10 Obtained ISO 9001 quality management system certification
- 2006/11 First foreign currency-denominated bond launched
- 2006/11 Obtained ISO 27001 information security management system certification
- 2007/3 Derivatives trading system introduced
- 2009/5 First registration of shares as emerging stock by a foreign enterprise
- 2009/11 Launched system for trading of foreign government bonds

2010~2014

Expanding

- 2010/4 Became WFE Affiliate Member
- 2010/4 Launched "TPEX 50 Index" and "Taiwan Treasury Benchmark Index"
- 2010/6 First primary listing of shares by a foreign enterprise on the TPEX
- 2010/12 Information Platform for the Chain of Industrial Value Creation formally launched
- 2011/1 TPEX 50 ETF and Taiwan Government Bond ETF listed on the TPEX
- 2011/2 First TPEX listing of TDRs of a foreign enterprise
- 2011/10 Gain a full membership in WFE
- 2012/10 Obtained ISO 20000 information service system certification
- 2013/3 First Renminbi-denominated bond launched, named Formosa Bond
- 2013/4 Gain a full membership in AOSEF
- 2013/9 Joined CCP12 as a member
- 2013/9 Obtained BS10012 personal data management system certification
- 2014/1 Launched the "Go Incubation Board for Startup and Acceleration Firms (GISA)"
- 2014/5 Launched TPEX Labor Employment 88 Index
- 2014/8 Launched TPEX Compensation Index
- 2014/10 Launched listed open-ended funds platform
- 2014/11 Launched IRS early unwind system
- 2014/12 Launched IRS trading system platform

2015~2019

Deepening

- 2015/1 Officially launched the gold trading platform
- 2015/4 Launched "Equity Crowdfunding Conducted by Securities Firms" business
- 2016/9 Launched gold warrants
- 2017/5 First batch of green bonds listed
- 2018/3 Awarded "Green Bond Pioneer Exchange introducing new listing guidelines in 2017"
- 2019/3 Launched "TPEX 200 Index"
- 2019/4 First 3 ETNs listed
- 2019/6 Permitted the issuance and listing of Sukuk (Islamic fixed-income securities)
- 2019/9 Recognized by US SEC as designated offshore securities market

2020~2024

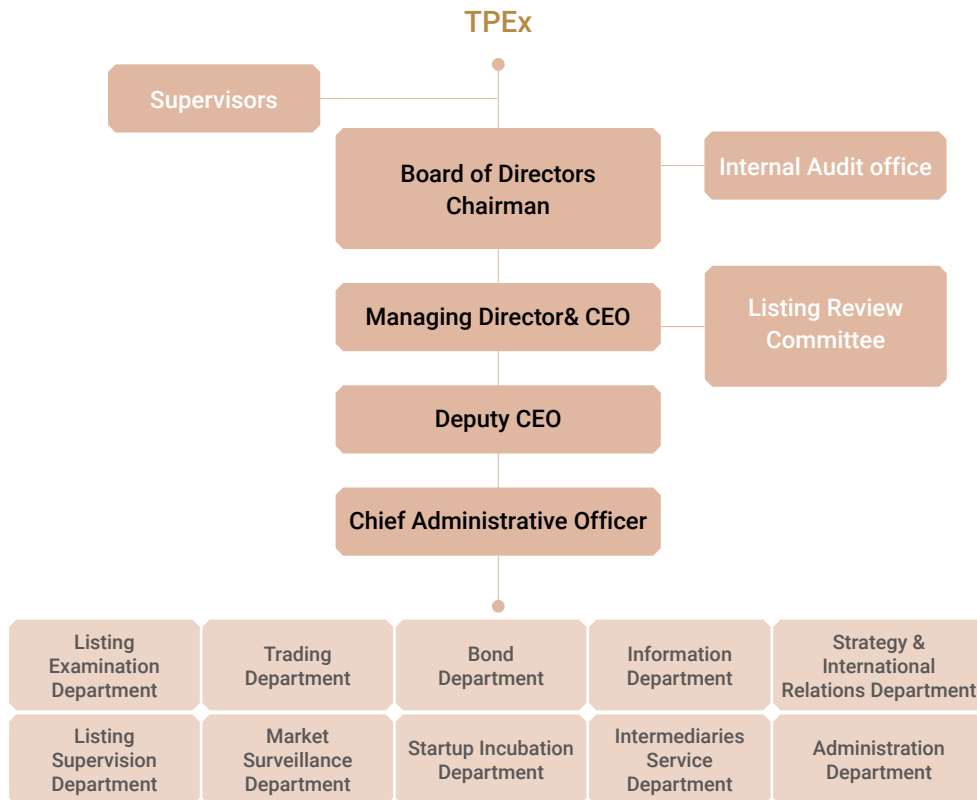
Leaping

- 2020/1 Announced the regulations governing Security Token Offerings (STO)
- 2020/3 Adopting continuous trading
- 2020/6 TIP TPEX ESG Index introduced
- 2020/10 Established the Sustainability Bond Market
- 2020/10 Adopting Intraday odd lot trading
- 2020/12 Obtained ISO 22301 business continuity management system certification
- 2021/5 Established the Social Bond Market
- 2021/5 Sustainable Bond Market launched
- 2021/6 Adopting Market Maker and Liquidity Provider Programs
- 2021/7 Pioneer Stock Board (PSB) established
- 2022/7 Sustainability-Linked Bonds market launched
- 2022/9 Launched TIP TPEX ESG 30 Index



3. Organizational Structure

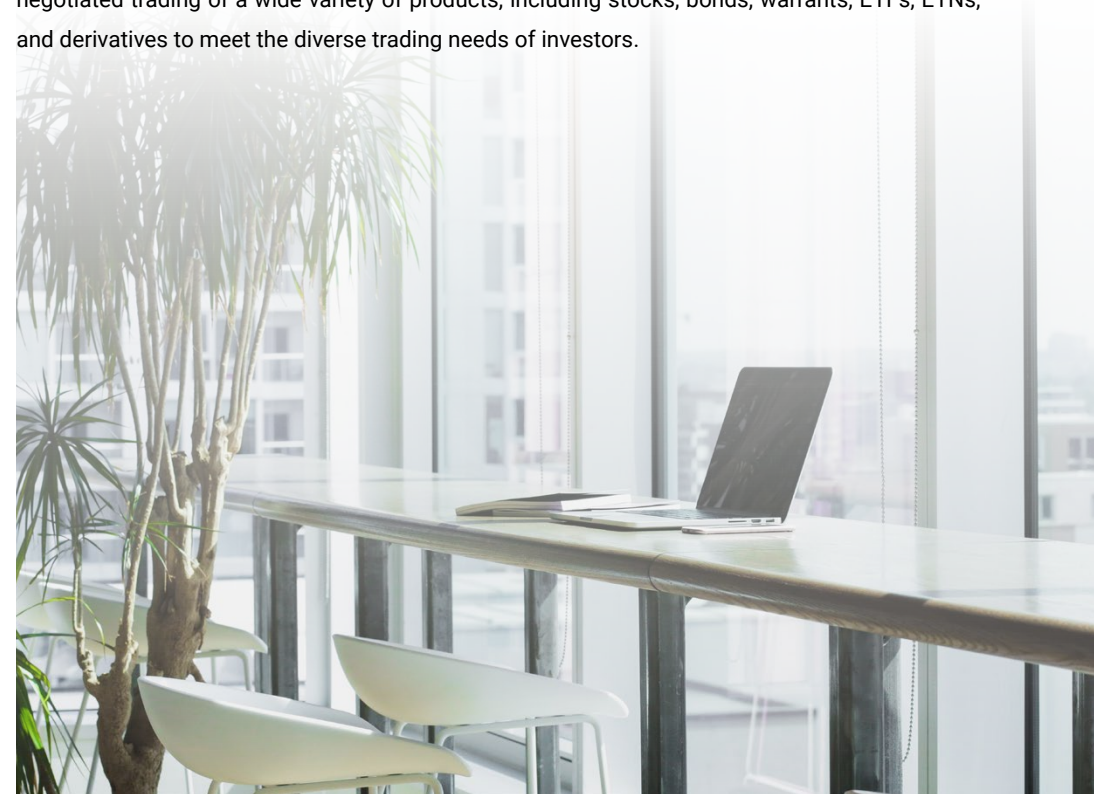
The Board of Directors is the highest governance body. The Chairman convenes and serves as the chairman of the meeting. The Board of Directors is composed of 15 members and has 5 supervisors to supervise its operation. TPEX has one Managing Director& CEO who manages organization business in accordance with the business policies decided by the Board of Directors, while one or two Deputy CEOs along with one Chief Administrative Officer assist the Managing Director& CEO in handling business. TPEX has 10 business departments including the departments for Startup Incubation, Listing Examination, Listing Supervision, Trading, Market Surveillance, Bond, Information, Intermediaries Service, Administration, Strategy & International Relations as well as an Internal Audit Office that reports directly to the Board of Directors. Please refer to the official website of TPEX for the main business of each department. (<https://www.tpex.org.tw/web/about/introduction/organization.php?l=en-us>)



4. Core Businesses

As one of the major pillars in Taiwan's securities market, TPEX aims to promote economic development. In support of government economic policies, TPEX endeavors to foster Taiwan's local characteristic enterprises, develop new products, boost market turnover, and actively engage in exchanges and cooperative programs with other capital markets to expand the business. Today, after years of steady growth and development, TPEX is now a highly unique provider of financial products and trading services in the international market.

Under the strategic goal of building a multi-functional and multi-tiered full-fledged exchange, TPEX has strived to become a service center for corporate financing and financial products trading, and has remained dedicated to fostering emerging and high-tech industries, creative industries, small and medium enterprises, and micro-enterprises by providing a viable channel for public listing and capital raising. TPEX has also endeavored to grow into a multi-functional market that offers platforms for both centralized trading and over-the-counter negotiated trading of a wide variety of products, including stocks, bonds, warrants, ETFs, ETNs, and derivatives to meet the diverse trading needs of investors.



TPEX Trading Services and Financial Products

| | | | |
|-------------|---|--|--|
| TPEX Market | Centralized Computer Bidding System | TPEX Listed Securities | <ul style="list-style-type: none"> · TPEX Main Board Stocks · Taiwan Depository Receipts (TDR) · Convertible/exchangeable corporate bonds · Call (put) warrants · Exchange-Traded Funds(ETFs) · Exchange-Traded Notes (ETNs) |
| | | Emerging Stock Market - Pioneer Stock Board (PSB) | |
| | System Negotiated Transaction | Emerging Stock Market - Emerging Stock Board (ESB) | |
| | | Listed Open-Ended Funds | |
| | | Gold | |
| | System Negotiated Transaction and OTC Negotiation | Bonds | <ul style="list-style-type: none"> · Government bonds · Corporate bonds · International bonds · Financial debentures · Foreign bonds · Beneficiary certificates |
| | | Derivatives | <ul style="list-style-type: none"> · Interest rate derivatives · Bond derivatives · Credit derivatives · Equity derivatives · Structured notes · Foreign exchange derivatives · Asset swaps |
| | Equity Crowdfunding | Go Incubation Board for Startup and Acceleration Firms (GISA) stocks | |
| | Information Platform | Industrial Value Chain Information Platform | |

TPEX Commodity Trading Methods

Trading methods of Main Board securities and emerging stocks:

| Item | Main Board securities | Emerging stocks | |
|-----------------|--|--|--|
| | | PSB Stocks | ESB Stocks |
| Trading methods | <ol style="list-style-type: none"> 1. Order driven 2. Computerized automatic trading 3. Price priority + time priority 4. The opening and closing adopt call auction; the intraday transactions are conducted on continuous trading. | <ol style="list-style-type: none"> 1. Computerized automatic trading 2. The advisory recommending securities firms shall act as liquidity providers. | <ol style="list-style-type: none"> 1. Quotation driven 2. System negotiated transaction 3. Quotation from the recommending securities determines the transaction price 4. The system automatically assists in concluding the transactions of the orders meeting the price quoted; the recommending securities firms click and select the order not meeting the price quoted for concluding the transactions. |
| Trading time | 09:00 ~ 13:30 (the closing may be postponed until 13:33) | | 09:00 ~ 15:00 |

Trading methods of bonds and derivatives

| Item | System negotiation | OTC negotiation | |
|-----------------|--|--|---------------------------|
| Participants | Dealers only | All | |
| Trading bonds | Book-entry bonds, regular corporate bonds and financial debentures | All | |
| Trading time | 9:00 ~ 13:30 | 9:00 ~ 15:00 | |
| Trading methods | Online quotation transactions | Telephone transactions | |
| Trading unit | NT\$50 million | Government bonds | NT\$0.1 million |
| | | Financial debentures and corporate bonds | NT\$0.01 million |
| | | International bonds | Depending on the currency |

Trading Value

unit:NT\$ 1 billion

| | | |
|--|---|---------|
| Average daily trading value of stock | Main Board | 60.482 |
| | Emerging Stock Market | 2.428 |
| | Emerging Stock Board | 2.426 |
| | Pioneer Stock Board | 0.002 |
| Average daily trading value of equity warrants | | 0.543 |
| Average daily trading value of ETFs/ETNs and open-ended fund | ETFs | 2.623 |
| | ETNs | 0.008 |
| | Open-ended fund | 0.00003 |
| Average daily trading value of bond market | Government bonds | 7.608 |
| | Financial debentures | 0.718 |
| | Corporate bonds (including regular corporate bonds and convertible corporate bonds) | 3.688 |
| | Beneficiary certificates | 0.017 |
| | International bonds | 0.987 |
| Accumulated trading value of new financial commodities of securities | Fixed income trading of convertible bond asset swap | 48.749 |
| | Option trading of convertible bond asset swap | 132.220 |
| | Interest rate derivatives | 408.680 |
| | Structured products | 267.773 |
| | Credit derivatives | 7.768 |
| | Equity derivatives | 81.878 |
| | Foreign exchange derivatives | 91.633 |
| | Foreign exchange margin trading | 934.223 |
| | Commodity CFD | 710.325 |
| Equity CFD | 235.723 | |

5. Business Performance

Unit: NTD

| | 2020 | 2021 | 2022 |
|-----------------------------------|---------------|---------------|---------------|
| Operating revenues | 2,744,010,944 | 3,888,544,584 | 3,317,334,096 |
| Operating expenses | 1,809,056,754 | 2,313,984,349 | 2,113,253,911 |
| Non-operating income and expenses | 86,969,920 | 87,186,208 | 61,338,323 |
| Surplus after income tax | 833,896,408 | 1,343,196,926 | 1,019,584,141 |
| Income tax expense | 188,027,702 | 318,549,517 | 245,834,367 |

