

# Taiwan stock exchange

## Primary listing requirements for foreign issuers

	Primary listing on TWSE	Primary listing on GTSM
<b>Restrictions on qualification</b>	<ol style="list-style-type: none"> <li>1. A foreign issuer that is not listed on any overseas securities exchange or securities market.</li> <li>2. It complies with regulations in connection with the Act Governing Relations Between Peoples of the Taiwan Area and the Mainland Area. However, if individuals, juristic persons, groups, or other institutions from the Mainland Area have direct or indirect shareholding or capital contribution exceeding 30% in, or effective control over, the foreign issuer, special-case permission shall be obtained from the competent authority.</li> </ol>	<ol style="list-style-type: none"> <li>1. It's issued registered stock is not listed for trading on any foreign securities market, and is confined to common shares only.</li> <li>2. Is a company limited by shares organised and registered under foreign law, and does and has not violated any applicable provision of the Act Governing Relations Between the Peoples of the Taiwan Area and the Mainland Area.</li> </ol>
<b>Duration of corporate existence</b>	<ol style="list-style-type: none"> <li>1. The applying foreign issuer or any of its controlled companies shall have 3 years or more of trading records.</li> <li>2. Where the applying foreign issuer is an investment holding company, the trading record may also be determined on the basis of the actual number of years of operation of the subsidiary.</li> </ol>	<ol style="list-style-type: none"> <li>1. Has been incorporated and registered in accordance with foreign law for at least 2 full fiscal years.</li> <li>2. Where the applying foreign issuer is an investment holding company, the trading record may also be determined on the basis of the actual number of years of operation of the subsidiary.</li> </ol>
<b>Company size</b>	<p>The company scale meets one of the following criteria:</p> <ol style="list-style-type: none"> <li>1. At the time of application for listing, paid-in capital or Net worth is NT\$600 million or higher.</li> <li>2. At the time of listing, market capitalisation is NT\$1.6 billion or higher.</li> </ol>	<p>Net worth as audited or reviewed by a CPA for the most recent period is equivalent to at least NT\$100 million.</p>
<b>Profitability</b>	<p>The cumulative income before tax for the most recent three fiscal years of the foreign issuer is NT\$250 million or higher, and the income before tax for the most recent fiscal year is NT\$120 million or higher and the enterprise has no accumulated deficits.</p>	<p>It financially shall be required to meet one of the following standards:</p> <ol style="list-style-type: none"> <li>1. The "profitability" standard: according to the CPA audited and attested financial reports, its net income before tax in the most recent fiscal year may not be less than the equivalent of NT\$4 million, and its ratio of net income before tax to the amount of equity attributable to owners of the parent company shall meet one of the following conditions:</li> </ol>

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<b>Required advisory/trading period</b>	<p>Under listing advisory guidance by the lead securities underwriter, for not less than 6 months or has applied for registration of its stock as emerging stock and had it traded on the GTSM, for not less than 6 months.</p>	<p>Under listing advisory guidance by the lead securities underwriter, for not less than 6 months or has applied for registration of its stock as emerging stock and had it traded on the GTSM, for not less than 6 months.</p>
<b>Distribution of shareholding</b>	<p>Its number of shareholders of record is 1,000 or more, and the number of shareholders other than insiders of the foreign issuer and juristic persons of which such insiders own over 50% of the shareholding is no less than 500 and their total shareholdings constitute 20% or more of the total issued shares or not less than 10 million shares.</p>	<p>Shareholders, other than insiders of the company and judicial entities whose shares are held by those insiders with more than 50% shareholding shall not be less than 300, and the total number of shares they hold shall be 20% or greater of the total outstanding shares, or at least 10 million.</p>
<b>Corporate governance</b>	<p>The applicant company shall have at least 5 directors, and at least 3 independent directors and not less than one-fifth of the number of directors, and at least 1 independent director shall be domiciled in the Republic of China.</p>	<p>The applicant company shall have at least five member seats on its board of directors, among which the independent director seats shall be no fewer than two seats, and furthermore shall be no fewer than one-fifth of the director seats, and at least 1 independent director shall be domiciled in the Republic of China.</p>
<b>Audit committee or supervisors</b>	<p>A foreign issuer shall install an audit committee. That audit committee shall comprise all the independent directors; it may not have less than three members, one of whom shall be the convener.</p>	<p>An audit committee shall be established in place of supervisors. This requirement shall not apply, however, if the Net worth for the most recent period as audited and attested or reviewed by a CPA is equivalent to less than NT\$600 million at the time of application.</p>

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<b>Accounting standards</b>	The financial report shall be prepared in accordance with the applicable regulations governing the preparation of financial reports adopted by the competent authority for the relevant industry, the generally accepted accounting principles of the United States, or the International Financial Reporting Standards.	The financial reports shall be prepared in accordance with international financial reporting standards recognised by the Competent Authority, US accounting standards, or the International Financial Reporting Standards.		
<b>Lockup of the shares</b>	<ul style="list-style-type: none"> <li>The directors and the shareholders holding 10% or more of the total issued shares of the company shall place shares in centralised custody that comprising their respective individual shareholdings as recorded in the listing application documentation which minus the number of shares provided for public sale upon listing.</li> <li>The number of shares submitted shall not lower than the percentage specified by the TWSE, if it is insufficient to meet the required percentage, the foreign issuer shall coordinate other shareholders to make up the shortfall.</li> <li>One-half of the shares may be withdrawn only after the end of a 6-month period starting from the listing date thereof; all the shares may be withdrawn in full only after the end of a one-year period starting from the listing date thereof.</li> </ul>	<ul style="list-style-type: none"> <li>The directors, supervisors, and the shareholders holding 10% or more of the total issued shares of the company place shares in centralised custody that comprising their respective individual shareholdings as recorded in the listing application documentation which minus the number of shares provided for public sale upon listing.</li> <li>The number of shares submitted shall not lower than the percentage specified by the Taipei Exchange, if it is insufficient to meet the required percentage, the foreign issuer shall coordinate other shareholders to make up the shortfall.</li> <li>One-half of the shares may be withdrawn only after the end of a 6-month period starting from the listing date thereof; all the shares may be withdrawn in full only after the end of a one-year period starting from the listing date thereof.</li> </ul>	<ol style="list-style-type: none"> <li>The foreign issuer shall include provisions protecting the shareholders' interests in the by-laws and organisational documents.</li> <li>The trading settlement and delivery shall be done through book entry.</li> <li>The foreign issuer shall continue to comply with and abide by the ROG laws and regulations, the listing contract, and regulation of TWSE as well as its public announcements.</li> <li>If the laws and regulations of the issuer's country of registration explicitly provide that important matters in connection with protection of shareholder equity are subject to mandatory provisions regarding exclusive jurisdiction of courts, such that the jurisdiction of Republic of China courts is not adopted as part of its articles of incorporation or organisational documents, the foreign issuer shall purchase directors' liability insurance for the duration of its listing.</li> </ol>	<ol style="list-style-type: none"> <li>GTSM-listed shares shall be delivered by book-entry transfer.</li> <li>Important matters in connection with protection of shareholder equity, which shall be specified in the company's articles of incorporation or organisational documents.</li> <li>The foreign issuer shall continue to engage a lead recommending securities firm during the fiscal year of GTSM listing and the following two fiscal years to assist it with compliance with Taiwan's securities laws and regulations, the rules and bylaws public announcements of the GTSM, and the Foreign Issuer GTSM Primary Listing Contract.</li> <li>The laws of the Republic of China shall be the applicable law for the Foreign Issuer GTSM Primary Listing Contract entered into by the foreign issuer. The Taiwan Taipei District Court shall be the competent court for litigation in the event of any dispute arising in connection with the Contract.</li> <li>If, with respect to important matters connected with the protection of shareholder equity, the laws of the country where the issuer is registered contain provisions regarding exclusive jurisdiction of courts that exclude the jurisdiction of ROC courts, and further, if the jurisdiction of ROC courts is not specified within the issuer's articles of incorporation, the issuer shall take out directors liability insurance and maintain it throughout the period of TPEX listing.</li> </ol>
<b>Items of undertaking</b>	<p>The foreign issuer applying for listing shall, in writing, undertake the following:</p> <ol style="list-style-type: none"> <li>The foreign issuer shall cooperate with the audit of its finance and business affairs or its cash flow, and also agree to be responsible for payment of investigation expenses.</li> <li>The foreign issuer shall designate a professional shareholder services agent in Taiwan, designate a litigious and non-litigious agent in Taiwan, and appoint the lead underwriter to assist the foreign issuer in complying with the relevant laws and regulations of Taiwan in the year in which it is listed and the two subsequent fiscal years.</li> </ol>	<p>The foreign issuer applying for listing shall, in writing, undertake the following:</p> <ol style="list-style-type: none"> <li>Comply with the ROG Securities and Exchange Act and related laws, regulations, and policies.</li> <li>Cooperating with on-site audits by the TPEX as necessary, and appointing at the TPEX's request a designated CPA or professional institution to conduct a targeted examination within the audit scope designated by the TPEX. The issuer will submit the examination results to the TPEX, and agrees to bear any related expenses.</li> </ol>		

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