

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE AMERICAN INSTITUTE IN TAIWAN AND
THE TAIPEI ECONOMIC AND CULTURAL REPRESENTATIVE OFFICE IN THE
UNITED STATES
CONCERNING COOPERATION AND THE EXCHANGE OF INFORMATION
RELATED TO THE SUPERVISION OF CROSS-BORDER CLEARING
ORGANIZATIONS**

In view of the growing globalization of the world's financial markets and the increase in cross-border operations and activities of regulated entities, the American Institute in Taiwan ("AIT") and the Taipei Economic and Cultural Representative Office in the United States ("TECRO") (each a "Participant" and, together, the "Participants") entered into this Memorandum of Understanding ("MOU") regarding cooperation and the exchange of information in the supervision and oversight of clearing organizations that operate on a cross-border basis in both the United States and Taiwan. AIT's designated representative is the Commodity Futures Trading Commission ("CFTC"), and TECRO's designated representative is the Financial Supervisory Commission ("FSC"). The Participants, through their designated representatives, express their willingness to cooperate with each other in the interest of fulfilling the respective regulatory mandates of their designated representatives.

SECTION ONE: DEFINITIONS

For purposes of this MOU:

1. "Authority" means:
 - a. In the United States, the CFTC as the designated representative of AIT; and
 - b. In Taiwan, the FSC as the designated representative of TECRO.
2. "Requesting Participant" means the Participant making a request, through its designated representative, under this MOU.
3. "Requested Participant" means the Participant to which a request is made, through its designated representative, under this MOU.
4. "Laws and Regulations" means:
 - a. For AIT and its designated representative, the Commodity Exchange Act ("CEA"), Dodd-Frank Wall Street Reform and Consumer Protection Act, CFTC regulations, and other applicable legal or regulatory requirements of the territory represented by AIT; and
 - b. For TECRO and its designated representative, the Futures Trading Act, Standards Governing the Establishment of Futures Clearing Houses, Regulations Governing Futures Clearing Houses, and other applicable legal or regulatory requirements of the territory represented by TECRO.

5. “Person” means a natural person, unincorporated association, partnership, trust, investment company, or corporation, and may be a Clearing Member, Clearing Participant, or Covered Clearing Organization.
6. “Covered Clearing Organization” means a central counterparty organized in the territory represented by either AIT or TECRO that satisfies both of the following criteria:
 - a. A derivatives clearing organization that is, or that has applied to be, registered by the CFTC as such or that has been granted, or that has applied for, an exemption from registration or other relief under the CEA; and
 - b. A clearing organization that is, or that has applied to be, authorized by the FSC as such or that has been granted, or that has applied for, recognition under the Laws and Regulations of the territory represented by TECRO.
7. “Clearing Member” means a member of a Covered Clearing Organization that also serves as an intermediary through which market participants access the Covered Clearing Organization’s services.
8. “Clearing Participant” means a participant of a Covered Clearing Organization that does not serve as an intermediary, but trades and clears only for its own account as principal.
9. “Books and Records” means documents, electronic media, and books and records within the possession, custody, or control of, and other information about, a Covered Clearing Organization.
10. “Emergency Situation” means the occurrence of an event that could materially impair the financial or operational condition of a Covered Clearing Organization.
11. “On-Site Visit” means any regulatory visit by a Participant, through its designated representative, to the premises of a Covered Clearing Organization as described in Section Five of this MOU for the purposes of ongoing supervision and oversight, including the inspection of Books and Records.
12. “Local Participant” means the Participant that represents the territory in which a Covered Clearing Organization that is the subject of an On-Site Visit is physically located.
13. “Visiting Participant” means the Participant, through its designated representative, conducting an On-Site Visit.
14. “Recipient Entity” means, if the Requesting Participant is AIT, the U.S. Department of the Treasury or the U.S. Board of Governors of the Federal Reserve System.

SECTION TWO: GENERAL PROVISIONS

15. This MOU is a statement of intent for the Participants, through their designated representatives, to consult, cooperate, and exchange information in connection with the supervision and oversight of Covered Clearing Organizations.
16. This MOU should be interpreted and implemented in a manner that is permitted by, and consistent with, the laws and requirements applicable to each Authority. With respect to cooperation pursuant to this MOU, no secrecy or blocking laws or regulations should prevent a Participant, through its designated representative, from providing assistance to the other Participant, through its designated representative. The Participants, through their designated representatives, anticipate that cooperation under this MOU primarily is intended to be achieved through ongoing informal consultations, supplemented as needed by more formal cooperation. This MOU is intended to support both informal consultations and formal cooperation, as well as to facilitate the written exchange of non-public information in accordance with applicable laws.
17. This MOU does not create any legally binding obligations, give rise to any rights, or modify or supersede domestic laws or regulations. This MOU does not confer upon any Person the right or ability directly or indirectly to obtain, suppress, or exclude any information or to challenge the execution of a request for assistance under this MOU.
18. This MOU is not intended to limit or condition the discretion of an Authority in any way in the discharge of its regulatory responsibilities or to prejudice the individual responsibilities or autonomy of any Authority. This MOU is not intended to limit an Authority to taking solely those measures described herein in fulfillment of its supervisory functions or preclude Authorities from sharing information or documents with respect to Persons that are not Covered Clearing Organizations, Clearing Members, or Clearing Participants but may be subject to regulatory requirements in the territory represented by AIT or TECRO. In particular, this MOU does not affect any right of any Authority to communicate with, conduct an On-Site Visit of, or obtain information or documents from any Person subject to its jurisdiction that is physically located in the jurisdiction of another Authority.
19. This MOU is intended to complement, but is not intended to alter, the terms and conditions of existing arrangements, including the following:
 - a. The International Organization of Securities Commissions *Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (revised May 2012) (“IOSCO MMOU”) to which the CFTC and FSC are signatories, which covers primarily information sharing in the context of enforcement matters; and
 - b. The *Memorandum of Understanding between the American Institute in Taiwan and the Coordination Council for North American Affairs on the Exchange of Information Concerning Commodity Futures and Options Matters* (January 11,

1993), with TECRO as successor in interest for the Coordination Council for North American Affairs.

20. To facilitate cooperation under this MOU, the Participants hereby designate contact persons for the Authorities as set forth in Appendix A, which may be updated from time to time by the relevant Participant, through its designated representative, transmitting revised contact information in writing to the other Participant, through its designated representative.

SECTION THREE: SCOPE OF SUPERVISORY CONSULTATION, COOPERATION, AND EXCHANGE OF INFORMATION

General

21. The Participants, through their designated representatives, recognize the importance of close communication concerning their supervision of Covered Clearing Organizations and intend to consult regularly, as appropriate, regarding:
 - a. General supervisory issues, including regulatory, oversight, or other related developments;
 - b. Issues relevant to the operations, activities, and regulation of Covered Clearing Organizations; and
 - c. Any other areas of mutual supervisory interest.
22. The Participants, through their designated representatives, recognize in particular the importance of close cooperation in the event that a Covered Clearing Organization experiences, or is threatened by, a potential financial crisis or other Emergency Situation.
23. The Participants, through their designated representatives, expect cooperation to be most useful in, but not limited to, the following circumstances where issues of common regulatory concern may arise:
 - a. The initial application for registration or authorization, or exemption therefrom, by a Covered Clearing Organization that is authorized or registered in the other jurisdiction;
 - b. The ongoing supervision and oversight of a Covered Clearing Organization with respect to compliance with applicable Laws and Regulations, exemptive or other relief, or international standards; and
 - c. Regulatory or supervisory actions or approvals taken in relation to a Covered Clearing Organization that may impact the operations of the entity in the jurisdiction of the other Authority.

Event-Triggered Notification

24. As appropriate in the particular circumstances, each Participant, through its designated representative, intends to inform the other Participant, through its designated representative, promptly, and where practicable in advance, of:
- a. Pending regulatory changes by the relevant Authority that may have a significant impact on the regulation, operations, activities, or reputation of a Covered Clearing Organization, including those that may significantly affect the rules or procedures of a Covered Clearing Organization;
 - b. Any material event of which the relevant Authority is aware that could adversely impact the financial or operational resilience of a Covered Clearing Organization including such events as a default or potential default of a Clearing Member or Clearing Participant; market or settlement bank difficulties that might adversely impact the Covered Clearing Organization; failure by a Covered Clearing Organization to satisfy any of its requirements for continued registration, authorization, exemption, or other relief where that failure could have a material adverse effect in the other jurisdiction; or any known adverse material change in the ownership, operating environment, operations, financial resources, management, or systems and controls of a Covered Clearing Organization;
 - c. The status of efforts of which the relevant Authority is aware to address any material event that could adversely impact the financial or operational condition of a Covered Clearing Organization, Clearing Member, or Clearing Participant; and
 - d. Enforcement actions or sanctions or significant regulatory actions by the relevant Authority, including the revocation, suspension, or modification of authorization, registration, exemption, or other relief concerning a Covered Clearing Organization.
25. The determination of what constitutes “significant impact”, “significantly affect”, “material event”, “adversely impact”, “difficulties”, “material adverse effect”, “adverse material change”, or “significant regulatory actions” for purposes of Paragraph 24 should be left to the reasonable discretion of the relevant Participant, through its designated representative, that determines to notify the other Participant, through its designated representative.

Request-Based Information Sharing

26. To the extent appropriate to supplement informal consultations, upon written request, the Requested Participant, through its designated representative, intends to provide the Requesting Participant, through its designated representative, the fullest possible cooperation consistent with this MOU in providing assistance in connection with an Authority’s functions relating to a Covered Clearing Organization, including assistance in obtaining and interpreting information that is not otherwise available to the other Authority and that is relevant to ensuring compliance by the Covered Clearing Organization with Laws and Regulations, exemptive or other relief, or

applicable international standards. Such requests should be made consistent with Section Four of this MOU, and the Participants, through their designated representatives, anticipate that such requests would be made in a manner that is consistent with the goal of minimizing administrative burdens.

27. The information covered by Paragraph 26 includes:
- a. Information relevant to the financial and operational condition of a Covered Clearing Organization including, for example, financial resources, risk management, and internal control procedures;
 - b. Relevant regulatory information and filings that a Covered Clearing Organization is required to submit to an Authority including, for example, interim and annual financial statements and event-specific notices; and
 - c. Regulatory reports prepared by an Authority including, for example, examination reports, findings, or information contained in such reports, regarding a Covered Clearing Organization.

Periodic Meetings

28. The Participants, through their designated representatives, intend to hold periodic working-level meetings, as appropriate, to update each other and discuss the Authorities' respective functions and regulatory oversight programs and to identify and discuss issues of common interest relating to the supervision of Covered Clearing Organizations, including: contingency planning and crisis management, systemic risk concerns, default procedures, the adequacy of existing cooperative arrangements, and the possible improvement of cooperation and coordination. Such meetings may be conducted by conference call or on a face-to-face basis, as appropriate.

SECTION FOUR: EXECUTION OF REQUESTS FOR INFORMATION

29. To the extent possible, a request for information under Section Three should be made in writing (which may be transmitted electronically), and addressed to the relevant contact person identified in Appendix A. A request generally should specify the following:
- a. The information sought by the Requesting Participant, through its designated representative;
 - b. A general description of the matter that is the subject of the request;
 - c. The purpose for which the information is sought; and
 - d. The desired time period for reply and, where appropriate, the urgency thereof.

Information responsive to the request, as well as any subsequent communication, may be transmitted electronically from a Requested Participant, through its designated representative, to a Requesting Participant, through its designated representative.

Any electronic transmission should use means that are appropriately secure in light of the confidentiality of the information being transmitted.

30. In an Emergency Situation, the Participants, through their designated representatives, intend to notify each other as soon as possible of the Emergency Situation and communicate information as appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts to address the Emergency Situation. During an Emergency Situation, requests for information may be made in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification.

SECTION FIVE: ON-SITE VISITS

31. A Participant, through its designated representative, may need to conduct On-Site Visits to a Covered Clearing Organization physically located in the jurisdiction of the other Participant in order for an Authority to fulfill its supervision and oversight responsibilities pursuant to, and to ensure compliance with, Laws and Regulations. The Participants, through their designated representatives, intend to consult and work collaboratively in conducting an On-Site Visit.
32. An On-Site Visit by a Participant, through its designated representative, should be conducted through the following procedure:
 - a. The Visiting Participant, through its designated representative, intends to provide advance notice to the Local Participant, through its designated representative, of its intent to conduct an On-Site Visit and the intended timeframe for, and the purpose and scope of, the On-Site Visit. Other than in exceptional circumstances, the Visiting Participant, through its designated representative, is expected to notify the Local Participant, through its designated representative, prior to notifying the Covered Clearing Organization.
 - b. The Local Participant, through its designated representative, intends to share any relevant reports, or information contained therein, related to examinations it may have undertaken of the Covered Clearing Organization.
 - c. The Participants, through their designated representatives, intend to assist each other regarding On-Site Visits, including providing information that the Visiting Participant, through its designated representative, may request and that is available prior to the On-Site Visit; cooperating and consulting in reviewing, interpreting, and analyzing the contents of public and non-public Books and Records; and obtaining information from directors and senior management of a Covered Clearing Organization.
 - d. The Participants, through their designated representatives, intend to consult, and the Local Participant, through its designated representative, may in its discretion accompany or assist the Visiting Participant, through its designated representative, during the On-Site Visit, or the Participants, through their designated representatives, may conduct joint On-Site Visits where appropriate.

SECTION SIX: PERMISSIBLE USES OF INFORMATION

33. The Requesting Participant, through its designated representative, is expected to use non-public information obtained under this MOU solely for the supervision and oversight of Covered Clearing Organizations pursuant to Laws and Regulations and to ensure compliance with such Laws and Regulations, exemptive or other relief granted by the relevant Authority, or applicable international standards. Neither Participant intends to use any non-public information related to or obtained under this MOU for any purpose without obtaining the written approval of the other Participant, through its designated representative, for the intended use.
34. The Participants, through their designated representatives, recognize that, while this MOU is not intended to enable the Participants, through their designated representatives, to gather information for enforcement purposes, the Participants, through their designated representatives, subsequently may want to use non-public information obtained under this MOU for enforcement purposes. In cases where a Participant, through its designated representative, seeks to use non-public information obtained under this MOU for enforcement purposes, including in conducting investigations or taking enforcement action, the Participant, through its designated representative, is expected to treat the non-public information consistent with the use and confidentiality provisions of the IOSCO MMOU and, provided both of the Authorities are signatories, the *IOSCO Enhanced Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information*.
35. Before using non-public information obtained under this MOU for any purpose other than those addressed in Paragraphs 33 or 34, the Requesting Participant, through its designated representative, is expected to first consult with and obtain the written approval of the Requested Participant, through its designated representative, for such use. If approval is not given by the Requested Participant, through its designated representative, the Participants, through their designated representatives, intend to consult to discuss the reasons for withholding approval of such use and the circumstances, if any, under which the Requesting Participant, through its designated representative, might use such information.
36. If a Participant, either on its own or through its designated representative, (“Receiving Participant”) receives, from an actor that is not a Participant or an Authority (“Third Party”), non-public information originally provided by the other Participant’s designated representative (“Disclosing Authority”) that is related to the supervision and oversight of a Covered Clearing Organization and that the Receiving Participant is aware was obtained by the Third Party from the Disclosing Authority on a confidential basis, the Receiving Participant is expected to use and treat the information consistent with the provisions of this MOU.

37. This Section does not apply to the use by a Participant, through its designated representative, of information obtained directly from a Covered Clearing Organization, whether during an On-Site Visit or otherwise. However, where non-public information is provided to the Requesting Participant, through its designated representative, pursuant to an information-sharing request pursuant to Section Four, the provisions in this MOU apply to the use of the information by that Requesting Participant, through its designated representative.

SECTION SEVEN: CONFIDENTIALITY OF INFORMATION AND ONWARD SHARING

38. Except as provided in Paragraphs 39-41, the Participants, both on their own and through their designated representatives, are expected to keep confidential, to the extent permitted by law, non-public information related to or obtained under this MOU, requests made under this MOU, the contents of such requests, and any other matters arising under this MOU.

39. As required or otherwise permitted by law, it may become necessary for a Requesting Participant's designated representative to share non-public information obtained under this MOU with a Recipient Entity in its jurisdiction. In these circumstances and to the extent permitted by law:

- a. The Requesting Participant, through its designated representative, intends to notify the Requested Participant, through its designated representative; and
- b. Prior to the Requesting Participant, through its designated representative, sharing the non-public information with the Recipient Entity, the Requesting Participant, through its designated representative, is expected to provide adequate assurances to the Requested Participant, through its designated representative, concerning the Recipient Entity's use and confidential treatment of the information, including, as necessary, assurances that:
 - i. The Recipient Entity has confirmed that it requires the information for a purpose within the scope of its jurisdiction; and
 - ii. The information would not be shared by the Recipient Entity with third parties without getting the prior written approval of the Requested Participant, through its designated representative.

40. Except as provided in Paragraph 39, the Requesting Participant, through its designated representative, is expected to obtain the prior written approval of the Requested Participant, through its designated representative, before disclosing non-public information received under this MOU to any actor that is not a Participant or an Authority. The Requested Participant, through its designated representative, should take into account the level of urgency of the request and respond in a timely manner. During an Emergency Situation, the Requested Participant, through its designated representative, may provide such approval in any form, including orally, provided such communication is confirmed in writing as promptly as possible

following such notification. If approval is not given by the Requested Participant, through its designated representative, the Participants, through their designated representatives, intend to consult to discuss the reasons for withholding approval of such disclosure and the circumstances, if any, under which the intended disclosure by the Requesting Participant, through its designated representative, might be approved.

41. To the extent possible, the Requesting Participant, through its designated representative, intends to notify the Requested Participant, through its designated representative, of any legally enforceable demand for non-public information furnished under this MOU. When complying with the demand, the Requesting Participant, through its designated representative, intends to assert all appropriate legal exemptions or privileges with respect to such information as may be available.
42. The Participants, through their designated representatives, intend that any sharing or disclosure of non-public information under this MOU, including deliberative and consultative materials such as written analysis, opinions, or recommendations relating to non-public information that is prepared by or on behalf of a Participant's designated representative, would not constitute a waiver of any privilege or confidentiality respecting such information.

SECTION EIGHT: MODIFICATIONS

43. The Participants, through their designated representatives as appropriate, intend to periodically as appropriate review the functioning and effectiveness of this MOU with a view, *inter alia*, to expanding or altering the scope or operation of this MOU should that be judged necessary by the Participants through their designated representatives as appropriate. This MOU may be modified in writing by the Participants, in consultation with their designated representatives.

SECTION NINE: EFFECTIVENESS OF MOU

44. This MOU becomes effective on the date of last signature and is expected to continue in effect unless and until cooperation ends as set forth in Paragraph 45.

SECTION TEN: DISCONTINUATION

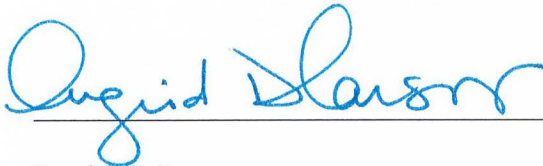
45. Cooperation under this MOU is expected to continue until a Participant, in consultation with its designated representative, notifies the other Participant of its intent to discontinue this MOU. The Participant that seeks to discontinue this MOU, in consultation with its designated representative, should provide 45 days' written notice to provide sufficient time for the other Participant to forward the notice of discontinuation to its designated representative. Upon notice of discontinuation, the Participants, through their designated representatives, intend to consult concerning the disposition of any pending requests for assistance under this MOU. Unless a

different understanding is reached through such consultation, cooperation is expected to continue with respect to all requests for assistance that were made under this MOU before the date of discontinuation of this MOU until all such requests are fulfilled or the Requesting Participant, through its designated representative, withdraws such request(s). In the event of discontinuation of this MOU, information obtained under this MOU is expected to continue to be treated in the manner described under Sections Six and Seven.

This MOU is signed in duplicate in the English language.

For the American Institute in Taiwan:

For the Taipei Economic and Cultural Representative Office in the United States:



Ingrid D. Larson
Managing Director

Date: 10/19/2023

Place: Arlington, VA



Johnson S. Chiang
Deputy Representative

Date: 11/15/2023

Place: Washington, DC

APPENDIX A

CONTACT PERSONS

In addition to the following contact information, the Participants, through their designated representatives, intend to exchange confidential emergency contact telephone information.

AIT designates as contact persons:

CFTC

Clark Hutchison
Director, Division of Clearing and Risk
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, DC 20581
Phone: 1-202-418-6070
Fax: 1-202-418-5547
Email: c_hutchison@cftc.gov

Alternate Contacts:

Eileen A. Donovan
Deputy Director, Clearing Policy
Division of Clearing and Risk
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, DC 20581
Phone: 1-202-418-5096
Fax: 1-202-418-5547
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Julie A. Mohr
Deputy Director, Examinations
Division of Clearing and Risk
Commodity Futures Trading Commission
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Fax: 1-312-596-0713
Email: jmohr@cftc.gov

TECRO designates as contact persons:

FSC

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