Taiwan SBL Market

Jan. 2026

Outline

1. Taiwan SBL Instruction

2. SBL Market Statistics

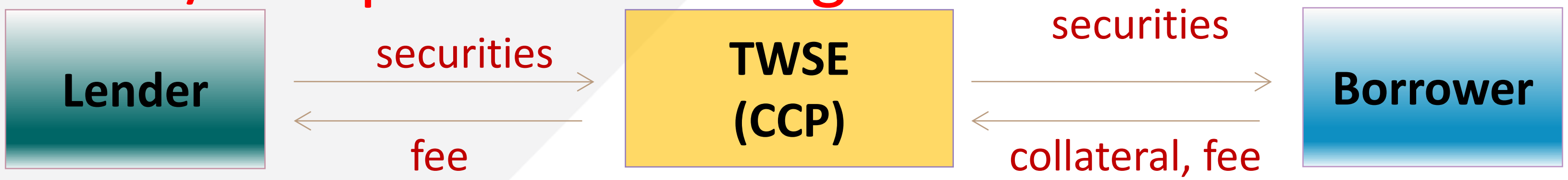
3. Information Disclosure

1. Taiwan SBL Instruction

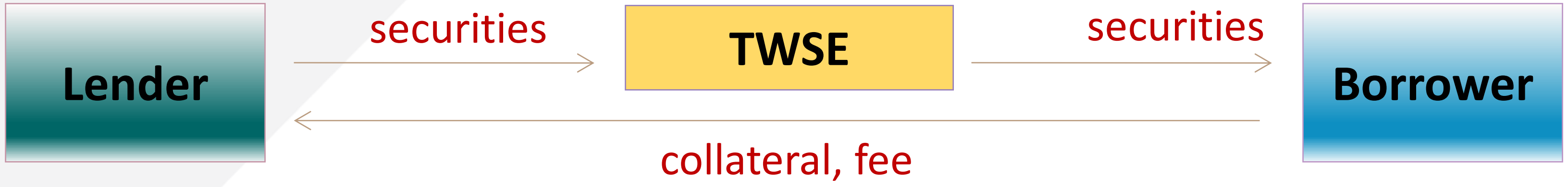
- Taiwan SBL structure
- SBL Milestones
- SBL Market Features
- SBL Market Reforms

Taiwan SBL structure

- Borrow/Lend via TWSE SBL System
  - Fixed-rate/Competitive Bidding



  - Negotiated Trade



- Borrow from / lend to Securities Firms

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SBL Milestones

- **2003**: TWSE Securities Lending Center started
- **2006**: Securities lending by securities firms started
- **2013**: Released short selling restriction below the last closing price
- **2015**: Allowed more foreign currencies to be SBL collateral
- **2016**:
  - Allowed securities firms to borrow from clients
  - Extended the roll-over limit from once to twice for brokers’ SBL
- **2017**:
  - Extended trading hours
  - Released SBL daily short selling limit
  - Relaxed qualification for participating TWSE SBL system
- **2019**: Lowered the minimum lending quantity to one trading unit
- **2021**: Adjusted the ceiling of the SBL fee rate from 20% to 16% per annum
- **2024**: Launched the digital service of financial block-chain bank guarantees for SBL
- **2025**: Allowed minors to lend stocks to securities firms

TWSE

SBL Market Features

<table>
<tr><th>SBL Market Features</th><th>TWSE SBL</th><th>SBL by Brokers</th></tr>
<tr><td>Trading hours</td><td colspan="2">• 9:00 – 15:30</td></tr>
<tr><td>Duration</td><td colspan="2">• six months
• Allowed to roll over twice</td></tr>
<tr><td>Participants</td><td>• Domestic corporations, funds, and offshore foreign institutional investors</td><td>• Securities firms
• Brokers’ clients</td></tr>
<tr><td>Transaction types</td><td>• Fixed-rate, competitive bid-TWSE as CCP
• Negotiated</td><td>Negotiated</td></tr>
<tr><td>Securities Eligible for SBL</td><td colspan="2">• Securities eligible for margin trading
• Underlying securities of issued call/put warrants, stock options, stock futures, overseas issued depository receipts, overseas and domestically issued convertible corporate bonds and exchangeable corporate bonds
• Constituent stocks of ETFs</td></tr>
</table>

SBL Market Features

SBL Market Features	TWSE SBL	SBL by Brokers
Eligible collateral	•Cash (TWD USD, GBP, AUD, HKD) •Bank guarantee •Stocks eligible for margin trading •Government bonds	
SBL short selling limits	•Daily maximum short selling of borrowed stocks cannot exceed 30% of the average trading volume during the previous 30 business days per stock. •Maximum short selling of borrowed stocks cannot exceed 10% of outstanding shares per stock. •The total volume of short selling of borrowed stocks and margin short sales cannot exceed 25% of outstanding shares per stock.	

SBL Market Features

SBL Market Features	TWSE SBL	SBL by Brokers
Collateral ratio	•140% (Fixed-rate, Competitive bid) •Set by the parties involved (Negotiated)	140%, while brokers are allowed to negotiate the ratio with professional institutional investors
Maintenance ratio	•120% (Fixed-rate, Competitive bid) •Set by the parties involved (Negotiated)	120%, while brokers are allowed to negotiate the ratio with professional institutional investors
Disposal of collateral	Fail to return underlying securities, pay entitlement compensation, cover collateral shortfall and pay related fees	Same to TWSE SBL, unless the parties agree otherwise.
Event of default	After disposal of collateral, if remained obligations are not satisfied in time limit noticed, the TWSE will terminate the defaulter's participation in SBL market.	

SBL Market Reforms

2024

- Launched the digital service of financial block-chain bank guarantees for securities lending and borrowing starting Dec. 30, 2024

2025~2026

- Allowed minors to lend stocks to securities firms

- On November 3, the TWSE announced an adjustment to the fee collection and payment method for securities lending transactions. In consideration of the fact that foreign institutional investors primarily engage in negotiated securities lending transactions, the securities lending service fees—currently collected on the business day following the return of the securities—will be changed to a **monthly settlement basis**. The new arrangement is scheduled to take effect on **June 1, 2026**.

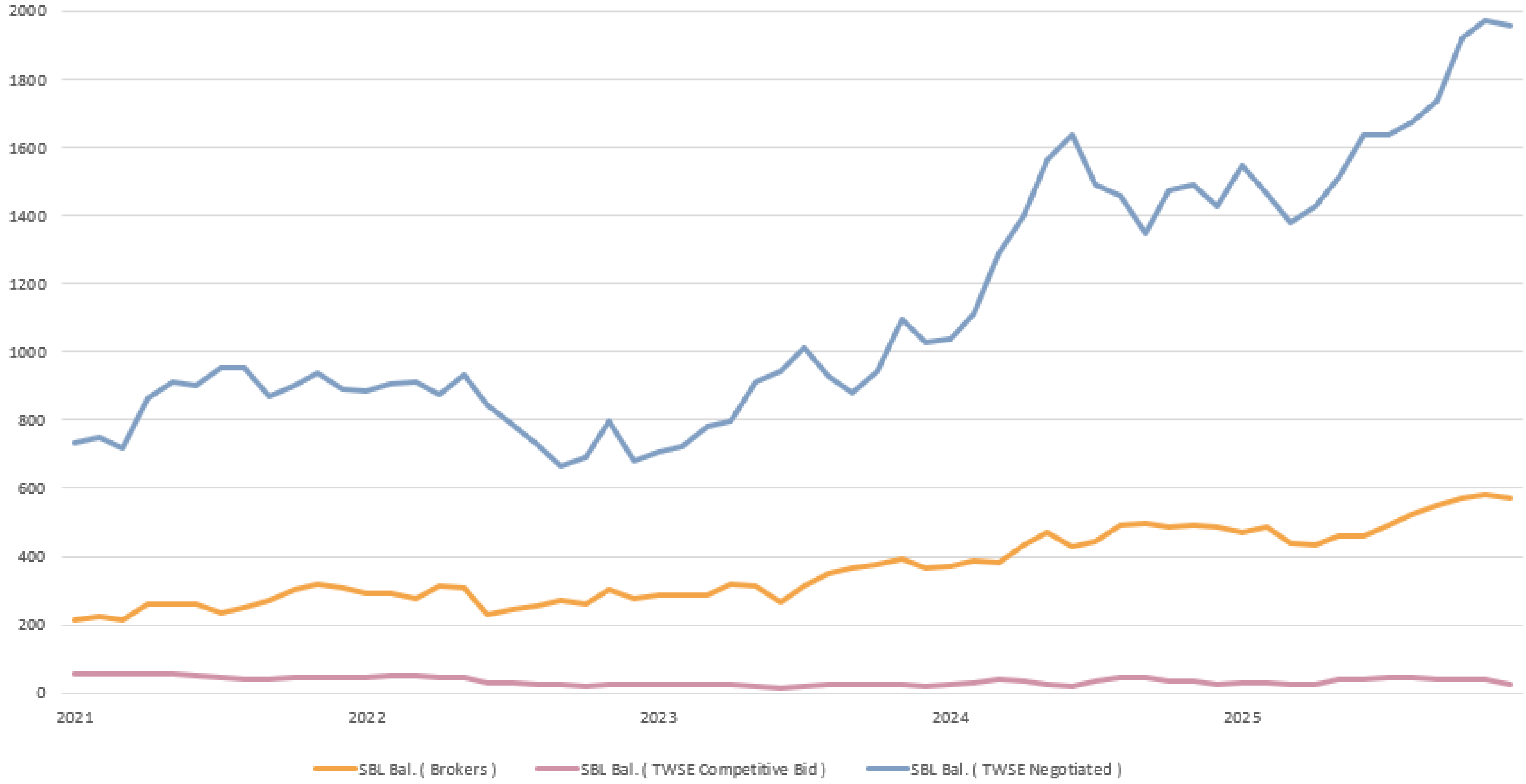
2. SBL Market Statistics

- SBL Balance Value
- SBL Transaction/Short Selling Value
- SBL Participants Share

2021-2025 Market Activity

SBL Balance Value

(NTD Billions)



2021-2025 Market Activity

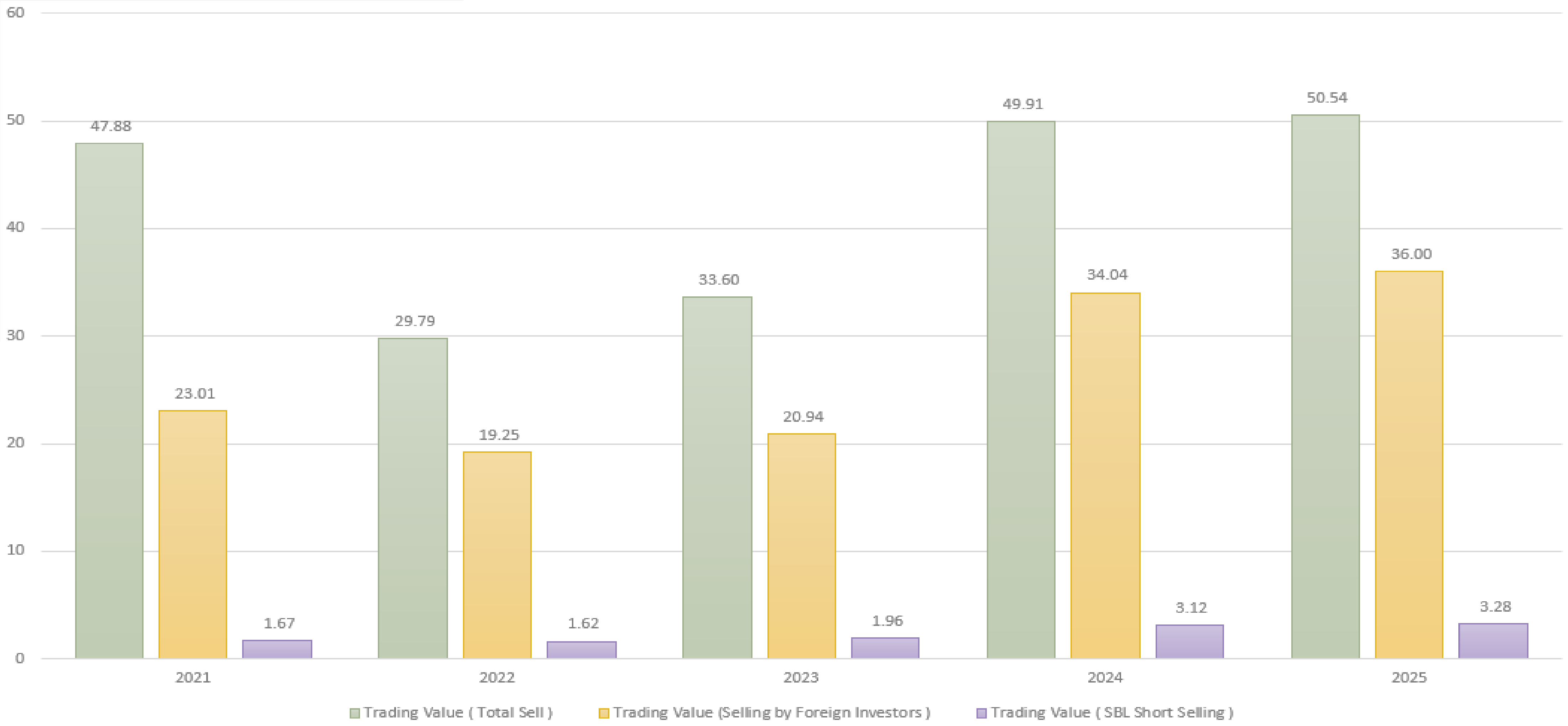
SBL Transaction Value

(NTD Trillions)

2021-2025 Market Activity

Short Selling Value

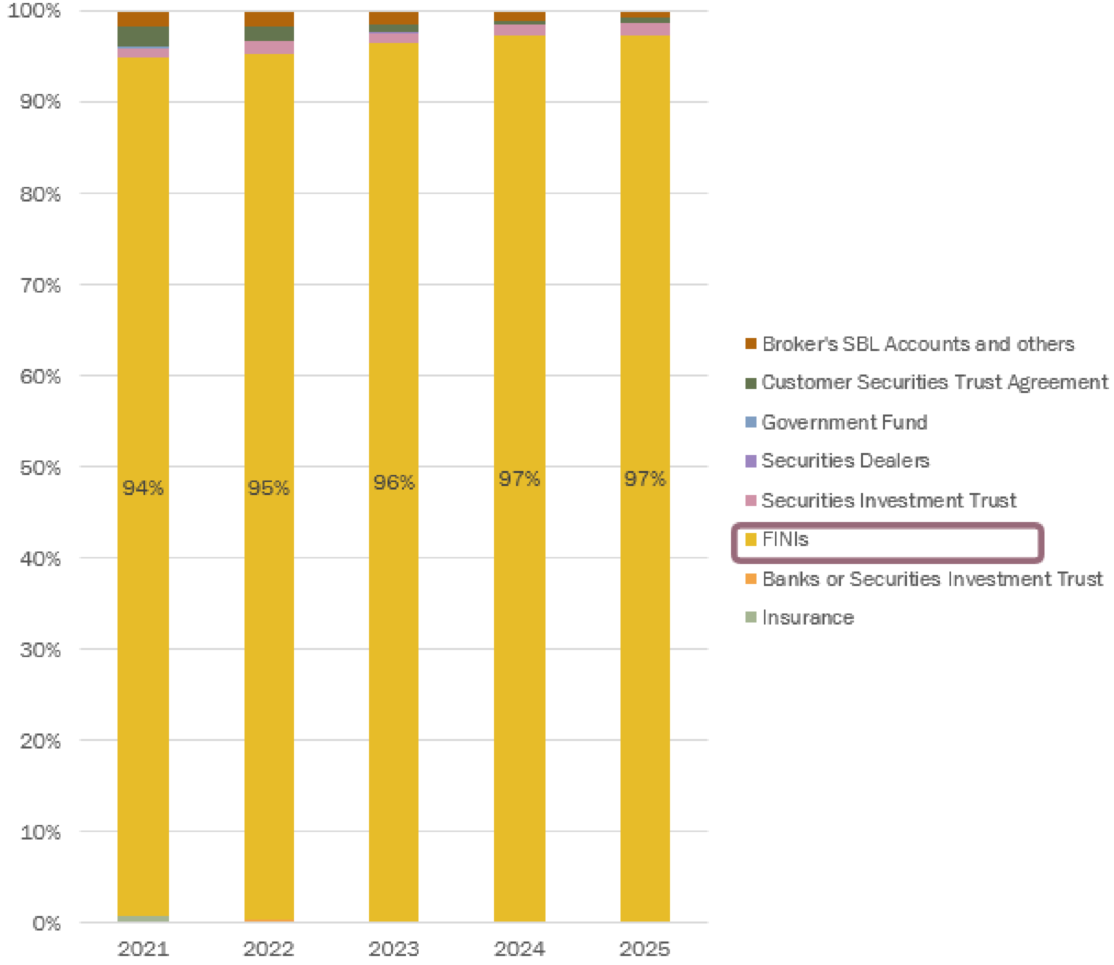
(NTD Trillions)



2021-2025
SBL Participants Share

- Borrowers

- Lenders

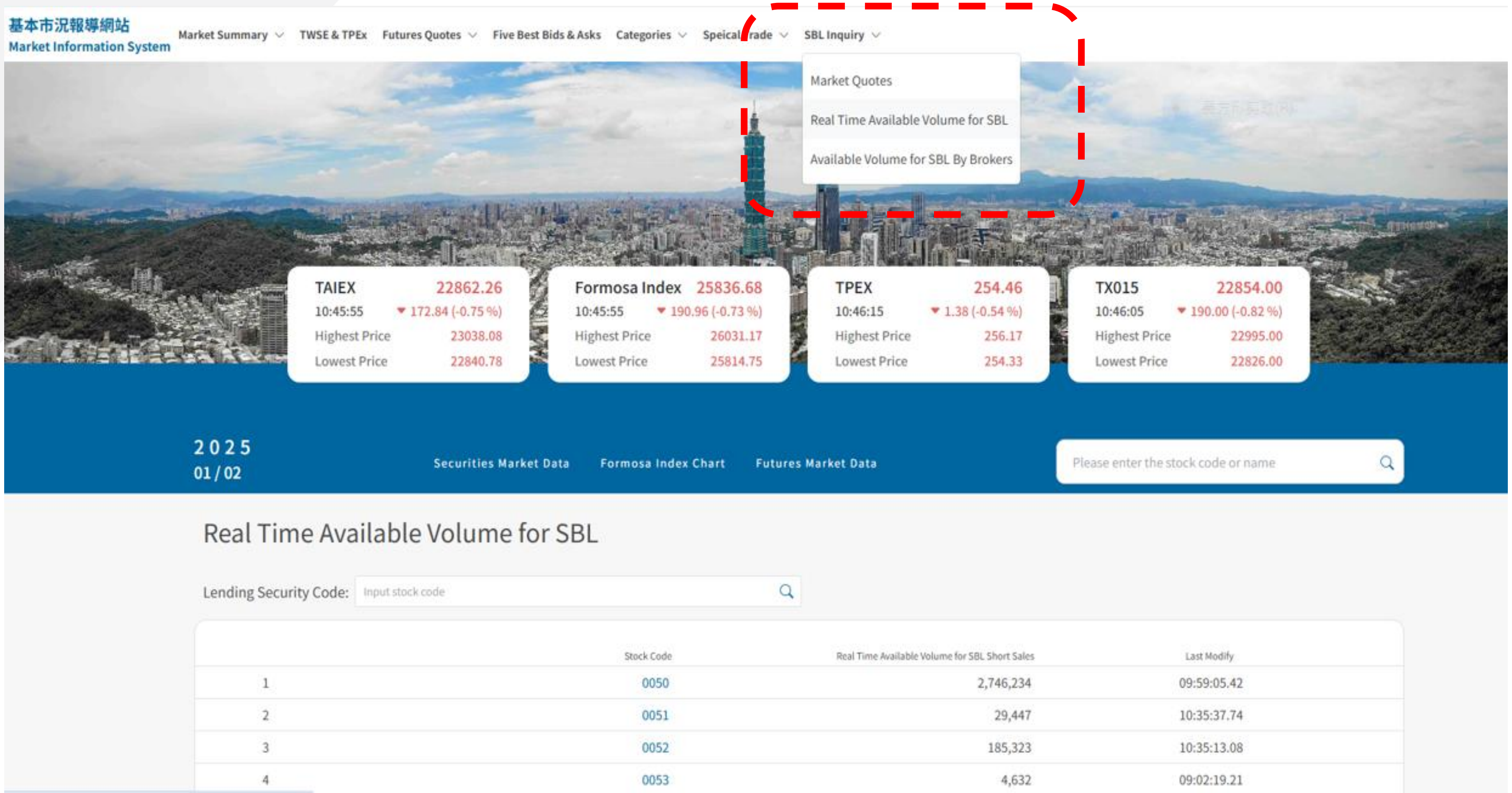


3. Information Disclosure

- Market Information System
- SBL Disclosure

Market Information System

Website	Contents
• https://mis.twse.com.tw/stock/index?lang=en	• Real time information of quotes, SBL short selling remaining volume and stocks available to lend by brokers



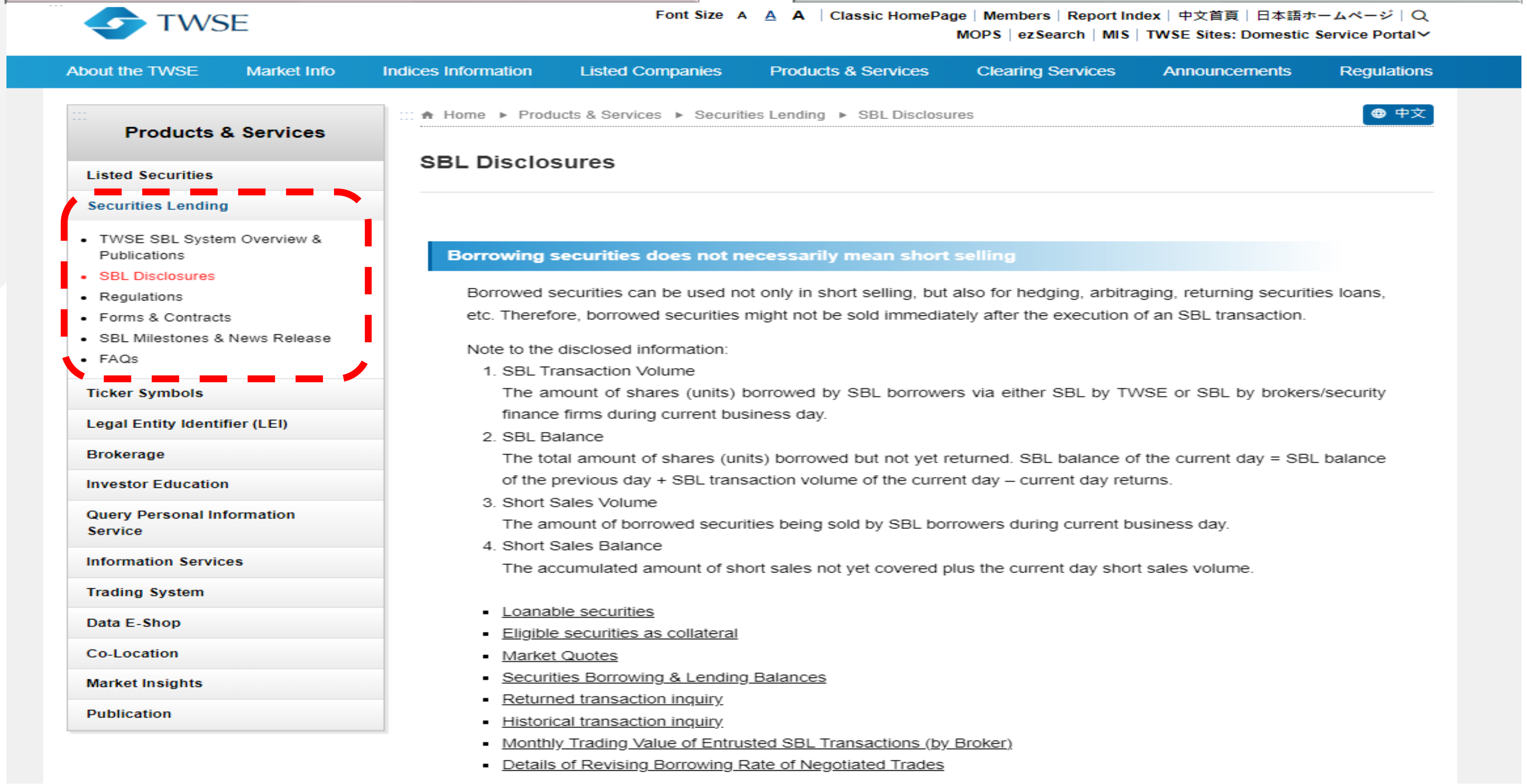
SBL Disclosure

Website

- https://www.twse.com.tw/en/page/products/sbl/sbl_info.html

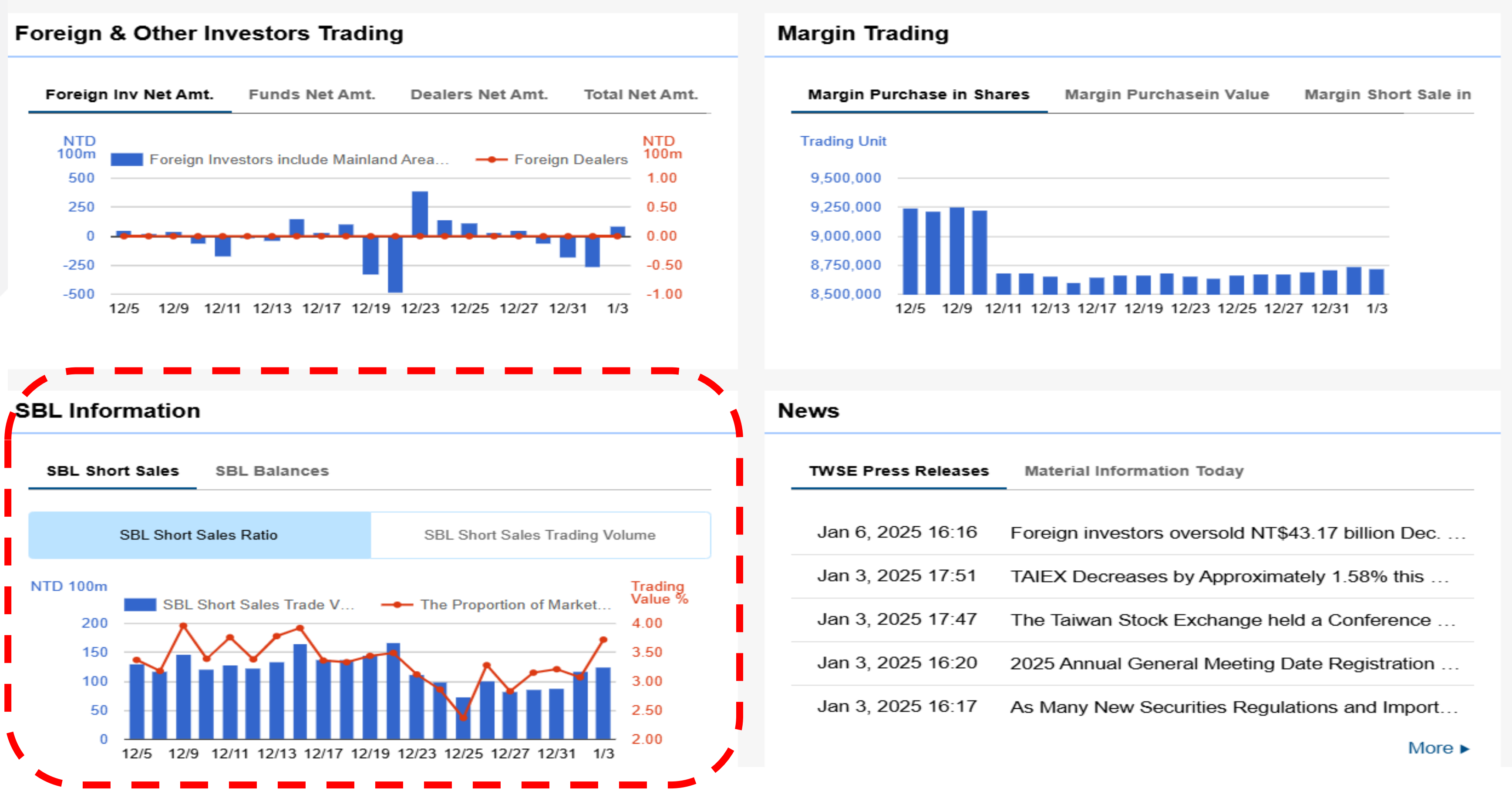
Contents

- SBL section provides comprehensive information such as Taiwan market introduction, regulations, data disclosures, etc.



SBL Disclosure

Website	Contents
https://www.twse.com.tw/en/#index-chart	• SBL Short Sales Trade value, the proportion of Market Trade Value, SBL Short Sales Trading Volume and SBL Balances



TWSE

Thank you for your interest in Taiwan SBL market!