The Fintech application to TDCC’s digital service of commercial paper issuance

Fixed Income Service Department
Duncan Cho  2019.3.6
Financial Markets we cover

- Capital Markets
  - Stocks
  - Bonds
- Money Markets
  - Short Term Bills (Bills)
- Foreign Currency Market
  - Cross-border Bonds
Overall market for Bills market

Unit: Billion USD
Date: Up to Dec. 31, 2018
Stock dematerialization went live on 2011/7.
Bond dematerialization went live on 2011/3.
Bill dematerialization went live on 2017/9.
Fund dematerialization went live on 2011/1.
The CP was issued in physical form and central deposited into TDCC

During the period, no legal basis for unpaid non-physical CP.

The Legislative Yuan approved the amendment Article 26 of The Act Governing Bills Finance Business

CP holder take the certificate issued by TDCC to the court
The incentive and driving force of Bill’s dematerialization

Issuers’ Requirements

High CP issuance volume

Government Policy

Loss Risk Forgery Risk

CP dematerialization went live on 2017/09
Dematerialized issuance of CP
Dematerialized issuance of CP

However,

Even CP issued in dematerialized form, CP issuance documents still need to be delivered in physical form by the staff of bill finance company.
Digitalization of commercial paper issuance documents delivery went live

Sep. 2017
Bill dematerialization goes on live

Feb. 2018
Discussion with Bill Association

Sep. 2018
Approved by Central Bank & FSC

Oct. 2018
Digitalization of commercial paper issuance documents delivery went live
The process of dematerialized issuance of CP after digitalization of CP documents

1. Bills finance company delivers transaction statement
2. Issuer agrees with transaction statement
3. Issuer confirms registration command and underwriting agreement
4. Guarantor confirms guarantee command
5. Bills finance company transmits registration command
6. TDCC completes issuance registration

Easier! Faster!! Safer!!!

Issuer
Bills finance company
Guarantor
3-win
Overall market since Bill dematerialization

- **1.6 billion** Daily issue volume
- **529 billion** Total issuance amount since Sep. 2017
- **6.5 million** Average Issue amount
- **262** Daily issue numbers
- **3,397 issuers** Number of Account Opening since Sep. 2017

Unit: Billion USD
Date: Up to Dec. 31, 2018
The advantage of digitalization of CP

- Elevate operation efficiency for issuers
- Cut cost and save time for bills finance company on documents delivery
- Reduce the fat-finger error
- Minimize the risk of losing the securities
Digital Signature

- Incorruptible and verifiable

Open Platform

- Issuers
- Guarantors
- Bills finance companies

Business Landscape

Blockchain and Big Data

- Applying blockchain technique on secondary market
- Using big data to report Central Bank & FSC
Thanks for listening
email: ea50070@tdcc.com.tw