

B. Repo Trade

a. Delivery via book-entry transfer

The seller participant notifies TDCC of transfer data via computer linkage. II. TDCC checks the available balance in seller' s account and then transfers the bonds from seller' s account (participant' s own ac-count or its customer' s account) into buyer' s account (participant' s proprietary account or its customer' s account). III. When the date of repo trade expires, the buyer participant notifies TDCC via computer linkage to transfer the bonds into seller' s account (participant' s proprietary account or its customer' s account).

b. Delivery via issuance of bond passbook

For the negotiated repo trades between investors and participants or between participants taken place over-the-counter, the payment of transaction will be handled by themselves, which the delivery via issuance of bond passbook is under the following procedure:

I. The seller participant applies to TDCC for issuance of passbook via computer linkage.

II. TDCC checks the available balance in seller' s account, and then make adjustment accordingly (increase the amount recorded under participant' s passbook account and deduct the same from its available balance).

III. When the date of repo trade expires, seller participant notifies TDCC to cancel the bond passbook after it has paid the buyback proceeds

VI. If the repo trade is terminated before the expiration date, the seller participant shall submit an affidavit statement and the original bond passbook to TDCC for cancellation of passbook. If the original bond passbook is not available, the seller participant must have the investor sign the affidavit statement and present proof of proceeds payment.