Panel Discussion 3: The Growing Importance of Retail Investors

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Agenda

I  • Retail Investors’ Participation in the Securities Markets of Asian Countries

II • Development of the Taiwan Securities Market and Retail Investors Structure

III • Conclusion
Retail Investors’ Participation in the Securities Markets of Asian Countries
Retail Investors’ Participation

Ratio of Total Securities Accounts over Population

- Taiwan: 40%
- China: 13%
- Korea: 10%
- Vietnam: 2%
- Thailand: 1%
- Indonesia: 0.14%

Date: 2013/12/31
II. Development of the Taiwan Securities Market and Retail Investors Structure
Wealth and the Participation of Retail Investors

People's Income and Stock Accounts Number

- **Per capital GDP in US$**
- **Stock accounts/population (%)**
Investor Structure has been Changed

Investors Structure in terms of Trading Value on TWSE Market

- Domestic Individual Investors
- Foreign Juridical Investors

Year

The Liberalization for Foreign Institutional Investors

Percentage of Market Value held by Foreign Investors
The research result is from Taiwan’s National Chengchi University on trading preference of retail investors

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<th>Correlation</th>
<th>Significant</th>
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<tr>
<td>Market Value</td>
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<td>Turnover</td>
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<td>Dividend Payout Ratio</td>
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<td>Trading Value</td>
<td>+</td>
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<td>PE ratio</td>
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<td>Book-to-Market Value Ratio</td>
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<td>Stock Returns</td>
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+: positive correlation  -:negative correlation  *:there existed significant correlation
Investor Protection and Education

- Taiwan FSC
- Taiwan Stock Exchange
- Financial Consumer Protection Act
- Taiwan Securities Association
Conclusion
Decreasing Retail Investors

Domestic Individual Investor

Amount: Unit: US$ Billion

%
Offshore Securities Unit (OSU)

To Attract Expatriate Capital Back

Tax Benefits and Exemptions

The Estimated Revenue of Securities Industry: US$1.03 Billion Every Year
Thank You