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Introduction to the New International Experience of Supervising Leverage Trading

Jy-Juinn Shaw *

Abstract

This article summarized the definition differences of leverage trading between U.S., Singapore, U.K. and Australia. We discover that our design of regulations on leverage trade is primarily based on U.S. experience, yet international standard is adopted in the actual operation, futures dealers acting as leverage traders. In terms of the development of supervision, our trading environment for leverage has relative freedom without a strict limit on leverage's multiples. In terms of leverage trade's product development, it is more conservative than other countries since our country forbids creating leverage products that link our currency to Mainland China's capital market. It forces our country to combine the needs of our economy and to create differentiation from other countries' featured products in the leverage trade dealer's product development in order to satisfy the industry need of using leverage trade product to service the market by performing hedge.

* Chairman, Institute of Financial Law and Crime Prevention; Associate Professor, National Chiao Tung University School of Law; Ph.D., National Taiwan University Graduate Institute of National Development.

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