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Advisor Hsien-Nung Kuei
Huang Tien-Mu
Wu Kuei-Mao

Executive Editor
Department of Planning
Publishers & Editorial Office
Financial Supervisory
Commission

Add 18F., No.7, Sec 2, Xianmin
Blvd., Banqiao Dist., New
Taipei City 22041, Taiwan,
Republic of China

Tel 8968-0899

Fax 8969-1271

E-mail planning@fsc.gov.tw

Website <http://www.fsc.gov.tw>

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- Chairman Ding holds his first press conference since taking up office, elaborating financial development policy
- FSC invites chairmen of financial holding companies to a colloquium
- Banks shall allocate a special surplus reserve to fund transformation of employees impacted by exploitation of financial technology
- The FSC allows securities firms to engage a managed futures enterprise to make discretionary derivatives transactions for non-hedging purposes

Policy and Law

Chairman Ding holds his first press conference since taking up office, elaborating financial development policy

FSC Chairman Kung-Wha Ding held a joint press conference on May 23, 2016 at which he explained the challenges faced by the financial industry at present and the finance policies that will be promoted in future.

In recent years, the financial industry in Taiwan has developed well. At the end of 2015, the asset scale of the industry as a whole was NT\$ 79.8 trillion; the value of listed companies on the capital markets was NT\$27.2 trillion, and financial business and profitability have significantly improved; pre-tax profits of the banking industry in 2015 were NT\$371.7 billion; the non-performing loans ratio of domestic banks was 0.23%, the NPL coverage ratio was 555.43%, and the condition of banks gets better all the time; in 2015, the life insurance industry had premium income of NTD2.9 trillion and pre-tax profits of NTD 137.6 billion. Chairman Ding first expressed his sincere thanks to his predecessors and FSC colleagues for their endeavours.

Chairman Ding said that Taiwan is facing economic difficulties, and the financial supervisory and policies must stay up-to-date. The FSC will rapidly formulate short-term and long-term development policies, increase real investment by performing the role of financial intermediation, and encourage innovation and entrepreneurship, with the aim of leading on to the development of industry, increasing job opportunities and promoting a positive economic development cycle.

1. Short term policies:

- (1)Assisting real economy: Inter-agency cooperation will be strengthened, through policies promoted by the NDC, MOEA and Ministry of Science and Technology, encouraging the financial industry to provide assistance to real economy.
- (2)Increasing loans to SMEs: SMEs are the main force for Taiwan's economic development. Although their sales amount and export value as a percentage of that of all enterprises needs to be increased, they represent a high proportion of all enterprises and provide a large number of jobs. In future, the FSC will continue to actively promote the program of increasing loans to SMEs and strengthen the mechanism of Small and Medium Enterprise Credit Guarantee Fund to make a concerted effort to raise the proportion of loans given to SMEs.
- (3)Encouraging innovation and entrepreneurship: The multi-level capital market mechanism which includes the Go Incubation Board for startup and acceleration firms, equity crowdfunding, and listed at the emerging stock market will be strengthened; the cooperation with related financial institutions will be enhanced to support micro business that are innovative and have creative ideas to grow strong and provide job opportunities.
- (4)Promoting financial products for the aging: Banks, insurance companies and securities firms are encouraged to develop products and services suitable for the aging and to combine with the resources of medical, care service organizations in providing the aging with the fund and care services they need. These not only allow people have more financial choices for retirement thus meet the needs of an aging society, but also expand the scope of financial business.
- (5)Strengthening corporate governance, implementing graded management: To promote enterprise integrity-based operation and sustainable development, the FSC will continue to strengthen the corporate governance mechanism, push ahead corporate social responsibility and implement graded management. And the company with good regulatory compliance and risk control will gain more flexibility in running business.
- (6)Developing FinTech business models: On the basis of fairness, security and risk management, the FSC will level up the information security and help financial employees transform in order to develop more diverse FinTech services, increase efficiency and protect the consumers' rights in the meantime.
- (7)Reviewing the insurance RBC system: In calculating Risk-based Capital, using the 6-month average price of stock is incomplete to have the effect of counter-cyclical, therefore the FSC will study to include the stock counter cyclical mechanism.



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(8) Making effective use of manpower to create job opportunities: In line with the human resources needs of listed companies, the FSC will promote industry-academia cooperation with the Ministry of Education, and will set up a platform or related mechanism to make effective use of retiree of financial industry, serving as mentors, volunteers or consultants, to assist development of startups and micro business.

2. Long-term policies:

- (1) Over the long term, the FSC will build a friendly environment, improve the financial intermediary functions, promote overall economic growth and create a win-win situation for the financial industry and real economy.
- (2) The FSC will promote Taiwan financial system to align with the international trend and expand overseas presences of financial companies.
- (3) The FSC will build a sound capital market and provide diverse fund-raising and investment channels.

The FSC will continue to adhere to its 5 responsibilities, namely "Ensuring sound finances and business operation of financial institutions", "Maintaining financial stability and market order", "Protecting the rights and interests of financial consumers", "Building an beneficial environment for the development of financial industry", "Performing the role of financial intermediary to assist economic development," and will actively formulate related measures that benefit the financial industry, encourage financial companies to increase their competitiveness and provide the best assistance to real economy, to make greater contribution to economic development.

FSC invites chairmen of financial holding companies to a colloquium

On June 8, 2016, the FSC invited the chairmen of 16 financial holding companies to exchange opinions on various issues relating to financial industry development and real economy growth. To achieve the goal of a win-win situation for the financial and other industries, the attendees carried out full discussion and exchanged opinions.

A number of the attendees put forward various concrete suggestions regarding how to achieve the goal of the FSC's "four supports policy" (support industry, support entrepreneurship, support innovation and support employment), for example:

1. Setting a certain industry policy enables financial institutions to adjust asset allocation appropriately: At present, the investment environment needs to be improved. With respect to industry, an incentive program for bank loans to the five main innovation industry, namely green technology, Asian Silicon Valley, bio-medicine, national defense aerospace and smart machinery, can be formulated.
2. To encourage banks to extend loans to startups, the method of allowing the future operating results of the company receiving the loans to be shared by the bank extending the loans can be adopted to increase the incentive for banks to give loans. It is also hoped the Small and Medium Enterprise Credit Guarantee Fund (SMEG) \ exerts the effectiveness of the Fund so as increases the incentive for banks to extend loans to SMEs and give full support to SMEs.
3. Taking into account the wide range of types of companies that may be included in the information service industry and financial technology industry, with regards to whether banks' investment in these industries is subject to the restriction on investment in just one company in "the same industry" as prescribed in Subparagraph 2, Paragraph 3, Article 74 of the Banking Act, the determination standard for the same industry will be formulated.
4. Developing insurance products that have a spillover effect. For example, a breakthrough of investment of insurance industry capital in long-term care can be reached through inter-agency discussion. It is also suggested that electronic insurance policies are promoted in response to the overall development of e-commerce.
5. Promoting the fund-raising function of the capital markets: The FSC encourages securities and investment trust companies to invest in venture capital businesses and foster the overall development of equity crowd funding platform to exert the function of multilayer capital market.
6. Opinions were also exchanged on the subject of establishing angel funds at the meeting. The FSC wholeheartedly listened to the suggestions provided by chairmen and stressed that establishment of angel funds will not be mandatory. The FSC will continue communicating with related parties.

In addition to the discussion of finance supporting the development of the real economy at the meeting, various suggestions were put forward for the reform of financial business and financial market, mainly including:

1. With profit promotion as the focus, reviewing the adjustment of related regulations will be undertaken.
2. If related measures involve inter-agency authority, overlapping of business will be avoided and active coordination will be carried out.
3. The implementation period of existing incentive measures, such as the "Program to Encourage Lending by Domestic Banks to Small and Medium Enterprises" and the "Program to Encourage Lending by Domestic Banks to Creative Enterprises" will be extended.
4. The financial industry statutory statement reporting process will be simplified, with a gradual move towards paperless filing.
5. Allowing the limited partnership to be the investment target for the use of insurer's funds in special projects, public utilities and social welfare enterprises.

The FSC said that revision of regulations will be taken into consideration and the FSC will actively carry out research and discussion on the suggestions regarding the reform of financial business and financial markets proposed by the responsible persons of financial holding companies so as to foster the sound development of financial markets. The FSC also hopes to work together with the financial industry to make the financial industry a driving force of economic development in Taiwan.

Banks shall allocate a special surplus reserve to fund transformation of employees impacted by development of financial technology

In order to urge banks to look after the interests of their employees during their

digitalization process, the FSC issued a ruling that requires banks, at the time of distributing their earnings from 2016 to 2018, to set aside 0.5%-1% of their after-tax earnings as special surplus reserve to fund the transfer or placement of employees affected by the development of financial technology in order to protect their interests.

Considering the fact that employees of state-owned banks, such as the Bank of Taiwan, the Land Bank of Taiwan and the Export-Import Bank of the Republic of China are protected by Civil Service Protection Act and Civil Service Retirement Act, these banks are not required to set aside such special surplus reserve.

The FSC allows securities firms to engage a managed futures enterprise to make discretionary derivatives transactions for non-hedging purposes

In order to enhance capital utilization efficiency and investment performance of securities firms and create reasonable business opportunities for managed futures enterprises, the FSC introduced deregulation on May 12, 2016, allowing the securities firm to engage a managed futures enterprise approved by the FSC for making discretionary transactions of domestic and foreign derivatives for non-hedging purposes. Securities firms shall meet the following requirements: (1) lay down operation guidelines for arrangement of the discretionary transactions, which shall be expressly incorporated in the internal control system; (2) regularly assess the performance of the discretionary operation and the risks incurred and report such information to the board of directors at least on quarterly basis; (3) adhere to principles of fairness, reasonableness and integrity and avoiding non-arm's length transactions when engaging a managed futures enterprise in the same group for discretionary transactions.

Amendments to Article 17-1 of the Regulations Governing Cooperating with or Assisting Foreign Institutions in Engaging in Activities Associated with Electronic Payment Business within the Territory of the Republic of China announced

The FSC announced amendments to Article 17-1 of the aforementioned Regulations on July 1, 2016. The FSC said that in practice, the way of fund transfer agreed by foreign institutions and the approved institutions providing collection and payment of funds to be remitted in on behalf of customers for actual transactions (assist sellers in Taiwan to collect cross-border payments) is as follow: making transfer of funds in batches when the funds collected/paid on behalf of customers reach a certain amount (US\$5,000 for example) or a certain period of time has passed (for example, paying the funds collected/paid on behalf of customers from last Monday to this Sunday on Money). If the funds collected/paid by the foreign institutions on behalf of customers do not reach a certain amount or a certain period of time has not passed, the approved institutions are unable to receive the funds from such foreign institutions and transfer the funds to customers (sellers in Taiwan). This would cause the problem of a customer that has already provided products or services having to wait for a relatively long time before receiving transaction payment, giving rise to the inconvenience of fund allocation and utilization and other problems. To solve this problem, suitably protect the interests of businesses in Taiwan and increase the operating flexibility of approved institutions, it is planned to allow approved institutions to make payments in advance to customers. The main points of the amendments are as follows:

1. The scope of business for which the approved institutions can pay in advance to customers: To provide the service of collection and payment of funds to be remitted in on behalf of customers for actual transactions (that is, the approved institutions assist domestic sellers that provide products or services to collect cross-border payments).
2. Approved institutions should follow the following regulations:
 - (1) The funds collected/paid on behalf of customers must not be appropriated as the source of capital for paying in advance to customers.
 - (2) Delivery or provision of the products or services must be confirmed.
 - (3) Making payment in advance to customers does not violate the conditions of transfer of funds collected/paid on behalf of customers agreed by the approved institutions and customers. (For example, for "fund retention mechanism" transactions, funds can only be transferred after the expiry of the fund retention period, indicating that making payment in advance to customers is not permitted.
3. Regulations that should be followed by the approved institutions when making payment in advance to customers include the following:
 - (1) The currency of the payment made to customers in advance is limited to NTD.
 - (2) The maximum limit for payment made to customers in advance is NT\$10 million.
 - (3) The maximum period that a payment can be made to customers in advance is 15 days.
 - (4) Approved institutions are required to control the maximum amount and ratio of payment made to the same customer in advance.
4. If a customer should return but does not return the funds paid in advance to him/her or a foreign institution should transfer but doesn't transfer the funds collected/paid on behalf of customers, the approved institution should stop paying in advance to customers before the aforementioned events are settled.
5. If the approved institution is a bank, credit should be given to customers in accordance with the Banking Act and the related operating process should be operated as a bank extends credit.

The FSC allows deposit account holders to autoloading their children's registered electronic stored value cards by having their accounts linked to such cards

Electronic stored value card issuers and credit card issuers have already worked together to issue co-branded cards of electronic stored value cards, which have the function of autoloading and can make small amount payments more convenient by allowing a credit card to autoloading a certain amount of money to an electronic stored value card when the balance of the electronic stored value card is not adequate or is

below specific amount after deducting the amount of a transaction.

According to the FSC, it has studied the measure that allows registered electronic stored value cards to autoloading via linked deposit accounts, in order to allow people without co-branded cards of electronic stored value cards to enjoy the autoloading service when they purchase something. The FSC also held a meeting to invite the Central Bank of the Republic of China (Taiwan), the Bankers Association and electronic stored value card issuers for discussion of formulating the risk management principles for card issuers to adopt appropriate risk management associated with such business activities in order to protect consumer interests. These main points of the principles are as follows:

1. Registered electronic stored value cards can be linked to deposit accounts (including debit cards) at financial institutions of the card holders, their spouses, direct relatives, or guardians. The deposit account will autoloading a specific amount of money to the electronic stored value card through online connection.
2. Limits for the number of linked electronic stored value cards, the number of deposit accounts and the autoloading amount are as follows:
 - (1) When the deposit account owner is the same as the card holder, the limits set in internal value adding guidelines for the electronic stored value cards of the issuer shall apply.
 - (2) When the deposit account owner is not the same as the card holder:
 - i. One card holder is allowed to apply for only one electronic stored value card linked with another person's deposit account to each electronic stored value card issuer. A single electronic stored value card can only be linked to one deposit account of a financial institution.
 - ii. Limits for autoloading amount
 - In terms of the electronic stored value card, autoloading for one electronic stored value card is capped at NTD 1,000 each time and the total autoloading amount is capped at NTD 3,000 per day.
 - In terms of the deposit account, the total amount that can be autoloading to another person's electronic stored value card is capped at NTD 30,000 per month. The deposit account owner can set a lower limit with the financial institution based on his/her needs.
3. The electronic stored value card issuer or the financial institution in which the deposit account is deposited shall inform the account owner of the autoloading information immediately or with a monthly bank statement.

After this deregulation takes effect, parents can have their deposit accounts linked to their children's registered electronic stored value cards so that they can buy lunch or stationary and complete such transactions even when the balance of their registered electronic stored value card is insufficient. Moreover, adult children can also have their deposit accounts linked to their old parents' registered electronic stored value cards so that the latter do not have to find the place to add the value when the balance of their registered electronic stored value card is insufficient. Therefore, such a service offers people more convenience while they make small amount payments with electronic stored value cards, enabling the small amount payment function of electronic stored value card to be smarter and more flexible.

The FSC also said that, according to Article 17 of the Rules Governing the Business of Electronic Stored Value Card Issuers, electronic stored value card issuers interested in such business activities can submit applications for approval with a business plan and related documents to the FSC.

Amendment to Point 6 of "Methods for calculating the aggregate amount of credit, investment and interbank loan and deposit that a Taiwan bank extends to or invests in entities in the Mainland Area"

Considering that the primary exposure of equity investments by a Taiwan bank in Mainland area (including a subsidiary bank or equity ownership) is the original investment amount, the FSC introduced amendment to Point 6 of the aforementioned methods on May 19, 2016 to prevent the calculation of exposure of such investment in Mainland area to be affected by fluctuation of the equity of the invested company. According to the amendment, the calculation of equity investment exposure in Mainland area will be based on "the original cost of investment" instead of "book value" in the original regulation.

Amendments of Some Articles of Standards Governing the Establishment of Securities Investment Consulting Enterprises and Regulations Governing Securities Investment Consulting Enterprises

In order to facilitate healthy development of securities investment consulting enterprises and supervision work, the FSC introduced amendments of Standards Governing the Establishment of Securities Investment Consulting Enterprises and Regulations Governing Securities Investment Consulting Enterprises on May 19, 2016. The key points of the amendments include: (1) If a securities broker operating only equity crowdfunding applies for concurrent operation of securities investment consulting business, the scope of such concurrent consulting business will be confined to the stock of companies that conduct equity crowdfunding on the broker's crowdfunding platform. (2) The amendment also adds that a securities investment consultation enterprise that is of a certain scale, and that possesses equipment for real-time access to foreign securities investment research information, and sufficient and competent personnel, is qualified to apply operating foreign securities investment consulting business.

Amendment to Explanation Regarding Article 45 of the Financial Holding Company Act

On May 17, 2016, the FSC made amendments to its explanation regarding Article 45 of the Financial Holding Company Act by adding the following provisions. First, when a subsidiary of a securities investment trust enterprise or securities investment consulting enterprise utilizes investment assets trusted for trading according to the Regulations

Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises or makes a charity donation for major disaster emergency relief, the trading/donation can be conducted by the senior management based on general authorization and is no longer required to be approved by the majority of directors presented at the board of directors meeting for each case. Moreover, the limit for each of the transactions that can be conducted based on general authorization between a financial holding company and its wholly-owned subsidiary and between such subsidiaries is raised from NTD 10 million to NTD 50 million.

The FSC issues Explanation Regarding Point 2 of the Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest

On May 17, 2016, the FSC issued an explanation on Point 2 of the Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest. According to the explanation, domestic "stock" specified in Subparagraph 5, Paragraph 1, Point 2 in the Directions shall include preferred shares. Preferred shares invested by a bank shall be subject to the related investment limit.

The FSC Issues Explanation order on Article 2 of the Regulations Regarding Article 33-3 of the Banking Act

In order to increase the competitiveness of domestic banks in the international market and help banks expand their credit business through continuous implementation of deregulation policies of the FSC, the FSC issued the said explanation order on May 19, 2016. According to the said explanation, if a bank grants loans guaranteed by foreign central governments and meets specific criteria, the credit line guaranteed by foreign central governments for the same juristic person is excluded from the aggregate amount of unsecured credit extensions as prescribed in Subparagraph 2, Article 2 of the Regulations Regarding Article 33-3 of the Banking Act. However, such credit line should be included in the aggregate amount of credit extensions to the same juristic person as prescribed in the same Subparagraph.

Amendments of Directions Regarding Securities Investment Trust Enterprise Exercising the Voting Rights Associated with Shares It Holds in a Securities Investment Trust Fund

Electronic voting has gradually become a common practice in shareholders' meetings of public companies. In order to increase participation of investment trust enterprises in corporate governance, the FSC issued an order on May 18, 2016 to amend directions regarding a securities investment trust enterprise exercising the voting rights associated with shares it holds in a securities investment trust fund based on authorization in Article 23 of Regulations Governing Securities Investment Trust Enterprises. According to the new direction, funds have to meet two conditions in order to waive the requirement of sending designated person to attend the shareholders' meeting of a public company using electronic voting. The first and also an existing condition is that the number of shares held by an individual fund has to be less than 300,000 and the total number of shares held by all funds collectively has to be less than 1 million. Second and also a new condition is that the number of shares held by an individual fund has to be less than 1/10000 of shares issued by the invested company and the total number of shares held by all funds collectively has to be less than 3/10000.

Waiver of Requirements Regarding Transaction of Stock and Equity Derivatives and Such Reporting by Directors and Supervisors of Securities Investment Trust Enterprises

According to the existing regulations, when financial institutions like banks, financial holding companies, securities firms and insurance companies are directors and supervisors of securities investment trust enterprises, they are not subject to the restrictions set in paragraph 1, Article 77 of Securities Investment Trust and Consulting Act, which do not allow them to trade corporate stock and equity derivatives held by their securities investment trust funds. They are also not subject to the requirement of reporting their trading of aforementioned instruments. On May 19, 2016, the scope of aforementioned "financial institutions" was broadened to include securities and futures enterprises.

Amendment of Regulations Governing Utilization of Self-owned funds and Proprietary Trading of Futures Commission Merchants

On May 25, 2016, the FSC introduced the deregulation allowing enterprises exclusively engaged in futures brokerage business that trade futures with their own funds and futures proprietary merchants that trade foreign futures to engage managed futures enterprises for discretionary trading. Moreover, futures commission merchants are also allowed to buy futures trust funds issued and offered by futures trust enterprises to specific domestic buyers with its own funds.

The FSC Allows Centralized Securities Depository Enterprises to Receive and Pay Funds in Connection with Domestic Funds

Currently, the investor can receive and pay money for subscribed offshore funds through bank accounts designated by the centralized securities depository enterprise. The FSC issued an order on April 26, 2016, allowing securities brokers to subscribe domestic funds in their names and receive and pay such money through accounts designated by the centralized securities depository enterprise specifically for this purpose. Centralized securities depository enterprises are also allowed to receive and pay money in connection with domestic funds.

Explanatory Order on Article 22-13 of the Offshore Banking Act

Considering that ceded reinsurance is a risk-transfer mechanism that is different from "reinsurance business" whereby ceded companies make profits by assuming risks

through actuarial premium rates, the FSC issued an explanatory order on May 19, 2016, to define "reinsurance business" referred to in the subparagraph 2, paragraph 1, Article 22-13 of the Offshore Banking Act as assumed reinsurance conducted by an offshore insurance branch (OIU) from insurance enterprises outside the territory of the ROC. Ceded reinsurance arranged by the OIU for transferring insurance and reinsurance risks is not defined as "reinsurance business" in this Article and thus the counterparties of ceded reinsurance are not limited to insurance enterprises outside the territory of the ROC.

Regulations Governing Manner of Written Consent, Scope of Business and Other Matters of Compliance Prescribed by Paragraph 2, Article 177-1 of Insurance Act

The amendment of Article 6 of the Personal Information Protection Act took effect on March 15, 2016, the same day when Article 177-1 of the Insurance Act introduced for alignment purpose also took effect. Based on the authorization specified in Paragraph 2, Article 177-1 of Insurance Act, the FSC introduced Regulations Governing Manner of Written Consent, Scope of Business and Other Matters of Compliance Prescribed by Paragraph 2, Article 177-1 of Insurance Act to expedite business activities of the insurance industry and protect consumer rights at the same time.

Directions for the Review of Life Insurance Products and Directions for Review of Non-life Insurance Products

To reduce carbon dioxide emissions and simplify the insurance product review process for insurers, when insurers complete the new product or partial change review procedure under the use-and-file rule, the documents presented to the organ designated by the competent authority can now be provided in DVD form, with no need for printed versions to be provided. On May 25, 2016, the FSC announced amendments to Point 3, 5 and attached table of Point 3 of Directions for the Review of Life Insurance Products and Point 3 of Directions for Review of Non-life Insurance Products, respectively.

International Activities

AIT deputy director visits the FSC

The deputy director of the American Institute in Taiwan, Robert W. Forden, paid a visit to the FSC on June 1, 2016, where he was received by FSC Chairman Kung-Wha Ding. The two sides exchanged opinions in Taiwan-US trade and financial issues.

The British Office Representative visits the FSC

The British Office UK Representative to Taiwan Christopher Terence Wood visited the FSC on June 6, 2016, where he was received by FSC Chairman Kung-Wha Ding. The two sides exchanged views on financial cooperation between Taiwan and the UK.

Deputy director-general Wang of the FSC Securities and Futures Bureau leads a delegation to the IOSCO Annual Conference

Deputy director-general of the FSC Securities and Futures Bureau Wang Yung-hsin led a group comprising of personnel from securities and futures peripheral institutions to the Annual Conference of International Organization of Securities Commissions (IOSCO) in Lima, Peru, May 8-12. Deputy director-general Wang was also invited to serve as a panelist of the Fintech and Innovation panel, sharing the fintech development in Taiwan.

Industry Updates

UOB Asset Management (Taiwan), Ltd. application to merge with UOB Investment Advisor (Taiwan) Ltd approved by the FSC

On May 31, the FSC approved the application for the merger of UOB Asset Management (Taiwan), Ltd. and UOB Investment Advisor (Taiwan) Ltd. Both companies are wholly-owned subsidiaries of Singapore's UOB Asset Management Ltd. The merger is intended to increase competitiveness, expand operating scale and improve overall operating performance. UOB Asset Management (Taiwan), Ltd. will be the surviving company and UOB Investment Advisor (Taiwan) Ltd will be extinguished. The name of the surviving company will continue to be UOB Asset Management (Taiwan), Ltd.

NPL ratio for domestic banks at 0.28% as of the end of May 2016

The total outstanding loans of domestic banks stood at NT\$25,448.7 billion as of the end of May 2016, up by NT\$55.9 billion from the previous month, while their total NPLs were NT\$71 billion, up by NT\$0.9 billion from the previous month's figure of NT\$70.1 billion, generating an average NPL ratio of 0.28%, the same as the figure of the end of April 2016. Each and all 39 Taiwan's domestic banks had an NPL ratio under 2.0%. Also, their NPL coverage ratio stood at 472.79% at the end of May 2016, down by 5.18 percentage points from the figure of 477.97% at the end of the previous month.

NPL ratio for credit cooperatives at 0.09% as of the end of May 2016

Total NPLs at Taiwan's 23 credit cooperatives stood at approximately NT\$380 million as of the end of May 2016, generating an NPL ratio of 0.09%, the same as the figure for the end of April 2016. The NPL coverage ratio, in the meantime, was 2,049.45%, up by 27.65 percentage points from 2,021.80%, at the end of April.

Net foreign investments in listed shares

As of the end of May 2016, foreign and mainland Chinese investors had bought around NT\$ 2,492.6 billion and sold around NT\$ 2,399.6 billion worth of shares on the Taiwan Stock Exchange, making for a cumulative net inward investment of around NT\$93.0 billion. Meanwhile, for the Taipei Exchange (Gre Tai Securities Market), foreign and mainland Chinese investors bought around NT\$261.2 billion and sold around NT\$ 236.1 billion, making for a net inward investment of around NT\$25.1 billion. The figure for cumulative net inward remittances by offshore foreign institutional investors, mainland China investors, offshore overseas Chinese, and offshore foreign nationals as of the end of May 2016 stood at approximately US\$ 199.3 billion, down by around US\$2.9 billion from the US\$202.2 billion as of the end of April 2016.

Investor and Consumer Protection

FSC reminds consumers of points for attention when buying interest sensitive insurance products

Interest sensitive insurance products are life or annuity insurance products that include declared interest. At present, the commonly seen types of product in the market are: interest sensitive life insurance, interest sensitive annuity insurance and universal insurance. The FSC points out that these products are still insurance products in nature and insurance companies will collect the insurance cost and loading expense for providing insurance protection. Declared interest is not guaranteed, so consumers should not take this as the only consideration when buying such a product, and should understand the content of the product in detail and weigh up their own insurance protection requirements.

FSC reminds consumers of points for attention when buying residential typhoon and flood insurance

With the typhoon season here, the FSC reminds people to take typhoon precautions early and, according to own need, consider taking out typhoon and flood insurance to gain protection against typhoon and flood damage. Consumers are reminded to take note of points for attention with regards taking out an insurance policy and making a claim.

Analysis of the gender of market listed (and non-market listed) companies in 2014 and 2015

1. The percentage of listed company female directors and supervisors at the end of 2015 was 11.52% and 23.46% respectively, up on the 11.48% and 22.99% of 2014 by 0.04% and 0.47% respectively.
2. The percentage of TPEX listed company female directors and supervisors at the end of 2015 was 12.37% and 23.79%, respectively, up on the 12.25% and 23.39% of 2014 by 0.12% and 0.4% respectively.
3. The percentage of non-market listed company female directors and supervisors at the end of 2015 was 14.41% and 22.04% respectively, up on the 14.12% and decrease on the 22.31% of 2014 by 0.29% and 0.27% respectively.
4. The percentage of publically offered company and above female directors and supervisors at the end of 2015 was 12.57% and 23.20%, up on the 12.46% and 22.95% of 2014 by 0.11% and 0.25%, showing a slight improvement in the gender gap and gradual improvement in terms of decision-making participation gender equality.

2016 School and Community Financial Literacy Campaign

In June, 2016, the FSC held 67 financial literacy promotion sessions at schools and groups around Taiwan (including at Xintai Junior High School New Taipei City) as part of its 2016 School and Community Financial Literacy Campaign. A total of 9,147 participants attended the events. These activities are free of charge and have been very well received since their inception. As of the end of 2015, 4,312 sessions have been held, attended by over 780,000 people. Target participants include elementary school, junior high school, high school (including vocational high school) and university students, community and women's groups, indigenous people, immigrants, and military service personnel.

The FSC's Banking Bureau will continue its financial literacy campaign in 2016. Schools or community groups interested in the campaign are invited to register on the website of the Banking Bureau; for more information please call Mr. Jian on (02)89689709.

Major Enforcement Actions

MSIG Mingtai Insurance CO., LTD was fined NT\$5.4 million and given 2 reprimands

During a business inspection of this company, the FSC found that it was in breach of related regulations. Under paragraph 1, Article 149, Paragraph 1 of Article 171 and paragraph 5, Article 171-1 of the Insurance Act it was thus fined NT\$5.4 million and given 2 reprimands.

Chaoyang Life Insurance Co Ltd fined NT\$2.7million, ordered to relieve a manager of their position and given 5 reprimands

When carrying out annual investment portfolio and corporate governance on-site inspections in 2015, the FSC found the company was in breach of related regulations. It was thus fined NT\$2.7 million, ordered to relieve the deputy general manager of the financial system from their managerial position and given 5 reprimands under Article 149, 168 and 171-1 of the Insurance Act.