

# 金融展望月刊

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- FSC amends Articles 2 and 4 of the "Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches"
- FSC launches "2023 Sustainable Development Action Plan for TWSE and TPEX Listed Companies" to assist companies towards sustainable development
- FSC amends "Directions for the Review of Life Insurance Products," "Directions for the Separate Account Custodian Institutions and Investment Objects of the Investment-linked Insurance," and "Compliance Matters for Disclosure of Information on Investment-linked Insurance"
- FSC is designated as the competent authority for virtual asset platforms with financial investment or payment nature

### Policy and Law

#### *FSC amends Articles 2 and 4 of the "Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches"*

To encourage foreign bank branches in Taiwan to comply with the government's carbon reduction policies and take part in supporting sustainable economic activities, the FSC amended Articles 2 and 4 of the "Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches" on 26 April 2023. Key points of the amendments are as follows:

1. The scope of the use of funds raised through bank debentures issued by foreign bank branches in Taiwan has been relaxed and expanded from the current important public construction, offshore wind power construction, and other green energy industries constructions to 16 general economic activities and 13 forward-looking economic activities listed in the Taiwan Sustainable Taxonomy.
2. To ensure that the funds raised through new Taiwan dollar bank debentures issued by foreign bank branches in Taiwan are used in accordance with the purpose of issuance, provisions are added to require foreign bank branches in Taiwan to establish related evaluation and audit mechanisms for the use and management of funds.

The relaxation on the use of funds in the amended regulation aims to facilitate foreign bank branches in Taiwan to provide credit and financing for sustainable and decarbonization economic activities, encourage companies to engage in carbon reduction transition and contribute to attain carbon reduction targets.

#### *FSC launches "2023 Sustainable Development Action Plan for TWSE and TPEX Listed Companies" to assist companies towards sustainable development*

The FSC released the five-year "Strengthening Taiwan's Corporate Governance Roadmap" in 2013, followed up with a three-year "New Corporate Governance Roadmap (2018-2020)" in 2018, and then released the "Corporate Governance 3.0 – Sustainable Development Roadmap" in 2020. Over these past 10 years, the FSC has accomplished many important measures. In line with the national pathway to net-zero emissions by 2050, on 3 March 2022 the FSC issued the "Sustainable Development Guidemap for TWSE and TPEX Listed Companies," which aims to promote listed companies to disclose greenhouse gas inventory and assurance information in stages and builds up the ability of companies to perform greenhouse gas inventories.

To further urge companies to take actions for sustainable development, the FSC launches the "2023 Sustainable Development Guidemap for TWSE and TPEX Listed Companies," based on the foundation built by the Corporate Governance Roadmap and the Sustainable Development Guidemap, and proposes the four key pillars of "governance," "transparency," "digitalization," and "innovation" and constructs five major aspects of promotion measures, which includes "leading companies towards net zero," "deepening corporate culture of sustainability governance," "improving sustainable information disclosure," "strengthening stakeholder communication," and "promoting ESG evaluation and digitization." The Action Plan aims to help listed companies achieve their sustainability goals and become more internationally competitive. Key points include the following:

1. Encouraging listed companies to set carbon reduction targets, strategies, and concrete action plans: Companies should disclose their carbon reduction targets, strategies, and concrete action plans no later than the scheduled year in which they disclose the GHG inventory information of companies in its consolidated financial report. In addition, a listed company is encouraged to set and disclose its 2030 carbon reduction targets, strategies, and concrete action plans based on the company's carbon inventory information of the basis year which

is also the scheduled year of its consolidated financial report is completed.

2. Increasing the percentage of female board directors in listed companies: To strengthen the diversity of directors, and in light of the fact that the promotion of female directors has become an international trend, companies applying for IPO are required to appoint at least one female director starting from 2023, and all listed companies are required to appoint at least one female director upon the end of the director's term starting from 2024.
3. Expanding the scope and improving the quality of sustainable information disclosures: In order to continue strengthening non-financial information disclosures, the FSC requires listed companies with a paid-in capital of NT\$2 billion or less to prepare sustainability reports starting from 2025. Also, the Taiwan Stock Exchange and the Taipei Exchange will conduct random inspections on the sustainability reports and assurance working papers in order to improve the quality of sustainable information disclosures.
4. Improving the Investor Relations (IR) Platform and promoting collective engagement: In order to continue strengthening the influence of institutional investors and the quality of stewardship information disclosures, the Taiwan Depository and Clearing Corporation (TDCC) and the Taiwan Stock Exchange are going to establish a digital stewardship report generation platform and gather information on global collective engagement practices to guide institutional investors to carry out collective engagement.
5. Promoting the sustainability report digital platform and enhancing ESG database: To assist listed companies in disclosing ESG-related information more efficiently and in a standardized format, and to provide one-stop ESG information services, the Taiwan Stock Exchange is planning to establish a digital sustainability report generation platform and an ESG information platform.

Moving forward, the FSC will annually review and revise the Action Plan based on international sustainability trends and domestic practices. Also, the FSC will work together with public and private sectors to help listed companies move towards sustainable development and enhance their international competitiveness.

### ***FSC amends "Directions for the Review of Life Insurance Products," "Directions for the Separate Account Custodian Institutions and Investment Objects of the Investment-linked Insurance," and "Compliance Matters for Disclosure of Information on Investment-linked Insurance"***

In order to fully protect the interests of policyholders and ensure sound development of the insurance market, the FSC has been working on enhancing supervisory measures for investment-linked insurance, interest-sensitive insurance, and mortgage life insurance, and has amended the three abovementioned regulations. The key amendments include the following: (1) for insurers that entrust the enterprises which operate or concurrently engage in discretionary investment services to utilize and manage the assets in the separate accounts, if the net asset value per unit of the investment-linked insurance products in the discretionary account is less than 80% of the net asset value per unit on the day the discretionary account was established, asset reversal may not be provided, and the product may only be designed with a "cash reversal" feature; (2) for mortgage life insurance products, if the payment items do not belong to death benefit, funeral expenses benefit or total permanent disability benefit, they should be provided in a rider to be selected by the policyholder; (3) in documents submitted for review – insurance product profit analyses, additionally adopt cancellation ratio testing scenarios as specified by the FSC; (4) investment-linked insurance products are completely prohibited from linking to leveraged and inverse ETFs; (5) for discretionary investment-linked insurance products, the total investments in non-investment grade bond funds and emerging market bond funds are limited to 20%, and therein, investments in non-investment grade bond funds are limited to 10%, while the other types of investment-linked insurance products are not allowed to invest in non-investment grade bond funds or emerging market bond funds; and (6) the amended provisions set out disclosure requirements regarding the content of insurance prospectuses, product brochures, periodic reports on policy value, and related cautionary statements.

### ***FSC is designated as the competent authority for virtual asset platforms with financial investment or payment nature***

The FSC has been designated by the Executive Yuan as the competent authority for virtual asset platforms with a financial investment or payment nature. The FSC will make reference to international supervisory trends so as to promote gradually to ensure that domestic virtual asset platforms better protect customer interests.

The Executive Yuan, acting in accordance with the "Money Laundering Control Act," has already designated the FSC as the competent

authority for enterprises handling virtual currency platforms or transactions, and the FSC on 30 June 2021 issued the "Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction" to require domestic virtual asset platform enterprises to implement customer due diligence procedures, record retention, suspicious transaction reporting, and other anti-money laundering and countering terrorism financing (AML/CFT) measures. To prevent money laundering, the FSC also continues to oversee the efforts of domestic virtual asset platform enterprises to implement AML/CFT works. For example, the FSC interviews virtual asset platform enterprises, jointly holds conferences with Anti-Money Laundering Office of the Executive Yuan, and conducts on-site visits to those firms.

Virtual currencies are not considered legal tender, and are highly speculative and rarely used to make payments, so they have been renamed virtual assets or crypto assets internationally. Recently, due to incidents such as the bankruptcy of overseas crypto exchanges, various countries and related international organizations have begun studying or even implementing supervisory regulations targeting virtual asset service providers (VASPs). Key points of the regulations include the following: custodianship of customer assets, transaction fairness and transparency, market integrity, management of conflicts of interest, and information disclosure. Regulatory frameworks are still evolving in various countries.

Considering the fact that international regulatory organizations and competent authorities in countries around the world continue to enhance the management of VASPs, the FSC will use the following methods as it moves forward in a methodical manner to ensure that domestic virtual asset platforms better protect customer interests.

1. Adopt a set of Guiding Principles: The FSC, following the provisions of the "Money Laundering Control Act" and referencing the principles of industry self-governance and information disclosure transparency, will soon adopt a set of "Guiding Principles for Regulation of Virtual Asset Service Providers (VASPs)." The Guiding Principles provide a management framework for VASPs to comply with on various aspects, including information disclosures, review procedures for product launches and withdrawals, separate custody of customer and VASP assets, transaction fairness and transparency, anti-money laundering, protection of customer (consumer) interests, cyber security, management of operating systems and cold/hot wallet, and institutional audits. The purpose of the Guiding Principles is to spur VASPs to improve customer protections, increase transaction transparency, and ensuring anti-money laundering measures are effectively implemented.
2. Promote VASP-related associations and organizations to adopt self-regulatory rules: After the abovementioned Guiding Principles are adopted, the FSC will require VASPs to promote industry self-regulation on the basis of the Guiding Principles. The FSC hopes that larger VASPs could lead smaller ones and guide the industry to strengthen internal controls, thereby enhancing customers' interests protection.
3. Cooperate with other central government agencies: Matters pertaining to crypto assets have to be addressed by multiple central government agencies, and cooperation among government agencies is necessary to strengthen the sophistication of VASP self-regulation and accumulate management experience. The FSC will continue collecting and observing the direction in which supervisory practices are developing in international organizations and competent authorities in other countries in order to formulate appropriate regulations.

Due to a string of illegal incidents on virtual assets trading platforms overseas, the FSC has emphasized that it will reference international regulatory trends and propose guiding principles of management frameworks for domestic VASPs to safeguard customer rights. In light of crypto assets are highly volatile and speculative in nature, the FSC strongly advises the public to carefully assess the associated risks when buying or selling virtual assets.

### ***FSC issues interpretive rule of Article 3, Paragraph 1, Subparagraph 8 of the "Regulations Governing Foreign Investments by Insurance Companies"***

The interpretive rule provides that insurers may conduct repurchase transactions or reverse repurchase transactions of foreign central government bonds, treasury bills, financial bonds issued or guaranteed by foreign banks, corporate bonds denominated in foreign currency issued by domestic companies, corporate bonds traded on foreign securities centralized trading markets or OTC markets, RMBS issued or guaranteed by Ginnie Mae, Fannie Mae, Freddie Mac, and international bonds, as allowed under the other investment items approved by the competent authority under Article 3, Paragraph 1, Subparagraph 8 of the "Regulations Governing Foreign Investments by Insurance

Companies," provided that they comply with relevant regulations.

### ***FSC issues interpretive rule of Article 146, Paragraph 1, Subparagraph 8 of the "Insurance Act"***

The interpretive rule provides that insurers may conduct repurchase transactions or reverse repurchase transactions of government bonds, financial bonds, commercial paper guaranteed by financial institutions and corporate bonds, as allowed under the other investment items approved by the competent authority under Article 146, Paragraph 1, Subparagraph 8 of the "Insurance Act", provided that they comply with relevant regulations.

### ***FSC amends "Directions for the Setting Aside of Foreign Exchange Valuation Reserves by Life Insurance Enterprises"***

To allow for more flexible use of foreign exchange reserves and achieve financial stability, enabling insurers to manage currency risk in a more flexible manner, thereby strengthening their solvency and financial soundness, the FSC, making reference to a suggestion put forward by the ROC Life Insurance Association, gathered a list of the currency risk hedging needs of Taiwan's life insurers and amended the abovementioned Directions. Key points of the amendments include the following: (1) the cap on the accumulation of foreign exchange reserves has been amended to be based on the net risk exposures of overseas investments, and the one-year currency VaR will be calculated based on a 95% confidence level; (2) the lower limit of offsetting has been revised to 6 times the average monthly fixed provisioning amounts over the previous five years; and (3) a new provision (write-off) mechanism has been established for traditional hedging costs, that is, when the average hedging cost for a 1-year NTD/USD currency swap transaction in the current month is lower (higher) than the historical average hedging cost rate, an insurer must carry out an extra provisioning (write-off), which is calculated by the following formula: the traditional hedging principal of current-month \* [(difference between the hedging cost rate and the historical average hedging cost rate) / 12] \* extra provisioning (write-off) rate of 25%.

### ***FSC allows foreign investors to use stocks listed on TWSE or TPEX as collateral for overseas investments***

To attract foreign investors to continue investing in Taiwan's stock markets, the FSC, acting in accordance with Article 21 of the "Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals," allows foreign investors to use stocks listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) as collateral for overseas investments. The FSC also oversaw efforts by the TWSE to draft the "Regulations Governing the Use of Domestic Securities as Collateral for Offshore Investment Activities by Overseas Chinese and Foreign Nationals," which was already filed to the FSC for recordation and scheduled to enter into force before the third quarter of 2023. In the future, if foreign investors need funds to engage in overseas investment activities, they will be able to use stocks listed on TWSE or TPEX as collateral to obtain funding without selling their holdings of Taiwan stocks. This arrangement helps to spur greater financial market liquidity, and strengthens the stability of securities markets.

## ***International Activities***

### ***FSC receives visit from EBRD Uzbekistan Delegation on 10 March 2023***

A European Bank for Reconstruction and Development (EBRD) Uzbekistan Delegation was warmly received by Ms. Brenda Hu, Director General of the FSC's Department of Planning on 10 March 2023 at the FinTech Space. The two sides broadly exchanged views on major financial issues such as fintech and green finance, and looked forward to further communication and cooperation.

### ***FSC signs MoU with the Ontario Securities Commission in Canada related to the Supervision of Qualified Central Counterparties***

In March 2023, the FSC signed a Memorandum of Understanding (MoU) with the Ontario Securities Commission (OSC), Canada, to establish cross-border supervisory cooperation with respect to the Taiwan Futures Exchange (TAIFEX) applying for Exempted Clearing Agency in Ontario. This agreement expands the scope of financial regulatory cooperation between Taiwan and Canada following the signing of the Fintech Cooperation Agreement between the FSC and the financial regulatory authorities of 8 provinces in the Canadian Securities Administrators (CSA) in June 2020. The MoU will deepen the linkages and cooperation between Taiwan and Canada and enhance the safety, efficiency, and competitiveness of Taiwan's financial market.

To attract foreign financial institutions to participate in the central

clearing business in Taiwan, the FSC has actively promoted the TAIFEX to apply for Qualified Central Counterparty (QCCP) from regulatory authorities in various countries. The MoU between the FSC and the OSC establishes a cooperative relationship for the financial supervision of cross-border clearing agencies, and it is expected to facilitate the OSC's recognition of TAIFEX's QCCP application in the future. Once the TAIFEX gets the exemption, Canadian financial institutions will be able to settle transactions through TAIFEX and enjoy preferential capital requirements, thereby effectively enhancing their capital efficiency.

In addition, the TAIFEX was recognized by the European Securities and Markets Authority (ESMA) as a third-country central counterparty (TC-CCP) on December 31st, 2022. On September 15th, 2022, TAIFEX was granted No-Action Relief by the U.S. Commodity Futures Trading Commission (CFTC) and has been seeking exemption from registration as a derivatives clearing organization (Exempt DCO) with the CFTC. Moreover, TAIFEX has applied to the UK regulatory authority for recognition as a non-UK CCP which is expected to increase the willingness of foreign investors to participate in Taiwan's financial market and boost market confidence.

The FSC will continue to strengthen its international financial regulatory cooperation network with regulatory authorities abroad to build a diverse, innovative, secure, and efficient capital market, attract foreign investment and enhance the international competitiveness and visibility of Taiwan's financial market.

### ***FSC signs memorandum of understanding (MOU) on information sharing with New York State Department of Financial Services***

The FSC recently signed an MoU on information sharing with the New York State Department of Financial Services (NYDFS). The MoU includes sharing and confidentiality of information related to financial examination, sanctions, licensing, regulatory responsibilities. The MOU with the NYDFS will strengthen the sharing of comprehensive financial regulatory information between the FSC and NYDFS, including the exchange of emerging financial issues such as financial technology, which has positive effects on deepening financial cooperation between both sides.

## ***Industry Updates***

### ***Results of FSC reviews of applications to establish internet-only insurance companies***

In response to the trend of digitization in financial services, and to promote the development of innovative insurance products and meet the diverse needs of consumers, the FSC accepted applications intending to establish internet-only non-life insurance companies from August to October 2022. There are two companies, the CTBC Insurance Internet-only Insurance Preparatory Office (hereinafter "CTBC Internet Insurance") and the Formosa Non-life Property Insurance Preparatory Office, submitted applications. The FSC, acting in accordance with the "Directions for the Establishment of Internet-only Insurance Companies Review Committee by the FSC," has invited six outside experts and scholars plus three FSC officials to form an initial review committee. The application of Formosa Non-life Property Insurance was rejected on 22 December 2022 for failure to meet legal requirements. As for the CTBC Insurance Internet-only Insurance, the FSC held six review committee meetings to examine the feasibility of its business model, the innovativeness of its insurance products, the appropriateness of its management mechanisms, and the eligibility of its proposed responsible person. The review committee has recognized the CTBC Internet Insurance introduced the value-added data of FinTech promoter, and innovated the marketing methods and service procedures of traditional products. However, considering the incompleteness of the stability and feasibility of the business model, the advantages and niches of product innovation need to be further developed and the rationality of financial forecasts need to be enhanced for the sustainability of operations. For these reasons, the committee proposed review opinions and jointly decided not to grant permission on the CTBC application.

The FSC's policy objective of allowing the establishment of internet-only insurance companies is to encourage the development of a new type of business model and the innovation of new types of products, rather than to compete with existing non-life insurance market. In the future, the FSC will continue to promote digitization in the insurance industry, and by the end of this year will re-evaluate the feasibility of allowing the applications for the establishment of internet-only insurance companies based on insurance market trends.

### ***FSC recognizes top performing insurers in promoting the program for improving insurance protection for the people, microinsurance business, and investments in the "five plus two" key innovative industries and public infrastructure projects***

To ensure that insurance properly fulfills its protection function and provides citizens with adequate life insurance coverage, and to encourage insurers to promote microinsurance business, the FSC has conducted the "Program for Improving Insurance Protection for the People" and "Directions for Insurance Companies to Engage in Microinsurance Business." For insurers that have performed well and met certain criteria, the incentive measures include a number of products that would normally be reviewed subject to prior approval rules are handled instead by use-and-file rules, the names of top-performing insurers would be periodically released, and priority review of related application. In addition, to encourage insurers to invest in domestic infrastructure projects and the "five plus two" key innovative industries, and to help stimulate domestic economic development, insurers that perform well in investments are also rewarded with a number of products which would be reviewed from prior approval rules to use-and-file rules. In 2022, 16 life insurance companies received rewards for outstanding performance in the conduct of "Program for Improving Insurance Protection for the People," as follows: Taiwan Life Insurance Co., Cathay Life Insurance Co., China Life Insurance Co., Nan Shan Life Insurance Co., Shin Kong Life Insurance Co., Mercuries Life Insurance Co., Hontai Life Insurance Co., Allianz Taiwan Life Insurance Company Ltd., First Life Insurance Co., BNP Paribas Cardif TCB Life Insurance Co., Taishin Life Insurance, TransGlobe Life Insurance Inc., Yuanta Life Insurance Co., Chubb Life Taiwan, AIA Taiwan, and Cardif Taiwan Inc. Another 7 life insurance companies were honored for their excellent conduct of microinsurance business, as follows: Bank Taiwan Life Insurance Co., Taiwan Life Insurance Co., Cathay Life Insurance Co., China Life Insurance Co., Nan Shan Life Insurance Co., Shin Kong Life Insurance Co., and Fubon Life Insurance Co. In addition, a total of 6 life insurance companies were recognized for outstanding performance in investing in domestic infrastructure and the "five plus two" key innovative industries, as follows: Taiwan Life Insurance Co., Cathay Life Insurance Co., China Life Insurance Co., Mercuries Life Insurance Co., TransGlobe Life Insurance, and Yuanta Life Insurance Co.

#### **NPL Ratio for Domestic Banks as of the End of March 2023**

The total outstanding loans extended by the current 39 domestic banks increased by NT\$290.5 billion (US\$9.54 billion) as compared to the figure of previous month and amounted to NT\$37.07 trillion (US\$1,217 billion) at the end of March 2023. Meanwhile, the NPLs of these banks totaled at NT\$56.88 billion (US\$1.87 billion) which decreased by NT\$2.1 billion (US\$0.07 billion) from NT\$58.98 billion (US\$1.94 billion) as of the end of the previous month. The average NPL ratio of the 39 banks fell to 0.15% down from 0.16% at the end of previous month, and was down by 0.01 percentage points compared to the same month last year. The coverage ratios of allowances for NPLs increased by 34.53 percentage points and therefore rose to a figure of 879.71% from 845.18% of the previous month. The asset quality of domestic banks continuously remained manageable according to the above figures as of the end of March 2023. The FSC will request banks to undertake measures to improve asset quality and financial structure on an ongoing basis.

#### **NPL situation of credit cooperatives at the end of March 2023**

Total NPLs at Taiwan's 23 credit cooperatives stood at approximately NT\$0.638 billion as of the end of March 2023, generating an NPL ratio of 0.11%, up by 0.01 percentage points from 0.1% at the end of February 2023. The NPL coverage ratio was 2,011.83%, down by 209.47 percentage points from 2,221.3% at the end of February 2023.

#### **Net foreign and mainland China investment in listed shares**

As of the end of March 2023, foreign investors in the year to date had bought around NT\$3,756.6 billion and sold around NT\$3,535.9 billion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-buy of around NT\$220.7 billion. In addition, foreign investors in the year to date had bought around NT\$752 billion and sold around NT\$723.8 billion worth of shares listed on the Taipei Exchange, amounting to a net-buy of around NT\$28.2 billion. Meanwhile, mainland China investors had bought around NT\$0.434 billion and sold around NT\$0.361 billion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-buy of about NT\$0.073 billion; and mainland China investors had bought NT\$0.111 billion and sold around NT\$0.111 billion worth of shares listed on the Taipei Exchange, amounting to a net-buy of around NT\$0. As for inward remittances by foreign and mainland China investors, the figure for cumulative net inward remittances by offshore foreign institutional investors, offshore overseas Chinese, and foreign nationals at the end of March 2023 stood at approximately US\$229.9 billion, up by around US\$3.9 billion from US\$226 billion at the end of February 2023. The figure for cumulative net inward remittances by mainland China investors was US\$0.0316 billion, down by roughly US\$0.0004 billion from US\$0.032 billion at the end of February 2023.

#### **Sales statistics of foreign-currency denominated products by life insurers as of the end of January 2023**

The sales statistics of foreign-currency denominated products by life insurers as of the end of January 2023 were as follows: premium revenues from new foreign-currency denominated policies amounted to around NT\$19.566 billion, down by 72% from NT\$69.298 billion year-on-year. Within these figures, investment-linked insurance products accounted for NT\$3.676 billion (around 19% of the total), down by 87% from NT\$27.737 billion year-on-year, and the sales of traditional insurance products totaled NT\$15.89 billion (around 81% of the total), down by 62% from NT\$41.561 billion year-on-year.

#### **Profit/loss, net value and exchange gains/losses of the insurance industry in February 2023**

The pre-tax profit of all insurance enterprises at the end of February 2023 was NT\$-25.4 billion, decreasing by NT\$123.6 billion or 125.9% compared to the previous year; the pre-tax profit of life insurance enterprises was NT\$-25.3 billion, decreasing by NT\$117.7 billion or 127.4% compared to the previous year, while the pre-tax loss of nonlife insurance enterprises was NT\$0.1 billion, decreasing by NT\$5.9 billion or 101.7% compared to the previous year.

The owners' equity of insurance enterprises at the end of February 2023 was NT\$1,865.4 billion, decreasing by NT\$532.9 billion or 22.2% compared to the previous year; the owners' equity of life insurance enterprises was NT\$1,795.4 billion, decreasing by NT\$445.2 billion or 19.9% compared to the previous year, while the owners' equity of nonlife insurance enterprises was NT\$70 billion, decreasing by NT\$87.7 billion or 55.6%.

As of the end of February 2023, the NT Dollar had appreciated by 0.75% against the US Dollar since the end of 2022, and the cumulative balance of the foreign exchange valuation reserve of life insurance enterprises was NT\$207.9 billion, decreasing by NT\$21 billion compared to the end of 2022. Meanwhile, the combined impact of exchange gains/losses, hedging gains/losses and the net effect of volatility on the foreign exchange valuation reserve of life insurance enterprises was NT\$-77.3 billion. Over the same period, the overseas investments of life insurers resulted in net gains (including exchange gains/losses and hedging gains/losses, but not including the net effect of volatility on the foreign exchange valuation reserve) of NT\$42.1 billion.

## **Investor and Consumer Protection**

#### **2023 Financial Literacy Campaign for the Campus and Community**

In the month of April 2023, the FSC held 101 activities at different locations, including the Hualien Campus of the Open College Affiliated with National Taipei University of Business, and various schools and other groups, as part of the 2023 Financial Literacy Campaign for the Campus and Community, attracting 6,930 participants. The Financial Literacy Campaign is free of charge, and has struck a chord with many people since its inception in 2006. As of the end of 2022, a total of 7,846 events had been held and over 1.14 million people had attended. The target participants include students at all levels, communities, women's groups, indigenous people, immigrants, military service personnel, correctional institutions, social welfare groups, senior citizens' groups, police, fire fighters, coast guard personnel, and taxi drivers. The Banking Bureau of the FSC will continue to promote the financial literacy campaign in 2023. Schools or community groups interested in the campaign are invited to register through the website of the Banking Bureau. For more information, please contact us at (02) 8968-9710.

## **Major Enforcement Actions**

#### **FSC imposes sanctions on Daniel Securities Investment Consulting, Co. Ltd.**

The FSC recently discovered a number of deficiencies involving mismanagement at Daniel Securities Investment Consulting, Co. (hereinafter referred to as DSIC), including the following: the operating bond of DSIC is less than the amount that should be lodged in accordance with the applicable laws and regulations; DSIC's 2021 financial report indicated that its assets are insufficient to settle liabilities; DSIC is a repeat offender for it has relocated its business multiple times without permission from the FSC, and the personnel allocation is not in accordance with the regulations. The FSC revoked DSIC's business license in accordance with the provisions of Article 103, Subparagraph 5 of the "Securities Investment Trust and Consulting Act" and Article 8, Paragraph 5 of the "Regulations Governing Securities Investment Consulting Enterprises" as DSIC is manifestly incapable of conducting sound business.