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Policy and Law

Regulations Governing Financial Holding Companies' Distribution of Cash to Shareholders with Legal Reserve or Capital Reserve

In order to strengthen the capital and financial structure of financial holding companies, the Financial Supervisory Commission (FSC) issued the "Regulations Governing Financial Holding Companies' Distribution of Cash to Shareholders with Legal Reserve or Capital Reserve" on 22 January 2024. The Regulation expressly provides that when a financial holding company intends to distribute cash to shareholders with reserves, it must meet certain financial conditions, its board of directors must prudently evaluate the necessity and suitability of the cash distribution plan, which must be submitted to the FSC for approval before the company's shareholders' meeting.

FSC amends "Regulations Governing the Declaration of Acquisition of Shares in Accordance with Article 43-1, Paragraph 1 of the Securities and Exchange Act"

In response to an amendment to Article 43-1 and Article 183 of the "Securities and Exchange Act" promulgated on 10 May 2023, (which lowers the threshold for declaration and public disclosure of substantial shareholding from 10% to 5% and will take effect one year after promulgation), and in order to improve reporting efficiency and regulatory effectiveness, the FSC amended the aforementioned Regulations, adjusting relevant measures on 30 January 2024. The key points of the amended provisions are as follows:

1. The threshold for declaration and public disclosure of substantial shareholding is lowered from 10% to 5% in response to the amendment to Article 43-1 of the "Securities and Exchange Act".
2. An acquirer is currently required to make a public disclosure on the Market Observation Post System (MOPS) website and submit a written declaration form to the Competent Authority. To implement energy conservation and carbon reduction and improve reporting efficiency, the FSC plans to maintain the current public disclosure method and require acquirers to upload a file of the declaration form to the MOPS website instead of submitting a written declaration form. The MOPS will then notify the acquiree company as well as the Taiwan Stock Exchange Corporation (TWSE) or the Taipei Exchange (TPEX).
3. If the acquirer is a pension or insurance fund managed by the government, it is different from general acquirers since it shoulders the mission of related policies and is highly related to public welfare. Hence, the special reporting system of filing a declaration and making a public disclosure every six months is applicable to such acquirers, and the list of matters that must be reported has been simplified.
4. To improve supervisory efficiency and the quality of information disclosure, the amendment expressly states that the FSC may commission the TWSE and the TPEX to handle declarations and public disclosures made by acquirers in accordance with the Regulations.
5. To ensure the transparency of company shareholdings and legal certainty, the amendment expressly states that if an acquirer (including pension and insurance funds managed by the government) acquires more than 5% but not more than 10% of any public company's total issued shares before the enforcement date of the amendment and continues to hold the shares until the enforcement date of the amendment, the acquirer shall file an initial declaration and make a public disclosure within 10 days after the enforcement date of the amendment. Considering the burden of declaration and the benefits of disclosing shareholding information, the matters to be specified in the initial declaration and public disclosure are simplified.

FSC amends the formula for insurers' calculation of adjusted net capital and risk-based capital

The FSC has developed a new-generation insurance solvency regime, which is built on the concepts and principals of the Insurance Capital Standard (ICS) 2.0 issued by the International

Association of Insurance Supervisors (IAIS). To facilitate the efforts of insurers to adopt the international RBC measurement scheme in 2026, and considering that the overall framework and calculation standard of ICS 2.0 both differ somewhat from those of the current risk-based capital (RBC) system, until the new system has been implemented the FSC is taking a gradual approach toward aligning with international practices. The following are some of adjustments made in 2023: (1) beginning from 31 December 2023, when an insurer calculates its RBC ratio, its adjusted net capital must be divided into Tier 1 Unlimited (T1U), Tier 1 Limited (T1L), and Tier 2 (T2); (2) the risk factors for domestic private equity funds and venture capital funds have been adjusted, such that when a fund is simultaneously invested in domestic infrastructure projects a risk factor of 10.18% will be applied to the fund, and a risk factor of 17.25% will be applied to any fund that is 100% invested in domestic infrastructure projects, the "five plus two" innovative industries, and/or the Six Core Strategic Industries. In addition, a currency risk of 6.61% is additionally applied to any domestic private equity fund that is partially invested overseas.

FSC seeks public feedback on draft guidelines regarding the use of AI in the financial industry

In order to encourage financial institutions to harness technology effectively with responsible innovation at its core and to employ trustworthy artificial intelligence (AI) in the development of financial services that better meet public needs, the FSC formulated a draft document based on the "Core Principles and Policies for AI Applications in the Financial Industry" published on 17 October 2023. This draft document was prepared by referencing AI guidelines issued by financial regulators of major countries and international organizations and is titled "Guidelines for AI Applications in the Financial Industry" (hereinafter referred to as the draft Guidelines). The FSC published this draft on the public policy participation platform "JOIN" on 28 December 2023 to solicit public feedback for 60 days.

The draft Guidelines mainly consist of "General Provisions" and six main chapters. The "General Provisions" section primarily outlines common considerations such as AI-related definitions, the AI system life cycle, risk assessment frameworks, a risk-based approach to implementation of the core principles, and the supervision of third-party entities. The six main chapters respectively illustrate recommended measures for implementing the six core principles in the financial industry based on the assessed risks in the AI life cycle. Each chapter includes the purpose, key concepts, relevant considerations for each principle, and suggested approaches or measures for implementation.

To further refine and align the draft Guidelines with practical operations, they have been released on the "JOIN" platform (URL: <https://join.gov.tw/policies/detail/e13470d6-2ee3-4cab-948e-1b5503db4a98>) to gather extensive public feedback for 60 days. After this feedback has been considered, the finalized version will be officially released for financial institutions to comply with.

FSC expands the scope of securities and futures enterprises required to appoint a chief information security officer

Considering the growing importance of cyber defense at securities and futures enterprises to their overall business operations, the FSC is acting in line with the Financial Cyber Security Action Plan 2.0 by working to require more securities firms, futures commission merchants, securities investment trust enterprises (SITEs), and securities investment consulting enterprises (SICEs) to appoint a chief information security officer (CISO). Thus, the FSC on 4 January 2024 issued an interpretive rule that requires the following types of enterprises to appoint a CISO for overseeing and enforcing cyber security policy: (a) securities firms that have paid-in capital of NT\$4 billion or more OR where electronically placed orders reach a certain percentage of total orders; (b) futures commission merchants that have paid-in capital of NT\$1 billion or more AND where electronically placed orders reach a certain percentage of total orders; (c) SITEs that have average monthly onshore and offshore managed assets of NT\$500 billion or more in the preceding fiscal year; and (d) SICEs that provide discretionary investment services.

FSC amends Articles 2 and 8 of "Standards Governing Eligibility of Securities for Margin Purchase and Short Sale"

In order to improve the capital raising environment on the Taiwan Innovation Board (TIB), the FSC has overseen an effort by the Taiwan Stock Exchange Corporation to develop a number of measures related to the TIB, including allowing margin trading of TIB-listed shares. Toward this end, the FSC amended Articles 2 and 8 of the "Standards Governing Eligibility of Securities for Margin Purchase and Short Sale" on 28 December 2023. The amendment entered into force on 1 January 2024, and the key points of the amended provisions are the following:

1. The same standards governing eligibility of securities for margin purchase and short sale that apply to TWSE-listed shares will now be

applied to TIB-listed shares: Common shares listed on the TIB will be included in the margin trading target, subject to the same standards that apply to margin purchase and short sale of TWSE-listed shares.

2. Standards governing ongoing eligibility for margin purchase and short sale after TIB-listed shares have been reclassified as TWSE-listed shares: To ensure that TIB-listed shares will continue to be eligible for margin purchase and short sale after they have been reclassified as TWSE-listed shares, they will be subject to the same standards governing eligibility of TPEX-listed shares that have been reclassified as TWSE-listed shares. Except where equity ownership is overly concentrated, such reclassified shares will continue to be eligible for margin purchase and short sale transactions.

FSC amends "Regulations Governing the Public Offering of Securities Investment Trust Funds by Securities Investment Trust Enterprises" and "Regulations Governing Offshore Funds"

In view of the fact that domestic and offshore funds in recent years have been increasing in number, and their total assets under management have been growing, the FSC has drawn up a plan to carry out a phased outsourcing of pre-launch reviews of funds to relevant financial peripheral institutions. The details of the plan are based on comprehensive considerations regarding the state of development of Taiwan's financial markets, the needs of financial services firms, and the interests of investors. On 14 December 2023, the FSC amended the "Regulations Governing Offshore Funds" as well as Article 3-1 of the "Regulations Governing the Public Offering of Securities Investment Trust Funds by Securities Investment Trust Enterprises." Key points of the amended provisions are as follows:

1. Outsourcing of pre-launch reviews of domestic and offshore funds to relevant financial peripheral institutions: Newly added provisions allow the FSC to commission the Taiwan Stock Exchange, the Taipei Stock Exchange, or the Taiwan Depository & Clearing Corporation to review a SITE fund's public offering, follow-on offering, or extended offering, and the FSC may also commission the Taiwan Depository & Clearing Corporation to review the offering and sale of an offshore fund.
2. In addition to the current approval system, qualified offshore funds may also undergo pre-launch review subject to effective registration rules: Newly added provisions state that when an offshore fund undergoes pre-launch review subject to an effective registration system, the registration will become effective 45 business days after its filing unless the registration documents are incomplete and need to be supplemented, and the FSC suspends the effectiveness of its registration. In addition, in coordination with the new provisions, the FSC intends to amend the content of the "Plan to Encourage Stronger Business Ties in Taiwan for Offshore Funds" so that an offshore fund institution approved by the FSC in accordance with the plan may seek to launch a fund in Taiwan subject to effective registration system.
3. As for the eligibility requirements for a bank that intends to serve as a sub-distributor for an offshore fund, considering a bank's financial risks are already subject to the provisions of the "Regulations Governing the Capital Adequacy and Capital Category of Banks," the amended Regulations therefore allow banks to use capital adequacy as the financial requirement for serving as a fund sub-distributor.

FSC amends "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises," "Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises," "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms," "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," "Regulations for the Accounting Arrangement and Procedure of Submitting Business and Financial Reports of Compulsory Automobile Liability Insurance," "Regulations Governing Public Disclosure of Information by Non-life Insurance Enterprises," and "Regulations Governing Public Disclosure of Information by Life Insurance Enterprises"

In preparation for the plan to have insurers adopt IFRS 17 in 2026, the FSC amended the "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises," "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," "Regulations for the Accounting Arrangement and Procedure of Submitting Business and Financial Reports of Compulsory Automobile Liability Insurance," "Regulations Governing Public Disclosure of

Information by Life Insurance Enterprises," and "Regulations Governing Public Disclosure of Information by Non-life Insurance Enterprises" on 29 December 2023, the "Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises" on 27 December 2023, and the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" on 26 December 2023. The purpose of the amendments was to revise legal requirements governing the setting aside of various reserves and matters that must be disclosed.

FSC announces the indicators of the 2nd sustainable finance evaluation

In order to strengthen the ability of financial institutions to respond to climate change risks and achieve ESG goals, and to guide consumers, investors, and physical industries to recognize the importance of sustainable development, the FSC on 8 January 2024 announced the 2nd (2024) sustainable finance evaluation indicators. The evaluation methods and scoring procedures of 2nd evaluation are in principle the same as those of 1st evaluation. The main differences include the following:

1. A wider scope of institutions are subject to evaluations: In addition to the institutions subject to evaluations in the 1st evaluation, 14 securities firms that are subsidiaries of TWSE-listed and TPEX-listed financial holding companies, and 5 SITEs with NT\$600 billion or more in assets under management, and three TWSE-listed insurers will additionally be subject to the 2nd evaluations. In all, there are now 79 financial institutions subject to evaluations (including 34 banks, 23 securities firms, five SITEs, nine non-life insurers, and eight life insurers).
2. Adjust indicator weightings and dimensions: The indicators of 2nd evaluation continue to use the originally adopted "sustainable finance composite indicator" and the three separate single-category indicators for environmental (E), social (S), and governance (G) issues, but the weightings have been adjusted to 25% for each of these four dimensions, and to the "sustainable finance composite indicator" there has been added a "innovative business model" aspect.
3. Indicators have been simplified and reduced in number: The indicators of 2nd evaluation were developed with reference to the opinions of financial services firms. After incorporating certain indicator topics, they were simplified into 111 bank indicators, 113 securities firm indicators, and 107 insurance enterprise indicators.
4. Emerging sustainability topics have been added: These include prevention of financial scams, support of domestic cultural activities and industries, the Taiwan Sustainable Taxonomy, the Taskforce on Nature-related Financial Disclosures (TNFD), investments in and financing of key and strategic industries, and friendly workplaces.

The 2nd sustainable finance evaluations are scheduled to begin in mid-April, to be carried out by the Sustainable Finance Evaluation Committee, a team composed of personnel from the FSC, the Taiwan Financial Services Roundtable, related peripheral institutions, and specially retained experts and scholars. The Committee will evaluate the 2023 disclosures (e.g. annual reports, corporate websites, sustainability reports) of all evaluated firms as well as the documentation provided in support. It will also review any significant supervisory deficiencies and significant negative news reports on evaluated firms during the period from end December 2023 to end December 2024 and deduct points as appropriate. Based on the scores awarded, the FSC intends to announce (by the end of December 2024) the list of top 20% of the evaluated firms in each sector, but the exact rankings will not be revealed.

Industry Updates

Results of 1st Sustainable Finance Evaluation announced

On 26 December 2023, the Taiwan Academy of Banking and Finance, Securities and Futures Institute, Taiwan Insurance Institute, and FSC announced the results of the 1st Sustainable Finance Evaluation, including the names of the banks, securities firms, and insurance companies that ranked among the top 20% of the evaluated financial institutions. A total of seven banks (Yuanta Bank, CTBC Bank, E.Sun Commercial Bank, Taipei Fubon Bank, First Commercial Bank, Cathay United Bank, Chang Hwa Bank), two securities firms (Horizon Securities, President Securities), and three insurers (Nan Shan Life Insurance, Cathay Life Insurance, Fubon Life Insurance) finished in the top 20%. A ceremony to announce the results of the 1st Sustainable Finance Evaluation will be held in February 2024 to provide positive recognition to the top performers.

The indicators for the 1st Sustainable Finance Evaluation, which

were announced in December 2022, include a "sustainable finance composite indicator" (10% weighting) as well as indicators for environmental (E, 30% weighting), social (S, 30% weighting), and governance (G, 30% weighting) issues. A total of 34 banks, 9 securities firms, 8 life insurers, 5 non-life insurers, and 1 reinsurer (57 financial institutions in all) were evaluated in 2023, as follows: all domestic banks (except for Eximbank Taiwan and internet-only banks); securities firms that are listed on the TWSE or TPEX, and those are not subsidiaries of a financial group with share capital of NT\$5 billion or more; non-life insurers that rank among the top 5 by assets; and life insurers and domestic reinsurers with assets of NT\$1 trillion or more.

Not all financial institutions were covered in the 1st Sustainable Finance Evaluation. Also, firms in different financial sectors conduct different types of business and the applicable evaluation topics vary in number and content. Therefore, the firms in different financial sectors cannot always be directly compared. In the future, the entities in charge of the evaluation will continue referring to international ESG trends and the state of ESG implementation in Taiwan as they engage in ongoing adjustments of the sustainable finance evaluation framework and indicators.

FSC approves the first-ever application for a cross-industry cooperation trial

To encourage innovative development of insurance enterprises, the FSC allows insurers and fintech enterprises to develop innovative insurance products, services, and procedures on a trial basis, and has now approved an application by an insurance company and a telecommunications firm to engage in trial cooperation to develop innovative services and procedures. When users of the telecommunications firm apply to use its international roaming service or to take part in hiking or maritime activities, they can directly use the firm's app to purchase travel insurance, comprehensive hiking insurance, or comprehensive insurance for marine activities, and to use mobile bill payment to complete the entire insurance purchase in a one-stop process that yields a huge time savings and contributes to the establishment of an online insurance ecosystem.

NPL Ratio for Domestic Banks as of the End of December 2023

The total outstanding loans extended by the current 38 domestic banks increased by NT\$236.5billion (US\$7.69billion) as compared to the figure of previous month and amounted to NT\$38.47trillion (US\$1,252billion) at the end of December 2023. Meanwhile, the NPLs of these banks totaled at NT\$54.94billion (US\$1.79billion) which decreased by NT\$3.92billion (US\$0.13billion) from NT\$58.87billion (US\$1.92billion) as of the end of the previous month. The average NPL ratio of the 38 banks fell to 0.14% down from 0.15% 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 76.48 percentage points and therefore rose to a figure of 968.74% from 892.26% of the previous month. The asset quality of domestic banks continuously remained manageable according to the above figures as of the end of December 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 December 2023

Total NPLs at Taiwan's 23 credit cooperatives stood at approximately NT\$0.504 billion as of the end of December 2023, generating an NPL ratio of 0.08%, down by 0.02 percentage points from 0.10% at the end of November 2023. The NPL coverage ratio was 2,780.67%, up by 387.07 percentage points from 2,393.60% at the end of November 2023.

Net foreign and mainland China investment in listed shares

As of the end of December 2023, foreign investors in the year to date had bought around NT\$20.8317 trillion and sold around NT\$20.583 trillion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-buy of around NT\$248.7 billion. In addition, foreign investors in the year to date had bought around NT\$3.7139 trillion and sold around NT\$3.7848 trillion worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT\$70.9 billion. Meanwhile, mainland China investors had bought around NT\$2.318 billion and sold around NT\$2.053 billion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-buy of about NT\$0.265 billion; and mainland China investors had bought NT\$0.652 billion and sold around NT\$0.908 billion worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT\$0.256 billion. 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 December 2023 stood at approximately US\$245.5 billion, up by around US\$8.7 billion from US\$236.8 billion at the end of November 2023. The figure for cumulative net inward remittances by mainland China investors was US\$0.0405 billion, up by roughly US\$0.0004 billion from US\$0.0401 billion at the end of November 2023.

Sales statistics of foreign-currency denominated products by life insurance industry as of the end of October 2023

The sales statistics of foreign-currency denominated products by the life insurance industry as of the end of October 2023 were as follows: premium revenues from new foreign-currency denominated policies amounted to around NT\$225.336 billion, down by 42% from NT\$389.671 billion year-on-year. Within these figures, investment-linked insurance products accounted for NT\$58.354 billion (around 26% of the total), down by 52% from NT\$121.796 billion year-on-year, and the sales of traditional insurance products totaled NT\$166.982 billion (around 74% of the total), down by 38% from NT\$267.875 billion year-on-year.

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

The pre-tax profit of all insurance enterprises at the end of November 2023 was NT\$129.1 billion, up by NT\$67.3 billion or 108.9% from the previous year; the pre-tax profit of life insurance enterprises was NT\$113 billion, down by NT\$103.1 billion or 47.7% from the previous year, while the pre-tax profit of non-life insurance enterprises was NT\$16.1 billion, up by NT\$170.4 billion or 110.4% from the previous year.

The owners' equity of insurance enterprises at the end of November 2023 was NT\$2,223.5 billion, up by NT\$462.3 billion or 26.2% from the previous year; the owners' equity of life insurance enterprises was NT\$2,097.1 billion, up by NT\$401.8 billion or 23.7% from the previous year, while the owners' equity of non-life insurance enterprises was NT\$126.4 billion, up by NT\$60.5 billion or 91.8%.

As of the end of November 2023, the NT Dollar had depreciated by 1.77% 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\$128.6 billion, down by NT\$100.3 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\$-171.2 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\$540.9 billion.

Investor and Consumer Protection

Financial institutions find success in limiting dummy accounts and preventing scams

Acting under the oversight of the Executive Yuan and in line with the government's "Next-Generation Anti-Fraud Strategy Guidelines, version 1.5," the FSC has urged financial institutions to implement various fraud prevention measures that, in addition to effectively curbing the growth of the number of watch-listed accounts, have also achieved the following significant results:

1. Asking confirmation questions at service counters to protect walk-in customers from fraud: From January through October of 2023, service counter personnel at financial institutions asked confirmation questions that led to the foiling of 9,093 scams involving a total of NT\$6.2 billion. This has far exceeded the total numbers of 7,979 intercepted fraud cases in 2022 that involved a total of NT\$4.2 billion. Over the past two years combined, scams involving a total of more than NT\$10 billion have thus been prevented.
2. Cooperation between financial institutions and law enforcement, and better ability to detect risks: The FSC has asked banks and law enforcement authorities to cooperate more closely by analyzing signs of possible criminal activity and incorporating them into 30 types of unusual transaction to be monitored for at service counters and automated equipment. To address the risk of offshore scams, an "Early Warning Mechanism for Suspicious Overseas Financial Accounts" was adopted by financial institutions in August 2022. Up to September of 2023, this system successfully intercepted 216 cases of fraudulent cross-border remittances, involving a total amount of NT\$185 million.
3. Adoption of high-tech anti-fraud techniques, and use of AI to assist inspections of suspicious accounts: The FSC has instructed banks to use technology to prevent fraud, to respond to different crime typologies and emerging unusual transaction typologies, and to dynamically adjust the "mechanism for information system-assisted inspections of unusual transactions involving deposit accounts" in

order to better prevent scams. Domestic banks recently joined the Eagle Eye Anti-Fraud Alliance, and some banks have adopted AI technology to detect suspicious accounts.

4. Use of legislative action to cut off fraudulent investment advertising at the source: In 2023, the President promulgated the amendments of "Securities Investment Trust and Consulting Act". Through the following five key measures, the amendments aim to cut off investment fraud advertising at the source: (1) platform operators are held accountable; (2) platform operators' liability for damages is expressly defined; (3) review and recall measures are strengthened; (4) advertisers are required to register their real names; (5) activities in which enterprises without a charter are not allowed to engage are listed.
5. Stronger regulation of virtual asset service providers (VASPs): The FSC has already issued the "Guiding Principles on the Management of Virtual Asset Service Providers." The Guiding Principles aim to strengthen customer protection through four main measures, as follows: transaction information transparency; segregated custody of customer assets; regulation of platform operators' internal controls; and external expert assistance. In addition, platform operators are also required to promote self-disciplinary rules, guide large enterprises to lead smaller ones, strengthen internal control mechanisms, and reduce fraudulent activities.
6. Stronger control of virtual accounts of third-party payment service providers: To prevent the members of third-party payment services from making improper use of virtual accounts, the FSC in 2022 requested the Bankers Association of the Republic of China to collect a list of unusual transaction patterns that suggest possible illegality or show clear signs of irregularity, and provided them to member banks so they could incorporate them into early warning indicators or address them in their internal operating rules. Then in the first half of 2023 the FSC again adopted a set of strengthened customer due diligence measures that banks are required to implement before providing virtual account services. Also, to align with the certification system for third-party payment service providers recently launched by the Ministry of Digital Affairs, the FSC notified financial institutions that if an uncertified third-party payment service provider applied to open a new account, the application would have to be denied, and third-party payment service providers with existing accounts that were not certified would have to obtain certificate by 31 December 2023, otherwise virtual account services could no longer be provided. In this manner, through inter-ministerial collaboration, and by means of cooperation between the public and private sectors, control of virtual accounts has been strengthened.

2024 Financial Literacy Campaign for the Campus and Community

During the year 2023, the FSC held a total of 663 activities as part of the 2023 Financial Literacy Campaign for the Campus and Community, attracting 47,064 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 2023, a total of 8,509 events had been held and over 1.19 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 2024. Schools or community groups interested in the campaign are invited to register on the website of the Banking Bureau. For more information, please contact us at (02) 8968-9708.

Major Enforcement Actions

FSC imposes fine on Taiwan Shin Kong Commercial Bank

The FSC recently discovered that a former wealth management supervisor at Taiwan Shin Kong Commercial Bank had misappropriated customers' funds and engaged in improper fund transactions with customers. The improprieties showed that the bank, in its handling of deposit and remittance procedures and its monitoring and control of wealth managers, had failed to properly establish and sufficiently implement internal controls. These problems were found to constitute violations of Article 3, paragraph 1 and Article 8, paragraphs 1 and 3 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," which were issued upon the authority of Article 45-1, paragraph 1 of the "Banking Act." The FSC therefore imposed an administrative fine of NT\$8 million upon the Bank in accordance with Article 129, subparagraph 7 of the "Banking Act."