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- FSC launches "Virtual Asset Custodianship" business trial program, begins accepting applications from 1 January 2025
- FSC amends "Regulations Governing Securities Investment Trust Funds," "Regulations Governing Information to be Published in Prospectuses by Securities Investment Trust Enterprises Offering Securities Investment Trust Funds," and "Standards Governing Eligibility of Securities for Margin Purchase and Short Sale"

Policy and Law

FSC allows banks to accept foreign-currency financial assets provided by high-asset customers as collateral for foreign-currency credit business

To promote Taiwan's development into an Asian asset management center while pursuing a policy aimed at retaining local capital and attracting new funds from overseas, the Financial Supervisory Commission (FSC) has accelerated implementation of the Private Banking Business Project. On 5 December 2024 it began allowing banks to process asset management business for high-asset customers to extend foreign-currency credit business secured by foreign bonds, offshore structured products, or structured bonds denominated in foreign-currencies held by high-asset customers (hereinafter referred to as the Regulations). This business provides high-asset customers with a more diverse array of financing instruments, thus allowing greater flexibility and liquidity in how they utilize their assets.

The FSC had previously allowed banks to conduct the business of pledging on the beneficial rights of self-benefit non-discretionary money trust. The deregulation mainly expands the scope to include foreign-currency financial assets that are not invested through trust structures. The key aspects of the Regulations are as follows:

1. This business may only be conducted by banks that have received approval to conduct high-asset business for high-asset customers, and the only customers that may be accepted are high-asset customers.
2. Eligible foreign-currency financial assets for collateral under the Regulations include:
 - (1) Foreign bonds (including government bonds, corporate bonds, and financial bonds) where the ratings of issuers, guarantors, or bonds meet or exceed the requirement specified in Article 10, subparagraph 7 of the "Regulations Governing the Scope of Business, Restrictions on Transfer of Beneficiary Rights, Risk Disclosure, Marketing, and Conclusion of Contract by Trust Enterprises" (i.e. a rating of BB or higher).
 - (2) Principal-guaranteed offshore structured products or structured bonds denominated in foreign currencies, where the ratings of issuers, guarantors, or products meet or exceed the requirement specified in Article 17, paragraph 1, subparagraph 1 of the "Regulations Governing Offshore Structured Products" (i.e. rating of BBB or higher).
3. Banks conducting this business must reach agreement with high-asset customers that the funds obtained by pledging cannot be exchanged for New Taiwan Dollars. Additionally, high-asset customers must provide a statement detailing the intended use of the funds, along with relevant supporting documents at the time of pledging.
4. Banks shall not use foreign-currency denominated bonds or offshore structured products issued by their own institutions, including overseas branches, holding companies, parent banks, head offices, or overseas group affiliates as eligible collateral for secured credit. However, such items may be used as collateral to secure the bank's right of claim.

The FSC stated that banks must pay close attention to risk control and market conditions when conducting this business. Banks must prudently assess the loan ratio according to their internal credit policies, and implement post-loan monitoring and control to ensure that the actual flow of funds is consistent with the purpose of the loan. Banks may commence this business without filing additional applications after finalizing related internal regulations.

The promulgation of the Regulations will meet the fund management and asset activation needs of high-asset customers, and can accelerate the promotion of asset management business. The FSC will continue paying close attention to the implementation of this business, and will act in a timely manner to study the possibility of further deregulation in order to build up the asset management business in Taiwan and spur the stable development of the financial sector.

FSC amends the "Regulations Governing Small Amount Remittance Services for Foreign Migrant Workers"

The FSC issued an amended version of the "Regulations Governing Small Amount Remittance Services for Foreign Migrant Workers" on 4 December 2024. Key points of the amended provisions are as follows:

1. New positive qualification requirements for the responsible persons of foreign migrant worker

remittance companies have been added, and existing negative qualification requirements for such responsible persons have been amended.

- Documentation required to be submitted when applying to conduct small amount remittance services for foreign migrant workers has been added.
- Under the pre-amendment provisions, when a foreign migrant worker remittance company provided foreign migrant workers with remittance services, the cumulative annual remittances of a foreign migrant could not exceed NT\$400,000. This maximum cumulative amount has now been raised to NT\$500,000.

FSC launches "Virtual Asset Custodianship" business trial program, begins accepting applications from 1 January 2025

On 28 November 2024, the FSC launched a "Virtual Asset Custodianship" business trial program, issued introductory materials and a related FAQ, and began accepting applications from prospective program participants beginning from 1 January 2025 in hopes of spurring financial institutions to develop secure and reliable virtual asset custodian services, and to support domestic financial sector innovation. Enterprises wishing to take part in the "Virtual Asset Custodianship" business trial program may contact the FSC to request advisory assistance, and may file an application to conduct a business trial during the acceptance period (1 January 2025 – 30 April 2025). After the FSC finishes reviewing applications, it will publicly announce a list of successful applicants. The results and experience gained from this business trial program will serve as reference for the FSC moving forward as it adopts related regulations and policies.

FSC decides to allow centralized securities depository enterprises to adopt eCounter system to conduct shareholder services

In line with an amendment to the "Electronic Signatures Act," the FSC is promoting digitalization of shareholder services in Taiwan. To this end, the FSC on 25 October 2024 issued an order permitting the Taiwan Depository and Clearing Corporation to conduct "transmission of shareholder information involving shareholders of public companies that use PC internet browsers to apply for shareholder account openings and changes to basic shareholder information," to assist with establishing a data transmission platform that will allow shareholders of public companies to communicate digitally with said public companies or their shareholder services units online for shareholder services. This is part of an ongoing effort to push Taiwan's securities markets to realize a digital transformation and achieve the goal of net-zero emissions by 2050. The FSC aims to promote digital financial technology to help enterprises conserve energy and reduce carbon emissions and to advance toward the goal of sustainable development.

FSC okays interlocking directors and supervisors at SICES and securities firms

To accommodate the business needs of enterprises, the FSC on 11 December 2024 issued an order to the effect that it will allow a chairperson at a securities investment consulting enterprise (SICE) or securities firm cross-invested in or subsidiary to the same financial holding company to be a director or a supervisor of the other company so long as the directors or supervisors concerned are not executive officers or associated persons and do not serve concurrently as chairperson of the other company. In line with a 25 October 2024 amendment by the FSC to Article 2 of the "Regulations Governing Securities Investment Consulting Enterprises," the aforementioned order requires a SICE to include provisions in its internal management system or internal control system regarding avoidance of conflict of interest among its personnel.

FSC amends "Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises"

To enable securities investment trust enterprises (SITES) and securities investment consulting enterprises (SICES) to invest customers' investment assets more flexibly, encourage more domestic and overseas institutions to place funds with discretionary investment accounts managed by domestic SITES and SICES, and expand the domestic asset management industry, the FSC on 24 December 2024 amended Article 17 of the "Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises" by eliminating the following provision: "The aggregate investment on behalf of all discretionary investment accounts in the shares of stock of any single company may not exceed 10 percent of the total number of shares issued by that company."

FSC amends "Regulations Governing Securities Investment Trust Funds," "Regulations Governing Information to be Published in Prospectuses by Securities Investment Trust Enterprises Offering Securities Investment Trust Funds," and "Standards Governing Eligibility of Securities for Margin Purchase and Short Sale"

To promote the development of the asset management market in Taiwan, introduce more diversified financial products, and provide investors with a more diverse range of products to choose from, the FSC amended the aforementioned regulations and standards on 25 December 2024. The amended provisions allow for new types of active ETFs and set out new requirements that must be observed. They also allow for the component securities of a tracking index of a passive ETF to simultaneously include both stocks and bonds. Also, in order to be in line with an amendment to Article 156 of the "Company Act," the FSC amended the "Standards Governing Eligibility of Securities for Margin Purchase and Short Sale" to set out provisions governing margin purchase and short sale transactions of listed shares with no par value or a par value other than NT\$10 per share.

FSC amends "Regulations Governing CPA Continuing Professional Education"

To enhance the self-regulatory performance of Taiwan's CPAs and spur them to align more closely with international practices, and to come into line with amendments to related legislation and the framework within which CPAs provide audits and related services, the FSC on 9 December 2024 amended the "Regulations Governing CPA Continuing Professional Education." In addition to diversifying channels for continuing professional education focusing on anti-money laundering, the amended regulations also require that CPAs, beginning from 1 January 2025, attend at least three hours of professional training on the Code of Ethics for Professional Accountants every two years.

FSC amends "Directions for Operation Outsourcing by Insurance Enterprises"

The FSC amended the "Directions for Operation Outsourcing by Insurance Enterprises" ("the Directions") on 6 November 2024 to come into line with an amendment to Article 5 of the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises," which is quoted in the Directions. In addition, some of the subparagraphs under Point 3, paragraph 1 of the Directions have been renumbered.

FSC amends "Directions for Insurance Companies to Engage in Concluding Distance Insurance Contracts and Providing Insurance Services"

The abbreviation for the "Financial Fast Identity Online" mechanism has recently been changed from "Financial FIDO" to "Financial Fast-ID." To reflect this change, the FSC has amended the abovementioned Directions to allow insurers to use Fast-ID to conduct identity verification. The FSC also amended the "Operation Directions Governing Applications by Insurance Enterprises for the Approval of Business Trials" on 9 July 2024 and renamed them the "Operation Directions Governing Applications by Insurance Enterprises, Insurance Agents, and Insurance Brokers for the Approval of Business Trials." The renamed Operation Directions were subsequently repealed and replaced by the "Operation Directions for Financial Institutions Applying for Business Trials." And to come into line with an adjustment to the signature system, the FSC amended the "Directions for Insurance Companies to Engage in Concluding Distance Insurance Contracts and Providing Insurance Services."

International Activities

Taiwan and Lithuania Sign MoU to Cooperate in Financial Innovation

Ms. Constance H. Wang, Representative of the Taiwanese Representative Office in Lithuania, and Mr. Paulius Lukauskas, Representative of the Lithuanian Trade Representative Office, jointly signed on 30 December 2024 in Vilnius, Lithuania, the Memorandum of Understanding (MoU) on Cooperation in the Field of Innovation in Financial Services, further enhancing cooperation and the exchange of experiences and information on various issues related to financial services innovation. The FSC will continue to network and promote Fintech cooperation with competent financial authorities through both bilateral and multilateral channels.

Industry Update

FSC Chairperson Peng and financial industry representatives visit Kaohsiung asset management hub

The FSC is promoting the Asia Asset Management Center project, which includes the establishment of a localized asset management hub with distinct Taiwanese characteristics. The asset management hub will focus on five key highlights: regulatory easing and simplified procedures, relaxation of cross-border financial services, diversified products and services, increased flexibility in fund utilization, and collaboration with asset management companies within the hub. The aim is to strike a balance between regional development and industrial upgrading strategies. Through cooperation between central and local governments, the project aims to attract investment and retain capital in line with industry and regional needs, thereby strengthening Taiwan's

position in the Asian asset management market. To explore potential locations for the local asset management zone, FSC Chairperson Jin-Lung Peng led a delegation to Kaohsiung on 6 December 2024. The delegation included representatives from the Central Bank, Ministry of Finance, Banking Bureau, Securities and Futures Bureau, Insurance Bureau, and over 40 financial institutions, including banks, securities firms, securities investment trust and consulting companies, and insurance companies. They also participated in the "Kaohsiung Asset Management Hub Launch Ceremony" hosted by the Kaohsiung City Government. The aim was to integrate the asset management hub with local industries, fostering balanced development between northern and southern Taiwan. The FSC is optimistic that the successful model of the Kaohsiung hub can be replicated in other cities across Taiwan.

FSC Chairperson Peng presides over three meetings with fintech startups, focusing on startup needs and promoting shared prosperity between financial and tech sectors



In October and November of 2024, FSC Chairperson Jin-Lung Peng presided over three "Chat with the Chairperson" fintech startup get-togethers at the FinTechSpace, where he had in-depth discussions with fintech startups active in different specialties. A total of 30 startups took part in the chats, at which they explained their development needs and the challenges they are facing. Chairperson Peng responded personally to all of their comments. They addressed a wide variety of fintech topics and established an important bridge for communication between fintech startups and the financial supervisory authorities.

Following the three get-togethers, Chairperson Peng stated that he fully understands the importance of fintech startups and expressed his strong support. During the meetings, the startups shared about the challenges they have faced in pursuing technical innovation, business growth, and more. Such challenges have included bottlenecks in cross-sector cooperation, development and application of anti-fraud technologies, participation in regulatory sandbox experiments, uploading of data to the cloud, and the possible establishment of digital insurance companies. Chairperson Peng responded to all comments with an open-minded attitude, and encouraged startup companies to stay rooted in Taiwan while taking active steps to enter international markets. He also stated that the FSC will continue providing assistance to promote further innovation in Taiwan's fintech sector.

Chairperson Peng emphasized that the FinTechSpace needs to develop a more farsighted approach in its work to cultivate startups, providing advisory resources at the very earliest stages of the startup process. Furthermore, it needs to rely on assistance from the Taiwan Stock Exchange and the Taipei Exchange to provide advisory services and avenues to capital to more startups, so that more entities at different stages of the startup process can obtain access to needed resources. The startups that attended the meetings felt their conversations with Chairperson Peng went very well, and thanked the chairman for arranging the meetings and listening carefully to what they had to say. They left with a very distinct feeling that the competent authority attaches great importance to fintech startups.

FSC approves CTBC Bank application to establish two representative offices in Binh Duong and Hai Phong in Vietnam

CTBC Bank currently has a branch in Ho Chi Minh City and a representative office in Hanoi in Vietnam. The Bank plans to set up two representative offices in Binh Duong and Hai Phong to provide financial services to Taiwanese clients and provide local customers with more convenient business liaison. The FSC granted approval to CTBC Bank on 19 November 2024 to apply with financial authorities in Vietnam to establish these representative offices.

FSC approves Chang Hwa Commercial Bank application to establish Labuan Branch

The FSC granted approval on 28 November 2024 for Chang Hwa Commercial Bank to file an application with the competent authority of Malaysia to establish a Labuan branch (including a Kuala Lumpur marketing service office). Chang Hwa Commercial Bank recognizes the stable economic growth momentum of Malaysia and seeks to provide customers with high-quality financial services, take advantage of regional economic growth, and diversify asset allocation. It also supports the New Southbound Policy and therefore plans to establish a Labuan branch in Malaysia and simultaneously set up a Kuala Lumpur marketing service office.

FSC holds 2024 Awards Ceremony for Insurers Cooperating with Policy Promotions



On 21 December 2024, the FSC held the 2024 Awards Ceremony for Insurers Cooperating with Policy Promotions. Life and non-life insurers were presented with awards for excellent performance in the following areas: "Sales of Microinsurance"; "Sales of Micro-Whole-Life Insurance"; "Investing in the Six Core Strategic Industries or Public Infrastructure"; "Sales of Taiwan Residential Earthquake Insurance"; and "Differentiated Management of Compulsory Auto Insurance." The FSC stated that public-private cooperation will be needed before statutory insurance can be provided to a larger number of people, thanked insurers for working to fulfill their corporate social responsibility, and expressed hope that its award program would encourage insurers to make further efforts and ensure that "the warmth of insurance" is felt throughout society and that the insurance industry provides the public with peace of mind. The FSC will continue promoting its various policies concerning insurance to achieve financial inclusion.

FSC holds 2024 Conference on Financial Holding Company Internal Audits, recognizes top performers



To enhance two-way communication with chief internal auditors at financial holding companies, the FSC held its 2024 Conference on Financial Holding Company Internal Audits on 12 November 2024. FSC Chairperson Jin-Lung Peng delivered a speech at the conference and presented awards to financial holding companies recognized for having a superior internal audit system.

In his remarks, Chairperson Peng noted that financial markets strive for "security" and "development." The Financial Examination Bureau is the FSC's front-line unit for conducting financial examination work: besides being expected to ensure that financial markets and financial institutions operate safely, the Financial Examination Bureau must also conduct effective audits to prevent latent risks from materializing and to ensure the stable development of financial markets. Chairperson Peng also mentioned specific reform measures that the Financial Examination Bureau needs to undertake in the future and needs to help financial holding companies to implement. These measures include: enhancing communications and coordination with examinee institutions; strengthening support for internal audit personnel at financial institutions; and providing better training resources to internal audit personnel.

The FSC hopes that financial institutions fully understand the role and importance of an internal audit unit, properly plan and arrange the professional training and cultivation of internal audit personnel, supply increased training resources, and draft and continuously improve roadmaps to learning for internal audit personnel. In the future, the FSC will continue communicating with financial institutions to jointly clarify problems, identify solutions, and build a financial environment where stable and sound development can take place.

NPL Ratio for Domestic Banks as of the End of November 2024

Unit: NT\$1 billion / percentage points

	30 Nov. 2024	31 Oct. 2024	Increase/Decrease
Total outstanding loans	41,959	41,799	Increased by 160 billion
NPL ratio	0.15%	0.16%	Increased by 0.01 percentage points
Coverage Ratio	881.75%	857.36%	Decreased by 24.39 percentage points

As of the end of October 2024, there were 38 domestic banks in Taiwan, and their asset quality continuously remained manageable according to the above figures. The FSC will require banks to undertake measures to improve asset quality and financial structure on an ongoing basis.

NPLs at credit cooperatives as of the end of November 2024

Unit: NT\$1 billion / percentage points

	30 Nov. 2024	31 Oct. 2024	Increase/Decrease
NPLs	0.75	0.83	Decreased by NT\$0.08 billion
NPL ratio	0.11%	0.13%	Decreased by 0.02 percentage points
Coverage Ratio	2061.18%	1859.41%	Increased by 201.77 percentage points

As of the end of October 2024, there were 23 credit cooperatives in Taiwan, and their asset quality continuously remained manageable according to the above figures. The FSC will require credit cooperatives to undertake measures to improve asset quality and financial structure on an ongoing basis.

Net purchases and sales of listed stocks by foreign and mainland China investors, as well as inflows and outflows of funds

1. Net foreign and Mainland China investment in listed shares

Unit: NT\$1 billion

End Nov. 2024		TWSE-listed shares	TPEX-listed shares
Foreign Investors	Bought	29,939,257	5,089,228
	Sold	30,554,338	5,171,372
	Net bought (sold)	(615,081)	(82,144)
Mainland China investors	Bought	5,136	0,453
	Sold	5,073	0,475
	Net bought (sold)	0,063	(0,022)
Total		(615,018)	(82,166)

2. Cumulative net (outward) inward remittances by foreign and mainland China investors

Unit: US\$1 billion

	End-Nov. 2024	End-Oct. 2024	Increase (Decrease)
Cumulative net (outward) inward remittance from offshore foreign institutional investors and foreign individual investors	276.951	278.250	(1.299)
Cumulative net (outward) inward remittance from Mainland China investors	0.061	0.059	0.002
Total	277.012	278.309	(1.297)

Sales statistics of foreign-currency denominated products by life insurance industry as of the end of September 2024

Unit: NT\$1 billion

	End-Sept. 2024	End-Sept. 2023	Increase (Decrease)
Investment-linked insurance	33,764	48,164	-30%
Traditional life insurance	180,326	152,938	18%
New-policy premium income (total)	214,090	201,102	6%

Profit/loss, net value and exchange gains/losses, hedging gains and losses, and foreign exchange volatility reserves of insurance enterprises as of October 2024

1. Pre-tax profit of insurance enterprises

Unit: NT\$1 billion

	End-Oct. 2024	End-Oct. 2023	Growth Rate %
Pre-tax profit of life insurance enterprises	306.3	179.4	70.7%
Pre-tax profit of non-life insurance enterprises	23.5	14.4	63.2%
Pre-tax profit of insurance enterprises (total)	329.8	193.8	70.2%

2. Owners' equity of insurance enterprises

Unit: NT\$1 billion

	End-Oct. 2024	End-Oct. 2023	Increase (Decrease)
Owners' equity of life insurance enterprises	2,579.6	1,840.3	40.2%
Owners' equity of non-life insurance enterprises	149.1	121.9	22.3%
Owners' equity of insurance enterprises (total)	2,728.7	1,962.2	39.1%

3. As of the end of October 2024, the NT Dollar had depreciated by 4.05% against the US Dollar since the end of 2023, while the cumulative balance of foreign exchange valuation reserves of life insurance enterprises was NT\$155.2 billion, an increase of NT\$63.2 billion. Meanwhile, the combined impact of exchange gains/losses, hedging gains/losses, and the net effect of volatility on the foreign exchange valuation reserves of life insurance enterprises was NT\$259.3 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 reserves) of NT\$685.8 billion.

Investor and Consumer Protection

2024 Financial Literacy Campaign for Campuses and Communities

In December 2024, the FSC held 57 activities at different locations, including Hualien Veterans Home, as part of the 2024 Financial Literacy Campaign for Campuses and Communities, attracting 3,565 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 personnel, correctional institutions, social welfare groups, senior citizens' groups, police, firefighters, coast guard personnel, and taxi drivers.

Securities markets shortened the matching interval of intraday odd-lot share trading from 1 minute to 5 seconds on 2 December 2024

Taiwan's securities markets shortened the matching interval of intraday odd-lot share trading on 2 December 2024 from 1 minute to 5 seconds. This represents an upgrade of the odd-lot intraday trading system launched on 26 October 2020. The FSC has been gradually improving the intraday odd-lot share trading system ever since its introduction. This shortening of the matching interval makes odd-lot trading more efficient, which increases the likelihood of investors' trading orders getting matched and helps to achieve financial inclusion. The FSC has overseen an effort by the Taiwan Stock Exchange and the Taipei Stock Exchange to step up outreach activities aimed at familiarizing securities firms and investors with the shortened matching interval. However, the FSC also reminds investors to carefully evaluate transaction costs and their own risk tolerance, to understand the financials and business fundamentals of firms they are considering investing in, and to carefully consider associated investment risks, so as to make proper use of intraday odd-lot trading.

FSC urges consumers not to buy unapproved offshore insurance products

When consumers need to buy an insurance product of any sort, they should do so through legitimate channels and from an insurance company that has been granted a license by the FSC to do business in Taiwan. Individuals may visit the websites of the FSC Insurance Bureau, the ROC Life Insurance Association, or the ROC Non-Life Insurance Association to check the customer service and contact information of any given insurance enterprise, or they can visit the Taiwan Insurance Institute website to view a list of legitimate insurance products. When the seller of such a product is a foreign insurer that has not been approved by the FSC to do insurance business in Taiwan, its insurance products will not have been examined and approved by the FSC (and will thus be what is generally called a "black market" or "underground" insurance policy). Buying an offshore insurance policy may give rise to the following problems: difficulty handling insurance disputes, information asymmetry, insufficient legal protections, fraud, etc. Additionally, offshore insurance policies are not recognized under Taiwan law, insurance premiums paid by consumers for offshore insurance policies cannot serve as the basis for itemized income tax deductions, and even if there is already a designated beneficiary for death benefits provided under an offshore insurance policy, the following "Insurance Act" provision does not apply: "If it has been stipulated that the insured amount is to be paid upon death of the insured to the beneficiaries named thereby, such amount shall not be treated as part of the insured's estate."