

# 金融展望月刊

## Financial Outlook Monthly

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Ministry of Justice Anti-Corruption Hotline 0800-286-586  
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- FSC announces “Blueprint for Trust Business Development Strategy” and “Trust Business Development Evaluation and Incentive Measures”
- FSC permits investment in foreign passive virtual asset ETFs for securities investment trust funds
- Improving the management of virtual asset service providers (VASPs) and spurring industry development
- Financial Action Innovation Regulation Adaptation Platform Operational Achievements and Platform 2.0

### Policy and Law

#### *FSC announces “Blueprint for Trust Business Development Strategy” and “Trust Business Development Evaluation and Incentive Measures”*

As of 31 December 2024, the Trust 2.0- “Promotion Plan for Full Functionality of Trust Services” had laid a solid foundation for the long-term development of domestic trust businesses in handling the nation’s aging population. To guide trust businesses to continue to expand their trust services and meet the various developmental needs of society, the FSC announced the Blueprint for Trust Business Development Strategy on 31 December 2024, which provides direction for long-term business operations. It separately announced that the Trust Business Development Evaluation and Incentive Measures would take effect from 1 January 2025.

#### *FSC permits investment in foreign passive virtual asset ETFs for securities investment trust funds*

To promote Taiwan as an Asia asset management center and support the growth of securities investment trust enterprises (SITEs), the FSC announced on 24 February 2025 that it would permit securities investment trust funds (funds) to invest in foreign passive virtual asset ETFs, with key provisions and complementary measures that include:

- 1.Types of foreign virtual asset ETFs: Mindful that Bitcoin is the most well-known virtual asset, and in line with the advice of the Securities Investment Trust and Consulting Association, the initial phase of this new policy will permit funds to invest only in foreign passive Bitcoin ETFs.
- 2.Investment caps: SITEs utilizing fund assets for investments in domestic futures trust funds, as well as domestic and foreign leveraged, inverse, futures, commodity, and passive virtual asset ETFs, will be subject to a maximum investment cap of 10% of the fund’s net asset value. Of this total, investments in foreign passive virtual asset ETFs will be limited to Bitcoin ETFs, with a cap of 5%.
- 3.Types of funds eligible for investment: Only multi-asset funds and funds of funds will be permitted to invest in foreign passive virtual asset passive ETFs.
- 4.Complementary measures: If SITEs intend to invest in foreign passive Bitcoin ETFs for their funds, they must amend the securities investment trust agreement and send it to the FSC for approval and disclose related risks in the fund prospectus. Moreover, SITEs shall incorporate related risk management measures in their internal control system.

#### *Improving the management of virtual asset service providers (VASPs) and spurring industry development*

Since being designated by the Executive Yuan as the supervisory agency with oversight for financial investment or payment-type virtual assets, the FSC has considered international trends in establishing a four-stage supervision of VASPs with anti-money laundering at the core. The first stage of oversight of VASPs began on 30 June 2021, with the promulgation of the Regulations Governing Anti-Money Laundering (AML) and Combating the Financing of Terrorism for VASPs. During the second stage, assistance was rendered in the establishment of a VASP association and supervising the association’s drafting of association self-regulatory rules and models for internal controls. In the third stage, more VASPs were registered in line with AML regulations. In the fourth stage, legislation to govern virtual assets that will ensure the effective management of VASPs has been promoted to ensure the VASP industry’s development.

In 2024, the FSC successfully promoted a number of supervisory measures, including the founding of a VASP association on 30 August, and the drafting of six self-regulatory rules

on top-down framework for inspections; consumer protections; AML/CFT, cracking down on fraud and ensuring industry-wide defense mechanisms; information security; and separate asset custody. Penal provisions were also adopted to strengthen self-regulation. Separately, on 30 November 2024, Article 6 of the Money Laundering Control Act was promulgated. The article states that VASPs that have not completed AML registration with the FSC may not offer virtual asset services; violators will face criminal liability. Back in January 2024, the FSC commissioned research on a special VASP act and maintained contact with the research team. In addition to considering foreign laws, the team also looked at the present situation of the domestic industry in drafting amendments. The draft act presently consists of the following sections: general provisions, virtual asset services businesses, VASP associations, issuing and managing stablecoins, management and oversight, penal provisions, and additional provisions. The major aspects of VASP supervision that have been addressed are: organizational types, capital amounts, personnel qualifications, financial reports, and consumer protection. On 13 February 2025, the FSC invited experts and scholars, and representatives of the VASP association, the Central Bank, and related institutions to discuss the draft act. The FSC plans to announce a draft act for public comment in March. The opinions garnered from this effort will be collated and a final draft act will be submitted to the Executive Yuan by the end of June.

### *Financial Action Innovation Regulation Adaptation Platform Operational Achievements and Platform 2.0*



To improve cooperation and communications between business and industry and improve supervisory effectiveness, the FSC launched the Financial Action Innovation Regulation Adaptation Platform in July 2024 and established work groups for banking, insurance, securities and futures, and technology and innovation. Addressing concerns put forth by scholars, experts, and industry associations, and following extensive discussions, each of the FSC's departments was tasked with drafting a response. To date, 18 suggestions have been accepted while the feasibility of nearly 20 others is being considered. Concrete achievements include: reducing risk coefficients, guiding the insurance industry to invest in domestic public infrastructure; deregulating the pledging on the beneficial rights of self-benefit non-discretionary money trust for high-asset customers based on bank's credit assessments which the maximum loan ratio will not be limited to 50%; relaxing a host of OSU regulations to allow for greater convenience by permitting offshore clients to open accounts, trade, and remit funds; broadening the identity authentication methods for applicants and insured when applying online for travel insurance products; incorporating insurance firms' investment in public infrastructure into Article 3 (addressing public infrastructure) of the Ministry of Finance's Act for Promotion of Private Participation in Infrastructure Project; and revising the Directions for Insurance Enterprises, Insurance Agent Companies, and Insurance Broker Companies Engaging in Telemarketing Business to add the statement "With the customer's permission, insurance policies and acknowledgement receipts may be delivered electronically."

So as to continue to improve the regulation adaptation mechanism, the FSC has put introduced Regulation Adaptation Platform 2.0, the major adjustments under which include:

1. Adding topical subjects so as to better match market needs and changes, and, in the future, proposing issues that address both market development and market security.
2. To simplify procedures and make them more effective, two-level

systems will become single-level systems. Following discussions of proposals made by the task forces, the FSC will have the related department quickly draft related proposals based on the task force's suggestions.

3. For issues that are the purview of more than one task force, discussions will be held by a joint task force.
4. Depending on the severity and urgency of each case, ensure that the FSC's attending member(s) is of a higher rank so as to improve efficiency.

### *Expand applicable financial institutions and services items for cooperative promotion rules*

To enhance cross-industry marketing effectiveness among financial institutions, the FSC amended directions on the cooperations by financial institutions in promoting each other's products and services. Futures firms and insurance brokerage agencies may apply to engage in joint promotions. In addition, financial institutions may offer services including opening accounts for futures brokerage or futures-introducing brokerage services and collecting documents for futures brokerage-related services in their joint promotions.

### *Simplifying bank applications to issue offshore structured products or bank debentures denominated in foreign currencies*

To help banks respond to changes in financial markets and ensure that their issuances are timely, the FSC adopted a simple applying procedure for the bank structured notes denominated in foreign currencies, as stated in Article 3 of the Regulations Governing Issuance of Bank Debentures by Banks, and Item 5 and 6 of Paragraph 1 of Article 5 of the Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers on December 30, 2024. After the FSC approves an application for reference concerning a structured note plan, a bank may submit a letter with relevant documents record. When issuing the first structured notes, the bank may continue with the next issuance of the same type of structured note if the supervisory agency does not express a negative opinion during the filing process.

### *Asia Asset Management Center: progress and plans concerning banks' entry into local asset management zones*

The first step in promoting Taiwan as an Asia asset management center has been taken with the selection of a pilot local asset management zone (henceforth, "the zone") in Kaohsiung City with the support of the city government and cooperation between local and central government. The FSC is encouraging banks to establish branches within the zone. While ensuring appropriate risk management a trial of collective operations at designated places will be implemented for specific financial businesses and related cross-border financial services, so as to create a financial cluster and spur community creativity that will jointly increase financial competitiveness and bring in domestic and foreign capital to invest local industries and spur Taiwan's economic development.

To refine the application criteria for banks entering the zone, the FSC hosted a meeting on January 16, 2025, inviting the Central Bank of the Republic of China, Kaohsiung City Government, the Bankers Association of the Republic of China, and 19 banks, to gather a variety of opinions. The FSC will collate these opinions and move forward with plans related to banks' entry into the zone. Following a six-to-twelve-month pilot period, the FSC will weigh which of those operations by banks operating in the zone have proven positive or beneficial and will revise related laws and regulations or self-regulatory rules which will further complete the regulatory framework concerning what operations are permitted within the zone. The FSC aims to introduce more investment and opportunities for Taiwan through one-stop financial services, flexible fund utilization, and varied financial services in the zone, so that in two years a difference is felt, in four years changes are seen, and in six years, accomplishments are made in pursuit of having Taiwan be an Asia asset management center.

### *Adjusting calculation of percentage of net value of margins and premiums collected and paid for futures investment trust funds*

As part of its ongoing efforts to solicit opinions from various sectors

through the Financial Action Innovation Regulation Adaptation Platform, and considering the recommendations of the Chinese National Futures Association, the FSC issued an order on 14 January 2025, amending regulations on the calculation method for the ratio of margins and premiums collected and paid by futures trust funds to their net asset value. For regular futures trust funds raised from unspecified persons by futures trust enterprises, the ratio of the total margin and premiums collected and paid for futures transactions conducted in centralized and over-the-counter markets to the net asset value of the futures trust fund, which is determined based on the simple arithmetic average over the most recent five business days, shall not less than 5%. This revision enhances the consistency and reasonableness of the calculation method.

### Revising the Regulations Governing the Supervision of Insurance Solicitors

To increase the flexibility that the insurance industry has for penalizing insurance solicitors for minor infractions, and to protect workers' rights and interest, the FSC announced revisions to Article 19 of the Regulations Governing the Supervision of Insurance Solicitors on 2 January 2025. As a result, the time that an insurer may call for an employed insurance solicitor to stop soliciting business has been changed to read "from three months to one year" to "less than one year," thus removing the lower limit on the penalty.

### Revising the Regulations Governing Real Estate Investment by Insurance Enterprises

Insurance enterprises invest in real estate for long-term, stable income, which should have a stabilizing effect on benchmark interest rates for statutory rates of return, thereby ameliorating the effect of short-term rate adjustments. As such, Paragraph 3 of Article 2 of these regulations was revised, setting the benchmark interest rate to the average interest rate of the two-year small postal time deposit floating rate announced by Chunghwa Post Co., Ltd. on 1 January each year over the past five years.

### Issuing an Interpretive Rule regarding "the reporting time limit for various types of business and financial statements wherein the fiscal year used by agents, brokers, or bank differs from the calendar year" pursuant to Paragraph 1, Article 43 of the Regulations Governing Insurance Agents and Paragraph 1, Article 43 of the Regulations Governing Insurance

Given that the reporting period for all types of business and financial statements for companies under the calendar year system is five months following the end of the fiscal year, the reporting period must be the same for insurance brokerage companies and companies that use non-calendar year systems. In accordance with the proviso to Article 43, Paragraph 1, of the Regulations Governing Insurance Agents and the proviso to Article 43, Paragraph 1 of the Regulations Governing Insurance Broker, the Financial Supervisory Commission issued an order on 9 January 2014 stipulating the reporting operations for various types of businesses and financial statements of insurance agents, brokers, etc. Those who do not adopt the calendar year system for their fiscal year, within 5 months after the end of the fiscal year, make report of all types of business, financial statements, and other matters designated by the competent authority to the competent authority or its designated agency.

### Revising Article 4 and Article 6 of the Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties

To promote the development of Taiwan as an Asian asset management center and achieve the core objectives of retaining capital, attracting investment, and supporting Taiwan's industries through investment, efforts are being made to guide insurance funds into the domestic securities investment trust industry and securities investment consulting industry (hereinafter referred to as the "SITC industry") for asset management, thereby expanding the scale of assets managed by the SITC industry. Considering that domestic insurance companies and SITC firms may be subsidiaries of the same financial holding company, or affiliated with each other, they are subject to related-party transaction restrictions. As a result, restrictions on transaction limits and investment items for insurance companies conducting transactions with related parties under the Regulations Governing the Conduct of Discretionary Investment by Securities Investment Trust Enterprises and Securities Investment

Consulting Enterprises are being relaxed.

## Industry Updates

### FSC approves CTBC Bank application to establish a branch in Gujarat International Finance Tec-City

On 20 January 2025, the FSC granted approval for CTBC Bank to establish a branch in Gujarat International Finance Tec-City (GIFT City) in India. CTBC Bank planned to the establish this branch to take advantage of the opportunities available in GIFT City and expand its operations in India. GIFT City was established as an international financial services center by the Indian government, which is trying to strengthen the international competitiveness of its financial services and attract the return of capital from abroad. India is also offering corporate tax incentives.

### FSC approves E. SUN Bank application to establish branch in Mumbai

On 21 January 2025, the FSC approved E. SUN Bank to apply with the Indian regulatory authorities to establish a Mumbai branch. E. SUN Bank plans to establish a Mumbai branch as India is the world's fifth-largest economy, has the world's largest population, maintains political and economic stability, and possesses a huge domestic market, and because Taiwan's businesses are gradually deploying to India in response to global supply chain shifts.

### FSC approves Fubon Asset Management's acquisition of Jih Sun SITE

The FSC approved the acquisition of Jih Sun Securities Investment Trust Co., Ltd. (hereinafter referred to as Jih Sun SITE) by Fubon Asset Management Co., Ltd. (hereinafter referred to as Fubon Asset Management).

To expand its economy of scale and efficiency, Fubon Asset Management acquired Jih Sun SITE for cash, with Fubon Asset Management as the surviving company and Jih Sun SITE the dissolved company. The merger will integrate resources, enhance market competitiveness, and reduce operating costs, so as to provide customers with a better experience and more diversified products and services.

### NPL ratio for domestic banks as of the end of January 2025

Unit: NT\$1 billion / percentage points

	End of January 2025	End of December 2024	Increase/Decrease
Total outstanding loans	42,596	42,208	Increased by 388 billion
NPL ratio	0.16%	0.15%	Increased by 0.01 percentage points
Coverage Ratio	845.58%	935.2%	Decreased by 89.62 percentage points

As of the end of January 2025, there were 38 domestic banks in Taiwan, and their asset quality continuously remained manageable as seen in the above figures. The FSC will require banks to undertake measures to improve their asset quality and financial structure on an ongoing basis.

### NPLs at credit cooperatives as of the end of January 2025

Unit: NT\$1 billion / percentage points

	End of January 2025	End of December 2024	Increase/Decrease
NPLs	0.704	0.574	Increased by NT\$ 0.13 billion
NPL ratio	0.11%	0.09%	Increased by 0.02 percentage points
Coverage Ratio	2238.48%	2742.23%	Decreased by 503.75 percentage points

As of the end of January 2025, there were 23 credit cooperatives in Taiwan, and their asset quality continuously remained manageable as seen in 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 January 2025		TWSE-listed shares	TPEX-listed shares
Foreign Investors	Bought	1,773.72	305.26
	Sold	1,814.93	295.47
	Net bought (sold)	(41.21)	9.79
Mainland China investors	Bought	0.51	0.03
	Sold	0.41	0.01
	Net bought (sold)	0.1	0.02
Total		(41.11)	9.81

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

Unit: US\$1 billion

	End Jan. 2025	End Dec. 2024	Increase (Decrease)
Cumulative net (outward) inward remittances from offshore foreign institutional investors and foreign individual investors	284.06	283.25	0.81
Cumulative net (outward) inward remittances from mainland China investors	0.06	0.06	0
Total	284.12	283.31	0.81

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

Unit: NT\$1 billion

	End Nov. 2024	End Nov. 2023	Increase (Decrease)
Investment-linked insurance	42.506	60.257	-29%
Traditional life insurance	237.952	184.679	29%
New-policy premium income (total)	280.458	244.936	15%

### Profit/loss, net value and exchange gains/losses of the insurance industry in December 2024

#### 1. Pre-tax profit of insurance enterprises

Unit: NT\$1 billion

	End Dec. 2024	End Dec. 2023	Growth Rate %
Pre-tax profit of life insurance enterprises	315.5	80.6	291.4%
Pre-tax profit of non-life insurance enterprises	26.0	17.5	48.6%
Pre-tax profit of all insurance enterprises (total)	341.5	98.1	248.1%

#### 2. Owners' equity of insurance enterprises

Unit: NT\$1 billion

	End Dec. 2024	End Dec. 2023	Growth Rate %
Owners' equity of life insurance enterprises	2,586.0	2,245.6	15.2%
Owners' equity of non-life insurance enterprises	151.1	127.8	18.2%
Owners' equity of insurance enterprises (total)	2,737.1	2,373.4	15.3%

3. As of the end of December 2024, the NT Dollar had depreciated by 6.24% against the US Dollar since the end of 2023, and the cumulative balance of foreign exchange valuation reserves of life insurance enterprises was NT\$219.6 billion, increasing by NT\$127.6 billion (including the one-time reserve of NT\$35.4 billion under the new mechanism). 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\$-302.9 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\$848.2 billion.

## Investor and Consumer Protection

### 2025 Financial Literacy Campaign for the Campus and Community

The FSC's Financial Literacy Campaign for Campuses and Communities has proven popular since its inception in 2006. As of the end of 2024, a total of 9,251 events had been held and over 1.25 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.

The FSC Banking Bureau will continue to hold continuing education on financial literacy in 2025. Interested schools or groups can apply online or call (02) 8968-9711.

## Personnel changes

FSC Chief Secretary Tsai Fu-longe has been promoted to Director General of the Administration for Cyber Security at the Ministry of Digital Affairs. The vacancy has been filled by Lin Chih-chi, who has been transferred from his former position of Deputy Director-General of the Banking Bureau. These changes took effect on 6 February 2025.

## Major penalties

### Penalties against Cathay Securities and its personnel

The FSC approved of penalties against Cathay Securities Investment Trust Co., Ltd. (hereinafter "Cathay") and its personnel for violating securities investment trust management related regulations. The fund manager violated regulations on personal transactions. The design and execution of the company's internal controls was not effective, and the company failed to act as a good steward and in good faith. As a result, the normal operation of its fund business was greatly affected. In accordance with Paragraph 1 of Article 103 of the Securities Investment Trust and Consulting Act Governing Securities Investment Trust Funds, the FSC issued a warning to Cathay and, in accordance with Paragraph 7 of Article 111 of the Regulations, imposed a NT\$1.2 million fine. Separately, in accordance with Article 104 of the Regulations, Cathay was ordered to remove a fund manager surnamed Li from his position.

### Penalties against Fu Hwa Securities and its personnel

The FSC approved of penalties against Fu Hwa Securities Investment Trust Co., Ltd. (hereinafter "Fu Hwa") and its personnel for violating securities investment trust management related regulations. The company's discretionary investment manager violated personal transaction regulations. The design and execution of the company's internal controls was not effective, and the company failed to act as a good steward and in good faith. As a result, the normal operation of its fund business was greatly affected. In accordance with Paragraph 1 of Article 103 of the Securities Investment Trust and Consulting Act, the FSC issued a warning to Fu Hwa and, in accordance with Paragraph 7 of Article 111 of the Act, imposed a NT\$1.2 million fine. Separately, in accordance with Article 104 of the Act, Fu Hwa was ordered to remove a discretionary investment manager surnamed Chiu from his position.