

# 金融展望月刊

## Financial Outlook Monthly

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- FSC revises Articles 3 and 4 of the “Regulations Governing Domestic Branches of Financial Institutions”
- FSC announces order concerning types, scope of use, and restrictions on offshore funds under Item 9 of Paragraph 1 of Article 23 of the “Regulations Governing Offshore Funds”
- FSC amends “Directions for the Setting Aside of Foreign Exchange Valuation Reserve by Life Insurance Enterprises” to improve life insurance industry’s capacity to respond to foreign exchange rate risks, and enhancing capital resilience and long-term financial structure
- FSC continues to promote green and transition finance, channeling capital in support of the industrial net-zero transition

### Policy and Regulations

#### *FSC revises Articles 3 and 4 of the “Regulations Governing Domestic Branches of Financial Institutions”*

To address the disparate developmental needs of financial institutions utilizing different development strategies and to give greater flexibility to sound financial institutions desiring to establish more branch offices, the FSC amended Articles 3 and 4 of the “Regulations Governing Domestic Branches of Financial Institutions” on February 13, 2026. The amendments state that financial institutions that do not meet the relevant conditions on average before-tax return on equity may still apply to increase their number of branches every year and that limits shall be placed on the number of branches they may set up. They also state that the competent authority shall determine the list of financial institutions eligible to establish more branches based on the financial and business conditions of applying institutions.

#### *FSC announces order concerning types, scope of use, and restrictions on offshore funds under Item 9 of Paragraph 1 of Article 23 of the “Regulations Governing Offshore Funds”*

On March 6, 2026, the FSC announced an order concerning the types, scope of use, and restrictions on offshore funds under Item 9 of Paragraph 1 of Article 23 of the “Regulations Governing Offshore Funds.” The key points include adding a multi-asset fund as a type of offshore funds, wherein such funds may not invest in offshore funds that have not been approved of by the FSC or that have not been effectively reporting. Moreover, the investment ratio limit for offshore funds investing in Rule 144A bonds has been revised, as Rule 144A bonds are growing in importance and representativeness in the US bond market. In principle, no separate investment ratio limit will be set for Rule 144A bonds; instead, they will be combined with the limit on non-investment-grade bonds. Additionally, the investment ratio on non-investment grade bond funds investing in Rule 144A bonds has been relaxed from 30 percent to 40 percent. This applies to offshore fund applications approved by the FSC or those effectively reporting after October 3, 2023.

#### *FSC amends “Directions for the Setting Aside of Foreign Exchange Valuation Reserve by Life Insurance Enterprises” to improve life insurance industry’s capacity to respond to foreign exchange rate risks, and enhancing capital resilience and long-term financial structure*

To support life insurance companies’ effective management of long-term foreign exchange (FX) risks and to strengthen their capital resilience and sound development, the FSC amended the “Directions for the Setting Aside of Foreign Exchange Valuation Reserve by Life Insurance Enterprises” on February 12, 2026. The amendments seek to guide life insurers toward implementing FX risk management practices that better reflect the long-term characteristics of their operations, while establishing more rigorous mechanisms concerning reserve

provisions and special surplus reserve allocations. These measures are designed to help the industry cope with future financial market volatility and build long-term financial strength.

The FSC stated that these amendments complement adjustments to the FX accounting framework for life insurers by introducing stricter reserve requirements, special surplus reserve mechanisms, and related capital recognition measures. These policies aim to guide the industry toward long-term, asset/liability-aligned FX risk management. They will also ensure that reduced hedging costs from hedging-ratio adjustments are first accumulated in FX reserves and special surplus reserves before ultimately being treated as long-term capital. Moreover, these measures will improve the industry's capacity to respond to FX volatility and enhance overall operational resilience and create a solid foundation for addressing future market changes, promoting financial stability as well as the sustainable development of the insurance sector.

### ***FSC continues to promote green and transition finance, channeling capital in support of the industrial net-zero transition.***

The FSC continues to implement the Green and Transition Finance Action Plan in line with Taiwan's climate policies and global sustainable development trends. The plan works to channel financial resources into green and transition sectors and to facilitate reaching Taiwan's 2050 net-zero emissions goals. The FSC stated that, as of the end of 2025, green investment and financing in Taiwan had exceeded NT\$4.9 trillion in aggregate. This indicates steady progress toward the 2030 target of NT\$6 trillion and demonstrates that Taiwan's financial sector has made enormous progress in supporting low-carbon and sustainable development.

As regards the allocation of capital, "green stock designations" have been promoted since 2025. Such designations help investors identify enterprises that have a track record of carbon reduction, which encourages the market to provide funds in support of the green transition. Pilot assessments have been completed, and the system is scheduled for an official launch in 2026. In addition, the Taipei Exchange (TPEX) has continued to work with local governments on the issuance of sustainable bonds, further directing capital into sustainable infrastructure. Meanwhile, the FSC has gradually expanded the scope of investment targets for the insurance industry through administrative rulings and regulatory amendments, encouraging insurance funds to invest in public infrastructure and sustainability-related industries. In terms of data infrastructure and transition risk management, the Climate Physical Risk Information Integration Platform for the Financial Industry and the Corporate ESG Data Platform, along with carbon emissions data collection efforts, equip financial institutions to better assess and manage climate and transition risks.

Furthermore, the FSC continues to promote information disclosure, capacity building, and the development of an ecosystem that promotes sustainable finance. The FSC has established a timeline for the disclosure and assurance of GHG emissions for financial institutions. Professional capacity is being enhanced through ESG-related courses, certifications, and the training of seed instructors to support the need of various sectors for lecturers. Meanwhile, the FSC participates in international exchanges and cooperation on sustainable finance, continually improving Taiwan's international visibility on sustainable finance issues.

### ***FSC issues order concerning Article 21 of the Securities Firms Management Rules***

To implement carbon reduction and sustainability objectives, the requirement that securities firms submit written financial reports and related attachments is being superseded by one requiring digital transmission. Starting from fiscal year 2026, financial reports will

be subject to this requirement. Securities firms are to convert the original copies of the aforementioned documents into electronic files and transmit them to the information reporting website designated by the FSC. Once transmission is completed, it will be deemed that the announcement and reporting have been completed in accordance with the regulations.

### ***FSC sets Rate Standards for One-year Group Insurance Rates and Methods for the Calculation of Various Reserves***

The FSC announced Rate Standards for One-year Group Insurance Rates and Methods for Calculation of Various Reserves on March 2, 2026, to align with the Seventh Taiwan Standard Ordinary Experience Mortality Table for Life Insurance (hereinafter, "the Seventh Table"), which was announced July 29, 2025, and took effect from January 1, 2026, as well as the IFRS17 standards, which came into effect on January 1, 2026. These regulations remove provisions on claims reserves, unexpired premium reserves, and insufficient premium reserves so as to align with IFRS17. They also adjust the projected hazard occurrence ratio for calculating premiums based on the Seventh Table. This allows for the reasonable reflection of actual operations and protects policyholders' rights. In consideration that companies need more time to make adjustments to their products and internal operating systems, it was determined that the Seventh Table will not take effect until July 1, 2026, meaning that the Sixth Table will remain the basis of calculations through June 30, 2026.

### ***FSC amends the Payment Standards of the Compulsory Automobiles Liability Insurance***

To implement gender equality, prevent differentiations based on gender, avoid the use of such derogatory expressions as "disfigurement," and ensure consistency with common medical practice and review requirements, the FSC has amended both Article 3 and the Annex of the Payment Standards of the Compulsory Automobiles Liability Insurance.

### ***FSC amends Scope of Reporting Procedures and Other Matters to be Followed in Insurance Industry Reporting of Major Unforeseen Events***

To improve protection of policyholders' rights and to prevent insurance solicitors from misappropriating insurance premiums, the FSC amended the Scope of Reporting Procedures and Other Matters to be Followed in Insurance Industry Reporting of Major Unforeseen Events (henceforth, "the Matters") on February 23, 2026. The amendment revises the provision in Item 3 of Paragraph 2 of Article 2 of the Matters that stated, "where insurance solicitors misappropriate insurance premiums resulting in a significant impact on consumers' rights," to read "insurance solicitors misappropriating insurance premiums" and moved the clause to Paragraph 1 of Article 2, "Fraud Attributable to Poor Internal Controls or Significant Defects in Operations." Now, where an insurance company finds that an insurance solicitor has misappropriated insurance premiums, the person in charge is to report it to the FSC's Insurance Bureau by telephone as soon as possible, and follow up with a written report within seven business days from the day after the incident that details the investigation of the case, how the case was handled, and measures for improving the situation.

### ***FSC issues order amending the calculation of adjusted net capital (ANC) for futures commission merchants***

On March 6, 2026, the FSC issued an order amending the calculation method, calculation table, and related notes for the adjusted net capital (ANC) of futures commission merchants. The amendments revise certain components of the ANC calculation, including incorporating security borrowing margin and security borrowing collateral price into the calculation. In addition, the eligible inclusion ratios for the required margin under the "futures trading

margin – proprietary funds” category, as well as for hedged listed and over-the-counter (OTC) equities, have been increased. Moreover, a “net” basis is adopted for the calculation of options positions, and the risk equivalent amounts for leverage contract trading business are now calculated on a “net position” basis. These amendments are expected to enhance the utilization of proprietary capital and strengthen the ANC of futures commission merchants.

### Strong progress in FinTech: building a more inclusive, fair and international FinTech ecosystem

Since the FSC published the FinTech Development Roadmap 2.0 in August 2023, it has made concrete progress in four major aspects: “optimizing FinTech legislation and policies,” “enhancing supporting resources and talent development,” “expanding FinTech technologies and applications,” and “increasing financial inclusion and digital finance adoption.” Among 45 concrete measures implemented to date, the FSC has established AI governance standards, launched FinTechSpace 2.0, and promoted the third phase of open banking. These measures are gradually creating a more inclusive, fair, and international FinTech ecosystem, while improving the financial convenience and quality of financial services for the public.

## International Exchanges

### Belize Financial Services Mission visits the FSC

On March 11, 2026, Mr. Reynaldo Felipe Magana, Chairman of Finance Belize, led a delegation that included representatives of the Financial Services Commission of Belize to visit the FSC. The two sides engaged in a broad exchange of views on issues of mutual interest.

## Industry Updates

### FSC announces results of Third Sustainable Finance Evaluation

To encourage Taiwan’s financial institutions to manage climate change and ESG-related risks, align with international trends in sustainable finance, improve the financial system’s guiding role in the sustainable transition of the real economy, and accelerate the creation of a holistic sustainable finance ecosystem, the Taiwan Academy of Banking and Finance (TABF), the Securities and Futures Institute (SFI), and the Taiwan Insurance Institute (TII) completed the Third Sustainable Finance Evaluation in line with the FSC’s policy directions concerning green and transition finance.

Among the financial institutions ranking in the top quartile this year were: in banking, Yuanta Bank, CTBC Bank, E.SUN Bank, Bank SinoPac, Mega Bank, First Commercial Bank, Cathay United Bank, Hua Nan Bank, and Chang Hwa Bank; in securities and investment trusts, the securities firm group comprised Yuanta Securities, E.SUN Securities, Mega Securities, First Securities, Cathay Securities, and Fubon Securities, while the investment trust group comprised Yuanta Investment Trust, CTBC Investment Trust, Cathay Investment Trust, and Fubon Investment Trust; and in insurance, the life insurance group comprised Cathay Life Insurance and Fubon Life Insurance, while the non-life insurance group comprised Cathay Century Insurance and Fubon Insurance.

The scope of the third evaluation was larger than that of the second but still did not cover all financial institutions. Due to differences in the general character of business, there were variations in the number and content of indicators used to assess the various sectors. Therefore, the public is advised not to directly compare the different sectors. In the future, the framework and design of indicators for the evaluation will be reviewed and optimized so as to help financial institutions better assess ESG and climate change-related risks, enhance resilience, and expand the momentum and impact of the

financial system in driving a net-zero transition and sustainable development.

### FSC reminds corporations of items to note when preparing 2026 shareholder’s annual meeting reports

The FSC has required that, starting this year, all TWSE- and TPEX-listed companies must upload their annual reports to the Market Observation Post System 14 days prior to their shareholders’ meetings. Companies listed on the emerging stock board are to upload their reports seven days prior to their shareholders’ meetings. Public companies that are not listed on the TWSE, TPEX, or the emerging stock board must upload their annual report two days prior to their shareholders’ meeting. To help companies prepare their annual reports, the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEX) provide examples of reports and best practices on their websites.

### FSC continues to promote Financial Action Innovation Regulation Adaptation Platform for closer cooperation between industry, government, and academia

To bolster communication and cooperation with industry, government, and academia, and ensure that financial regulatory policies respond promptly to the demands of the market, the FSC launched the Financial Action Innovation Regulatory Adaptation Platform in July 2024. Four working groups were established, covering banking, insurance, securities and futures, and technological innovation. The platform allows for the gathering of a broad range of opinions from scholars, experts, and industry professionals. Through regular meetings, the FSC’s various bureaus and departments assess the feasibility of regulatory adaptations and respond to suggestions rapidly. Since the platform’s launch, the FSC has adopted 56 suggestions, while other suggestions are currently being considered as amendments to relevant regulations or addressed through other mechanisms.

The FSC will continue to refine the platform, maintain an open mind, and ensure that regulatory policies are better tailored to how the industry is developing while taking into account market security, thereby creating a stable and dynamic financial environment.

### NPLs at domestic banks as of the end of February 2026

Unit: NT\$1 billion / percentage points

	End Feb. 2026	End Jan. 2026	Increase/Decrease
Total outstanding loans	45,872	45,303	Increased by 569 billion
NPL ratio	0.15%	0.15%	-
Coverage Ratio	901.61%	914.33%	Decreased by 12.72 percentage points

As of the end of February 2026, 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 February 2026

Unit: NT\$1 billion / percentage points

	End Feb. 2026	End Jan. 2026	Increase/Decrease
NPLs	0.77	0.68	Increased by NT\$ 0.09 billion
NPL ratio	0.11%	0.10%	Increased by 0.01 percentage points
Coverage Ratio	2,169.03%	2,478.06%	Decreased by 309.03 percentage points

As of the end of February 2026, 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

Through end February 2026		TWSE-listed shares	TPEX-listed shares
Foreign Investors	Bought	9,015.17	1,600.11
	Sold	8,892.90	1,567.42
	Net bought (sold)	122.27	32.69
Mainland China investors	Bought	1.50	0.20
	Sold	1.10	0.14
	Net bought (sold)	0.40	0.06
Total		122.67	32.75

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

Unit: US\$1 billion

	End Feb. 2026	End Jan. 2026	Increase (Decrease)
Cumulative net (outward) inward remittances from offshore foreign institutional investors and foreign individual investors	340.98	329.48	11.49
Cumulative net (outward) inward remittances from mainland China investors	0.09	0.07	0.02
Total	341.07	329.55	11.51

### Sales statistics of foreign-currency-denominated products by life insurance industry as of the end of December 2025

Unit: NT\$1 billion

	End Dec. 2025	End Dec. 2024	Increase (Decrease)
Investment-linked insurance	70.32	49.81	41%
Traditional life insurance	348.60	272.85	28%
New-policy premium income (total)	418.92	322.66	30%

## Investor and Consumer Protection

### FSC reminds consumers to disclose in full the health condition of an insured individual when purchasing health insurance

The FSC reminds consumers that when purchasing health insurance coverage, they must carefully assess their personal needs and financial capability and ensure that they understand the type of insurance product, definitions of diseases/conditions, waiting periods, exclusions, and maximum payouts. They must also truthfully disclose information in accordance with the inquiries of each policy. This will ensure the insurance company is fully aware of the insured's health condition and can assess corresponding risks. Where information is concealed, omitted, or false to the extent that it can affect the company's assessment of risk, the company may, in accordance with Article 64 of the Insurance Act, terminate the contract within one month of becoming aware of the grounds for termination as well as within two years of the contract's termination. Further, if the insured

purchases insurance with a pre-existing condition and fails to disclose this, even if more than two years have passed since the contract, the company may not terminate the contract. But the insurance company will not be liable for paying out benefits for illnesses that began before the policy was purchased, in line with Article 127 of the Insurance Act.

### FSC reminds women to reassess their insurance coverage and protect themselves and their families

The FSC stated that women are a vital force for stabilizing families and promoting social development. It is therefore important for women to regularly review the comprehensiveness of their insurance coverage and make adjustments at different stages of life. Women can also assess and purchase insurance products specifically designed for them. Since the details and payment methods of insurance companies can vary, women should select suitable insurance products based on their actual needs. Before purchasing insurance, women should gain a full understanding of coverage and payment conditions, age restrictions, exclusions, definitions of diseases and conditions covered by the policy, waiting periods, and other key matters. They should also consider their own health condition and premium affordability, review the policy sample provided by the insurance company, and then select the most suitable product with a full understanding of its contents.

### 2026 Financial Literacy Campaign for the Campus and Community

The FSC's 2026 Financial Literacy Campaign for Campuses and Communities held a total of 104 activities from January through March at the Caotun Yufeng Community Care, schools, and other organizations in Nantou County, attended by 7,635 people. The free program has proven popular since its inception in 2006. As of the end of 2025, a total of 10,053 events had been held and over 1.3 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 2026. Interested schools or groups can apply online or call (02) 8968-9711.