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Publisher Dr. Jin-Lung Peng
Advisor Dr. Yen-Liang Chen
Hsou-Yuan Chuang
Kuang-Chi Shang
Evecutive Editor
Department of Planning
Publishers & Editorial Office
Financial Supervisory Commission

Add 18F., No.7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 22041, Taiwan, Republic of China
Tel 8968-0899
Fax 8969-1271
E-mail planning@fsc.gov.tw
Website http://www.fsc.gov.tw

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Policy and Regulations

FSC extends Kaohsiung Asset Management Zone pilot operations through June 30, 2027

Continuing to promote the policy of transforming Taiwan into an Asian Asset Management Center and to meet the operating needs of financial institutions, the FSC decided to extend the pilot operations in the Kaohsiung Asset Management Zone through June 30, 2027. The deadline for submitting results of pilot programs as well as audit results has also been extended accordingly. This change allows financial institutions to further develop their operations and gain more experience.In line with the principle of time-limited pilot programs and the sustainable development of the Zone, the FSC has also begun a comprehensive stocktaking of the pilot programs in the Zone. The assessment will consider expanding pilot programs throughout Taiwan and increasing pilot programs inasset management zones.

The FSC emphasized that local asset management zones provide a testing ground for financial businesses to accumulate practical experience and improve systems. This is laying a solid foundation for the expansion of applications to the national financial system. While running pilot programs, financial institutions are to abide by regulations on information security, anti-money laundering, personal data protection, and the rights and interests of customers. Moreover, they are to enhance their internal controls and audit mechanisms. The FSC will continue to assess the results of pilot programs, remove restrictions and obstacles, to ensure system optimization, and gradually create an internationally competitive asset management ecosystem so as to realize the goal of transforming Taiwan into an Asian asset management center.

Asian Asset Management Center project reaches two-year goal of delivering tangible results

The FSC released a report on the achievements of the Asian Asset Management Center, stating that as of the end of April 2026, a total of 52 regulatory adjustments had been completed, while the assets under management (AUM) of the financial industry had increased by NT$10.62 trillion over June 2024, thus achieving the two-year goal of an increase of NT$4 trillion. Key achievements are as follows:

1. Strengthening Asset Management: The number of securities investment trust enterprises (SITEs) with assets exceeding NT$1 trillion has grown to eight; the number of actively managed ETFs has reached 30 (with assets of NT$870 billion); while eight foreign investment trust companies have established regional centers. A total of 57 financial institutions have participated in pilot initiatives within the Kaohsiung Asset Management Zone, with 38 business trials approved for implementation in the Zone.
2. Inclusion & Sustainability Integration: The Taiwan Individual Savings Account (TISA) program has attracted 164,000 people to set up accounts (with assets of NT$17.32

billion), while 317 sustainability bonds have been issued (with a total valuation exceeding NT$932.1 billion).

3. Wealth Management Promotion: The number of banks offering services to high net worth clients increased to 21, with AUM reaching NT$2.55 trillion (or growth of 118 percent). A total of 161 family officeswere served by the Kaohsiung Asset Management Zone (with assets of nearly NT$71.2 billion), while the Taiwan Successive Beneficiary Trust structure has been established.
4. Funding Public Infrastructure: The insurance industry has been guided to invest in public and social welfare undertakings, and has invested roughly NT$638.5 billion, or an increase of NT$7 billion compared with previously.
5. Expand Investment in Taiwan: TheTaiwan Innovation Board has listed an additional 12 firms and had a turnover of NT$90.8 billion in 2026 (for growth of 289 percent); the Asia Innovation Capital Platform was launched; and the cross-listing of ETFs between Taiwan and Japan was begun.

FSC issues ruling concerning Paragraph 3 of Article 16 of the "Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises"

As part of efforts to promote Taiwan as an Asian Asset Management Center and expand the scale of assets under management of discretionary investment management businesses, the FSC issued an order pursuant to Paragraph 3 of Article 16 of the "Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises" on May 13, 2026. Where a discretionary investment management business is entrusted by, and has obtained the consent of, a professional institutional investor or a high-net-worth institutional investor to invest assets under discretionary management in securities-related products through negotiated over-the-counter (OTC) transactions, the restriction prohibiting the counterparty from being a related party of the discretionary investment management business is hereby relaxed.

FSC revises and promulgates the "Payment Standards of the Compulsory Automobile Liability Insurance"

To enhance basic protections for victims of automobile accidents and ensure better road safety, the FSC revised and promulgated the "Payment Standards of the Compulsory Automobile Liability Insurance" on May 29, 2026. Starting from July 1, 2026, payments for death or complete permanent disability (Grade 1) have been increased from NT$2 million to NT$3 million, without increasing the insurance premium burden on the public.

FSC issues order concerning Articles 10 and 13 of the "Regulations Governing Offshore Structured Products"

In line with the FSC's addition of Paragraph 3 to Article 5 of the "Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers" on March 3, 2025, and the revisions to Article 6-2 of the "Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities," and Article 6 of the "Directions for the Conduct of Wealth Management Business by Securities Firms" on April 7, 2026,offshore structured products issued by authorized foreign exchange banks (or their overseas branches), offshore banking units (OBUs), and subsidiaries of securities firms are hereby permitted to be sold to professional investors who are juristic persons or funds, as well as professional natural persons.Accordingly, the reporting forms attached to the order have been amended.

FSC amends "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises" to strengthen cybersecurity defense

To boost the competitiveness and cybersecurity defenses of insurance enterprises amid rapiddigitalization, the FSC amended the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises" on May 26, 2026.In line with the Financial Cybersecurity Action Plan 2.0, these revisions expand the scope of insurance enterprises required to appoint a chief information security officer (CISO) and establish a dedicated information security unit that functions independently.Under the new rules, insurance companies with assets reaching NT$300 billion or more in the previous year, or those with online insurance premium revenues reaching NT$500 million, are required to implement such appointments and setups. The amendments explicitly define the authorities and duties of the CISO and the dedicated information security unit, and mandate minimum annual training hours for IT personnel.Acknowledging the high demand for cybersecurity talent and the operational restructuring required by insurers, the FSC has extended the implementation grace period to December 31, 2027. This extension ensures that market participants have sufficient time to systematically establish and implement the required internal controls.

FSC issues interpretation on Subparagraph 26 of Article 20 of the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies

To accommodate the extension of the reporting deadline for insurance companies' capital adequacy ratios for the period from 2026 through 2028, the FSC issued an interpretation on May 26, 2026, providing that financial holding companies may make a supplementary filing to disclose their group capital adequacy ratio, i.e., the information in Appendix C to financial reports, via the Market Observation Post System within four months after the end of each fiscal year and within three months after the end of each semi-annual period.

When initially filing financial reports, financial holding companies are to state in their notes to Appendix C the basis for the deferred disclosure, as well as the expected timeline for making the supplementary disclosure. This will facilitate greater understanding of related information by users of financial reports.

FSC issues interpretive ruling for Paragraph 4 of Article 2 of Regulations Governing the Scope and Ratio of Current Assets of Collectively Managed Money Trusts

The FSC issued an interpretive ruling for Paragraph 4 of Article 2 of the "Regulations Governing the Scope and Ratio of Current Assets of Collectively Managed Money Trusts" on May 12, 2026. The ruling provides that money market funds offered by securities investment trust enterprises, as well as money market offshore funds approved by, or that become effective upon filing with, the competent authority for domestic offering and sale, may be held by trust enterprises as liquid assets in conducting the collective management and utilization of trust funds.

FSC provides resources to help listed companies align with IFRS sustainability disclosure standards

In line with the Roadmap for Taiwan Listed Companies to Align with IFRS Sustainability Disclosure Standards (hereinafter, "the Roadmap") issued by the FSC, TWSE- and TPEx-listed companies will adopt the IFRS Sustainability Disclosure Standards(the "Standards") endorsed by the FSC in three phases starting from fiscal year 2026, based on their paid-in capital. Phase 1 companies

(companies with paid-in capital of NT$10 billion or more) began applying the Standards this year (2026) for preparing sustainability-related financial information, Phase 2 companies (companies with paid-in capital of NT$5 billion or more but less than NT$10 billion) will apply them starting in 2027, and Phase 3 companies (companies with paid-in capital of less than NT$5 billion) will apply them starting in 2028.

To help companies achieve a smooth transition, the FSC continues to oversee the Task Force for Promoting Taiwan's Alignment with IFRS Sustainability Disclosure Standards ("the Task Force"), which provides a variety of guidance resources on a website that has been established concerning alignment with the IFRS Sustainability Disclosure Standards ("the website"). Practical workshops have been held to guide companies with preparing and disclosing climate-related information through IFRS S2 implementation guidance, sample disclosures, and hands-on exercises.In response to feedback from stakeholders that Scope 3 greenhouse gas emissions (GHG) disclosures are comparatively difficult to implement, GHG inventory workshops are also being planned and conducted on an industry-by-industry basis to help companies identify the common inventory categories relevant to their respective industries.

Considering that, starting from 2027, Phase 1 companies will begin identifying material sustainability topics beyond climate, in addition to disclosing climate-related information.The Task Force has prepared guidance on IFRS S1 and S2 and posted this informationon the website to help companies with the comprehensive disclosure of sustainability-related financial information.

Investor and Consumer Protection

FSC oversees TAIFEX introduction of three-tier price limits for futures and options on foreign-component securities ETFs

To ensure both price responsiveness and market stability in the futures market, the FSC is overseeing the Taiwan Futures Exchange (TAIFEX) in planning a three-tiered price fluctuation mechanism for futures and options on foreign-component securities ETFs, replacing the current single-tier ±15% limit. Specifically, foreign bond ETF futures and options will have the three tiers of limits at ±5%, ±10%, and ±15%. Foreign equity ETF futures and options will have the three tiers of limits at ±7%, ±10%, and ±15%. When a product hits the first or second tier of the price fluctuation limit, a five-minute cooling-off period will begin, during which trading will continue within the original price fluctuation limit. After the cooling-off period, the price fluctuation limit will be relaxed to the next tier. The changes are expected to take effect on July 6, 2026.

FSC announces 2025 achievements under financial inclusion indicators; targets were met for all indicators, while many exceeded the international average; five new indicators were added in 2026 to ensure "all-ages financial services" and financially friendly services

To help the public gain a better understanding of Taiwan's efforts to promote financial inclusion and the effectiveness of related policies, the FSC published the 2025 results of Taiwan's financial inclusion indicators on May 28, 2026, and made adjustments to the 2026 measurement and observation indicators.

The results for 2025 show that Taiwan's performance in all eight international comparative indicators was better than the global and Asian averages. This shows that Taiwan's citizens have comparatively convenient access to financial services and a high level of use of financial products. Furthermore, the 2025 targets for all 10 measurement indicators were reached. Data for seven of them showed significant improvement over 2024. This demonstrates Taiwan's continued progress in such areas as creating a bilingual financial services environment, ensuring the widespread adoption of digital financial services, and deepening financial education and outreach. These efforts help meet the financial needs of various groups in Taiwanese society, showcasing the concrete results of promoting financial inclusion.

Regarding adjustments to the indicators for 2026, in line with efforts to promote "all-ages financial services" as well as financially friendly services, one new measurement indicator and four observation indicators were added. These include the rate of sign language interpretation services provided, the number of Taiwan Individual Savings Accounts (TISA) opened, the number of beneficiaries of elder cure trusts, the number and amount of commercial real estate reverse mortgage loans approved by banks, and the number of valid long-term care insurance contracts.

The FSC will continue to adjust measurement indicators as needed based on the financial sector's development and will publish the measurement results annually as a way of reviewing the progress of financial inclusion in Taiwan, serving as an important reference for improving financial inclusion policies.

FSC reminds consumers not to purchase offshore insurance products that have not been approved by the competent authority

The FSC reminds consumers that purchasing offshore insurance policies issued by foreign insurance companies not authorized to operate in Taiwan carries multiple risks, including difficulty in resolving disputes, lack of transparency, lack of protection under Taiwan law or by the Insurance Stabilization Fund, a greater risk of fraud, and the inapplicability of income tax deductions or the exclusion of death benefits from estates. Consumers should select insurance products from insurance companies that have received authorization from the competent authority.

2026 Financial Literacy Campaign for the Campus and Community

The FSC's 2026 Financial Literacy Campaign for Campuses and Communities held a total of 454 activities from January through June at the Houliao Community Development Association and schools in Baisha Township, Penghu County, attended by 27,361 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) 8968-9712.

Industry Updates

FSC Chairman Peng Jin-lung visited the Kaohsiung Asset Management Zone

The first anniversary of the establishment of the Kaohsiung Asset Management Zone (hereinafter, "the Zone") under the Asian Asset Management Center Initiative is drawing near. The Zone was jointly established by the FSC and the Kaohsiung City Government. To conduct the site visits to review the implementation of pilot programs in the Zone, FSC Chairman Peng Jin-lung visited two banks, one investment trust company, and one insurance company in Kaohsiung on May 18, 2026. The visits were made to gain an understanding of the implementation of the pilot programs, financial institutions' investment in talent development, and to ascertain whether pilot programs were being implemented in a prudent manner while ensuring that risks remain under control. The FSC stated that in the period since its establishment, the Zone had made steady progress in overseeing pilot programs and had served to strengthen risk management, internal controls, and anti-money laundering measures, had cultivated talent, and had avoided excessive competition. The FSC will continue to promote openness and regulatory refinement to attract capital and talent to realize the goal of Taiwan’s transformation into an Asian Asset Management Center.

NPLs at domestic banks as of the end of May 2026

Unit: NT$1 billion / percentage points

	End May 2026	End Apr. 2026	Increase/Decrease
Total outstanding loans	47,353	46,925	Increased by 428 billion
NPL ratio	0.14%	0.15%	Decreased by 0.01 percentage points
Coverage Ratio	919.81%	912.62%	Increased by 7.19 percentage points

As of the end of May 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 May 2026

Unit: NT$1 billion / percentage points

	End May 2026	End Apr. 2026	Increase/Decrease
NPLs	0.87	0.83	Increased by NT$ 0.04 billion
NPL ratio	0.13%	0.12%	Increased by 0.01 percentage points
Coverage Ratio	1,949.97%	2,037.97%	Decreased by 88 percentage points

As of the end of May 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 May 2026		TWSE-listed shares	TPEx-listed shares
Foreign Investors	Bought	31,199.67	6,224.10
	Sold	31,485.57	6,205.51
	Net bought (sold)	(285.90)	18.59
Mainland China investors	Bought	7.13	0.83
	Sold	4.42	1.20
	Net bought (sold)	2.71	(0.37)
Total		(283.19)	18.22

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

Unit: US$1 billion

	End May 2026	End Apr. 2026	Increase (Decrease)
Cumulative net (outward) inward remittances from offshore foreign institutional investors and foreign individual investors	385.14	364.29	20.85
Cumulative net (outward) inward remittances from mainland China investors	0.17	0.14	0.03
Total	385.31	364.43	20.88

Sales statistics of foreign-currency-denominated products by life insurance industry as of the end of March 2026

Unit: NT$1 billion

	End Mar. 2026	End Mar. 2025	Increase (Decrease)
Investment-linked insurance	23.94	15.50	54%
Traditional life insurance	125.06	83.98	49%
New-policy premium income (total)	149.00	99.48	50%

Major Penalties

FSC imposes administrative penalties on Taishin International Bank for deficiencies arising from a former wealth manager's misappropriation of client funds

A former wealth manager at Taishin International Bank was found to have misappropriated client funds, violating Paragraph 1 of Article 45-1of the Banking Act and posing a risk to sound business operations. Pursuant to Subparagraph 7 of Article 129 of the Banking Act, the FSC imposed a fine of NT$14 million on the bank. Further, pursuant to Paragraph 1 of Article 61-1 of the same act, the FSC ordered the bank to take corrective actions. And in line with Paragraph 2 of the same article, the bank has been ordered to stop accepting new clients for financial products and services for high-asset clients and from accepting new clients for the pilot program in the Kaohsiung Asset Management Zone for a period of one month. The bank may resume accepting new clients only after the FSC has approved its corrective measures.

FSC imposes administrative penalties on Taichung Commercial Bank for deficiencies in deposit account opening, ongoing customer due diligence, and account monitoring mechanisms

Taichung Commercial Bank was found to have violated Paragraph 1 of Article 45-1 of the Banking Act, Paragraph 1 of Article 4 and Paragraphs 1 and 3 of Article 12 of the “Implementation Rules of Internal Audit and Internal Control Systems of Financial Holding Companies and Banking Industries,” and Articles 3, 5, 6, 9, and 15 of the “Regulations Governing Anti-Money Laundering of Financial Institutions” promulgated pursuant to the Money Laundering Control Act. Pursuant to Subparagraph 7 of Article 129 of the Banking Act, a fine of NT$32 million was imposed.