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Policy and Law

Executive Yuan Approves the Green Finance Action Plan

In line with the nuclear free home, energy transformation and carbon reduction and other major policies and taking into account green finance international development trends, the FSC has formulated the Green Finance Action Plan. The Plan was approved by the Executive Yuan on November 6, 2017. Covering seven aspects, namely credit, investment, capital market fund raising, talent nurturing, promotion to deepen the development of green financial products or services, information disclosure and promotion of the idea of green sustainability, the Plan includes 25 measures and will be jointly promoted by the Ministry of Economic Affairs, Ministry of Finance, National Development Council, Environmental Protection Administration, the National Development Fund and other government agencies.

The Plan's short-term objective is to assist green energy operators, especially photovoltaic and offshore wind power generating companies, to obtain the funds they need to develop their business. Therefore, the focus in the short-term will be promotion of the Equator Principles and other voluntary international green investment and finance principles and, by training financial industry talent with green energy industry expertise and bringing out enhanced credit, investment and fund-raising measures, promoting the autonomous provision of support to the green energy industry by the financial industry.

The medium-long term objective of the Plan is for ministries to cooperate in promoting regulations and measures that are environmentally friendly, so the financial market leads physical industry, investors and consumers to attach importance to green sustainability, allowing Taiwan's economy to transform into a green low carbon economy, with green investment and green consumption and living.

The FSC has actively promoted green financing in a step-by-step manner. Its important achievements in this respect are as follows:

1. Encouraging banks and insurance companies to incorporate green issues into their investment and financing decisions: the FSC has supervised the Bankers' Association and Life Insurance Association to incorporate Equator Principles into their self-governance guidelines for lending activities. Some financial institutions have signed up to international principles of green financing, including Equator Principles and Principles for Sustainable Insurance.
2. Assisting the green energy industry to obtain finance: the FSC has encouraged domestic banks to lend to green energy enterprises. As of the end of September, 2017, such outstanding loans amounted to NTD 1,049.7 billion.
3. Guiding investments into the green energy industry:
 - (1) Approval for investment projects of the insurance industry in renewable energy power plants: as of the end of September, 2017, the FSC has granted approval for approximately NTD 5.35 billion investments in five renewable energy power plants.
 - (2) On September 25, 2017, the FSC launched the Program to Encourage Investment by Insurance Industries in Key Innovative Industries as an incentive for the insurance industry to invest in enterprises in "5+2 innovative industries", including green energy industry.
 - (3) On October 17, 2017, the FSC introduced the deregulatory measure that allows the insurance industry to investment in domestic funds raised by national investment companies that invest in enterprises in "5+2 innovative industries", including green energy industry.
 - (4) On August 3, 2017, the FSC introduced the deregulatory measure that allows Securities Investment Trust Enterprises (SITEs) to set up a PE fund through a subsidiary, to manage a PE fund under mandate and to introduce investors to participate in the PE Fund, in order to facilitate investments in domestic infrastructure and green energy industry. On October 26, 2017, the FSC approved the first application filed by Cathay Securities Investment

Trust Co., Ltd (“Cathay Securities Investment Trust”). Cathay Securities Investment Trust plans to set up a PE fund through its subsidiary, which aims to collect NTD 10 billion and mainly invests in enterprises in green technology, renewable energy and circular economy.

- Facilitating responsible investments in the capital market: the green bond market came into existence on May 19, 2017. As of the end of October, 7 bonds were listed in the market and the total issue size amounted to equivalent NTD 12.3 billion. The market scale has been growing. Now there is already one domestic corporate governance ETF, which is an incentive for exchange and OTC listed companies to attach importance to green issues. In addition, Taiwan Social Corporate Responsibility Index will be developed by the end of this year to expedite responsible investment by institutional investors.
- Green insurance: green insurance products, including “green vehicle insurance”, “liability insurance for accidental pollution” and “liability insurance for environmental pollution”, have been launched to the market.

According to the FSC, further deliberation on specific practices is needed for certain measures, and some effects of certain measures depend on deepened market development. The FSC and other related ministries will continue to actively promote them in a hope of diverting financial resources to green industries and driving green consumption. Such efforts are designed to transform economic structure, develop new economic model of sustainable development and drive mutual development of both financial market and industry.

FSC invites the Taiwan Financial Services Roundtable to discuss the White Paper on Finance Recommendation at a discussion meeting

The FSC always highly value the policy suggestions of the White Paper on Finance Recommendation which the Taiwan Financial Services Roundtable (TFSR) compiles after collecting policy suggestions from various financial industry associations and related institutions. In order to have two-way discussion and exchange with financial industry business operators and to hear their opinions, FSC Chairman Wellington L. Koo convened a discussion meeting on November 18, 2017. The meeting was attended by 21 people including Huang Diao-kuei, Acting Chairman of TFSR, and representatives of financial industry associations and related units.

The FSC has assessed the feasibility of each recommendation and, during the meeting, stated the main points of financial supervision and operations present and future and explained which recommendations have been adopted. The ones that have been adopted are:

- Building an Asian Asset Management Center:** The limit on repo trade for banks engaging in foreign securities brokerage business has been raised; securities companies can now conduct Private Equity Fund business by applying to re-invest in a venture capital enterprise.
- Supporting the real economy and public construction:** Insurers are now allowed to invest in long-term care institutions; when banks provide credit to business guaranteed by a foreign central government credit guarantee institution, under certain conditions, the banks do not have to include the amount in total amount of unsecured credit, however, it has to be included in the total credit granted to a single juridical person.
- Expanding the scale of the capital market:** the FSC has supervised the establishment of a green bond OTC system by TPEX and actively encourages enterprises to issue green bonds. CPC Corporation, Taiwan’s green bond was listed on September 20 and the actual issue amount was NT\$2.8 billion.
- Promoting the development of Fintech:**
The determination principles for determining the applicable investment credit review standard for financial institution R&D expenditure have been provided to business operators for reference; considering that travel accident insurance is purchased when needed, the requirement of telephone survey for online applicants selected via a sampling process is waived in line with insurance sold through physical channels; Online insurance business has been deregulated in four stages so far; for the items to be deregulated in stage five, the Taiwan Insurance Institute and related associations have been invited to discuss this matter.
- Enhancement of financial supervision effectiveness and financial regulation adjustment:** when a bank acts as a trustee without decision-making power, the FSC interpreted that it is not subject to the restrictions on credits extended to related parties specified in article 32 and article 33 of the Banking Act. Therefore, considering the situation about a trust company acting as the trustee of an equity trust without decision-making power for trust property allocation, the FSC, referring to the spirit of the interpretation mentioned above, will study the issue of whether a company whose equity is in trust should be considered as a subsidiary of the financial holding company or not; regulations related to required weights for mortgage exposures are amended based on changes made by the BCBS to such weights.
- Building a sound domestic financial tax system:** With regard to suggestions including lowering the futures transaction tax, setting a differentiated option tax rate according to option type, and lowering

the tax rate on all types of options, supplementary information has been passed to the Ministry of Finance for reference.

As for other recommendations, for those that involve other agencies, the FSC will communicate with the related agencies in a timely way; those that have been deemed to require further assessment due to consideration of risk or consumer protection will be reviewed again at a suitable time in the future. The FSC thanks TFSR and financial industry business operators for their suggestions and welcomes the putting forward of ideas and suggestions by financial business operators and from various quarters in the future. The FSC will engage in exchange with an open attitude, striving together with all related parties for the development of the financial industry.

Important amendments of regulations governing the capital adequacy of banks

In the near future, the FSC will amend the Methods for Calculating Banks’ Regulatory Capital and Risk-Weighted Assets. The risk weight of creditor’s rights with residential real property collaterals will be lowered from 45% to 35% for such real properties that fit the definition of “self-use residence” and from 100% to 75% for those that do not fit the definition. Currently, the risk weight for equity securities investments is 400% for investments in financial related businesses that are put in the trading book and investments in non-financial related businesses that are put in the banking book (300% for transactions in the open market). The risk weights for these two categories of investment will be lowered to 200% and 100% respectively according to prevailing international standards. The aforementioned amendments will take effect on Dec 31, 2017.

Cap on shareholding ratio for banks to invest in venture capital enterprises to be raised from the current 5% to 100%

Considering that the sources of capital funds for industry are insufficient after the withdrawal of industrial banks and banks possess ample funds currently, the suitable loosening of the restrictions on banks’ investments in venture capital enterprises, under the precondition of taking appropriate risk control, will allow banks to play the role of industrial banks. It will not only help solve the idle funds problem of banks and support strategic industries as designated by the government, in the long-term, diversification of bank business will also help to disperse risks and lead to differentiation of bank operations, giving banks greater business development flexibility. The measure will be announced after the administrative procedure is completed and related orders will be repealed.

Key points of the deregulatory measure and related management mechanism are as follows:

- Defining venture capital business management and consulting enterprises as “financial related enterprises”: the FSC will define management and consulting enterprises engaging in offering or establishment of venture capital enterprises as “financial related enterprises”, in which banks can hold 100% shares.
- Defining venture capital enterprises as “financial related enterprises”: the FSC will define venture capital enterprises as “financial related enterprises” specified in Article 74 of the Banking Act. A bank can hold up to 100% shares of one venture capital enterprise. Under risk control consideration, however, the total amount of direct investment of a bank in venture capital enterprises shall not exceed 3% of its net worth (the overall amount that all banks may invest in venture capital enterprises is approximately NT\$ 100 billion).
- Encouraging banks to directly provide enterprises in strategic industries with capital funds: the FSC will issue an order to define banks’ investments in “5+2 innovative industries” that the government actively supports as investments for supporting “the government’s economic development plan” specified in Paragraph 2 of Article 74 of the Banking Act. In respect of such investment applications, the FSC will waive the requirement for the applicants to present documents that prove their support for the “government’s economic development plan” provided by the competent authority, in order to streamline the application process.
- Imposing the limit on shareholding percentage of a banking group’s investments in one industry: according to Paragraph 5 of Article 37 of the Financial Holding Company Act, a bank and its subsidiaries shall not hold more than 15% shares of a non-listed or a non-OTC company. However, such a limit does not apply if only the bank group’s venture capital subsidiary makes such investments and the investment amount does not exceed a specific ceiling (ceiling for investments in “5+2 innovative industries” and “cultural and creative industries” is NT\$150 million and NT\$50 million for investments in other industries).
- Setting the limit on shareholding percentage for banks to reinvest in another venture capital enterprise: such limit shall be imposed by internal guidelines developed by the bank. The FSC will set requirements for the reports/statements control mechanism in order to obtain industry development information.
- Other management mechanisms: investments in venture capital enterprise(s) shall be excluded from the calculation of a bank’s eligible capital. The leverage ratio (investments/net worth) of the

venture capital enterprise shall not exceed 125%, which is the current limit imposed by the Financial Holding Company Act for financial holding companies. Related applications shall be submitted according to Article 74 of the Banking Act.

Issuance of interpretative order regarding Article 2 of the Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises

According to the order issued on Oct 17, 2017 by the FSC, when an insurance company invests in a domestic fund created by a national-level investment company, which is approved by the Executive Yuan and established with investment by the National Investment Fund under the Executive Yuan, and invests in specific items of Point 1 of FSC order No.10610908021 issued on March 21, 2017, such an insurer's investment is considered "other use in line with the government policies" specified in Subparagraph 6, Article 2 of the Regulations Governing Use of Insurer's Funds in Special Projects, Public Utilities and Social Welfare Enterprises.

The order on eligibility, operating procedure and related control measures for securities firms accepting orders for foreign securities trading to retain settlement funds in the securities firms' settlement accounts with consent of the customers

The FSC introduced amendments to some articles of the Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities on October 6, 2017, in order to allow securities firms accepting orders for foreign securities trading to retain settlement funds in foreign currencies in their settlement accounts with the consent of the customers. To facilitate compliance by securities firms, the FSC issued the order on eligibility, operating procedure and related control measures for the aforementioned deregulation on November 15, 2017.

Limit lifted for investments of proprietary capital by securities investment consulting enterprises

On October 16, 2017, the FSC lifted the ceiling on the total amount of investments in purchasing domestically offered securities investment trust funds, futures trust funds offered to unspecified persons and offshore funds by securities investment consulting enterprises using proprietary capital from 30% of its net worth stated in the recent CPA-audited financial report to 40%, in order to enhance the performance of investment by securities investment consulting enterprises with their proprietary capital.

Amendments to some articles of the Regulations Governing the Preparation of Financial Reports by Company-Type Stock Exchanges, the Regulations Governing the Preparation of Financial Reports by Company-Type Futures Exchanges and the Regulations Governing the Preparation of Financial Reports by Futures Clearing Houses

On November 8, 2017, the FSC announced the final amendments of these Regulations to enable the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". The amendment will be effective from January 1, 2018 to be in line with IASB's effective date. The main amendments consist of adjusting related accounting items and attached forms, and specifying the disclosure requirements on financial instruments and contracts with customers.

Amendment of the Directions for Insurance Enterprises Engaging in Online Insurance Business

On November 20, 2017, the FSC introduced some deregulatory measures, including negative list for non-life insurance coverage, new types of insurance products allowed for online applications, increased maximum insured amount of travel accident insurance, coverage of travel accident insurance purchased by parents for children under the age of 7 and streamlined process of notification of loss for car/motorcycle insurance, in order to continue to promote online applications in the insurance industry. The FSC also amended the Directions to facilitate the compliance of the insurance industry.

Issuance of Directions for Insurance Agent Companies and Insurance Broker Companies Engaging in Online Insurance Business

On November 3, 2017 the FSC issued the Directions, allowing insurance broker companies, insurance agent companies and banks concurrently running insurance brokerage or insurance agent business to accept and process online applications.

Amendment of Schedule II of Point 8 of Guidelines for Life Insurers Engaging in Reinsurance Business with Reserve Credits taken

Considering that a life insurance policy is a long-term contract and credit risk of reinsurers affects risk spread quality of the life insurance business, the FSC has amended the regulations governing rating scales

of credit rating agencies for risk levels in Schedule II of Point 8 of the Guidelines, in order to achieve better consistency among credit ratings given by different international credit rating agencies.

Amendments of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises

On Oct 19, 2017, the FSC introduced amendments to the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises, which require insurance companies to attach more importance to legal compliance and anti-money laundering and countering terrorism financing mechanisms, set stricter requirements for qualifications, professional training and roles of legal compliance staff and officers, and enhance the reporting mechanism of insurance companies. According to the amendments, insurance companies are required to incorporate the material contingency handling mechanism and legal compliance management of anti-money laundering and countering terrorism financing into their internal control operation. Moreover, the scope of special audits of the internal control systems of insurance companies by an entrusted CPA shall include foreign subsidiaries and cover implementation of internal systems, such as the anti-money laundering mechanism.

Amendments of Article 24 and Article 32 of the Regulations Governing Pre-sale Procedures for Insurance Products

In order to facilitate the healthy development of the insurance industry and strengthen current pre-sale procedure for insurance products to help the insurance industry enhance insurance product structure and encourage sound operation of insurance companies, the FSC introduced amendments to article 24 and article 32 of the Regulations on November 8, 2017. Key points of the amendments are as follows:

1. Related measures for enhancing the mission functions of the insurance product management team ("the management team"):
 - (1) The management team shall regularly review important information of all products and necessary response measures. If any adjustment is necessary according to the review result, the team shall submit such proposal to the board of directors after obtaining the approval of the general manager.
 - (2) The management team is now required to assess the implementation status of the asset allocation plan for life insurance products for over one year, incorporate premium (rates) adequacy into the analysis on pricing reasonableness of insurance products and review significant after-sale deviation from actuarial assumptions for major life insurance products approved by the competent authority.
2. In order to give insurance companies time to make adjustments to their information system and administration procedures according to the amendments, the amendments will take effect on Jan 1, 2018.

International Activities

Taiwan-UK Green Finance Roundtable

The FSC and the British Office Taipei jointly held the Taiwan-UK Green Finance Roundtable on October 18. It was co-chaired by FSC vice-chairman Cheng Chen-mount and British Office Taipei Representative Catherine Nettleton. City of London Special Adviser for Asia Ms. Sherry Madera also attended. The two sides exchanged views on a wide range of important green finance issues.

Current and former IAIS secretary generals visit the FSC

The International Association of Insurance Supervisors newly-elected secretary general Jonathan Dixon and former secretary general Yoshihiro Kawai paid a visit to the FSC together on November 6, 2017. They were received by FSC vice chairmen Cheng and Huang and exchanged a wide range of views on the IAIS future work, the development of the insurance industry, and other important issues.

Industry Updates

FSC assist the promotion of agricultural insurance, approves avian flu insurance products

On October 20, 2017, the FSC agreed to allow MSIG Mingtai Insurance Co. Ltd. to sell Mingtai Poultry Avian Flu Insurance and Mingtai Poultry Avian Flu Insurance Additional Insurance for Income Loss Prior to Re-start of Rearing. Under the policies, the insurance company will compensate a policy holder for chickens that die or are slaughtered during a ban on movement of the birds imposed by an animal quarantine agency when they have contracted or are suspected of having contracted highly pathogenic avian influenza. In the initial stage, coverage will be limited to chickens but may be extended to other bird species in the future depending on the handling situation, to assist farmers transfer related operating risk and enhance their understanding of the disaster risk dispersal concept.

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FSC agrees to allow Cathay Securities Investment Trust to conduct PE Fund business

On October 26, 2017, the FSC approved an application from Cathay Securities Investment Trust Co., Ltd to conduct private equity fund-related business. It plans to establish a subsidiary (Cathay Private Equity Co., Ltd, with capital of NT\$50 million) to engage in PE Fund business. Cathay Securities Investment Trust will be entrusted manage the subsidiary's private equity funds and introduce investors. According to Cathay Securities Investment Trust's planning, the first PE Fund's investment subjects will mainly green energy technology, renewable energy, and circular economy related companies. The target issue amount is NT\$10 billion.

The FSC announced an order on August 3, 2017 allowing Securities Investment Trust Enterprises (SITEs) to set up a PE fund through a subsidiary, to manage a PE fund under mandate and to introduce investors to participate in the PE Fund, the intention being to expand the scope of business of domestic investment trust enterprises, increase managed asset scale and channel domestic institutional investor capital into domestic physical industry, such as public construction, green energy etc. Cathay Securities Investment Trust is the first company to have PE Fund business approved since the order was issued.

FSC agrees to allow Bank of Taiwan to set up a Frankfurt representative office

On November 9, 2017, the FSC agreed to allow Bank of Taiwan to apply to the German financial competent authority to establish a representative office in Frankfurt. The bank wants to set up this office to make the expansion of its European commercial presence more complete and grasp European business opportunities in a timely way. The office will allow Bank of Taiwan to understand the local financial environment and take advantage of business opportunities arising from future development.

The FSC stated that Taiwan's banks currently have European commercial presence in the UK, France and the Netherlands, but they do not have a German presence. Therefore, Bank of Taiwan's German office is the first commercial presence established by Taiwan's banks in German.

NPL ratio for domestic banks at 0.29% as of the end of October 2017

The total outstanding loans of domestic banks stood at NT\$26,972.7 billion as of the end of October 2017, up by NT\$101.3 billion from the previous month, while their total NPLs were NT\$79.4 billion, up by NT\$1.5 billion from the previous month's figure of NT\$77.9 billion, generating an average NPL ratio of 0.29%, the same figure as the end of previous month. The NPL coverage ratio of Taiwan's domestic banks stood at 464.06% at the end of October 2017, down by 8.09 percentage points from the figure of 472.15% at the end of the previous month.

NPL ratio for credit cooperatives at 0.13% as of the end of October 2017

Total NPLs at Taiwan's 23 credit cooperatives stood at approximately NT\$602 million as of the end of October 2017, generating an NPL ratio of 0.13%, down by 0.02 percentage points from 0.15%, at the end of September 2017. The NPL coverage ratio, in the meantime, was 1,460.49%, up by 151.81 percentage points from 1,308.68%, at the end of September 2017.

Net foreign investments in listed shares

As of the end of October 2017, foreign and Mainland China investors had bought around NT\$ 5,432.5 billion and sold around NT\$ 5,195.8 billion worth of shares on the Taiwan Stock Exchange, making for a cumulative net inward investment of around NT\$236.7 billion. Meanwhile, on the Taipei Exchange, foreign and Mainland China investors bought around NT\$537.5 billion and sold around NT\$512.6 billion, making for a net inward investment of around NT\$24.9 billion. The figure for cumulative net inward remittances by offshore foreign institutional investors, Mainland China investors, offshore overseas Chinese, and offshore foreign nationals as of the end of October, 2017 stood at approximately US\$207.7 billion, up by around US\$1.1 billion from US\$206.6 billion at the end of September, 2017.

Investor and Consumer Protection

2017 Insurance Advocacy Fair successfully held by the FSC

On October 21, 2017 the FSC held a combined mass painting event and insurance advocacy fair. The day was a great success, the fair attracting several thousand visitors. The focus of insurance advocacy was micro insurance, aging insurance, residential earthquake insurance and compulsory automobile liability insurance. Various insurance advocacy stands were set up onsite, a variety of entertaining stage performances were presented and visitors were able to create their own splendid paintings. Insurance knowledge was conveyed to the public in a fun way. Also, to commend Taiwan's insurance firms for their efforts with regard the promotion of the aforementioned types of insurance, the FSC held an awards ceremony onsite in which insurance companies that have performed outstandingly in the handling of these insurance types were recognized.

2017 School and Community Financial Literacy Campaign

In November, 2017, the FSC held 27 financial literacy promotion sessions at schools and groups, including in National Caotun Commercial & Industrial Vocational Senior High School in Nantou County, as part of its 2017 School and Community Financial Literacy Campaign. A total of 3,171 participants attended. These sessions are free of charge and have been very well received since their inception in 2006. As of the end of 2016, 4,771 sessions have been held and attended by over 840,000 persons. Target participants include students from elementary, junior high, high schools and universities, community and women's groups, indigenous people, immigrants, and military service personnel. To facilitate the continued holding of this activity, to absorb the experience and lessons learned of each of the lecturers and enhance their teaching ability, the Bankers Association of the ROC and The National Federation of Credit Cooperatives, ROC jointly held a refresher course for School and Community Financial Literacy Campaign lecturers on October 27, 2017 in which all the lecturers were invited to take part.

The FSC's Banking Bureau will continue its financial literacy campaign in 2017. Schools or community groups interested in the campaign are invited to register on the website of the Banking Bureau; for more information, please call (02)89689709.

Major Enforcement Actions

King's Town Bank fined NT\$6 million

An employee of King's Town Bank misappropriated customer funds and the bank was thus fined NT\$6 million for violation of Paragraph 1 of Article 45-1 of the Banking Act. Under Subparagraphs 2 and 3 of Paragraph 1 of Article 61-1 of the same Act, the bank was ordered to suspend the handling of money trust business for new customers and joint promotion of insurance products (excluding mortgage related insurance products) for three months, and also dismiss the offending employee.

The Shanghai Commercial and Savings Bank fined NT\$3 million

When carrying out inspection of the deposit account opening and money laundering prevention operations of The Shanghai Commercial and Savings Bank, the FSC found that for some transactions that were suspected money laundering, the bank did not carry out further investigation and verification, did not properly save records of the transactions, and failed to report to the Bureau of Investigation, Ministry of Justice, in violation of Paragraph 1 of Article 8 of the Money Laundering Control Act. The bank was thus fined NT\$1 million under Paragraph 4 of Article 8 of the Act.

Also, an employee of the bank's Fengyuan branch received instructions in the form of a private message on LINE to withdraw (remit) funds from an imposter pretending to be a bank account holder and failed, in line with the bank's internal operating regulations, to check with the customer involved whether or not the changed contact phone number was correct. The bank's employee unilaterally and exceptionally handled inter-bank remittance according to instructions transmitted by LINE private message and failed to obtain the customer's passbook and withdrawal strip, carrying out withdrawal (remittance) by reconstructing the magnetic strip and providing the withdrawal strip after-the-fact. For these shortcomings, the FSC deemed the bank to have failed to properly implement an internal control system in violation of Paragraph 1 of Article 45-1 of the Banking Act. The Shanghai Commercial and Savings Bank, was thus fined NT\$2 million under Subparagraph 7 of Article 129 of the Act.

Chang Hwa Commercial Bank fined NT\$3 million and Taiwan Fire & Marine Insurance fined NT\$1.8 million

Chang Hwa Commercial Bank's insurance sales persons changed the residential fire and earthquake fundamental insurance originally taken out by borrowers to home comprehensive insurance without their permission, in violation of the bank's internal operating regulations. Taking into account that more than one case and different branches were involved, the violation was serious and the effect wide, the bank was ordered to take corrective action within one month and fined NT\$3 million, as well as being barred from selling home comprehensive or new contracts for other similar type insurance products for six months (not including policy renewals).

When underwriting residential fire insurance business of Chang Hwa Commercial Bank's Insurance Agency Department, Taiwan Fire & Marine Insurance Co., Ltd changed the insurance types at the instruction of Chang Hwa Commercial Bank's insurance sales persons without checking and failed to demand the Bank and its salespersons comply with the Insurance Agency Contract signed when soliciting insurance business in line with Subparagraph 9, Paragraph 1 of Article 6 of the Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises. Taiwan Fire & Marine Insurance was clearly violation of the related regulations of the Insurance Act, having a huge impact on the rights and interests of consumers and was thus fined NT\$1.8 million.