

# 金融展望月刊

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Ministry of Justice Anti-Corruption Hotline 0800-286-586

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- FSC held Financial Development Action Plan promotion meetings
- FSC held a public hearing on the proposed policies for providing incentives for consolidations among financial institutions
- Initial results of bank investment in venture capital enterprises in support of industries
- FSC issued a management mechanism that should be implemented by financial holding companies and banks when their responsible persons concurrently take up positions at non-financial enterprises

### Policy and Law

#### *FSC held Financial Development Action Plan promotion meetings*

In order to expedite upgrade and transformation of domestic financial industries, the FSC reviewed the financial industry situation, set objectives and response strategies for current key issues, and put forward the Financial Development Action Plan at the Cabinet Meeting on June 14, 2018. The action plan focuses on 4 dimensions, including banking industry, securities and futures industry, insurance industry and Fintech. On August 3, 10 and 17, respectively, the Financial Development Action Plan promotion meetings were held for the aforementioned industries' associations, related institutions and industries. At the meetings, the FSC explained related policy objectives, directions and concrete status of strategy implementation, in order to pass on the ideas of this Plan and form a consensus on collaboration to strengthen the competitiveness of the financial industry.

#### *FSC held a public hearing on the proposed policies for providing incentives for consolidations among financial institutions*

On July 25, 2018, the FSC held a public hearing on the proposed policies for providing incentives for consolidations among financial institutions that was attended by the Central Bank, Ministry of Finance, 16 financial holding companies, domestic banks, securities firms and insurance industry representatives. Discussions were carried out on the policy background, planning direction, equity investment and merger and acquisition, eligibility of applicants (investing entities), incentives and other topics.

The FSC will adjust related regulations based on opinions it received, and complete the project by the end of October 2018. The FSC will continue to pay attention to the market development situation and collect opinions of related businesses and, when appropriate, formulate policy programs by increasing incentives for consolidation to provide a friendly regulatory environment.

#### *Initial results of bank investment in venture capital enterprises in support of industries*

In December 2017, the FSC relaxed regulations on banks applying to invest in venture capital businesses and management consulting enterprises by raising the cap on shareholding ratio for banks to invest in venture capital enterprises from 5% to 100%. A survey in July 2018 showed that 8 domestic banks have expressed willingness to invest in venture capital enterprises or have already invested, and the investment of venture capital enterprises focused on the 5+2 Key Innovative Industries (including Green Energy, Asia Silicon Valley, Biomedical, Defense, Smart Machinery, new agriculture and circular economy). 4 banks have put forward applications and been approved by the FSC, and the investment amount was about NT\$3.8 billion. Other 3 banks expect to make applications before the end of 2018; it is expected that, after the applications are completed, the total investment amount will be almost NT\$10 billion by the end of 2018.

The FSC stated that it encourages banks to, while under the consideration of risk control, invest in key innovative industries and cultural and creative industries through investing in venture capital enterprises to create a conducive investment environment for the development of industries.

#### *FSC issued a management mechanism that should be implemented by financial holding companies and banks when their responsible persons concurrently take up positions at non-financial enterprises*

In line with Paragraph 3, Article 4 of the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company, and Paragraph 4, Article 3-1 of the Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks, the FSC issued a management mechanism on August 8, 2018, regarding "double hatting" behavior of the chairperson and general manager of a financial holding company or bank concurrently occupying positions at non-financial enterprises. The main points are:

1. The company should formulate an internal management mechanism for its responsible persons concurrently taking up the positions at non-financial companies: the contents should at least include prevention of conflict of interest, avoidance of inappropriate use of information, the responsible person's duty of loyalty, stratified responsibility, the name of the position should match the authority and the reporting line should be clear. When the chairperson, general manager or responsible person with equivalent functions of a non-financial enterprise concurrently serves in a position in a financial enterprise, he/she cannot act as the chairperson, general manager or take up a position that is principal in essence; if they concurrently serve as vice chairpersons, he/she can only act as the chairperson when the chairperson leaves or is absent for a short time; if he/she does not have the authority to approve/reject in the delineation of internal authority and ordinary official document process, he/she does not have a leader's position in essence, and vice versa.
2. When the chairperson or general manager of a financial holding company or a bank is already concurrently taking up the position of a non-financial enterprise, the company should request him/her to promise to meet the requirements of the above regulations and avoid conflict of interests.
3. When the vice chairperson of a financial holding company or a bank is already concurrently serving as the chairperson or general manager or equivalent position of a non-financial enterprise, the financial holding company or bank should handle the matter as follows:
  - (1) To review if the vice chairperson is the principal in essence; if he/she is, then the internal stratified responsibility mechanism and proposal reviewing procedure submitting to board of directors should be amended within a certain period.
  - (2) To include in self-inspection items of internal control system, which is managed by the internal audit unit.

### **Integration of orders on the interpretations of Article 72-2 of the Banking Act over the years and review of regulations governing "loans extended for residential construction and construction for business purposes" specified in the article**

The FSC issued an explanation order on Article 72-2 of the Banking Act on August 31, 2018. In addition to integration of related orders on the interpretation of the article over the years, the order also excludes loans extended by banks to/for public and private schools, medical institutions, government office buildings, long-term care service institutions, social housing, plants and urban renewal business plans from the scope of "loans extended for residential construction and construction for business purposes" specified in Article 72-2 of the Banking Act.

When banks extend loans for the aforementioned exclusions, they are not subject to the cap specified in Article 72-2 of the Banking Act. The order aims to effectively encourage banking industry to extend such loans in order to promote important government policies on long-term care service, social housing and urban renewal business. The FSC said that, in order to strengthen the self-management of banks after excluding the aforementioned loans, the FSC will ask banks to incorporate the total amount of the loans from the aforementioned exclusions into the internal risk control mechanism for real estate, and establish related risk management policies and operation guidelines to the board of directors.

### **Amendments to Statutory Interpretation for Article 6, 8 and 9 of the Real Estate Securitization Act**

The FSC introduced the amendments to the statutory interpretation to diversify investment instruments of real estate investment trust ("REIT") and to protect rights and interests of investors for sound development of REIT market on August 17, 2018. The amendments include the following main points:

1. Offshore investment instruments that domestic REIT funds are allowed to invest in now include related rights of offshore real estate, considering local practices of real property transactions in certain countries and regions. Meanwhile, the disclosure contents for the REIT plan are also simplified.
2. New disclosure requirement for the prospectus is introduced for sufficient disclosure about investment risks. The FSC also sets the deadline for enterprises to report the transactions and present required documents to the FSC for recordation, in order to increase operational flexibility of the industry.

### **Amendments to the Regulations Governing Information to be Recorded in the Prospectus by a Trustee Offering Beneficial Securities in a Real Estate Investment Trust or Real Estate Asset Trust**

In order to diversify investment instruments of the domestic REIT and align with the amendment of allowing REIT funds to invest in related rights of offshore real estate, the FSC introduced the amendments to certain articles of the Regulations for new disclosure requirements on information related to aforementioned offshore investment instruments on August

21, 2018. The key points of the amendments to the 3 articles of the Regulations are:

1. The cover of a prospectus shall show warnings about investments in offshore real estates, related rights of offshore real estate and information about limitation for investment proportion.
2. The profile of the investment plan in a prospectus shall now disclose the handling process of investments, local regulations and market overview when investing in offshore real estates, related rights of offshore real estate or REIT. Meanwhile, the investment risks incurred by political and economic changes in the regions where the aforementioned offshore instruments invest in shall also be disclosed.

### **Amendments to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies**

Considering that the operation of financial holding companies, banks regulated under the Banking Act and insurance companies regulated under the Insurance Act ("financial institutions") involves deposits of the public and interests of policy holders, and their operation stability may be compromised when minority shareholders manage to acquire the right to manage the company through proxies, the FSC introduced the amendments to the Regulations to enhance requirements on use of proxies in shareholders' meetings of financial institutions on August 16, 2018. The main points of the amendments are:

1. When election of directors or supervisors is proposed on the shareholders' meeting agenda held by a financial institution, the solicitor generally has to hold 0.5% of all issued shares of the company for over one year, instead of 0.2% before the amendment; the previous requirement of holding 800,000 issued shares of the company is also revoked.
2. When a shareholder of a financial institution plans to mandate a trust enterprise or shareholder services agent to act as the solicitor, the shareholder now, as the new amendment states, has to hold 10% or more of the total issued shares of the company for over 1 year, and complies with the regulations governing qualifications of majority shareholders set by the Financial Holding Company Act, the Banking Act and the Insurance Act, or not subject to related application procedures specified in these regulations for the mandate.
3. The amendments to Article 5 and 6 of the Regulations about shareholding requirement for the financial institution solicitors will take effect on July 1, 2019, in order to allow the financial industry adapt to these amendments.

### **Amendments to the Regulations Governing CPA Pre-Professional Training and Continuing Professional Education and Article 5 of the Regulations Governing Applications for CPA Certificates and Practice Registration**

Amendments to the aforementioned two regulations were announced on August 8, 2018 in line with the announcement of the amended Certified Public Accountant Act. The main points of the amendments are:

1. Regulations Governing CPA Pre-Professional Training and Continuing Professional Education: name changed to Regulations Governing CPA Continuing Professional Education; Article 2 and Articles 5-9 of the existing Regulations have been deleted; in line with amendment to Article 13 of the Certified Public Accountant Act, it is stipulated that a CPA who has completed practice registration is obliged to receive continuing professional education.
2. Regulations Governing Applications for CPA Certificates and Practice Registration: the regulation requiring a CPA to submit documentary proof of completion of pre-professional training when applying for practice registration have been deleted and it is stipulated that a CPA who has completed pre-professional training or has implemented but not completed pre-professional training before the amended provisions of the Certified Public Accountant Act come into effect may still apply for practice registration in the one year transition period.

### **Statutory Interpretation for the Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties**

To follow the precedent of the order on the interpretation of Article 45 of the Financial Holding Company Act issued on May 21, 2018, the FSC issued the statutory interpretation on July 17, 2018. When an insurance enterprise conducts transactions other than loans with interested parties, it is not subject to the restriction of "terms of such transactions may not be more favorable than those offered to other same category counterparties" which is specified in Paragraph 1, Article 4 of Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties, if the government is a responsible person or major shareholder of the insurance enterprise, and a sole proprietorship or a partnership owned and operated by a responsible person or major shareholder of an insurance enterprise or an enterprise or an organization in which a responsible person or major shareholder of an insurance

enterprise acts concurrently as its responsible person or representative because the government is a responsible person or major shareholder of the insurance enterprise.

### **Amendment to the Directions for Life Insurance Application Forms**

In order to effectively implement the Regulations Governing Anti-Money Laundering of Financial Institutions, align with the amendments to the Insurance Act introduced on June 13, 2018, and address the issue of payable living benefits or maturity benefits that are not paid by the insurance industry, the FSC introduced the amendment to the Directions on August 3, 2018; the key points are:

1. The insurer is required to ask the insurance applicant, the insured and the beneficiary to provide their nationalities, ID card numbers, birth dates, household registration or registration address, contact information and accounts for bank transfers of the insurance applicant and the beneficiary, when needed, as their basic information.
2. In alignment with Article 107-1 of the Insurance Act, when an insurance product in a nature of life insurance or injury insurance is launched, the insurer shall ask the insured whether he/she is currently under custodianship and provide such information in the basic information section of the proposal, when needed.

### **Amendments to the Directions for the Review of Non-Life Insurance Products**

In coordination with the change of the word “disabled” to “incapacitated” in Article 125, 131 etc. of the Insurance Act, the FSC amended Rule 47.2 and table 8-01 of the Directions for the Review of Non-Life Insurance Products on August 6, 2018.

### **FSC approved parameter Wax Apple and papaya insurance products to assist the promotion of agricultural insurance**

On July 20, 2018, the FSC approved Taiwan Fire & Marine Insurance's Pingtung Area Typhoon Wind Speed and Rainfall Parameter Wax Apple Insurance and Taiwan Fire & Marine Insurance's Pingtung Area Typhoon Wind Speed and Rainfall Parameter Wax Apple Insurance Temperature Parameter Additional Insurance; on August 7, 2018, the FSC approved the South China Insurance's Pingtung Area Wind Speed and Rainfall Parameter Papaya Insurance and South China Insurance's Pingtung Area Wind Speed and Rainfall Parameter Papaya Insurance Greenhouse and Net House Additional Clause. The parameter payout basis can simplify the claim process and increase claim efficient to help farmers shift natural disaster risk that they may face due to climate abnormality. In light of the abnormal climate in recent years, the frequency and size of agricultural industry losses were high and huge over the years, so the FSC is assisting the Council of Agriculture, Executive Yuan to promote trial agricultural insurance to disperse agricultural operating risks through the insurance mechanism.

## **Industry Updates**

### **FSC held the “Evaluation of Handling of Property Trusts for Seniors and the Mentally or Physically Disadvantaged by Trust Enterprises” Awards Ceremony and Colloquium**

The FSC held the awards ceremony and colloquium of “Evaluation of Handling of Property Trusts for Seniors and the Mentally or Physically Disadvantaged by Trust Enterprises” at the Lecture Hall of the Taiwan Academy of Banking and Finance on July 12, 2018. Vice Premier Shih Jun-ji was invited to attend, give a speech and present the awards; the event was attended by over 200 representatives of government agencies, social welfare groups and financial institutions.

This measure was first implemented in 2016 and will continue to 2020. Every year, banks that perform outstandingly in terms of handling property trusts for seniors and mentally or physically disadvantaged people are rewarded. This year is the second time that the evaluation and the awards ceremony were held. The 10 awardee banks were Hua Nan Bank, First Bank, Mega International Commercial Bank, Taiwan Cooperative Bank, Land Bank of Taiwan, Bank of Taiwan, Taishin International Bank, Cathay United Bank, Taipei Fubon Commercial Bank, Taiwan Business Bank.

The FSC stated that, through this awards ceremony and colloquium, not only was the importance attached by the government for promoting trusts for seniors and the mentally and physically disadvantaged highlighted to help all quarters understand and accept the trust system, it also hoped that the trust businesses will be effectively guided to not only engage in traditional property management, but also actively develop trust products that combine elderly care and medical service and have a cross-industry alliance function, to be in coordination with the government's Long-term Care 2.0 policy.

### **FSC approved the conversion of MasterLink Securities Corp. to a wholly-owned subsidiary of Shin Kong Financial Holding Co., Ltd. by share exchange**

On August 10, 2018, the FSC agreed to the conversion of MasterLink Securities Corp. (“MasterLink”) to a wholly-owned subsidiary of Shin Kong Financial Holding Co., Ltd. (“SKFH”) by share exchange. After the FSC agreed to the investment by SKFH in 2006, 2007 and 2010, respectively, it held a 33.45% share in MasterLink, already making the latter a subsidiary securities company of SKFH. This share exchange was passed at the annual general meetings of shareholders held by SKFH and MasterLink on June 8, 2018. After the share exchange, MasterLink will be a wholly-owned subsidiary of SKFH.

### **FSC approved the merger of Pay2Go Technology Corp. and ezPay Taiwan Co., Ltd.**

On July 25, 2018, the FSC approved the merger of specialized electronic payment institutions Pay2Go Technology Corp. and ezPay Taiwan Co., Ltd. After the merger, Pay2Go Technology Corp. will be the surviving company and will assume all rights and obligations of the extinguished company ezPay Taiwan Co., Ltd. Pay2Go will also change its name to ezPay Co., Ltd.

### **FSC agreed to allow The Shanghai Commercial and Savings Bank to set up a branch in Wuxi, Mainland China**

On August 7, 2018, the FSC agreed to allow The Shanghai Commercial and Savings Bank, Ltd. to apply to set up a branch in Wuxi, Mainland China.

The bank's main consideration in planning to set up the Wuxi branch is that Wuxi is an important city in Jiangsu Province and also an important area for investment by Taiwan-owned businesses; no domestic bank has a presence yet in the city, so it can meet the financing needs of local Taiwan-owned businesses but will not compete with other Taiwanese banks. In terms of the presence of domestic banks in China at present, 3 subsidiary banks, 29 branches and 11 sub-branches are operating.

### **FSC agreed to allow Land Bank of Taiwan to establish a representative office in Jakarta, Indonesia**

On August 7, 2018, the FSC agreed to allow Land Bank of Taiwan to apply to the financial authority in Indonesia to establish a representative office in Jakarta. Land Bank of Taiwan wants to set up the Jakarta representative office to strengthen the development of its business in ASEAN countries, increase the growth momentum of its overseas business and expand its operating base in the Asia-Pacific region.

The FSC said domestic banks which have branches/subsidiaries in Indonesia at present are Cathay United Commercial Bank and The Shanghai Commercial and Savings Bank's representative offices and CTBC Bank's subsidiary bank.

### **FSC approved Primasia's application to transfer Hsing Fong Securities and Kuanz Zo Securities' application to transfer Shin Fan Securities**

On August 7, 2018, the FSC approved Primasia Securities Co., Ltd.'s application to transfer the broker business and assets and equipment of Hsing Fong Securities Co., Ltd., and Kuanz Zo Securities Co., Ltd.'s application to transfer the broker business and equipment of Shin Fan Securities Co., Ltd.

At the end of June 2018, there were 72 securities firms (not including other financial institutions concurrently operating securities business) of which 34 were integrated securities companies and 29 were professional brokers. The approval of these two applications means that the number of securities firms (professional brokers) will be reduced by two. To increase securities firm scale and increase their competitiveness, the FSC encourages the merger of securities firms to enhance operating structure and continues to study giving more operating flexibility to securities companies that have sound financial structure after merger.

### **Profit/loss, net value and exchange gains/losses of the insurance industry in June 2018**

The pre-tax profit of insurance enterprises at the end of June 2018 was NT\$73 billion; the pre-tax profit of life insurance enterprises was NT\$63.7 billion, up by NT\$34.3 billion, or 116.7%, compared with the same period last year; the pre-tax profit of non-life insurance enterprises was NT\$9.3 billion, up by NT\$2 billion, or 27.4%, compared with the same period last year.

The owners' equity of insurance enterprises at the end of June 2018 was NT\$1.4874 trillion; the owners' equity of life insurance enterprises was NT\$1.3703 trillion, up by NT\$122.5 billion, or 9.8%, compared with the same period last year; the owners' equity of non-life insurance enterprises was NT\$117.1 billion, up by NT\$7.1 billion, or 6.5%, compared with the same period last year.

From 2018 to the end of June, the NTD exchange against the USD fell by 2.18%, and the net effects of exchange gains/losses of life insurance enterprises was about minus NT\$98.4 billion. The balance of foreign

exchange valuation reserve of life insurance enterprises was NT\$45.1 billion, up by NT\$2.3 billion from the previous month.

### **NPL ratio for domestic banks at 0.27% as of the end of July 2018**

The total outstanding loans of domestic banks stood at NT\$27.86 trillion as of the end of July 2018, up by NT\$64.0 billion from the previous month while their total NPLs were NT\$75.5 billion, down by NT\$1.3 billion from the previous month's figure of NT\$76.8 billion, generating an average NPL ratio of 0.27%, down by 0.01 percentage points from 0.28% at the end of June 2018. The NPL coverage ratio of domestic banks stood at 509.89% at the end of July 2018, up by 17.08 percentage points from the figure of 492.81% at the end of the previous month.

### **NPL ratio for credit cooperatives at 0.13% as of the end of July 2018**

Total NPLs at Taiwan's 23 credit cooperatives stood at approximately NT\$620 million as of the end of July 2018, generating an NPL ratio of 0.13%, the same as the ratio at the end of June 2018. The NPL coverage ratio, in the meantime, was 1,461.92%, down by 82.6 percentage points from 1,544.52% at the end of June 2018.

### **Net foreign investment in listed shares**

As of the end of July 2018, foreign and Mainland China investors had bought around NT\$ 4,799.5 billion and sold around NT\$ 5,053.4 billion worth of shares on the Taiwan Stock Exchange, making for a cumulative outward investment of around NT\$253.9 billion. Meanwhile, on the Taipei Exchange, foreign and Mainland China investors bought around NT\$570.8 billion and sold around NT\$ 581.8 billion, making for a net outward investment of around NT\$ 11 billion. The figure for cumulative net inward remittances by offshore foreign institutional investors, Mainland China investors, offshore overseas Chinese and foreign nationals as of the end of July 2018 stood at approximately US\$202.2 billion, down by around US\$2.5 billion from the US\$204.7 billion at the end of June 2018.

## **Investor and Consumer Protection**

### **FSC reminded investors to pay attention to the investment risks of leveraged/ inverse ETF and VIX futures ETF and that they are not suitable for long-term holding**

The FSC issued a press release on July 26, 2018, reminding investors that leveraged/inverse ETF are different from traditional ETF that invests in shares and bonds and other securities. Instead, they are short-term strategic products that are not suited to long-term holding by investors. In particular, although inverse ETF is an investment tool that can avoid the risk of market fall, investors should not mistakenly think that inverse ETF is suited to long-term holding merely considering the fact that the daily NAV performing of inverse ETF is in the opposite direction to the underlying index return performance.

Also, in addition to ordinary securities ETF investing in shares or bonds, futures ETF has a wider scope of tracking subjects; the FSC specially reminds investors to fully understand the characteristics and risks of individual futures ETF before investing, and to consider the degree of volatility of the futures contract of the tracking subjects, cross-border time differences, futures contango and other factors that may have a certain effect on futures ETF investment return.

### **FSC reminds the public of things to pay attention to when buying interest sensitive insurance products**

In recent years, interest sensitive insurance products have become mainstream products in the insurance market; product types at present include interest sensitive life insurance, interest sensitive annuity insurance, and universal insurance. The FSC reminds people that these types of products are still insurance products and insurance companies will collect additional charges for providing insurance protection and covering their insurance costs; the announced interest rates are also not guaranteed; therefore, people should not use the interest rate level as the only consideration when purchasing this kind of product; they should understand the product contents in detail before buying and assessing their own insurance protection requirements.

### **FSC reminds people that insurance applications can be made online**

The FSC opened up online insurance application on August 26, 2014. The types of insurance that can be applied online now include automobile insurance (compulsory and voluntary), residential fire insurance and fundamental earthquake insurance, travel insurance, accident insurance, term life insurance, health insurance and annuity insurance; 14 life insurance companies, 15 non-life insurance companies and 7 insurance brokers or insurance agent companies have so far received approvals to handle online applications. The public can take advantage of this service. The FSC stated that to encourage more insurance firms to handle online

insurance applications, review of the need to amend related measures will continue to be carried out in the future, depending on the handling situation, to enhance the effectiveness of the handling of e-commerce by insurers.

### **FSC suggests people taking out climbing insurance so they can reach the peak without worry**

Mountain climbing has become of the the most popular sports in Taiwan in recent years. The FSC reminds everyone that, as well as preparing properly for climbing trips, mountain climbing comprehensive insurance can also be purchased from non-life insurance companies to provide an additional layer of protection for their own rights and interests. At present, 6 companies sell climbing insurance, and the types of insurance including climbing accident insurance and emergency rescue expense insurance.

To allow people to obtain information about climbing insurance, the Non-Life Insurance Association of the Republic of China has established a dedicated climbing insurance area on its website (<http://www.nlia.org.tw/>) providing mountain climbing comprehensive insurance policy terms, insurance proposals, handling companies' contact information, etc. People can visit this website for related information.

### **2018 School and Community Financial Literacy Campaign**

As part of 2018 School and Community Financial Literacy Campaign, in August 2018, the FSC held 21 financial literacy promotion sessions at schools and organizations, including New Taipei District Prosecutors Office, and a total of 2,060 participants attended. The sessions are free and have struck a chord with many people since their inception in 2006. As of the end of July 2018, in all, 5,515 sessions had been held and over 920,000 people attended. The target participants include students at all levels of schools, communities, women' groups, indigenous people, immigrants and military service personnel.

The Banking Bureau of the FSC will continue the financial literacy campaign in 2018. 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)8968-9709.

## **Major Enforcement Actions**

### **Fubon Life Insurance was fined**

When handling businesses including fiduciary investment in overseas shares, general affairs type and real estate construction and maintenance project type procurement, real estate investment and securities investment, Fubon Life Insurance Co., Ltd. violated related regulations and caused concern over its sound operation. In response, the FSC imposed a fine of NT\$12.6 million under Article 168-1 and 171-1 of the Insurance Act, and issued the company with 6 reprimands and ordered it to not increase its overseas fiduciary investment position for one year under Article 149 of the Insurance Act.

### **Union Insurance was fined**

When underwriting commercial fire insurance with additional natural disaster insurance and automobile theft loss insurance, Union Insurance Co., Ltd. did not calculate premium according to the rate submitted for review, did not handle automobile insurance fee collection operations according to regulations, did not establish the trading counterparty files of interested parties, did not report overdue receivables cancellation commission to the board of directors but sold directly, and when handling accident injury insurance claims, it did not pay delay interests as required by regulations, etc. For these violations of the Insurance Act, the company was fined NT\$2.4 million and issued 4 reprimands under Paragraph 1, Article 149 and Paragraph 4 and 5, Article 171-1 of the Insurance Act.

### **Bank SinoPac was fined**

The OBU of Bank SinoPac Co., Ltd. exceeded the investment limit approved by the FSC when investing in bank financial bonds from October 18, 2016 to June 30, 2017, and investing in overseas government bonds from January 26, 2017 to July 12, 2017, in violation of Paragraph 2, Article 5 of the Offshore Banking Act, and Paragraph 4, Article 9 of the Rules Governing Offshore Banking Branches. The FSC thus imposed a fine of NT\$1 million under Paragraph 1, Article 22-1 of the Offshore Banking Act.

## **Personnel changes**

### **Personnel changes at the FSC**

FSC Vice Chairman Cheng-Mount Cheng was transferred to the position as Deputy Minister of the National Development Council on August 1, 2018. The vacant position at the FSC was filled under Presidential order by Chuang-Chang Chang, Distinguished Professor in Department of Finance of National Central University, effective on August 20, 2018.