

金融展望月刊

Financial Outlook Monthly

Publisher Wellington L. Koo

Advisor Chang Chuang-Chang
Huang Tien-Mu
Shih Chiung-Hwa

Executive 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>

GPN 2009305443

ISSN 1992-2507

*The Chinese version rules if
any contradiction in meaning
exists between the Chinese
version and English version.

December 2018

《Chinese version please refer to page 1》

No.169

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

Anti-Corruption Hotline 0800-088-789

- FSC announced related regulations regarding internet-only banks establishment and started to accept applications
- Amendments to the Regulations Governing Anti-Money Laundering of Financial Institutions and the Regulations Governing Reporting on the Properties or Property Interests and Locations of Designated Sanctioned Individuals or Entities by Financial Institutions
- Promulgation of Regulations Governing Internal Audit and Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business and Other Financial Institutions Designated by the Financial Supervisory Commission, Regulations Governing Internal Audit and Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Financial Leasing Enterprises and Regulations Governing Implementation of Internal Control and Audit System for Anti-money Laundering and Countering Terrorism Financing of the Securities, Futures Sector and Other Financial Institutions Designated by the Financial Supervisory Commission
- FSC adjusted the RBC measurement scheme for insurance industry for 2018

Policy and Law

FSC announced related regulations regarding internet-only banks establishment and started to accept applications

On November 14, 2018 the FSC announced amendments to two decrees relating to internet-only banks establishment, namely, Standards Governing the Establishment of Commercial Banks and Regulations Governing Investments in Other Enterprises by Commercial Banks. These two decrees have taken effect since November 16, 2018 and the FSC started to accept applications for setting up internet-only banks on the same date. Interested parties may submit applications to the FSC within three months and the FSC plans to evaluate the application within four months. The main points of the aforementioned amendments are as follows:

1. Capital and finance requirement: Minimum paid-in-capital for establishing an internet-only bank is NT\$10 billion, same as setting up a conventional commercial bank; founders shall subscribe for all the shares to be issued at the time of incorporation of the internet-only bank and complete supplementary procedures for classification as a public company within one year.
2. Requirements of founders: It stipulates shareholding requirements for specific types of financial institutions such as at least one of the founders should be a bank or a financial holding company and its shareholding should reach 25%; a foreign financial institution can be the founder of an internet-only bank and is required to submit a consent letter from their home country financial authority; it also stipulates the qualifying requirements for non-financial institutions to subscribe over 10% of the issued shares and requirements for board members of internet-only banks; in addition, the FSC has revised the regulation that commercial banks holding a certain percentage of an internet-only bank can be exempted from the restriction requiring such commercial bank cease operation of the same type of business.
3. Physical presence: Apart from a head office and customer service center, internet-only banks are not allowed to set up physical branches.
4. Business plan: Based on the business characteristics of internet-only banks, the business plan of such bank should contain, among other things, customers identity verification mechanism, IT system, security controls, backup operations, business continuity plan, liquidity management mechanism, and market exit plan.

Amendments to the Regulations Governing Anti-Money Laundering of Financial Institutions and the Regulations Governing Reporting on the Properties or Property Interests and Locations of Designated Sanctioned Individuals or Entities by Financial Institutions

In response to the mutual evaluation of the Asia/Pacific Group on Money Laundering (APG) and to fully align with the 40 recommendations of the Financial Action Task Force (FATF), the FSC announced amendments to the Regulations Governing Anti-Money Laundering of Financial Institutions on November 14, 2018. The main points of the amendments are as follows:

1. With regard to the regulation on customer due diligence for occasional transactions, the existing requirement applying to cash transactions over NT\$500,000 has been amended to be not only limited to cash transactions.
2. The regulation on determining whether a customer is a Politically Exposed Person (PEP) is amended to financial institutions shall put risk management systems in place to carry out confirmation.
3. The regulation on filing schedule for suspected money laundering or terrorist financing report has been amended to require completion of the review process of those transactions that exhibit the monitoring patterns as quickly as possible. Suspected money laundering or terrorist financing report shall be filed promptly after approval by the responsible chief compliance officer at the institution, and the report shall be filed within two business days after the approval.

To align with the aforementioned reporting schedule for suspicious money laundering and terrorist financing activities, Article 3 of the Regulations Governing Reporting on the Properties or Property Interests and Locations of Designated Sanctioned Individuals or Entities by Financial Institutions has been amended the filing schedule to promptly filing the report to a chief compliance officer for approval after learning of the case, the report shall then be filed to the Investigation Bureau, Ministry of Justice within two days after the approval.

Promulgation of Regulations Governing Internal Audit and Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business and Other Financial Institutions Designated by the Financial Supervisory Commission, Regulations Governing Internal Audit and Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Financial Leasing Enterprises and Regulations Governing Implementation of Internal Control and Audit System for Anti-money Laundering and Countering Terrorism Financing of the Securities, Futures Sector and Other Financial Institutions Designated by the Financial Supervisory Commission

According to Article 6 of the Money Laundering Control Act amended on November 7, 2018, financial institutions and financial leasing enterprises should, based on anti-money laundering (AML) and countering terrorism financing (CTF) risk and business scale, establish AML internal control and auditing systems. With reference to the Recommendations and Methodology announced by the FATF, the FSC promulgated the 3 aforementioned regulations on November 9, 2018. The main contents of the aforementioned regulations include internal control and auditing systems for AML/CTF, money laundering and terrorist financing risk assessment, dedicated AML compliance officer and unit establishment, implementation content for employee screening and hiring process and training. Besides, the regulations for banks also include compliance matters when handling correspondent banking, domestic and cross-border outward and inward wire transfers involving foreign currencies, and domestic wire transfers involving NTD business. The FSC also abrogated the Directions Governing Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business, Electronic Payment Institutions and Electronic Stored Value Card Issuers, and Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Securities and Futures Sector.

FSC adjusted the RBC measurement scheme for insurance industry for 2018

In order to reasonably reflect various risks of insurance companies incurred by their operation, the FSC announced the scope and calculation method for the adjusted net capital and risk-based capital (RBC) of insurance companies for 2018 on October 31, 2018. The adjustments include (1) 3.19% risk coefficient applicable for investments in domestic private equity funds investing in enterprises in "5+2 innovative industries" and infrastructure

projects; (2) 6.61% risk coefficient applicable for currency risk of insurance companies; (3) removal of outdated and repetitive risk items in the table for reporting purpose; (4) adjustment of risk categories for foreign private equity funds; (5) RBC requirements for domestic subordinated bank debentures and corporate bonds without their own credit ratings (credit ratings of these issuers shall be lowered by three tiers for RBC calculation); (6) calculation of additional risk coefficient for investment properties based on deadline of property utilization (year) approved with the application for extension; (7) increasing proportion of additional R4 risk-based capital of previous year for calculation of asset-liability matching risks of non-property insurance companies from 0.4 to 0.5.

Renaming and amendments to the Directions for Confirming Customer Identity in Domestic Remittance Operations of Financial Institutions

In order for financial institutions to keep their information when customers make deposit without passbooks and to help financial institutions know their customers, to protect rights of their depositors and prevent fraud, the FSC introduced amendments to the Directions on November 8, 2018 and renamed the Directions as "Directions for Confirming Customer Identity in Domestic Remittance Operations and Deposit Without Passbook of Financial Institutions." The revised Directions will take effect on January 1, 2019. The main points of the aforementioned amendments are as follows:

1. The Directions now also cover deposit transactions without passbooks.
2. An added provision requires clients making deposits more than NT\$ 30,000 without a passbook at the service counter to present his/her information, including the name, ID number (or Resident Certificate number) and telephone number (or address), the same as the requirement of domestic remittance transactions. A client is required to present his/her name and telephone number when making deposit less than NTD 30,000 without a passbook.
3. An added provision requires a financial institution to check a client's ID card or ID document when he/she makes deposit transactions more than NT\$ 30,000 without a passbook, the same as the requirement of domestic remittance transactions, and the financial institution shall verify if his/her ID matches the one in the bookless deposit application form. However, the requirement of verifying ID card/document is waived when it is confirmed as the depositor himself/herself. If the aforementioned deposit transactions are made by a representative of the depositor, the financial institution will need to verify the identity of the representative.

Amendments to the Rules Governing the Business of Electronic Stored Value Card Issuers

For business expansion of electronic stored value card issuers and for more convenience of the service of payment via electronic stored value cards, the FSC introduced the amendments to the Rules on November 5, 2018. The main points of the amendments are as follows: (1) stricter requirements on ID verification process for registered holders of electronic stored value cards; (2) stipulation that an electronic stored value card issuer may share their "storage block" to others; (3) stricter requirements on management of online transactions with electronic stored value cards; (4) offering more methodologies that allows the card holders to confirm the transaction information.

Amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies

The FSC introduced amendments to the Regulations on November 26, 2018, in order to align with the adoption of International Financial Reporting Standards No 16 "Leases" (IFRS 16), enhance information disclosure quality with regard to acquisition and disposal of assets for public companies and clarify the responsibilities of external experts. The main points of the amendments are as follows:

1. The FSC has expanded the scope of "right-of-use assets" and relaxed the requirements on the assessment and approval process for acquisition or disposal of business-use equipment and right-of-use assets or real estate right-of-use assets between a public company and its 100% held subsidiary.
2. The FSC has stipulated the definition of "investment professionals" and waived the announcement requirement for subscription by investment professionals of ordinary corporate bonds that are offered and issued in the foreign primary market, and subscription or redemption of funds issued by domestic securities investment trust enterprises and futures trust enterprises.
3. For a construction company with paid-in capital over NT\$ 10

billion to dispose of a self-constructed building to an unrelated party, the threshold of disclosure and reporting requirements in terms of transaction amount is raised from NT\$ 500 million to NT\$ 1 billion.

4. The passive qualifications of external experts and required information about their assessment, audit and statement in their valuation reports or opinions are now clearly defined.
5. The amendments will be taking into force from January 1, 2019 for the adoption of timeline of IFRS 16.

Renaming and amendments to the Regulations Governing Anti-Money Laundering for Certified Public Accountant

The FSC introduced amendments to the Regulations Governing Anti-Money Laundering for Certified Public Accountant, renamed the Regulations as “Regulations Governing Anti-money Laundering and Countering the Financing of Terrorism for Certified Public Accountants”, and abolished the Directions Governing Anti-Money Laundering for Certified Public Accountant on November 9, 2018, for alignment with the amendments to the Money Laundering Control Act and the Counter-Terrorism Financing Act on November 7, 2018. The amendments have the following main points:

1. Specific requirements are laid down on reporting method and process of a CPA when he/she is aware of properties or property interests and locations of designated sanctioned individuals or entities for alignment with Article 7 of the Counter-Terrorism Financing Act.
2. Specific requirements are laid down on activities, implementation measures and audit methods of a CPA's internal control and audit system for anti-money laundering purpose for alignment with Article 6 of the Money Laundering Control Act.
3. Specific requirements are laid down on customer due diligence (CDD) and ongoing due diligence based on risk-based approach, a CPA's CDD for Politically Exposed Persons (PEPs), and changes to the scope and methods of the enhanced due diligence, record keeping and reporting of suspicious transactions made based on Financial Action Task Force (FATF) Recommendations and the Regulations Governing Anti-Money Laundering of Financial Institutions.

FSC agreed to amend the “standards for new-type life insurance products”

In order to facilitate development of innovative and diversified insurance products and speed up the process of insurance product design and development, the FSC agreed to accept the amendments to “standards for new-type life insurance products” proposed by the Life Insurance Association of the Republic of China on October 23, 2018. The deregulatory measures regarding the scope of new-type insurance products include: (1) only the first foreign currency (including RMB-denominated) insurance product of an insurance company is considered a “new-type” (insurance product); (2) both the first preferred life insurance product and the first impaired risk life insurance product of an insurance company are not considered “new-type” products; (3) the first health insurance product of a non-life insurance company is not considered a “new-type” product; (4) the first insurance with in-kind benefits of an insurance company is not considered a “new-type” insurance product. After the amendment, the review approach of certain innovative insurance products is automatically adjusted from approval system to use-and-file system, in order to speed up the launch of innovative insurance products.

FSC issued an order according to Subparagraph 18, Paragraph 1, Article 5 of the Money Laundering Control Act

The FSC has designated insurance agent companies, insurance broker companies, and independent insurance agents/brokers as “financial institutions” according to Subparagraph 18, Paragraph 1 of Article 5 of the Money Laundering Control Act.

Announcement of interest rate of policy reserve for new life insurance contracts in 2019

The FSC introduced amendment to Article 4 of the Methods for the Setting Aside of Various Reserves by Insurance Enterprises on November 6, 2018 regarding the applicable interest rates of policy reserve for new life insurance contracts denominated in NTD, USD, AUD, EUR and RMB, in order to stabilize the operation of domestic life insurance companies and reflect market interest rate in the reserve requirement for life insurance contracts. The interest rate of policy reserve for new life insurance contracts will be the same as the one in 2018, except the policies denominated in USD with liability duration less than or equal to 6 years whose interest rates of policy reserve are raised 0.5%, and the policies denominated in USD with liability duration more than 6 years and less than or equal to 10 years whose interest rates of policy reserve are raised 0.25%. In order to encourage insurance companies to develop

more protection-type products, increase insurance coverage of people and support government's long-term care policy, the scope of protection-type insurance products is expanded to include long-term care insurance and the 30-year limit for policy period of health insurance is lifted. The interest rate of policy reserve for health insurance with policy period more than or equal to 30 years may increase additional 0.25%. The interest rate of policy reserve for certain protection-type products with policy period less than 30 years may increase additional 0.5%.

Information about the plan of countercyclical measures for the insurance industry

At the suggestion of the Life Insurance Association of the Republic of China about incorporating “countercyclical measures” into the risk-based capital (RBC) system of domestic insurance industry, the FSC has engaged Taiwan Insurance Institute to research on feasibility of the suggestion. Such measures will be introduced to increase RBC of insurance companies when the stock market is bullish and reduce their RBC when the stock market is bearish, in order to help stabilize the capital needs of the insurance industry for maintenance of financial market stability. These measures are expected to be applied to the calculation of RBC rates for the insurance industry in the first half of 2019. The FSC will request the Taiwan Insurance Institute to keep reviewing related supportive measures.

FSC issued an order to prohibit an insurance company from being the authorized convener of a special shareholders' meeting held by its invested company for the proposal about the election of its director(s) and supervisor(s)

According to Article 173-1 of the Company Act, which was amended on August 1, 2018, shareholders of a company who have continuously held 50% or more of the total number of outstanding shares for a period of three months or a longer time may call a special meeting of shareholders. The FSC issued an order to prohibit an insurance company from being the authorized convener of a special shareholders' meeting held by its invested company for a proposal on the election of its director(s) and supervisor(s), according to Subparagraph 5, Paragraph 3, Article 146-1 of the Insurance Act on November 12, 2018.

International Activities

A UK parliamentary delegation was warmly received by FSC Vice Chairman Chang

A UK parliamentary delegation led by Sir Graham Brady MP was warmly received by the FSC Vice Chairman Chuang-Chang Chang on November 6, 2018.

French officials were warmly received by FSC Chairman Koo

Mr. Benoit Guidee, Director of French Office in Taipei, and Ms. Claire Cheremetinski, Assistant Secretary for Bilateral Affairs and International Business Development, DG of the Treasury, and other French officials, were warmly received by the FSC Chairman Koo on November 6, 2018.

FSC and US SEC cooperated in holding the SEC Regional Training Program

The FSC and the U.S. Securities and Exchange Commission (SEC) jointly held the SEC Regional Training Program during October 16 to 19. Around 180 representatives from securities regulatory authorities, stock exchanges and central depositories from 10 countries, including Japan, Korea, Thailand, Philippines, India, Indonesia, Vietnam, Malaysia and Singapore as well as domestic securities companies, took part in this event.

Industry Updates

FSC agreed First Commercial Bank to establish a branch in Houston, U.S.

On November 1, 2018 the FSC agreed First Commercial Bank, Ltd., to set up a branch in Houston, Texas. The branch is expected to expand the Bank's US presence and to allow it to promptly grasp business opportunities.

The FSC stated that domestic banks currently have 23 branches, 3 banking subsidiaries and 2 representative offices in the US but there are no branches in Texas.

2018 Conference on ERM in the Insurance Industry was held

Guided by the FSC, the Taiwan Insurance Institute held the 2018 Conference on ERM in the Insurance Industry on October 17-

18, 2018. Mr. Conor Donaldson, the Head of Implementation of the International Association of Insurance Supervisors (IAIS) was keynote speaker and well-known regulators, scholars and experts from Taiwan and overseas also served as speakers. More than 200 managers from the risk management, actuarial science, auditing and legal compliance etc. departments of life and non-life insurance and reinsurance companies attended the conference. The discussion of international supervisory systems and risk management practices during the Conference will be a big help in the areas of risk assessment and strategy-making in the future for the insurance industry in Taiwan.

NPL ratio for domestic banks at 0.26% as of the end of October 2018

The total outstanding loans of domestic banks stood at NT\$28.3203 trillion as of the end of October 2018, up by NT\$220.1 billion from the previous month while their total NPLs were NT\$74.9 billion, up by NT\$1.2 billion from the previous month's figure of NT\$73.7 billion. The average NPL ratio kept flat at 0.26%, compared to that at the end of previous month.

The NPL coverage ratio of domestic banks stood at 520.78% at the end of October 2018, down by 4.06 percentage points from the figure of 524.84% at the end of the previous month.

NPL ratio for credit cooperatives at 0.14% as of the end of October 2018

Total NPLs at Taiwan's 23 credit cooperatives stood at approximately NT\$0.66 billion as of the end of October 2018, generating an NPL ratio of 0.14%, up by 0.01 percentage points from 0.13% at the end of September 2018. The NPL coverage ratio was 1,426.83%, down by 52.4 percentage points from 1,479.23% at the end of September 2018.

Net foreign investment in listed shares

As of the end of October 2018, foreign and Mainland China investors had bought around NT\$ 6,974.1 billion and sold around NT\$ 7,272.4 billion worth of shares on the Taiwan Stock Exchange, amounting to a net-sell of around NT\$298.3 billion. Meanwhile, on the Taipei Exchange, foreign and Mainland China investors bought around NT\$819.3 billion and sold around NT\$ 838.4 billion, amounting to a net-sell of around NT\$ 19.1 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 October 2018 stood at approximately US\$197.2 billion, down by around US\$4.7 billion from the US\$201.9 billion at the end of September 2018.

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

The pre-tax profit of insurance enterprises at the end of September 2018 was NT\$128.5 billion; the pre-tax profit of life insurance enterprises was NT\$114.9 billion, up by NT\$15 billion, or 15%, compared with the same period last year; the pre-tax profit of non-life insurance enterprises was NT\$13.6 billion, up by NT\$1.8 billion, or 15.3%, compared with the same period last year.

The owners' equity of insurance enterprises at the end of September 2018 was NT\$1.5045 trillion; the owners' equity of life insurance enterprises was NT\$1.3843 trillion, up by NT\$69.5 billion, or 5.3%, compared with the same period last year; the owners' equity of non-life insurance enterprises was NT\$120.2 billion, up by NT\$5.7 billion, or 5%, compared with the same period last year.

From 2018 to the end of September, the NTD exchange against the USD fell by 2.36%, and the net effect of exchange gains/losses of life insurance enterprises was about negative NT\$165.7 billion. The balance of foreign exchange valuation reserve of life insurance enterprises was NT\$42.8 billion at the end of September 2018, decreasing NT\$4.5 billion from the previous month.

Investor and Consumer Protection

Compulsory Automobile Liability Insurance rate will stay the same in 2019

According to the actuarial result of the 2018 Compulsory Automobile Liability Insurance ("compulsory insurance") rate actuarial report, the FSC found that, under the current insured amount and rate, automobile and motorcycle pure premium overall needs to be raised by 4.28%. However, after reporting this to the Compulsory Insurance Rate Review Committee, it was decided by the Committee that the rate in 2019 will stay the same as at present, to avoid increasing the public's burden and take into account the fact that the Compulsory Insurance Special Reserve is still adequate. The FSC stated that it will continue to review the compulsory insurance rate on the basis of actual experiential data to allow this insurance to operate sustainably.

FSC reminds people of points for attention regarding Public Liability Insurance

When citizens stay overnight away from home or take part in activities, they may be involved in an accident and suffer injury or property loss. The competent authorities for business premises or activities would require the business operators or activity organizers to purchase Public Liability Insurance. For settlement of a liability insurance claim, the insured operator's (the insured) liability to pay compensation under the law must be confirmed and it must be determined if the individual incident is within the scope of coverage agreed in the policy. When the public visit public places or take part in activities, they can initiatively ask about the business operator or activity organizer's insurance situation or refer to the insurance information of the activity they take part in to protect their rights and interests.

2018 School and Community Financial Literacy Campaign

As part of 2018 School and Community Financial Literacy Campaign, in November 2018, the FSC held 34 financial literacy promotion sessions at schools and organizations, including New Taipei District Prosecutors Office, and a total of 3,309 participants attended. The sessions are free and have struck a chord with many people since their inception in 2006. As of the end of October 2018, in all 5,625 sessions have been held and over 940,000 people have 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

Taipei Fubon Commercial Bank was fined

A former employee from the Beitou branch and a former Customer Relationship Manager from the Anhe branch of Taipei Fubon Commercial Bank Ltd., Co. misappropriated clients' funds. The deficiencies were in violation of Paragraph 1, Article 45-1 of the Banking Act and disturbed the sound operation of the bank. Therefore, the FSC imposed a fine of NT\$4 million on Taipei Fubon Commercial Bank and ordered correction in accordance with Subparagraph 7, Article 129 and Paragraph 1, Article 61-1 of the same Act respectively; the FSC also ordered the bank to discharge the two aforementioned employees in accordance with Subparagraph 3, Paragraph 1, Article 61-1 of the Banking Act.

Citibank Taiwan was fined

Citibank Taiwan Ltd offered customers credit card prepayment transaction services but failed to duly conduct tests and reviews of relevant credit card information systems before and after system implementation. Citibank Taiwan also failed to properly crosscheck messages derived from different credit card information systems so that it was unable to discover false prepayment transactions, without any fund transferred, and related credit card spending activities made by customers. Citibank Taiwan did not have an effective fraud prevention control mechanism in place to detect the abnormality of customers' credit card transactions and failed to provide information to related departments for identifying and monitoring abnormal transactions. Citibank Taiwan was thus in violation of the Article 33 of Regulations Governing Institutions Engaging In Credit Card Business authorized by Paragraph 1, Article 47-1 of the Banking Act. Citibank Taiwan was fined NT\$2.5 million under Article 132 of the Banking Act.

Waterland Securities and Waterland Financial Holding were fined

From 2015 to 2017, Waterland Securities Co., Ltd. traded securities issued by a counterpart as defined in Subparagraph 2, Paragraph 1, Article 45 of the Financial Holding Company Act, but did not report the transactions to the Board of Directors prior to the execution of the transactions. Such transactions require the concurrence of at least three-quarters of all of the financial holding company's directors present at a board of directors meeting attended by at least two-thirds of the directors. For the violation of Paragraph 1, Article 45 of the Financial Holding Company Act, Waterland Securities was fined NT\$2 million under Subparagraph 14, Article 60 of the Financial Holding Company Act. Waterland Financial Holding Co., Ltd. did not properly carry out the collection, filing and preservation of the information of the parties involved in this case. The deficiencies disturbed the sound operation and the company was thus ordered correction in accordance with Paragraph 1, Article 54 of the Financial Holding Company Act.