

# 金融展望月刊

## Financial Outlook Monthly

Publisher Tien-Mu Huang

Advisor Yung-Chin Hsu  
Jean Chiu  
Kai-Yuan Chen

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](mailto: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 versionl.

### August 2020

《Chinese version please refer to page 1》

# No. 189

Ministry of Justice Anti-Corruption Hotline 0800-286-586  
Anti-Corruption Hotline 0800-088-789

- Credit cards, stored-value cards, and e-payment apps can be used to buy paper Triple Stimulus Vouchers at convenience stores
- FSC announces results of 2nd annual assessment of the implementation of Treating Customers Fairly Principles by financial institutions
- FSC and MOF launch program to enable the public to conveniently inquire about financial assets held by deceased family members
- Bills finance companies get the green light to trade foreign currency denominated bonds (including repo trades) with OBUs and OSUs, and to engage in interbank foreign currency lending with OBUs

### Policy and Law

#### *Credit cards, stored-value cards, and e-payment apps can be used to buy paper Triple Stimulus Vouchers at convenience stores*

To support the government's Triple Stimulus Vouchers economic stimulus policy, and to make it easier for the public to pay for purchase of the paper Vouchers at convenience stores, the FSC on 20 June 2020 issued an official interpretation to announce that the public would be allowed to use credit cards, stored-value cards, and e-payment apps to buy the paper Vouchers.

In addition to using the aforementioned payment instruments to purchase the paper Vouchers, individuals can also link the digital Vouchers to their credit cards, registered stored-value cards, and e-payment apps. The digital Vouchers provide a convenient, secure, and environmentally friendly payment method, and those who use them also have opportunities to receive extra cashback rewards from financial institutions.

#### *FSC announces results of 2nd annual assessment of the implementation of Treating Customers Fairly Principles by financial institutions*

To determine whether financial institutions are properly implementing the Treating Customers Fairly Principles, the FSC conducted off-site assessments in 2019 of 35 banks, 30 securities firms (which exclude the ones been tested in 2019), 14 futures commission merchants, 22 life insurers, and 19 non-life insurers. The assessments have been completed, and firms scoring in the top 20% include 7 banks, 6 securities firms, 3 futures commission merchants, 4 life insurers, and 4 non-life insurers. These top performers are listed as follows:

1. Banks: The Shanghai Commercial & Savings Bank; CTBC Bank Co.; First Commercial Bank; Cathay United Bank; Standard Chartered Bank (Taiwan); Land Bank of Taiwan; and Taiwan Business Bank.
2. Securities firms: Yung Chuan Securities; Pei Cheng Securities; BridgeStone Securities; Citigroup Global Markets Taiwan Securities Company Limited; FundRich Securities; and Fushan Securities.
3. Futures commission merchants: Mega Futures Co.; Cathay Futures; and Hua Nan Futures.
4. Insurers:
  - (1) Life insurers: China Life Insurance; First-Aviva Life Insurance; Cathay Life Insurance; and Fubon Life Insurance.
  - (2) Non-life insurers: MSIG Mingtai Insurance; Cathay Century Insurance; Fubon Insurance; and Tokio Marine Nawa Insurance.

The results of this latest assessment show that financial institutions as a whole have made progress in their implementation of the Principles. An analysis of the results of assessments

### Notification of E-journal of Financial Outlook Monthly

Thank you for reading the Financial Outlook Monthly. We will stop printing and sending the paper-form journal since January 2021 (No.194), and still provide E-journals on our website. If you would like to receive E-journal every month, please send your E-mail address to [yhhsu@fsc.gov.tw](mailto:yhhsu@fsc.gov.tw). You may also download E-journal files from our website through the QR code as the following or the URL (<https://www.fsc.gov.tw/en/home.jsp?id=55&parentpath=0,4>).

Many thanks,  
Financial Supervisory Commission, Republic of China (Taiwan)



Financial Outlook  
Monthly

carried out in these two consecutive years reveals that most financial institutions have made improvements where deficiencies were found in the previous year, and are making an effort to implement the 9 key Treating Customers Fairly Principles in every aspect of their operations. The FSC will continue to oversee the efforts of financial institutions to better implement the Fair Treatment of Consumers Principles, improve the quality of the financial services provided to financial consumers, and contribute to sustainable development of the financial services industry.

### **FSC and MOF launch program to enable the public to conveniently inquire about financial assets held by deceased family members**

To enable the public to make quicker and more convenient inquiries about the financial asset(s) of deceased family members, the FSC on 1 December 2019 joined forces with the National Taxation Bureau of Taipei to launch a pilot program to provide one-stop service to individuals who wish to inquire about the financial assets of deceased family members, and the program was expanded on 1 July 2020 to provide the service throughout the entire country. Now, a person who applies at their local taxation bureau for a copy of an inventory of the financial assets of a deceased family member can also apply to access information on the deceased family member's deposits, their holdings of listed stocks, life insurance policies, and investment funds, and their credit reports. 6 organizations process such applications, and the first time anyone applies to access information on a deceased family member's financial assets, whichever of those 6 organizations processes the application will handle the inquiry free of charge.

To broaden the range of financial assets about which inquiries can be made, the FSC has incorporated the Bureau of Agricultural Finance of Council of Agriculture of Executive Yuan, the Taiwan Securities Association, and the National Federation of Credit Co-operatives into the program. As a result, in addition to the information mentioned above, individuals will be able to use the program to inquire about a deceased family member's: (a) financial assets such as deposits at credit cooperatives and the credit departments of farmers' and fishermen's associations; as well as (b) foreign securities purchased via sub-brokered trading orders. This means that individuals will no longer have to visit all of the aforementioned organizations one by one to submit separate inquiries. Certain system adjustments will have to be made, and it is expected that the expanded inquiry service will be available from the 4th quarter of 2020.

### **Bills finance companies get the green light to trade foreign currency denominated bonds (including repo trades) with OBUs and OSUs, and to engage in interbank foreign currency lending with OBUs**

To strengthen bills finance companies' funding ability when making foreign currency denominated bond transactions, the FSC gives bills finance companies the green light to trade foreign currency denominated bonds (including repo trades) with offshore banking units (OBUs) and offshore securities units (OSUs), and to engage in interbank foreign currency lending with OBUs.

Considering the business needs of bills finance companies, and in light of the fact that there are already regulations governing related risks, the FSC on 16 July 2020 amended an official interpretation (previously issued on 24 November 2014) to include bills finance companies among the "other financial institutions" stipulated in the Offshore Banking Act in order to allow bills finance companies to trade foreign currency denominated bonds (including repo trades) with OBUs and OSUs; and allow bills finance companies to engage in interbank foreign currency lending with OBUs. The purpose of this deregulation is to enhance bills finance companies' funding ability when they conduct foreign currency denominated bond transactions.

### **Results of 2020 Pillar 2 stress tests on domestic banks**

The spread of COVID-19 in 2020 has drastically affected global economic and financial conditions, and generated increased uncertainties in the business environment. In order to understand how COVID-19 has affected the risk bearing capacity and capital adequacy of domestic banks, the FSC asked 36 domestic banks to act ahead of schedule in filing the results of their Pillar 2 stress tests for 2020. The banks were required to include in their test scenarios the impact of COVID-19 on financial markets and the economic environment, and the stress test results reflected the likely impact of COVID-19 at 2 different points in time -- before and after the implementation of relief measures.

This latest test was a Pillar 2 stress test in which banks set their own test scenarios. In addition to the aforementioned requirements to consider the impact of COVID-19 on financial markets and the economic environment, and to present the stress test results to reflect the impact of COVID-19 both before and after the implementation of relief measures, the test scenarios also varied slightly because each

bank's test scenarios reflected that particular bank's expectations regarding the likely impact of COVID-19 on future economic conditions and market risks. However, the overall test conditions still include: (a) a possible increase in losses due to an increase in credit risks and exacerbated market price volatility (in markets for bonds, stocks, foreign exchange, and commodities) that could occur under various stress scenarios (e.g. lower economic growth rates in Taiwan, the US, the Eurozone, China, and Japan; increased domestic unemployment rate; and a decline in real estate prices); and (b) the impact on bank profitability caused by narrowing net interest rate spreads and decreased commission income.

The result of the stress tests was calculated based on 2019 capital adequacy ratio of 36 domestic banks. Under the adverse scenario prior to the implementation of relief measures, the average common equity Tier 1 ratio, Tier 1 capital ratio, capital adequacy ratio, and leverage ratio of 36 domestic banks are projected to be 10.81%, 11.58%, 13.27%, and 6.44%, respectively. Under the severely adverse scenario, these same figures are projected to be 9.90%, 10.68%, 12.36%, and 5.92%. Under the adverse scenario after the implementation of relief measures, these figures come to 10.67%, 11.44%, 13.13%, and 6.36%, while under the severely adverse scenario these figures are projected to be 9.81%, 10.59%, 12.27%, and 5.87%. All of these figures are above the statutory minimums (7%, 8.5%, 10.5%, and 3%), which indicates that Taiwan's domestic banks continue to maintain solid risk bearing capacity and capital adequacy despite the impact of COVID-19 on global economic and financial conditions.

### **Gradual bilingualization of the material information of TWSE- and TPEX-listed companies commences from July 2020**

The equity holdings of foreign investors account for about 40% of the total market capitalization of Taiwan's securities markets, so foreign investors are thus an important source of investment momentum. To afford foreign investors more timely access to the material information of TWSE- and TPEX-listed companies, thereby accelerating the internationalization of our capital markets, the FSC has directed the TWSE and the TPEX to amend related bylaws, in that requirements for TWSE- and TPEX-listed companies to disclose material information in English are being phased in gradually. Phase one has been launched in July 2020. TWSE- and TPEX-listed companies with paid-in capital of NT\$15 billion or more are now required to disclose material information in English. Beginning from 2024, this requirement will apply to all TWSE-listed companies, and to TPEX-listed companies with paid-in capital of NT\$600 million or more.

### **FSC amends the "Regulations for Establishment, Transfer, or Withdrawal of Branch Units by Insurance Enterprises"**

In order to accommodate business needs and further clarify the definition and permissible business scope of insurance enterprise branch units, the FSC issued an amendment to the aforementioned Regulations on 15 July 2020. Key points of the amended provisions are as follows:

1. The amended Regulations set out three clearly demarcated levels for domestic branch units. Insurers are now allowed to additionally establish service centers, and are allowed to establish insurance counters at domestic airport terminals to provide insurance services.
2. To respond to business needs, the amended Regulations newly provide that when the available space at the address that appears on the business license of an insurer's head office or branch is not enough, the insurer may establish one domestic offsite work location and adopt rules governing whether that offsite work location is allowed to engage in business dealings with the public.
3. Newly added provisions allow an insurer to set up work locations that will not be used for business dealings with the public, but to house, for example, a computer center, an education & training center, a call center, or a storage facility. The amended Regulations also prohibit the use of such work locations for accepting and processing applications for various insurance products or services.
4. Newly added provisions stipulate that when an insurer intends to relocate or withdraw a branch office (or branch cooperative) or a work location not used for business dealings with the public, the insurer must, in order to protect the interests of employees, include an employee placement plan among the documents it furnishes in support of its application for approval of the relocation or withdrawal.
5. Insurers must reorganize their domestic branch units within 6 months of implementation of the aforementioned Regulations.

### **FSC amends 3 sets of directions promoting insurance innovation**

Insurers have recently applied for approval to conduct a number of business trials involving innovative services, so the FSC on 30 June 2020 amended the “Directions for Insurance Enterprises Engaging in Online Insurance Business,” the “Directions for Insurance Entities, Insurance Agents or Insurance Brokers to Jointly Promote Associated Insurance Products with Other Business Entities,” and the “Operation Directions Governing Insurance Enterprises Application for the Approval of Business Trial” in order to create a healthy competition environment by: (a) helping business go smoothly while trials expire; (b) meeting the retirement and insurance protection needs of consumers; and (c) ensuring that insurers’ business trials yield the greatest possible benefit. These latest amendments will help insurers make use of innovative technologies to provide convenient services, improve the effectiveness of insurers’ conduct of online insurance sales and other services, increase the number of online insurance sales channels, and provide the lines of insurance and types of premium payment methods that consumers want. Also, in order to support the government’s post-COVID-19 efforts to encourage domestic travel and stimulate domestic demand-driven consumption, the FSC has reminded consumers that when planning their domestic travel they can purchase travel accident insurance online.

## International Activities

### *Representative Catherine Nettleton of the British Office Taipei meets with FSC’s Chairperson Huang*

British Office Taipei Representative Catherine Nettleton was warmly received by the FSC Chairperson Thomas Tien-Mu Huang on June 22, 2020. The two sides broadly exchanged views on major financial issues such as green finance and Fintech.

## Industry Updates

### *Insurers take measures to assist property renters adversely affected by COVID-19*

To assist property renters adversely impacted by COVID-19, insurers can (depending on the severity of the impact) provide assistance by, for example, reducing rental fees, deferring rent payments, accepting rental payments on installment, providing rent-free periods, and postponing rent collections. The ROC Life Insurance Association and the ROC Non-life Insurance Association both have a special website section where they disclose information on measures that life and non-life insurers have taken to assist property renters who have been adversely impacted by notifiable infectious diseases. As of 30 June 2020, key information disclosed on these websites includes the following:

1. Insurers have received 229 requests for assistance. In 204 cases, assistance has been provided, while the other 25 requests are still being processed.
2. In the 204 cases that have already been processed, assistance has been provided by a total of 20 insurers, as follows:
  - (1) Rent reductions: 20 insurers have provided rent reductions to 163 renters. The great majority of these renters are in the service sector (86) or the travel industry (47). Other renters conduct businesses in the cultural, air transport, shipping, healthcare, and manufacturing sectors.
  - (2) Other assistance measures: 13 insurers have provided other types of assistance (e.g. rent deferral; payments on installment; rent-free periods; and postponed rent collections) to 41 renters. Most of these renters are in the service sector (23), while others run department stores or conduct businesses in the travel, cultural, healthcare, and manufacturing sectors.

### *FSC grants Shanghai Commercial & Savings Bank approval to set up a representative office in Bac Ninh City, Vietnam*

The FSC recently approved plans by Shanghai Commercial & Savings Bank to apply with the authorities in Vietnam for permission to establish a representative office in Bac Ninh City, Vietnam. 13 domestic Taiwan banks currently have a total of 11 representative offices, 12 branches, and 1 banking subsidiary in Ho Chi Minh City, Hanoi, Dongnai and elsewhere in Vietnam.

### *FSC releases list of approved applications in May 2020 for additional financial institution locations*

To afford financial institutions greater flexibility in the establishment of branch units, and to promote financial inclusion, the FSC allows financial institutions to apply each year in May and November to set up additional branch units in ordinary districts, while applications for new branch units in remote locations can be submitted to the FSC at any time of year, without any eligibility restrictions regarding the applicant institution’s financial condition.

In May 2020, the Second Credit Cooperative Association of Taichung

applied to establish one additional branch unit in an ordinary district. In consideration of the overall situation of Taiwan’s economy and financial industry, the density of existing credit co-op locations in the area where the cooperative applied to establish a new branch unit, the need for balanced development within the credit cooperative sector as a whole, and the financial soundness of the applicant, the FSC granted approval for the establishment of one addition branch cooperative. In addition, the FSC on 17 February 2020 approved an application by Bank of Panhsin to establish one new branch in each of two remote locations (Tianwei Township, Changhua County and Shigang District, Taichung City).

### *NPL ratio for domestic banks as of the end of June 2020*

The total outstanding loans extended by the current 36 domestic banks increased by NT\$200.4 billion as compared to the figure of previous month and amounted to NT\$30.83 trillion at the end of June 2020. Meanwhile, the NPLs of these banks totaled at NT\$76.9 billion which increased by NT\$2 billion from NT\$74.9 billion as of the end of the previous month.

The average NPL ratio of the 36 banks increased by 0.01 percentage points and therefore rose to a figure of 0.25% from 0.24% of the previous month, and was up by 0.02 percentage points compared to the same month last year.

The coverage ratio of allowances for NPLs stood at 549.78%, which decreased by 13.36 percentage points from 563.14% of the previous month.

### *NPL situation of credit cooperatives at the end of June 2020*

Total NPLs at Taiwan’s 23 credit cooperatives stood at approximately NT\$0.49 billion as of the end of June 2020, generating an NPL ratio of 0.1%, down by 0.01% from 0.11% at the end of May 2020. The NPL coverage ratio was 2,109.14%, up by 300.54 percentage points from 1,808.6% at the end of May 2020.

### *Net foreign and mainland China investment in listed shares*

As of the end of June 2020, foreign investors had bought around NT\$5,053.6 billion and sold around NT\$5,645.3 billion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-sell of around NT\$591.7 billion. In addition, foreign investors had bought around NT\$531.9 billion and sold around NT\$556.1 billion worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT\$24.2 billion. Meanwhile, mainland China investors had bought around NT\$8,907 million and sold around NT\$9,355 million worth of shares listed on the Taiwan Stock Exchange, amounting to a net-sell of NT\$448 million; mainland China investors had bought around NT\$2,551 million and sold around NT\$2,777 million worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT\$226 million. As for inward remittances by foreign and mainland China investors, the figure for cumulative net inward remittances by offshore foreign institutional investors, offshore overseas Chinese and foreign nationals at the end of June 2020 stood at approximately US\$200.7 billion, up by around US\$4.1 billion from US\$196.6 billion at the end of May 2020. The figure for cumulative net inward remittances by mainland China investors was US\$176 million, down by around US\$1 million from US\$177 million at the end of May 2020.

### *Sales statistics of foreign-currency denominated products by life insurance industry as of the end of April 2020*

The sales statistics of foreign-currency denominated products by life insurance industry as of the end of April 2020 were as follows: premium revenues from new foreign-currency denominated policies amounted to around NT\$160.29 billion, down by 21% from NT\$202.768 billion year-on-year. Within these figures, investment-linked insurance products accounted for NT\$42.053 billion (around 26% of the total), down by 33% from NT\$62.978 billion year-on-year, and the sales of traditional insurance products totaled NT\$118.237 billion (around 74% of the total), down by 15% from NT\$139.79 billion year-on-year.

### *Profit/loss, net value and exchange gains/losses of the insurance industry in May 2020*

The pre-tax profit of insurance enterprises at the end of May 2020 was NT\$93.9 billion; the pre-tax profit of life insurance enterprises was NT\$87.5 billion, an increase of NT\$10.2 billion, or 13.2%, compared with the same period in 2019; the pre-tax profit of non-life insurance enterprises was NT\$6.4 billion, down by NT\$0.6 billion or 8.6% compared with the same period in 2019.

Owners’ equity of insurance enterprises at the end of May 2020 was NT\$2,010.4 billion; owners’ equity of life insurance enterprises was NT\$1,879.5 billion, an increase of NT\$310.8 billion, or 19.8%, compared with the same period in 2019; the pre-tax profit of non-life insurance enterprises was NT\$130.9 billion, up by NT\$4.7 billion or 3.7% compared with the same period in 2019.

As of the end of May 2020, the NT Dollar had appreciated by 0.2% versus the US Dollar from the end of 2019. Meanwhile, the pre-tax profit of life insurance enterprises at the end of May 2020—into which is factored the combined negative NT\$122.3 billion impact of exchange gains/losses, hedging gains/losses, and the net effect of volatility on the foreign exchange valuation reserve—was NT\$87.5 billion.

## Investor and Consumer Protection

### *FSC urges investors not to invest in securities via trading platforms not approved by FSC*

Securities and futures firms not properly licensed in Taiwan are prohibited by law from conducting securities and future business here. Because many methods are used in cross-border fraud, and offshore trading platforms make frequent use of online social media for marketing purposes, the FSC reminds investors that if they wish to invest in foreign securities or other financial products, they should protect their own interests by investing via licensed financial institutions. Otherwise, in the event of a transaction dispute, an investor might have no recourse to effective remedy.

The FSC website has a special page where it provides a list of links to the websites of legitimate financial service providers, and investors can use this webpage to search for FSC-approved financial institutions. Investors are also urged to check the “International Investor Alert” section of the Taiwan Securities Association website for the names of unauthorized securities and futures firms and possible scams published by the International Organization of Securities Commissions (IOSCO) and the FSC.

### *FSC alerts public to the risks of crypto-assets*

US law firms have recently filed class action lawsuits against multiple crypto-asset firms, and there are many reports of scam operators using blockchain and crypto-assets to swindle people out of their money. The FSC has responded by calling upon the public to be aware of the following:

1. Crypto-asset prices are extremely volatile, so investment risks are high. Before trading in crypto-assets, the public are urged to fully understand how the funds are managed and to carefully evaluate the possible risks.
2. Crypto-assets are not currency, so the use of crypto-assets for fraud or illegal fundraising subject to the provisions of the “Criminal Code of the Republic of China” or the “Banking Act” is deemed a criminal offense. Also, when a crypto-asset qualifying as a security as defined in Article 6 of the “Securities and Exchange Act” is offered or issued to unspecified persons in Taiwan, or is used to provide trading services, such activity may violate the “Securities and Exchange Act” and render the violator subject to criminal prosecution.
3. It is up to the judicial authorities to determine, upon the basis of concrete evidence, whether any particular case involves a criminal violation of the “Criminal Code of the Republic of China,” “Banking Act,” or “Securities and Exchange Act.”

### *Insurance industry takes part in observance of World Oceans Day*

8 June 2020 is World Oceans Day, and Taiwan, as an island nation, therefore places considerable value on the use of marine resources, so the FSC is taking various actions to support the “Salute to the Seas” policy being promoted by the Executive Yuan and the Ocean Affairs Council. In addition to insurance products that are currently available to individuals and companies, the FSC directs insurers to develop specialized insurance products for maritime activities, and has instructed the Non-Life Insurance Association of the Republic of China to establish a special section on its website where people can find information on related insurance products, and where they can link to insurers’ websites in order to purchase insurance policies online. The FSC reminds the public that when they undertake maritime activities, in addition to taking safety precautions, it is also advisable to use insurance to offlay the risks related to possible financial losses.

### *2020 School and Community Financial Literacy Campaign*

As part of the 2020 School and Community Financial Literacy Campaign, the FSC held 54 financial literacy events in July 2020 at schools and organizations, including Tsai-Hsi Primary School in Hsinchu City, attracting a total attendance of 4,830 participants. The events are free of charge, and have struck a chord with many people since their inception in 2006. As of June 2020, a total of 6,517 events had been held and over 1.03 million people had attended. The target participants include students at all levels, communities, women’s groups, indigenous people, immigrants, military service personnel, correctional institutions, social welfare groups, and senior citizens’

groups.

The Banking Bureau of the FSC will continue the financial literacy campaign in 2020. 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

### *FSC imposes sanctions on Chang Hwa Commercial Bank*

The FSC imposed an administrative fine of NT\$12 million on Chang Hwa Commercial Bank after discovering that a former wealth manager at the bank had misappropriated customers’ funds, had engaged in abnormal fund transactions with customers, and used improper solicitation methods, in violation of Paragraph 1, Article 45-1 of the Banking Act. The administrative fine was imposed in accordance with the provisions of Subparagraph 7, Article 129 of the same Act.

### *FSC imposes sanctions on the Uni-President Assets Management Corp.*

The FSC recently imposed sanctions on the Uni-President Assets Management Corp. after learning that: (a) the company’s internal control system was not effectively designed or implemented, and the company had failed to effectively prevent internal access persons from experiencing conflicts of interest, thus enabling former fund managers surnamed Liu and Chang to take information learned in the performance of their job duties and either reveal it to other parties or use it to engage in securities transactions, and to trade domestic stocks for their own benefit or the benefit of others; and (b) the company had failed to exercise proper oversight, resulting in failures by the company president (surnamed Li) and the then-chief internal auditor (surnamed Yang) to faithfully fulfill their duties to perform management and oversight, and to exercise due professional care. The FSC issued a warning to the company and imposed an administrative fine of NT\$1.8 million pursuant to Subparagraph 1 of Article 103 and Subparagraph 7 of Article 111 of the Securities Investment Trust and Consulting Act. In addition, acting in accordance with Article 33 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets, the FSC ordered the company to retain a non-audit CPA to prepare a special audit report on the internal control system. In addition, acting on authority granted under Article 104 of the Securities Investment Trust and Consulting Act, the FSC ordered the company to dismiss the aforementioned fund managers from their positions, and ordered that the company’s president and then-chief internal auditor be suspended from their duties for 3 months.

### *FSC imposes sanctions on Far Glory Life Insurance*

The FSC recently imposed an administrative fine of NT\$1.2 million on Far Glory Life Insurance after it came to light that: (a) a Far Glory solicitor had used improper methods and sales tactics in soliciting products, and had failed to fill out a solicitor report even after knowingly allowing customers to make premium payments for newly purchased products by surrendering previously purchased policies or taking out policy loans against them; and (b) the company had failed to carry out proper due diligence to verify the accuracy of customers’ self-reported income and wealth, and had failed to use such information to evaluate whether insured amounts and premiums were commensurate with applicants’ income, wealth, and employment situation. These deficiencies showed that Far Glory’s solicitation and underwriting practices were not compliant with insurance legislation.

### *FSC imposes sanctions on Nan Shan Life Insurance*

The FSC recently imposed an administrative fine of NT\$1 million on Nan Shan Life Insurance after learning that the company had acquired undeveloped land and then failed to complete development of the land within 5 years, thus failing to use the land in a timely manner and with reasonable benefit, as required by Paragraph 1, Article 146-2 of the Insurance Act. The fine was imposed in accordance with Subparagraph 3, Paragraph 5, Article 168 of the same Act.

## Personnel Changes

### *Personnel changes at the FSC headquarters*

Former Director General Chih-Chi Lin of the FSC Department of Planning was recently transferred to assume the post of Deputy Director General of the FSC Banking Bureau. He assumed his new post on 6 July 2020.

Former Chief Secretary Feng-Jaw Lin of the FSC Financial Examination Bureau retired on 16 July 2020, and his vacated position was filled that same day by Tsai-Huai Chen, who was promoted from the position of Deputy Director of the Financial Examination Bureau’s Financial Holding Companies Division.