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- FSC pushes for adoption by insurers of IFRS 17 and promotes New Generation Insurance Solvency Regime
- FSC issues the "Capital Market Roadmap," announces concrete plans for implementation by year-end

Policy and Law

FSC amends the "Program for Encouraging Domestic Banks to Expedite Processing of Relief and Stimulus Loans," and extends the Program through end-December 2020

To prudently handle the impact of the COVID-19 pandemic on domestic economic and financial conditions, the FSC on 30 September 2020 amended the aforementioned Program to extend phase 2 of the Program until the end of December 2020. In addition, the loan eligibility standards have also been adjusted in order to continue encouraging domestic banks to provide relief loans to businesses and individuals in need. Key points of the amended Program are as follows:

1.Extension of the Program: Phase 2 of the Program, which began on 1 July 2020 and was originally set to run until 30 September 2020, has been extended until 31 December 2020.

2.Additional entity included in Program's implementation: To coordinate with the "Directions for Provision by Overseas Credit Guarantee Fund of COVID-19 Project Loan Guarantees," banks that provide loans in accordance with the Directions will now be treated as eligible for benefits under the aforementioned Program in order to encourage banks to make use of the COVID-19 project loan guarantees to make loans to overseas firms operated by Taiwanese nationals and overseas compatriots.

3.Evaluations under Phase 1 of the Program covered the period from 1 March to 30 June of 2020, while evaluations under Phase 2 will run from 1 July to 31 December of 2020. Therefore, to ensure fairness, Phase 1 data are not being factored into Phase 2 evaluations.

As of 30 September 2020, domestic banks had accepted a total of 1,203,481 applications for relief loans (either doing so under various government programs, or undertaking relief lending on their own initiative), and the total approved amount was NT$2,295.2 billion. By the share of total applications, the approval ratio was 88%, and by loan amount the approval ratio was 95%, which shows that both businesses and individuals have a need for relief and stimulus loans. The FSC hopes to take advantage of the Program's extension to continue encouraging banks to provide stimulus and relief loans so that more funds can be directed toward businesses and individuals in need of assistance.

FSC pushes for adoption by insurers of IFRS 17 and promotes New Generation Insurance Solvency Regime

Compulsory adoption of IFRS standards became applicable to all Taiwanese insurers in 2013. In 2018, adoption of IFRS 9 became compulsory, thus ushering in the measurement of assets at fair value. The IFRS 17 standard is scheduled for adoption in 2026, which will mean the measurement of insurance contract liabilities at fair value. These changes can resolve the current problem of asset-liability mismatches, and will ensure that financial report presentations more accurately reflect the actual state of an insurer's business operations.

Also, in order to push for the New Generation Insurance Solvency Regime to align more closely with the Insurance Capital Standard (ICS) issued by the International Association of Insurance Supervisors (IAIS), the FSC on 7 July 2020 held a meeting on the new regime and invited top insurance company executives and representatives of various insurance industry organizations to discuss the direction of policy, and everyone in attendance expressed support for the FSC's policy on the New Generation Insurance Solvency Regime. In addition to actively lobbying

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. 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).
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the IAIS to account for Taiwan's local conditions in its drafting of the ICS, the FSC has also used field testing to evaluate the localization of supervisory rules and the transition program. The current five-year implementation program calls for a step-by-step introduction of the new regime in order to establish a solvency regime that properly measures the overall risks of Taiwan's insurers.

In 2026, Taiwan will simultaneously adopt IFRS 17 and begin implementing the New Generation Insurance Solvency Regime. At that time, all insurers will be required to measure assets and liabilities at fair value. The FSC will observe how insurers respond to the two new systems, and will continue to instruct the Taiwan Insurance Institute in its work to implement the systems and spur insurers to actively engage in preparatory work. As circumstances require, the FSC will take necessary related steps and response measures.

The FSC will continue to conduct outreach activities to help insurers proceed smoothly with preparations to align with international systems. The objectives are to: help implement comprehensive management of assets and liabilities; reasonably reflect overall risks faced by insurers; safeguard policyholder interests; maintain financial stability; and make Taiwan's insurers more internationally competitive.

FSC issues the "Capital Market Roadmap," announces concrete plans for implementation by year-end

In addition to launching the "Corporate Governance 3.0–Sustainable Development Roadmap" on August 25 earlier this year, the FSC is currently developing a roadmap for Taiwan's capital markets in response to capital market developments and the three main trends of ESG, digital technologies, and an aging society. To forge forward-looking and globally competitive capital markets, the new roadmap aims to create an ecosystem for market participants and achieve shared wellbeing and prosperity, thereby fulfilling the vision of fair, efficient, diverse, and internationalized capital markets with a focus on innovation and openness. In its commitment to enhancing sound market development, safeguarding the rights of investors, and maintaining orderly markets, the FSC is currently laying out the major strategies, key items, and related specific measures under the three-year Capital Market Roadmap, focusing on the four main objectives of "sustainable development," "financial inclusion," "enhanced competitiveness," and "investor protection." The roadmap, expected to be rolled out by the end of this year, seeks to enhance capital market functions and stimulate Taiwan's economic growth.

The FSC's Capital Market Roadmap will serve as guidelines for policymaking. To achieve the four main objectives, the roadmap currently includes five major strategies and 25 key items as follows:

1. Strengthen primary market functions to support real economic development: Establish a new innovation board, optimize IPO and SPO financing regulations, enhance supervision and information transparency of TWSE/TPEx-listed companies, expand responsibilities and management of securities market specialists, and improve audit quality.
2. Activate the market and increase efficiency and liquidity: Promote intraday odd lot trading, develop the market-making system, enhance the clearing and settlement fund system, improve market transparency and investor risk management, and establish investment-friendly taxation.
3. Attract foreign investment and improve international visibility: Improve convenience and efficiency for foreign investment, promote and strengthen international cooperation, increase investor protection and education, continue to attract domestic capital, and achieve status of Qualifying Central Counterparty (QCCP) under the Basel III framework.
4. Boost the functions and competitiveness of financial intermediaries: Integrate fintech to promote digital transformation and RegTech, support securities firms to develop investment banking in line with international trends, encourage expanded operations of investment trust and consulting, stimulate development in futures operations, enhance information security, and cultivate financial professionals.
5. Encourage financial innovation and diversification of financial products: Establish a sustainability market, expand the scope of asset management, set up a central clearing system for OTC derivatives, and promote the development of diverse financial products for securities and futures markets.

FSC amends and renames the "Regulations Governing Approval and Administration of Financial Information Service Enterprises Engaging in Inter-bank Funds Transfer and Settlement"

To coordinate with Article 47-3 of the "Banking Act" (which provides as follows: "A financial information service business which intends to engage in an inter-institutional funds transfer clearing services shall obtain the Competent Authority's approval to do so"), and to coordinate also with the promulgation of the "Telecommunications Management Act," the FSC on 28 September 2020 amended Articles 2, 18, and 19 of the "Regulations Governing Approval and Administration of Financial Information Service Enterprises Engaging in Inter-bank Funds Transfer and Settlement" and changed the name to "Regulations Governing Approval and Administration of Financial Information Service Enterprises Engaging in Inter-financial institution Funds Transfer and Settlement." Key points include the following: (1) To coordinate with the renaming of the Regulations, the term "financial information service enterprise engaging in interbank funds transfer and settlement" has been changed to "financial information service enterprise engaging in inter-financial institution funds transfer and settlement"; and (2) a financial information service enterprise does not actually provide value-added network services (i.e., it does not provide value-added services, nor is it a type II telecommunications enterprise as referred to in the "Telecommunications Act"), therefore Article 18 has been amended by deleting provisions stating that "an entity intending to establish an interbank financial information network enterprise shall first apply to the Ministry of Transportation and Communications for and obtain an operator license" and that such an entity must "apply to the Competent Authority for a business license by submitting a photocopy of the aforementioned license."

FSC amends Article 18 and Article 19-4 of the "Regulations Governing Foreign Bank Branches and Representative Offices"

The FSC on 26 September 2020, after engaging in careful evaluation of banking industry conditions and the need for balanced financial industry development, amended Article 18 and added a new Article 19-4 in the aforementioned Regulations to achieve the following objectives: (a) properly expand the business capacity of the branches of foreign banks in Taiwan; and (b) support their efforts to extend credits and engage in investments in Taiwan, so they can help spur real economic development. Under the amended Article 18, a foreign bank branch's "short-term loans of one-year or less received from the head office" may be included in the basis for calculation of total deposits as referred to in Articles 72 and 74-1 of the "Banking Act." In addition, the newly added Article 19-4 expressly provides that 50% of the loan loss provisions and reserves against liability on guarantees that the branches of foreign banks have set aside in accordance with legal requirements may be counted toward: (a) determinations (as referred to in these Regulations) regarding the branch's net worth and whether it has an accumulated loss; and (b) the aforementioned basis for calculation of total deposits.

FSC amends the "Regulations Governing Securities Firms"

The FSC amended the aforementioned Regulations on 29 October 2020 in order to increase the flexibility in business management of securities firms. Key points of the amended provisions are as follows:

1. In response to Article 228-1 of the "Company Act," when a securities firm carries out an earnings distribution, or covers a loss, it is required to do so on the basis of a financial report that has been audited and attested by a certified public accountant; in addition, to coordinate with Article 36, Paragraph 1, Subparagraph 1 of the "Securities and Exchange Act," the Regulations provide that a financial report that a securities firm submits to its board of directors must be signed or sealed by the board chairperson, a managerial officer, and the accounting officer.
2. To afford securities firms better hedging flexibility in issuing of exchange traded notes (ETNs), the amended Regulations expressly provide that securities firms may borrow or short-sell the underlying securities for the purpose of hedging, and are not subject to the relevant selling price restrictions.
3. In order to enhance the quality of securities firms' credit investigations and credit extension operations, the amended Regulations provide that the Taiwan Stock Exchange may collect, process, and use all kinds of credit information of investors, and may request securities firms and institutions approved by the FSC to provide relevant information. The Taiwan Stock Exchange is also required to formulate relevant operating rules and report to the FSC for approval.
4. The amended Regulations state that where a securities firm is a branch of a foreign company in Taiwan, the matters to be handled by the board of directors or supervisors as prescribed in the Regulations shall, in principle, be handled by the responsible persons of the branch in Taiwan who are authorized by the head office or regional headquarters of the foreign company.

FSC amends rule restricting certain types of offsetting investments by investment managers

On 7 October 2020, the FSC amended a rule restricting the ability of investment managers to conduct certain types of offsetting overseas transactions involving a single stock or a single equity-type bond. The rule applies to such transactions when they are conducted between (a) an investment trust fund managed by a given manager and (b) a management institution appointed by that same manager. Under the amended rule, so long as the appointed management institution has adopted measures to prevent related conflicts of interest, then the offsetting transactions do not have to be approved in advance by a supervisor with the appropriate authority; instead, the fund manager is only required to report the transactions after the fact to the appropriate supervisor, and to furnish the bases upon which the transactions were analyzed and found to be reasonable. Such reports are then to be kept on file for future reference.

Amendments to Form 8-7 of Article 23 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"

In response to a 19 May 2020 amendment to Article 14, Paragraph 5 of the Securities and Exchange Act which introduced a new provision to mandate TWSE/TPEx listed companies to disclose their remuneration policy, and the remuneration of directors and supervisors in their annual financial reports, the FSC amended Form 8-7 of Article 23 of the aforementioned Regulations on 21 October 2020. The main amendments are as follows:

1. TWSE/TPEx listed companies should additionally disclose the remuneration of the supervisors (the form prior to amendment only asked the companies to disclose the remuneration of directors) and the company's remuneration policy (including directors, supervisors, managers and employees) in the "Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function".
2. The amendment shall be applicable to annual parent company only financial reports starting from the year 2020.

International Activities

Representative of the Korean Mission in Taipei visited the FSC

Mr. Kang Young-Hoon, Representative of the Korean Mission in Taipei, was warmly received by FSC Chairperson Huang on 7 October, 2020. The two sides broadly exchanged views on issues related to bilateral cooperation between Taiwan and Korea.

Industry Updates

FSC recognizes 9 asset management groups as eligible for preferential measures under the "Incentive Policy for Offshore Fund Development in Taiwan"

With the intention of encouraging offshore fund institutions to increase their involvement in Taiwan and take part in the development of the domestic asset management market, the FSC has announced the "Incentive Policy for Offshore Fund Development in Taiwan." The offshore fund institutions that meet the requirements of the Policy are eligible to benefit from various preferential measures. This year, the following 9 asset management groups were recognized by the FSC as meeting the requirements of the Policy: Alliance Bernstein, Allianz, Schroders, INVESCO, JP Morgan, Fidelity, Nomura, NNIP Asset Management Group, and Franklin.

FSC recognizes 3 SITEs as eligible for preferential measures under the "Incentive Policy for Onshore Funds"

In order to enhance the professional expertise of asset managers in Taiwan, increase assets under management, and help securities investment trust enterprises (SITEs) expand their international business, the FSC has announced the "Incentive Policy for Onshore Funds." SITEs that meet specific criteria may be eligible for preferential measures under the Policy. 3 SITEs were recognized by the FSC as meeting the requirements of the Policy in 2020, including Cathay, Fuh Hwa, and Fubon.

NPL ratio for domestic banks as of the end of September 2020

The total outstanding loans extended by the current 36 domestic banks increased by NT$8.8 billion as compared to the figure of previous month and amounted to NT$31.1064 trillion at the end of September 2020. Meanwhile, the NPLs of these banks totaled at NT$74 billion which decreased by NT$1.5 billion from NT$75.5 billion as of the end of the previous month. The average NPL ratio of the 36 banks was 0.24%, which was the same as the previous month and the same month last year.

The coverage ratio of allowances for NPLs stood at 579.84%, which increased by 12.81 percentage points from 567.03% of the previous month.

NPL situation of credit cooperatives at the end of September 2020

Total NPLs at Taiwan's 23 credit cooperatives stood at approximately NT$0.46 billion as of the end of September 2020, generating an NPL ratio of 0.09%, the same as the ratio at the end of August 2020. The NPL coverage ratio was 2,281.98%, up by 12.33 percentage points from 2,269.65% at the end of August 2020.

Net foreign and mainland China investment in listed shares

As of the end of September 2020, foreign investors had bought around NT$8,785.4 billion and sold around NT$9,522.4 billion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-sell of around NT$737 billion. In addition, foreign investors had bought around NT$1,005.8 billion and sold around NT$1,011.8 billion worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT$6 billion. Meanwhile, mainland China investors had bought around NT$14.8 billion and sold around NT$16.8 billion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-sell of NT$2 billion; mainland China investors had bought around NT$3.6 billion and sold around NT$4.8 billion worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT$1.2 billion. 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 September 2020 stood at approximately US$196 billion, down by around US$1.8 billion from US$197.8 billion at the end of August 2020. The figure for cumulative net inward remittances by mainland China investors was US$102 million, down by around US$17 million from US$119 million at the end of August 2020.

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

The sales statistics of foreign-currency denominated products by life insurance industry as of the end of July 2020 were as follows: premium revenues from new foreign-currency denominated policies amounted to around NT$311.98 billion, down by 5% year-on-year from NT$328.951 billion year-on-year. Within these figures, investment-linked insurance products accounted for NT$73.432 billion (around 24% of the total), down by 28% year-on-year from NT$101.501 billion year-on-year, and the sales of traditional insurance products totaled NT$238.548 billion (around 76% of the total), up by 5% year-on-year from NT$227.45 billion year-on-year.

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

The pre-tax profit of insurance enterprises at the end of August 2020 was NT$199.3 billion; the pre-tax profit of life insurance enterprises was NT$186.8 billion, an increase of NT$20.6 billion, or 12.4%, compared with the same period in 2019; the pre-tax profit of non-life insurance enterprises was NT$12.5 billion, up by NT$0.4 billion or 3.3% compared with the same period in 2019.

Owners' equity of insurance enterprises at the end of August 2020 was NT$2,440.4 billion; owners' equity of life insurance enterprises was NT$2,302.9 billion, an increase of NT$380.1 billion, or 19.8%, compared with the same period in 2019; the pre-tax profit of non-life insurance enterprises was NT$137.5 billion, up by NT$7.1 billion or 5.4% compared with the same period in 2019.

As of the end of August 2020, the NT Dollar had appreciated by 1.9% versus the US Dollar from the end of 2019, and the cumulative balance of foreign exchange valuation reserve of life insurance enterprises was NT$48.5 billion. Meanwhile, the combined impact of exchange gains/losses, hedging gains/losses and the net effect of volatility on the foreign exchange valuation reserve of life insurance enterprises was negative NT$195.5 billion.

Investor and Consumer Protection

FSC holds the "Conference on Strengthening Regulatory Compliance of Insurance Enterprises"

In order to facilitate sound development of insurance enterprises by strengthening compliance with insurance legislation, and to improve insurers' protection of the rights and interests of consumers, the FSC on 17 September 2020 held the "2020 Conference on Strengthening Regulatory Compliance of Insurance Enterprises" at the Evergreen International Convention Center, where participants learned about important insurance regulations and common deficiencies of insurance enterprises. The FSC Financial Examination Bureau spoke to participants about compliance shortcomings it often discovers in the course of financial examinations, and related corrective actions. The FSC also arranged a closing panel discussion for two-way communication with insurers. The event afforded insurers an opportunity to better understand the direction of insurance supervisory policy and specific actions that the FSC intends to take to implement regulatory compliance systems.

2020 School and Community Financial Literacy Campaign

As part of the 2020 School and Community Financial Literacy Campaign, the FSC held 69 financial literacy events in October 2020 at schools and organizations, including the New Taipei City Government Fire Department, attracting a total attendance of 4,730 participants. The events are free of charge, and have struck a chord with many people since their inception in 2006. As of September 2020, a total of 6,689 events had been held and over 1.04 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, senior citizens' groups, police, fire fighters, coast guard personnel, and taxi drivers.

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 sanctions Shin Kong Life Insurance

During a targeted examination on the securities investment operations at Shin Kong Life Insurance, the FSC discovered serious internal control deficiencies at Shin Kong Life in its: conduct of evaluation and control of asset allocations and solvency; investment strategies; risk control operations; and prevention of conflicts of interest among its equity product traders. The deficiencies, moreover, were serious enough to pose a possible hindrance to sound management of the company, in violation of Article 5, Paragraph 1, Subparagraphs 4, 5, and 14 of the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises" (which were issued by the FSC upon the authority of Article 148-3, Paragraph 1 of the "Insurance Act"). The FSC, acting in accordance with Article 171-1, Paragraph 4 of the "Insurance Act," handed the company an administrative fine of NT$27.6 million. Also, acting in accordance with Article 149, Paragraph 1 of the "Insurance Act," the FSC issued 5 official reprimands, lowered the company's foreign investments cap to 39% of enterprise funds, and declared that, until the total amount of the company's current foreign investments meets the new cap, Shin Kong Life will not be allowed to make any new foreign investments. The company's investments must not exceed the risk appetite adopted by its board of directors, and until it gets existing investments in line with the risk appetite limit the company will not be allowed to make new investments in domestic or foreign stocks or ETFs. In addition, Shinkong Life's Chairman Wu was suspended from his positions as a director and as Chairman until the board of directors completes its current term, and as long as Mr. Wu remains suspended from his duties as a director and as company chairman, the company will not be allowed to pay Mr. Wu any form of remuneration or benefits. The FSC also ordered that Shinkong Life's Vice President Yuan be dismissed from his positions as Vice President and Chief Investment Officer, and prohibited his appointment to any investment-related position.

FSC sanctions individual from mainland area for investing via foreign institutional investor in Taiwanese securities

The FSC conducted an inspection and discovered that an individual from the mainland area had acted via a foreign institutional investor to obtain domestic Taiwanese securities, in violation of Article 73, Paragraph 1 of the "Act Governing Relations between the People of the Taiwan Area and the Mainland Area" (hereinafter referred to as the Act Governing Cross-Strait Relations), which provides as follows: "Unless permitted by the competent authorities, any individual, juristic person, organization, or other institution of the Mainland Area, or any company it invests in any third area may not engage in any investment activity in the Taiwan Area." The investment activity of the aforementioned individual from the mainland area violated the provisions of the Act Governing Cross-Strait Relations, therefore the FSC, acting in accordance with Article 93-1, Paragraph 1 of the same Act, handed the violator an administrative fine of NT$25 million, suspended the violator's shareholder rights, and ordered the violator to divest of all problematic shareholdings within 6 months.

With respect to individuals from the mainland area who illegally invest via foreign firms in stocks listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEx), the FSC prudently handles such matters in accordance with the law by launching investigations. Acting via appropriate channels, the FSC actively collects evidence and carefully considers all the facts, taking care to neither malign the innocent nor let the guilty go free. If it is found that a party from the mainland area has invested illegally, the FSC impose sanctions in accordance with the law and suspends their shareholder rights. Meanwhile, the FSC works hard to protect the rights and interests of lawful shareholders. If anything occurs at a shareholders meeting of a TWSE- or TPEx-listed company that affects the exercise of shareholder rights and violates the principles of corporate governance or shareholder activism, the problem is dealt with in accordance with the law. The FSC hereby reiterates that investors from overseas and the mainland area intend to invest in Taiwanese securities, must be sure to comply with the regulations. If legal violations are subsequently discovered, they will be punished to the fullest extent of the law.

FSC sanctions TransGlobe Life Insurance

During a full-scope examination of TransGlobe Life Insurance (TGL), the FSC discovered the following deficiencies: (1) solicitors, when filling out application documents, failed to provide accurate information (such as the source of funds used by customers for premium payments), and the company failed to establish a mechanism for monitoring and control of such information; and (2) in handling information system equipment purchases, in handling insurance purchases by corporate applicants, in assessing the risk attributes of customers seeking investment-linked insurance products, in handling the hiring of private fund advisers, and in identifying the beneficial owners of corporate customers, TGL failed to properly implement related internal control operations. These deficiencies were deemed likely to be legal violations or detrimental to sound operation of the company. The FSC, acting in accordance with the "Insurance Act" and the "Money Laundering Control Act," handed TGL an administrative fine of NT$4.7 million and issued 6 official reprimands.

FSC sanctions JKO Asset Management Co.

The FSC conducted an inspection and discovered that JKO Asset Management Co., in providing its "Tuofu Bao investment service" to cooperating institutions: (a) had misleadingly claimed in advertising that it could guarantee a minimum rate of return and that it could enable people to make quick fund redemptions; (b) had cooperated with another party to provide an investment fund advance service that was similar to quick fund redemptions in nature, but before launching the service had failed to conduct an internal review or have the service approved by the board of directors; (c) had submitted to the FSC documents containing misrepresentations and nondisclosures; (d) had appointed a person without proper qualifications to act as deputy for company personnel, and had appointed a single person to serve simultaneously as deputy for both the company chairman and company president; and (e) had treated customers unfairly in conducting a follow-on offering of shares in the JKO S&P GSCI Brent Crude 2X Leveraged ER Futures ETF. These material deficiencies severely misled investors, impeded the protection of investor interests, and hindered sound operation of the company, in violation of regulations governing securities investment trust enterprise (SITEs) and futures trust enterprises. The FSC, acting in accordance with the "Securities Investment Trust and Consulting Act," the "Futures Trading Act," and the "Financial Consumer Protection Act," imposed the following sanctions and corrective action orders:

1. The FSC imposed the following sanctions on the company: (a) handed JKO Asset Management Co. an administrative fine of NT$3 million; (b) issued a warning; (c) prohibited the company from enabling investors to use electronic payment accounts to purchase or redeem shares in the JKO Multi-Asset Fund; and (d) ordered the company to hire a CPA (not employed by the CPA firm that certifies the fund's financial reports) to prepare a special audit report on post-corrective action implementation of the internal control environment and internal control system (including the internal control systems of the futures trust enterprise concurrently operated by JKO Asset Management).
2. The FSC imposed the following sanctions on individuals: (a) ordered the dismissal of a person surnamed Hu from the board of directors; and (b) ordered the company to suspend former President Chuang from job duties for one month.

FSC fines Taiwan Life Insurance Co.

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

FSC fines Taiwan Branch of Cardif Assurance Vie

The FSC recently imposed an administrative fine of NT$1 million on the Taiwan Branch of Cardif Assurance Vie after discovering that the branch had failed to carry out careful evaluations in the conduct of its overseas investment operations, with the result that the total amount of its overseas investments exceeded the statutory ceiling, in violation of Article 146-4, Paragraph 2 of the "Insurance Act," which requires that the amount of an insurance enterprise's foreign investments must not exceed the cap set by the competent authority. The amount of the fine was set in accordance with the provisions of Article 168, Paragraph 5, Subparagraph 5 of the "Insurance Act."

FSC sanctions two CPAs at Deloitte & Touche

The FSC recently ordered two-year suspensions for two CPAs (surnamed Shih and Chiang) at the accounting firm Deloitte & Touche after discovering that, in auditing and attesting the 2018 and 2019 financial reports of Pharmally International Holding Company, the CPAs in question had: (a) failed to effectively contact banks to check key audit items or confirm the amounts of materially large bank deposits; (b) failed to carry out necessary auditing procedures on the registration of machinery and equipment mortgages; and (c) failed to take appropriate actions with respect to subsequent events. Due to these failures the FSC, acting in accordance with Article 37, Paragraph 3, Subparagraph 2 of the "Securities and Exchange Act," barred each of the CPAs from handling certain attestation services as set out in the "Securities and Exchange Act" for a two-year period running from 1 October 2020 to 30 September 2022.