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- Establishing a risk management framework for outsourced operations in the financial industry and enhancing outsourcing-related regulations
- FSC amends "Regulations Governing Capital Adequacy of Insurance Companies"
- FSC launches "FinTech Development Roadmap 2.0" in pursuit of a more inclusive, fair, sustainable, and international FinTech ecosystem

Policy and Law

FSC announces the amendment of the "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation"

To assist financial institutions in establishing a comprehensive risk management framework for outsourced operations and to review application procedures and reporting content, the FSC, making reference to international practices and the opinions of financial institutions, amended the "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation" (hereinafter the "Regulations"), which is oriented towards the risk-based approach (RBA) supervision.

The main points of the amendment to the Regulations are as follows: the establishment of a risk-based outsourcing management framework; the enhancement of financial institutions' ability to respond to emergency events; the simplification of the outsourcing application procedures and documents; the adjustments to the scope of cross-border and cloud outsourced operations requiring application to the competent authority and the specification of enhancing regulations. As third-party risk management is a critical supervisory issue for many countries, the FSC will continue to monitor implementation practices and international developments to conduct a rolling review of relevant regulations.

FSC issues rules on the outsourcing of operations by service enterprises in securities and futures markets

Due to the fact that service enterprises in securities and futures markets are moving towards digital transformation, and have growing demand to outsource operations and services from cloud-based and other third-party providers, the FSC amended the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" in August 2023. The amendments require that service enterprises establish an internal control system for the "management of the outsourcing of operations" and set out various outsourcing-related provisions that service enterprises are required to comply with.

The aforementioned outsourcing-related provisions require service enterprises to manage outsourcing risks on the basis of materiality and risk-based approach (RBA), and to assume ultimate responsibility for the outsourced operations. Besides, they expressly set out the scope of operations that service enterprises are allowed to outsource, the advance approval procedures that are required before a service enterprise may outsource the handling of first-time or highly significant customer data or service data systems to an offshore provider, the rules governing proper handling when outsourcing involves the use of cloud-based services, and a buffer period prior to the implementation of the amendment. The FSC has also issued a set of related FAQs to serve as a reference for service enterprises.

FSC amends "Directions for Operation Outsourcing by Insurance Enterprises"

To facilitate the efforts of insurance enterprises in establishing a comprehensive risk management framework for outsourced operations, as well as to review relevant application and reporting procedures, the FSC amended the "Directions for Operation Outsourcing by Insurance Enterprises" on 10 August 2023, with reference to the amendments to the "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation" which adopted a risk-based approach (RBA) for managing risks associated with financial institutions' outsourcing of operations.

The main points of the amendments are as follows: the establishment of a risk-based outsourcing management mechanism; the simplification of the outsourcing application procedures; the adjustment to the scope of cross-border and cloud outsourced operations requiring application to the competent authority and the specification of enhancing regulations; and the reinforcement of the competent authority's supervisory measures. In addition, if an insurer is not in compliance with the amended Directions, it must rectify the situation within one year from the day on which the amendment entered into force, unless otherwise stipulated in the Directions.

FSC amends "Regulations Governing Capital Adequacy of Insurance Companies"

To strengthen the quality of insurers' own capital and ensure sound implementation of the new

generation solvency regime (TW-ICS) in 2026, the FSC amended the "Regulations Governing Capital Adequacy of Insurance Companies" by referencing the capital tiering structure of the ICS developed by the International Association of Insurance Supervisors (IAIS), and the provisions regarding capital tracing and capital symmetry in the "Regulations Governing the Capital Adequacy and Capital Category of Banks."

Starting from December 31, 2023, insurers are required to classify their own capital into Tier 1 Unlimited (T1U), Tier 1 Limited (T1L), and Tier 2 (T2) capital when calculating the capital adequacy ratio. Additionally, starting from January 1, 2024, the provisions on capital tracing and capital symmetry shall apply to capital instruments newly issued.

FSC launches "FinTech Development Roadmap 2.0" in pursuit of a more inclusive, fair, sustainable, and international FinTech ecosystem

To retain the momentum of innovation and continue moving forward on the basis of the FinTech Development Roadmap 1.0, the FSC launched the "FinTech Development Roadmap 2.0" on 15 August 2023 after reviewing recent policies and achievements in FinTech, areas where further progress can be made, and suggestions have been put forward by industry and academia. The roadmap consists of four dimensions, including "optimizing FinTech legislation and policies," "deepening counseling resources and talent cultivation," "promoting FinTech technologies and applications," and "enhancing financial inclusion and access to digital financial services," and a total of 65 specific measures. The objective is to achieve a FinTech ecosystem with greater inclusion, fairness, sustainability, and alignment with international practices.

With the rapid development of FinTech, the FSC continues to closely monitor international development trends and practices, consider the developmental needs of domestic industry as well as the views of FinTech stakeholders, and review related mechanisms, legislative provisions, and other implementable matters on a rolling basis to ensure the safe and sound development of the financial system, and to make financial service enterprises more innovative, progressive, and inclusive. Through this process, the FSC expects to create new value in the financial industry and achieve financial inclusion.

FSC seeks public feedback on draft principles and policies regarding the use of AI in the financial industry

The application of Artificial Intelligence (AI) in the realm of financial services has been steadily increasing recently, particularly with the rapid development of generative AI, influencing a wide range of areas. To assist financial institutions in leveraging the benefits of AI technology, and to effectively manage risks, ensure fairness, protect consumer rights, maintain system security, and achieve sustainable development, the FSC has formulated a draft of the "Proposals for Core Principles and Associated Policy for AI Application in the Financial Industry." The draft is based on the Executive Yuan's "Taiwan AI Action Plan 2.0" and the promotional strategies discussed at the Executive Yuan's "Special Meeting for Coordination of Digital Policies and Legislation," and by referencing AI guidelines issued by financial regulators of major countries and international organizations.

The draft sets forth six core principles for AI application in financial sector as follows: establishing governance and accountability mechanisms; emphasizing fairness and human-centric values; safeguarding privacy and customer rights; ensuring system robustness and security; emphasizing transparency and explainability; and promoting sustainable development. In formulating this draft, the FSC has convened numerous internal and external meetings, and taken into account the opinions of relevant departments, experts, scholars, and various financial industry associations. To further refine and align the principles and policies with practical operations, the draft has been released on the "JOIN" platform to extensively gather external feedback. After considering this feedback, the finalized version will be officially released for financial institutions to follow.

FSC announces results of 2023 Assessment of the Implementation of Treating Customers Fairly Principles

To ensure that Taiwan's financial institutions have properly implemented the Treating Customers Fairly (TCF) Principles, the FSC has completed its 2023 documentary assessment of financial institutions' implementation of the TCF principles in 2022. The scope of disclosure for assessment results has been expanded this year and announced in two levels. The first level includes companies in the top 25%, and the second level includes companies ranked between 26% and 50%. The FSC once again granted recognition to the top 25% of companies and awarded the "Best Progress Award" to four companies, including Standard Chartered Bank (Taiwan) Limited, Taichung Commercial Bank Securities Co., Ltd., Yuanta Life Insurance, and The First Insurance, for their significant improvement and reinforcement of

fair treatment of customers since the last assessment.

The FSC stated that 2023 is the fifth time to conduct the assessment, and the overall performance of the financial industry has generally shown progress. The assessment added two new evaluation indicators, namely the "Friendly Service Principle" and the "Implementation of Ethics Principle." Related optimization measures include providing dedicated services for the elderly, developing financial products suitable for the elderly and people with disabilities, and offering sign language video translation services. In addition, the area with more room for improvement is the "Duty of Care and Loyalty" principle, which includes instances where banks fail to count and verify banknotes at the counter, and certain remittance cases where the "Counter Service Customer Care Questionnaire" is not filled out according to regulations.

The financial industry has generally attached great importance to fair treatment of customers, and the FSC expects financial institutions to continuously enhance their efforts in this regard to provide consumers with better financial experiences, thus contributing to the sustainable development of the financial industry.

FSC eases restrictions on banks' concurrent conduct of proprietary trading of bonds

On 31 July 2023, the FSC amended the "Regulations Governing Applications by Banks (Including Offshore Banking Units) to Concurrently Conduct the Underwriting and Trading of Bonds, Beneficiary Securities, and Asset-Backed Securities." The amended Regulations allow banks to engage in repo transactions under certain conditions without counting them against the cap, which will enable banks to build up larger repo transaction positions provided that proper risk management is maintained. Earlier this year, the FSC amended the regulations to allow various kinds of RP (Repurchase Agreement) and RS (Reverse Repurchase Agreement) transactions to be conducted by insurance enterprises. Following these amended Regulations, banks are now allowed to make use of group resources to meet the needs of insurance firm customers to engage in repo-style bond transactions and enhance the efficiency of their short-term capital utilization, which are in line with the FSC's policy of encouraging domestic financial institutions to address domestic financial needs.

FSC issues an interpretive rule on Article 7, Paragraph 1, Subparagraph 12, Item 4 of the "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises"

The FSC issued an interpretive rule on 27 July 2023 (ref: Jin-Guan-Bao-Shou-Zi-11204924231) regarding Article 7, Paragraph 1, Subparagraph 12, Item 4 of the "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises." The interpretive rule specifies that when a group of persons participate in a domestic tour organized by a government agency, by a village office, or by a lawfully established public or private school and intend to purchase travel insurance policies with premiums collectively paid by the group of policyholders, they could use a mobile services platform or website set up or used by the insurance company to complete ID verification and declare their intent to purchase insurance. And this can be used in place of their personal signatures, which had been required in the past to purchase such insurance.

FSC amends the "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises" and the "Directions for Sale of Investment-linked Insurance Products"

The FSC on 7 July 2023 amended Articles 6 and 18 of the "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises" and Point 6 of the "Directions for Sale of Investment-linked Insurance Products."

The amendments specify that when an insurance enterprise implements procedure for handling telephone interviews, if an insurance broker or an insurance agent has already conducted a phone call, video call, or remote visit to the customer in accordance with the provisions of Article 33-1 of the "Regulations Governing Insurance Brokers" or Article 33-1 of the "Regulations Governing Insurance Agents," then the insurance enterprise need not to conduct another phone call, video call, or remote visit to the customer. The amendments are intended to enhance the operational efficiency of the insurers, and will enter into force on 1 October 2023.

FSC relaxes the range of eligible products and participants under the "Regulations Governing the Custody and Disposal of Clients' Equity-type Foreign Securities Obtained

through Physical Delivery of Domestic Structured Products or Structured Notes by Banks"

The FSC amended the "Regulations Governing the Custody and Disposal of Clients' Equity-type Foreign Securities Obtained through Physical Delivery of Domestic Structured Products or Structured Notes by Banks(Including Offshore Banking Units)" on 9 August 2023. With an eye to the practical needs of banking firms, the amended provisions expand the range of eligible products from "domestic structured products or structured notes" to include offshore structured products or structured notes that are bought and sold via bond proprietary trading, and the range of eligible participants has also been expanded to include offshore banking units (OBUs). After this amendment, a customer can instruct the original bank (including an OBU) to place an order with a securities firm to dispose of the equity-type foreign securities obtained through physical delivery of domestic and offshore structured products or structured notes, and receives more convenient service than before. Banks can also continue to expand their "one-stop" asset management services, provide customers with different delivery options, and foster their capabilities to develop innovative financial products and become more internationally competitive.

Industry Updates

Digital Idea Multi-Media Co. receives permit to provide small-amount remittance services for foreign migrant workers

On 27 July 2023, the FSC granted permission for Digital Idea Multi-Media Co. ("Digital Idea") to provide small-amount remittance services for foreign migrant workers. Digital Idea is the third institution that the FSC has granted permission to provide small-amount remittance services for foreign migrant workers. The FSC hopes that institutions which provide small-amount remittance services for foreign migrant workers will act in accordance with the provisions of the "Regulations Governing Small Amount Remittance Services for Foreign Migrant Workers" by adopting various mechanisms such as the identity verification and remittance fund security mechanisms for foreign migrant workers. By providing convenient remittance services, these institutions aim to encourage foreign migrant workers to remit funds via legal channels, thereby achieving the goal of financial inclusion.

NPL Ratio for Domestic Banks as of the End of July 2023

The total outstanding loans extended by the current 38 domestic banks increased by NT\$425.3 billion (US\$13.53 billion) as compared to the figure of previous month and amounted to NT\$37.58 trillion (US\$1,196 billion) at the end of July 2023. Meanwhile, the NPLs of these banks totaled at NT\$58.22 billion (US\$1.85 billion) which decreased by NT\$508 million (US\$16.16 million) from NT\$58.73 billion (US\$1.87 billion) as of the end of the previous month. The average NPL ratio of the 38 banks fell to 0.15% down from 0.16% at the end of previous month, and was down by 0.01 percentage points compared to the same month last year.

The coverage ratios of allowances for NPLs increased by 17 percentage points and therefore rose to a figure of 877.27% from 860.27% of the previous month. The asset quality of domestic banks continuously remained manageable according to the above figures as of the end of July 2023. The FSC will request banks to undertake measures to improve asset quality and financial structure on an ongoing basis.

NPL situation of credit cooperatives at the end of July 2023

Total NPLs at Taiwan's 23 credit cooperatives stood at approximately NT\$0.725 billion as of the end of July 2023, generating an NPL ratio of 0.12%, up by 0.03 percentage points from 0.09% at the end of June 2023. The NPL coverage ratio was 1,825.63%, down by 472.88 percentage points from 2,298.51% at the end of June 2023.

Net foreign and mainland China investment in listed shares

As of the end of July 2023, foreign investors in the year to date had bought around NT\$10.9288 trillion and sold around NT\$10.6823 trillion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-buy of around NT\$246.5 billion. In addition, foreign investors in the year to date had bought around NT\$2.629 trillion and sold around NT\$2.943 trillion worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT\$31.4 billion. Meanwhile, mainland China investors had bought around NT\$0.843 billion and sold around NT\$1.064 billion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-sell of about NT\$0.221 billion; and mainland China investors had bought NT\$0.38 billion and sold around NT\$0.498 billion worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT\$0.118 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 July 2023 stood at approximately US\$235.6 billion, down by around US\$4.7 billion from US\$240.3 billion at the end of June 2023. The figure for cumulative net inward remittances by mainland China investors was US\$0.0256 billion, down by roughly US\$0.0038 billion from US\$0.0294 billion at the end of June 2023.

Sales statistics of foreign-currency denominated products by life insurance industry as of the end of May 2023

The sales statistics of foreign-currency denominated products by life insurance industry as of the end of May 2023 were as follows: premium revenues from new foreign-currency denominated policies amounted to around NT\$114.052 billion, down by 52% from NT\$236.579 billion year-on-year. Within these figures, investment-linked insurance products accounted for NT\$25.501 billion (around 22% of the total), down by 69% from NT\$82.773 billion year-on-year, and the sales of traditional insurance products totaled NT\$88.551 billion (around 78% of the total), down by 42% from NT\$153.806 billion year-on-year.

Sales of spillover-effect insurance products and provision of in-kind benefits by life insurers in 2023 through Q2

The FSC has approved or accepted registrations of 191 spillover-effect insurance products from 13 life insurance companies. In total, 544,368 new contracts for such products have been sold as of the second quarter of 2023, down by 6% from 577,586 compared to the same period of 2022. The first-year premium income was NT\$10,379.24 million, up by 51% from NT\$6,857.96 million compared to the same period of 2022.

The FSC has approved or accepted registrations of 41 in-kind payment insurance products from 6 life insurance companies. In total, 100,460 new contracts for such products had been sold as of the second quarter of 2023, up by 6% from 95,166 compared to the same period of 2022. The first-year premium income was NT\$1,336.25 million, down by 7% from NT\$1,437.76 million compared to the same period of 2022.

Profit/loss, net value and exchange gains/losses of the insurance industry in June 2023

The pre-tax profit of all insurance enterprises at the end of June 2023 was NT\$55.6 billion, decreasing by NT\$111.3 billion or 66.7% from the previous year; the pre-tax profit of life insurance enterprises was NT\$52 billion, decreasing by NT\$161.8 billion or 75.7% from the previous year, while the pre-tax loss of non-life insurance enterprises was NT\$3.6 billion, going up by NT\$50.5 billion or 107.7% from the previous year.

The owners' equity of insurance enterprises at the end of June 2023 was NT\$2,166.1 billion, going up by NT\$807.9 billion or 59.5% from the previous year; the owners' equity of life insurance enterprises was NT\$2,049.8 billion, going up by NT\$794.3 billion or 63.3% from the previous year, while the owners' equity of non-life insurance enterprises was NT\$116.3 billion, going up by NT\$13.6 billion or 13.2%.

As of the end of June 2023, the NT Dollar had depreciated by 1.37% against the US Dollar since the end of 2022, and the cumulative balance of the foreign exchange valuation reserve of life insurance enterprises was NT\$210.7 billion, decreasing by NT\$18.2 billion compared to the end of 2022. 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 NT\$-1,27.5 billion. Over the same period, the overseas investments of life insurers resulted in net gains (including exchange gains/losses and hedging gains/losses, but not including the net effect of volatility on the foreign exchange valuation reserve) of NT\$301.9 billion.

FSC announced a set of localized and transitional measures related to stocks, real estate, and infrastructure projects that Taiwanese insurers can adopt to meet TW-ICS standards regarding market risk

To reasonably reflect the overall risk faced by insurance companies and to enhance their international competitiveness, the FSC announced on 28 July 2020 that it would adopt a "new generation insurance solvency regime" (TW-ICS) with reference to the Insurance Capital Standard (ICS) developed by the International Association of Insurance Supervisors (IAIS), and is scheduled to be implemented from 2026. Switching to the new regime poses a significant challenge. To maintain financial market stability, the FSC will give full consideration to insurers' efforts and the burden they can bear. While maintaining consistency with the ICS framework, the FSC will formulate localized and transitional measures to help insurers achieve

an orderly and gradual switchover to the international framework.

After making reference to international experience and considering the circumstances and influences on Taiwan's insurance industry, and fully communicating with insurance companies, the FSC on 25 July 2023 announced a set of localized and transitional measures related to stocks, real estate, and infrastructure projects that Taiwanese insurers can adopt to meet TW-ICS standards regarding market risk. In terms of localized measures, the risk factor of investments in listed stocks has been adjusted to 35% with reference to historical volatility in Taiwan's stock markets, which is the same as in developed countries. Meanwhile, the risk factor of investments in real estate has been adjusted to 15% with reference to historical volatility in Taiwan's real estate markets. Also, with respect to government policy-driven investments in public infrastructure, the FSC intends to refer to international standards and evaluate both the policy direction of encouraging insurance enterprises to invest in domestic infrastructure projects, as well as the actual risks associated with infrastructure project investments. After having discussed these matters with the non-life and life insurance associations as well as their member firms, the FSC will formulate localized risk factors that are in line with conditions in Taiwan. As for transitional measures, the FSC will allow a 15-year buffer period for their implementation. For domestically listed stocks and domestic real estate, the FSC will adopt an annually ascending approach to align with the localization factors, and will provide 15-year transitional buffer periods for the adjustment of asset allocations starting from 2026. As for government policy-driven investments in infrastructure projects, during the first five years (2026 to 2030), the FSC will maintain the 1.28% rate of the current RBC regime. Then during the following 10-year period, it will adopt an annually ascending rate to bring about gradual compliance with the TW-ICS risk capital charge standard. In addition to reviewing the regime every five years starting from 2026 based on the actual implementation by insurance companies, the FSC will also continuously monitor ICS developments and changes in the overall financial situation, and make adjustments as necessary.

Investor and Consumer Protection

FSC reminds investors to purchase offshore financial products only via legal channels

The FSC reminds consumers that financial institutions not approved to establish a business presence in Taiwan are not allowed to provide financial services. If the public invests via an illegal financial services firm, it can easily lead to disputes and involves various investment risks. The FSC maintains lists on its website containing the names and URLs of legally established financial institutions in Taiwan. In addition to searching online for information, the public is also encouraged to report individuals engaged in the illegal sale of offshore financial products, and provide concrete evidence to the FSC or law enforcement authorities to collectively maintain market orders.

2023 Financial Literacy Campaign for the Campus and Community

In the month of August 2023, the FSC held 35 activities at different locations, including the Taiwan Miaoli District Prosecutors Office, as part of the 2023 Financial Literacy Campaign for the Campus and Community, attracting 2,288 participants. The Financial Literacy Campaign is free of charge, and has struck a chord with many people since its inception in 2006. As of the end of 2022, a total of 7,846 events had been held and over 1.14 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 to promote the financial literacy campaign in 2023. Schools or community groups interested in the campaign are invited to register on the website of the Banking Bureau. For more information, please contact us at (02) 8968-9710.

Major Enforcement Actions

FSC imposes sanctions on CTBC Financial Holding and CTBC Bank

The FSC recently discovered that CTBC Financial Holding and CTBC Bank had serious corporate governance deficiencies, and failed to effectively conduct their internal control systems and exercise proper management of their subsidiaries. These shortcomings showed that CTBC Financial Holding had violated Article 51 of the "Financial Holding Company Act" and Article 3, Paragraph 1 as well as Article 8,

Paragraph 1 and 2 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" which were issued upon the authority of Article 51 of the "Financial Holding Company Act." The FSC, acting on the basis of Article 60, Subparagraph 16 of the "Financial Holding Company Act," imposed an administrative fine of NT\$30 million on CTBC Financial Holding. Additionally, an official reprimand was issued on the basis of Article 54, Paragraph 1 of the same Act, and the company's Chairman Yen was suspended from his job for six months and Vice Chairperson Chen was suspended from his job for one year on the basis of Subparagraph 4 under the same Paragraph 1. The monthly salary of the company's General Manager Chen was cut by 30 percent for three months, and all compensation of the company's Senior Executive Officer Chang was cut by 50 percent for the entire year of 2023 on the basis of Subparagraph 7 under the same Paragraph 1. Besides, the company is ineligible for six months to apply for making equity investments until the FSC recognizes that proper corrective action has been taken. Also, an official reprimand was issued to CTBC Bank on the basis of Article 61-1, Paragraph 1 of the "Banking Act." On the basis of Subparagraphs 3 and 9 of the same Act, the bank is ineligible for six months to apply for making equity investments and establishing any overseas branch until the FSC recognizes that proper corrective action has been taken.

FSC imposes fine on CTBC Bank

The FSC recently imposed an administrative fine on CTBC Bank after discovering that a former wealth manager at the bank had embezzled client funds, recommended that clients carry out multiple transactions within a short period of time, and executed online banking transactions on customers' behalf. These weaknesses showed that the bank was not properly conducting continuous monitoring of deposit accounts or transactions, and it had failed to establish and properly implement an internal control system. These deficiencies constituted simultaneous violations of Article 9 of the "Regulations Governing Anti-Money Laundering of Financial Institutions" issued upon the authority of Article 7, Paragraph 4 of the "Money Laundering Control Act," Article 45-1, Paragraph 1 of the "Banking Act," and Article 3, Paragraph 1 as well as Article 8, Paragraphs 1 and 3 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" issued upon the authority of Article 45-1, Paragraph 1 of the "Banking Act." Acting in accordance with Article 24, Paragraph 1 of the "Administrative Penalty Act" and Article 129, Subparagraph 7 of the "Banking Act," the FSC imposed an administrative fine of NT\$10 million on CTBC Bank.

FSC imposes sanctions on Taiwan Life Insurance

In the course of a full-scope examination of CTBC Financial Holding, the FSC discovered serious corporate governance deficiencies of Taiwan Life Insurance Co., Ltd. and a failure to effectively operate the company's internal control system. These deficiencies constituted violations of Article 5, Paragraph 1, Subparagraphs 4 and 8 of the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises" issued upon the authority of Article 148-3, Paragraph 1 of the "Insurance Act," and posed a threat to the sound operation of the business. The FSC, acting on the basis of Article 171-1, Paragraph 4 of the "Insurance Act," handed Taiwan Life Insurance an administrative fine of NT\$10 million, on the basis of Article 149, Paragraph 1 of the same Act, handed the company an official reprimand, and on the basis of Subparagraph 1 under the same paragraph barred the company from making any new real estate investments (apart from projects currently under construction) beginning from the day next following delivery of the FSC's administrative ruling and continuing for one year. This suspension will remain in force until the FSC determines that proper corrective action has been taken. Also, on the basis of Subparagraph 7 under the same paragraph, the FSC suspended Taiwan Life Insurance's General Manager Chuang from performing the duties of general manager for one year beginning from the day next following delivery of the administrative ruling.

Personnel Changes

Personnel changes at the FSC headquarters

FSC Counsellor Kai-Yuan Chen retired on 16 July 2023 and the vacant position was filled by Tsai-Huai Chen, the Deputy Director General of the FSC Financial Examination Bureau (FEB); Deputy Director General Tzu-Ming Chang of the Securities and Futures Bureau (SFB) was then transferred to fill the position of FEB Deputy Director General; SFB Chief Secretary How-Ming Hwang was then promoted to fill the position of SFB Deputy Director General; and Kuang-Chi Shang, a division director in SFB, was transferred to fill the position of SFB Chief Secretary. Everyone assumed their new positions on 28 August 2023.