



2021-2022 Annual Report

Financial Supervisory Commission, Taiwan

FSC





| Resilience, Innovation, Sustainability, and Inclusion |





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Chairperson's Statement

The world faced numerous challenges in 2021, including the social and economic consequences of COVID-19, disasters brought on by climate change, heightened cyber security threats that have accompanied the progress of science and technology, a widening wealth gap, and demographic ageing. As a result, financial markets and the financial industry are presented with related risks and opportunities. At a press conference in early 2021, the Financial Supervisory Commission (FSC) chose Ultimate Gray and Illuminating (yellow) as the colors of the upcoming Year of the Ox to symbolize an equal emphasis in its policies on "financial stability" and "financial development". Over the past year, the FSC has amended a number of laws and regulations and adopted many different policy measures to continue building a financial environment characterized by stability, resilience, diversity, innovativeness, sustainable governance, and inclusivity. Also, to respond to the pandemic, the FSC took timely action to adjust supervisory requirements, encouraged banks to make relief and stimulus loans, and promoted digital transformation. Significant achievements of 2021 include the following:

- **Strengthened risk management at financial services firms, improved financial and operational resilience, and maintained orderly financial markets**

The FSC took multiple measures in 2021 to strengthen the risk management of financial institutions' real estate credit business, including the following: continued promoting implementation of the New Generation Insurance Solvency Regime to bolster insurers' capacity to assume catastrophic risk and interest rate risk; secured enactment of an amendment to the "Insurance Act" whereby net worth ratio has been included among the statutory supervisory indicators; and conducted stress tests for banks and insurers in order to evaluate their degree of exposure to risks related to changes in the global economic and financial environments.

Cyber security keeps growing more and more important to business continuity all the time. In 2021, the FSC expressly required financial services firms to designate a chief information security officer at a specific managerial level, and required different TWSE- and TPEX-listed companies to gradually phase in additional cyber security staffing and equipment; developed a competency map for financial cyber security personnel as part of an effort to cultivate financial cyber security professionals; built up a financial cyber security joint defense system, and helped with its administration in order to strengthen financial cyber defense capabilities.



In addition, the FSC issued a set of "Principles for Effective Financial Examination" to carry out more rigorously targeted financial examinations; introduced a strengthened code of conduct for bank wealth management specialists that provide increased bonuses for anyone who reports a violation of financial legislation; and adopted the "Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction" to impose upon such enterprises a duty to conduct proper customer due diligence, records retention, and information filing, so as to safeguard orderly financial markets.

- **Encouraged Fintech development, supported startup industries, and increased capital market activity**

The FSC actively adjusted legislation in view of successful Fintech sandbox experiments, including one that provides small-amount remittance services for foreign migrant workers, and another that provides FundSwap services. The FSC also studied the possibility of allowing the establishment of internet-only insurance companies in order to spur insurers to engage in digital transformation and innovative R&D work; launched the Financial FIDO Alliance to accelerate the development of a standardized mobile identity verification mechanism for financial services; held the Taiwan RegTech Challenge 2021 to discover potential RegTech applications; and adopted a set of "Guidelines for Data Sharing between Financial Institutions" to achieve more efficient sharing of customer data under conditions that ensure information security.

To help innovative startups obtain funds, the FSC continued to promote the "Program to Encourage Lending by Domestic Banks to Enterprises in Key Innovative Industries." The Taiwan Innovation Board and the Pioneer Stock Board, where companies can raise capital directly, both began operating in July 2021. In addition, a market maker system was introduced in June 2021 to allow for more liquid trading of high-quality stocks, successive steps were taken to expand the business scope of securities firms, and a "Retirement Preparation Platform" for all citizens was launched. These measures were taken to provide a more diverse range of financial products and services.

- **Promoted sustainability, corporate governance, and sustainable corporate value**

Full disclosure is an important aspect of the effort to promote sustainable finance and corporate governance. The FSC in 2021 issued guidelines for banks and insurers on climate-related financial disclosures; expanded the range of TWSE- and TPEx-listed companies that are required to prepare sustainability reports; adopted supervisory principles for review of ESG fund disclosures; required better ESG disclosures by TWSE- and TPEx-listed companies, as well as financial services firms; and built a better platform for integration and querying of ESG information.

By maintaining a tripartite focus on the facets of credit, investments, and capital markets, the FSC continued working to shape a corporate culture that stresses implementation of sustainable governance, establishment of a sustainable bond market, and promotion of green credit cards, green insurance, sustainable funds, and related products and services. In addition, the FSC worked with the Executive Yuan's Environmental Protection Administration to develop a sustainable finance taxonomy based on three key industries that receive an especially large share of the Taiwan financial industry's investments and financing. This sustainable finance taxonomy is now being provided to financial services firms and investors for their reference in screening possible investment and financing projects, and to enterprises to guide their efforts to achieve transition to sustainability.

- **Promoted financial inclusion, met the needs of the financially underserved, and safeguarded the interests of financial consumers**

The "Act Governing Electronic Payment Institutions" and related secondary legislation were amended in 2021 to expand the scope of electronic payment services. The FSC for a second time expanded the range of parties that are allowed to purchase micro-insurance, increased the maximum insured amount, and increased the maximum number of in-force microinsurance policies that a single party may hold; urged the various financial industry associations to periodically meet and communicate with organizations for the disabled to assist persons with disabilities obtain fair and reasonable access to financial services; used legislation or self-regulatory rules to guide financial services firms to improve measures designed to safeguard the interests of senior citizens; and included migrant worker foreign remittance companies among the types of institutions subject to the provisions of the "Financial Consumer Protection Act" so that migrant workers can resort to dispute resolution procedures to press for their rights.

To enhance protection of financial consumers, the FSC raised the dollar value of the "certain amount" as prescribed in Article 29, paragraph 2 of the "Financial Consumer Protection Act," which means that ombudsman decisions for a monetary award up to that amount are now binding upon financial services firms; continued carrying out treating customers fairly (TCF) performance assessments to spur qualitative progress throughout the entire financial industry; published the first-year results of the

"Financial Inclusion Indicators for Taiwan" and considered adjustments to indicators for the following year; encouraged trust enterprises to invest resources to develop comprehensive trust services; and established an inter-agency coordination meeting mechanism to continue promoting financial literacy.

- **Responded to COVID-19 by adjusting related financial measures, and continued to strengthen international supervisory exchange and cooperation**

To pay balanced attention to the competing needs to fight the pandemic while continuing to provide needed financial services, banks gained permission to adopt flexible financial services, adjust branch business hours and business types, and reduce or exempt internet banking and ATM inter-bank transfer fees during specific periods; the FSC increased the types of insurance products that may be sold online, made such online sales more convenient, and began allowing insurers to engage in conclusion of distance insurance contracts and provision of distance insurance services; and securities firms were granted permission to use electronic or other alternative means to conduct their business. Also, in response to special needs regarding the holding of shareholders meetings during the pandemic, the FSC agreed to allow the holding by public companies of in-person shareholders meetings supplemented by virtual attendance. At the same time, to help enterprises and individuals to reduce the negative impact of the pandemic, the FSC encouraged financial services firms to provide various relief or forbearance measures, including relief loans, policy loans at preferential interest rates, deferred payment of insurance premiums, and reduction of rental fees.

Although the pandemic has affected border entry and exit, the FSC has continued using video and audio calls to engage in exchange activities with international financial organizations and supervisory authorities in other nations. In 2021, the FSC signed an MoU for supervisory cooperation with the Texas Department of Banking, took part in numerous international conferences, and held joint activities with the British Office Taipei and the Israel Economic and Cultural Office in Taipei to strengthen bilateral cooperation.

Thanks to the sound capital structure and asset quality of Taiwan's financial industry, overall financial industry profits in 2021 reached a new high. However, the future remains fraught with risks that are difficult to gauge. Such risks include international political, economic, and financial conditions, and the changing course of the pandemic, so the FSC will maintain a prudent outlook and avoid hubris, preparing for all possibilities and urging financial services firms to build up their capability to withstand risks. In addition to implementing corporate governance, legal compliance, and internal controls, financial services firms are also advised to attach proper importance to ethics-oriented culture, environmental sustainability, social justice, concern for the disadvantaged, and other such public-spirited values. We want them to promote value-based finance and become the drivers of economic growth as well as positive forces that create social well-being.

Chairperson





Duties and Organization

- ▶ Organization
- ▶ Human resources

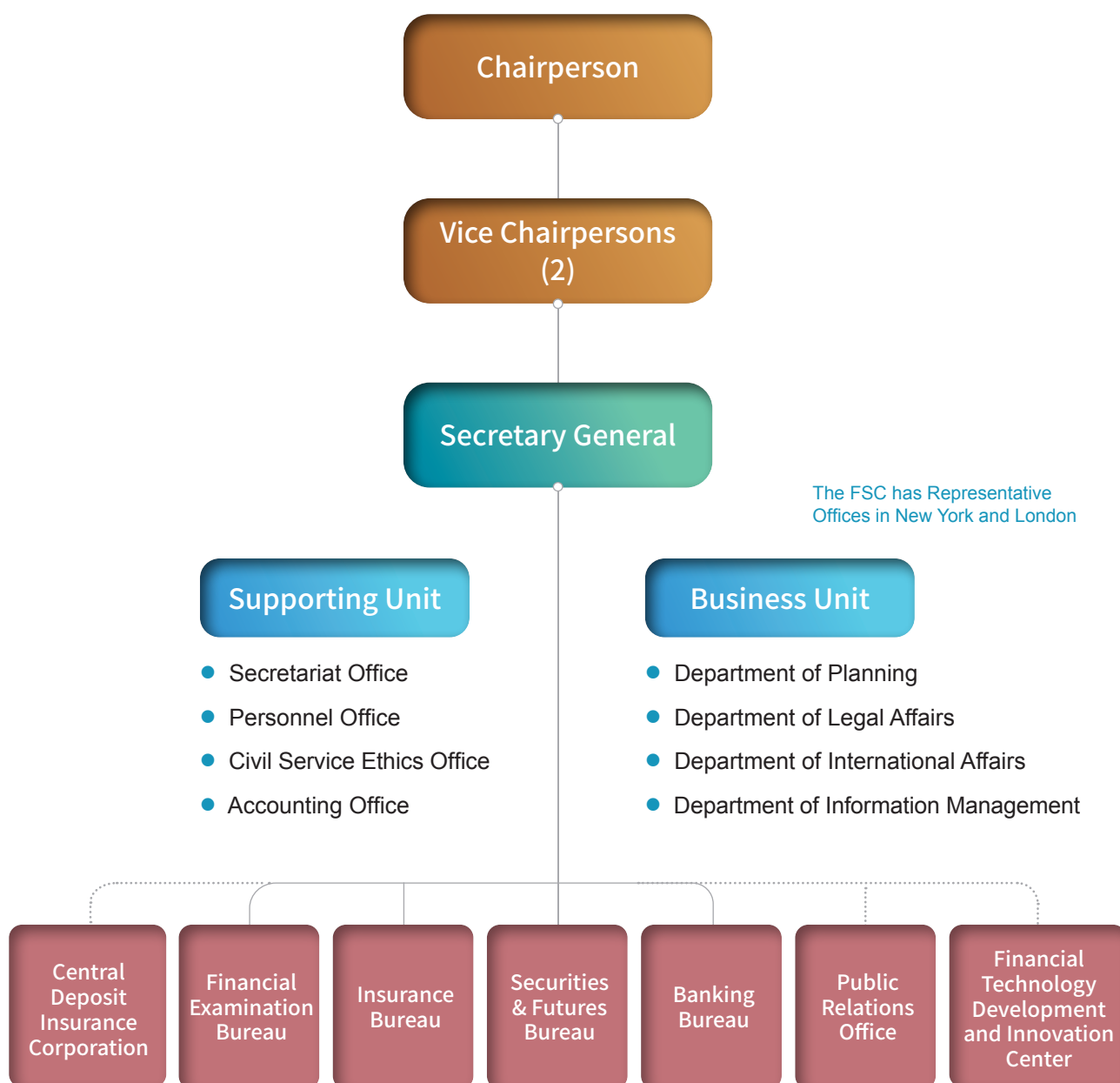




Duties and Organization

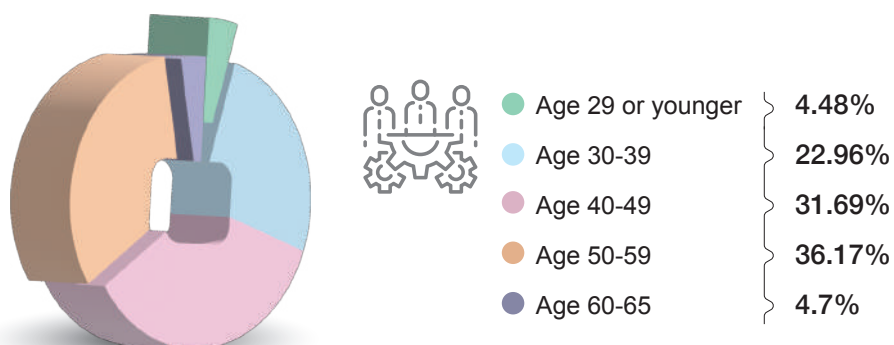
The FSC was established on 1 July 2004 as the competent authority with overall responsibility for supervising, regulating, examining facilitating the development of financial markets and financial services in Taiwan. The FSC seeks to ensure the sound operation of financial institutions, maintain financial stability, and promote the development of our financial markets.

Organization

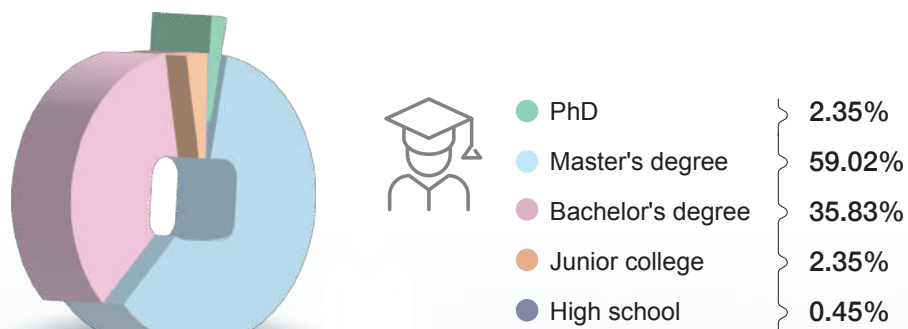


Human resources

Personnel of employees at FSC headquarters and the four Bureaus



Academic background of employees at FSC headquarters and the four Bureaus





Financial Market Overview and Important Policy Outcomes

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Financial Market Overview and Important Policy Outcomes

Financial market overview

Figures for the pre-tax earnings of Taiwan's domestic financial service providers from 2017 through 2021 are presented in the table below. In 2021, the combined pre-tax earnings of the banking sector, insurance sector, and securities & futures sector (including securities and investment trust enterprises [SITEs]) came to approximately NT\$936.6 billion, which was notably better than the figures for 2020. 2021 pre-tax earnings increased by NT\$260.9 billion, or 38.61%, from 2020.

Pre-tax earnings for domestic financial service providers, 2017–2021

Unit: NT\$Bn

	2017	2018	2019	2020	2021
Financial holding companies (consolidated financial statements)	302.3	301.3	357.5	385.9	594.7
Banking sector (A)	352.6	377.7	407.0	370.8	385.6
Domestic banks	305.9	334.2	360.7	312.7	337.0
Foreign bank branches	14.2	15.0	15.5	23.9	11.0
Mainland China's branches	4.6	4.1	3.8	5.1	6.2
Credit cooperatives	2.4	2.5	2.7	2.6	2.7
Bills finance companies	10.4	9.7	10.2	12.3	13.4
Chunghwa Post	14.9	12.0	14.1	14.4	15.3
Insurance sector (B)	131.2	97.0	170.7	223.1	411.1
Life insurance	116.8	82.8	154.8	206.1	388.5
Non-life insurance	14.4	14.8	15.9	17.0	22.6
Securities & futures sector (C)	55.8	45.8	56.8	81.7	139.9
Securities firms	44.3	32.6	43.4	65.8	119.6
Futures merchants	3.9	4.9	4.3	5.0	4.5
SITEs	7.6	8.3	9.1	10.9	15.8
(A+B+C)	539.6	520.5	634.6	675.7	936.6

Promoted sustainability and corporate governance

Drafted the "Taiwan Sustainable Taxonomy"

The FSC and the Environmental Protection Administration (EPA) jointly commissioned a research project to draft the "Taiwan Sustainable Taxonomy" in 2021. The project established the small-scale Taxonomy for key industries, including manufacturing, building & construction, and transportation & warehousing, toward which domestic financial institutions have directed a major proportion of their investments and loans. The Taxonomy in the future can be used by financial industries and investors as a reference for screening investment and financing targets, and also be used by enterprises as a reference for setting their goals for transition to sustainability.



FSC Chairperson Tien-Mu Huang attended the "Sustainable Finance Workshop" on 10 December 2021

To strengthen the content of ESG disclosures

- All TWSE/TPEX-listed financial holding companies and banks have prepared and announced their Corporate Social Responsibility (CSR) reports. Moreover, the FSC requested non-TWSE/TPEX-listed financial holding companies and non-financial-holdings-owned banks not listed on the TWSE or TPEX to schedule the preparation and announcement of the CSR report on the website. They will meet the requirement before 2023.
- The FSC requires listed companies to disclose information based on TCFD recommendations and financially significant ESG-related information useful for informed investment decision-making. The relevant requirements will be introduced in 2023.
- To enhance ESG fund issuance document review and information disclosure
 - » The FSC proposed new supervisory principles for review of ESG-related fund disclosures on 2 July 2021. Moreover, the FSC issued a rule on 11 Jan 2022 to require that the investment information summary of offshore ESG funds must contain the same disclosures that are required of onshore funds.
 - » The ESG funds that are approved by the FSC may be included in the ESG fund section of Fundclear at the website of Taiwan Depository & Clearing Corporation.

- To disclose climate-related risks faced by banks and insurers

The FSC released the "Guidelines for Domestic Banks' Climate Risk Financial Disclosures" and "Guidelines on Climate-related Financial Disclosures of Insurance Companies" on 30 November 2021 and began implementing them in 2022. Starting from 2023, domestic banks and insurance companies are required to disclose the information on financial climate risks in their sustainability reports or post such information on their website before June 30 every year.

Improved the quality of ESG information disclosure and expanding the scope of companies required to prepare sustainability reports

- The Taiwan Stock Exchange (TWSE) amended the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE listed Companies" on 7 December 2021, requiring chemical manufacturers and financial and insurance enterprises to obtain a CPA's letter of opinion; and demanding that TWSE- and TPEx-listed companies establish procedures for the preparation and verification of the sustainability reports.
- The TWSE and the TAIEX respectively amended the "Corporate Governance Best-Practice Principles for Securities Firms" and "Corporate Governance Best-Practice Principles for Futures Commission Merchants" on 4 May 2021 and 8 June 2021, which require that securities firms with paid-in capital of NT\$5 billion or more, as well as futures commission merchants with paid-in capital of NT\$2 billion or more, or with a status as a public company or a subsidiary of a financial holding company, must prepare a corporate social responsibility (CSR) report for the preceding year each year. The report shall be prepared by referring to the Global Reporting Initiative (GRI) Standards.
- The FSC has approved the "Best Practice Principles of Corporate Governance in the Insurance Industry" filed by the Life and Non-Life Insurance Associations on March 26, 2021. The Best Practice Principles include a newly added Article 64, which requires the preparation of a CSR report by life insurance companies which are listed or which have assets of NT\$1 trillion, and by non-life insurance companies which are listed or have assets ranking in the top five among the company's peers. In addition, third-party verification is required.

Constructed and strengthened ESG data integration platforms

- The FSC has urged the Joint Credit Information Center to propose the linking of its the databases of other ministries, and to integrate ESG information into the database system for query by financial institutions and other parties.
- The FSC had instructed the TWSE to disclose the performance of companies in the disclosure of ESG information on the MOPS website.

Promoted climate-related risk management by financial institutions

- The FSC urges financial institutions to adopt climate-related risk management measures using a top-down approach. For example, the FSC urges boards of directors and management of financial institutions to fulfill climate-related risk management responsibilities.
- Insurance enterprises must include the assessment of climate risks and related measures in their Own Risk and Solvency Assessment (ORSA) reports.

Maintained a focus on credit, investments, and capital markets to spur sustainable economic development and establish a more deep-rooted corporate culture of sustainable governance

- The basis for calculation of the cap on the amount that insurance companies may invest in corporate bonds (including green bonds) has been changed from paid-in capital to owners' equity. Up to the end of 2021, the amount of the insurance industry's total investment in green bonds was NT\$39.8 billion, up by NT\$4 billion compared to 2020. Furthermore, the amounts approved by the FSC to invest in green power plants and offshore wind power plants are NT\$9.9 billion and NT\$4.2 billion, respectively.
- As of the end of 2021, 75 green bonds, 12 sustainability bonds, and 7 social responsibility bonds had been issued and raised NT\$201.1 billion, NT\$57 billion, and NT\$14.3 billion, respectively. The total amount was NT\$272.4 billion.

Improved disclosure transparency regarding promotion of sustainable development for public companies

The FSC amended the "Regulations Governing Information to be Published in Annual Reports of Public Companies" on 30 November 2021. The FSC has public companies disclose important environment and social information, including carbon dioxide emissions, volume of water consumption, total weight of waste, occupational safety (such as the number of occupational accidents) and workplace diversity and equality (such as the proportion of female employees and senior managers) by amending contents of relevant reporting forms and introducing examples and disclosure guidelines.

Enhanced the functions of the board of directors

- Published "AQI Disclosure Framework and Template" and "Principles for Preparation of Transparency Reports by Audit Firms" to assist the board and audit committee of listed companies to evaluate audit firms and their audit quality more objectively and effectively for the appointment of auditors.
- The TWSE amended the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" on 2 July 2021, and the TPEX amended a similarly named set of Directions for TPEX-listed companies on that same day. The Directions require listed companies (not in the financial and insurance industries) with paid-in capital below NT\$2 billion to appoint a chief corporate governance officer before 30 June 2023.
- The TPEX amended the "Taipei Exchange Rules Governing the Review of Emerging Stocks for Trading on the TPEX" on 22 September 2021, requiring emerging stock companies to take out and maintain liability insurance for its directors and supervisors with respect to their legally required liabilities for damages arising from their performance of duties during their term of office.

Better communication with shareholders

The TWSE and the TPEX amended the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" on 8 December 2021, requiring companies to create a specific area on their websites for disclosure of information the board of directors, corporate governance framework and rules, the appointment of a chief corporate governance officer, for shareholders' and stakeholders' reference.

Implemented financial supervision, preserved market order

Strengthened the regulations on the conduct of wealth management specialists of banks

The FSC on 26 July 2010 registered an amendment by the Bankers Association to the "Internal Control Principles for the Prevention of Misappropriation of Client Funds by Wealth Management Specialists." The amendment includes the establishment of red flags of suspected misappropriation of customer funds by wealth management specialists to strengthen banks' early-warning functions and the practical operation of statements to prevent fraud at the source. The FSC required banks to begin the implementation of the amendment on 1 January 2022.

In order to encourage the public to actively report illegal financial activities, the FSC has amended the "Directions for Encouraging the Public to Report Illegal Financial Activities by the Financial Supervisory Commission" and increased the rewards tenfold for reporting serious illegal financial activities.

Issued the Principles for Effective Financial Examination

On 26 July 2021, the FSC issued the "Principles for Effective Financial Examination" to serve as the highest standards for all examination rules. The Principles include the FSC's important financial examination concepts and the key requirements outlined in the BCBS's "Core Principles for Effective Banking Supervision" for regulators' examination functions and mechanisms, which include:

- Risk-focused and significance-oriented examination approach.
- Open communication and coordination.
- Active use of innovative auditing tools to improve examination efficiency.

Strengthened the conducting of targeted financial examinations

In 2021, the FSC completed targeted AML/CFT/CPF examinations for financial services firms, targeted financial examinations for financial consumer protection operations (including protection of elderly consumers), targeted financial examinations for mortgage and construction loans, targeted financial examinations focusing on the operating strategies and risk management of financing holding groups, and targeted financial examinations focusing on the corporate governance of insurance companies, and other targeted examinations.

Strengthened communication with other financial supervisory agencies and financial institutions

The FSC, the Central Bank (CBC), the Bureau of Agricultural Finance (BOAF), and the Central Deposit Insurance Corporation (CDIC) met three times in 2021 in their capacity as joint members of the Financial Supervisory Joint Committee. Besides, the FSC also convened 6 colloquia for chief internal auditors of financial institutions to exchange opinions on the major business deficiencies of financial institutions and audit practices.

Strengthened the transparency of financial examination information

Aligning with the amendment of financial regulations and examination practices, the FSC will regularly revise the contents of the "Financial Examination Classroom." In 2021, the FSC added the "Insurance Premium Collection Operation" course unit under the subject of "Business Solicitation of Insurance Enterprises," and revised twenty-five course units, so that the public can better understand financial supervision and financial examinations.

The FSC amended the guidelines of anti-money laundering and countering terrorism financing policies for insurance enterprises, insurance intermediaries, electronic payment institutions, and foreign migrant worker remittance companies.

Encouraged Fintech innovation, developed supervisory technology

Conducted policy research on the feasibility of licensing the online insurance companies

Due to the rapid development of the digital economy and Fintech, the FSC has been studying the feasibility of licensing online insurance companies in order to promote the digital transformation of the insurance industry and the application of InsurTech, and to enhance the diversity of insurance services as well.

Established the Financial FIDO Alliance to accelerate the development of the standardized mobile identity authentication mechanism for financial services

The Financial FIDO Alliance was formally established on 4 May 2021 to facilitate the introduction of a standardized mobile identity authentication mechanism for financial services in line with the international FIDO standard. Up to date, 132 entities have joined the Alliance.

Held Taiwan RegTech Challenge 2020 to enhance the development of regtech

The first Taiwan RegTech Challenge highlighted three themes, i.e. eKYC, market surveillance, and anti-fraud and early-warning systems. A total of 62 teams participated in the event, including 44 local teams and 18 international teams from 11 countries. As the result of the finale on 28 January 2021, 5 teams emerged as winners and presented their business models in the press conference held on 17 March 2021.



Held online FinTech Taipei 2021

FinTech Taipei 2021 was held online on 28 and 29 October, 2021. The event included international forums, startup demos, and 6 eye-catching activities, while 48 local and international experts (from 13 different countries) from the public sector, industry, and academia were invited to deliver keynote speeches and to attend forums, attracting more than 17,000 participants online for the exhibition. In addition, on the Demo Day, 56 demo sessions and webinars in total showcased innovative applications and solutions, which also made 27 matchmaking cases for startups. The entire exhibition extended from 26 October to 25 November 2021.



FSC Vice Chairperson Jean Chiu attended FinTech Taipei 2021 on 28 October 2021

In order to promote an AI-assisted identification system to improve the timeline of insurance claims payment and achieve the goal of maintaining the consistency of claims rules and judgments, the FSC launched the trial implementation of the "Compulsory Insurance 2.0 Plan" on 1 January 2021 and officially implemented it on 1 July.

Facilitated data sharing among financial institutions

The FSC issued the "Guidelines for Data Sharing between Financial Institutions" on 23 December 2021 to clearly set out the cross-institutional data sharing principles for financial institutions. These Guidelines aim to improve consumer convenience, strengthen risk management of financial institutions, and promote cross-industry cooperation among financial institutions.

The FSC has made regulatory adjustments that (a) allow securities firms to act as brokers for trading in fund beneficial certificates, and (b) allow a firm that has experimented in the Fintech regulatory sandbox to apply for permission to reorganize as a securities firm. These amendments are expected to expand securities firms' business scope, cultivate financial professionals, and help startups grow their innovative business in the market, thereby spurring further development of the Fintech industry.

To facilitate the collection and processing of supervisory information on bills finance companies and to provide financial supervisory agencies with analytical data and regulatory reports, the newly established Digital Regulatory Reporting and Analysis System for Bills Finance Companies was launched on 28 June 2021.

Established "Third-party Service Provider (TSP) Information Disclosure Zone"

The "TSP Information Disclosure Zone" was established and officially launched on the website of the Financial Information Service Co., Ltd (FISC) on 28 July 2021. The zone was created to facilitate cooperation between financial institutions and TSPs, so in the zone, people may find basic information on each TSP, their major services, and the services on which they cooperate with banks.

Established the Field Experiment Mechanism in FinTechSpace

The Field Experiment Mechanism utilizes the FinTechSpace as a test arena for innovative financial applications and solutions. The FinTechSpace has established the mechanism in October 2021 and opened to the startups of the FinTechSpace and financial institutions for application and usage.

Established the on-campus Digital Sandbox Bases

To foster the development of Fintech professionals, the FinTechSpace for the first time outreached and collaborated with colleges and universities to establish the "on-campus Digital Sandbox Bases" at the end of 2021. Under the project, FinTechSpace works with three schools respectively from northern, southern, and central Taiwan and networks with each school's finance-related departments or Fintech centers to share resources.



Promoted Open Banking

- The Phase 2 "Consumer data query" for "Open Banking" has started offering services since December 2020. As of the end of 2021, there were 14 financial institutions and 2 TSPs, and a total of 19 cooperation projects were approved by the FSC.
- In the Phase 2, consumers can apply for Open Banking services from banks or TSPs to query their deposit account balances and transaction details using the apps of TSPs.

Furnished the planning of the FinTech Certification Mechanism

The FinTech Certification Mechanism will be rolled out in two parts: basic proficiency and professional proficiency. The goals of the FinTech Certification Mechanism are to establish the entry-level standards for financial institutions to hire employees, to explore the second specialty of Fintech for financial practitioners, and to incorporate cross-field talents into the Fintech talent pool.

Relaxed the relevant mechanism for customers with type 3 digital deposit accounts to apply online for personal loans

The FSC has approved the online loan related mechanism, submitted by the Bankers Association, for existing legal-person customers and new legal-person customers (referring to companies that have 3 or fewer natural-person shareholders of ROC nationality, and have no legal-person shareholders).

(The term "type 3 digital deposit account" refers to accounts opened by customers with deposit accounts or credit cards from other banks, or existing customers with credit cards issued by the same bank, to verify their identity when opening the digital account.)

MyData platform officially launched

The FSC is working closely with the National Development Council to promote the linkage of MyData and financial services. The MyData platform provides personal information stored in government agencies to enhance the convenience and efficiency of services for individuals when applying for financial services.

The FSC approved an application submitted by the Financial Information Service Co. (FISC) to run inter-institution funds transfer clearing services and establish an inter-institution e-payments platform. The first function, funds transfer, was launched on 14 October 2021.



Ensured a healthy market and developed a diverse range of businesses

Launched the Taiwan Innovation Board and the Pioneer Stock Board on 20 July 2021 to create a friendly funding environment



President Tsai Ing-Wen and FSC Chairperson Tien-Mu Huang visited the Taiwan Stock Exchange on 8 Feb. 2021

Launched a "Retirement Planning Platform" for all citizens

To respond to demographic ageing and to guide citizens to make financial plans for retirement, the FSC oversaw an effort by the Taiwan Depository & Clearing Corporation (TDCC) conduct the "Retirement Planning Platform" to encourage citizens to build up a retirement nest egg. It was officially launched on 23 September 2021.

Enlarged the business scope of securities firms

- Allowed securities firms to accept orders to trade foreign securities on a fixed-term, fixed-amount basis.
- Securities firms allowed to engage in the third-party trust business for securities.
- Allowed securities firms to accept orders to trade in closed-end funds.

The FSC amended the "Regulations Governing Insurance Brokers," "Regulations Governing Insurance Agents," and "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" on 3 March 2021

- Allowed internet-only banks to engage concurrently in insurance broker and agent business, and strengthened supervision of the responsible persons of insurance brokers and agents.
- Improved the transparency and effectiveness of reinsurance arrangements through insurance brokers, and strengthened the risk-based assessment of reinsurance cessions.

Allowed insurance companies to engage in distance insurance services to provide convenience to customers

The FSC issued the "Directions for Insurance Companies to Engage in Conclusion of Distance Insurance Contracts and Provision of Distance Insurance Services" on 18 November 2021.

Implemented a market maker system for stock markets

The FSC oversaw an effort by the TWSE and TPEx to implement market maker systems by the end of June 2021 to energize the stock markets and increase trading in good-quality, low-liquidity stocks.

To provide a better experience of using SICEs' service, the FSC introduced a deregulatory measure, allowing SICEs to execute automated "re-balance transactions" for their clients when providing a Robo-Advisor service.

Relaxed investment caps and targets for securities investment trust funds (hereinafter, "funds")

- Eased the limit on the total amount that a single fund, or all the funds managed by a single SITE, may invest in an underwriting of shares to 3%, or 10%, of the total shares underwritten, respectively;
- Allowed funds to invest in domestic subordinated bonds that do not meet certain credit rating requirements or are unrated, provided that investment percentages must be in line with current restrictions on the amount that a fund is allowed to invest in non-investment grade bonds;
- Allowed bond funds to invest in CoCo bonds and TLAC bonds issued by financial institutions.

To enhance the facilitation of trading, the FSC lowered the net asset value requirement for OSUs conducting account custody business from the current NT\$10 billion to NT\$4 billion.

To expand the scope of participants and strengthen developments of ETN market, as well as to meet the need of foreign investment in index-related product, the FSC allows foreign investment in ETN on 23 March 2021.

The Taiwan Depository & Clearing Corporation launched the eSMART platform for opening of accounts between custodian institutions and securities firms.

Promoted the New Southbound Policy

- The FSC encouraged domestic banks to extend loans to domestic enterprises in target countries of the New Southbound Policy (NSP). As of the end of December 2021, it has approved total credit extensions outstanding of NT\$1,235.9 billion dollars.
- The FSC helped domestic banks to expand their presences in NSP countries. The FSC approved 5 applications in 2021.
- The FSC facilitated export insurance for goods sold to NSP countries approved by the EX-IM Bank. As of the end of December 2021, it had approved NT\$30.868 billion.

Promoted financial inclusion and consumer protection

Guided and encouraged trust enterprises to develop diverse trust businesses

- The FSC amended Article 6 of the "Regulations Governing Cross-Selling Among a Financial Holding Company's Subsidiaries" on 26 February 2021.

- The FSC promulgated "Evaluation and Reward Measures Regarding Trust Enterprise Implementation of the Trust 2.0 Plan" on 14 September 2021.
- The FSC amended the "Regulations Governing the Scope of Business, Restrictions on Transfer of Beneficiary Rights, Risk Disclosure, Marketing, and Conclusion of Contract by Trust Enterprises" to enhance trust enterprises' emphasis on the diversified development of trust business on 15 September 2021.
- The Trust Association of R.O.C. (Trust Association) drafted the "Financial Advisors for Seniors" trust professional certification scheme on 21 January 2021.

Expanded the coverage of microinsurance

- Expanded the target group eligible for microinsurance to include mid or low-income senior citizens and their family members who receive living allowances.
- Revised the definition of who qualifies as "economically disadvantaged" to include a spouseless person or a married couple whose gross annual consolidated income is less than the combined sum of the following three figures of individual income tax: (a) exemptions, (b) standard deductions, and (c) special deductions for consolidated income, as announced by Ministry of Finance. In 2022, for example, a spouseless person or a married couple whose combined sum is NT\$423,000 or NT\$846,000, respectively, qualifies as "economically disadvantaged."
- The maximum insured amount of micro-whole-life insurance has been increased from NT\$500,000 to NT\$700,000, and in coordination with the higher maximum insured amount, the maximum numbers of in-force policies has been increased from two to three per policyholder.

Assessed financial institution performance in implementing the Treating Customers Fairly (TCF) principles

The FSC on 15 July 2021 announced the results of its 2021 assessments of financial service enterprises' performance in implementing the TCF principles (covering the period from 1 January to 31 December of 2020). Enterprises that finish among the top 20% as well as those having made the most progress in the 2021 assessments received public recognition.



The FSC held an awards ceremony to recognize banks, securities and futures firms, and insurers that have performed well in implementing the Treating Customers Fairly Principles

Published the results of the "Financial Inclusion Indicators for Taiwan"

The FSC published the first-year (2020) results of the "Financial Inclusion Indicators for Taiwan" on 10 June 2021 to help the public understand the status of financial inclusion in Taiwan. According to the results, Taiwan outperformed the global average in many indicators. For example, numbers of bank branches and ATMs per 100,000 adults in Taiwan were reported at 18 branches and 161 ATMs respectively; 92.9% of adults had bank or post office accounts; 68.1% have made payment electronically; and 73.2% owned life insurance policies.

Launched Online Platform for Protection-Type Insurance Products

The Taiwan Depository & Clearing Corporation (TDCC) has launched a Retirement Planning Platform. Under the platform, the Online Platform for Protection-Type Insurance Products was launched on 23 September 2021. The platform provides selections for three types of insurance products: (a) term life insurance; (b) micro-whole-life insurance; and (c) critical illness health insurance. Nine insurance companies are taking part in the platform.

The FSC lifted the "certain amounts" (i.e. the award limits) as prescribed in Article 29, paragraph 2 of the "Financial Consumer Protection Act", depending on cases' categories, from NT\$1 million and NT\$100,000, to NT\$1.2 million and NT\$120,000, respectively.

Amended the incidence rate for calculating personal accident insurance premiums. The maximum incidence rate for the main contracts and supplemental contracts has been reduced to 57.267‰ (i.e. 70% of 81.81‰). This measure provides policyholders different options, because they can choose either a lower premium burden or a higher insured amount.

Carried out financial literacy activities

- Promoted the "Sixth Financial Literacy Program (2021-2023)"
The FSC formulated the "Sixth Financial Literacy Program (2021-2023)," and set up an "Inter-ministerial Collaborative Meeting" mechanism to facilitate inter-ministerial coordination in promoting financial literacy. The program provided 270 financial literacy education courses in 2021.
- The FSC has established a database of retired teachers with financial education experience to facilitate the efforts of financial self-regulatory organizations to recruit suitable teachers according to the content and requirements of courses.
- The FSC held an activity to "Select and Commend Excellent Teaching Plans and Outstanding Cases of Financial Education," and the award ceremony is scheduled for the second half of 2022.
- The FSC actively held "the Financial Literacy Campaign for the Campus and Community" in collaboration with financial self-regulatory organizations, with over 60,000 participants in 2021.

Published revised "Implementation Measures of the Risk Dispersal Mechanism of Residential Earthquake Insurance"

Urged insurers to implement the "Convention on the Rights of Persons with Disabilities (CRPD)"

- Required insurers to establish appropriate underwriting procedures for the disabled.
- Required the Non-Life and Life Insurance Associations to hold forums to communicate with the disabled.
- Established a mechanism for insurance solicitors to assist the disabled to apply for insurance.

Urged banks to safeguard the interests of persons with disabilities

- The FSC asked the Banker's Association to revise the "Guidelines for Friendly Banking Services" on 1 November 2021, adding that member institutions should formulate internal education, training programs, and related reward programs or measures.
- The FSC researched and developed advanced practices for assisting persons with disabilities to obtain financial services.
The FSC held a meeting on the "Procedures for Helping Persons with Disabilities to Access Financial Services" on 28 December 2021, and the participants of the meeting included groups of persons with disabilities, the Ministry of Health and Welfare, the Ministry of Justice, the National Police Agency, the Banker's Association, and financial institutions.

Strengthened the protection of the rights and interests of the elderly: On 23 November 2021, the FSC requested the Bankers Association of the Republic of China (BAROC) to formulate a set of "Self-Regulatory Rules for Fair Treatment by Banks of Elderly Customers," including the training of employees with the skills and ability to understand the needs of elderly customers, and a complete monitoring and evaluation mechanism, etc.

Began allowing small-amount remittance services for foreign migrant workers and enhanced protection of their rights and interests

- The FSC issued the "Regulations Governing Small Amount Remittance Services for Foreign Migrant Workers" on 1 July 2021. This new measure is expected to lead small amount remittance services to be operated through legitimate, secure, and transparent channels.
- On 22 October 2021, the FSC announced that foreign migrant worker remittance companies are defined as financial service companies regulated by Article 3, paragraph 1 of the Financial Consumer Protection Act. Foreign workers in Taiwan can use the dispute settlement mechanism set out under the Financial Consumer Protection Act when disputes occur.
- The FSC has required the Financial Ombudsman Institution to provide a description of the dispute settlement mechanism on its website in English, Indonesian, Thai, and Vietnamese for foreign workers since November 2021.

Strengthened trust fund supervision measures, and enhanced risk disclosure requirements for high-yield bond funds

To enhance investor protections, the FSC has promoted and strengthened trust fund supervision measures. On 4 November 2021, the FSC asked the Securities Investment Trust and Consulting Association of ROC (SITCA) to inform its members of the following matters:

- The FSC agreed to SITCA's suggestion to change the Chinese term "high-yield bond fund" to "non-investment grade bond fund" to call investors' attention to related investment risks.
- Began requiring fund distributors to comprehensively evaluate the relevant risks that may be covered when dealing with KYP (Know Your Product) procedures, and to make suitability assessments for each customer. This must be linked to sales remuneration.

Implemented an odd-lot intraday trading system

Taiwan's securities markets launched an odd-lot intraday trading system on 26 October 2020. By the end of 2021, 61 securities firms had joined the odd-lot intraday trading system, accounting for more than 99% of the market.

Built up enterprise resilience, strengthened risk monitoring and control capability

Strengthened financial cyber security and risk control

- Required financial services firms to designate a chief information security officer at a specific managerial level.

On 30 September 2021, the FSC amended the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets." The amended provisions require that securities and futures firms meeting certain conditions must appoint a person at the level of deputy general manager (vice president) or higher or a person of equivalent rank to concurrently serve as its chief information security officer.

- Strengthen the protection of personal information of e-commerce and business trials for the insurance industry
 - » The FSC revised the "Directions for Insurance Enterprises Engaging in Online Insurance Business" on 6 May 2021 to add that the insurance industry should obtain the Personal Information Management System (PIMS) verification related to online insurance services.
 - » The FSC revised "Operation Directions Governing Applications by Insurance Enterprises for the Approval of Business Trials" on 18 November 2021 to add that companies involved in the collecting, processing, and use of personal data must obtain PIMS verification.
- Oversaw efforts by various financial industry self-regulatory organizations to amend self-regulatory rules.
 - » The Life Insurance Association and the Non-Life Insurance Association on 30 December 2021 completed a revision of the "Self-regulatory Rules for Information Security Protection by Insurance Enterprises," additionally adopted the "Information Security Operational Guidelines for Online Identity Verification by Insurance Enterprises," listed e-commerce information security as an item that must be assessed.
 - » On 19 July 2021 the ROC Bankers Association amended the "Cybersecurity Standards for Financial Institutions" to add necessary procedures that banks are required to observe before, during, and after core system upgrades.

Promoted the deployment of appropriate human resources and facilities on cyber security for listed companies

The FSC amended the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to require that listed companies deploy appropriate human resources and facilities to plan, monitor, and implement cyber security management.

Promoted the Financial Cyber Security Action Plan

- Cultivated financial sector cyber security professionals: On 23 June 2021, the FSC published a competency map of financial sector cyber security professionals' functions and coordinated with training institutions to set up specialized classes for financial cyber security personnel cultivation, encouraging financial sector cyber security personnel to obtain international cyber security certifications to enhance their professional capabilities and competencies.

- Developed a resource-sharing mechanism for cyber security information sharing and incident response: FSC supervises the Financial Information Service Co., Ltd. in its independent operation of the Financial Information Sharing and Analysis Center (F-ISAC), with members now numbering 339.

Organized Financial Sector Cyber Offensive and Defensive Exercises and Evaluation Activities

In 2021, the FSC held the Distributed Denial of Service (DDoS) Attack and Defense Exercise, Network Attack and Defense Exercise Course, and 2021 Financial Sector Cyber DEFENSE Competition.

Improved quality standards for securities firm online order placement services, and enhanced default risk control measures

- The FSC on 20 August 2021 approved the "Standards for Strengthening the Online Trading Platform Against Cybersecurity and Trading Defaults" that had been issued by the TWSE. Among other things, these Standards urge securities firms to upgrade old equipment and implement information security notifications, etc.
- The FSC on 8 September 2021 approved a TWSE action plan to help enhance securities firms' risk control measures against investor defaults. Securities firms are requested to enhance default risk control measures of the principal, and use various ways to strengthen the risk awareness of young people.

Promoted the New Generation Insurance Solvency Regime for the insurance industry

The FSC at the end of July 2020 announced a 6-year project to implement the New Generation Insurance Solvency Regime. This project was adopted a systematic approach to comply with the international standards, and was continued to develop localization policies and transitional measures:

- Strengthened insurers' capacity to bear catastrophe risks:
The FSC adjusted the RBC calculations for non-life insurers and reinsurers in 2021, including "engineering insurance" and "marine cargo insurance," to reflect the actual risk of companies' natural disaster business. Furthermore, the FSC continues to introduce the Insurance Capital Standard (ICS) catastrophe risk, including terrorist attack, infectious disease, and credit guarantee and other risks into the current system in order to align with international practices.
- Strengthened insurers' capacity to bear interest rate risks:
To reflect reasonably the interest rate risks of life insurers, the FSC released revised RBC calculations on 14 December 2021.

Asked banks and insurers to conduct supervisory stress tests

- Banks:
 - » The 2021 supervisory stress test that domestic banks conducted included adverse and severely adverse scenarios. The scenario input factors included decreased economic growth in Taiwan and major countries, increased domestic unemployment, and reduced housing prices, which increased expected losses in credit risks and exacerbated volatility in the prices of bonds, equities, foreign exchange, and commodity markets. In addition, the impact of narrowing interest margins and reduced fees and commission income on earnings were also considered when banks measured their risk-bearing capacity under stress.

- » The FSC published the test results on 10 June 2021. It showed that the average common equity ratio, tier 1 capital ratio, capital adequacy ratio, and leverage ratio of 36 domestic banks under the adverse scenario were 10.72%, 11.68%, 13.42%, and 6.11%, respectively; the ratios under the severely adverse scenario were 9.68%, 10.64%, 12.33%, and 5.60%, respectively. All ratios were above the statutory minimum standards (7%, 8.5%, 10.5%, and 3%, respectively, for the four ratios mentioned above). These results indicated that domestic banks had maintained strong capacities for bearing risks and capital adequacy in response to the impact of the changing global economy and financial environment.
- Insurance enterprises:
 - » Non-life and life insurers conducted stress tests based on financial statements from the end of 2020. The test scenarios were based on the overseas experiences of mortality and morbidity rates during the pandemic as well as possible volatility in domestic and foreign financial markets (e.g. stock markets, bond markets, and exchange rates) for reference.
 - » The stress test results were released on 10 June 2021. The average capital adequacy ratio (CAR) of life and non-life insurance enterprises as a whole are 286.08% and 472.26%, respectively, and the average net worth ratios are 7.62% and 34.27%, respectively. The stress test results of market risk projected that the life and non-life insurance enterprises as a whole would have average CAR of 237.72% and 440.5%, and average net worth ratios of 6.71% and 32.37%, respectively. These results showed that insurers have robust risk bearing capacity even in a volatile financial market.
 - » The results of the stress test examining ability to withstand major catastrophes caused by climate change risks showed that non-life insurers would have an average CAR of 422.3% and an average net worth ratio of 30.06%. This shows that Taiwan's non-life insurance enterprises have sufficient solvency even under an extremely adverse climate change scenario.

Adopted "net worth ratio" as a supervisory indicator

Considering the net worth ratio can better measure insurers' market risk tolerance when dramatic, short-term changes occur in international economic and political landscapes, the FSC amended Article 143-4 of the "Insurance Act." In addition, the FSC issued the "Regulations Governing Capital Adequacy of Insurance Companies" on 30 September 2021, stipulating that the CAR of an insurance company must equal or exceed 200% and the net worth ratio of an insurance company must reach 3% in one of the most recent two periods in order to qualify as adequate capital.

Adopted enhanced measures for the management of real estate credit extension business of financial institutions

The FSC actively cooperates with other competent authorities to implement the "Healthy Real Estate Market Plan" issued by the Executive Yuan on 3 December 2019, and the strategy of promoting the stability of the real estate market; the FSC adopted numerous measures in 2021, including the following:

- Effective allocation and reasonable utilization of credit resources:

On 16 April 2021, the FSC issued a letter to request financial institutions to enforce the KYC and 5P principles of credit granting. In addition, on 28 December 2021, the FSC issued another letter asking financial holding companies and banks to require their investment financing and financing subsidiary

companies to comply the Central Bank "Regulations Governing the Extension of Mortgage Loans by Financial Institutions."

- **Controlled banks' credit risks:**

On 1 December 2021, the FSC issued a letter instructing banks' internal auditing unit to incorporate the relevant provisions of real estate credit as critical internal audit items.

Strengthened insurers' product design capability, risk management, and resilience

- The FSC amended the "Directions for Review of Non-life Insurance Products" on 9 February 2021 to require that non-life insurance companies include the premium rate in the calculation statement when submitting ancillary insurance products cooperative promoted with other companies. In addition, when they refer to a reinsurer's data to determine the insurance premium rate, a non-life insurance company must thoroughly understand the original data and the documents of the reinsurer.
- The FSC amended the "Directions for the Review of Life Insurance Products" on 18 February 2021 to stipulate that insurance companies that provided investment-linked insurance products with guaranteed benefits may only provide guaranteed minimum death benefits.
- The FSC revised and issued the "Regulations Governing Pre-sale Procedures for Insurance Products" and "Directions for the Review of Life Insurance Products" on 4 June 2021. The above-mentioned measures stipulate that when developing and designing insurance products, an insurance enterprise should evaluate the effectiveness of the risk mechanism, and formulate alert and control mechanisms.
- The FSC issued the 2021 Taiwan Standard Ordinary Experience Mortality Table on 29 March 2021 to provide a standard for policy reserves for life insurers.
- **Enhancement of insurers' political and economic risk management.**
The FSC adopted the "Risk Management Best-Practice Principles for Insurers " on 29 December 2021. This Code was filed with the FSC by the Life and the Non-Life Insurance Associations to incorporate political and economic risks into risk management structure and ensure that insurers assess the international situation as well as relevant risks related to countries, groups, industries, credit ratings, exposures to individual risks, and changes in market prices.

Promoted international financial supervisory exchanges and cooperation

Signed documents on financial supervisory cooperation

The FSC signed a memorandum of understanding (MoU) with the Texas Department of Banking on 18 June 2021, and signed a Fintech MoU with the Israel Securities Authority on 13 July 2022 to strengthen supervisory cooperation between the two sides.



FSC and Israel Securities Authority Sign MoU for Fintech Cooperation on 13 July 2022

Participation in international conferences and activities

- The FSC, as a member of the IFIAR board, attended board meetings, AFC meetings and plenary meetings, and acted as a panelist in an EWG meeting to share our audit oversight experience with members.
- Participated in an IOSCO Annual Meeting from on 8-16 November 2021.
- The FSC has participated in IAIS meetings at all levels, joined the newly established Climate Risk Steering Group (CRSG), and contributed to the ICP peer review, holistic framework, and systemic risk assessment in the insurance industry.
- The FSC has participated in reviewing the IAIS supervision supporting materials related to climate-related risks, macro-prudential supervision, insurance culture, and group supervision.
- The FSC has attended the AFIR and OECD IPPC meeting to discuss topics such as epidemic risks and protection gaps, climate-related risks and opportunities, cyber risks, Fintech, financial inclusion, and preparation for the integration of IFRS 17.

- The FSC participated in the platform of Global Financial Innovation Network (GFIN) and its workstreams of Cross-border testing and RegTech & SupTech. Major activities included participating in Coordination Group Membership election, filling out questionnaires and workstreams participation surveys, as well as attending workstreams call meetings, GFIN quarterly and annual meetings, etc.
- The FSC held the "2021 Conference on ERM in the Insurance Industry" on 16 November 2021. At this year's event, which focused on the theme of "How Climate Change Shapes Insurers - Risks, Resilience and Opportunities," all participants attended online. Insurance professionals and experts from the United Kingdom, Singapore, and Taiwan, as well as supervisory officials from the IAIS were invited to share their insights on the risks that climate change poses to insurers.

Important exchange activities with other countries

- In cooperation with the British Office Taipei, two Climate Risk Workshops for the Financial Sector were held on 5 February and 24 March. The two sides shared experiences and relevant policy measures on climate change issues. The Bank of England and the Carbon Trust, for example, shared the experience of the UK financial industry in handling climate change scenario analysis and stress testing with representatives from the FSC, the Central Bank, and the Taiwan Academy of Banking and Finance.



Mr. John Dennis, the Representative of British Office Taipei, was warmly received by the FSC on 5 February 2021

- FinTechSpace and British office in Taipei jointly held a Fintech webinar on "open banking" on 12 August 2021.
- The FSC and the Israeli Economic and Trade Mission in Taipei co-hosted the "2021 Israel-Taiwan FinTech Webinar" at the FinTechSpace in physical and video conference mode on 6 October 2021. During the proceedings, officials from both sides briefed participants on the current status of their respective domestic measures to promote Fintech development, and participants from both sides' Fintech-related businesses attended the event, thus contributing to the deepening of Fintech exchanges between Taiwan and Israel.



The FSC and the Israeli Economic and Trade Mission in Taipei co-hosted the "2021 Israel-Taiwan FinTech Webinar" on 6 October 2021

- On 15 February 2022, Representative Chung Byung-Won of the Korean Mission in Taipei visited the FSC, where the two sides engaged in a wide-ranging exchange of views regarding efforts to enhance bilateral financial market cooperation.
- FSC Chairperson Tien-Mu Huang met with Mr. Gourangalal Das and Rishikesh Swaminathan, the Director General and Deputy Director General of the India-Taipei Association, in a virtual meeting held on 31 May 2022. The two sides broadly exchanged views on issues related to Fintech cooperation and electronic payments.

Important legislative action

Amended the "The Act Governing Electronic Payment Institutions" and its subordinate regulations

In order to be in line with the trend toward integration of virtual and physical payment facilities, and to meet the need of payment institutions to expand their scope of business and conduct better risk management, the FSC proposed to integrate the "Electronic Payment Institutions Act and the Electronic Stored Value Cards Act by amending "The Act Governing Electronic Payment Institutions," and consolidating the principles of electronic stored value cards. The amendment to the Act was promulgated by the President on 27 January 2021, and the Act and its subordinate regulations were implemented on 1 July 2021.

Amended the "Insurance Act"

The FSC amended the "Insurance Act" on 26 May 2021 in order to improve the financial structure, strengthen the risk bearing capacity of insurers, and to guide insurers to invest their funds in public infrastructure and social welfare undertakings. In addition, the amendment is intended to increase the amount of insurance industry funds invested in the domestic bond market, as well as improve the clarity of legal authorization.

Amended the "Compulsory Automobile Liability Insurance Act"

To implement the principle of "non-discrimination" as set out in the "UN Convention on the Rights of Persons with Disabilities," and to lighten the burden of policyholders who enter into more than one compulsory automobile liability insurance contract, the FSC amended the "Compulsory Automobile Liability Insurance (CALI) Act" on January 20 2021.

One of the main points of the amendment provides that if a policyholder has repeatedly applied for CALI and then canceled a subsequent insurance contract that has taken effect, the insurance premium returned by the insurer revised to allow the insure to deduct only " a policy conservation fee."

In order to coordinate with the above amendments, the FSC revised the "Enforcement Rules for the Compulsory Automobile Liability Insurance Act" and five other related regulations on 24 June 2021.

Measures taken in response to the COVID-19 pandemic

Flexible adjustment of ways financial services are provided

- The FSC has adopted a number of measures to balance the health and safety of bank employees and the people's need for financial services. For example, the banking industry has been required to strengthen its epidemic prevention measures, adopt flexible financial services, adjust daily business hours and scope of business operations, suspend branch operations, and reduce or waive service fees for interbank remittances through online banking or ATM inter-bank transfer fees during the period of level 3 or above COVID alert.
- In order to reduce in-person interactions between insurance solicitors and policyholders, and to help insurers provide uninterrupted insurance services during the pandemic, the FSC has adopted various temporary measures proposed by the Life and Non-Life Insurance Associations.
- To maintain the business continuity of securities firms, the FSC approved the "Guidelines for Securities Firms to Apply for Work From Home in Response to Severe and Special Infectious Pneumonia" issued by the TWSE, and began allowing securities firms to adopt electronic or other feasible alternative measures to conduct business provided that compliance with the internal control system is maintained.
- The FSC on 7 January 2021 adopted the "Risk Management Best-Practice Principles for Insurers" filed with the FSC by Life and Non-Life Insurance Associations. The main point of this amendment is to require insurance companies to establish adequate Business Continuity Management (BCM) as well as systems, resources, and procedures based on their business nature, size, and complexity.

Reduced the impact of the pandemic and provided financial assistance measures

- Relief loans
 - » In order to reduce the impact of the pandemic, the FSC and various ministries jointly implemented the government's COVID Relief Package 4.0, adopting simplified and online methods, and coordinated with banks to provide deferral of principal of existing corporate loans and personal debt relief measures.
 - » In April 2021, the FSC granted permission for life insurers to provide low-interest policy loans to economically disadvantaged customers from July through September, and 160,000 policyholders have benefitted from these low-interest loans. Furthermore, considering that many people in Taiwan were perhaps going to have short-term cash needs during the upcoming lunar New Year holidays, the FSC granted permission for life insurers to take part in the "Preferential-Rate Policy Loan Stimulus Program" in December 2021. The purpose of this program is to ease the cash flow difficulties of economically disadvantaged policyholders and help them obtain needed funds for the holidays. The details of the above program beginning in 2022 are as follows:
 - * Duration: Every year from 1 January to 31 March.
 - * Loan applicant qualifications: must be a policyholder who is experiencing difficulties (e.g. has a physical or mental disability; is a member of a low- or medium-low-income household; is a member of a family in hardship as defined in the "Act of Assistance for Family in Hardship"; is experiencing economic difficulties), and can furnish related documentary proof.
 - * Loan limit: A single policyholder's combined total borrowings may not exceed a maximum of NT\$100,000.
 - * Interest rate: 3-year fixed interest, based on the Labor Pension Relief Loan annual interest rate as announced by the Ministry of Labor.
- Deferred payments of insurance renewal premiums

The FSC accepted registration by the Non-Life Insurance Association of the "Temporary Measures for Payment of Automobile Insurance Premiums during the Pandemic" on 24 June 2021. Policyholders affected by the pandemic can apply for a 3-month deferment of premium payments. In addition, bus companies can also apply to pay premiums in installments. These measures allow policyholders to ease the financial burden of paying premiums and take into account insurance protection.
- Alleviated burdens for real estate tenants

The FSC on June 3 2022 extended the temporary principles of rental concession period (as set out in the "Standards and Handling Principles for Determining What Constitutes Real Estate that Can Be Used Immediately with Reasonable Benefit") to the expiration date (30 June 2022) of the "Special Act for Prevention, Relief, and Revitalization Measures for Severe Pneumonia with Novel Pathogens".

This extension is to reduce the burden faced by property renters during the pandemic period.

Actions to be taken in convening a shareholders' meeting

- FSC oversaw an effort by the Taiwan Depository & Clearing Corporation (TDCC) to revise the "Guidelines for Holding of Shareholder Meetings During Epidemic Conditions." These Guidelines can

- FSC announced the "Measures for Public Companies to Postpone Shareholders' Meetings for Pandemic Prevention."
- Public companies meeting certain conditions will be permitted to hold shareholders' meetings supplemented by virtual attendance.

After referencing the practices adopted by the financial supervisory authorities of other countries, the FSC has issued interim measures that included the deferral of Basel III requirements to 2024 to prompt banks to devote resources to providing credit.

- To reduce COVID-19 exposure risk, meet customer needs, and provide policyholders with greater convenience, the FSC has amended the "Directions for Insurance Enterprises Engaging in Online Insurance Business." These Directions added various insurance products such as vaccination comprehensive insurance products, critical illness health insurance products sold through the designated platforms portal, and comprehensive insurance for statutory infectious diseases. Moreover, the FSC began allowing online vaccine insurance with parents as the insured for their minor children (excluding death benefits).
- In order to support the Ministry of Labor's Migrant Worker Program, and take into account domestic economic development and work force needs, the FSC urged the Non-Life Insurance Association to coordinate with non-life insurance enterprises to develop health insurance products for hospitalization and medical expenses related to COVID-19 for migrant workers. Those who have been diagnosed with COVID-19 and been listed as an imported COVID case within 30 days from the date of entry will be provided with insurance coverage of NT\$500,000 for pay-as-you-go hospitalization medical expenses to cover the isolation medical expenses. As of 22 November 2021, six non-life insurance companies have been approved to provide this type of insurance.

Other important financial policy measures

Continued conducting the "Project for the Streamlining, Integration, and Modernization of Legislation Under the Jurisdiction of the Financial Supervisory Commission"

- To enhance financial enterprises' effectiveness in legal compliance, as well as to meet the needs of digital modernization, said project has been conducted to review FSC's regulations and practices, and to make additions or revisions of relevant regulations. As for year 2021, the FSC reviewed 1,767 regulations, among which 1,754 were off-the-shelf, 9 re-issued, and 13 remained effective.
- The FSC reported 281 deregulatory actions to the National Development Council (NDC). As of 30 September 2021, the NDC had publicized 207 of FSC's deregulatory actions, which was the second most among government agencies.

Enhanced asset allocation efficiency and strengthened investment management

- Amended the "Regulations Governing Foreign Investments by Insurance Companies"
There is a growing demand for foreign currency insurance policies, and there is a need to allocate assets and liabilities more efficiently so that life insurers conduct more foreign-currency denominated non-investment-linked life insurance business, the FSC amended Articles 15 and 15-2 of the "Regulations Governing Foreign Investments by Insurance Companies" on 1 June 2021. The calculation formula of the amount is to be excluded from the calculation of the limit on the total amount of foreign investments under Article 15-2, paragraph 2 of the current percentage of various reserves for non-investment-linked life insurance business, which has increased from 35% to 40%.
- In order to strengthen regulation of insurance enterprises' investments in real estate, the FSC issued the "Regulations Governing Real Estate Investments by Insurance Enterprises" acting upon the authority of Article 146-2, paragraph 4 of the "Insurance Act" on 12 November 2021. The main points set out in the amendments include the following: internal handling procedures for real estate investments; the types of real estate in which investments are allowed; and standards, handling principles and other requirements for determining what constitutes real estate that can be used immediately with reasonable benefit. The purpose of the regulations is to strengthen management of insurers' real estate investments, to allow insurers greater flexibility in the management of their real estate investments, and to ensure that insurers' real estate investments will yield long-term stable returns.
- The FSC amended the "Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises" on 24 December 2021. The purpose of the amendment is to allow insurance companies to invest in private equity funds. They also require an insurer to formulate procedures for: (a) assigning directors and supervisors and establishing the management system of investee companies and (b) exercising post-investment management over such invested enterprises.

Open regulatory data collection

In order to encourage financial enterprises to develop legal compliance technology, FSC has released the competent regulatory data sets of FSC and its four bureaus on the government data open platform to help financial institutions develop digital, automated and intelligent regulatory systems, reduce manual duplication, and reduce legal compliance risk. As of the end of 2021, a total of 5,854 data sets have been released.

In alignment with international standards, the FSC oversaw an effort by the Accounting Research and Development Foundation (ARDF) to adopt the "Summary of the Auditor Engagement Standards" issued by the ARDF Auditing Standards Committee on 1 December 2021.

Cooperated with the government to promote special legislation to govern the employment of foreign talent

In cooperation with the government's Act for the Recruitment and Employment of Foreign Professionals" system, the FSC has reviewed applications in the financial sector since February 2018, and has approved a total of 313 cases as of December 2021. Positive results have gradually emerged.

Safeguarded the interests of the responsible persons and solicitors of insurance enterprises

- The FSC amended the "Regulations Governing the Supervision of Insurance Solicitors" on 8 January 2021 to better protect the interests of insurance solicitors, as follows: (a) The pre-amendment Regulations provide that "where a solicitor has been suspended from solicitation activities accumulatively for two years or longer during the effective period of the registration, his or her solicitor registration shall be revoked." In the amended version, "during the effective period of the registration" has been changed to "within any five-year period." (b) The effect of revocation of a solicitor's registration is now limited to the same type of insurance business. (c) A solicitor whose registration has been revoked was formerly prohibited from registering again for at least three years, but this prohibition has been eliminated.

The FSC also adopted the "Standards for Reward and Discipline of Insurance Solicitors in Accordance with Article 19 of the Regulations Governing the Supervision of Insurance Solicitors" to protect insurance solicitors' rights on 14 July 2021.

- In order to clarify and protect the citizens' rights to work and remedy, the FSC amended Article 3 of the "Regulations Governing Qualification Requirement and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Insurance Enterprises" on 26 November 2021. The purpose of these regulations is to revise the qualification criteria in accordance with the content of the "Criminal Code," the "Company Act of the Republic China," and the "Counter-Terrorism Financing Act." Under the amended provisions, an insurance enterprise responsible person who does not meet the disqualification criteria shall be discharged.

Although virtual currency operators are not institutions that have been established with FSC approval, for money laundering prevention purposes, the FSC issued the "Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction" on 30 June 2021, which became effective on 1 July 2021.





Current Initiatives and Future Prospects

- ▶ Promotion of sustainable development
- ▶ Development of Fintech & Regtech, identification of diverse applications
- ▶ Strengthening cyber security
- ▶ Enhancing the efficiency of the capital markets
- ▶ Promotion of financial inclusion
- ▶ Stronger safeguards for the interests of financial consumers
- ▶ Improvement of financial resilience
- ▶ Drafting of important financial legislation and promotion of other important measures



Current Initiatives and Future Prospects

Promotion of sustainable development

Promulgating the "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies"

In order to reach net zero emissions by 2050 and assist enterprises in setting carbon reduction targets, the FSC promulgated the "Sustainable Development Guidemap for TWSE- and TPEX- listed Companies" on 3 March 2022. Listed companies will disclose the relevant information in stages depending on the amount of their paid-in capital. Those with the most paid-in capital will start from 2023. All listed companies will complete a GHG emissions inventory by 2027 and GHG emissions verification by 2029.

Encouraging domestic banks and insurers to invest and finance in the six core strategic industries

In view of the Executive Yuan's approval of the "Program for Promoting Six Core Strategic Industries," and in order to promote domestic banks and insurers to provide investment and financing assistance to the six core strategic industries, the FSC has issued an interpretive order to allow insurers to invest or lend directly or indirectly to the aforementioned industries, and formulated the "Program to Encourage Lending by Domestic Banks to Enterprises in the Six Core Strategic Industries," which was implemented in the second quarter of 2022.

Planning the conduct of sustainable finance evaluations for financial markets

In order to wield financial institutions' influence in the decarbonization and sustainability transitions for enterprises, and to actively respond to ESG and climate-related risks and grasp business opportunities, the FSC is planning to launch sustainable finance evaluations. The evaluations will be conducted by the Taiwan Academy of Banking and Finance (TABF) as the organizer, and co-organized with the Securities and Futures Institute (SFI) and the Taiwan Insurance Institute (TII).

Requiring listed companies to disclose significant ESG-related information (including GHG emissions) useful for informed investment decision-making in sustainability reports or annual reports

- The FSC instructed the TWSE to commission outside studies of the TCFD Recommendations. The TWSE will promulgate a set of "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE- and TPEX-listed Companies" and illustrative examples by the end of 2022. The effective date will be 1 January 2023.
- The FSC has amended the "Regulations Governing Public Disclosure of Information by Non-life Insurance Enterprises" and the "Regulations Governing Public Disclosure of Information by Life Insurance Enterprises," and adopted the "Corporate Governance Best-Practice Principles for Insurers" filed with the FSC by the Life and Non-Life Insurance Associations. Those measures require insurance companies to strengthen ESG disclosures, information security management, such as the board of director's diversity policy, specific goals, and achievement. Moreover, the disclosure of the company's implementation of integrity management is included as well. The goal of those measures is to promote the sound composition and structure of the insurers' board of directors,

the importance to information security, sustainable development, and the integrity management improvement.

Urging the Taipei Exchange to continue tracking international norms and standards, and amending operating rules for green bonds in a timely manner

The FSC will refer to international trends and urge the Taipei Exchange to plan the mechanism for trading of sustainability-linked bonds (SLBs). This type of bond links the bond issuance terms to sustainability key performance indicators (KPIs) to ensure that the issuing company incorporates sustainability performance targets (SPTs) into its business strategy and business model, so as to provide more diversified fundraising options for companies that want to transition to green development.

Strengthening climate-related disclosures by banks and insurers

- To strengthen management of climate change risks and related issues, the FSC will keep working with think tanks including the Taiwan Insurance Institute (TII), the Taiwan Insurance Guaranty Fund, and our insurers, in themes especially related to information disclosure of the climate risk management under the Own Risk and Solvency Assessment (ORSA) report in 2022.
- To strengthen the climate-related risk management and the disclosure of financial risk, the FSC has requested the Bankers Association of the Republic of China and the Insurance Associations to draw up a manual for climate-related financial disclosures by the end of 2022 to help domestic banks and insurance companies successfully process related disclosures before the end of June each year starting from 2023.

Enhancing the function and independence of the board of directors

To enhance the function of the board of directors, the FSC will evaluate the possibility of adopting measures that would enhance the function of the chief corporate governance officers, publishing illustrative examples of the exercise of powers by independent directors and audit committees, amending "Corporate Governance Best Practice Principles" requiring companies to report related-party transactions not in the ordinary course of business to the shareholders' meeting, and promoting listed companies to import risk management mechanism.

Implementing Audit Quality Indicators (AQI)

To enhance audit quality and transparency, the FSC published "the AQI Framework and Template" in 2021 and planned to issue a guidance to assist CPAs to prepare AQI information and listed companies to interpret AQI correctly so as to strengthen the implementation of AQI.

Studying the development of diverse green insurance products

The FSC asked the Non-life Insurance Association and non-life insurers to continue observing international trends and develop green insurance products such as typhoon-path parameter insurance, green energy protection insurance, and shared transportation insurance. The FSC will also review and revise relevant regulations in a timely manner to improve insurance product development.

Guiding institutional investors to conduct stewardship

- In order to encourage institutional investors to disclose stewardship information, the FSC will revise the "Plan to Advance Excellence for Securities Investment Trust Enterprises" (hereinafter, "SITEs") accreditation standard to encourage SITEs to improve the disclosure quality of stewardship reports.

- The TWSE will amend the Stewardship Principles for Institutional Investors to enhance the mechanism for public evaluation of institutional investors.

Hosting of 2022 Conference on Enterprise Risk Management (ERM) in the Insurance Industry

In order to enhance the insurance industry's capacity in international risk management trends, the FSC will oversee the work of the Taiwan Insurance Guarantee Fund in hosting the "2022 Conference on ERM." This conference will invite international scholars and experts to share the latest developments in international risk management, including perceptions of the insurance industry and appropriate risk management mechanism establishment of climate change.

Development of Fintech & Regtech, identification of diverse applications

Conduct of policy research on the feasibility of licensing online insurance companies

- The FSC held a public hearing in March 2022 and has already completed public hearings.
- The FSC will amend the "Regulations for Establishment and Administration of Insurance Enterprises," "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises," and relevant regulations to establish a legal basis for pure online insurance companies. The FSC plans to start accepting applications in August 2022.
- The FSC expects it will take five months to complete application reviews, and the results will be announced by the end of April 2023.

Promoting thematic sandbox experiments and business trials

To spur financial innovation, the FSC will refer to overseas practices and take the initiative to promote regulatory sandbox experiments and business trials on the theme of "digital identity verification and authorization." A few conferences will be held to promote the experiments and business trials so as to enhance their efficiency.

Completing the establishment of an electronic insurance policy certification, documentation, and passbook platform to encourage insurance enterprises to join

In order to promote the adoption of electronic insurance policies, most insurance companies are expected to be able to issue e-insurance policies for consumers to choose by the end of 2022. The Life Insurance Association of the Republic of China and the Taiwan Insurance Institute could verify if the content of the policy is the same version in force at the time of the purchase a policyholder has any dispute about policy provisions.

In addition, in order to allow policyholders to check the policy status, the FSC will oversee efforts by the Life Insurance Association of the Republic of China and the Taiwan Insurance Institute to complete the establishment of a policy passbook platform by the end of 2022. (The established insurance passbook platform was officially launched on 1 June 2022).

Advisory services for the Cross-industrial Financial FIDO Business Trial

ATM cards obtained via on-site account-opening process are preliminarily set as the credential for initial FIDO binding. The Financial FIDO Alliance and the FSC have completed the planning of the preliminary

development functions, the technical standards, and testable business. To promote the Financial FIDO mechanism, the Alliance held a briefing session for all members on 30 December 2021. Moreover, the FSC plans to deliver consulting services to firms that are interested in doing cross-industrial financial FIDO business trials in Q2 2022.

Optimizing the financial supervisory reporting system for domestic banks and use of Suptech

- In order to strengthen financial supervisory technology and to alleviate the supervisory burden for financial institutions, the financial supervisory reporting system for domestic banks employed the Application Programming Interface (API) automated reporting technology. All domestic banks have fully adopted API to automatically report all supervisory information since January 2022. The branches of foreign banks and mainland banks in Taiwan are expected to fully implement the system in January 2023.
- The FSC has developed Suptech by implementing semantic analysis, expanding the scope of illegal transactions and building up "long-short market sentiment indicator model" to continuously strengthen the effect of supervision on listed companies.

Formulating relevant mechanisms and regulations for cross-market customer data sharing

The FSC issued and implemented the "Guidelines for Data Sharing between Financial Institutions" on 23 December 2021. In the future, the FSC will study the relevant mechanisms for cross-market customer data sharing between financial institutions and non-financial institutions to ensure that the implementation of the Guidelines is successful and smooth.

FinTech Awards

To encourage the development of various roles in the Fintech ecosystem to perform beneficial functions, an award mechanism is being formulated to acknowledge participants' achievements and to enhance their visibility. The awards will be categorized featuring various roles in the ecosystem and the evaluating methodology for each category (including the Fintech solution competition). The awards are currently under development, and the ceremony is expected to be held by the end of 2022.

Establishing the FinTech Professional Certificate System

The FinTech Co-creation Platform has finalized the FinTech Professional Certificate System, which will be rolled out in two parts, including facilitating basic proficiency (technology, finance and programming) and facilitating financial proficiency (proficiency in the fields of banking, securities and insurance). Incentives are also devised to encourage practitioners to obtain Fintech certifications. The system is expected to be announced before the end of August 2022 and will be launched in the fourth quarter to meet the needs of industry for professionals in various Fintech fields.

Promoting phase II of the Taiwan RegTech Challenge

- Phase I of Taiwan RegTech Challenge 2020 awarded 5 outstanding solutions in three major topics, including eKYC, market surveillance, anti-financial fraud, and early warning systems in March 2021.
- Phase II of the Challenge is based on solutions that received Phase I awards, and aims to learn the solutions' strength and the challenges that regulators and financial institutions encounter when introducing the solutions. Experts will be invited to assess and advise on the solutions' data management, regulatory compliance, information security, system architecture, and digital finance

business models. The experts' opinions will then be referred to the regulators, self-regulatory organizations, and financial institutions for future consideration. This phase is expected to be completed by the end of June 2022.

Promote distance insurance contracts and services for insurance brokers and agents to provide consumers with convenient procedures for handling insurance purchases and services.

Strengthening cyber security

Strengthening the Financial Sector Cyber Security Joint Defense and Monitoring System

The FSC will provide guidance and encourage key financial institutions to introduce information security monitoring and control configuration baselines and operational guidelines, and strengthen the collaborative operation mechanism between cyber security operation centers and joint defense security operation centers of financial institutions, so as to effectively correlate and analyze overall cyber security risks in real time and optimize cyber security joint defense functions.

Ensuring the continuous operations of financial institution systems

The FSC continues to encourage financial institutions to adopt international business continuity management standards and obtain certifications, and encourages the inclusion of actual business operation validation during off-site backup exercises to ensure continuous operations of information systems and uninterrupted financial services in the event of a regional disaster.

Strengthening the formulation of self-regulatory codes regarding information security at finance-related industry associations

The FSC will continue to supervise relevant associations to revise the self-regulatory codes on cyber security in light of new types of cyber attacks, new operational models, network security management, outsourced risk management, network identity verification, etc. It will also make reference to domestic and foreign laws and regulations and practices to develop reference regulations on strengthening the operational resilience of financial institutions in order to provide them with operational guidelines.

Organizing cyber security incident drills

- It is proposed to plan for major cyber security incident response action plans and complete the exercise by the end of 2022 to validate cross-domain or cross-institutional horizontal notification, response and collaboration in order to strengthen financial institutions' cyber security incident response capabilities.
- In the second quarter of 2022, the FSC held DDoS attack and defense exercises for financial institutions to demonstrate the defense and response capabilities of financial institutions in response to attacks, and to enhance the actual cyber security capabilities and experience of financial institutions against network threats.
- The FSC is overseeing an effort by the Non-Life and Life Insurance Associations to establish the Insurance Industry Cyber Security Incident Response Team (CSIRT) by the end of 2022 to provide timely counseling or assistance to insurance enterprises in handling cyber security incidents.

- The FSC is overseeing an effort by the Financial Information Service Co., Ltd. to continue to operate F-ISAC, enhance the depth and breadth of intelligence analysis, and continue to provide financial cyber security information sharing and analysis, financial computer emergency response, and financial cyber security monitoring and control services to strengthen the financial sector cyber security joint defense functions.

Enhancing the efficiency of the capital markets

Activating the markets and increasing efficiency and liquidity

- The FSC will oversee an effort by the TWSE to revise the Financial Safeguard System in Taiwan's securities markets by the end of 2022.
- The FSC will oversee an effort by the TWSE and the TPEX to amend regulations for providing additional trading information for securities subject to disposition measures, as well as the revision and testing of computer programs. The new measures will be implemented in the third quarter of 2022.

Encouraging financial innovation and the development of a diverse range of financial products

- The FSC is overseeing an effort by TAIEX to establish the central clearing mechanism for OTC derivatives transactions in Q3 2022. The preliminary plan includes central clearing of clearing members' proprietary trading IRS.
- The FSC has established relevant supervisory regulations for the issuance and trading of the futures and options strategy ETNs, and allowed futures and options strategy ETNs to be listed on TWSE and TPEX in April 2022.

Devising amendment of the "Securities Investment Trust and Consulting Act"

- The FSC proposed to amend the "Securities Investment Trust and Consulting Act" to permit REITs to be issued under a fund structure. A new type of enterprise called a "real estate investment trust enterprise" will be added and permitted to issue fund structure REITs, and will exist in parallel with the existing trust structure REIT. The FSC has further submitted the draft amendment provisions of the "Securities Investment Trust and Consulting Act" to the Executive Yuan for review.
- Another amendment is proposed to increase the maximum fine amount from NT\$3 million to NT\$15 million.
- The draft amendment of the "Security Investment Trust and Consulting Act" was sent to the Executive Yuan for review on 10 January 2022. The FSC will aggressively promote enactment of the amendment.

Attracting both domestic and foreign funds to enhance their visibility in international markets

- In 2022 the FSC is overseeing an effort by the TAIEX to establish dynamic price stabilization measures for Electronics Sector Index Options and Finance Sector Index Options in the first half-year and for ETF Options in the second half-year.
- The FSC oversaw an effort by the TAIEX to add P-shares Taiwan Top 50 ETF Futures to the after-hours session on 27 June 2022.

- The FSC instructed the TWSE and TPEX to ensure that listed companies do a better job of disclosing material information promptly, completely, and accurately.

Relaxing the regulation of new innovation boards to promote new listings

To increase investors' willingness and lower security firms' reviewing cost, the TWSE and the TPEX relaxed some requirements for qualified investors in January 2022. The FSC will continue to oversee efforts by the TWSE and TPEX to promote the Taiwan Innovation Board (TIB) and the Pioneer Stock Board (PSB), collect practical feedback, and review regulations in a timely manner to encourage companies to apply.

Enhancing the function of primary markets to support the development of the real economy

- The FSC will urge the TWSE and TPEX to launch a brand new section on the Market Observation Post System (MOPS) website via which investors will be able to quickly search for public information of TWSE/TPEX-listed companies.
- The FSC amended the "Regulations Governing the Offering and Issuance of Securities by Foreign Issuers" to relax the requirements on the issuance of straight corporate bonds by a TPEX (or TWSE) primary listed company or by a foreign issuer that is an emerging stock company.
- To enhance the effectiveness and efficiency of audit oversight, the FSC planned to tap into global practice to build up a differentiated audit oversight system, scheduled to be completed by 2022 Q4 and implemented in 2023.

Enhancing the market function and competitiveness of financial intermediaries

- In order to serve the real economy and enhance the use of futures commission merchants' own funds, the FSC issued an order on 7 April 2022 to allow domestic specialized futures commission merchants to reinvest their own funds in domestic trading companies for the conduct of warehouse receipt related businesses.
- The FSC will allow securities firms to handle short-term financing services for in-transit settlement receivables of listed securities.
- Study and evaluate the possibility of allowing securities firms to conduct margin purchases.
- Optimize the process of opening accounts online to provide investors with multiple, convenient methods to open accounts online.
- The FSC will direct the TDCC to study and promote Phase 1 (open data) of open securities for one-stop access to the open data of securities and futures businesses via apps of third-party service providers (TSPs).

Launching the Chinese and English "ezSearch" information website for public information of TWSE/TPEX-listed companies

Continuing to promote investor education

The FSC will keep promoting "Youth Investment Risk Management Education" and holding financial lectures and simulated trading competitions on campus to familiarize people with securities markets, enhancing youth's investment and financial management concepts, and strengthening their awareness of investment risks.

Promotion of financial inclusion

Promoting the Trust 2.0 Plan - "Full Functions of Trust Services"

- To formulate a family trust legal framework and taxation environment, the FSC has requested the Trust Association to collect information on relevant foreign laws and practical practices, and will consult with the Ministry of Justice and the Ministry of Finance.
- To offer seniors property management, elderly trust planning, and other comprehensive services and cultivate professional talent for family trust businesses, the FSC will request the Trust Association to run the "Financial Advisors for Seniors" and the "Family Trust Advisors" professional certification schemes.
- To review regulations to enhance the governance of real estate investment trusts (REITs), the Trust Association has finished a research report on "Relevant Laws and Regulations on Strengthening the Management of REITs." The FSC will evaluate whether to amend legislation or self-regulatory rules in line with the content of the research report.

The FSC amended the "Compulsory Automobile Liability Insurance Act" on 15 June 2022 to require that the owners of electric bicycles should apply for compulsory automobile liability insurance, and to make it more likely that people will keep their compulsory automobile liability insurance in force.

The FSC will relax the conditions for credit cooperatives to apply for the establishment of branch offices, thereby assisting credit cooperatives in deepening local development and serving rural residents.

Adding micro insurance to Online Platform for Protection-Type Insurance Products

The FSC will add micro insurance to the Online Platform for Protection-Type Insurance Products, so that elderly and vulnerable people can get online basic insurance protection.

The FSC will continue to implement the "Sixth Financial Literacy Program (2021-2023)" and promote financial knowledge education by inter-ministerial cooperation.

Continuously promote the development of micro insurance and micro-whole-life insurance

In order to enable elderly and vulnerable people to obtain basic insurance protection and implement financial inclusion, the FSC has taken the following measures: (a) increased the insurance amount of micro-whole-life insurance, and (b) the elderly and their family members who receive low and middle-income living allowances are included in the coverage of micro insurance. The FSC will continuously promote the development of local micro insurance and micro-whole life insurance markets.

Stronger safeguards for the interests of financial consumers

Promotion of friendly financial services for senior citizens and persons with disabilities

- The FSC has adopted the "Guidelines for Provision of Friendly Financial Services by Insurance Enterprises" as revised by the Life Insurance Association of the Republic of China on 31 March 2022 to strengthen insurance enterprises' measures to protect the rights and interests of elderly consumers.

- The FSC has instructed the Bankers Association of the Republic of China (BAROC) to formulate the "Self-Regulatory Rules for Fair Treatment by Banks of Elderly Customers."
- The FSC has overseen efforts by the securities and futures associations to adopt self-regulatory rules that require securities and futures companies to exercise due care to enhance protection for elderly financial consumers.
- In order to help people with disabilities to properly obtain financial services through convenient account opening procedures, etc., the FSC strengthened and implemented the "Guidelines for Friendly Banking Services " and prepared a set of FAQs, and discussed the use of financial technology or other more appropriate methods to help people with disabilities to obtain financial services.

Stronger safeguards for the elderly and persons with disabilities

- The FSC amended the "Regulations Governing Pre-sale Procedures for Insurance Products," "Regulations Governing Business Solicitation, Policy underwriting and Claim Adjusting of Insurance Enterprises," "Directions for Sale of Investment-linked Insurance Products," and "Compliance Matters for Disclosure of Information on Investment-linked Insurance" on 29 March 2022 and 31 March 2022. The purpose of these amendments is to ensure that insurance enterprises do a better job of protecting the rights of elderly consumers, and to adopt stronger measures pertaining to insurance product design, solicitation and underwriting for elderly consumers.
- The FSC has completed empirical statistical data research on persons with disabilities. In addition, the FSC is revising the principles for the insurance industry to underwrite insurance for persons with disabilities before the end of the third quarter in 2022.
- "Financial consumer protection" has been included among the focal points of financial examinations. In addition, the FSC conducts targeted financial examinations and amends regulations in a timely manner.

Improvement of the TCF performance assessment system

- The FSC continues to optimize assessments of financial service enterprises' performance in implementing the TCF principles. The FSC incorporated financial services enterprises' treatment of senior citizens, persons with disabilities, and members of other disadvantaged groups into assessments for year 2022 (2021 as assessed year). The FSC adopted two extra credit indicators (the "principle of friendly service" and the "principle of integrity management") for year 2023 (2022 as assessed year). In respect of enterprises under assessment, two internet-only banks (Lotus Bank and Line Bank) will be assessed beginning from year 2023. Large-scale securities firms with paid-in capital up to NT\$10 billion will be assessed every year beginning from year 2023.
- The FSC will gradually expand the scope of disclosure of assessment results, with the top 50% of financial enterprises to make disclosures in 2023.

Revision of types of ombudsman decisions for which a monetary award is subject to a certain cap

For various types of ombudsman decisions, a monetary award is subject to a certain cap, the amount of said depending on the line of business and the type of product or service. Moving forward, this cap will be revised to NT\$1.2 million for certain products and services that appear on a positive list, regardless of line of business, or to NT\$120,000 for other products or services.

Improvement of financial resilience

- Introducing the capital tiering (Tier 1 and Tier 2) rules into the RBC system.
- Enhancing insurance solvency to enhance the RBC regime.
- Modifying regulations to facilitate transition to IFRS 17.
- Requiring domestic insurance companies to conduct stress tests to check their financial condition and climate risk resilience.
- Completing the domestic banks' work plans for climate risk stress tests.
- Continuing to carry out the examinations on the financial institutions for risk control of real estate loans.

Drafting of important financial legislation and promotion of other important measures

- Amend the "Regulations Governing Domestic Juridical Persons Opening Accounts for the Purpose of Handling Loan-related Receipts and Disbursements in Offshore Banking Units." The key points of the amendment are as follows: Relax transaction counterparties and opening methods of the loan-related accounts, and subsequent control of the accounts restore to the general account management mechanisms.
- The "Regulations Governing Foreign Investments by Insurance Companies" were revised on 28 January 2022 to ease restrictions on insurers' investments in foreign private equity funds.
- Expand the range of permissible uses for NT dollar proceeds from bonds issued by foreign bank branches in Taiwan, and continues to promote green finance and sustainable finance.
- Review and revise the contractual service margin (CSM) calculation specification to assist the transformation of insurance product structure.
- A study on the health insurance-related empirical incidence rates.
- Amend the "Regulations Governing Responsible Persons and Associated Persons of Securities Firms" and "Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants" to promote the operation and management of securities and futures firms.
- Strengthen the regulations governing anti-money laundering and countering the financing of terrorism for enterprises handling virtual currency platforms or transactions.
- Increase the premiums of automobile insurance policyholders that have serious violations, such as dangerous driving.
- Optimize insurance operation mechanism to make insurance services more convenient.



FSC

Appendices





Appendices

Senior FSC officials



Chairperson
Tien-Mu Huang



Vice Chairperson
Tsuey-Ling Hsiao



Vice Chairperson
Jean Chiu



Chief Secretary
Kai-Yuan Chern



Counselor
Chun-Ming Kuo



Counselor
Li-Hui Wang



Director-General of
Banking Bureau
Hsou-Yuan Chuang



Director-General
of Securities and Futures
Bureau
Chen-Shan Chang



Director-General of
Insurance Bureau
Chiung-Hwa Shih



Director-General
of Financial Examination
Bureau
Tzy-Hao Chang



Director-General of
Department of Planning
Brenda Wu



Director-General of
Department of Legal Affairs
Tsui-Wen Hsu



Director-General of
Department of International
Affairs
Joe Lai



Director-General of
Department of Information
Management
Fu-Longe Tsai



Director of Secretariat Office
Chi-Fu Chang



Director of Personnel Office
Yen-Tseng Lin



Director of Civil Service
Ethics Office
Fan-Hui Chen



Director of Accounting Office
Teng-Wu Yang

Statistical overview of the financial industry

Banking industry

- Business overview

- » The total assets hit record highs: At the end of 2021, the total assets and net worth of the banking system were NT\$73 trillion and NT\$4.8 trillion, including NT\$59.3 trillion and NT\$4.3 trillion, respectively, in domestic banks.
- » Widening of interest rate spread led to higher profits: The profit before tax of the banking system was NT\$385.6 billion in 2021, which was up from the previous year (NT\$370.8 billion) and over NT\$300 billion for the eighth consecutive year. In addition, the return on assets (ROA) of domestic banks in 2021 was 0.59%, equal to 2020; the return on equity (ROE) was 8.03%, which was up by 0.33 percentage points from 2020.
- » Relief and revitalization measures drove an increase in loans: The government actively promoted relief and revitalization measures to mitigate the impact of COVID-19. The loans of domestic banks continued to rise, and reached NT\$33.7 trillion at the end of 2021. Meanwhile, non-performing loans (NPLs), the NPL ratio, and the coverage ratio were respectively NT\$58.7 billion, 0.17% and 776.24% at the end of 2021, which were the best in the past few years.



● Important indicators

Unit: firm; NT\$Bn; %

Item	2016	2017	2018	2019	2020	2021
Number of Banks						
Head Office	100	99	98	97	98	100
Domestic Banks	39	38	37	36	37	38
Local Branches of Foreign and Mainland China's Banks	29	29	29	29	29	30
Credit Cooperatives	23	23	23	23	23	23
Bills Finance Companies	8	8	8	8	8	8
Postal Savings System	1	1	1	1	1	1
Branches	5,069	5,060	5,045	5,055	5,056	5,059
Domestic Banks	3,430	3,417	3,403	3,405	3,403	3,404
Local Branches of Foreign and Mainland China's Banks	38	38	38	38	38	39
Credit Cooperatives	260	268	276	284	285	287
Bills Finance Companies	30	30	30	30	30	30
Postal Savings System	1,311	1,307	1,298	1,298	1,300	1,299
Deposits of the Banking System (*) (NT\$Bn)	37,563	39,216	40,432	42,842	46,908	50,451
Domestic Banks' Share (%)	95.03	95.42	95.80	95.30	95.50	96.42
Local Branches of Foreign and Mainland China's Banks' Share (%)	3.25	2.88	2.53	3.06	2.91	2.00
Credit Cooperatives' Share (%)	1.72	1.69	1.67	1.64	1.59	1.58
Loans of the Banking System (*) (NT\$Bn)	27,822	28,873	30,463	31,759	33,462	35,747
Domestic Banks' Share (%)	94.04	93.71	93.68	93.47	94.04	94.20
Local Branches of Foreign and Mainland China's Banks' Share (%)	4.38	4.72	4.75	4.96	4.40	4.26
Credit Cooperatives' Share (%)	1.58	1.58	1.56	1.57	1.56	1.54
Non-performing Loans (NPLs)						
NPLs of Banking System (*) (NT\$Bn)	71.9	75.4	69.1	64.2	70.2	59.7
NPLs of Domestic Banks (NT\$Bn)	70.7	74.7	68.4	63.6	69.2	58.7
NPLs Ratio of Banking System (*) (%)	0.26	0.26	0.23	0.20	0.21	0.17
NPLs Ratio of Domestic Banks (%)	0.27	0.28	0.24	0.21	0.22	0.17
Coverage Ratio of Domestic Banks (%)	502.93	492.92	575.44	651.78	623.24	776.24
Domestic Bank Profitability						
Return on Equity (ROE) (%)	9.24	8.97	9.31	9.38	7.70	8.03
Return on Assets (ROA) (%)	0.68	0.67	0.70	0.72	0.59	0.59

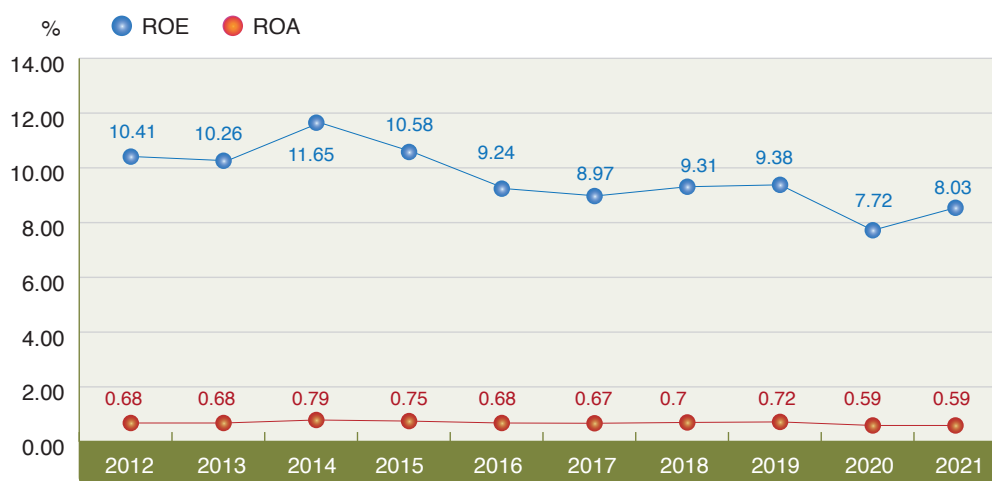
Note: The data exclude "Agricultural Bank of Taiwan."

Remark: * The data include "Domestic Banks," the local branches of "Foreign Banks" & "Mainland China's Banks" and "Credit Cooperatives."

| NPL Ratio & Amounts VS Coverage Ratio of Domestic Banks |



| Average ROE and ROA of Domestic Banks |



Securities and futures industry

• Business Overview

- » The profitability of securities firms increased significantly: The pre-tax surplus was NT\$118.73 billion in 2021, up by NT\$53.39 billion from NT\$65.34 billion in 2020. The main reason is that trading volumes and TAIEX increased significantly in 2021, which contributed to much higher profits at securities brokerage businesses and securities dealing businesses.
- » The profit of futures commission merchants is stable: The pre-tax profit of futures commission merchants has continued to grow in recent years, but the surplus in 2021 was NT\$4.468 billion, a decrease of NT\$542 million from NT\$5.010 billion in 2020. The main reason is that the interest rate of bank deposits has been lowered, resulting in the decrease in the interest income of futures trading margin outside the business in 2021.

» Stable profitability at SITEs: The pre-tax surplus of SITEs has continued to grow in recent years.

The pre-tax surplus increased from NT\$11 billion in 2020 to NT\$15.8 billion in 2021, a year-on-year increase of NT\$4.8 billion or 43.82%. The main reason is that the operating income of SITEs increased, resulting in an increase in the pre-tax surplus.

● Important Indicators

Unit: firms

Item	2016	2017	2018	2019	2020	2021
Number of Securities Services Providers						
Securities Firms	116	111	108	106	105	105
Branches of Securities Firms	910	883	871	853	848	849
Brokers	78	74	72	71	70	70
Dealers	79	77	76	75	74	74
Underwriters	59	58	58	58	58	58
Securities Investment Trust Enterprises	38	39	39	39	39	39
Securities Investment Consulting Enterprises	87	84	82	84	85	86
Number of participating futures firms						
Futures firms	15	15	15	15	15	15
Concurrently-Operated Enterprises	29	28	26	26	26	26
Proprietary Traders	33	33	32	32	32	32
Brokers	30	28	26	26	26	26
Futures Advisory Enterprises	34	32	32	31	30	30
Managed Futures Enterprises	9	9	7	6	6	6
Introducing Brokers	49	48	47	47	44	43
Futures Trust Enterprises	10	10	10	8	8	9

Unit: firm; NT\$Bn

Highlights of Equity Issuance by Public Companies	2016	2017	2018	2019	2020	2021
TWSE listed companies	892	907	928	942	948	959
Capital Issued	7,022	7,136	7,159	7,156	7,238	7,385
Market value	27,248	31,832	29,319	36,414	44,904	56,282
TPEX listed companies	732	744	766	775	782	788
Capital Issued	715	722	739	747	742	761
Market value	2,723	3,317	2,827	3,434	4,352	5,782
Unlisted companies	645	658	672	677	708	747
Capital Issued	1,637	1,605	1,509	1,484	1,376	1,458
Emerging-stock companies*	271	274	256	248	253	296
Capital Issued	249	233	177	161	205	189
Market value	754	778	518	490	750	1,124

*The number and capital issued of unlisted companies includes emerging-stock companies.

Item	2016	2017	2018	2019	2020	2021
Highlights of Securities transactions (NT\$Bn)						
Securities Trading Value on TWSE	18,916	25,799	32,162	29,057	49,183	95,517
Stocks	16,771	23,972	29,609	26,465	45,654	92,290
ETFs	1,707	1,232	1,834	2,081	2,839	2,455
Closed-end Funds	0	0	0	0	0	0
Beneficiary Securities	7	4	4	10	12	5
Warrants	426	585	713	497	509	681
TDRs	4	6	3	2	163	73
Convertible Corporate Bonds	0	0	0	0	0	0
Securities Trading Value on TPEX	54,875	53,725	56,891	53,285	53,263	49,874
Stocks	5,050	7,684	8,146	7,608	12,087	20,276
Warrants	129	227	212	145	155	177
Bonds (including outright and Repos)	49,697	45,815	48,218	44,677	40,604	29,171
Highlights of Taiwan Futures Market Trading** (Lots)						
Futures and Options	241,678,556	265,705,669	308,083,576	260,765,482	341,393,346	392,202,371
Futures	73,102,459	78,408,549	112,731,243	90,042,348	139,151,877	194,453,304
Options	168,576,097	187,297,120	195,352,333	170,723,134	202,241,469	197,749,067
Open interest of Futures and Options	1,099,429	1,568,135	872,723	941,097	987,019	1,074,402
Open interest of Futures	269,371	344,465	291,914	328,212	571,617	701,785
Open interest of Options	830,058	1,223,670	580,809	612,885	415,402	372,617
Net Foreign Investments in Listed Shares (NT\$Bn; %)						
Net Foreign Investments in Taiwan Stock Exchange (TWSE) Shares (NT\$Bn)	3,202	1,552	-3,549	2,442	-6,091	-4,504
Trading Value Ratio of Foreign Investments in Taiwan Stock Exchange (TWSE) Shares (%)	30.45	25.93	26.19	27.66	27.65	24.40
Net Foreign Investments in Taipei Exchange (TPEX) Shares (NT\$Bn)	317	327	-134	259	92	-486
Trading Value Ratio of Foreign Investments in Taipei Exchange (TPEX) Shares (%)	11.12	9.26	12.27	11.78	12.06	17.59

** According to Article 3 of the "Futures Trading Act," the term "futures trading" shall mean trading in futures contracts, option contracts, futures option contracts, leverage contracts, swap contracts or other types of contracts, or any combination thereof, deriving from commodities, currencies, securities, interest rates, indices, or other interests, conducted pursuant to the regulations or practices set forth by domestic or foreign futures exchanges or other futures markets. The FSC started adjusting the above futures trading statistics in its 2012 Annual Report, and applies those same adjustments retroactively back to 2006.

Insurance industry

- Business overview

- » The total premium income of the life insurance industry in 2021 was NT\$3,178.5 billion, down by 5.2% (or NT\$173.6 billion) from 2020. The lowering of liability reserve interest rates on new policies mainly caused the decrease. The regulations of death benefit on non-forfeiture value also decreased insurers' supply for traditional insurance products. As for the non-life insurance industry, premium income saw steady growth.
- » In 2021 pre-tax earnings reached NT\$411.1 billion, an increase of NT\$188 billion or 84.3% compared with the same period in 2020. The increase was mainly driven by an increase of NT\$216.6 in net income from investments compared with the same period in 2020.
- » The total assets of the insurance industry in 2020 amounted to NT\$32.1635 trillion. In 2021, the total assets reached NT\$33.7972 trillion.
- » In 2021, non-life insurance benefit payments totaled NT\$95 billion, while life insurance benefit payments totaled NT\$1.9181 trillion. In 2020, insurance benefit payments by the non-life and life insurance industries exceeded NT\$89.9 billion and NT\$1.873 trillion, respectively.



● Important Indicators

Unit: firm; NT\$; %

Item	2016	2017	2018	2019	2020	2021
No. of insurers (based on no. of issued business licenses)	54	54	55	54	53	53
Domestic non-life insurers (incl. cooperatives)	17	17	17	17	17	17
Domestic life insurers	23	23	23	23	23	23
Foreign non-life insurers	6	6	7	7	6	6
Foreign life insurers	5	5	5	4	4	4
Domestic & foreign reinsurers	3	3	3	3	3	3
Overseas branches of domestic insurers	23	22	20	20	19	19
Non-life insurers	9	9	8	8	7	7
Life insurers	14	13	12	12	12	12
Taiwan contact offices of foreign insurers	10	9	8	8	7	7
Non-life insurers	4	4	3	3	3	3
Life insurers	1	0	0	0	0	0
Reinsurers	5	5	5	5	4	4
Total assets of all financial institutions (NT\$Bn)	70,794	73,876	78,237	82,870	88,560	93,701
Total assets of all insurers (NT\$Bn)	22,555	24,811	26,671	29,832	32,164	33,797
Total assets of all non-life insurers (NT\$Bn)	345	348	354	385	411	455
Total assets of all life insurers (NT\$Bn)	22,210	24,462	26,318	29,447	31,752	33,342
Total assets of insurers as share of total assets of all financial institutions (%)	31.86	33.58	34.09	36.00	36.32	36.07
Total assets of non-life insurers as share of total assets of all financial institutions	0.49	0.47	0.45	0.46	0.46	0.49
Total assets of life insurers as share of total assets of all financial institutions	31.37	33.11	33.64	35.53	35.85	35.58
Total premium income as share of GNI	18.21	19.41	19.57	18.80	16.46	14.40
Premium income (NT\$Bn)	3,279	3,577	3,677	3,644	3,352	3,179
Premium income of non-life insurers (NT\$Bn)	146	157	166	177	188	207
Premium income of life insurers (NT\$Bn)	3,133	3,420	3,512	3,467	3,164	2,971
Premium income of non-life vs. life insurers	1:21.47	1:21.82	1:21.20	1:19.57	1:16.82	1:14.32
Annual increase in premium income of non-life insurers (%)	7.23	7.36	5.68	6.96	6.20	10.28
Annual increase in premium income of life insurers (%)	7.06	9.16	2.67	-1.28	-8.73	-6.1
Annual increase in premium income of foreign non-life insurers (%)	14.48	15.59	12.80	12.98	12.8	12.55
Annual increase in premium income of foreign life insurers (%)	2.49	3.10	3.5	3.51	2.85	4.66
Non-life insurance market concentration ratio (%)	62.59	62.17	61.37	61.41	61.34	61.31
Life insurance market concentration ratio (%)	69.77	69.40	66.22	67.29	68.21	64.60

Item	2016	2017	2018	2019	2020	2021
Insurance losses (NT\$Bn)	1,703	1,744	1,956	2,030	1,963	2,013
Insurance losses on non-life insurers (NT\$Bn)	78.5	88.4	80.3	88.0	89.9	95.0
Insurance losses on life insurers (NT\$Bn)	1,625	1,655	1,876	1,942	1,873	1,918
Insurance density (NT\$)	139,310	151,750	155,886	154,379	142,271	135,981
Non-life insurance density(NT\$)	6,201	6,648	7,021	7,505	7,984	8,875
Life insurance density(NT\$)	133,109	145,102	148,865	146,874	134,287	127,106
Insurance penetration (%)	19.16	20.51	20.68	19.28	16.97	14.68
Non-life insurance penetration (%)	0.85	0.90	0.93	0.94	0.95	0.96
Life insurance penetration (%)	18.30	19.61	19.75	18.34	16.02	13.72
New life insurance contracts (1,000 contracts)	47,035	46,072	50,868	60,471	49,574	44,598
Insured amount of new life insurance contracts (NT\$Bn)	50,982	50,276	47,602	49,263	30,675	25,352
Life insurance contracts in force (individuals) (1,000 contracts)	49,689	51,003	51,822	53,181	53,799	53,913
Insured amount of life insurance contracts in force (individuals) (NT\$Bn)	38,521	39,385	41,637	43,519	43,974	45,145
Take-up rate for life & annuity insurance (%)	240.35	246.04	249.45	256.09	260.49	264.81
Prevalence ratio of life & annuity insurance (%)	288.03	293.25	307.24	303.7	294.32	279.49
Avg. dividend interest rate on life insurance (%)	1.16	1.08	1.08	1.08	0.88	0.81

Note 1: Taiwan's Directorate-General of Budget, Accounting and Statistics (DGBAS) switched in 2014 from the term Gross National Product (GNP) to Gross National Income (GNI) for the purpose of international comparison. In coordination with this switch, the item in this table that formerly read "Total premium income as share of GNP" has been reworded to read "Total premium income as share of GNI," and the annual data have been revised accordingly (2014 GNI is a DGBAS estimate).

Note 2: The term "insurance market concentration ratio" is an indicator of the combined premium income of the five largest non-life (or life) insurance enterprises as a percentage the total premium income of the non-life (life) insurance industry as a whole.



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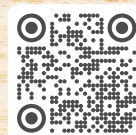


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