

FSC's Key Work Focuses in 2019

Major policy	Content/Measure
Expanding FinTech Application and Enhancing Financial Service Convenience	<ul style="list-style-type: none"> ● Setting the goal to have 10 applications for sandbox experiments per year for 3 years from April 30, 2018. Applicants for innovative experimentation will be actively given guidance and advice. ● Soliciting APIs from financial institutions, encouraging the development of an innovation and co-creation ecosystem. ● Actively seek to sign agreements with international FinTech promotion organizations to help domestic business operators expand business opportunities. ● Planning the promotion of the “FinTech Campus Successor Joint Recruitment Program” to build a matching platform for FinTech talent. ● Started to receive internet-only bank establishment applications from Nov. 16 of 2018 to Feb. 15 of 2019. The FSC plans to finish review and grant at most 2 preliminary approvals by June of 2019. ● Formulating an open banking promotion framework. ● Encouraging business operators to combine existing financial payment tools and new technology to enhance the “Credit Card Government Agency Fee Payment Platform” and “National Fee Payment System”. ● Formulating regulations for issue of security tokens. ● Promoting financial robo-advisors, assisting business operators use FinTech platforms or system to provide more personalized investment suggestions or investment portfolio configurations. ● Deliberating establishment of the “Joint Insurance Information Center”. ● Deliberating introduction of biotechnology into the identify verification mechanism to raise convenience for policyholders; adding policy type insurance products such as products for seniors and protection products to the insurance products that can be applied for online. ● Encouraging insurers to cooperate with FinTech businesses to increase insurance service effectiveness.
Utilizing Financial Product Diversity to Help Industries and People Create Wealth	<ul style="list-style-type: none"> ● Continuing to introduce the “Program to Encourage Lending by Domestic Banks to Enterprises in Key Innovative Industries (Phase 3)”, and setting the growth target of NTD 200 billion for 2019. ● Introducing the “Program to Encourage Insurers to Invest in Key Innovative Industries, Public construction and Long-term Care Enterprises”; it is planned to have 3 phases between Sep. 1, 2018 and Aug. 31, 2021 (each phase 12 months) and will produce an increase in insurers’ investment of NTD 150 billion (the targets for the phases 1-3 are NTD 40 billion, 50 billion and 60 billion, respectively). ● Continuing to promote the “Program to Increase SME Loans by Domestic Banks (Phase 14)”. ● Promoting secured loans by banks to trust customers who designate the bank as their trustee and pledge the beneficiary rights of their non-discretionary trust as collateral. ● Allowing large companies without profit or IPOs that have obtained written opinions of the competent authority for (approval of) the application to introduce the cornerstone investor system. ● Promoting establishment of an Islamic Sukuk fixed return security issue system. ● Expanding the green bond scope to include financial asset securitized products.

	<ul style="list-style-type: none"> ● Promoting the issue of ETN by securities firm. ● Adding disclosure of cyber security risk management to the indicators of the 6th Corporate Governance Evaluation in 2019. It is estimated that cyber security policy income will increase by 25% 2018-2020.
Adapting Supervisory Regulations to Support Financial Industry's Business Expansion	<ul style="list-style-type: none"> ● Formulating amendments to “the Directions Concerning the Establishment of Foreign Branches by Domestic Banks”. ● Promoting the International Wealth Management Platform Program. ● Increasing the trading limit on banks that concurrently engage in proprietary trading of securities. ● Amending the Regulations Governing International Operating Systems and Procedures for the Outsourcing of Financial Industry Operation. ● Promoting the offer issue of “ETF-linked funds” by investment trust enterprises. ● Continuing to learn about the operating method and actual promotion results of the Asia Region Funds Passport (ARFP). ● Promoting reduction in transaction tax on stock transactions for hedging of warrants. ● Deliberating on allowing insurers to use payment QR Code or website address to substitute for paper insurance contract terms and conditions.
Continuing to Promote Corporate Governance	<ul style="list-style-type: none"> ● Implementing corporate governance evaluation qualitative indicators, requiring more than half of listed company Remuneration Committee members to be independent directors, deliberating expansion of the disclosure of directors' and supervisors' remuneration information, requiring all listed companies to take out directors' and supervisors' liability insurance, pursuing the target of at least 50% of banks or insurers attending listed company shareholders' meetings , requiring that CSR reports are drawn up in line with GRI STANDARDS, requiring listed companies to disclose the number of non-managerial employees they have , average annual salary expenditure and list the operating performance of each company and the reasonableness of employee salaries. ● Amending the Regulations Governing Required Qualifications for Responsible Persons of Insurance Enterprises.
Differentiated Supervision to Ensure Financial Stability	<ul style="list-style-type: none"> ● Designating the screening framework for Systemically Important Financial Institutions. The regulations' amendment preview will be handled in 2019 and external opinions collected; the list of SIFI will be announced the same time as the regulations are announced. ● Amending capital computing regulations to align with international norms. ● Formulating measures to respond to the “EU's MiFID I”. ● Carrying out work to align with IFRS 17. ● Including stock reverse cycle measures in the Risk Based Capital system. ● Deliberating on insurers implementing an insurance product after sales management review mechanism. ● Actively assisting domestic banks whose total asset amounts reach NTD 1 trillion to submit their applications for adopting the risk-based internal auditing system. <p>Strengthening the Implementation of Targeted Financial Examinations, and the Financial Examinations on the Foreign Branches (Subsidiaries) of the Domestic Banks.</p> <ul style="list-style-type: none"> ● Promoting the E-Financial Examinations Plan. ● Enhancing financial industry and financial market cyber security, including handling matters in the Cyber Security Management Act, promoting financial cyber security governance, strengthening financial cyber security checks,

	<p>expanding the breadth and depth of cyber security drills and reinforcing the financial cyber security joint defense system.</p>
<p>People-Centered Approach to Strengthen Protection of their Rights and Satisfaction of Needs. Implementation of Financial Inclusion (including seniors' products and services)</p>	<ul style="list-style-type: none"> ● Continuing to hold financial consumer protection supervisory meetings and putting forward measures for improving consumer protection. ● Evaluation and Review Mechanism of Principle for Financial Service Industries to Treat Clients Fairly of the FSC will come into effect on Jan. 1, 2019. The subjects in 2019 are banks, integrated securities houses, insurance companies. The outcome of evaluation and review will be taken into consideration when the FSC proceeds with financial inspection and differentiated management. ● Enhancing financial education and advocacy for groups with relatively poor financial knowledge such as seniors. ● Expanding the content of the Moneywise website including teaching materials on topics such as mobile payment, money-laundering prevention. FinTech, Green finance etc. and increasing content and calculation tools relating to retirement and wealth management planning. ● Continuing to carry out the "School and Community Financial Literacy Campaign", and enhancing dissemination of correct financial concepts to various social groups such the mentally and physically disabled, indigenous people, senior citizens, children and correctional institutions' groups by holding various advocacy events. ● Promoting the Pension Self-investment Experimental Program, assisting investors plan early for retirement and establish the long-term fixed term fixed amount investment concept. Expect to be implemented in mid-2019. ● Encouraging insurers to actively adjust product structure to move towards protection type and seniors' insurance products. ● Deliberating on planning joint advocacy of microinsurance products with agencies that come into relatively frequent contact with target groups such as the Council of Indigenous Peoples, the Ministry of Health and Welfare and local government. ● Incorporating the consumer protection operations into financial examination focuses in 2019; targeted examinations on selected business items that are closely connected to the rights and interests of consumers will be conducted
<p>Enhancing Capital Market Internationalization</p>	<ul style="list-style-type: none"> ● In line with the implementation of the continuous trading system in March, 2010, supervising TWSE's establishment of the simulated trading platform. Set to be implemented in March, 2019. ● Planning to include the Taiwan Index options in the scope of implementation of the futures market dynamic price stabilization mechanism. Implementation expected in Q2 of 2019. ● Continuing to promote central clearing and settlement of domestic OTC derivatives.
<p>Strengthening Risk-Oriented Financial Industry Money Laundering Prevention Work</p>	<ul style="list-style-type: none"> ● In line with the planning of the Anti-Money Laundering Office of the Executive Yuan, continuing to explain the results of Taiwan's AML/CFT efforts to the Asia-Pacific Group on Money Laundering. ● Inviting related associations to formulate and issue guides including review of substantial beneficiary and transaction monitoring operations, and amend the AML/CFT matters for attention template and FAQ of related regulations. ● Continuing to supervise the appropriate execution of AML measures by financial institutions according to the review execution details of the Risk-based Principle.

	<ul style="list-style-type: none"> ● Continuing to conduct financial examinations according to the risk-based principle and classifying the implementation of AML/CFT and non-proliferation of weapons as the financial examination focus in 2019. ● Promoting AML/CFT supervisory operations, legal compliance and education and training with various associations and peripheral units.
Promoting International Meetings and International Exchange Activities	<ul style="list-style-type: none"> ● Continuing to discuss the signing of bilateral cooperation memoranda with financial supervisory authorities in various countries (including FinTech cooperation) to promote bilateral supervisory cooperation, information exchange and experience sharing. ● Through bilateral cooperation or multilateral organizations, consulting with various countries in a timely way to assist Taiwan's FinTech businesses expand their overseas markets. ● Holding the 2019 Conference on ERM in the 2019 Insurance Industry, 2019 Conference for Banking Supervisors, and sending representatives to APG 2019, and the annual meetings of IOSCO, IAIS and various other meetings
Important Amendments of regulations	<ul style="list-style-type: none"> ● Promoting the integration of regulations governing the management of electronic payment institutions and electronic stored value card issuers. ● Deliberating amendment of the Securities Exchange Act in line with amendment of the Company Act. ● Deliberating the amendment of the Securities Investor and Futures Trader Protection Act. ● Deliberating the amendment of the Insurance Act; it is expected that 13 articles will be amended, five added and two deleted. ● Continuing to promote amendment of the Compulsory Automobile Liability Insurance Act.