

## FSC's Key Work Focuses in 2018

Major Policy	Content/Measure
<b>Formulation of the Financial Industry Development and Supervisory Policy White Paper</b>	<ul style="list-style-type: none"> <li>● In accordance with the problems faced by each financial industry and the FSC in its supervisory work, drawing up strategies and solutions to increase the competitiveness of the financial industry overall and promote the sustainable development of the financial markets.</li> </ul>
<b>Continuing to Promote the Development of Financial Technology</b>	<ul style="list-style-type: none"> <li>● Promoting development of Fintech and establishing an innovative experimentation mechanism, quickly completing the setting of Financial Technology Development and Innovative Experimentation Act-related authorizing regulations and orders.</li> <li>● Establishing the FinTech Innovation Park physical cluster to build a Fintech innovation ecology supply chain.</li> <li>● Formulating amendments to Rules Governing the Business of Electronic Stored Value Card Issuers and Regulations Governing the Security of Electronic Stored Value Cards to meet the need for use of electric stored value cards for online transactions and convenient payment.</li> <li>● Upgrading the effectiveness of e-commerce handling by insurance companies to increase convenience of insurance application for the public.</li> </ul>
<b>Continuing to Promote the Development of Green Finance</b>	<ul style="list-style-type: none"> <li>● Implementing the measures of the Green Finance Action Plan.</li> <li>● Continuing to implement the Program to Encourage Domestic Banks to Give Loans to New Key Industries (Phase 2).</li> <li>● Allowing Taiwan branches of foreign banks to issue New Taiwan Dollar financial derivatives to provide ample source of funds for financing of the green energy industry.</li> <li>● Raising the limit on credit amount granted by a branch of a foreign bank to a single customer to NT\$7 billion or double the branch's net value; and raising the cap on branch total loan amount and net value multiple from 30 to 40 times.</li> </ul>
<b>Amendment Plans for the Banking Act, Securities and Exchange Act and Insurance Act etc.</b>	<ul style="list-style-type: none"> <li>● Formulating amendments to the Banking Act to increase the supervisory measures available to the FSC, including increasing the upper limit of fines and allowing natural persons to serve as directors, to enhance bank regulatory compliance and corporate governance.</li> <li>● Formulating amendments to the Securities and Exchange Act in line with the MOEA's Company Act draft amendment and taking into account that there are currently no penalties for violation of auditing committee related regulations and the fines for violation of regulations by securities companies are low.</li> <li>● Formulating amendments to the Insurance Act to guide insurance firm investment into social welfare businesses.</li> </ul>
<b>Optimizing Corporate Governance</b>	<ul style="list-style-type: none"> <li>● Planning important separation of industry and finance and separation of more than one finance policies.</li> <li>● Planning the 2018-2022 new version corporate governance blueprint to strengthen corporate governance and corporate social responsibility culture, effectively bring into play the function of directors, promote shareholder activism and increase information disclosure quality.</li> <li>● Formulating amendments to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets and Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises to enhance protection of whistleblowers, legal compliance, specific responsibility for information security, internal</li> </ul>

	control and examination systems.
<b>Expanding Scale of the Financial Markets</b>	<ul style="list-style-type: none"> <li>● Formulating diverse market-listing requirements; supervising the collection of overseas market-listing requirements by TWSE and TPEX, allowing companies that meet certain requirement such as market value or net value or operating income to apply for market listing.</li> <li>● Supervising the increase of e-commerce industry categories by TPEX with reference to outside suggestions and enterprise operating models; expected to be completed at the end of March 2018.</li> </ul>
<b>Continuing to Build A Sound Financial Market</b>	<ul style="list-style-type: none"> <li>● Suggesting the Ministry of Finance extend the lowering of day trading transaction tax implementation period and expand scope of applicability.</li> <li>● Promoting the securities market trade-by-trade transaction system, supervising the establishment of a futures market dynamic price stabilization measure and amending the Futures Trading Act to promote centralized settlement of domestic OTC derivative products.</li> </ul>
<b>Reinforcing Financial Industry AML Work</b>	<ul style="list-style-type: none"> <li>● Preparing the documents required by Asia/Pacific Group on Money Laundering, APG for mutual evaluation in Q4 2018.</li> <li>● With AML/CTF as inspection focuses of 2018, arranging training courses for dedicated AML/CFT inspectors to refine money laundering prevention skills.</li> </ul>
<b>Deregulation and Upgrading of Financial Industry Competitiveness</b>	<ul style="list-style-type: none"> <li>● With the preconditions of controllable risk, protection of consumers, ample capital and requirement for successful operating model, encouraging financial innovation and studying the feasibility of establishing a pure online bank in Taiwan.</li> <li>● In line with the partial amendment of the Securities Investment Trust and Consulting Act passed on a third reading by the Legislative Yuan, amending related sub-laws to increase the domestic asset management industry's competitiveness.</li> <li>● Studying the opening up of Exchange Traded Notes issue by securities firms and listing on TWSE and TPEX.</li> <li>● Supervising the planning by TAIEX of market listed exchange rate, crude oil and other product category futures to meet the need for diversity of traders.</li> <li>● Reviewing regulations relating to fund utilization by the insurance industry, assisting insurance firms invest in the 5+2 innovative industries, public construction or long-term care business.</li> <li>● Reviewing the Risk Based Capital system and risk management mechanism of the insurance industry and amending the Regulations Governing the Preparation of Financial Reports etc. to enhance insurance firms' solvency supervisory mechanism.</li> <li>● Formulating amendments to the Clauses of the Real Estate Securitization Act to promote the development of the real estate securitization market.</li> <li>● Improving the project financing capability of domestic financial institutions and nurturing project financing talent, inviting the Bankers Association to formulate project financing principles and urging the Taiwan Academy of Banking and Finance and Bankers Association to plan talent training courses.</li> <li>● Continuing to implement the Incentive Plan for SITE and Incentive Plan for Offshore Fund, encouraging offshore fund institutions and Taiwan's investment trust businesses to implement asset management talent training.</li> </ul>
<b>Continuing to Strengthen Consumer Protection</b>	<ul style="list-style-type: none"> <li>● Formulating amendments to the Securities Investor and Futures Trader Protection Act, widening the scope within which the Securities and Futures Investors Protection Center can file law suits and upgrading its mediation function.</li> <li>● Strengthening sales channel management measures, promoting a reasonable calculation basis for sales bonuses paid by investment trust</li> </ul>

	<p>businesses and offshore fund general agents to sales institutions (including banks, trust businesses, securities firms, investment trust consulting companies, personal insurance companies.).</p> <ul style="list-style-type: none"> <li>● Enhancing protection measures for the sale of investment type insurance products to the elderly, requiring that the insurance sale process record is retained.</li> <li>● Supervising the establishment of a compulsory automobile liability insurance certificate electronic certification platform by the Taiwan Insurance Institute and strengthening the insurance application process of insurers.</li> <li>● Continuing to promote financial inclusion and enhancing protection of the elderly and disadvantaged.</li> </ul>
<p><b>Continuing to Enhance Financial Supervision</b></p>	<ul style="list-style-type: none"> <li>● Upgrading financial market information security protection and response capability; the Securities and Futures Industry Information Sharing and Analysis Center (F-ISAC) will promote the inclusion of the banking, securities and futures and insurance industries in its operations, building a mechanism for information exchange with the Executive Yuan and government units.</li> <li>● Continuing to promote risk oriented internal auditing systems, requiring that financial institutions draw up an annual internal auditing plan and focus inspection on high-risk business items, increasing the depth of inspection.</li> <li>● Strengthening the handling of financial industry corporate governance, risk management, e-commerce system, SWIFT, system information security, online security regulation compliance level, securities and real estate investment and other special inspections; and, through inter-agency special inspections, keeping abreast of the common system related problems affecting business operators.</li> <li>● Continuing to promote international supervisory cooperation and discuss signing of bilateral cooperation documents with the supervisory authorities of other countries.</li> </ul>