

# **Directions for Encouraging the Public to Report Illegal Financial Activities by the Financial Supervisory Commission**

Amended on Jan. 11, 2021

1. The Financial Supervisory Commission (hereinafter referred to as the "FSC") issued these Directions to maintain financial market order, encourage the public to report financial law violations, and provide whistleblowers with rewards for reporting financial law violations.
2. The provisions in the Directions do not apply to financial law violation reports filed by personnel of the FSC (including the subordinate bureaus & departments and peripheral organizations), personnel of judicial authorities, personnel of audit departments of financial institutions, administrative personnel of financial service industry associations, personnel of other authorities responsible for processing financial law violation reports, and their spouses and relatives within the second degree of kinship.
3. The financial law violations referred to in these Directions shall mean violations of related provisions of laws under the jurisdiction of the FSC.

The authorities responsible for processing financial law violation reports referred to in these Directions are the FSC and its subordinate bureaus and departments.

4. If the whistleblower and the report meet the following criteria, a whistleblowing reward (hereinafter referred to as the "reward") may be distributed after a review by the FSC.
  - (1) The report is filed to the authority responsible for processing financial law violation reports through a channel specified in Article 10 before the violation is detected, and the whistleblower cooperates in accordance with Article 9. However, this criterion does not apply in cases that the whistleblower provides evidence in accordance with Article 9 and Article 10 after the authority responsible for processing financial law violation

reports detects a financial law violation, and the FSC's review committee deems that such evidence is instrumental for clarifying or solving the case.

- (2) The company or person in charge and employees implicated in the reported financial law violation receives an administrative penalty from the FSC or found guilty in a court ruling.
- (3) No occurrence of conditions specified in Article 2, Paragraph 1 of Article 7, or Article 11.

5. The reward distribution standards are as follows:

- (1) If a financial law violation is reported and a fine of NT\$10 million or more is imposed or a court sentences the violator to imprisonment of three years or more, a reward of NT\$4 million shall be paid to the whistleblower of the case.
- (2) If a financial law violation is reported and a fine of more than NT\$5 million but less than NT\$10 million is imposed, and the entity is ordered to dismiss (remove) or replace a director or a supervisor, suspend all duties of the shareholders' meeting, directors, or supervisors, or suspend all business operations, or a court sentences the violator to imprisonment of more than one year but less than three years, a reward of NT\$2 million shall be paid to the whistleblower of the case.
- (3) If a financial law violation is reported and a fine of more than NT\$1 million but less than NT\$5 million is imposed, and the entity is ordered to dismiss (remove) its manager or employee, suspend certain duties of the shareholders' meeting, directors, or supervisors, suspend certain business operations, or accept restrictions on the scope of its business operations or limits on new insurance contracts, or a court sentences the violator to imprisonment of less than one year, a reward of NT\$250,000 shall be paid to the whistleblower of the case.

- (4) If a financial law violation is reported and a fine of more than NT\$200,000 but less than NT\$1 million is imposed, a reward of NT\$50,000 shall be paid to the whistleblower of the case.

When the same financial law violation is reported in accordance with different laws that apply to the same violation or conditions in the subparagraphs of the preceding paragraph coexist, only the highest amount of reward shall be distributed.

6. The procedures for the distribution of the reward are as follows:
  - (1) If the entity implicated in the reported financial law violation receives an administrative penalty from the FSC or found guilty in a court ruling, the reward shall be distributed to the whistleblower.
  - (2) With regard to the reward to be distributed to the whistleblower, the authority responsible for processing financial law violation reports shall, without waiting for an application, ex officio conduct a review and submit the administrative penalty document, court verdict, and related information to the review committee of the FSC for approval and distribution. The whistleblower may also file an application to the authority responsible for processing financial law violation reports after a guilty verdict is finalized by a court or after the administrative penalty is finalized.
  - (3) The authority responsible for processing financial law violation reports shall notify the whistleblower to collect the reward after the FSC reviews and passes the distribution of the reward. If the whistleblower is deceased, its successor may collect the reward in accordance with related regulations of the Civil Code.
7. When any of the following conditions applies to a report filed by a whistleblower, the authority responsible for processing financial law violation reports shall not distribute the reward or shall recover distributed rewards.

- (1) When the whistleblower falsely accuses another of a financial law violation and is found guilty in a court ruling.
- (2) When the whistleblower uses forged or altered evidence for the report and is found guilty in a court ruling.
- (3) When other rewards are provided for the same case in accordance with other laws or regulations of peripheral organizations, such rewards shall be aggregated. The parts that exceed the highest standard set forth in the Directions shall not be distributed.
- (4) If the violator turns himself/herself in and reports other joint offenders, no reward shall be distributed. The same shall apply in cases where a whistleblower reports others for financial law violations and is found to be a joint offender or joint implementor.

When a whistleblower meets conditions specified in the preceding paragraph and the whistleblower is deceased, the distributed rewards shall be recovered from its successor.

8. The ways to distribute reward are as follows:

- (1) Where multiple individuals jointly report a financial law violation and are eligible for the reward, the reward shall be divided evenly for distribution. The same shall apply in cases that multiple individuals report the same financial law violation and provide specific evidence but the sequence of events cannot be determined.
- (2) When the terms in the proviso in Subparagraph 1 of Article 4 are met, the authority responsible for processing financial law violation reports may determine the distribution of the reward within the maximum amount of the reward specified in Article 5.

9. When a whistleblower files a financial law violation report, he/she may file the report in writing, verbally, by telephone, by fax, by email, or other methods and shall provide the following information:

- (1) Name, ID number, address, and contact information of the whistleblower.
- (2) The name and address (or residence) of the reported entity; if the reported entity is a company or business, provide the name of the company or business, name of the person in charge, and the business address.
- (3) Specific evidence and related information that can prove the reported entity's violation of laws.

When a report is filed verbally or by telephone, the authority responsible for processing financial law violation reports shall make records which must be reviewed and signed, sealed, or affixed with the fingerprint by the whistleblower. If a report is filed by telephone, the authority responsible for processing financial law violation reports shall notify the whistleblower to proceed to a designated location to assist the authority in making records.

If the authority responsible for processing financial law violation reports discovers that the whistleblower is anonymous or files a report under a false name, the reward shall not be distributed.

10. The authority responsible for processing financial law violation reports may set up a whistleblowing mailbox, dedicated hotline, fax, email, or other means to facilitate report processing.
11. When one of the following conditions applies to a report filed by the general public for a financial law violation, the authority responsible for processing financial law violation reports may, according to hierarchy of authority, decide not to process report but it shall still be required to make records of the case for future reference:
  - (1) If a report is filed anonymously or under a false name or does not contain specific evidence or the whistleblower refuses to cooperate with the authority in making report records.

- (2) If the case has been previously reported to the authority responsible for processing financial law violation reports or reported by another individual.
- (3) If the report is not within the scope of duties of the authority responsible for processing financial law violation reports.

If a financial law violation report filed by the general public involves a false accusation, forgery of documents, or other criminal liabilities, the authority responsible for processing financial law violation reports shall transfer the case to judicial authorities.

12. The authority responsible for processing financial law violation reports shall maintain the confidentiality of the name, age, address, and other information sufficient to identify the whistleblower. However, this restriction shall not apply in cases that the whistleblower agrees to the public disclosure.

Unless otherwise specified, the aforementioned confidential information must not be provided to a third party for viewing or copying.

To protect the safety of the whistleblower, the authority responsible for processing financial law violation reports may request police authorities to take necessary actions in accordance with laws.

13. The FSC may assemble representatives of subordinate bureaus, departments, and offices to form a review committee for reviewing the distribution of the reward. When necessary, it may ask the personnel of the authority responsible for processing financial law violation reports to provide explanation at the meeting.
14. The reward provided in accordance with the Directions shall be funded by the annual budget of the Financial Supervisory Fund.
15. Rewards for reports received by the authority responsible for processing financial law violation reports before the amendment of the Directions becomes effective shall be governed

by the Directions before the amendment; rewards for reports received after the amendment of the Directions becomes effective shall be governed by the Directions after the amendment.