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《Chinese version please refer to page 1》

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- Legislative Yuan passes amendments to the Insurance Act
- Asian Asset Management Center program sees results
- FSC creates new momentum for financial markets through five major fintech initiatives
- FSC works with industry to advance green finance, sustainable values

Policy and Law

Legislative Yuan passed draft amendments to the Insurance Act

On 3 June 2025, the Legislative Yuan passed draft amendments to certain provisions of the Insurance Act. The expected benefits of these changes are to ensure that the public maintains basic insurance protections necessary for their economic stability when insurance contracts are enforced and to balance the rights and interests of debtors and creditors, while decreasing the social costs incurred by enforcement agencies and insurance companies in enforcing insurance contracts. These changes also strengthen the legislative framework for supervising the insurance industry and enhance the rights and interests of consumers concerning insurance.

Key points of the amendments include clarifying the types of insurance contracts exempted from compulsory enforcement as well as the intervention right, strengthening the legal framework regarding insurance supervision, enhancing the rights and interests of consumers concerning insurance, and aligning the legislation with amendments to the definition of offenses found in Article 3 of the Money Laundering Control Act.

The FSC will canvass the opinions of all sectors and consider issuing announcements or related sub-laws deriving from amendments to the Insurance Act and will create a workable process for the compulsory enforcement of insurance contracts.

Results of promoting the Asian Asset Management Center program

To promote Taiwan as an Asian asset management center, the FSC proposed five key initiatives and 16 promotion measures in September 2024, under two main directives of “A Dual Focus on Wealth Retention and Capital Attraction” and “Investing in Taiwan to Support Industrial Development.” The focus is on boosting the financial industry’s capacity while connecting financial industries to create more diversified financial services. These efforts aim at enhancing market efficiency and Taiwan’s international attractiveness.

To date, key achievements from current measures are as follows: regulations have been relaxed and the scale of assets under management (AUM) has grown; banks have been fully authorized to offer high-asset services; a local asset management zone has been established; the Taiwan Innovation Board 2.0 has been launched; the Taiwan Individual Savings Account (TISA) has been created; new types of ETF have been launched and the listing of cross-border ETFs with Japan is being completed; foreign financial institutions have increased investment in Taiwan; and professional training has been accelerated.

Meanwhile, to create a more competitive and attractive comprehensive asset management system, the FSC will continuously promote a number of key initiatives, including promoting family offices to support industrial development; establishing the “Capital Market Service Group” to strength Taiwan’s capital market; encouraging the insurance industry to invest in domestic public infrastructure and the real economy; and encouraging the insurance industry to develop diversified insurance products and provide wealth management services.

The FSC will continue to work closely with the financial industry, collect a wide variety of opinions, and adjust measures on a rolling basis to expand the breadth and depth of Taiwan’s asset management market, create an environment that attracts and retains both domestic and international capital, and drive the positive development of Taiwan’s industry

and economy, thereby gradually achieving the goal of Taiwan's becoming an Asian asset management center.

FSC creates new momentum for financial markets through five major fintech initiatives

To promote the development of fintech in Taiwan while creating a secure, developing financial market, the FSC has implemented a number of key measures over the past year. These include broadening the scope of business trials, promoting the development of digital insurance companies, drafting of the Virtual Asset Services Provider (VASP) Act, and advancing the tokenization of real-world assets (RWA). It has also promoted the establishment of the Fintech Alliance.

Moving forward, the FSC will continue to implement the Five Strategies to Promote Fintech and the Fintech Development Roadmap (2.0). Under the premise of controlled risk, the FSC will also implement measures permitting innovative experimentation and business trials, encourage industry cooperation, and further optimize the regulatory environment. It will also continue promoting the digital transformation and upgrading of the financial industry, fostering the development of new ventures, and driving more innovative financial products and services that meet people's needs. These measures will enhance the competitiveness and resilience of the nation's financial markets.

FSC collaborates with industry to advance green finance and sustainable values

To help achieve the nation's 2050 net-zero goals and meet new targets for national carbon emissions, the FSC is promoting three sustainable green finance policies. The National Development Council's Pathway to Net-Zero Emissions in 2050 lists green finance as one of its 12 key strategies. Under the eight major goals of the National Project of Hope, green finance has been deemed an integral part of ensuring growth for a net-zero transition involving digital and green industrial transitions. Over the past year, the FSC has actively integrated financial resources to help related departments implement these three major policies. The main achievements include:

1. Green and Transition Finance Action Plan:

In October 2024, the FSC announced the Green and Transition Finance Action Plan to expand both the scope and intensity of finance's role in helping the government and enterprises achieve a net-zero transition. As of April 2025, green loan and sustainability-linked loans had reached NT\$3.38 trillion, while the insurance industry's investment in green power plants had reached NT\$57.8 billion. The issuance amount of sustainability bonds and ESG-related funds both grew tremendously. The FSC is also collaborating with local governments on the issuance of sustainability bonds to channel funds into public infrastructure projects.

The FSC has issued sustainability guidelines to help the financial industry and related enterprises benchmark their efforts against international sustainability standards. It has invited financial firms and the industry as a whole to discuss trends and challenges found in pursuing the net-zero transition. It has also established a net-zero working group to assist peer institutions and advance the Coalition of Movers and Shakers on Sustainable Finance to encourage high-emission companies to set carbon reduction targets. It has also promoted sustainable finance certificates and Sustainable Finance Evaluation, enhanced capability in sustainable finance, and strengthened the financial industry's ability to respond to climate and ESG risks.

2. Taiwan Sustainable Taxonomy

On 31 December 2024, the FSC along with the Ministry of Economic Affairs, Ministry of the Environment, Ministry of the Interior, Ministry of Transportation and Communications, and Ministry of Agriculture issued the second edition of the Taiwan Sustainable Taxonomy to encourage more enterprises to reduce carbon emissions and work toward sustainability goals and help enterprises and the financial

industry identify what constitutes sustainable economic activity. 47 related consultations, public hearings, and workshops have been held in 2024 and the FSC encouraged financial institutions to refer to the taxonomy when conducting investment and lending assessments as well as to disclose the sustainable ratios of their investments, loans, and financial products.

3. Improving transparency of ESG information:

The FSC has encouraged listed companies to conduct carbon inventories and set carbon reduction goals and related strategies. In 2024, 169 listed companies completed carbon inventories, while 1,073 submitted a sustainability report. Starting in 2025, all listed companies are required to submit such a report.

The FSC will continue to discuss and improve related policies on a rolling basis, working with all sectors to promote carbon reduction across industries and society as a whole to achieve an orderly transition and bring Taiwan into a low-carbon, sustainable future.

FSC revises the "Regulations Governing Offshore Insurance Branches"

The FSC and Central Bank of the Republic of China (Taiwan) released revisions to Articles 9 and 15 of the Regulations Governing Offshore Insurance Branches on 6 May 2025. The revisions aim at promoting the development of the offshore insurance units (OIUs) and their insurance products. To this end, the insurance industry will be permitted to develop new forms of OIU insurance products and Singapore's related actuarial standards concerning the handling of reserve deposit regulations have been approved to serve as reference. Moreover, to meet demand for new insurance products engaged in derivative transactions to hedge against insurance liabilities, OIU insurance products are now permitted to engage in derivative transactions where the hedge is against insurance liability positions.

FSC issues interpretation of Subparagraph 15 of Paragraph 1 of Article 5 of the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises"

In line with the Green and Transition Finance Action Plan, the FSC issued an interpretation requiring that insurance firms investing using the equity method must include the state of engagement with the firm to be invested in as part of items to complete listed in pre-investment evaluations.

FSC revises Articles 14 and 23 of the "Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities"

On 5 June 2025, the FSC announced revisions to Articles 14 and 23 of the "Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities." Key points of the revisions include:

1. The age limit of 70 has been removed where the principal to whom a securities firm recommends foreign securities is a non-professional investor to avoid concerns about ageism.
2. Foreign securities purchased by securities firms on order from high net worth juridical person investors and high-asset juridical person may be deposited with a foreign custodians designated by the principals.

Industry Updates

FSC releases results of survey on finance industry's use of AI

On May 20, 2025, the FSC announced the results of a survey on the use of artificial intelligence (AI) by financial institutions and related organizations. The survey covered a total of 383 entities, among which 126 had already begun to use AI, accounting for 33 percent of all respondents, an increase from 29 percent in 2024. Domestic banks had the highest adoption rate at 87 percent, followed by life insurance companies (67 percent) and property insurance

companies (45 percent). The primary purposes disclosed for adopting AI among financial institutions were to enhance operational efficiency, reduce manpower needs, and improve customer experience. Applications primarily include internal administrative processes, intelligent customer service, and financial crime prevention.

According to the survey results, 61 financial institutions had adopted generative AI, representing 48 percent of those using AI, an increase of 21 percentage points over the previous year. The most common application areas generative AI is being used are internal operations and intelligent customer service. Challenges faced by financial institutions included content instability, data security, privacy protection, and regulatory compliance issues.

Regarding future plans, 47 percent of respondents (179 financial institutions) indicated that they would either begin to adopt or expand AI use. Additionally, financial institutions also expressed interest in collaborating with industry peers on developing anti-fraud AI technologies, creating localized large language models tailored for the financial industry, and developing risk management solutions.

FSC announces the application status and acceptance process for the Virtual Asset Custody Services Thematic Pilot Program

To foster domestic financial innovation, the FSC launched the Virtual Asset Custody Services Thematic Pilot Program on 28 November 2024. Relevant explanatory materials and an FAQ were published at the same time. Financial institutions were invited to submit applications to participate in the program to the FSC from 1 January to 30 April 2025. The FSC further indicated that as of the end of April 2025, four institutions had submitted applications, which are presently being reviewed.

Considering that virtual asset custody services are an emerging and innovative business, and that financial institutions differ in terms of scale, business strategies, hardware and software infrastructure, and personnel training, the FSC has decided to continue accepting applications from financial institutions from 15 June 2025. This would give financial institutions sufficient time to plan and submit applications based on their own circumstances. Furthermore, the FSC remains committed to offering consultation and advisory services, encouraging interested institutions to request guidance as needed.

FSC launches FinTechSpace 2.0 Plan

To foster the development of Taiwan's fintech startup ecosystem and enhance the functionality of the FinTechSpace (hereinafter referred to as "the Space"), the FSC, in collaboration with the Taiwan Financial Services Roundtable, the Taiwan Stock Exchange, the Taipei Exchange, the Taiwan Venture Capital Association, and the Space itself, launched the FinTechSpace 2.0 Plan in June 2025 to jointly promote the Space's upgrade. By introducing a tiered mentorship mechanism, the Space will provide tailored guidance and resources to fintech startups at different stages of development:

- Early-stage (newly established companies that are physically located in the Space),
- Growth-stage (companies that have already established a foundation of products or services), and
- Mature-stage (companies with stable revenue and expansion plans).

The initiative aims to help startups access diverse fundraising channels, expand their domestic and international market reach, and accelerate their growth and success.

Task Force for IFRS Sustainability Disclosure Standards Alignment offers resources and holds workshops

The FSC published a roadmap for listed companies to align with the IFRS Sustainability Disclosure Standards (the ISSB Standards) in 2023. Listed companies are required to apply the ISSB Standards

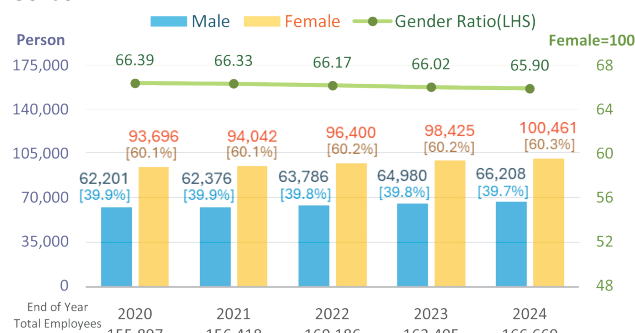
in three phases according to their registered paid-in capital. In the first phase, the listed companies with paid-in capital of NT\$10 billion or more must come into line with the ISSB Standards starting from fiscal year 2026. To help listed companies transition to using these standards, the FSC established a task force to provide a variety of resources and has published FAQs and guidance and disclosure samples concerning IFRS S2 Climate-related Disclosures. Four IFRS S2 disclosure practice workshops were held between 28 April and 3 July. In addition, the Taiwan Stock Exchange and the Taipei Exchange have jointly established a service team to provide assistance and advice to companies that are falling behind in the alignment process.

The ISSB Standards require that companies disclose material information about sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects. However, the FSC clarified that the ISSB standards allow for the appropriate application of the proportionality principle. Companies are encouraged to utilize resources available on the IFRS Sustainability Disclosure Standards Alignment website or to participate in related courses to understand how best to integrate existing sustainability information and other resources to ensure that their disclosures align with the ISSB Standards.

The number of female employees and the growth Rate of the same are higher than for males at banks and credit cooperatives while the gender ratio continues to decline.

According to statistics from the Directorate-General of Budget, Accounting and Statistics, the number of employees at banks and credit cooperatives was around 167,000 at the end of 2024, an increase of 3,264 from the end of 2023. Female employees totaled around 100,000, accounting for 60.3 percent of the total, and significantly outnumbering male employees around 66,000 or 39.7 percent. The gender ratio declined slightly to 65.90 compared to 66.02 at the end of 2023.

Employees on the Payrolls of Banks and Credit Cooperatives by Gender



Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), Executive Yuan "Employees' Earnings and Productivity Statistics".

Note: 1. The figures in brackets [] indicate the percentage of total employees represented by males and females, respectively.

2. Gender Ratio = Number of Male Employees ÷ Number of Female Employees × 100.

NPLs at domestic banks as of the end of May 2025

Unit: NT\$1 billion / percentage points

	End of May 2025	End of April 2025	Increase/Decrease
Total outstanding loans	42,936	43,265	Decreased by 329 billion
NPL ratio	0.16%	0.16%	--
Coverage Ratio	861.42%	846.54%	Increased by 14.88 percentage points

As of the end of May 2025, there were 38 domestic banks in Taiwan, and their asset quality continuously remained manageable as seen in the above figures. The FSC will require banks to undertake measures to improve their asset quality and financial structure on an ongoing basis.

NPLs at credit cooperatives as of the end of May 2025

Unit: NT\$1 billion / percentage points

	End of May 2025	End of April 2025	Increase/Decrease
NPLs	0.671	0.648	increased by NT\$ 0.023 billion
NPL ratio	0.10%	0.10%	Unchanged
Coverage Ratio	2371.49%	2450.12%	Decreased by 78.63 percentage points

As of the end of May 2025, there were 23 credit cooperatives in Taiwan, and their asset quality continuously remained manageable as seen in the above figures. The FSC will require credit cooperatives to undertake measures to improve asset quality and financial structure on an ongoing basis.

Net purchases and sales of listed stocks by foreign and mainland China investors, as well as inflows and outflows of funds

1. Net foreign and mainland China investment in listed shares

Unit: NT\$1 billion

Through end May 2025		TWSE-listed shares	TPEx-listed shares
Foreign Investors	Bought	11,447.75	1971.70
	Sold	11,901.00	1946.82
	Net bought (sold)	(453.25)	24.89
Mainland China investors	Bought	2.42	0.08
	Sold	2.88	0.10
	Net bought (sold)	(0.45)	(0.02)
Total		(453.70)	24.87

2. Cumulative net (outward) inward remittances by foreign and mainland China investors

Unit: US\$1 billion

	End May 2025	End Apr. 2025	Increase (Decrease)
Cumulative net (outward) inward remittances from offshore foreign institutional investors and foreign individual investors	293.68	281.01	12.67
Cumulative net (outward) inward remittances from mainland China investors	0.05	0.05	0
Total	293.73	281.06	12.67

Sales statistics of foreign-currency-denominated products by life insurance industry as of the end of March 2025

Unit: NT\$1 billion

	End March 2025	End March 2024	Increase (Decrease)
Investment-linked insurance	15.497	9.302	67%
Traditional life insurance	83.979	64.735	30%
New-policy premium income (total)	99.476	74.037	34%

Profit/loss, net value, and exchange gains/losses of the insurance industry in April 2025

1. Pre-tax profit of insurance enterprises

Unit: NT\$1 billion

	End Apr. 2025	End Apr. 2024	Growth rate (%)
Pre-tax profit of life insurance enterprises	44.9	143.2	-68.6%
Pre-tax profit of non-life insurance enterprises	9.9	10.7	-7.5%
Pre-tax profit of all insurance enterprises (total)	54.8	153.9	-64.4%

2. Owners' equity of insurance enterprises

Unit: NT\$1 billion

	End Apr. 2025	End Apr. 2024	Growth Rate (%)
Owners' equity of life insurance enterprises	2,217.6	2,370.5	-6.5%
Owners' equity of non-life insurance enterprises	151.3	138.2	9.5%
Owners' equity of insurance enterprises (total)	2,368.9	2,508.7	-5.6%

3. As of the end of April 2025, the NT Dollar had appreciated by 2.39% against the US Dollar since the end of 2024, and the cumulative balance of foreign exchange valuation reserve of life insurance enterprises was NT\$164.8 billion, decreasing NT\$54.8 billion. Meanwhile, the combined impact of exchange gains/losses, hedging gains/losses, and the net effect of volatility on the foreign exchange valuation reserve of life insurance enterprises was NT\$-118.3 billion. Over the same period, the overseas investments of life insurers resulted in net gains (including exchange gains/losses and hedging gains/losses, but not including the net effect of volatility on the foreign exchange valuation reserve) of NT\$159.9 billion.

Investor and Consumer Protection

2025 Financial Literacy Campaign for the Campus and Community

The FSC's 2025 Financial Literacy Campaign for Campuses and Communities held a total of 440 activities at Yunlin's Gukeng Elementary and Junior High School and other locations in June that were attended by 29,773 people. The free program has proven popular since its inception in 2006. As of the end of 2024, a total of 9,251 events had been held and over 1.25 million people had attended. The target participants include students at all levels, communities, women's groups, indigenous people, immigrants, military personnel, correctional institutions, social welfare groups, senior citizens' groups, police, firefighters, coast guard personnel, and taxi drivers.

The FSC Banking Bureau will continue to hold continuing education on financial literacy in 2025. Interested schools or groups can apply online or call (02) 8968-9711.

Major Penalties

Mingtai Insurance Co., Ltd. fined for breach of Insurance Act

On 30 October 2024, Mingtai Insurance Co., Ltd. reported to the FSC major incidents of delays and short-estimated reserves on optional automobile insurance claims. An FSC investigation found that the company's handling of such claims estimates, reserve fund deposits, and major incident reporting had violated provisions of the Insurance Act. In accordance with Paragraph 4 of Article 171-1 and Paragraph 1 of Article 171 of the Insurance Act, the FSC imposed a fine of NT\$9 million.