

FSC 2021 Policy Plan

The FSC is the competent authority with overall responsibility for supervising, regulating, and facilitating the development of financial markets and the financial services industry, and for conducting financial examinations. The FSC seeks to ensure the sound operation of financial institutions, maintain financial stability, and promote the development of our financial markets.

Financial institutions' operating capital comes from the public, and therefore they must maintain ethical business practices, serve the public interest, show concern for society, and provide strong support for industrial development. Through the long-term planning of financial supervision policies and proper consideration of the current domestic industry development, the FSC will enable Taiwan's supervisory regulations to gradually conform to the international standards. It will also strike balance between appropriate supervision intensity and risk characteristics of different financial institutions, products, and services to ensure that financial supervision comports with the principle of proportionality and achieve the four goals of enhancing the resilience of the financial system, promoting financial innovation, developing sustainability, and implementing financial inclusion.

In accordance with the 2021 policy guidelines of the Executive Yuan and the approved budget, the FSC outlines its 2021 Policy Plan, which also adapts to economic and societal changes and the future development needs of the FSC.

A. Annual Policy Objectives and Strategies

1. Develop Taiwan into an Asian center for enterprise capital management and high-asset customer wealth management
 - (1) Assist domestic companies to meet their financing needs arising from international operations by allowing them to open accounts for the purpose of handling loan-related receipts and disbursements in accordance with the Offshore Banking Act, thus enhancing the convenience of funds allocations and the international competitiveness of domestic companies.
 - (2) Allow qualified banks to provide diversified financial products and consulting services based on high-asset customers' wealth-management needs so as to

enhance the competitiveness of domestic banks in the international wealth management industry and to promote the transformation of the industry's business model and industrial upgrading.

- (3) Expand the business scope of financial service, diversify financial products and investment channels, and meet needs for diversified products.
- (4) Ensure the robust environment for the domestic asset-management industry, and ensure the soundness of relevant laws and regulations.

2. Promote financial technology and construct a friendly environment for innovation and supervision.

- (1) Continue accelerating Fintech development by strengthening the dual system of sandbox tests and business trials, the function of the Fintech Space and the Taipei fintech expos.
- (2) Establish a secure and reliable data exchange mechanism to facilitate transboundary data exchange and application. For maximizing the utility of open-government data, the FSC urges banks to apply MyData in financial areas in order to provide the public with more convenient financial services.
- (3) Under the premise of balanced consideration to the protection of personal data, the management of information security, and the protection of consumer rights, the FSC constantly encourages banks to engage in the open banking business to meet the public's need of various financial services.
- (4) In response to the opening of internet-only banks, the FSC encourages financial innovation to provide the public with better financial services.
- (5) The FSC is going to consolidate regulations of electronic payment institutions and electronic stored value card issuers to keep up with the trend toward the integration of virtual and physical payment facilities. Also, it will create a payment ecosystem based on electronic payment services, provide the public more convenient payment services, and implement financial inclusion.

- (6) For facilitating consumers' convenience to obtain insurance policies, the FSC continuously reviews the regulations governing online insurance business and creates a digital business environment for the insurance industry.
 - (7) In respond to the trend toward digitization of insurance policies and optimization of insurance services, the FSC encourages insurers to authenticate insurance policies and promotes the mechanism of authentication & validation by third-party certification agencies.
3. Establish and stimulate diverse capital markets for capital raising and investment, and encourage domestic banks to strengthen lending to SMEs and Key Innovative Industries.
- (1) In order to help SMEs and Key Innovative Industries obtain working capital, the FSC continues to encourage domestic banks to strengthen lending to SMEs and Key Innovative Industries.
 - (2) Promote the Green Finance Action Plan 2.0 to encourage financial institutions to grasp green business opportunities, to utilize financial mechanisms to guide capital investment into green industries or industries that are in line with sustainable development goals, and to help investors and enterprises value to sustainability issues.
 - (3) Encourage domestic banks to cultivate financial professionals in the green energy industry, and to extend credit to green energy firms.
 - (4) Assist new-type and innovative startups to enter the capital markets to raise funds.
 - (5) To enhance the competitiveness of Taiwan's capital markets, the FSC is continuously and actively rolling out measures for better corporate governance and corporate social responsibility.
 - (6) Enhance the transparency of companies' financial information and the quality of CPA audits.

- (7) To help companies raise funds in Taiwan's capital markets and expand the capital market scale, the FSC devotes itself to build up a diversified capital raising environment to support the development of the real economy, to explore potential high-quality companies, and to participate in industrial promotion events and seminars.
4. Align Taiwan's financial regime with international standards and promote business presence in target states of the New Southbound Policy.
 - (1) To strengthen the risk tolerance and international competitiveness of domestic banks, the FSC pays attention to international trends in financial supervision reforms and changes in global economic and financial conditions, and makes reference to international regulations in adopting measures to ensure Taiwan's financial resilience and keep our practices in line with international standards.
 - (2) The FSC aims to gradually build a barrier-free financial bilingual environment and to promote the internationalization of financial services. We have encouraged banks to enhance their employees' English capabilities, establish bilingual-friendly environments of financial services, and promote the establishment of bilingual model branches.
 - (3) To strengthen global connections and safeguard national interests, the FSC continues signing financial supervisory/FinTech cooperation MoUs with other countries, deepening cross-border supervisory cooperation, and actively participating in international meetings and negotiations related to finance.
 - (4) Assist domestic banks to establish or expand their presence in New Southbound countries to provide financial services to offshore Taiwan-owned businesses and other customers with locally-based.
 - (5) To raise our international visibility, the FSC strengthens cooperation with foreign securities and futures regulators through diversified channels, and enhances cross-border supervisory capability.

- (6) In response to the international financial situation, and balance between the supervisory strength of funds allocation and safety and efficiency of funds usage, the FSC will keep reviewing the regulations related to the use of funds in the insurance industry to increase investment channels and improve the efficiency of capital utilization.
 - (7) With an eye to trends in the development of the international solvency system, the FSC will continue to promote new insurance solvency requirements in order to bring in line with the international standard, and to help insurers improve their financial structure.
 - (8) Keep guiding and working together with our insurance industry to actively prepare for the adoption of IFRS17 (Insurance Contracts).
 - (9) The FSC will enhance industrial competitiveness and improve the business environment of securities firms. Also, the FSC will enhance the efficiency of the futures market and ensure the security of transactions.
5. Promote financial inclusion, ensure economic security, and strengthen the education of investors and financial consumers.
- (1) The FSC has issued financial inclusion indicators to evaluate the development of financial inclusion in Taiwan and the effectiveness of policy implementation. We continue to urge financial institutions to implement financial inclusion measures to enable the general public - especially those in remote areas, disadvantaged groups, and people with disabilities - to have access to convenient, equal, and reasonable financial services.
 - (2) The FSC will promote the Trust 2.0 plan to reshape the trust business unit as a platform to integrate internal resources of financial institutions, and encourage cross-industry alliances to provide customers with a full range of trust services.
 - (3) In response to the ageing society, the FSC has encouraged financial institutions to develop a diversified nursing care trust business that meets the actual needs of the elderly as well as people with disabilities, and the FSC

has also encouraged banks to provide "commercial reverse mortgage" services.

- (4) The FSC actively encourages financial institutions to expand various mobile payment businesses, such as mobile credit cards, mobile bank cards, Quick Response Codes (QR Codes), mobile electronic stored value cards, online to offline (O2O) services of electronic payment institutions, and Mobile Point of Sale (mPOS) services, in order to accelerate the development and innovation of mobile payment services.
- (5) Encourage insurers to develop innovative insurance products and services to meet the needs of the public and upgrade the quality of insurance services.
- (6) The FSC continues promoting microinsurance to provide basic insurance protection for the economically disadvantaged and people with special status.
- (7) The FSC continues to implement the "Financial Literacy Promoting Plan" to ensure the sound foundation of basic financial knowledge. We also carry out the "School and Community Financial Literacy Campaign" to enhance financial literacy and financial consumer protection.
- (8) The FSC instructs oversees the Financial Ombudsman Institution and other self-regulatory organizations handle education and awareness programs to protect the elderly from financial exploitation and fraud in accordance with the Directive of "Money Smart for Older Adults."

6. Maintain the discipline and stability of the financial market and optimize financial supervision.

- (1) In accordance with the FSC Strategic Blueprint for AML/CFT, the FSC continues to be in line with international standards, and implements risk-based supervision.
- (2) The "Financial Cyber Security Action Plan" is released to guide the financial industry to ensure the continuity of the financial information services, and

thus provide customers with a reliable and secure transaction environment.

- (3) The FSC urges banks to form a culture of ethical business operation. It is to shape good conducts and values from the top by requiring boards of directors and senior managers to value corporate governance and remuneration policy.
- (4) To improve the investor protection mechanism, the FSC will strengthen the management of proxies for attendance at shareholders meeting and the administration of shareholder services. To ensure market discipline, the FSC will implement the surveillance of stock trading.
- (5) Keep reviewing our supervisory regime for insurer solvency in order to improve our insurers' solvency, risk management capability, and internal control systems.
- (6) Strengthen the internal audit effectiveness of financial institutions.
 - ① The FSC will urge financial institutions to implement risk-based auditing and to review examination findings on their systems. The FSC will also strengthen the communication with internal audit departments of financial institutions.
 - ② Evaluate financial institutions' internal audit performance and the effectiveness of internal audit function during on-site examinations.
- (7) In order to allocate examination resources effectively, the FSC implements the differential examination mechanism. Based on this mechanism, the FSC adopts different levels of supervision and carries out examinations based on risk levels of supervised financial institutions.
- (8) In response to supervisory needs, market conditions and public concerns, the FSC increases targeted examinations on specific financial businesses or items. These targeted examinations are designed to mesh well with regular full-scope examinations.
- (9) The FSC holds periodic "Financial Supervisory Liaison Group" meetings with the Central Bank (CBC), the Bureau of Agricultural Finance (BOAF),

and the Central Deposit Insurance Corporation (CDIC) to fully coordinate and communicate on matters related to financial systems and policies.

- (10) Promote digital regulatory reporting mechanism of bills finance companies, introduce an automatic reporting system by using Application Programming Interface (API) to increase the effectiveness of regulatory reporting.

B. Key Plans for the Year

Focus of plan	Item	Category	Content of plan
Sound financial development	Green Finance Action Plan 2.0	Other	<ol style="list-style-type: none"> 1. Encourage financial institutions to invest in or provide financing for green enterprises or firms that operate in line with sustainable development goals. 2. Continue to direct the TPEX to promote green bonds. 3. Strengthen the quality and content of ESG information disclosure, and amend regulations to be in line with international standards in order to establish a framework to promote effective operation of the green financial market.
	FinTech Development Roadmap	Other	Shape a friendly ecosystem to facilitate the provision of fintech services and/or innovative business models. The main purpose is to enhance the efficiency, accessibility, usability, and quality of financial services.
	Financial Cyber Security Action Plan	Other	The framework of the action plan consists of the enhancement of supervision by the authority, the intensification of cybersecurity governance, the operational resilience for individual financial institutions, and the collaboration of sector-wide cyber defense. It will ensure the continuity of financial systems, and therefore provide customers with a reliable and secure transaction environment.
	The sixth Financial Literacy Program (2021-2023)	Other	<ol style="list-style-type: none"> 1. Through various and appropriate channels and means, the Program provides a wide range of basic financial knowledge and information to the public for greater financial literacy. 2. The Program continues to integrate resources of financial peripheral institutions and financial industry associations to popularize financial knowledge.

Banking supervision	Provide diversified financial services and support economic development	Other	In order to help SMEs and Key Innovative Industries obtain working capital, the FSC continues to encourage domestic banks to lend to SMEs and Key Innovative Industries.
	Strengthen financial education and financial consumer protection	Other	To build up financial education and knowledge, the FSC continues to carry out the "School and Community Financial Literacy Campaign."
	Establish a favorable regulatory environment and enhance the mobile payment infrastructure.	Other	1. The FSC will continuously review and amend "the Act Governing Electronic Payment Institutions" and related regulations to ensure that electronic payment institutions operate soundly. 2. The FSC actively encourages financial institutions to expand various mobile payment businesses in order to accelerate the development and innovation of mobile payment services.
	Promote wealth management business for high-asset customers	Other	Allow qualified banks to provide diversified financial products and consulting services based on high-asset customers' wealth-management needs so as to enhance the competitiveness of domestic banks in the international wealth management industry and to promote the transformation of the industry's business model and industrial upgrading.
Securities and futures markets supervision	Build up a diversified fund-raising environment and expand the	Other	1. The FSC has constructed a multilayer capital market. To continue enhancing the competitiveness of our domestic capital market, we will build up a diversified capital raising environment to support the development of the

	scale of the capital market		<p>real economy. Moreover, the FSC will urge TWSE and TPEX to host industrial promotion events and seminars, and to explore potential industries through telephone or on-site visits, thereby expanding the scale of the capital markets.</p> <ol style="list-style-type: none"> 2. To assist new and innovative entrepreneurs to enter the capital market for raising funds, the FSC will actively urge TPEX to provide startups with advisory services, in accordance with their needs, to list on the GISA and raise capital, thereby supporting the development of innovative industries. 3. To enhance the competitiveness of Taiwan's capital market, the FSC will promote good corporate governance, enhance board functions, promote shareholder activism, strengthen information transparency, and enhance corporate social responsibility of listed companies.
Securities and futures markets supervision	Enhance the competitiveness of the securities firms as well as internationalize securities and futures markets	Other	<ol style="list-style-type: none"> 1. Deliberate on the amendment of regulations governing securities firms, provide diversified financial products, improve the development of financial markets, and enhance the competitiveness of securities firms. 2. Strengthen the internal control and compliance functions of securities firms ,and supervise the securities related institutions (self-regulatory organizations, SROs) to deliberate on relevant measures and review certain regulations, so as to build up a robust environment for securities firms. 3.The FSC and securities industry SROs will actively participate in international conferences, engage in bilateral or multilateral dialogues, or host international meetings in

			Taiwan, thereby deepening exchanges of views and cooperation with international regulators, and raising our global visibility.
Securities and futures markets supervision	Improve investor protection mechanism, strengthen the management of proxies for attendance at shareholders meetings, and the administration of shareholder services, and implement the surveillance of stock trading to ensure market discipline	Other	<ol style="list-style-type: none"> 1. Improve investor protection mechanism, and supervise the SFIPC to implement measures to protect the rights and interests of securities investors and futures traders. 2. Strengthen the management of proxies for attendance at shareholders meetings and the administration of shareholder services. 3. Implement the stock market surveillance system and illegal transaction investigations, and strengthen cross-market supervision.
	Improve the operation and development of domestic asset management firms, and complete the relevant laws and regulations	Other	<ol style="list-style-type: none"> 1. Continuously amend the Securities Investment Trust and Consulting Act to improve the operations of domestic asset management firms. 2. Continuously review restrictions on domestic asset management firms and securities investment trust funds to enhance their competitiveness.
	Enhance the transparency of companies'	Other	<ol style="list-style-type: none"> 1. Continuously review regulations on the accounting, auditing, and internal control systems of public companies.

	financial information and align our accounting, auditing, and related supervision measures with international practices		<ol style="list-style-type: none"> 2. Strengthen supervision of CPAs and enhance audit quality. 3. Participate in international organizations and align our supervision measures with international practices.
Securities and futures markets supervision	Enhance the efficiency of the futures market, expand the business scope of futures firms, and ensure the security of transactions	Other	<ol style="list-style-type: none"> 1. Continuously supervise efforts by the TAIFEX to review its trading, clearing, and settlement systems. 2. Broaden the scope of businesses or products handled by futures enterprises, and implement risk management.
Insurance supervision	Strengthen supervision of insurers' solvency and risk management	Other	<ol style="list-style-type: none"> 1. Keep reviewing our supervisory requirements with regard to the soundness and fitness of insurers' solvency regimes, including the introduction of the capital classification requirement. 2. Keep guiding and working together with our insurance industry to smoothly and actively prepare for the adoption of IFRS 17 (Insurance Contracts). 3. Keep monitoring and driving our insurance companies to institute more effective risk management and internal controls. 4. Review and strengthen insurance policies on profit testing, declared interest rates, and post-sale regulation to ensure the company's

			stable operation.
Insurance supervision	Continues to review regulations governing insurance funds utilization to increase efficiency of fund usage	Other	Conducting regular reviews of laws and regulations governing capital utilization by insurers.
	Encourage insurers to develop innovative insurance products and services	Other	Continue encouraging insurers to grasp social and economic trends, industrial development patterns, and environmental issues, and to actively develop diversified and innovative insurance products to meet the needs of the public.
	Encourage insurers to actively promote online insurance business to increase the efficiency of online insurance business	Other	<ol style="list-style-type: none"> 1. Continuously review regulations governing the online insurance business in order to create a conducive environment for digital insurance and make it more convenient for consumers to obtain insurance policies. 2. Encourage insurers to actively engage in the online insurance business and increase the quality of insurance service.
	Strengthen market discipline in the insurance sector	Other	Review regulations governing solicitation and put an end to mis-selling by insurers.
Financial	Improve the	Society	1. In response to supervisory needs, market

examination	effectiveness of financial examinations, and conduct more targeted examinations according to financial market situations	development	<p>conditions, and public concerns, the FSC will increase targeted examinations on specific financial businesses or items.</p> <p>2. In order to allocate examination resources effectively, the FSC will implement the differential examination mechanism for conducting financial examinations.</p> <p>3. In order to strengthen communication with financial institutions and other supervisory authorities, the FSC will hold audit forums or coordination meetings. We will also foster financial institutions to make improvements in accordance with examination findings.</p>
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