

FSC 2022 Policy Plan

The FSC is the competent authority with overall responsibility for supervising, regulating, and facilitating the development of financial markets and 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.

Since the FSC was established, it has been committed to developing a sound, fair, efficient, and internationalized financial environment, and to ensuring the interests of financial consumers and investors as well as the sustainability of industrial development. The FSC will continue to be committed to prudential supervision, effectively ensure financial support for the development of industry, and drive the continuous innovation of financial technology to ensure that the rights of consumers are fully protected, so that the public can enjoy convenient, friendly, and fair financial services. This will enable us to achieve the four goals of enhancing the resilience of the financial system, promoting financial innovation, developing sustainability, and implementing inclusive finance.

In accordance with the 2022 policy guidelines of the Executive Yuan and the approved budget, the FSC has outlined its policy plan for 2022. This policy plan gives due consideration 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 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, which will enhance the competitiveness of domestic banks in the international wealth management industry, promote the transformation of the industry's business model, and spur industrial upgrading.
 - (3) Expand the scope of financial business, promote diversified financial products and investment channels, and meet needs for diversified products.

- (4) Improve the operation and development of the domestic asset-management industry, and complete the relevant laws and regulations.
2. Promote financial technology and construct a friendly environment for innovation and supervision.
 - (1) Continue promoting a dual system of regulatory sandbox and business pilot projects, working to enhance the function of FinTechSpace, and holding Taipei FinTech expos/forums to accelerate FinTech development.
 - (2) Continue deploying the Fintech Development Roadmap measures to promote private-public collaboration, data sharing, regulatory adjustments and codes of ethics, capacity building, digital infrastructure enhancement, FinTechSpace ecosystem enhancement, international networking, and supotech/regtech applications.
 - (3) Establish a secure and reliable data exchange mechanism to facilitate transboundary data exchange and applications. To maximize the utility of government-owned data, the FSC promotes the application of transmitting MyData from government agencies to financial areas in order to provide the public with more convenient financial services.
 - (4) While taking care to give balanced consideration to the protection of personal data, the management of information security, and the protection of consumer rights, the FSC continues encouraging banks to engage in open banking to meet the public's need for a diverse range of financial services.
 - (5) In response to the opening of internet-only banks, the FSC encourages financial innovation to provide the public with better financial services.
 - (6) The FSC periodically reviews the Act Governing Electronic Payment Institutions and related rules to build up a friendly regulatory environment that is conducive to the development of electronic payments and convenient means of payment for the public.
 - (7) Continue reviewing the relevant regulations of online insurance business in order to create an environment conducive to digital insurance and make it more convenient to obtain policies.
 - (8) Respond to the trend of developing electronic insurance policies, optimize insurance services, encourage insurers to promote electronic policy certification, and promote the handling by third-party certification agencies of policy certification and policies book mechanism.

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) Continue to promote the Green Finance Action Plan 2.0 to create a sustainable finance ecosystem with a public-private partnership including financial industry and relevant organizations through the mechanisms of financial market influence and information disclosure enhancement. The objectives are to guide capital investment in green industries or industries that operate in line with sustainable development goals, and to spur investors and industries to pay more attention to sustainability issues.
 - (3) Assist new and innovative entrepreneurs to enter the capital market to raise funds.
 - (4) Strengthen corporate governance and corporate social responsibility measures to enhance the competitiveness of Taiwan's capital markets.
 - (5) Enhance the transparency of companies' financial information and the audit quality of CPAs.
 - (6) To build up a diversified financing environment and support the development of the real economy, the FSC will supervise efforts made by the TWSE and TPEX to explore potential high-quality enterprises, participate in industrial promotion and seminars. The idea is to help high-quality enterprises to use the capital markets to raise funds, thereby expanding the scale of the capital markets.
4. Align Taiwan's financial regime with international standards and promote an expanded 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 supervisory 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 bilingual financial environment and to promote the internationalization of financial services. We encourage financial institutions to enhance their employees' English capabilities, and promote the establishment of pilot bilingual 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) The FSC encourages domestic banks to provide financial services to offshore Taiwan-owned businesses and other customers based in New Southbound countries, and to establish or expand their presence there.
 - (5) Deepen cross-border cooperation with foreign securities and futures regulators, and enhance international visibility.
 - (6) In response to the current international financial conditions, while taking care to maintain safe, efficient, and appropriately supervised capital usage, the FSC will allow insurance companies to utilize a wider range of investment channels so that they can achieve better capital efficiency. The FSC will also continue to amend regulations related to capital utilization.
 - (7) Aim to keep up with worldwide development of solvency requirements for the insurance industry, and to help our insurers to better manage their ALM and financial stability, a 5-year project to introduce a new supervisory regime was published by the FSC in 2020.
 - (8) Keep guiding and working together with our insurance industry to actively prepare for the adoption of IFRS 17 (Insurance Contracts).
 - (9) Enhance the sector competitiveness and improve the business environment of securities firms. 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) FSC has issued financial inclusion measurement indicators to evaluate the development of financial inclusion in Taiwan and the effectiveness of policy implementation, and has continued to urge financial institutions to implement financial inclusion measures to enable the general public (especially people in remote areas), disadvantaged groups, and people with disabilities to have access to convenient, equal, and reasonable financial services.
 - (2) The FSC continues to implement the "Financial Literacy Project" to ensure that the public has a sound grasp of basic financial matters. We also carry out the "School and Community Financial Literacy Campaign" to enhance financial literacy and financial consumer protection.

- (3) The FSC promotes the "Treating Customers Fairly (TCF) Principles," which require financial services enterprises to build a corporate culture centered on TCF throughout the organization, from senior management on down.
 - (4) 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.
 - (5) The FSC encourages financial institutions to expand various mobile payment businesses, such as mobile credit cards, mobile bank cards, mobile electronic stored value cards, and online to offline (O2O) services of electronic payment institutions, in order to promote the development and innovation of non-cash payment transactions.
 - (6) Encourage insurers to develop innovative insurance products and services to meet the needs of the public and upgrade the quality of insurance services.
 - (7) Continue promoting microinsurance to provide basic insurance protection for the economically disadvantaged and people with specific status.
 - (8) The FSC oversees efforts by the Financial Ombudsman Institution and other self-regulatory organizations to handle education and awareness programs to protect the elderly from financial exploitation and fraud in accordance with the "Money Smart for Older Adults" directive.
6. Maintain the discipline and stability of the financial markets and optimize financial supervision.
- (1) In accordance with the FSC Strategy Map for AML/CFT, the FSC continues to be in line with international standards, and implements risk-based supervision.
 - (2) The FSC continues to implement the "Financial Cyber Security Action Plan." It will supervise efforts by financial institutions to maintain the continuity of financial systems, and therefore provide customers with a reliable and secure transaction environment.
 - (3) Promote a culture of ethical corporate management in the banking industry, strengthen corporate governance and remuneration policy through the attention of boards of directors and senior managers, and shape a good code of conduct from the top to the bottom.
 - (4) Improve the investor protection mechanism, strengthen the management of proxies for attendance at shareholders meeting and the administration of shareholder services, and implement the surveillance of stock trading to ensure market discipline.

- (5) Keep reviewing the solvency-related requirements for our insurance sector to lead our insurance companies to become more accountable in managing their solvency capacity, risk management capability, and the effectiveness of their internal control system.
- (6) Strengthen the internal audit effectiveness of financial institutions.
 - ① The FSC will urge financial institutions to adopt a risk-based auditing approach and to correct systemic deficiencies identified in financial examinations. The FSC will also strengthen communication with the internal audit departments of financial institutions.
 - ② Evaluate financial institutions' internal audit performance and the effectiveness of the internal audit function during on-site examinations.
- (7) In order to allocate examination resources effectively, the FSC implements a differential examination mechanism to examine and manage financial institutions based on their risk levels.
- (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 "Financial Supervisory Liaison Group" meetings with the Central Bank (CBC), the Bureau of Agricultural Finance (BOAF), and the Central Deposit Insurance Corporation (CDIC) on a regular basis to fully coordinate and communicate on matters related to financial systems and policies.
- (10) Enhance the digital regulatory reporting mechanism of bills finance companies 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	<p>1. The FSC continues to encourage financial institutions to invest in or provide loans to 5+2 key innovative industries such as green energy technology. Toward that end, the FSC is working to establish a sustainable bonds market, diversifying sustainable financial products and financing channels, and also to encourage financial institutions to innovate and develop financial products or services, such as green bonds, social bonds, and sustainability bonds.</p> <p>2. The FSC will build a comprehensive green and sustainable finance system and a set of guidelines to be in line with international standards, including improving quality and transparency of ESG disclosure, and establishing a taxonomy for green and sustainable economic activities, in order to guide financial institutions to support green and sustainable industries, and to build financial institutions' resilience to climate change.</p>
	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 of individual financial institutions, and the collaboration of sector-wide cyber defense. The FSC will supervise the efforts of financial

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			institutions to maintain the continuity of financial systems, and therefore provide customers with a reliable and secure transaction environment.
Sound financial development	The sixth Financial Literacy Program (110-112)	Other	<ol style="list-style-type: none"> 1. Through continuous promotion of new types of financial knowledge promotion activities, the Financial Literacy Program provides a wide range of basic financial education and information to deepen consumers' financial knowledge. 2. The Program continues to integrate the resources of financial peripheral institutions and financial industry associations and jointly promote the popularization of 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."
	Promote the development of non-cash transactions	Other	Continuously review and amend the related regulations, enhance the convenience of payment instruments, and expand the utilization of channels, to promote the development of non-cash transactions.
	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

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			to promote the transformation of the industry's business model and industrial upgrading.
Securities and futures markets supervision	Build up a diversified financing environment and expand the scale of the capital market.	Other	<ol style="list-style-type: none"> 1. The FSC has constructed multilayer capital markets. To continue to enhance the competitiveness of our domestic capital markets, build up a diversified financing environment, and support the development of the real economy, the FSC will supervise efforts made by TWSE and TPEx to participate in industrial promotion and seminars and explore potential industries through telephone or on-site visits, thereby expanding the scale of the capital markets. 2. To assist new and innovative entrepreneurs to enter the capital market to raise funds, the FSC will actively supervise efforts made by TWSE and TPEx to explore the needs of new entrepreneurs and guide new entrepreneurs to list on the GISA to raise funds, thereby supporting the development of innovative industries. 3. The FSC will enhance the competitiveness of Taiwan's capital markets by improving corporate governance, enhancing board functions, promoting shareholder activism, strengthening information transparency, and enhancing the corporate social responsibility of listed companies.
	Enhance the competitiveness of securities firms and promote the internationalization of domestic	Other	<ol style="list-style-type: none"> 1. Deliberate on the amendment of relevant regulations supervising securities firms, provide diversified financial products, improve the development of financial markets, and enhance the sector competitiveness of securities firms.

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	securities and futures market.		2. The FSC and self-regulatory organizations will actively participate in international conferences and engage in bilateral or multilateral dialogues, thereby deepening exchanges of views and cooperation with international regulators, and raising our global visibility.
Securities and futures markets supervision	Improve the 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 mechanisms, and supervise efforts made by 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 meeting 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 the domestic asset management industry, and complete relevant laws and regulations.	Other	<ol style="list-style-type: none"> 1. Continue amending regulations related to the Securities Investment Trust and Consulting Act, to improve the operations of domestic asset management industry. 2. Continue reviewing restrictions on the domestic asset management industry and securities investment trust funds, to enhance competitiveness.
	Enhance the transparency of financial	Other	1. Continue reviewing regulations governing accounting, auditing, and internal control of public companies.

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	information and align our accounting, auditing, and related supervision measures with international practice.		<ol style="list-style-type: none"> 2. Strengthen the supervision on CPAs and enhance audit quality. 3. Strengthen the supervision of CPAs and enhance audit quality.
Securities and futures markets supervision	Enhance the efficiency of the futures market, expand the scope of the futures industry businesses, and ensure the security of transactions.	Other	<ol style="list-style-type: none"> 1. Continue supervising efforts made by the TAIFEX to establish a central clearing mechanism for OTC derivatives transactions. 2. Broaden the scope of businesses conducted or products sold by futures firms, and implement risk management.
Insurance supervision	Strengthen supervision of insurers' solvency and enterprise risk management.	Other	<ol style="list-style-type: none"> 1. Keep reviewing our supervisory requirements with regard to the soundness and fitness of the solvency regime applied to our insurance industry, including the introduction of a capital classification requirement. 2. Keep guiding and working together with our insurance industry to smoothly and actively prepare for the adoption of IFRS17 (Insurance Contracts). 3. Keep monitoring and pushing our insurance companies to strengthen the effectiveness of their risk management and internal controls.
	To improve insurance companies'	Other	Conduct regular reviews of the laws and regulations governing the use of funds in the insurance industry.

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	capital efficiency, the FSC continues to amend regulations governing capital utilization.		
Insurance supervision	Encourage insurers to develop innovative insurance products and services.	Other	Continue encouraging insurers to grasp social and economic trends, industrial development patterns, and related environmental issues, and 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 e-commerce insurance business.	Other	<ol style="list-style-type: none"> 1. Continue reviewing the relevant regulations of online insurance business, create an environment conducive to digital insurance, and make it more convenient to obtain policies. 2. Encourage insurers to actively engage in online insurance business and increase the quality of insurance service.
	Strengthen discipline of the insurance market.	Other	Review regulations governing solicitation, and strengthen discipline in the insurance market.
Financial examination	Improve the effectiveness of financial	Social conditions	<ol style="list-style-type: none"> 1. In response to supervisory needs, market conditions, and public concerns, the FSC will increase targeted examinations on

Focus of plan	Item	Category	Content of plan
	<p>examinations, in accordance with financial market conditions, and conduct more targeted examinations.</p>		<p>specific financial businesses or items.</p> <ol style="list-style-type: none"> 2. In order to allocate examination resources effectively, the FSC will implement the differential examination mechanism. 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 urge financial institutions to take corrective action in response to examination findings.