



Financial Supervisory Commission, Taiwan

2023-2024 Annual Report





Financial Supervisory Commission, Taiwan

2023-2024 Annual Report





Financial Supervisory Commission 2023-2024 Annual Report

CONTENTS

04 | Chairperson's Statement

10 | Duties and Organization

13 Organizational structure

14 Personnel

16 | Financial Market Overview and Important Policy Outcomes

18 Financial market overview

19 Improving financial stability and resilience

21 Building a sound sustainability ecosystem

25 Efforts to meet demand for one-stop financial services

27 Creation of an inclusive financial environment

29 New digital financial services environment

31 Building a secure cyber defense network

33 Safeguarding consumer interests by improving financial literacy.

36 Development of modernized supervisory mechanisms

37 International cooperation and exchanges



40

Key Work Currently Underway, and Future Prospects

- 42** Sound business environment and financial resilience
- 43** Promotion of sustainability and corporate governance
- 45** Development of asset management and auxiliary enterprises
- 47** Enhancing products and services, improving financial inclusion
- 48** Further development of digital finance
- 49** Enhancing cybersecurity and joint defense mechanisms
- 50** Promotion of consumer interests and safeguard mechanisms

52 | Appendices

- 54** FSC management team
- 56** Financial statistics overview

Chairperson's Statement

Financial institution management and financial supervision in 2023 faced an increasingly complex environment. The Global Risks Report 2023 issued by the World Economic Forum (WEF) in January 2023 indicates that the top five risks over the two-year timeframe are "misinformation and disinformation," "extreme weather events," "societal polarization," "cyber insecurity," and "interstate conflict," all of which combine to exert tangible and intangible effects, thus making it even more difficult for financial institutions and financial supervisory authorities to assess and regulate risks.

Over the past year, the FSC has worked to achieve financial stability, improve resilience, assist with Fintech development, and enhance the sustainability ecosystem. With these ends in mind, the FSC has completed numerous legislative amendments, promoted various policy measures, and has continued to make progress in such areas as cyber security, Fintech, green finance, corporate governance, alignment with international standards, and protection of financial consumers. The important achievements of 2023 and what the FSC is currently promoting are summarized as follows:

Improved financial stability and resilience, built a cyber defense network

To strengthen the resilience of financial institutions and improve their ability to respond to quickly changing economic and financial conditions, so as to maintain financial stability, the FSC promoted a number of different policies: (1) issued an updated set of "Methods for Calculating Bank's Regulatory Capital and Risk-Weighted Assets." The contents of the amendment include the standardized approach to credit risk, the internal ratings-based (IRB) approach to credit risk, the output floor, operational risk, and leverage ratio. The amendment will be released in draft version in 2024; (2) amended the "Regulations Governing Capital Adequacy of Insurance Companies" to strengthen the quality of insurers' own capital by determining the tier of the capital instrument based on the classification of capital instruments; (3) launched a client clearing service for NTD interest rate swaps (IRSs) and an NTD IRS dealer-to-dealer clearing service; (4) carried out stress tests for domestic banks and insurers; and (5) carried out numerous enhanced financial examinations. The FSC also continued pushing for domestic insurers to adopt the IFRS 17 Insurance Contracts standard and the Insurance Capital Standard (ICS) in 2026, and studied the possibility of implementing the New Generation Insurance Solvency Regime (TW-ICS) differential incentive measures as well as localized and transitional measures, and encouraged insurers to achieve product restructuring.

The FSC also worked to strengthen the cyber defense capabilities of financial institutions, cultivate financial sector cyber security professionals, encouraged financial institutions to adopt international cyber security standards, and developed a resource-sharing mechanism for cyber security information sharing and incident response. In 2024 the FSC intends to conduct "financial cyber offensive and defensive exercises" and "major cyber security drills," encourage financial institutions to adopt a zero-trust architecture, and enhance the effectiveness of financial cyber security joint defense, thereby protecting data security and ensuring the smooth operation of financial services.



Worked to achieve sound sustainability and improve the quality of sustainability disclosures

In response to the National Development Council roadmap for Taiwan's path to net zero, the FSC has adopted "green finance" as a key strategy for driving Taiwan's financial markets and supporting Taiwan's transition to net-zero emissions. The FSC in 2023 issued the "Sustainable Development Action Plan for Listed Companies" and the roadmap for Taiwan listed companies to align with IFRS Sustainability Disclosure Standards, assisted with the establishment of the Taiwan Carbon Solution Exchange (TCX), conducted the first Sustainable Finance Evaluation, improved sustainability disclosures, adopted various indicators that financial services firms can use to calculate financed emissions, adopted carbon reduction targets, continued encouraging financial services firms to assist with the development of sustainable industries, and strengthened sustainable finance training for financial services personnel in order to comprehensively promote sustainable development.

To guide enterprises to align with international standards and transition to net-zero emissions, the FSC in 2024 will list new disclosures that annual reports must make, will adopt related guidelines and best practice information to improve the quality of sustainability disclosures, and will issue a set of "Guidelines for Financial Institutions to Prevent Greenwashing." In addition, the FSC will institute a Sustainable Finance Certification testing system to help enterprises more toward sustainable finance more quickly and become stronger international competitors.

Satisfied diverse financial needs, improved financial products and services

In order to assist economic restructuring and spur industrial development, the FSC encouraged domestic banks and insurers to invest in, and provide financing to, the Six Core Strategic Industries as well as small and medium enterprises (SMEs), and supported the government's New Southbound Policy (NSB) by helping domestic banks to establish business locations in countries targeted by the NSB, and by encouraging domestic banks to extend credit to local enterprises or offshore Taiwanese firms in NSB countries. As for capital markets, the FSC loosened regulations on the Taiwan Innovation Board (TIB) and eased M&A deals among companies listed on the Emerging Stock Market, oversaw the launch of a dual-currency trading system for ETFs on the TPEX, and shortened the matching interval of securities market intraday odd-lot share trading. The FSC also agreed to permit the Inter-institution E-payments Platform to apply to add a new shopping function which would link electronic payment accounts with credit cards, and expanded the use of MyData financial application services. In addition, the FSC pursued various financial inclusion measures. We launched the Trust 2.0 Phase 2 implementation plan to help consumers implement asset management and create a stabilizing force in society, introduced a series of financial services tailored to meet the needs of disadvantaged groups, and improved the system for assessing financial institution performance in implementing the Treating Customers Fairly ("TCF") principles in order to encourage financial institutions to improve service quality.

In 2024, the FSC will further shorten the matching interval of securities market intraday odd-lot share trading, assess the possibility of allowing active ETFs and multi-asset ETFs, assess the need for and feasibility of fund tokenization, allowing securities firms to handle margin purchase of foreign securities via sub-brokerage business, and ease restrictions on the range of parties to whom banks are allowed to sell structured bonds. The FSC will also continue helping small and medium enterprises (SMEs) to raise capital through such means as encouraging domestic banks to lend to SMEs and improving the Taiwan Innovation Board (TIB) and the Emerging Stock Market system. As for inclusive finance, the FSC will further improve friendly financial measures for persons with disabilities, and expand the range of friendly financial services designed to meet the needs of a diverse range of social groups.

Encouraged development of digital finance, provided guidelines for the use of financial technologies

To continue pushing the development of fintech, the FSC in 2023 issued a series of related policies and guidances aimed at shaping a friendly Fintech development ecosystem and improving the efficiency, accessibility, and quality of financial services. Those policies and guidances include the following: (a) the FinTech Development Roadmap 2.0, which provides a total of 65 specific promotional measures for pursuit of a Fintech ecosystem characterized

by greater inclusivity and sustainability; (b) the "Guidelines for Conduct of Digital Identity Authentication by Financial Services Enterprises," which provide a framework for financial institutions to introduce new digital financial service application scenarios or new digital identity authentication methods; (c) the "Core Principles and Related Promotional Policies for the Use of Artificial Intelligence (AI) in the Financial Industry," which outline six core principles and eight supporting policies for AI applications in the financial sector; and (d) the "Guiding Principles for Regulation of Virtual Asset Service Providers," which enhance the rights and interests of platform customers. The FSC allowed insurers to expand their conduct of online insurance purchases and insurance services and assisted with the development of internet-only banking so that consumers can enjoy access to convenient digital financial services.

In 2024 the FSC will issue "Guidelines for the Use of Artificial Intelligence (AI) by Financial Services Enterprises" and "Data Governance Guidelines" to provide a Fintech framework for financial services firms. In addition, we facilitated implementation of the third phase of open banking ("Transaction Information") and digitized reporting of insurance data by insurers, with an eye to improving the diversity and convenience of financial services. The FSC will also hold FinTech Taipei Forum 2024, and will take advantage of the opportunity to bring Fintech talents, funds, and technology together in one place where Taiwan's Fintech prowess and accomplishment will all be on prominent display. The Forum will also mark the launch of the Fintech campaign on "Preventing Fraud and Financial Crimes," in which financial institutions will be encouraged to get more deeply involved in using technology to fight fraud.

Improved financial literacy, enhanced protections for investor interests

The FSC acted via diverse channels to familiarize the public with financial knowledge, thus making them more alert to financial fraud. In 2023 the FSC launched the "Finance Talk" radio program, expanded the activity for "Commendation of Outstanding Financial Education Programs," continued implementing the Basic Financial Education Project in cooperation with the Ministry of Education, oversaw the efforts of financial self-regulatory organizations to hold roughly 100 financial literacy and anti-fraud lectures designed to meet the needs of different social groups, amended related laws and regulations, cut off fraudulent investment advertising at the source, bolstered anti-fraud awareness activities, launched a nationwide financial fraud awareness campaign, amended multiple laws and regulations, and tightened regulatory provisions governing investment-linked insurance products, the audit committees of listed companies, and real estate investment trust funds to better protect the interests of financial consumers and investors. In addition, to get the public to better understand and care more about financial matters, the FSC published the first "Financial Education Annual Report."

In 2024 the FSC will continue promoting the "Seventh Financial Literacy Program," and in order to encourage development of financial education will hold the inaugural Award Ceremony for

Contribution to Financial Education. The FSC will also improve the security of online credit card transactions, strengthen collection of illegal online investment advertisements, and continue improving fraud awareness activities in order to safeguard the security of people's property.

Developed modernized supervisory mechanisms, aligned with international trends

To meet the development needs of the financial and capital markets, the FSC made numerous adjustments to supervisory mechanisms for financial institutions and audits, including the following: (a) amended the "Securities Investment Trust and Consulting Act" to promote Real Estate Investment Trust (REIT) to be Issued under Fund Structure as a means of activating Taiwan's asset securitization market and ensuring sound development of the domestic asset management business; (b) amended regulatory and accountability mechanisms for shareholders with controlling interest and responsible persons of financial holding companies and banks, to pursue long-term development of corporate governance at financial holding companies; (c) enhanced corporate governance and improved the mechanism for management of conflicts of interest among responsible persons of financial services enterprises; enhanced the transparency of disclosures on the remuneration of directors at listed companies, and sustainability disclosures; and (d) continued implementing the "Project for the Streamlining, Integration, and Modernization of Legislation Under the Jurisdiction of the Financial Supervisory Commission," thereby easing regulatory restrictions, effectively eliminating outdated legislation, creating more sound financial legislation, and adopting ratings-based supervisory measures for CPA firms by making reference to international practices while also taking domestic business conditions into account.

In order to create a more sound system for disclosure of substantial shareholding, and to enhance the transparency of disclosures, the FSC promoted a lowering of the threshold for reporting and announcement of substantial shareholding to 5%. The proposal to lower the threshold passed its third and final reading in the Legislative Yuan and promulgated by the President in 2023, and entered into force on 10 May 2024.

Enhanced international financial regulatory cooperation, expanded exchanges

Taiwanese banks actively established business locations overseas, and the FSC actively established supervisory cooperation and exchanges with other countries. For example, the Taiwan Futures Exchange (TAIFEX) obtained an Exemption From Registration as a Derivatives Clearing Organization (Exempt DCO) from the U.S. Commodity Futures Trading Commission (CFTC), and the FSC signed an MoU on information sharing with New Jersey Department of Banking and Insurance. In 2023, the FSC actively participated in the activities of the Global Financial Innovation Network (GFIN), as well as its Cross-border Testing Workstream and RegTech & SupTech Workstream. These activities deepened the FSC's relationships with many different countries and

significantly raised Taiwan's international profile. Taiwan's financial markets and capital markets have received strong positive recognition throughout the world. Not only did the chairperson of a Taiwanese financial holding company deliver an address at the World Climate Summit 2023, but in addition, a Taiwanese bank also took third place in the 2023 survey of the Asian Corporate Governance Association, and Taiwanese IPOs were the top performing IPOs worldwide.

In addition to further improving international cooperation and exchanges related to financial supervision, the FSC also hopes in 2024 to highlight the breakthroughs that have been achieved in Taiwan's capital markets, and to establish stronger links with international capital markets.

Conditions this year present us with unpredictable economic and financial ups and downs, so we must face all challenges prudently. To achieve sound development of the financial industry, the FSC will focus on "enhancing resilience, improving innovation, promoting sustainability, implementing inclusivity, and aligning with international practices." There is a rhythm to overall social and economic development. We must build consensus, and implement policies and measures in a way that makes sense. We call upon financial institutions to engage in innovative and diversified development of financial products and services, making sure all the while not to undermine financial stability in the process. Taking co-existence and shared prosperity as our goal, we intend to help industries transform, upgrade, and move toward net-zero sustainability. Taking a people-centered focus and putting a high priority on cyber security, we plan to usher in Fintech and digital transitions. At the same time, motivated by a spirit of concern and empathy, we will resolve the financial service needs of disadvantaged groups and help consumers avoid falling victim to scam operations. Since its establishment 20 years ago in 2004, it has always been the FSC's policy objective to achieve financial market growth that is stable, diverse, inclusive, and sustainable. Moving forward, building on the existing foundation, we will continue working to create financial services enterprises that can spur the nation's sustainable development and serve as a force for maintaining social stability and strength.

Chairperson

A handwritten signature in black ink that reads "Tien-Mu Huang". The signature is written in a cursive, flowing style.

Editor's Note:

Dr. Tien-Mu Huang 's tenure was due on 20 May 2024.

Dr. Jin-Lung Peng was sworn in as the new Chairperson on the same day.





FSC

Duties and Organization

- › Organizational structure
- › Personnel

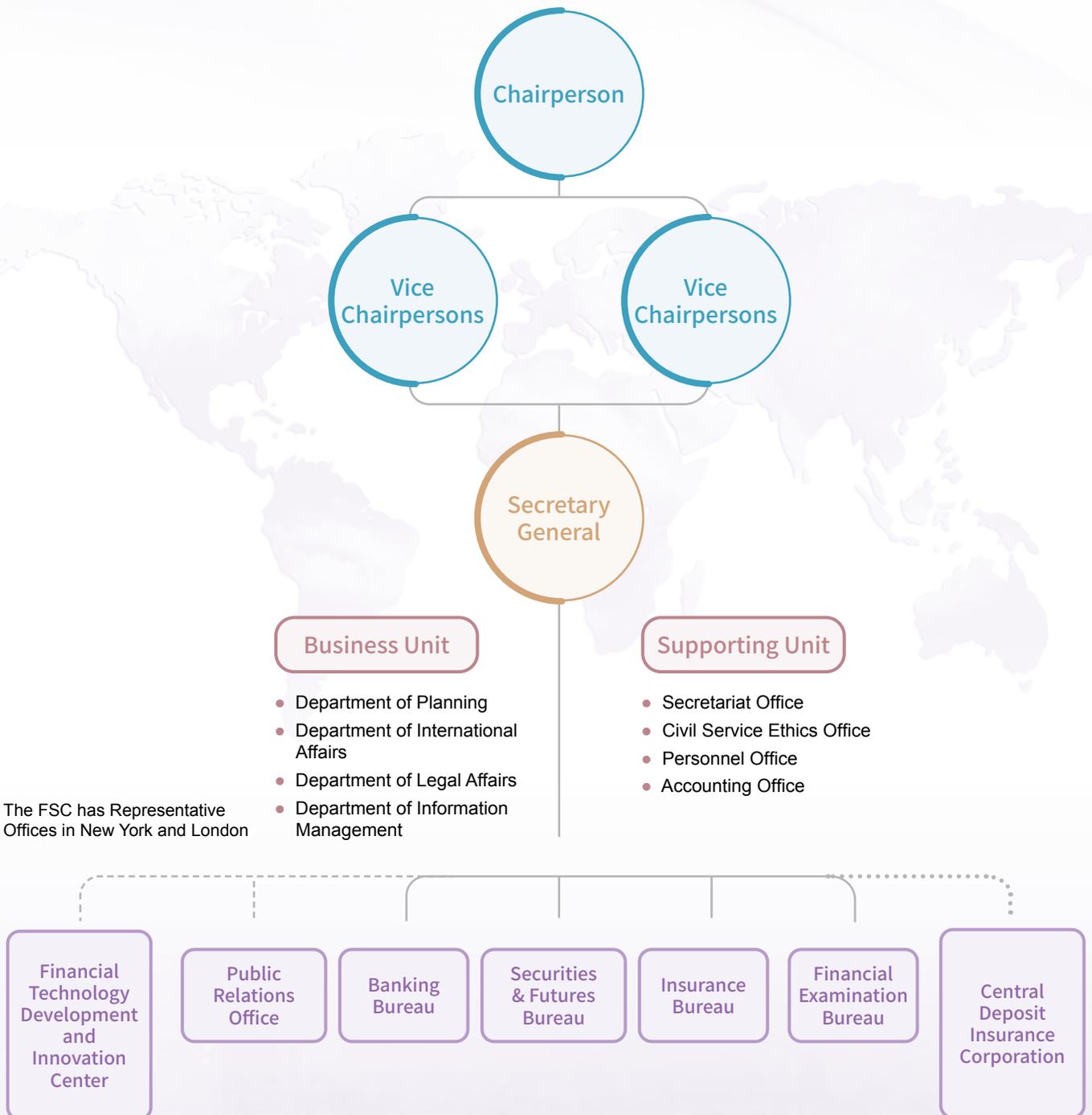
Duties and Organization

The FSC was established on 1 July 2004 as the competent authority with overall responsibility for supervising, regulating, and facilitating the development of financial markets and financial services in Taiwan, 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. In 2004 it was originally named the "Financial Supervisory Commission, Executive Yuan."

The "Executive Yuan Organization Act" as amended 3 February 2010 expressly provided that the Financial Supervisory Commission is a commission established by the Executive Yuan, but it left the commission's duties and functions unchanged. On the basis of the amended "Executive Yuan Organization Act," the "Organic Act Governing the Establishment of the Financial Supervisory Commission" was then amended, and the amended version entered into force on 1 July 2012. Restructuring of the Financial Supervisory Commission was completed on 1 July 2012. Our organization switched from an agency headed by committee to a single-head agency, and our name was shortened to just "Financial Supervisory Commission." While the FSC's name had changed, its duties, organizational framework, and functions remained the same as before. With respect to financial supervision, the FSC exercises its authorities of office independently in accordance with the law and, acting on its ex-officio authority, continues to promote various financial development policies and to implement financial supervision.

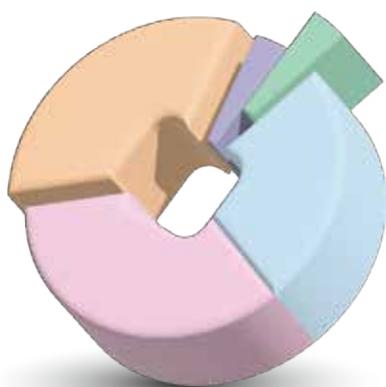


❖ Organizational structure



❖ Personnel

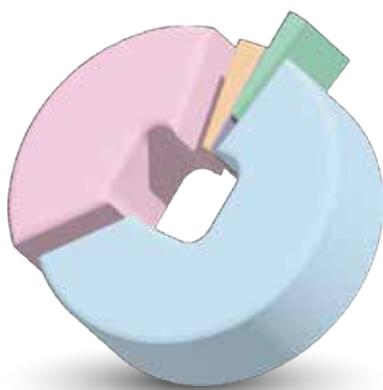
| Age distribution at FSC headquarters and its bureaus |



● 29 and younger	6.06%
● 30 to 39	20.95%
● 40 to 49	30.76%
● 50 to 59	35.83%
● 60 or older	6.4%

(Average age: approx. 46.1 years)

| Educational background of staff at FSC headquarters and its bureaus |



● Doctorates	1.98%
● Master's degrees	59.76%
● Bachelor's degrees	35.72%
● Jr. college degrees	2.21%
● High school (vocational high school) degrees	0.33%





FSC

Financial Market Overview and Important Policy Outcomes

- Financial market overview
- Improving financial stability and resilience
- Building a sound sustainability ecosystem
- Efforts to meet demand for one-stop financial services
- Creation of an inclusive financial environment
- New digital financial services environment
- Building a secure cyber defense network
- Safeguarding consumer interests by improving financial literacy.
- Development of modernized supervisory mechanisms
- International cooperation and exchanges

Financial Market Overview and Important Policy Outcomes

❖ Financial market overview

Figures for the pre-tax earnings of Taiwan's domestic financial service providers from 2019 through 2023 are presented in the table below. Pre-tax earnings fell between NT\$630 billion and NT\$680 billion in 2019 and 2020, posted explosive growth of NT\$936.3 billion in 2021, and then fell to NT\$480 billion in 2022. Then in 2023, the combined pre-tax earnings of the banking sector, insurance sector, and securities & futures sector (including securities and investment trust enterprises [SITs]) came to approximately NT\$703.6 billion.

■ Pre-tax earnings for domestic financial service providers, 2019–2023

Unit: NT\$Bn

	2019	2020	2021	2022	2023
Financial holding companies (consolidated financial statements)	357.5	385.9	594.7	298.0	387.6
Banks (A)	407.0	370.8	385.6	432.1	505.7
Domestic banks	360.7	312.7	337.0	391.9	472.4
Taiwan branches of foreign banks	15.5	23.8	11.0	10.9	17.5
Taiwan branches of Mainland Chinese banks	3.8	5.1	6.2	5.6	4.3
Credit cooperatives	2.7	2.5	2.7	3.1	3.5
Bills finance companies	10.2	12.3	13.4	9.2	7.6
Chunghwa Post	14.1	14.4	15.3	11.4	0.4
Insurers (B)	170.7	223.1	411.1	-18.6	98.1
Life insurers	154.8	206.1	388.5	171.9	80.6
Non-life insurers	15.9	17.0	22.6	-190.5	17.5
Securities & Futures Firms (C)	57.1	81.9	139.8	66.1	99.8
Securities firms	43.7	66.0	119.5	46.9	75.7
Futures commission merchants	4.3	5.0	4.5	5.6	7.1
Investment trust firms	9.1	10.9	15.8	13.6	17.0
Total (A+B+C)	634.8	675.8	936.5	479.6	703.6

Note: To see a business overview and important indicators for individual financial services enterprises, see Appendix 6-3.

❖ Improving financial stability and resilience

Amended the "Methods for Calculating Banks' Regulatory Capital and Risk-Weighted Assets" on 17 December 2023. The amendments will become effective on 1 January 2025 to provide banks with sufficient time for adjustments.

Requested 38 domestic banks to conduct the 2023 Supervisory Stress Test and the results indicated that domestic banks had maintained strong risk-bearing capacity and capital adequacy in response to the changes in the global economy and financial environment.

The FSC amended the "Regulations Governing Capital Adequacy of Insurance Companies" on 4 August 2023 to strengthen the recognition and classification of capital quality of insurance companies.

To ensure the smooth alignment of the insurance industry with International Financial Reporting Standard 17 (referred to as IFRS 17) by 2026:

- To facilitate the insurance industry's implementation of IFRS 17 by 2026, the FSC amended and promulgated the "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" on 9 August and 29 December 2023, and the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" on 8 November 2023. Additionally, in December of 2023, amendments were made to the "Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises," "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms," "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," "Regulations for the Accounting Arrangement and Procedure of Submitting Business and Financial Reports of Compulsory Automobile Liability Insurance," "Regulations Governing Public Disclosure of Information by Life Insurance Enterprises," and "Regulations Governing Public Disclosure of Information by Non-life Insurance Enterprises."
- The interpretive orders defining funds (including owners' equity and various reserves) in the insurance industry were issued on 14 April and 6 December 2023, aligning with efforts for compliance with IFRS 17 and new-generation solvency system for insurance industry(TW-ICS), and revised "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises."
- In line with convergence with IFRS 17, the fair value of insurance obligations will be calculated based on current information. On 5 January 2013, the FSC issued an interpretive order based on Article 11 of the "Enforcement Rules for the Insurance Act," which will serve as a guideline for the design of insurance products.
- On 14 April 2023, the FSC amended Point 2 of the "Directions Governing the Issuance of Corporate Bonds as Capital Instruments by Insurance Companies" to allow insurers to issue long-term corporate bonds with maturities of 10 years or longer and which shall be qualified as Tier 2 Capital as set out in the Insurance Capital Standard.

To help insurance enterprises adopt the TW-ICS in 2026 in a gradual and orderly manner, FSC has announced the following measures:

- A set of localized and transitional measures related to market risks-equity, real estate, and infrastructure was announced on 25 July 2023.
- Interest rate conversion measures and the second phase of transitional measures for the TW-ICS regime.
- The FSC will review the measures once every five years and continue to monitor the latest regulations issued by the International Association of Insurance Supervisors (IAIS) and make necessary adjustments in a timely manner.

The FSC amended the "Directions for the Setting Aside of Foreign Exchange Valuation Reserve by Life Insurance Enterprises" on 24 March 2023. The amended provisions adjust the upper limit of accumulation and the lower limit of offset, and introduce a traditional hedging cost deposit (offset) mechanism to enhance the flexibility of foreign exchange reserve mechanisms for life insurance companies.

To strengthen risk management mechanisms for insurance products, the FSC introduced amendments to the "Regulations Governing Pre-sale Procedures for Insurance Products," "Directions for the Review of Life Insurance Products," and "Directions for the Review of Non-Life Insurance Products" on 18 December 2023.

A 29 March 2023 amendment to the "Directions for the Review of Life Insurance Products" (which came into force on 1 July 2023) was designed to strengthen regulatory measures related to interest-sensitive insurance.

The FSC oversaw the launch by the Taiwan Futures Exchange(TAIFEX) of an OTC derivatives clearing business and a clearing service for proprietary trading among clearing members of TWD interest rate swaps beginning from 31 July 2023. The TAIFEX added clearing services for TWD non-deliverable forwards (NDFs), thus enhancing the completeness of its OTC derivatives clearing business.

The FSC required the insurance industry to conduct the 2023 insurance industry stress test. The test results show that: (1) under an increase in mortality and morbidity rates for the overall life insurance industry, and (2) in scenarios where the non-life insurance industry suffers catastrophic risks, the insurance industry maintains sufficient resilience; additionally, the insurance industry as a whole still possesses considerable resilience when facing global economic and financial fluctuations.

The FSC oversaw an effort by the TAIFEX to establish the Cancel on Disconnect (COD) mechanism of the futures market. The new function was implemented on 5 June 2023.

In order to encourage the public to report illegal financial activities, the FSC amended the "Directions for Encouraging the Public to Report Illegal Financial Activities by the Financial Supervisory Commission" on 13 June 2023.

The FSC strengthened targeted financial examinations in 2023, focused on overseas exposures management for financial institutions, risk management for real estate lending, management of investees for FHCs, fraud prevention, fair treatment for elderly customers, and protection of the interests of vulner-able customers.

To strengthen communication with other financial supervisory agencies and financial institutions,

the FSC, the Central Bank (CBC), the Agricultural Finance Agency (AFNA), and the Central Deposit Insurance Corporation (CDIC) met four times in 2023 in their capacity as joint members of the Financial Supervisory Joint Committee. Besides, the FSC also convened colloquia for chief internal auditors of Financial Holdings Companies (FHCs), domestic banks, credit cooperatives, insurance companies, securities firms, and securities investment trust companies to exchange opinions on the major business deficiencies and audit practices of financial institutions.

Strengthened the information transparency of financial examinations

- The FSC will regularly review and update financial examination manuals, financial examination focuses, implementation of financial examinations, and primary examination findings of financial institutions, and will announce them on its official website.
- The FSC will regularly revise and amend the contents of the "Financial Examination Classroom." In 2023, the FSC added the subject of "Bill Underwriting Business" and revised existing course units to facilitate a better understanding of expertise of financial supervision and financial examinations for the public.

❖ Building a sound sustainability ecosystem

Stage 1 listed companies number 166 entities, all of which have completed the disclosure of Scope 1 and 2 emissions.

The FSC issued the "Sustainable Development Action Plan for TWSE- and TPEX-Listed Companies" on 28 March 2023. Key achievements include the establishment of International Carbon Credit Trading Platform, the release of a roadmap for Taiwan listed companies to align with the IFRS Sustainability Disclosure Standard, the amendment of Article 43-1 of the "Securities and Exchange Act" to strengthen reporting and disclosure requirements for significant shareholdings, and the establishment of an integrated ESG information platform (ESG InfoHub).

The Taiwan Stock Exchange (TWSE) and the National Development Fund of the Executive Yuan jointly established the "Taiwan Carbon Solution Exchange" (TCX) on 7 August 2023 and launched the TCX International Carbon Credit Trading Platform on 22 December 2023.



Former President Tsai Ing-wen, Former Premier Chen Chien-Jen, and Former FSC Vice Chairperson Tsuey-Ling Hsiao attended ceremony marking the opening of the "Taiwan Carbon Solution Exchange" (TCX) on 7 August 2023.

Expanded the content of financial institution sustainability disclosures

- The Taiwan Stock Exchange (TWSE), the Taipei Exchange (TPEX), the Taiwan Securities Association (TSA), the TAIFEX, the Chinese National Futures Association (CNFA), and the Securities Investment Trust & Consulting Association of the R.O.C. (SITCA) announced the "Rules Governing the Preparation and Filing of Sustainability Reports by Securities Firms/Futures Commission Merchants/Securities Investment Trust Enterprises" in March and April 2023 respectively, requiring those companies in phases (according to size) to prepare and file annual sustainability reports as well as complete Scope 1 and Scope 2 Greenhouse Gas(GHG) emissions assurance.
- Revised Article 8 of the "Regulations Governing Public Disclosure of Information by Non-life Insurance Enterprises" and Article 8 of the "Regulations Governing Public Disclosure of Information by Life Insurance Enterprises" on 19 June 2024, and issued ruling on 21 June 2024 requiring insurance companies disclose climate-related information according to specified timeline based on amount of capital.
- Domestic banks completed their first climate-related financial disclosures (TCFD) in June 2023.

On 19 January 2023, the Frequently Asked Questions on the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" were amended, adding content regarding the impact of climate risks on financial statements.

On 17 August 2023, the FSC released the roadmap for Taiwan listed companies to align with IFRS Sustainability Disclosure Standards, taking a phase-in approach to adopt IFRS Sustainability Disclosure Standards. The implementation will be carried out in three phases based on the paid-in capital of listed companies.

At the end of 2022, the FSC collaborated with the Taiwan Financial Services Roundtable to establish the Financial Industry Net-Zero Working Platform to jointly promote sustainable finance-related initiatives.

To promote the establishment of the Coalition of Movers and Shakers on Sustainable Finance, which highlights initiatives in five major commitment areas: green procurement, information disclosure, funding and engagement, assistance and promotion, and international outreach, along with the achievements of the Financial Industry Net-Zero Working Platform.

Former FSC Chairperson Tien-Mu Huang attended the second annual kickoff press conference of the Coalition of Movers and Shakers on Sustainable Finance on 14 December 2023.



Former FSC Chairperson Tien-Mu Huang attended the first annual results presentation press conference of the Coalition of Movers and Shakers on Sustainable Finance on 10 November 2023.

On 10 July 2023, the FSC forwarded the "Financial Sector Financed Emissions Calculation Guidelines" to relevant associations for reference, thus helping financial institutions to understand the carbon emissions of their own and their financing and investment positions, and then adjusting their business model and formulating carbon reduction strategies accordingly.

On 4 January 2024, the FSC forwarded the "Guidelines on Setting Carbon Reduction Targets and Planning Strategies for the Financial Industry" to relevant associations for reference, assisting financial institutions in setting short-term and long-term carbon reduction goals.

The FSC announced the results of the 1st Sustainable Finance Evaluation for domestic financial institutions on 26 December 2023, strengthening their ability to address climate change risks and implement ESG practices.



The FSC requested the Joint Credit Information Center(JCIC) to complete the establishment of the Enterprise ESG Data Platform, and to expand the scope of data on the ESG database from 25 September 2023.

The FSC began constructing the Sustainable Finance website in 2023, and it launched the website on 10 January 2024. This allows relevant stakeholders to gather information, share experiences, and track progress. Through information focus and resource integration, the website also enables a swift understanding of trends and business opportunities.

Strengthened climate change risk management

- The FSC has instructed The Bankers Association of the Republic of China (hereinafter referred to as the Bankers Association) to formulate the "Operational Planning for Conducting Climate Change Scenario Analysis in Domestic Banks" (Operational Planning) to cultivate the quantitative analysis capabilities of financial institutions under different scenarios. Additionally, the FSC has required the Bankers Association to refine the methodology and relevant parameters of the Operational Planning and the Central Deposit Insurance Corporation to deliberate on the analysis framework and methods for the climate risk management report of the overall banking industry based on the first scenario analysis results. The revised methodology and the analysis report are expected to be completed by the end of 2024.

- In November 2023, under the oversight of the FSC, the Taiwan Insurance Guaranty Fund (TIGF) completed the insurance industry's first climate risk scenario analysis initiative. This effort involved formulating frameworks and methods for data analysis, with the goal of enhancing insurers' capacity for quantitative analysis across different scenarios. Ongoing oversight will focus on gathering international insights on climate risk scenario analysis and persistently orchestrating climate risk scenario analysis initiatives for the entire insurance sector, with the goal of completing the comprehensive insurance industry climate risk management analysis report by the end of 2024.
- The FSC oversaw efforts by the TSA, the CNFA, and the SITCA to encourage securities firms, futures firms, and securities investment trust enterprises of a certain size to complete climate change scenario analysis. The TSA, the CNFA and the SITCA then referred to the results of scenario analysis to formulate exemplars and guidelines for climate-change scenario analysis and information disclosure.
- On 8 June 2023, the FSC amended the "Standards for the Levy Rates of the Life and Non-life Insurance Guaranty Funds," which include new indicators of duration and deal differentially with insurers' management of risk.
- Under the supervision of the FSC, the TIGF organized the "2023 Conference on ERM in the Insurance Industry" on 3 October 2023. The event aimed to facilitate exchanges between foreign regulatory authorities and industry experts, fostering discussions on international trends and practical approaches in insurance risk management.

The ROC Life Insurance Association, acting with reference to the "Taiwan Sustainable Taxonomy," amended the "Self-regulatory Rules Governing Credit Inquiry, Loan Approval, and Review Procedures for Insurance Enterprises Engaging in Lending" and the "Self-regulatory Rules Governing Members' Credit Extension" on 13 October 2023 to promote insurers' sustainable development and their low-carbon transformation.

The ROC Non-Life Insurance Association and the ROC Life Insurance Association amended the "Corporate Governance Best-Practice Principles for Insurance Enterprises" on 19 July 2023. Additionally, the "2023 Seminar on Strengthening Legal Compliance in the Insurance Industry" and the "2023 Seminar on Corporate Governance in the Insurance Industry" were held on 12 September and October 6, respectively, to enhance corporate governance in the insurance industry and enhance sustainability disclosures.

The FSC strengthened sustainable finance-related training for directors, supervisors, and general staff in the financial industry, advocating for these individuals to undergo a certain number of hours of sustainable finance courses annually.

On the basis of the Taiwan Sustainable Taxonomy, the FSC amended the "Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches" on 26 April 2023 to ease restrictions on how the Taiwan branches of foreign banks are allowed to use the proceeds of bonds that they offer in Taiwan.

Encouraged the financial industry to assist in the development of sustainable industries

- As of the end of December 2023, loans extended to the green energy and renewable energy industries by domestic banks amounted to approximately NT\$2.7077 trillion.
- Development of Taiwan's sustainable bond market: By the end of December 2023, a total of 120 Green Bonds had been issued, with a total issuance amount of ND\$357.4 billion; 38 Sustainable Bonds had been issued, totaling ND\$112 billion; 22 Social Responsibility bonds had been issued, totaling ND\$54.6 billion; and 5 Sustainability-linked Bonds had been issued, totaling ND\$7.9 billion.

- The FSC encourages the insurance industry to invest in green energy. As of the end of December 2023, the approved amount of investments by insurance companies in green energy power plants was NT\$17.66 billion. Additionally, as of the end of December 2023, insurers had invested approximately NT\$86.8 billion in green bonds.

Under the guidance of the FSC, the Taiwan Depository & Clearing Corporation (TDCC) has developed the eNotice Platform for Shareholder Services. This platform provides investors (shareholders) electronic notifications of dividend payments from TWSE/TPEX listed and emerging companies. The eNotice Platform was officially launched on 30 June 2023.

❖ Efforts to meet demand for one-stop financial services

To encourage domestic banks to actively extend loans to small and medium enterprises (SMEs) and enterprises in six core strategic industries, the FSC issued the "Program to Encourage Lending by Domestic Banks to Small and Medium Enterprises (Phase 18)" on 27 June 2023. As of the end of December 2023, loans extended to SMEs by domestic banks amounted to NT\$9,766.4 billion. The FSC also issued the "Program to Encourage Lending by Domestic Banks to Enterprises in the Six Core Strategic Industries (Phase 2)" on 7 March 2023. As of the end of December 2023, loans extended to enterprises in six core strategic industries by domestic banks amounted to NT\$7,234.8 billion. On 11 July 2023, the FSC held an award ceremony to recognize the domestic banks that have performed well, and incentive measures have been adopted to encourage domestic banks to lend more to SMEs and enterprises in six core strategic industries under the precondition of taking proper risk control.

The FSC announced on January 28 2022 that insurers will be allowed to invest in six core strategic industries, and on 24 June 2022 launched a "Program to Encourage Insurers to Invest in the Six Core Strategic Industries, Public Infrastructure, Long-term Care Enterprises, and Sustainability Bonds." This Program is scheduled to run in three phases from 1 July 2022 to 30 June 2025, and is designed to generate NT\$200 billion worth of the targeted types of investments. The goal of the first phase has now been achieved. The FSC awarded public recognition to insurers that performed especially well on 17 November 2023.

Second phase of the Trust 2.0 Plan

- The FSC held the "Second Phase of Evaluation Regarding Trust Enterprise Implementation of the Trust 2.0 Plan" award ceremony on 16 August 2023, and the excellent trust enterprises shared information on their practical experience.



The FSC held the "Evaluation Regarding Trust Enterprise Implementation of the Trust 2.0 Plan" award ceremony on 16 August 2023.

- The FSC adopted the "Second Phase of Evaluations and Incentives for Trust Enterprise Implementation of the Trust 2.0 Plan" on 28 March 2023.
- The FSC expanded the scope of permissible investments by employee stock ownership trusts on 23 September 2023.
- The Trust Association of R.O.C. filed its "Self-regulatory Rules on Risk Management by Banks Engaging in Trust Business" with the FSC for recordation on 4 December 2023 to allow the data of trustors to be shared among different departments within a single bank.

Promotion of the New Southbound Policy

- The FSC adopted a "Program to Incentivize Lending by Domestic Banks to Enterprises in Target Countries of the New Southbound Policy (NSP)." As of the end of 2023, the total amount of outstanding loans was NT\$1.586 trillion.
- The FSC also helped domestic banks expand their presence in NSP countries. As of the end of 2023, the number of the NSP business locations of domestic banks was 336 in 11 countries.
- The Export-Import Bank of the Republic of China underwrites export credit insurance and provides insurance protection for accounts receivable incurred by manufacturers exporting to new southbound countries. As of the end of December 2023, the insured amount was approximately NT\$33.1 billion.

Established a dual-currency ETF trading system by the TPEX, which was completed on September 11 2023.

Promotion of wealth management business for high-asset customers.

- On 29 December 2023, the FSC issued an order to allow privately placed securities investment trust funds to invest in private equity funds.
- On 9 August 2023, the "Directions Governing the Custody and Disposal of Clients' Equity type Foreign Securities Obtained through Physical Delivery of Domestic and Offshore Structured Products or Structured Notes by Banks (Including OBUs)" were amended to loosen restrictions related to the physical delivery of structured products.
- On 12 December 2023, the FSC amended the "Regulations Governing Banks Conducting Financial Products and Services for high-Asset Customers" to streamline the operating procedures for banks to provide financial products suitable for high-asset customers and encourage major international banks to participate in the domestic wealth management market for high-asset customers.
- The FSC has approved 11 banks to conduct wealth management business for high-asset customers. As of the end of December 2023, the number of high-asset customers served by banks stood at 7,052, with total assets under management (AUM) of approximately NT\$857.1 billion.

The Taipei Exchange(TPEX) amended Articles 5 and 44 of its "Operating Rules for Conduct of Leverage Contract Trading by Leverage Transaction Merchants" and Article 3 of its "Operating Rules for Brokerage Trading by Futures Commission Merchants of Leverage Contracts Referred by Associated Persons" and filed the amended Rules with the FSC for recordation on 17 April 2023 to allow futures commission merchants' associated persons who handle brokerage trading business to engage in the referral of contracts for difference (CFDs) on foreign equities.

The FSC oversaw an effort by the TWSE and the TPEX to improve the "Innovative New Board" systems in 2023, including relaxing the regulations of the Taiwan Innovation Board and eased M&A deals among companies listed on the Emerging Stock Market.

The FSC assisted the Ministry of Finance in promoting amendments of the "Securities Transaction Tax Act" to lower the securities transaction tax rate for warrants issuers engaged in hedging stock transactions. The "Securities Transaction Tax Act" was amended on 10 May 2023.

To facilitate the convenience of odd-lot trading, the interval of simulated market information during the session was shortened (from 10 to 5 seconds) on 27 November 2023.

Development of diversified insurance products

- On 24 March 2023 the ROC Non-Life Insurance Association filed the "Travel Agency Liability Insurance Reference Clauses" with the FSC for recordation, and the Reference Clauses came into force on 1 October 2023.
- On 13 April 2023 the ROC Non-Life Insurance Association filed an amendment of the "Liability Insurance for Water Recreation Activities Reference Clauses" with the FSC for recordation to clarify the coverage and enhance the rights of policyholders.
- On 19 January 2023 the ROC Non-life Insurance Association filed the "Pet Insurance Reference Terms" with the FSC for recordation to assist owners to obtain coverage for pet medical expenses, tort liability, or other risks.

On 22 February 2023 the FSC amended the Q&A for the "Regulations Governing the Scope of Business, Restrictions on Transfer of Beneficiary Rights, Risk Disclosure, Marketing, and Conclusion of Contract by Trust Enterprises" to allow trust enterprises to make recommendations to non-professional investors who are 70 years of age or older.

The FSC approved an application submitted by the Financial Information Service Co., Ltd. to add a shopping function to the inter-institutional e-payments platform, supporting electronic payment account linked to a credit card. This can enhance the convenience of payment for the public and create a favorable development environment for cashless and mobile payments in Taiwan.

The FSC continued to expand use of the MyData platform mechanism to integrate financial online services. As of the end of 2023, there were 30 financial institutions offering 83 financial online services.

❖ Creation of an inclusive financial environment

At the suggestion of the FSC, the Bankers Association adopted the "Guideline for Banks When Serving Customers with Dementia or Suspected Dementia" on 31 January 2023, and the Trust Association adopted the "Guideline for Trust Enterprises When Providing Financial Services for Customers with Dementia or Suspected Dementia" on 17 November 2023.

The FSC urged the Trust Association to use the Trust Enterprise Cross-Industry Alliance Partner Database promote fair treatment for elderly customers or people with dementia.

The "Directions for Micro-Whole-Life Insurance" were revised on 12 January 2023 and implemented on 1 May, relaxing restrictions on the insured amounts and the maximum number of micro-whole-life insurance policies that one person may hold. The FSC held the "Industry Cooperation Policies to Promote Various Businesses and Evaluate Outstanding Performance on the Principle of Fair Hospitality" award ceremony on 17 November 2023, commending insurance enterprises that have demonstrated a commitment to promoting micro-insurance and micro-whole-life insurance.

The FSC agreed on 28 August 2023 to allow non-life insurance companies to launch "fire inconvenience microinsurance products" on a pilot basis with an eye to providing low-income households and near-poor households with basic protection in the event of fire accidents in their residences.

Provision of enhanced financial measures friendly to individuals with disabilities

- The FSC on 2 February 2023 acknowledged an amendment to Articles 4 to 6 of the "Guidelines for Friendly Banking Services" and a related FAQ by the Bankers Association to improve the convenience of opening bank accounts.
- The FSC on 15 September 2023 acknowledged an amendment to Article 4 of the "Guidelines for Friendly Banking Services" by the Bankers Association, aimed at enhancing the protection of the rights and interests of individuals with hearing disabilities.
- The FSC urged the Bankers Association to expand online barrier-free financial services. The Bankers Association held a meeting on 31 July 2023 to adopt resolutions on the phasing in of special services.
- The ROC Non-Life Association and ROC Life Insurance Association filed amended "Guidelines for Provision of Friendly Financial Services by Insurance Enterprises" with the FSC for recordation on 23 September 2023 to enhance friendly financial service measures in the insurance industry.

The FSC on 18 July 2023 announced the results of the 2023 Treating customers Fairly (TCF) assessments (covering the year 2022), and on 7 December 2023 released the 2025 Form for Assessment (to cover the year 2024). One step at a time, we are improving the system for assessing financial institution performance in treating customers fairly.



The FSC held the "56th Business Liaison Meeting and Recognition Ceremony for General Managers of Domestic Banks" on 22 December 2023, awarding recognition to banks excelling in the "Principle of Treating Clients Fairly."



On 30 Nov. 2023 the FSC held the 2023 awards ceremony to praise securities firms for excellent performance in treating customers fairly.

On 17 Nov. 2023 the FSC held the 2023 awards ceremony to praise insurers for excellent performance in treating customers fairly.



The FSC urged the Bankers Association, the General Insurance Association, and the ROC Life Insurance Association to hold three meetings with disability advocacy groups in 2023 to facilitate two-way communication.

The FSC announced the 2022 "Financial Inclusion Indicators for Taiwan" on 20 June 2023, and simultaneously adjusted the indicators for 2023 to enhance the completeness of financial inclusion indicators in Taiwan.

❖ New digital financial services environment

The FSC published the "FinTech Development Roadmap (2.0)" on 15 August 2023, with the aim of creating a more inclusive, fair, and sustainable Fintech development ecosystem which is also in line with international standards.

On 16 January 2024, the Bankers Association and Financial Information Service Co. filed a set of self-regulatory rules and technical and security standards for Open APIs with the FSC for recordation.

On 29 June 2023, open data query business, the first phase of open securities, was launched to facilitate queries on public data provided by securities and futures firms.

In 2023, the FSC hosted a series of "Green FinTech" activities which show-cased innovative technologies and business models by various award-winning financial institutions, startups, and teams, aiming to drive the development of Taiwan's green FinTech ecosystem.

On 24 October 2023, the FSC issued the "Guidelines for Conduct of Digital Identity Authentication by Financial Services Enterprises," providing a framework for financial institutions to adopt new digital financial services scenarios and digital identity verification methods.

On 17 October 2023, the FSC formally issued the "Core Principles and Policies for AI Applications in the Financial Industry."

Issued the "Guiding Principles for the Administration of Virtual Asset Platforms or Transaction Service Providers" on 26 September 2023 to enhance the protection of customers' rights and interests.

The FSC instructed the Taiwan Financial Services Roundtable and the Taiwan Academy of Banking and Finance to jointly organize the "2023 FinTech Taipei Forum," which was held from 23 to 27 October 2023.



Former FSC Chairperson Dr. Tien-Mu Huang attended "2023 FinTech Taipei Forum" on 25 October 2023.



Former FSC Chairperson Dr. Tien-Mu Huang delivered a speech at "2023 FinTech Taipei Forum" on 25 October 2023.

Expansion of insurers' provision of remote insurance purchases and insurance services

- On 29 June 2023, the FSC amended the "Directions for Insurance Enterprises Engaging in Electronic Commerce Business" and the "Regulations Governing Online Insurance Business and Online Insurance Services of Insurance Agent Companies and Insurance Broker Companies" to provide consumers with more convenient digital insurance services.
- On 4 July 2023, the FSC amended the "Directions for Insurance Companies to Engage in Concluding Distance Insurance Contracts and Providing Insurance Services" and the "Directions for Insurance Agents and Insurance Brokers to Engage in Distance Insurance Contracts and Providing Insurance Service Business" to enhance the convenience of remote insurance purchases.
- On 4 October 2023, the FSC amended the "Directions for Insurance Enterprises Engaging in Electronic Commerce Business" and "Directions for Cross-Industry Cooperation in Insurance Business" to foster the development of the financial and insurance ecosystem.

In August 2023, the FSC issued the "Directions for Operations Outsourcing by Securities Firms," "Directions for Operations Outsourcing by Futures Commission Merchants" and the "Directions for Operations Outsourcing by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises." In addition, the FSC amended the "Directions for Operation Outsourcing by Insurance Enterprises" and "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation" to encourage financial institutions to improve the quality and efficiency of financial services through the outsourcing of services.

On 29 August 2023, the FSC convened another business liaison meeting with three internet-only banks to continue adjusting regulations or conducting business trials, assisting in the development of internet-only banks.

❖ Building a secure cyber defense network

The FSC requested domestic banks, securities firms, and insurance companies above a certain size to designate Chief Information Security Officers (CISOs) at the level of vice president or higher, and encouraged the recruitment of directors or consultants with backgrounds in cybersecurity, or the establishment of cybersecurity advisory groups, to shape a corporate culture within financial institutions that emphasize the importance of cybersecurity.

In August 2023, revisions were made to the regulations governing the outsourcing of operations by financial institutions, insurance companies, and securities and futures enterprises. Enhanced regulations were specified regarding cross-border outsourcing and cloud outsourcing to improve digital resilience.



Former President Tsai Ing-wen and Former FSC Vice Chairperson Tsuey-Ling Hsiao attended the 2023 "Taiwan-US Financial Cybersecurity Summit" on 29 June 2023.

The FSC coordinated with financial training institutions to establish specialized courses for cultivating financial cybersecurity talent, and encouraged financial cybersecurity personnel to obtain international cybersecurity certifications.



FSC Vice Chairperson Jean Chiu attended the 2023 Cyber Offensive and Defensive Exercise on 23 October 2023.

The FSC encouraged financial institutions to adopt international Information Security Management System (ISMS) standards and international Business Continuity Management System (BCMS) standards, and obtain relevant certifications, assessed for effectiveness by independent third-party organizations.

The FSC held distributed denial of service (DDoS) attack drills, network attack and defense exercises, and evaluation activities to demonstrate the defensive capabilities and resilience of financial institutions in response to attacks.

The FSC supervised an effort by the Financial Information Service Co. to independently operate the Financial Information Sharing and Analysis Center (F-ISAC), and encouraged financial holding companies, industry associations, the Securities and Futures Computer Emergency Response Team (SF-CERT), the Insurance Industry Cybersecurity Incident Response Team (CSIRT), and F-ISAC to establish a cyber security incident response support system. These efforts aim to construct a cybersecurity threat intelligence sharing and incident response mechanism through resource sharing.

The FSC supervised an effort by financial industry associations to complete the revision of self-regulatory rules, enhancing the financial cybersecurity defense system.

The FSC requested the related financial industry associations to notify their member institutions to thoroughly review the information security design of the online business application websites they provide to the public and to list this security design as an internal audit focus.

The FSC requested the related financial industry associations and the National Federation of Credit Cooperatives (NFCC) to notify their member institutions to pay attention to strengthening Application Programming Inter-face (API) security controls and designs and to list these as internal audit focal points.

❖ Safeguarding consumer interests by improving financial literacy.

The FSC amended the "Directions for the Review of Life Insurance Products," "Directions for Separate-Account Custodian Institutions and Investment Objects of Investment-linked Insurance," and "Compliance Matters for Disclosure of Information on Investment-linked Insurance" on 29 March 2023, and the amended versions will be implemented from 1 July 2023 to strengthen investment objects, information disclosures, and product filing reviews related to investment-linked insurance products.

In order to strengthen the authority of the audit committee, and to comply with the requirement to replace supervisors with an audit committee (which all TWSE- and TPEX-listed companies were expected to do by the year 2022), the FSC amended Article 14-4, Article 14-5, and Article 178 of the "Securities and Exchange Act" on 28 June 2023. The key points of this amendment are as follows:

- Filing of lawsuits against directors, the convening of shareholder meetings, and a director's acting as the representative in his/her own dealings with the company should be discussed by the audit committee.
- Where a company has legitimate reasons for being unable to hold an audit committee meeting, the proposals for an audit committee's resolution in this situation should be approved by all the directors through a special resolution; however, for financial reporting matters which are submitted to a board meeting, the independent directors' consent should still be provided in order for the audit committee members to fulfill their responsibilities, and relevant punishment regulations have been added.

The FSC amended Articles 5 and 8 of the "Directions for the Establishment of Internal Control Procedures by Insurance Enterprises, Insurance Broker Companies, and Insurance Agent Companies to Prevent Insurance Solicitors from Misappropriating or Embezzling Policyholder's Funds" on 18 October 2023 and the amendment will take effect from 1 May 2023 to strengthen solicitors' recruiting internal control procedures and management.

On 11 May 2023, during the Financial Industry Anti-Fraud Summit, financial institutions nationwide launched an anti-fraud campaign covering 368 towns in Taiwan, strengthening assistance to the public in preventing financial scams.



Former Premier Chen Chien-jen and Chairperson Dr. Tien-Mu Huang attended the Financial Industry Anti-Fraud Summit on 11 May 2023.



Former Premier Chen Chien-Jen and Former FSC Chairperson Dr. Tien-Mu Huang attended an anti-fraud campaign covering 368 towns in Taiwan on 11 May 2023.

- The FSC produced Micro Movie and Print Advertisement for Consumer Financial Protection Education: "Fraud Prevention – Service Counter Care." Through the production of the micro movie on this theme, the FSC emphasized the importance of public-private cooperation between bank clerks and law enforcement authorities to combat fraud.
- The "Securities Investment Trust and Consulting Act" was amended in June 2023 to prevent the proliferation of fraudulent investment advertisements.

The FSC approved the "Guidelines for the Internal Control and Audit Systems of Trustees of Real Estate Investment Trusts and Real Estate Asset Trusts" on 13 February 2023, and approved or recorded the "Standardized Contract Template for the Public Offering of REIT Beneficiary Securities by a Trustee (including Appendix 3 of this template: Rules for Beneficiaries Meetings)," "TAROC Members to Convene Meetings of REIT Beneficiaries and Cast Votes in Writing," and "Matters that a Trust Enterprise should Comply with when Handling Beneficiaries' Meetings under Article 32-1 of the Trust Enterprise Act" made by the Trust Association on 6 July 2023 to strengthen the management of REITs.

The ROC Life Insurance Association filed the "Template Risk Statement for Foreign Currency-Denominated Investment-linked Insurance Products" with the FSC on 13 February, 2023.

The FSC is continuing to promote the empirical statistical study of healthcare experience based on Taiwan's National Health Insurance Database.

The FSC values fair treatment for vulnerable groups such as elderly customers and persons with disabilities and includes them in the examination focuses.

On 30 October 2023, the first "Financial Education Annual Report" was released on the official website of the FSC, displaying the qualitative and quantitative outcomes of the financial education efforts.

The FSC launched the "Finance Polymath" radio program, enhancing the public's understanding of financial markets and various types of financial knowledge relevant to daily life.

In June 2023, the FSC expanded the selection activities for outstanding financial education promotion cases, encouraging financial industry self-regulatory organizations, financial industry associations, and financial institutions to promote financial education.



On 11 September 2023, the FSC held an award ceremony for outstanding financial education promotion cases.

On 18 December 2023, the "seventh Financial Literacy Program (2024-2026)" was announced, aiming to expand the scope of financial education coverage.

On 17 November 2023, the Financial Literacy Education Achievement Presentation and Award Ceremony was held to promote inter-agency collaboration in the Financial Literacy Education Promotion Plan.

On 4 December 2023, amendments were made to certain articles of the "Regulations Governing Public Tender Offers for Securities of Public Companies" and Articles 7, 8, and 9 of the "Regulations Governing Information to be Published in Public Tender Offer Prospectuses," strengthening the ability of the tenderer to fulfill delivery obligations.

❖ Development of modernized supervisory mechanisms

A draft amendment to the "Securities Investment Trust and Consulting Act" is currently under review by the Executive Yuan. A proposed revision would allow REITs to be issued under a fund structure.

The FSC continued referring to international practices (such as the United Kingdom), and considered factors such as the degree of impact on public interest, audit quality indicators (AQI), and inspection deficiencies in accounting firms, to establish differentiated regulatory approaches for accounting firms.

The FSC discussed adapting the regulatory framework for corporate governance of domestic financial institutions and revising the management and accountability mechanisms for those who control financial holding companies or banks, shareholders, and responsible persons:

- Required the Bankers Association to collect domestic and foreign legal provisions and practical cases pertinent to interaction between financial institutions, major shareholders, and board operations and propose feasible methods and legal suggestions for establishing a legal framework for corporate governance of domestic financial institutions.
- Drafted partial amendments to the "Financial Holding Company Act" and the "Banking Act" and submitted them to the Executive Yuan on 21 February 2024.

The FSC amended the "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks" and the "Regulations Governing Qualification Requirement and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Insurance Enterprises" on 13 April and 21 September 2023 respectively to strengthen the corporate governance and conflict of interest prevention mechanisms for the top executives of financial institutions.

The FSC continued to promote "simplification, integration, and modernization of regulatory frameworks for supervisors" and "deregulatory" work, effectively eliminating outdated regulations, reissuing financial regulations in line with modern principles, enhancing the efficiency of financial supervision, and reducing compliance costs for financial institutions.

The FSC has proposed amendments to Article 43-1 and Article 183 of the "Securities and Exchange Act," which lower the thresholds for mandatory reporting and disclosure of significant shareholdings. The amendments took effect on 10 May 2024.

To promote the loosening of restrictions on foreign investors posting Taiwan stocks as collateral for offshore investments, the relevant systems established by the Taiwan Stock Exchange (TWSE) and the Taiwan Depository and Clearing Corporation (TDCC) were launched on 28 August 2023.

The FSC issued a directive on 12 May 2022 granting approval to the Taiwan Depository & Clearing Corporation (TDCC) to conduct the centralized gross settlement service for securities investment trust funds. The TDCC has completed establishment of the onshore fund centralized clearing platform, which went online on 26 June 2023.

On 16 February 2023, the FSC amended the "Regulations Governing Foreign Investments by Insurance Companies" to strengthen the management of the investments of overseas insurance-related enterprises.

On 24 March 2023, the "Interpretive Rule of Subparagraph 8, Paragraph 1 of Article 146 of the Insurance Act" and the "Interpretive Rule of Subparagraph 8, Paragraph 1 of Article 3 of the Regulations Governing Foreign Investments by Insurance Companies" were adopted by the FSC to allow insurers to conduct repurchase transactions or reverse-repurchase transactions for bonds.

The FSC amended the "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises" and "Directions for Sale of Investment-linked Insurance Products" to enhance the telephone interview operations standards for insurers on 7 July 2023.

To enhance transparency regarding the remuneration of directors at listed companies, and to encourage listed companies to disclose carbon reduction information and file their annual reports ahead of schedule in accordance with the "Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies", the FSC amended the "Regulations Governing Information to be Published in Annual Reports of Public Companies" on 10 November 2023 and the "Regulations Governing Information to be Published in Public Offering and Issuance Prospectuses" on 29 December 2023. Key points of the amendment include the following:

- The range of conditions under which a listed company is required to disclose the remuneration of individual directors has been expanded.
- Newly added provisions require listed companies to disclose a baseline year for greenhouse gas (GHG) emission reductions, as well as reduction targets, strategies, and action plans.
- In a phased manner, listed companies with authorized capital of NT\$2 billion or more will be required to file their annual reports 14 days prior to their shareholders meetings.

To enhance the self-discipline of auditors, the FSC oversaw an effort by the CPA association to issue four bulletins of professional ethics norms in alignment with international standards.

The FSC reviewed the regulations related to FSC's critical infrastructure (CI) to clarify criminal penalties for damaging critical infrastructure, enhance security protection regulations for important financial facilities, and achieve the deterrent effect against unlawful acts.

The FSC implemented regulatory advance notice procedures and produced an "FSC Regulatory Impact Assessment Form" to enhance the regulatory impact assessment and awareness of cost-effectiveness in legal cases.

❖ International cooperation and exchanges

Signing of memorandum of understanding (MoU)

- To attract foreign financial institutions to participate in the central clearing business in Taiwan, the FSC has been actively promoting the TAIFEX to apply for Qualified Central Counterparty (QCCP) status from regulatory authorities in various countries. The FSC signed an MoU with the Ontario Securities Commission (OSC) of Canada and the U.S. Commodity Futures Trading Commission (CFTC) on 27 March and 15 November 2023, respectively. The FSC and Japan's Financial Services Agency (FSA) have been working together under the framework of the International Organization

of Securities Commissions (IOSCO) Asia-Pacific Regional Committee's (APRC) Multilateral Memorandum of Understanding for Supervisory Cooperation to enhance cross-border supervisory cooperation on central counterparties on 9 August 2023.

- The FSC signed an exchange of letters (EoL) on insurance supervision cooperation with the French Prudential Supervision and Resolution Authority (ACPR) on 5 January 2023.
- The FSC signed an MoU on information sharing with the New York State Department of Financial Services on 4 April 2023.
- The FSC signed an MoU on information sharing with the New Jersey Department of Banking and Insurance on 20 October 2023.

Important exchange activities with other countries in 2023

- On 22 December 2023, the FSC held the "International Seminar on the Transformation of Insurance Product Structure as Insurers Align With IFRS 17 and ICS" and invited experts, scholars, and industry professionals specializing in IFRS 17 and ICS from Hong Kong, Korea, and domestic insurers to share strategies and experiences in insurance product structure transformation.
- The FSC actively participated in the Global Financial Innovation Network (GFIN), engaging in cross-border testing and the RegTech & SupTech workstreams, and exchanged views with other GFIN members on Fintech development and supervision as well as GFIN activities.
- The FSC attended various APEC meetings, including a Finance and Central Bank Deputies' Meeting (FCBDM) on 25-26 February 2023, a Senior Finance Officials' Meeting (SFOM) on 30-31 July, and a Finance Ministers' Meeting on 10-13 November.

2023 participation in other international meetings and events

- Took part in a Taiwan-France Trade Dialogue on 17 January.
- Attended online meetings of the IAIS Capital, Solvency and Field Testing Working Group (CSFWG) from January through May.
- Took part in a Taiwan-Netherlands Sub-ministerial Economic Dialogue on 22 February.
- Took part in a Taiwan-EU Investment Working Meeting on 15 March.
- From 25 to 27 April, the FSC attended the International Forum of Independent Audit Regulators (IFIAR) 2023 plenary meeting and relevant meetings.
- Attended the 48th IOSCO annual meeting from 12 to 16 May.
- Attended the Taiwan-India economic affairs conference on 15 June.
- Attended the meetings of the Insurance and Private Pensions Committee (IPPC) of the Organization for Economic Cooperation and Development (OECD) on 26-27 June and 6-8 December.
- Attended the Asia-Pacific Group on Money Laundering (APG) 2023 Annual Conference from 9 to 14 July.

- Attended a preparatory meeting for the Taiwan-Sweden economic affairs conference on 7 August.
- Attended a preparatory meeting for the Taiwan-Korea economic affairs conference on 24 August.
- Attended the Workshop of the Overseas Division Managers, Compliance Officers, and Internal Audit and Control Personnel, organized by the ROC Bankers Association in the United States on 12-13 September.
- Attended meetings of the IAIS Capital, Solvency and Field Testing Working Group (CSFWG) held from September to December.
- Attended the "Basel Core Principles Asia-Pacific Outreach" meeting held by the Basel Committee on Banking Supervision (BCBS) on 26 September.
- Took part in a Taiwan-UK economic affairs working-level conference on 4 October.
- Attended the 18th Annual Meeting of the Asian Forum of Insurance Regulators (AFIR), along with the 7th Members' Assembly and the 6th Asia-Pacific Senior Insurance Regulators Meeting, held from 9 to 12 October.



FSC Vice Chairperson Jean Chiu attended the 18th Annual Meeting of the Asian Forum of Insurance Regulators (AFIR) from 9 to 12 October 2023.

- Took part in the 16th Taiwan-India Vice-Ministerial Trade Talks on 27 October.
- Took part in the 5th WTO Trade Policy Review on 7 and 9 November.
- Attended the IAIS Committee Meetings, Annual General Meeting (AGM), and Annual Conference in November.



FSC

Key Work Currently Underway, and Future Prospects

- Sound business environment and financial resilience
- Promotion of sustainability and corporate governance
- Development of asset management and auxiliary enterprises
- Enhancing products and services, improving financial inclusion
- Further development of digital finance
- Enhancing cybersecurity and joint defense mechanisms
- Promotion of consumer interests and safeguard mechanisms

Key Work Currently Underway, and Future Prospects

❖ Sound business environment and financial resilience

The FSC issued the "Regulations Governing Cash Distributions to Shareholders from Legal Reserve or Capital Reserve by Financial Holding Companies" on 22 January 2024. The Regulations require that where a cash distribution is made to common shareholders of a financial holding company from legal reserve or capital reserve, the financial holding company shall maintain capital requirements, and in addition, the necessity and appropriateness of the cash distribution shall be rigorously reviewed by its board of directors, and the prior approval of the FSC shall be obtained before its shareholders' meeting.

The FSC has decided to allow domestic banks to apply for the use of the IRB approach for credit risk to calculate capital. Banks that have assets of over NT\$2.5 trillion, financial soundness, and proper legal compliance may file an application to the FSC. The application deadline for the first batch is 30 June 2024.

To amend the "Methods for Calculating Banks' Regulatory Capital and Risk-Weighted Assets" regarding the CVA framework, minimum capital requirements for market risk, and securitization exposure capital calculation standards, the FSC will release the draft versions before the second quarter of 2024 and request banks to conduct trial calculations. The amended Methods are expected to be released in the third quarter of 2024.

On 29 February 2024, the Bankers Association filed an amendment to the "Self-regulatory Rules for Liquidity Risk Management by Banks" with the FSC for recordation. Moreover, the FSC will amend provisions regarding the requirements for reporting information on compliance with the principle of capital adequacy supervisory review according to the above regulations and expects to complete by the third quarter of 2024.

In coordination with an amendment to "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation," the FSC plans to accept for recordation in the second quarter of 2024 a set of self-regulatory rules for the use of cloud services by financial institutions (which are currently being drafted by the Bankers Association).

Support alignment with IFRS 17, review relevant interpretive rules:

- The FSC is scheduled to amend Article 33 of the "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" in the second quarter of 2024 to clarify the method of setting aside the portion of policy value exceeding policy reserve as a special reserve.
- The FSC amended several regulations in 2023, including the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and the "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises," to help domestic insurers smoothly align with IFRS 17 by 2026.
- In 2024, the FSC will continue to provide guidance to insurers conducting parallel testing of their IFRS 17 information systems, and help them to allocate resources and conduct educational training.

The FSC has deliberated on differentiated regulatory measures while implementing TW-ICS by 31 March 2024. Capital increase, product structure adjustment (including the contribution from contract service margin), and the asset-liability management will be the indicators. Policy incentives include raising investment limits or reducing risk factors.

The FSC deliberated on the third phase of localized and transitional measures of TW-ICS, and a press release was issued on 16 April 2024 to explain to the public.

Amendments to the "Directions for Issuance of Bonds with Capital Characteristics by Insurance Companies" were released on 6 March 2024, introducing a new avenue for insurance companies to issue bonds through the establishment of Special Purpose Vehicles (SPVs).

The FSC is scheduled to complete the amendment of insurance product management regulations in the third quarter of 2024 to help insurers in their product structure transformation.

The Non-Life Association and the Life Insurance Association are scheduled to file self-regulatory rules for the outsourcing of cloud-based services by insurers with the FSC in the second quarter of 2024.

The FSC oversaw an effort by the Taiwan Insurance Guaranty Fund (TIGF) to complete the establishment of an IFRS 17 supervisory reporting database in the fourth quarter of 2024. Additionally, they will conduct advocacy seminars for insurance companies regarding coding principles and reporting data formats.

❖ Promotion of sustainability and corporate governance

The FSC has requested the Bankers Association to study a possible amendment to the "Operational Plan for the Conduct of Climate Scenario Analyses by Domestic Banks (Version 2)" to further improve the methodology and relevant parameter settings. It is expected to be completed by the end of 2024.

In line with the FSC's roadmap for Taiwan-listed companies to align with the IFRS Sustainability Disclosure Standards, the various regulations governing information to be published in the annual reports of financial holding companies, banks, and bills finance companies are planned to be revised by the end of 2024.

The FSC plans to complete an amendment of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" by the end of 2024 to encourage financial institutions to pay attention to the quality of sustainability disclosures and improve their ability to collect and compile sustainability information.

The FSC is scheduled to release recommendations on disclosure items for corporate net-zero transition plans by the end of June 2024, thereby promoting the disclosure of concrete, actionable and consistent net-zero transition plans by companies.

The FSC is overseeing work by the Taipei Exchange (TPEX) to research expanding the scope of sustainable bond products and diversifying the range of issuers. This involves planning, development, testing, and implementation of declaration systems such as the Market Observation Post System (MOPS). The TPEX expects to begin accepting qualification accreditation applications for sustainable convertible bonds in the third quarter of 2024.

The FSC is scheduled to evaluate the feasibility of revising the "Regulations Governing Information to be Published in Annual Reports of Public Companies" to add provisions on IFRS sustainability-related financial disclosures in the fourth quarter of 2024.

In order to help listed companies to smoothly align with IFRS Sustainability Disclosure Standards, guidance or examples will be provided in 2024, such as examples of IFRS conversion plans, practical examples of IFRS S2 Climate-related Disclosures, and guidance on GHG scope 3 inventories.

Strengthen climate change risk management and sustainable information disclosure

- Insurers will carry out their second climate risk financial disclosures in the second quarter of 2024.
- In coordination with the International Sustainability Standards Board (ISSB) issuing S1 and S2, as well as the amendment of the "Regulations Governing Information to be Published in Annual Reports of Public Companies," it is anticipated that in the fourth quarter of 2024, amendments will be made to the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises," the "Regulations Governing Public Disclosure of Information by Non-life Insurance Enterprises," and the "Regulations Governing Public Disclosure of Information by Life Insurance Enterprise."

In line with ISSB's sustainability disclosure standards, the FSC is expected to complete an amendment of the "Regulations Governing Information to be Published in Annual Reports of Public Companies" by the end of June 2024 to streamline matters that should be disclosed in annual reports.

Approved "Electric Vehicle Exclusive Insurance Reference Clauses" on 3 April 2024 and plans to complete reference base rates in the Second quarter of 2024.

On 15 March 2024, the ROC Insurance Agency Association filed its amendment to the "Agreement for Handling by Real Estate Lending Bank of Enrollment in Residential Fire Insurance (Contract Template)" with the FSC for recordation to foster the digitalization of residential fire insurance policies.

The FSC continues to promote and develop the Taiwan Sustainable Taxonomy, expanding the range of applicable industries and categories of economic activities. The new version is scheduled for release by the end of 2024.

Research on the "Financial Supervision Policy on Prevention of Greenwashing Risks" was outsourced in the first quarter of 2024.

Research on the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations was outsourced in the first quarter of 2024.

The Joint Credit Information Center launched its Physical Climate Risk Database on 31 January 2024.

The first examination for the Certificate of Basic Competency in Sustainable Finance will be held in April 2024, initiating the Sustainable Finance Certification Mechanism.

The FSC plans to draft the "Reference Guidelines for Financial Institutions to Prevent Greenwashing" by the end of June 2024, reminding financial institutions to be mindful of avoiding potential greenwashing practices.

The indicators of the third Sustainable Finance Evaluation are to be announced in the third quarter of 2024, and the results of the second Sustainable Finance Evaluation are scheduled to be announced by the end of 2024.

The FSC has pushed for banks to establish responsibilities maps to strengthen the accountability of senior management. The preparation process for banks should be completed by the end of 2024.

The FSC will instruct the TWSE to establish the "Digital Platform for Sustainable Reporting," scheduled for trial operation in 2024 and officially launch in the first quarter of 2025. Additionally, the FSC will instruct the TDCC to establish the "Digital Platform for Stewardship Reporting." The first phase "Shareholder Meeting Separate Voting Disclosure Service for Individual Proposals" was launched in December 2023, while the second phase ("Digitalization of Stewardship Reporting") is planned for trial operation before the end of 2024, with full implementation before the end of 2025.

❖ Development of asset management and auxiliary enterprises

On 24 January 2024, the FSC relaxed the renewal application procedures for wealth management business and the requirements related to the renewal period for high-asset customers.

Assessment of whether to allow banks to extend foreign-currency credit secured by foreign-currency financial assets provided by high-asset customers.

The FSC is planning to sign an "Alternative Investment Fund Managers Directive (AIFMD) MoU" with Ireland to assist asset managers in providing cross-border investment management services.

The FSC is currently reviewing regulations related to the marketing and consultation of offshore funds to specific individuals that do not possess the nature of securities investment trust funds. The review is expected to be completed in the fourth quarter of 2024.

The FSC is supervising work by the Securities and Futures Institute (SFI) to plan the "Asset Management Talent Roadmap." The Roadmap will be finished in the fourth quarter of 2024.

The "Directions for the Conduct of Wealth Management Business by Securities Firms" are expected to be amended by the fourth quarter of 2024 to allow for more flexible conduct of wealth business by means of trusts.

The FSC will expand the range of trust asset investments for securities firms' wealth management clients. The rules change is expected to be completed in the fourth quarter of 2024.

In order to encourage offshore fund institutions to set up business locations in Taiwan or strengthen their master agent functions, the FSC is scheduled to relax regulations so that, by the fourth quarter of 2024, the effective registration system can be applied to applications submitted by offshore funds.

The FSC is scheduled to complete a study on the digitalization of investor investment transactions and fund middle and back-office operations in the fourth quarter of 2024, and enhance the electronic development of subscription and redemption of domestic funds and ETFs.

The FSC will finish a study on the feasibility of allowing securities firms to handle margin purchases of foreign securities via sub-brokerage business by the fourth quarter of 2024 to expand the business scope of securities firms.

The FSC is scheduled to complete an amendment to the "Regulations Governing Borrowing or Lending Money in Connection with Securities Business by Securities Firms" by the fourth quarter of 2024 to enhance the scope of securities firms' credit business.

The FSC is scheduled to complete an evaluation of the advisability of introducing active and multi-asset ETFs in the second quarter of 2024, in order to provide investors with a more diversified range of products.

The FSC is studying the possibility of amending the "Investment Trust and Consulting Act" to encourage the managers of fund-structured REITs to actively issue REIT geared to diverse themes, such as GREEN/ESG, infrastructure, and long-term care services. This would provide diversified investment channels and activate Taiwan's real estate securitization market.

Tokenizing ownership through blockchain technology requires adequate regulatory measures concerning the technical maturity of market participants, cybersecurity, and risk disclosure. It is anticipated that research on the demand for and feasibility of fund tokenization will be concluded in the fourth quarter of 2024.

In the second quarter of 2024, the FSC is scheduled to finish assessing the feasibility of expanding the range of investors eligible to purchase structured bonds issued by banks offering financial products and services to high-asset customers.

In the fourth quarter of 2024, the FSC is scheduled to finish assessing the feasibility on simplifying banks' issuance procedures for structured bonds to improve timeliness and their international competitiveness.

It is expected that restrictions on the number of foreign custodians will be implemented in the fourth quarter of 2024 to increase the flexibility of capital dispatch.

The FSC has issued the "Program to Encourage Lending by Domestic Banks to Small and Medium Enterprises (Phase 19)," and incentive measures have been adopted to encourage domestic banks to lend more to SMEs.

The FSC launched the "Program to Encourage Lending by Domestic Banks to Enterprises in the Six Core Strategic Industries" on 28 January 2022, and loans extended to enterprises in six core strategic industries by domestic banks amounted to NT\$7,234.8 billion as of the end of December 2023.

Starting from 2024, the Pioneer Stock Board and Emerging Stock Board have been integrated into a single Emerging Stock Market, and enterprises are now allowed to apply for registration in the new market through a simple public offering mechanism. The Taiwan Innovation Board and the new Emerging Stock Market system have been improved to assist small and medium-sized enterprises in raising funds.

The FSC continues to promote the "Program to Encourage Insurers to Invest in the Six Core Strategic Industries, Public Infrastructure, Long-term Care Enterprises, and Sustainability Bonds." The goal of the second phase is to generate NT\$120 billion worth of the targeted types of investments. An award ceremony is scheduled to be held in the fourth quarter of 2024 to honor insurers that implement the program especially well.

❖ Enhancing products and services, improving financial inclusion

Approval for the cross-border shopping function of the Inter-institution E-payments Platform by the second quarter of 2024.

The FSC is scheduled in the fourth quarter of 2024 to finish assessing friendly financial measures for individuals with disabilities. The FSC will continue inspecting barrier-free services and facilities provided by domestic banks, and will to enhance training in the provision of friendly financial services.

Promotion of the second phase of the Trust 2.0 Plan in response to social and economic development.

To further improve the liquidity of odd-lots, the interval for intraday odd-lot trading will be shortened (from 1 minute to 5 seconds) starting from the fourth quarter of 2024.

The FSC is deliberating on insurance product-related incentive measures, and is refining management mechanisms to help insurers to align with IFRS 17 and TW-ICS.

- The FSC is scheduled to complete a research project in the fourth quarter of the 2024 on incidence rates and loss severities when innovative pharmaceuticals and new medical treatment methods are used. The aim is to enhance our country's database on health insurance experience rates.
- The FSC is scheduled to revise the minimum ratio regulations for death benefits of life insurance products against policy value reserves (policy account value) in the third quarter of 2024, in order to raise the minimum threshold for death protection of life insurance products.
- The FSC is scheduled in the third quarter of 2024 to issue revised incentive mechanisms such as the Comprehensive Product Structure Rating, recognition standards for protection-type and aging-related insurance products, and interpretive rules, in order to encourage life insurance companies to sell protection-oriented insurance products with higher guaranteed components or longer premium payment periods, and investment-linked life insurance products with higher protection components.
- The FSC is scheduled to complete the formulation of guidelines for life insurance companies to conduct participating life insurance business and product review regulations in the second quarter of 2024 in order to enhance the management mechanism for participating insurance products.

Promotion of micro-whole-life insurance and microinsurance

- On 22 February 2024, the FSC amended the "Incentive Measures for Micro-whole-life insurance and Microinsurance" to encourage insurers to promote micro-whole-life insurance and microinsurance.
- On 22 February 2024, the FSC amended the "Directions for Insurance Companies to Engage in Microinsurance Business" to encourage insurers to apply for pilot microinsurance products.

The FSC is scheduled in the third quarter of 2024 to complete the enhancement of statistical data on the experiences of persons with disabilities in order to make it easier for insurers to develop diversified and consumer-demand-oriented insurance products.

The FSC oversaw work by the Non-Life Association and the Life Insurance Association to amend the "Guidelines for Provision of Friendly Financial Services by Insurance Enterprises" on 16 April 2024. The amended provisions encourage insurance enterprises to take additional measures to provide friendly services to diverse ethnic groups.

The Life Insurance Association is scheduled in the fourth quarter 2024 to expand the number of participants in the "Claim Alliance Blockchain" and "Uni-Portal Claims to Medical Insurance," and will continue expanding the application of the consortium blockchain service.

❖ Further development of digital finance

On 14 March 2024, the FSC accepted for recordation an amended version of the "Self-regulatory Rules for Use of AI Technology by Financial Institutions" that had been filed with it by the Bankers Association. These Rules aim to assist financial institutions in strengthening risk management and information security when employing AI technology.

The FSC plans to complete a trial of 10 pilot cases by the fourth quarter of 2024, reviewing and expanding innovative insurance products to foster the development of the insurance industry, while also evaluating and amending regulations as necessary.

The FSC plans by the third quarter of 2024 to amend the "Directions for Insurance Enterprises Engaging in Electronic Commerce Business" to expand the scope of insurance business conducted through e-commerce by insurance companies.

The FSC plans to complete the digitization of compulsory automobile liability insurance supervision reports and insurance product information declarations in the second quarter of 2024.

The FSC launched the "Prevention of Fraud and Financial Crimes" FinTech Thematic Campaign to reduce the number and incidence of financial fraud and crime cases, with results expected to be presented in the fourth quarter of 2024.

A set of "Guidelines for AI applications in the financial industry" are scheduled to be released in the second quarter of 2024. The Guidelines will assist the financial industry in identifying key considerations before and after adopting AI.

The "Data Sharing Governance Guidelines" are set to be published in the fourth quarter of 2024, providing financial institutions with guidelines to follow to maximize the value of data and ensure customer privacy protection.

The FSC is scheduled to start the establishment of the cross-system "Financial FIDO authentication and connection hub" in the second quarter of 2024, to connect the existing Financial FIDO systems, and improve the interoperability of identity authentication. Also, it is expected to announce the expanded business items or services scope for Financial FIDO applications during in the fourth quarter of 2024.

The FSC plans to establish a "FinTech Regulatory Adjustment Platform" to survey every six months and learn about their specific needs and opinions regarding financial innovation or industry digitization. This platform will also facilitate regulatory reviews and adaptation assessments accordingly.

The FSC is organizing "2024 FinTech Taipei" to promote the achievements of Fintech development in our country, and to allow the public to become acquainted with the latest developments in Fintech.

The FSC is scheduled during in the fourth quarter of 2024 to hold a financial technology award competition, which will include the addition of the Green Financial Technology Award. This initiative aims to encourage financial institutions to engage in collaboration among Fintech startups and enterprises, fostering cooperation on innovation and business opportunities in the field.

An upgrade of the "FinTech Skills Certification System" is planned for the fourth quarter of 2024. The FSC is collaborating with universities and integrating academic resources to provide more in-depth and professional training for Fintech talent.

In the second quarter of 2024, efforts will be made to establish a collaborative mechanism between FinTechSpace and the Taiwan Academy of Banking and Finance. By the fourth quarter of 2024, the plan is to achieve expanded cooperation with enterprises.

The FSC will address the important consulting services of securities investment consulting enterprises (SICEs) and the automated tools of robo-advisor services in the "Regulations Governing Securities Investment Consulting Enterprises" to elevate the legislative level of the legal provisions that govern of robo-advisor services, and to strengthen the supervision of operators who provide robo-advisor services.

❖ Enhancing cybersecurity and joint defense mechanisms

The FSC continues to supervise financial industry associations in their work to amend and enhance cybersecurity-related self-regulatory rules. This includes strengthening aspects such as the strength of network authentication, alignment of business risks, assessment and management of third-party service provider risks, and security controls for the use of cloud-based services and emerging technologies.

The FSC has revised the competency map for financial cybersecurity talent to include topics such as cloud security and network attack and defense, and engages with financial training institutions across various industries to discuss and develop relevant courses aimed at enhancing the skills of financial cybersecurity professionals.

Conduct financial cybersecurity offensive and defensive drills and situational drills to strengthen the cybersecurity defense and incident response capabilities of financial institutions.

Develop guidelines for the adoption of Zero Trust architecture in the financial sector, provide financial institutions with implementation references, and encourage them to adopt the Zero Trust framework.

❖ Promotion of consumer interests and safeguard mechanisms

Draft amendments to certain articles of the "Securities Investor and Futures Trader Protection Act" are being prepared, with plans to submit them for deliberations at the Legislative Yuan in 2024. The amendments are expected to be passed in the fourth quarter.

The inaugural of the Financial Education Contribution Awards Ceremony will be held in the third quarter of 2024, encouraging the financial industry to actively participate in financial literacy promotion activities.

The FSC amended the "Implementation Regulations for the Risk Spreading Mechanism of Residential Earthquake Insurance" on 27 March 2024 to raise the risk assumption limit of residential earthquake insurance.

In order to raise the take-up rate of residential earthquake insurance, the FSC supervised work by the Taiwan Residential Earthquake Insurance Fund to increase a database on the village take-up ratio of residential earthquake insurance.

The "Premium Table of Compulsory Automobile Liability Insurance for Cars" and the "Policy Period of Compulsory Automobile Liability Insurance" and introduced an insurance rate of tier 2 trial run license of compulsory automobile liability insurance will be revised in the second quarter of 2024.

Required the Taiwan Insurance Institute to report an actuarial review in the third quarter of 2024 to implement the break-even principle for compulsory automobile liability insurance and improve the insurance system.

The FSC plans to review the "Table of Years of Manufacture and Premium Code Coefficients for Automobiles Insured Under Optional Automobile Insurance and Automobile Physical Damage Insurance" in the third quarter of 2024 to maintain the fairness and reasonableness of the premium rates.

The FSC expects to complete the promotion of interministerial cooperation on financial literacy education in the fourth quarter of 2024 in order to cultivate students' basic financial and insurance literacy.

In the third quarter of the 2024 the FSC required the Taiwan Insurance Institute to establish an insurance education section in order to enhance public understanding of insurance products and strengthen their ability to choose among them.

The FSC expects to complete the strengthening of policy insurance education advocacy in the fourth quarter of the 2024 to enhance public risk awareness and safeguard their rights and interests.

The FSC urged the Bankers Association and card issuers to strengthen the identity verification mechanism for online credit card transactions and to improve consumer rights protection.

- Anticipating completion by the second quarter of 2024, the FSC urged the Bankers Association to incorporate the importance of one-time passwords (OTPs) for identity verification into the content of the "Prevention of Credit Cards Online Fraud Handbook" e-book, and to inform card issuers to strengthen advocacy efforts.
- Anticipating completion by the second quarter of 2024, the FSC urged card issuers to display the currency code of the transaction amount in Mandarin instead of English in OTP verification SMS messages for foreign currency transactions.
- Anticipating completion by the second quarter of 2024, the FSC urged the Bankers Associations to discuss strengthening the identity verification mechanism for binding credit cards to mobile applications used by contracted merchants.

Promotion of financial fraud prevention to safeguard individual assets

- The FSC continues to adhere to the Executive Yuan's "Next-Generation Anti-Fraud Strategy Guidelines, Version 1.5" to oversee the implementation of anti-fraud measures by financial institutions.
- The FSC requested banks to collaborate with the Criminal Investigation Bureau of the Ministry of the Interior to utilize technology for fraud prevention. Additionally, the "Preset Transfer Account Gray List Notification Platform" developed by Financial Information Service Co., Ltd. (FISC) was launched on 31 March 2024.
- The FSC implements Article 70-1 of the "Securities Investment Trust and Consulting Act" and bolstered efforts to discover and report fraudulent online investment advertisements. In addition, the Executive Yuan has set up a cross-departmental meetings on fraud. The FSC will actively participate in the cross-departmental meetings to resolve the difficulties from the legal aspect.

To assess financial institution performance in implementing the Treating Customers Fairly (TCF) principles:

- The FSC plans to complete 2024 Treating Customers Fairly (TCF) assessments in the third quarter of 2024 (covering 2023) to continue enhancing the protection of financial consumers' rights.
- The FSC will review and release the mechanism for 2026 TCF assessments (covering 2025) in the fourth quarter of 2024.





FSC

Appendices

Appendices

❖ FSC management team

Front row (left to right)

Counselor | Chun-Ming Kuo

Director-General of Insurance Bureau | Chiung-Hwa Shih

Director-General of Banking Bureau | Hsou-Yuan Chuang

Former Vice Chairperson | Tsuey-Ling Hsiao

Former Chairperson | Dr. Tien-Mu Huang

Vice Chairperson | Jean Chiu

Chief Secretary | Fu-Longe Tsai

Director-General of Securities and Futures Bureau | Chen-Shan Chang

Director-General of Financial Examination Bureau | Tzy-Hao Chang



Back row (left to right)

Director of Civil Service Ethics Office | Fan-Hui Chen

Director of Accounting Office | Mei-Ying Tai

Director of Secretariat Office | Chi-Fu Chang

Counselor | Tsai-Huai Chen

Director-General of Department of Legal Affairs | Tsui-Wen Hsu

Director-General of Department of Planning | Brenda Wu

Director-General of Department of International Affairs | Joe Lai

Director-General of Department of Information Management | Yuh-Tay Lin

Counselor | Li-Hui Wang

Director of Personnel Office | Chiu-Ya Hung



❖ Financial statistics overview

Banking industry

- Business Overview

- » At the end of 2023, the total assets and net worth of the banking sector were NT\$81.5 trillion and NT\$5.4 trillion, respectively, including NT\$67.0 trillion and NT\$4.8 trillion, respectively, in domestic banks.
- » Annual profits exceeded NT\$500 billion for the first time:
 - Due to increased fee income from the banking sector's investments and wealth management business, coupled with eased restrictions on travel after the Covid-19 pandemic, domestic travel and consumer spending increased.
 - As a result, banking sector profit before tax was NT\$505.7 billion in 2023, which was the best in recent years and up by NT\$73.6 billion from 2022. In addition, the return on assets (ROA) and return on equity (ROE) of domestic banks were 0.73% and 10.40% in 2023, up by 0.09 percentage points and 1.21 percentage points from 2022, respectively.
- » Relief and revitalization measures drove an increase in loans:

Outstanding loans extended by domestic banks stood at NT\$38.4 trillion at the end of December 2023. Meanwhile, non-performing loans (NPLs) of these banks stood at NT\$54.9 billion, resulting in an NPL ratio of 0.14%, down by 0.01 percentage points from 2022. The coverage ratio was 968.74%.



- Important indicators

Unit : firm : NT\$Bn

Item	2018	2019	2020	2021	2022	2023
Number of banks						
Head office	111	110	111	114	119	118
Domestic banks	37	36	37	38	39	38
Local branches of foreign and mainland Chinese banks (1)	29	29	29	30	31	31
Credit cooperatives	23	23	23	23	23	23
Bills finance companies	8	8	8	8	8	8
Postal savings system	1	1	1	1	1	1
Credit card companies	4	4	4	4	4	4
Specialized electronic payment institutions	9	9	9	9	11	10
Foreign migrant worker remittance companies	0	0	0	1	2	3
Branches	5,045	5,055	5,056	5,059	5,040	5,048
Domestic banks (2)	3,403	3,405	3,403	3,404	3,384	3,393
Local branches of foreign and mainland Chinese banks (3)	38	38	38	39	40	40
Credit cooperatives	276	284	285	287	288	289
Bills finance companies	30	30	30	30	30	30
Postal savings system (4)	1,298	1,298	1,300	1,299	1,298	1,296
Credit card companies	0	0	0	0	0	0
Specialized electronic payment institutions	0	0	0	0	0	0
Foreign migrant worker remittance companies	0	0	0	0	0	0
Deposits of the banking sector (NT\$Bn)	40,432.1	42,842.3	46,908	50,451.1	54,830.2	57,480.5
Domestic banks' share (%)	95.80	95.30	95.50	96.42	95.47	95.55
Local branches of foreign and mainland Chinese banks' share (%)	2.53	3.06	2.91	2.00	3.02	2.95
Credit cooperatives' share (%)	1.67	1.64	1.59	1.58	1.51	1.50
Loans of the banking sector (NT\$Bn)	30,463.3	31,759.3	33,461.6	35,747.1	38,824.5	40,398.8
Domestic banks' share (%)	93.68	93.47	94.04	94.20	94.41	95.22
Local branches of foreign and mainland Chinese banks' share (%)	4.75	4.96	4.40	4.26	4.10	3.28
Credit cooperatives' share (%)	1.56	1.57	1.56	1.54	1.49	1.50
Non-performing loans (NPLs)						
NPLs of banking sector (NT\$Bn)	69.1	64.2	70.2	59.7	55.1	55.4
NPLs of domestic banks (NT\$Bn)	68.4	63.6	69.2	58.7	54.7	54.9
NPLs ratio of banking sector (%)	0.23	0.20	0.21	0.17	0.14	0.14
NPLs ratio of domestic banks (%)	0.24	0.21	0.22	0.17	0.15	0.14
Coverage ratio of domestic banks (%)	575.44	651.78	623.24	776.24	910.46	968.74
Domestic bank profitability						
Return on equity (ROE) (%)	9.31	9.38	7.70	8.03	9.19	10.40
Return on assets (ROA) (%)	0.70	0.72	0.59	0.59	0.64	0.73

Note: 1. The data exclude Agricultural Bank of Taiwan.

2. "Banking Sector" includes domestic banks, local branches of foreign & mainland Chinese banks, and credit cooperatives.

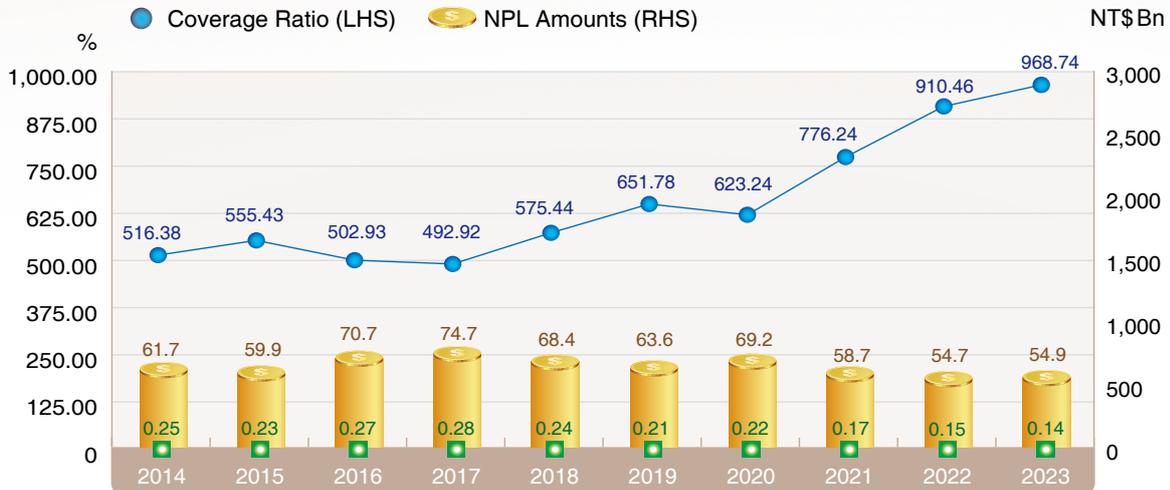
Remark: (1) The data refer to the total number of foreign banks in Taiwan and are included in the data of "Branches."

(2) The data exclude OBUs and overseas branches.

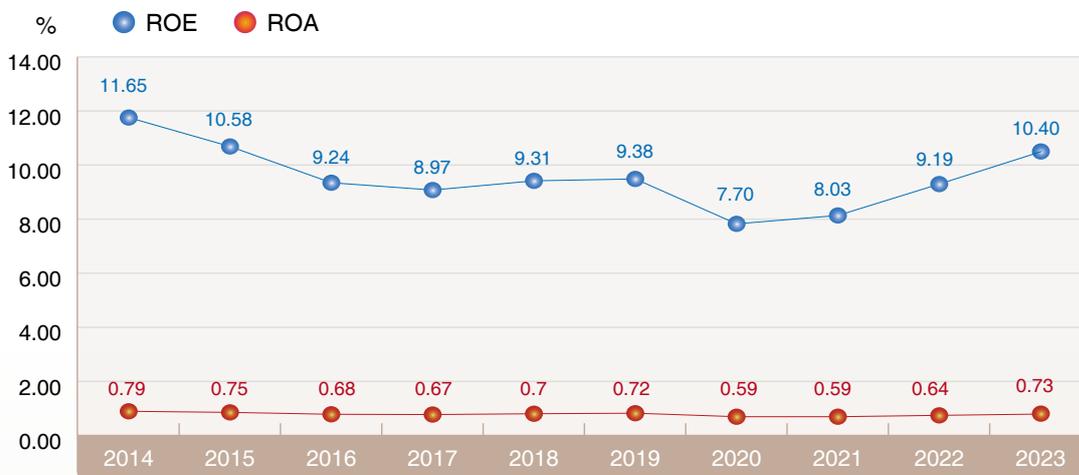
(3) The data refer to the total number of foreign banks' Taiwan branches.

(4) The data exclude the postal agency.

| NPL Ratio & Amounts VS Coverage Ratio of Domestic Banks |



| Average ROE and ROA of Domestic Banks |



Securities and Futures Industry

• Business Overview

- » The securities firms' earnings rise: Pre-tax surplus was NT\$75.721 billion in 2023, up by around NT\$28.818 billion (61.44%) from NT\$46.903 billion in 2022. The main reason is that trading volumes and the TAIEX rose significantly in 2023, which contributed to an increase in the revenues of securities brokerage business and securities dealing business.
- » Stable profitability of futures commission merchants: The pre-tax profit of futures commission merchants has continued to grow in recent years. It was NT\$7,071 billion in 2023, up by NT\$1,442 billion or 25.62% from NT\$5,629 billion in 2022. The main reason is that deposit interest rates have increased, increasing FCMs' deposit interest income.

- » Stable profitability at SITEs: The pre-tax surplus of SITEs has continued to grow in recent years. The pre-tax surplus increased from NT\$13.573 billion in 2022 to NT\$16.983 billion in 2023, a year-on-year increase of NT\$3.41 billion or 20.08%. The main reason is that assets under management of SITEs increased, resulting in an increase in management fee income.

● Important Indicators

Unit: firm

Item	2018	2019	2020	2021	2022	2023
Number of securities services providers						
Securities firms	108	106	105	105	104	102
Branches of securities firms	871	853	848	849	849	828
Brokers	72	71	70	70	68	67
Dealers	76	75	74	74	74	74
Underwriters	58	58	58	58	59	57
Securities investment trust enterprises	39	39	39	39	38	38
Securities investment consulting enterprises	82	84	85	86	86	87
Number of participating futures firms						
Futures firms	15	15	15	15	15	15
Concurrently operated enterprises	26	26	26	26	25	23
Proprietary traders	32	32	32	32	30	28
Brokers	26	26	26	26	26	25
Futures advisory enterprises	32	31	30	30	33	32
Managed futures enterprises	7	6	6	6	5	5
Introducing brokers	47	47	44	43	42	42
Futures trust enterprises	10	8	8	9	9	8

Indicators of Securities & Futures Market

Unit : firm : NT\$Bn

Highlights of Equity Issuance by Public Companies	2018	2019	2020	2021	2022	2023
TWSE listed companies	928	942	948	959	971	997
Capital issued	7,158.9	7,155.6	7,238.4	7,385.3	7,499.9	7,638.8
Market value	29,318.5	36,413.5	44,903.8	56,282	44,266	56,842.1
TPEX listed companies	766	775	782	788	808	816
Capital issued	738.5	746.7	742.2	760.9	742	757.9
Market value	2,826.6	3,433.5	4,352	5,782.1	4,424.1	5,792.3
Unlisted companies	672	677	708	747	785	828
Capital issued	1,509.4	1,483.5	1,375.5	1,457.6	1,399.7	1,382
Emerging-stock companies*	256	248	253	296	299	329
Capital issued	177.1	161.1	204.5	189.2	219.3	236.4
Market value	518	489.9	749.5	1,123.8	905.3	1,037.6

* The number and capital issued of unlisted companies includes emerging-stock companies.

Item	2018	2019	2020	2021	2022	2023
Highlights of securities transactions (NT\$Bn)						
Securities trading value on TWSE	32,162.4	29,056.6	49,182.5	95,517	59,573.8	67,206.2
Stocks	29,608.9	26,464.6	45,654.3	92,290	56,080.6	63,170.3
ETFs	1,834.1	2,081.5	2,838.6	2,454.5	2,938.1	3,454.3
Closed-end funds	0	0	0	0	0	0
Beneficiary securities	4.2	10	11.5	5.3	9.4	36.6
Warrants	712.6	497.1	509.2	681.2	531.2	531.6
TDRs	2.7	2.4	163.3	72.5	10.4	9.3
Convertible corporate bonds	0	0	0	0	0	0
Securities trading value on TPEX	56,891.4	53,284.7	53,263.1	49,874.4	45,199	47,718.6
Stocks	8,145.5	7,607.5	12,087.1	20,276	14,878.7	16,847.4
Warrants	211.7	145.4	154.6	177.4	133.7	171.8
Bonds (including outright and Repos)	48,217.5	44,677.1	40,604.2	29,171.4	29,956.6	29,461.3
Highlights of Taiwan Futures Market Trading** (Lots)						
Futures and options	308,083,576	260,765,482	341,393,346	392,202,371	384,468,497	324,644,847
Futures	112,731,243	90,042,348	139,151,877	194,453,304	183,312,293	148,125,640
Options	195,352,333	170,723,134	202,241,469	197,749,067	201,156,204	176,519,207
Open interest of futures and options	872,723	941,097	987,019	1,074,402	952,888	1,135,213
Open interest of futures	291,914	328,212	571,617	701,785	584,211	704,505
Open interest of options	580,809	612,885	415,402	372,617	368,667	430,708
Net Foreign Investments in Listed Shares (NT\$Bn; %)						
Net foreign investments in Taiwan Stock Exchange (TWSE) shares (NT\$Bn)	-354.9	244.2	-609.1	-450.4	-1089.7	249
Trading value ratio of foreign investments in Taiwan Stock Exchange (TWSE) shares (%)	26.19	27.66	27.65	24.40	32.63	32.16
Net foreign investments in Taipei Exchange (TPEX) shares (NT\$Bn)	-13.4	25.9	9.2	-48.6	-52.9	-71.146
Trading value ratio of foreign investments in Taipei Exchange (TPEX) shares (%)	12.27	11.78	12.06	17.59	20.80	22.26

* According to Article 3 of the "Futures Trading Act," the term "futures trading" shall mean trading in futures contracts, option contracts, futures options contracts, leverage contracts, swap contracts, or other types of contracts, or any combination thereof, deriving from commodities, currencies, securities, interest rates, indices, or other interests, conducted under the regulations or practices set forth by domestic or foreign futures exchanges or other futures markets. The FSC adjusted the above futures trading statistics in its 2012 Annual Report and retroactively applied those same adjustments to 2006.

Insurance industry

● Business Overview

- » In 2023, total insurance industry premiums were NT\$2,432.7 billion, down by NT\$122.9 billion or 4.8% from the previous year. Premiums in the life insurance sector declined by NT\$146.5 billion due to financial market volatility, which caused sales of investment-linked and interest-sensitive policies to drop off. Premiums in the non-life sector rose by NT\$23.6 billion, posting steady growth thanks to post-Covid economic recovery and an attendant increase in sales of travel accident insurance and auto insurance.
- » In 2023, the pre-tax profits of the insurance industry were NT\$98.1 billion, up by NT\$116.7 (627.4%) from the NT\$18.6 billion loss of the previous year. The pre-tax profits of the non-life sector were NT\$17.5 billion, up by NT\$208 billion from the NT\$190.5 loss of the previous year. Most of the profits were transferred to loss reserves. The pre-tax profits of the life sector were NT\$80.6 billion, down by NT\$91.3 billion from NT\$171.9 in the previous year, primarily due to the fact that net investment gains were down by NT\$36.6 billion from the previous year, while hedging costs remained high.
- » The total assets of the insurance industry at the end of 2023 stood at NT\$35,379.2 billion, up by NT\$1,302.4 billion from NT\$34,076.7 billion at the of 2022, primarily due to an increase in operating revenues.
- » In 2023, the claims of the life insurance industry were NT\$2,405.4 billion, up by NT\$236.1 billion from NT\$2,169.3 billion in the previous year, primarily because high market interest rates spurred consumers to cancel policies and purchase other financial products offering high interest rates, which forced insurers to make a lot of surrender value payouts. The claims of the P&C insurance industry were NT\$187.3, down by NT\$112.3 billion from NT\$299.6 billion in the previous year, primarily because Covid claims were down from 2022.

● Important Indicators

Units: firms; NT\$Bn; %

Item	2018	2019	2020	2021	2022	2023
No. of insurers (based on no. of issued business licenses)	55	54	53	53	52	52
Domestic non-life insurers (incl. cooperatives)	17	17	17	17	17	17
Domestic life insurers	23	23	23	23	23	23
Foreign non-life insurers	7	7	6	6	6	6
Foreign life insurers	5	4	4	4	3	3
Domestic & foreign reinsurers	3	3	3	3	3	3
Overseas branches of domestic insurers	20	20	19	19	20	20
Non-life insurers	8	8	7	7	8	8
Life insurers	12	12	12	12	12	12
Taiwan contact offices of foreign insurers	8	8	7	7	7	7
Non-life insurers	3	3	3	3	3	3
Life insurers	0	0	0	0	0	0
Reinsurers	5	5	4	4	4	4

Item	2018	2019	2020	2021	2022	2023
Total assets of all financial institutions (NT\$ Bn)	78,237	82,870.1	88,559.8	93,705.6	99,715.8	104,911.5
Total assets of all insurers	26,671	29,831.8	32,163.5	33,797.2	34,075.8	35,379.1
Total assets of all non-life insurers	353.5	384.5	411.4	455.1	452	475.9
Total assets of all life insurers	26,317.5	29,447.3	31,752.2	33,342.1	33,623.8	34,903.2
Total assets of insurers as share of total assets of all financial institutions (%)	34.09	36.00	36.32	36.07	34.17	33.72
Total assets of non-life insurers as share of total assets of all financial institutions (%)	0.45	0.46	0.46	0.49	0.45	0.45
Total assets of life insurers as share of total assets of all financial institutions (%)	33.64	35.53	35.85	35.58	33.72	33.27
Total premium income as share of GNI (Note 1) (%)	19.57	18.80	16.36	14.30	10.93	10.04
Premium income (NT\$ Bn)	3,677.2	3,643.8	3,352.1	3,178.5	2,555.6	2,432.7
Premium income of non-life insurers (NT\$ Bn)	165.6	177.1	188.1	207.4	221.2	244.8
Premium income of life insurers (NT\$ Bn)	3,511.6	3,466.7	3,164	2,971.1	2,334.4	2,187.9
Premium income of non-life vs. life insurers	1:21.20	1:19.57	1:16.82	1:14.32	1:10.55	1:8.94
Annual increase in premium income of non-life insurers (%)	5.68	6.96	6.20	10.28	6.63	10.65
Annual increase in premium income of life insurers (%)	2.67	-1.28	-8.73	-6.10	-21.43	-6.27
Annual increase in premium income of foreign non-life insurers (%)	10.18	9.99	9.96	9.32	9.61	10.07
Annual increase in premium income of foreign life insurers (%) (Note 2)	3.27	3.51	2.85	4.66	3.87	1.58
Non-life insurance market concentration ratio (%)	61.37	61.41	61.34	61.30	61.51	61.52
Life insurance market concentration ratio (%)	66.46	67.29	68.21	64.60	63.85	63.37
Insurance losses (NT\$Bn)	1,956.1	2,030.1	1,962.9	2,013.1	2,468.9	2,592.7
Insurance losses on non-life insurers	80.3	88	89.9	95	299.6	187.3
Insurance losses on life insurers	1,875.8	1,942.1	1,873	1,918.1	2,169.3	2,405.4
Insurance density (NT\$)	155,885	154,379	142,271	135,979	109,848	103,871
Non-life insurance density	7,021	7,505	7,984	8,875	9,508	10,451
Life insurance density	148,865	146,874	134,287	127,104	100,340	93,421

Item	2018	2019	2020	2021	2022	2023
Insurance penetration (%)	20.01	19.27	16.83	14.67	11.27	10.34
Non-life insurance penetration (%)	0.90	0.94	0.94	0.96	0.98	1.04
Life insurance penetration (%)	19.11	18.33	15.89	13.71	10.29	9.30
New life insurance contracts (1,000 contracts)	50,868	60,471	49,574	44,598	43,034	48,928
Insured amount of new life insurance contracts (NT\$Bn)	47,601.7	49,263.1	30,675.3	25,351.6	27,404.8	36,292.8
Life insurance contracts in force (individuals) (1,000 contracts)	51,822	53,181	53,799	53,913	53,779	53,684
Insured amount of life insurance contracts in force (individuals) (NT\$Bn)	41,636.9	43,518.5	43,973.6	45,144.8	45,982.9	46,853.8
Take-up rate for life & annuity insurance (%)	249.45	256.09	260.49	264.81	266.08	263.53
Prevalence ratio of life & annuity insurance (%)	295.00	301.79	291.14	277.54	273.22	270.55
Avg. dividend interest rate on life insurance (%)	1.08	1.08	0.88	0.81	1.13	1.59

Note 1: Taiwan's Directorate-General of Budget, Accounting and Statistics (DGBAS) switched in 2014 from the term Gross National Product (GNP) to Gross National Income (GNI) for the purpose of international comparison. In coordination with this switch, the item in this table that formerly read "Total premium income as share of GNP" has been reworded to read "Total premium income as share of GNI," and the annual data have been revised accordingly (2014 GNI is a DGBAS estimate).

2: The term "insurance market concentration ratio" is an indicator of the combined premium income of the five largest non-life (or life) insurance enterprises as a percentage the total premium income of the non-life (life) insurance industry as a whole.



Financial Supervisory Commission

2023-2024 Annual Report

Distributed by	Financial Supervisory Commission
Publisher	Jin-Lung Peng
Address	18F., No.7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 22041, Taiwan (R.O.C.)
Tel	886-2-8968-0899
Fax	886-2-8969-1215
Website	https://www.fsc.gov.tw
Electronic version at the following URL:	https://www.fsc.gov.tw/en/home.jsp?id=56&parentpath=0,4
Available at the following locations:	Government Publications Bookstore Address: 1F., No.209, Sung Chiang Rd., Taipei, Taiwan (R.O.C.) TEL: 886-2-2518-0207 Website: http://www.govbooks.com.tw WU-NAN Bookstores Co., Ltd. Address: NO.6 Jhongshan Rd., Central District Taichung 400 Taiwan (R.O.C.) TEL: 886-4-2226-0330 Website: http://www.wunanbooks.com.tw
Art Design & Printing	GROWING UP DESIGN CO., LTD.
Address	9F-9, No.189, Sec. 2, Keelung Rd., Sinyi Dist., Taipei City, Taiwan (R.O.C.)
Tel	886-2-2377-3689
Fax	886-2-2377-3672
Date of publication	June 2024
ISSN	18165176
GPN	2009401915
Price	NT\$ 250

Copyright © Financial Supervisory Commission – All rights reserved



The work is licensed under the Creative Commons Attribution-Non-Commercial 3.0 Taiwan License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc/3.0/tw/> or send a letter to Creative Commons, 171 Second Street, Suite 300, San Francisco, California 94105, USA.

Resilience, Innovation, Sustainability, and Inclusion



Financial Supervisory Commission

18F., No.7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 22041,
Taiwan (R.O.C.)

Tel: 886-2-8968-0899 Fax: 886-2-8969-1215

<http://www.fsc.gov.tw>



www.fsc.gov.tw



GPN: 2009401915
NT\$ 250