

# Trust 2.0 "Comprehensive Trust" Phase 2 Implementation Plan

## Chapter 1 Introduction

**Trust 2.0 Phase 1 Plan has provided solid foundations for the development of comprehensive trust businesses:**

- I. In response to the aging society and low birthrate, the FSC has continuously encouraged trust enterprises to develop more diverse trust services to protect the economic security of the elderly and people with disabilities. The FSC launched the Trust 2.0 "Comprehensive Trust" Implementation Plan on September 1, 2020 to encourage trust enterprises to actively invest suitable resources, adjust department organization, train professional talents, and integrate their internal resources while cooperating with outside entities in other sectors, in order to move away from their current over-emphasis on trust services for the purpose of wealth management, and instead develop a comprehensive type of trust business that provides customers with services tailored to their particular needs.
- II. The Trust 2.0 Plan has achieved significant results since its inception. **In terms of business development**, as of the end of June 2022, 18 firms have set up trust business development strategy units; 13 firms have reduced or ended the rotation mechanisms between trust business departments and other departments, and provided appropriate and reasonable promotion channels for personnel of the trust department; 18 firms elevated their rank of trust departments and established cross-industry and internal resource integration units in the trust enterprise; and 23 companies adjusted their reward and evaluation systems. The joint efforts of trust enterprises have resulted in qualitative and quantitative growth in elderly care trusts and employee benefit trust. **In terms of laws or self-governing regulations,**

regulations have been set up to govern banks that concurrently operate trust businesses to incorporate the contribution of the trust system for promoting integrated businesses into the salary system and evaluation of related units. Insurance premium trusts operated by banks and securities firms that concurrently operate trust businesses may assign an insurance subsidiary of the same financial holding company to engage in referrals and acceptance of applications. Restrictions on marketing and promotion of trust businesses and the maximum value of promotional gifts provided by trust enterprises have also been relaxed. **In terms of talent development**, the Trust Association has organized training programs for "financial advisors for seniors" and "family trust advisors" and completed related certification plans.

## **Chapter 2 Core Objectives of the Phase 2 Implementation Plan**

Due to changes in the population structure and social environment in Taiwan, trust businesses must be adjusted to respond to socioeconomic developments and satisfy the needs of customers in different stages of life. Therefore, FSC proposed the following "three major core objectives" in the Trust 2.0 Phase 2 Plan on the basis of the comprehensive trust business development set forth in the aforementioned Trust 2.0 Plan to encourage and empower the progression of trust services.

### **I. Trust services for satisfying the needs in all stages of life:**

(I)**Trust services for the aging society and the protection of assets for people with dementia (elderly care trust):** Due to the rapid increase of the elderly population in recent years, dementia has become an increasingly severe global public health problem. According to the results of the dementia epidemiological survey commissioned by the Ministry of Health and Welfare and conducted by Taiwan Alzheimer

Disease Association from 2011 to 2013 and the demographic data provided by the Ministry of the Interior as of the end of December 2019, people over the age of 65 who suffer from dementia account for approximately 7.78% of the population over the age of 65, meaning that approximately 1 person in every 12 people over the age of 65 suffers from dementia. As such, the FSC will continue to promote trust services for the elderly, and will also include the enhancement of economic security and related assistance measures for people with dementia with trust mechanisms as a core objective of the Trust 2.0 Phase 2 Plan to enhance property security for people with dementia and satisfy their future financial needs.

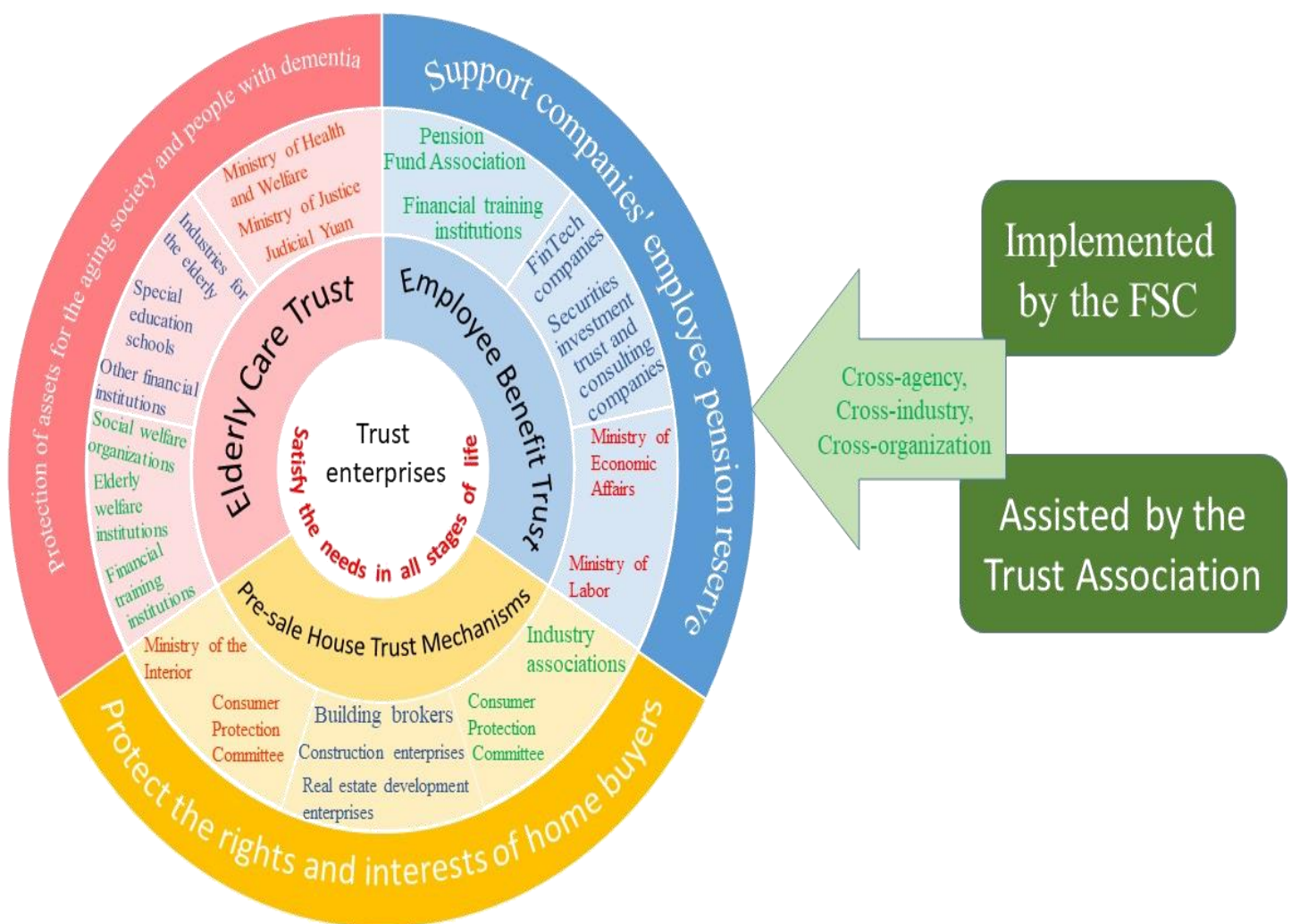
- (II) **Trust services for supporting companies' employee pension reserve (employee benefit trust):** As Taiwan will soon become a super-aged society, the support for citizens' life in retirement has become increasingly important for the society. To help citizens with future wealth accumulation and wealth management plans in their retirement, the Trust 2.0 Phase 2 Plan will be expanded to help companies organize employee benefit trust, including employee stock ownership trusts and employee benefits and savings trusts, as the third pillar for enhancing the pension reserve and providing more security for life in retirement.
- (III) **Trust services for protecting the rights and interests of home buyers (pre-sale house trust mechanisms):** Purchasing a home is one of the most important financial expenditures in people's lives. Government institutions must enhance the security of home purchase transactions and reduce disputes in the transactions of pre-sale houses. The real estate development trust and price trust systems are a part of the pre-sale house transaction security mechanism of the

Ministry of the Interior. The Ministry of Interior, the FSC, and trust enterprises must work together to strengthen and implement these trusts to protect the rights and interests of buyers of pre-sale houses. The FSC therefore included the enhancement of the trust mechanisms for pre-sale houses as a core objective in the Trust 2.0 Phase 2 Plan to help enhance the protection of people's rights in home purchases.

## **II. Expansion and intensification of cross-industry alliances for trusts:**

- (I) The Trust Association of R.O.C. (hereinafter referred to as the Trust Association) has implemented four major cross-industry collaboration projects, including elderly care trusts, real estate management trust, elderly care residence real estate development trusts, and family trusts, in accordance with the "Trust Enterprise Cross-Industry Alliance Development Roadmap", and set up the "Partner Database". The Trust 2.0 Phase 2 Plan will encourage trust enterprises to continue to expand cross-industry collaboration categories and partners.
- (II) To improve related measures for the friendly treatment of the elderly and customers with dementia, the Trust 2.0 Phase 2 Plan will enhance cross-industry collaboration between trust enterprises and information technology as well as medical service companies. The Plan takes into account the methods and knowledge of medical institutions on cognitive function tests to help financial institutions understand the cognitive status and expressive abilities of the elderly and customers with dementia. Financial institutions must provide appropriate transactions and services based on the cognitive and expressive abilities of their customers to protect the rights of the elderly and customers with dementia.

**III. Enhance the knowledge and understanding of trust services for elderly, people with dementia and disabilities:** As population aging accelerates and birthrates decline, elderly, people with dementia and disabilities often become primary targets for criminals who go after their properties. It has become an important issue for the government. The Trust 2.0 Phase 2 Plan will continue to increase people’s awareness and enhance the knowledge and understanding of trust services for the elderly and people with dementia or disabilities to help them make use of the trust system and ensure the security of their assets.



## **Chapter 3 Main Implementation Strategy and Important Measures:**

### **I. Regulations and Business Development**

**(I) Continue to guide enterprises in gradually increasing the functions and organization structure of the trust department:** Encourage and guide enterprises in implementing internal organizational adjustments, establishing a trust business development strategy unit to enhance trust business functions, conducting regular reviews on the reasonableness of trust business development strategies, staffing, authority and responsibilities, resources, and annual targets, and proposing business development recommendations to provide a full range of services through trusts and financial instruments.

**(II) Formulate and review legislation to enhance the management of real estate investment trusts (REITs):**

1. Enhance regulations for REIT management in separate phases of studies:  
To address disputes involving the beneficiaries' meetings of real estate investment trusts, relevant self-governing regulations shall be formulated and amended regarding the procedures for the beneficiaries' meetings, transaction procedures with stakeholders, method of disclosure of financial statements, and investor protection mechanisms, in order to enhance REIT management.
2. Related supporting measures for the transformation of REITs: Once the amendment of the Securities Investment Trust and Consulting Act is passed, the REITs will be issued on a dual-track system in which the market participants can choose to issue them under the trust framework of the Clauses of the Real Estate Securitization Act or under the fund framework of the Securities Investment Trust and Consulting Act. The FSC shall formulate response measures for possible issues in the

transformation of REITs under the trust framework to funds such as transformation conditions, transformation procedures, and other related items.

- (III) **Continue to coordinate and enhance pre-sale house trust mechanisms:** To reduce disputes in the transactions of pre-sale houses and enhance the protection of the buyers' rights and interests, the Trust Association has outsourced research on the actual operations of the real estate development trust and price trust for pre-sale housing contract performance guarantee mechanisms and formulated recommendations for related enhancement measures. The FSC also sent the results to the Ministry of the Interior for reference in June 2022. The FSC shall continue to communicate and coordinate with the Ministry of the Interior and cooperate with the Ministry's comments regarding the measures proposed in the aforementioned research report in related matters to effectively resolve the disputes in current transactions of pre-sale houses.
- (IV) **Formulate family trust legal framework and taxation environment:** The Trust Association has proposed related recommendations regarding the family trust legal system and taxation environment in March 2022 to help the trust enterprises develop family trust businesses and resolve family property succession issues. The FSC will continue to communicate and discuss with related government agencies (including the Ministry of Justice and the Ministry of Finance) and process related recommendations and matters with relevant government agencies.
- (V) **Encourage companies to provide employee benefit trust:** To expand employee welfare trusts of companies, the FSC will continue to encourage financial institutions under the jurisdiction of the FSC, to set up employee benefit trust. The financial holding companies are encouraged to include the parent company and all subsidiaries in the scope of implementation to enhance centripetal force between financial

holding companies and employees of their subsidiaries. The system can also be used as an example to encourage other companies to follow suit.

- (VI) **Establishment of related guidelines for financial services of demented individuals in related self-governing regulations:** To help financial institutions provide financial services that better meet the needs of people with dementia, the FSC has asked trade associations to collect information on the behavior of people with dementia when they process matters at financial institutions and the practical problems that financial institutions face when handling financial transactions or providing services to people with dementia. The trade associations will also formulate guidelines in the self-governing regulations as reference for employees of financial institutions.

## **II. Talent Cultivation, Promotion, and Industrial-Academic Cooperation**

### **(I) Talent Cultivation**

- 1. Continue to develop professional training programs for trust businesses:** Assigning trust business specialists to institution branches to expand the coverage of trust services, reducing or removing the mandatory rotation mechanisms in the trust department to cultivate professional trust talents, and gradually appoint professionals with expertise in taxation, law, accounting, and business administration in trust departments.
- 2. Promote related certification systems and advanced training and retraining programs:** The Trust Association organized training programs for "financial advisors for seniors" and "family trust advisors" starting in May 2021 and July 2022. Trust enterprises have actively assigned employees to attend the training and talents from other industries also actively attended training. To continue to train the talents with comprehensive knowledge of the needs for caring for the elderly,



provide suitable property and elderly care strategies and comprehensive services for the elderly, cultivate necessary talents for the development of family trusts, and develop a platform for internal talent sharing and resource integration for financial institutions or involve external experts such as accountants or lawyers to provide guidance and assistance to domestic small and medium enterprises to achieve sustainable operations through family trust planning, the FSC will request the Trust Association to develop on-the-job training programs for "financial advisors for seniors" and "family trust advisors" to continue to enhance the integration of trusts and cross-sector professional practices. The Trust Association will also develop advanced certification systems to encourage advisors to continue the enhancement of professional competencies for trust businesses.

**(II) Campaigns for Enhancing the Public's Knowledge of Trusts:**

- 1. Enhance the knowledge and understanding of financial services for the elderly, people with dementia and disabilities:** As elderly, people with dementia and disabilities often become primary targets for criminals who go after their properties, the elderly, people with dementia and disabilities are able to plan trust mechanisms and enhance the security of their assets when they retain consciousness and the ability to take legal actions. In addition to helping financial institutions learn more about the elderly, people with dementia and disabilities and evaluating the transactions that may be implemented based on their capacity for financial transactions, the FSC will continue to increase people's awareness and enhance the knowledge and understanding of trust services for the elderly, people with dementia and disabilities to help them make use of the trust system and ensure the security of their assets.

2. **Assist in organizing training programs for trust supervisors:** To ensure that social welfare organizations can serve as trust supervisors when the appointment of trust supervisors is required for elderly care trusts for the elderly and people with disabilities and when related issues must be resolved and the rights of the beneficiary must be protected, the FSC shall request the Trust Association to help plan and organize training programs for social welfare organizations to serve as trust supervisors so that more social welfare organizations have the capacity to serve as trust supervisors.
3. The Trust Association continues to implement promotional campaigns for institutions, groups, schools, and trust consultation contact units of Social Welfare Bureaus (Departments) in municipal governments. It also actively communicates with public affairs organizations and various social welfare organizations (including elderly service centers, health service centers, and hospital social work units), and assigns personnel to serve as instructors to help personnel of government institutions, workers in various units, the elderly, people with disabilities, and their family members understand trusts.
4. The Trust Association produces promotional short videos for trusts to be played on media such as television, Internet, and social media. The Trust Association will follow business development trends and plan the production of posters or publication of promotional pamphlets and other promotional materials for trust businesses for reference and use by all sectors. It will also produce business promotional short videos to be played on all types of channels and take part in activities related to trusts organized by different sectors to strengthen the awareness of trusts during the activities.

5. Using press releases, meetings, media, and the "Financial Literacy" Campaign to continue to promote trusts to help citizens learn more about trusts and enhance the public's knowledge of trusts.

**(III) Enhance industrial-academic cooperation for trusts:**

1. **Promote the "Campus Trust Development Plan"**: To help students learn about trust concepts as early as possible and understand the functions and importance of the trust system, the FSC will request the Trust Association to plan and organize a diverse range of activities including the production of films on concepts of trusts, knowledge contests, and creative idea contests to enhance students' knowledge of trusts during their studies and cultivate future trust talents.
2. Encourage universities and colleges to offer professional courses on trust laws and trust businesses. Work with schools to plan and offer professional courses (e.g., gerontology) required for various trust services. Offer awards, advanced studies, or other incentives to scholars of research institutions and teachers and students at all levels who have achieved concrete results in subjects related to trusts.
3. Provide information on the supply and demand of talents that specialize in trusts, encourage trust enterprises and related service providers to provide after-school internship opportunities for students, and provide employment opportunities (including short-term employment) for those with satisfying academic performance. These measures will encourage schools to offer trusts related courses.

**III. Cross-Industry Alliances**

- (I) Promote cross-industry collaboration for trust enterprises and improve related measures for the friendly treatment of the elderly and customers with dementia: Invite trust enterprises, information technology companies, and medical service companies to discuss and share their success stories or experience in cooperation for providing friendly

services to elderly clients. Encourage cross-industry collaboration between trust enterprises and information technology as well as medical service companies. The Plan takes into account the methods and knowledge of medical institutions on cognitive function tests to help financial institutions understand the cognitive status and expressive abilities of the elderly and customers with dementia. Financial institutions must provide appropriate transactions and services based on the cognitive and expressive abilities of their customers to protect the rights of the elderly and customers with dementia.

**(II) Continue to expand the partners and partner projects of the Trust Enterprise Cross-Industry Alliance Partner Database:** The Trust Association has formulated the "Trust Enterprise Cross-Industry Alliance Development Roadmap" to implement four major cross-industry collaboration projects in separate phases. They include elderly care trusts, real estate management trust, elderly care residence real estate development trusts, and family trusts. It also set up the "Trust Enterprise Cross-Industry Alliance Partner Database". The Trust Association will leverage the implementation of cross-industry alliances and experience in cooperation of trust enterprises, encourage the trust enterprises to continue to provide lists of cross-industry collaboration partners, and expand the types and partners of cross-industry alliances. For instance, it shall work with professionals such as lawyers and accountants based on the needs of different trust businesses to provide trust enterprises and people with related services. The Trust Association aims to leverage the peer cooperation model to help trust enterprises quickly duplicate alliances and industrial ecosystems to maximize the benefits data sharing between different industries.

**(III) Continue to implement cross-industry collaboration with social welfare organizations, elderly care organizations, and medical institutions:** The Trust Association and trust enterprises shall continue to visit social welfare organizations, elderly care organizations, and medical institutions to gradually establish cross-industry cooperation mechanisms

to develop trust services that meet the diversified needs of customers. It shall also continue to promote the integration of trust enterprises with insurance, medical services, and long-term care institutions to streamline the procedures for the payment of medical fees, elderly care, and long-term care fees. It shall continue to study cross-industry and product line integration issues and invite related cross-industry businesses for discussions based on the theme of cooperation to discuss potential cooperation in supply and demand, value creation, and profit sharing, and create a platform for promoting cross-industry innovations and services.

**(IV) Continue to encourage trust businesses to use innovative marketing or integrated product sales models such as "cross-industry alliance services", "cross-industry referral marketing", or "integrated marketing of trusts or financial products" and include them as evaluation items of institutional evaluations, or add the "Best Trust Alliance Award":**

1. In terms of integrated marketing of trusts or financial products, trust enterprises can develop services that integrate different trust businesses such as a combination of a real estate development trust for the construction of residences for the elderly with a leasehold trust, an integrated trust model with a prepaid fund trust and an elderly care trust, or the use of internal resources of trust businesses to connect bank loans, wealth management, insurance, securitization, and other financial products and provide integrated financial services.
2. In terms of promoting cross-industry alliances, the FSC encourages trust enterprises to provide integrated cross-industry services for all necessities of life that may be derived from personal trust services.

They can use alliances with other enterprises or institutions to provide convenient and preferential services diverse services other than property management and trust payments, such as home care, medical transportation services, residence in long-term care (elderly care) institutions, health examination arrangements, cleaning services, home maintenance, installation and repairs of auxiliary appliances, food delivery, legal counseling, real estate escrows, room reservations, and overseas assistance. The trustee uses its role as the property manager and its close relations and trust with the trustor to provide comprehensive coverage for life necessities. The trustee can also design tiered services with different payment standards based on the needs of individual trustors to provide families with high assets, middle class, and the general public with exclusive services.

#### **IV. Evaluation and Reward Mechanisms:**

Organize evaluations to reward trust enterprises and personnel with outstanding performance: The FSC has established the "Evaluation and Reward Mechanisms for the Implementation of Trust 2.0 Plan by Trust Enterprises" to encourage trust enterprises to actively invest suitable resources to enhance the functions of the trust department and develop comprehensive trust services. The FSC shall continue to formulate evaluation and reward mechanisms to provide incentives and reward trust enterprises and high-performing employees. Their performance and outstanding records will be disclosed to the public for trust enterprises to learn from each other.

#### **Chapter 4 Implementation Schedule:**

September 1, 2022 to December 31, 2024 (extensions will be reviewed and considered upon expiry)

## Chapter 5 Implementation Methods and Future Development Plans:

### I. Main Implementation Strategy 1: Regulations and Business Development

Task	Organizer	Estimated Deadline
1. Continue to guide enterprises in gradually increasing the functions and organization structure of the trust department	Organizer: FSC Co-organizer: Trust Association Bankers Association	Continuous implementation
2. Formulate and review legislation to enhance the management of REITs	Organizer: FSC Co-organizer: Trust Association	December 2024
3. Continue to coordinate and enhance pre-sale house trust mechanisms	Organizer: Ministry of the Interior, FSC Co-organizer: Trust Association	Continuous implementation
4. Formulate the family trust legal framework and taxation environment	Organizer: Trust Association Co-organizer: Ministry of Justice, Ministry of Economic Affairs, Ministry of Finance, FSC	Continuous implementation
5. Encourage companies to organize employee benefit	Organizer: Trust Association	Continuous implementation

trust	Co-organizer: FSC, Ministry of Finance	
6. Establish guidelines for financial services for people with dementia in related self-governing rules	Organizer: Trust Association, Bankers Association Co-organizer: FSC	December 2022

**II. Main Implementation Strategy 2: Talent Cultivation, Promotion, and Industrial-Academic Cooperation**

Task	Organizer	Estimated Deadline
1. Continue to promote professional training programs for trust enterprises	Organizer: Trust Association Co-organizer: Taiwan Academy of Banking and Finance and other training institutions, Bankers Association, Taiwan Financial Services Roundtable	Continuous implementation
2. Promote professional certification for "financial advisors for seniors" and "family trust advisors" and advanced training and retraining programs.	Organizer: Trust Association Co-organizer: Taiwan Academy of Banking and Finance and other training institutions	Continuous implementation



<p>3. Enhance awareness</p> <p>(1) Enhance the knowledge of financial services for the elderly, people with dementia and disabilities.</p> <p>(2) Assist in organizing training courses for trust supervisors</p> <p>(3) Continue to organize promotional campaigns for institutions, organizations, and schools</p> <p>(4) Produce promotional short videos for Trust 2.0 to be played on media such as television, Internet, and social networks</p> <p>(5) Use press releases, meetings, and media to continue to promote ideas of Trust 2.0</p>	<p>Organizer: Trust Association</p> <p>Co-organizer: Trust enterprises, FSC</p>	<p>Continuous implementation</p>
<p>4. Industry-academia collaboration</p> <p>(1) Promote the "Campus Trust Development Plan"</p> <p>(2) Form alliances with schools for industrial-academic cooperation in courses related to trusts</p>	<p>Organizer: Trust Association</p> <p>Co-organizer: Taiwan Financial Services Roundtable, Bankers Association, trust enterprises</p>	<p>Continuous implementation</p>

### III. Main Implementation Strategy 3: Cross-Industry Alliances

Task	Organizer	Estimated Deadline
<p>1. Promote cross-industry collaboration for trust enterprises and improve related measures for the friendly treatment of the elderly and customers with dementia</p>	<p>Organizer: Trust Association            Co-organizer: Trust enterprises            Ministry of Health and Welfare            FSC            Social welfare organizations</p>	<p>Continuous implementation</p>
<p>2. Continue to expand the partners and partner projects of the Trust Enterprise Cross-Industry Alliance Partner Database</p>	<p>Organizer: Trust Association            Co-organizer: Trust enterprises            FSC</p>	<p>Continuous implementation</p>
<p>3. Continue to implement cross-industry collaboration with social welfare organizations, elderly care organizations, and medical institutions</p>	<p>Organizer: Trust Association            Co-organizer: Taiwan Financial Services Roundtable            Bankers Association            Trust enterprises</p>	<p>Continuous implementation</p>

#### IV. Main Implementation Strategy 4: Evaluation and Reward Mechanisms

Task	Organizer	Estimated Deadline
Organize evaluations to reward trust institutions and personnel with outstanding performance	Organizer: FSC Co-organizer: Trust Association Taiwan Academy of Banking and Finance Trust enterprises	Gradual implementation each year