

# TDCC

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- TDCC Leads the Way; StockVote Wins Patent

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- Cross-border Voting STP
- The Newest Development of TDCC AML/CFT Screening Platform

## FINANCIAL TECHNOLOGY

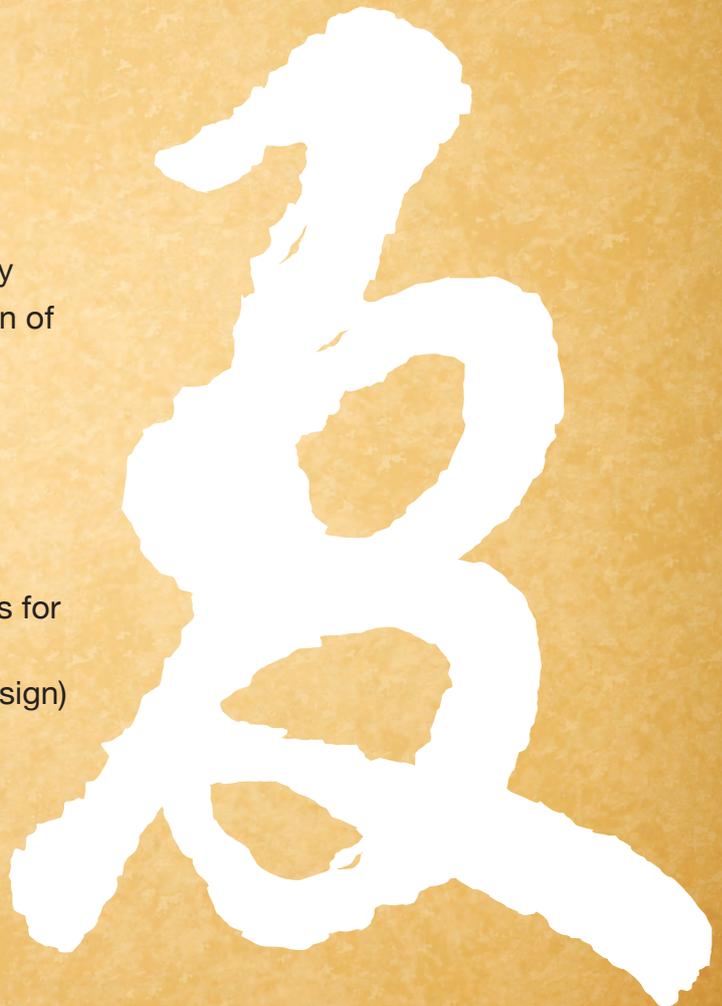
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Chinese Calligraphy : SUMMER "夏"

# ISO 9001:2015 Transition and ISO 27001 Validation

In response to the release of a revised ISO 9001:2015 of the International Organization for Standardization (ISO), TDCC has commenced the process of ISO transition and incorporative operations in July 2016.

The ISO 9001 has expanded its requirements; for instance: the communication with stakeholders to be intensified, risk issues both within and among entities to be identified, and risk management mechanisms to be made prevalent; TDCC, answering to such important concerns, has made adjustments not only in our internal guidelines and protocols, but the scope of ISO to be congruous with all new business expansion; hence the fund services, electronic voting platform and offshore structured products all are to be authenticated in this preceding.

In accordance with the updated authoritative codes, after a 3-month trail period, TDCC had commissioned the British Standards Institution (BSI) Taiwan and begun the course of certification. Encouraging affirmations without any error finding have confirmed the authenticity of ISO 9001:2015 and ISO 27001 of TDCC.



## Special Report

# TDCC Leads the Way; StockVote Wins Patent

In 2009, TDCC launched e-voting. In 2015, the company successfully developed “StockVote App,” which was the first e-voting system whose interface operated on mobile devices such as smart phones and tablet computers, which marked the milestone in e-voting service. In 2016, TDCC launched a more advanced function, connecting StockVote App to securities company trading apps; currently there are thirty securities companies establishing the connection, including Yuanta Securities. Investors can not only buy stocks through securities company trading apps but also cast their votes electronically.

According to TDCC’s Chairman and CEO, Mr. Sherman Lin, the development of TDCC’s digital financial technology can be divided into three stages. The first stage was the 1.0 era when TDCC was just established. The following one was the TDCC 2.0 era when TDCC adopted

comprehensive dematerialized custodian. Now the company is moving into era 3.0. TDCC will take the customer-oriented principle, apply cutting-edge technology, integrate physical and virtual channels, offer more convenient and innovative services, and provide participants with cloud services.

Due to the principle of “customer-orientation,” TDCC’s integration between software and hardware not only brings “perceivable” convenience to domestic and international institutional investors but also sets up a model for CSDs around the world. This April, StockVote, the e-voting platform, was granted patent by Taiwan’s Intellectual Property Office under the name of “a way and system of executing shareholders votes on an automatic cross-platform.”



## **New Milestone for Digital Finance — TDCC ePassbook Employs FinTech, Allows Investors to Manage Assets Electronically, and Builds Up Online Mobile Environment in Financial Market!**



TDCC held the ePassbook App launching ceremony on May 9. The service makes both the mobility and digitalization of TDCC passbook possible. From March 29 when the App went live to the end of May, the number of accounts with an activated ePassbook App has reached over 70,000, taking a big stride forward in financial market innovation.

The ePassbook service not only carried out the goal of implementing financial technology but also kept abreast of the trends in this digital era. More importantly, the service has built a digital channel for investors; this new approach is very different from the one that

securities firms used to serve investors in the past, and it is believed that this innovative channel will allow investors to enjoy a more comprehensive and immediate service. It is expected that much more diversified services will be launched in the future.

Following the success of ePassbook, TDCC is planning to launch push notifications, CA calendar, and the connection to Stockvote App in stages so as to provide comprehensive market information for investors and ensure fundamental investor rights. TDCC will also take advice from industries and enhance ePassbook services to meet investors' needs.

## ePassbook App Launching Ceremony

The TDCC mobile service APP ePassbook was officially released on March 29, 2017. As an integration of stock transaction passbook and a convenient software for vast of mobile devices; investors now can access their own depository information among various agents with this single App installed in the preferred devices.



In addition to providing investors with their transaction details and itemized account balance,

TDCC's ePassbook can also send out customized notification such as market activities and stock updates.

The following functionalities can be easily obtained:

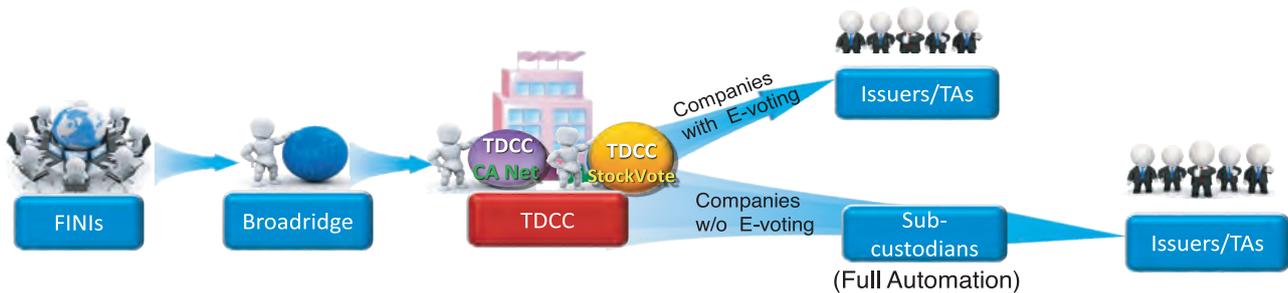
1. Account balance of stocks, Warrants, ETFs, transferable bonds, OTC gold balance and other transaction records.
2. Customized instantaneous notifications of stockholders' meetings, dividends and other related corporate actions, and the results of public security underwriting drawings.
3. Mobility CSD services via mobile devices.

## TDCC Diversified Online Authorization of Payment Services



Previously, if investors subscribed to a mutual fund via bank transfer, they had to manually fill out documents and apply for seal verification to financial institutes, then waited for seven to ten days. In compliance with the authority's policy that allows distributors to offer the straight-through account opening processes, TDCC has cooperated with FISC and provided investors with online designated account deduction authorization through IC ATM card in October 2016. For delivering different user experience, TDCC will expand the online authorization by using the Internet Banking in collaboration with major financial institutes from July 2017. The new service creates a FinTech environment with diversified online authorization so investors can easily open their accounts and purchase mutual funds by the next day.

## Cross-Border Voting STP



To effectively manage operational risk for Taiwan's market, TDCC launched straight-through processing (STP) voting services for sub-custodians in December, 2014. Owing to our collaboration with Broadridge Financial Solutions, the largest electronic proxy voting service provider in the world, foreign shareholders benefit from added days for decision making as the result of the elimination of manual processes by STP.

In the past, sub-custodians in Taiwan voted manually on behalf of their foreign institutional clients. After the launch of Cross-Border Voting STP, which covers all

foreign institutional investors' investments, the entire market has saved approximately 24,000 man-hours per year.

With Cross-Border Voting STP, not only does the market benefit from standardization and automation, issuers also gain more time for communication with their shareholders. Hence, the STP service has improved the transparency of shareholder's meetings and achieved an important corporate governance milestone for Taiwan.

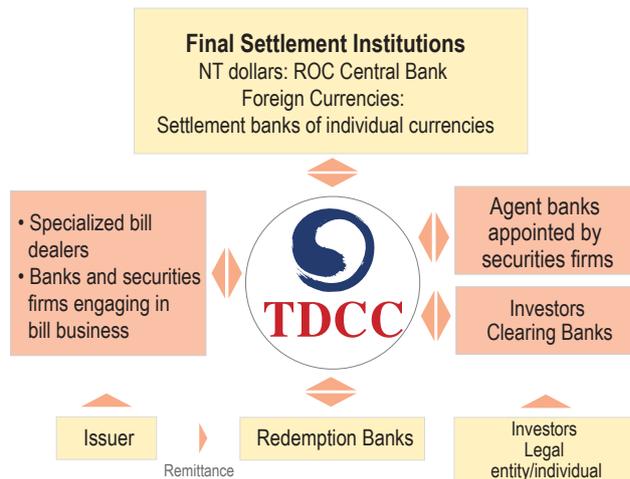
## The Newest Development of TDCC AML/CFT Screening Platform

TDCC aims to expand the content and improve the quality of its watchlist database on the AML/CFT screening platform in order to comply with laws and regulations and meet international standards. TDCC has purchased Dow Jones Watchlist Database, which contains global politically exposed persons and their family members and RCAs adverse media entities and global sanction lists. It is expected that the system introduction will be completed by the end of June, and the new watchlist database will be available for users from July 3. In addition, the service will also be expanded to credit cooperatives, insurance companies, and other financial institutes under anti-money laundering law, each of them can all apply for use of the platform in the future.



## DVP and Online Redemption Services for Short-term Bills

TDCC has established delivery versus payment (DVP) and real-time gross settlement (RTGS) mechanisms to process short-term bills denominated in the NT dollar and foreign currencies. Through these mechanisms, TDCC provides centralized registration, depository and book-entry services, and connects with settlement institutions to allow electronic payments and securities transfers. When a bill reaches maturity, the issuer is supposed to deposit the payment into a redemption bank for the bill holder to redeem online. The money payment and bill transfer will take



place under TDCC's DVP system. TDCC's centralized depository and settlement mechanisms have helped enhance the security and efficiency of back office operations for Taiwan's financial market.

## StockVote RWD(Responsive Web Design) Reversion Officially in Service

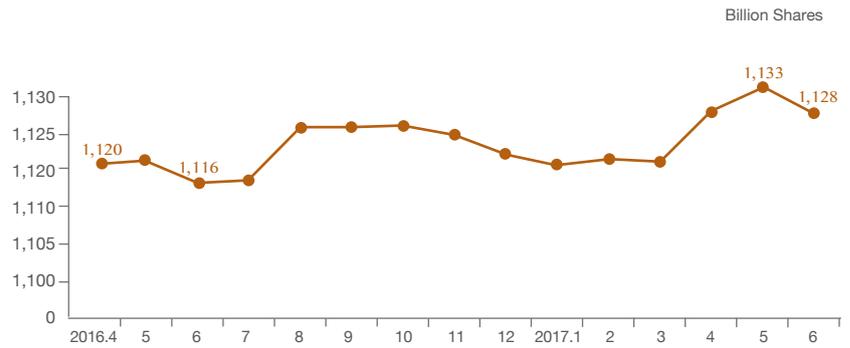
For management strengthening and total implementation of the mobility for the investors, as well as slashing the duration of website developments, maintenance, adaptations and testing, the revision of our StockVote RWD was put in action in the 2nd half of prior year.

The original e-Voting function is now in sync with the trending RWD technologies (Responsive Web Design), presenting same contents in both website and mobile APP, greatly reducing the cost for system advancements. The system was in full service in April, 2017.

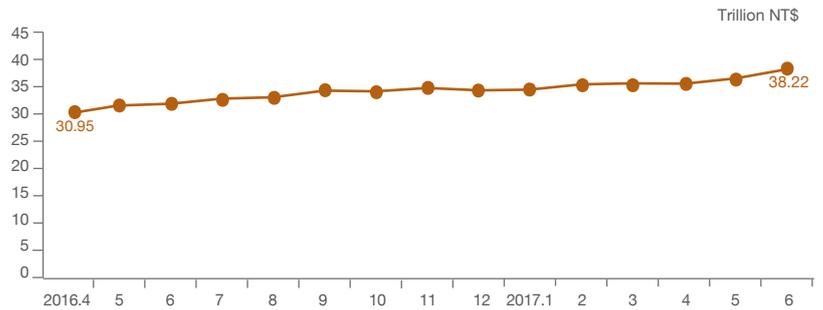


# Statistics

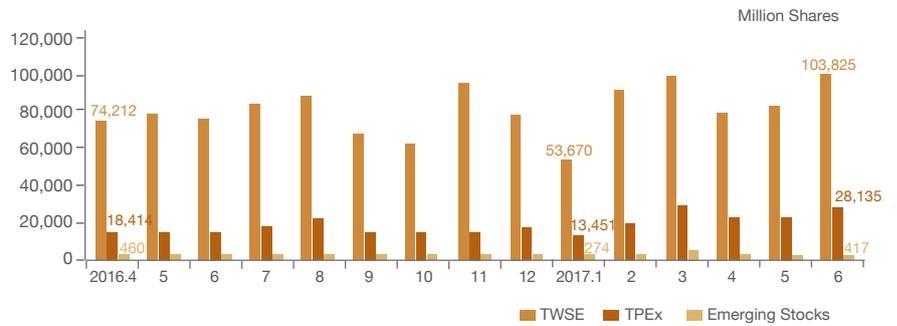
Equities in Custody (Shares)



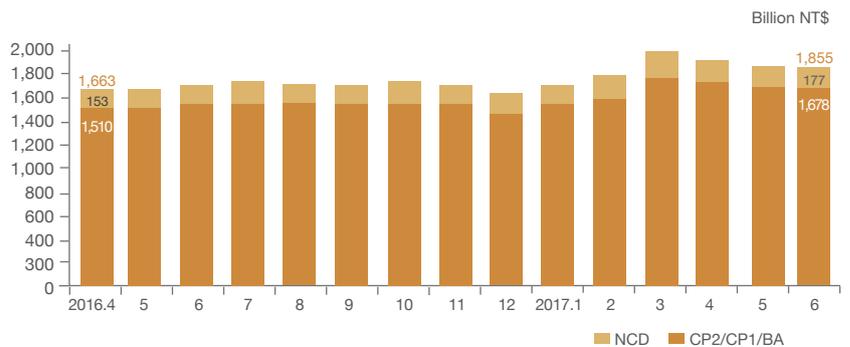
Equities in Custody (Market Capitalization)



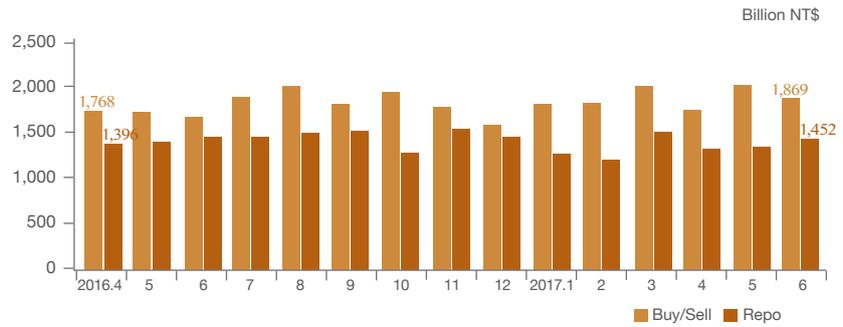
Book-Entry Operations (Shares)



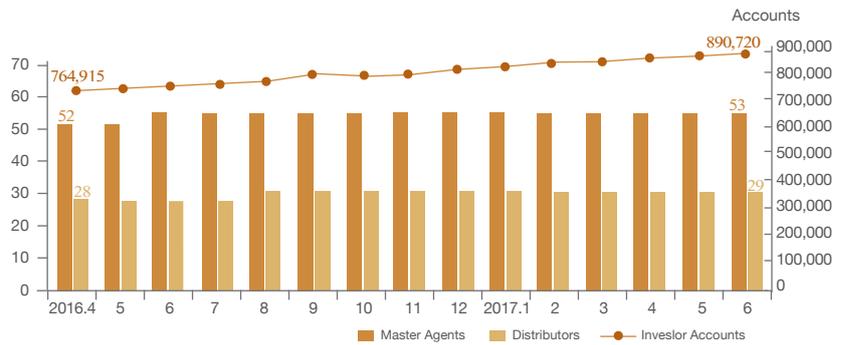
Short-Term Bills in Custody



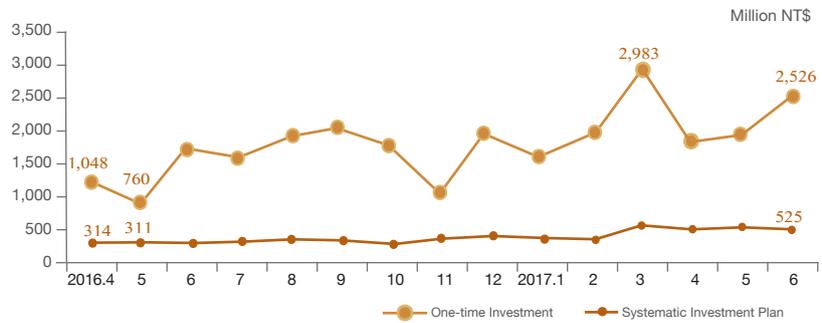
### Secondary Market Clearing & Settlement of Short-Term Bills



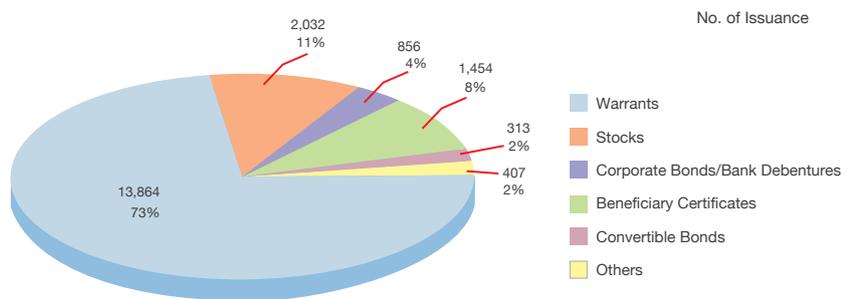
### Offshore Fund Operations



### Offshore Fund Subscriptions



### Registration of Dematerialized Securities



# Stock Museum

## Tour Guide Recruitment and Training



Group reservations are required for all visitors to the Taiwan Stock Museum, where a full-length guided tour is provided. As the front-line educators, the docents, or the museum tour guides, serve as an important medium between visitors and the collection. A successful tour guide knows how to engage visitors and convey to them the significance of individual objects on display.

### Recruitment of tour guides

In order to promote financial knowledge to tertiary students, each year, TDCC recruits 30 college students to undertake our professional training program. Upon completion of the training program and delivery of satisfactory performances in mock tours, the recruited tour guides will begin to take turns leading guided tours at the Taiwan Stock Museum.



### Training program

**Professional training:** A senior TDCC employee will instruct prospective docents about the history of the Taiwan Stock Museum, the collection, the operating know-how of the hardware, tour etiquettes and desirable qualities, the significance of the displayed items, flow management and interpretive skills.

**On-site demonstration:** A prospective docent is required to lead more than ten mock tours with satisfactory performances to become a formal tour guide.

# Gallery

Mr. Mohammadreza Mohseni, President and CEO of CSDI (Central Securities Depository of Iran), visited TDCC. Both parties shared experience of recent business and discussed future cooperation on Feb 18 2017.



Chairman & CEO Mr. Sherman Lin led delegates to attend Fund Forum Asia in Hong Kong and served as speaker, sharing experience of using Fintech at mutual fund operation platform. During the period, delegates of TDCC also visited JP Morgan, Standard Chartered, and Schrodgers to discuss mutual fund business on Apr 24 2017.



President Meng attended "The 42nd Annual Conference of IOSCO" in Jamaica with Yung-Hsin Wang, Director-General of Securities and Futures Bureau, Financial Supervisory Commission (FSC) on May 15 2017.



Ivana Gazic, President of Management Board of Zagreb Stock Exchange at Croatia, led 13 delegates from Slovenia Ljubljana Stock Exchange and relevant organizations to visit TDCC. TDCC gave presentation of recent business and practice of e-voting, and both parties shared experience of corporate governance on Feb 16 2017.



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