

# TDCC

## OUTLOOK

- Newest ePassbook Features Now Available from TDCC

## SPECIAL REPORT

- 2017 Annual Shareholder Meeting

## BUSINESS HIGHLIGHTS

- TDCC Provides Registration Services to Commercial Paper Issuers
- TDCC Offers New Option to Lodge Securities to the Court as Collateral
- Fund Processing & Settling System Introduces Futures Trust Funds
- STOCKVOTE Hit a Record High This Year

## FINANCIAL TECHNOLOGY

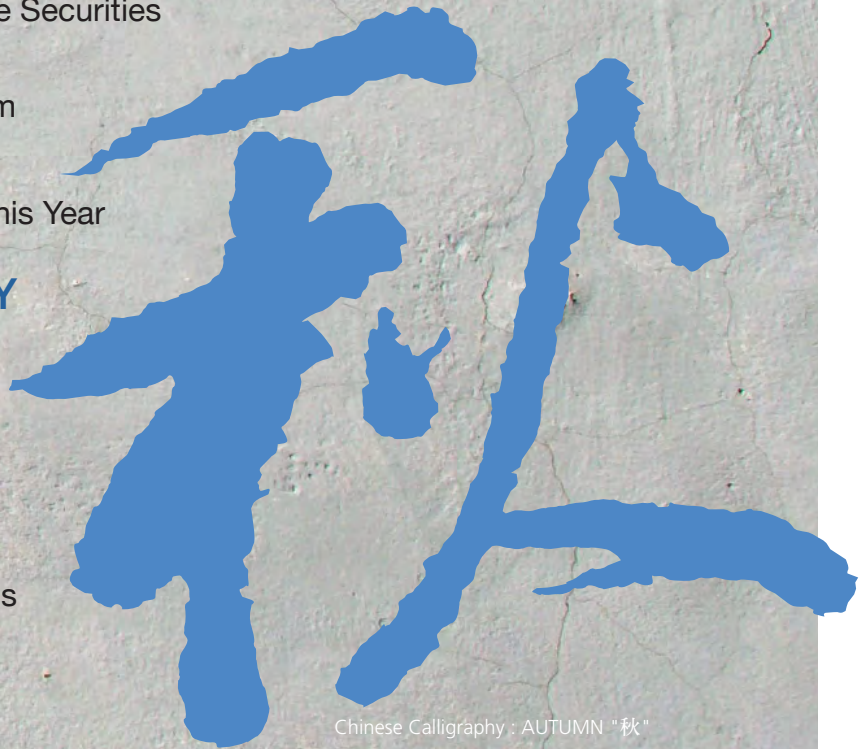
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Chinese Calligraphy : AUTUMN "秋"

## Newest ePassbook Features Now Available from TDCC

ePassbook, an innovative APP made available by TDCC this March, enables investors to examine their passbook entries, stock enquires and transactions upon the authentication of user identifications all with the convenience of their mobile devices. In addition, the push notifications and StockHelp features will soon come online, only preceded by login protections and the automatic syndication with the eStockVote in early June (another contemporary APP from TDCC); investors now can fully exercise their rights as shareholders, digitally.

The push notification function is an integration cross three primary information categories that contains twenty one critical information concern the general investors. For instance, the dividend distribution, results of lottery draws and biddings, and shareholder's meeting resolutions are among the most desired messages. Whenever there is an update, an instantaneous notification will be sent to the users, all related details then can be closely scrutinised when the users log on to ePassbook APP. Furthermore, those preferable notifications can also be easily personalized on the home page of the ePassbook APP.

One other feature of the ePassbook APP is the StockHelp which provides shareholders with information such as the times and dates for shareholder's meetings, all souvenirs provided on sites, allotments and dividends, etc., based on investors' stocks on hand. It's the time of the year when all companies are having allotment and dividend distributions, with the advanced ePassbook APP, investors can now obtain the most current cash dividend distribution status, hence a more effective management of their holdings.

## Special Report

# 2017 Annual Shareholder Meeting

At its 2017 annual general meeting on June 21, TDCC approved a per-share cash dividend of NT\$1.5 and stock dividend of NT\$0.25 for every shareholder, among other resolutions.

Chairman & CEO Mr. Sherman Lin noted that TDCC, as a customer-oriented business, will continue to cater to the diverse needs in Taiwan's capital market, and to remain committed to developing innovative financial technology which is in collaboration with all partners, as well as providing solutions that help customers reduce operating costs based on the principle of platform economy. Some of the initiatives that TDCC rolled out



in 2016, including “digitized environment build-out,” “enhanced cross-border custody service,” “e-voting promotion,” “optimization of fund platform functions,” “money laundering prevention & query system establishment” and “promotion of corporate charity and financial education”, have had some solid results.

TDCC President Mr. Ching-Li Meng also highlighted some of the major achievements in 2016, including the provision of online application of book-entry transfer and the establishment of an automated operating environment for securities firms. The settlement of TPEX-listed stocks (both money payment and securities transfer) has been synchronized to T+2 day. Meanwhile, TDCC launched more value-added services for cross-border custody, and was preparing for the issuance of dematerialized CP2. FundRich customers can now apply for bank account authorization online. The order placement apps of securities brokers now support the shareholder e-voting feature. The establishment of the Anti-Money Laundering & query system was also one of the most celebrated achievements of TDCC in 2016.

Looking ahead, TDCC will continue to play its role as a back-office facilitator of Taiwan's capital market, focusing to enhance service efficiency and improve the functionality of depository, clearing and settlement, and book-entry transfer for financial products. The future perspective will be “establishment of an eco-system for digitized finance 3.0,” “dematerialized issuance of commercial paper” and “Fintech application in FundRich.”

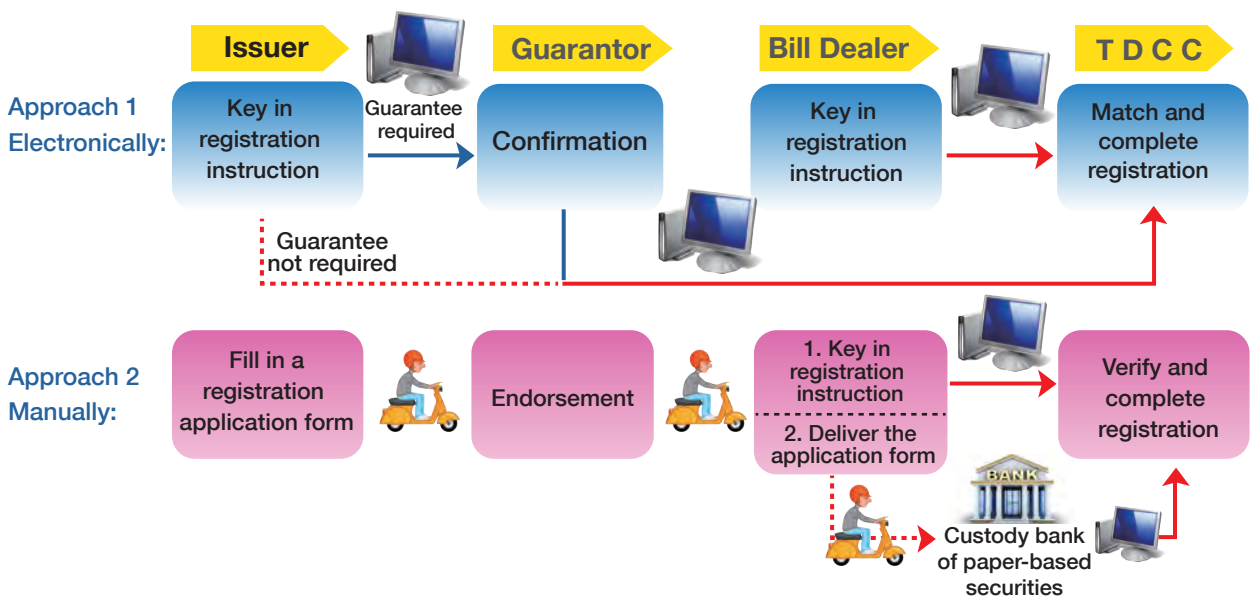


2016 Corporate Annual Report  
can be download from TDCC's website.

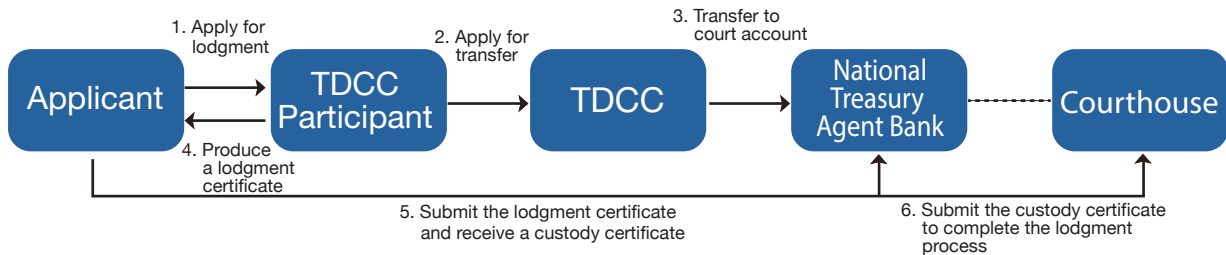
# TDCC Provides Registration Services to Commercial Paper Issuers

In response to government policies, TDCC rolls out registration services for the issuance of financing and foreign currency commercial papers in September 2017, marking a new milestone of financial technology (FinTech) application in Taiwan's money market. TDCC has put in place all the mechanisms required for the registration. Going forward, issuers can file the registration application electronically or manually based on their different needs. As the services come on stream, TDCC streamlines the process of issuance registration using available FinTech, which should help reduce the operating risks and enhance issuance efficiency and safety. By lowering the operating cost of manual delivery of commercial paper and minimizing the risk of losing the securities during the delivery process, the new services will effectively contribute to the development of the bill market.

Two viable approaches of registration application:



## TDCC Offers New Option to Lodge Securities to the Court as Collateral



Lodgment by definition means the process of a person submitting a piece of property, as requested by law, to the court as collateral for a lawsuit. Given the dematerialization of securities and investors' need to make a lodgment, TDCC has worked with judicial government agencies in amending and enacting regulations governing the application of lodgment, retrieval and claim of securities under centralized custody, and providing the legal ground for the court to withhold the compensation, substitutes and interest of such securities. TDCC is responsible for providing book-entry services for the aforementioned transfer and the services were officially launched on July 3, 2017.

A courthouse is required to open a special account at a National Treasury Agent Bank which was a TDCC's participant for the safekeeping of the collateralized securities. Upon the approval of the court to put securities under lodgment, a client may take his/her securities passbook and the court ruling document to a securities firm to apply for a lodgment. The securities firm will apply for transfer of such securities from the client account to the special account of the court at the National Treasury Agent Bank. Upon receiving the securities, the National Treasury Agent Bank will issue a custody certificate to the applicant, who then is required to submit the certificate to the lodgment office of the court to complete the lodgment process.

## Fund Processing & Settling System Introduces Futures Trust Funds

TDCC Fund Processing & Settling System (FPSS) provides data transmission along with payment services for domestic and offshore fund distributors, such as securities firms as well as securities investment trust and consulting businesses. In addition to a drastic decrease in back office operating costs, the safety of investors' fund subscriptions and redemption is further ensured. Last year (2016), the number of transactions and the amount of transactions on the platform were about 1.6 million and NT\$50.5 billion respectively, with the number increasing by 36% and the amount growing by 23%. During the first half of this year (2017), the number of transactions reached 1.1 million and with a total value of NT\$31.2 billion respectively, with a growth of 57% and 40% respectively, compared

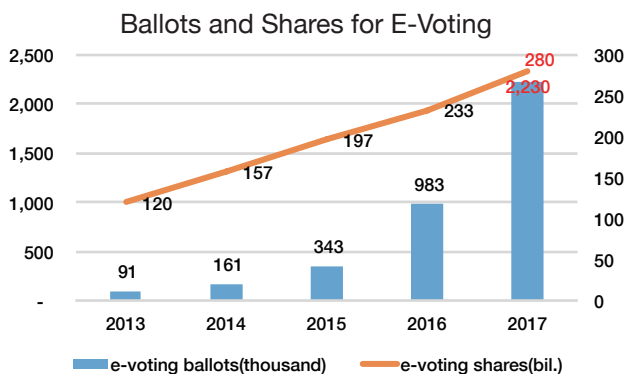
with figures in the same period last year. TDCC has been improving the service quality of the FPSS for the past years in response to continuous growth of the market.

At the end of July 2017, in order to provide more diversified and comprehensive services, TDCC further launched services for securities firms to handle investors' subscriptions of futures trust funds. Today, through TDCC's Fund Processing & Settling System, investors can enjoy the option of "one stop shopping" for both domestic and offshore funds and futures trust funds. It is expected that the domestic fund industry development will be stimulated through the low cost, highly efficient and comprehensive infrastructure of the market.

# STOCKVOTE Hit a Record High This Year

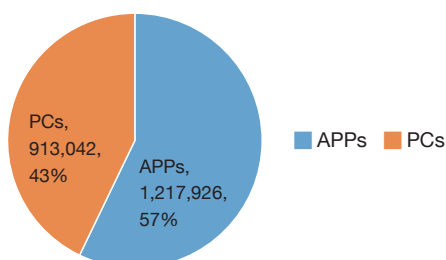
After the peak season of Annual General Shareholders' Meetings has come to an end, the mission for TDCC to provide STOCKVOTE platform service has been successfully accomplished this year. As of June 30, 1,223 Taiwan companies have adopted such service. STOCKVOTE hit a record high in all aspects, in terms of the number of adopted companies, e-Voting ballots and e-Voting shares; It is evident that companies and shareholders have increasingly utilized STOCKVOTE. Some major achievements this year are listed as below:

- 674 companies have joined STOCKVOTE voluntarily, exceeds the number of mandatory companies for the first time.
- The total e-Voting ballots are over 2.23 million and the total e-Voting shares are up to 280 billion.



- The average percentage of shares voted electronically at annual general shareholders meetings has increased to 49.4% of all votes cast.
- Half of retail investor ballots are cast by APP via mobile devices, which equals to 120 million ballots

E-Voting Channels



## E-Passbook APP Offers Another Voting Channel for Investors

This year TDCC launched the ePassbook App, which not only provides comprehensive market information for investors, but also consolidates STOCKVOTE into our ePassbook App. Investors can link to the STOCKVOTE platform with a single tap on their ePassbook. Voting has become more convenient for shareholders. As a result, half of retail investors' ballots are cast electronically, namely with the APPs.



## 100% E-Voting expected in 2018

To promote corporate governance and enhance shareholders' rights, the authority, Financial Supervisory Commission (FSC) has announced compulsory adoption of E-Voting for all listed companies in 2018. Having built a strong foundation with over three quarters of listed companies utilizing e-Voting this year, we believe the STOCKVOTE platform will play an increasingly important role in Taiwan's corporate governance in the future.

# After-Hours Trading of Futures Settlement System



Transactions took place after-hours will be considered as the ones in the trading hours of the following business day

Answering to the needs of the domestic market participants to promptly react to any international political and/or financial issues that occur after the trading hours, and increasing demands for the risk management; effective on May 15th, 2017, Taiwan Futures Exchange (Taifex) starts the new After-Hours Trading Scheme which acknowledges the trades from the end of the trading hour to 5:00 am on the next business day.

Correspondent to the inquiries of Taifex, TDCC is to develop and maintain the “Futures Settlement System” that continues to process all settlements and monitor potential risks after the trading hours. In addition, considering the possibilities of inadequate manpower for instantaneously supervising and managing the Excess Margin in After-Hours trading session, the complementary features are also made available for better risk managements:

## 1. The Excess Margin Alert Function.

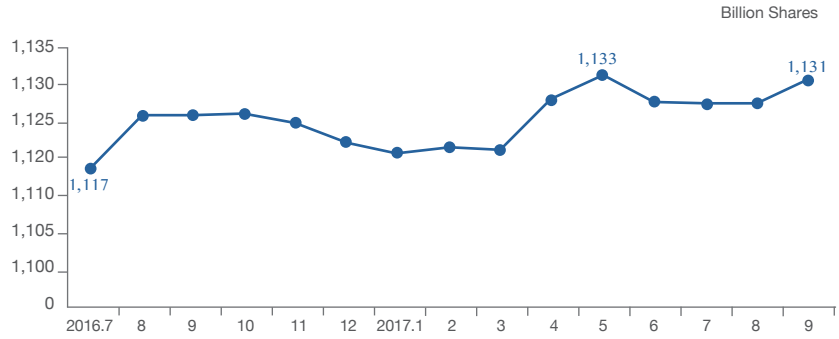
When an entrusted margin exceeds the designated percentage (60%, 80%, 90%, and 100%) during the settlement, the system will alert the clearing member who then can access the system and perform inquiries and verify the transactions.

2. During the After-Hours trading session, the “Futures Settlement System” will grant the clearing member the access to deposit their margins, and with the After Hours Trading Scheme, when the clearing member deposit their margins (NT dollars or otherwise), it would be admitted into their virtual accounts.

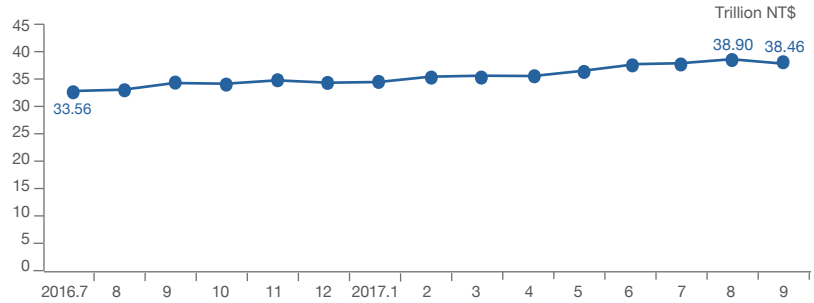
3. In the After-Hours trading session, in addition to depositing their margins, the “Futures Settlement System” will calculate then settle the margins that clearing members need to deposit (by 7:30 pm, 20% of their Excess Margin) as the entrusted margin amount to ensure a successful transaction and to meet the possible additional inquiries during the process.

# Statistics

Equities in Custody (Shares)



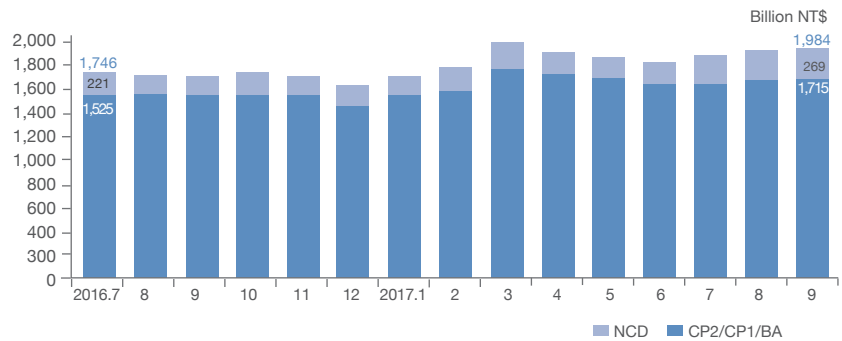
Equities in Custody (Market Capitalization)



Book-Entry Operations (Shares)

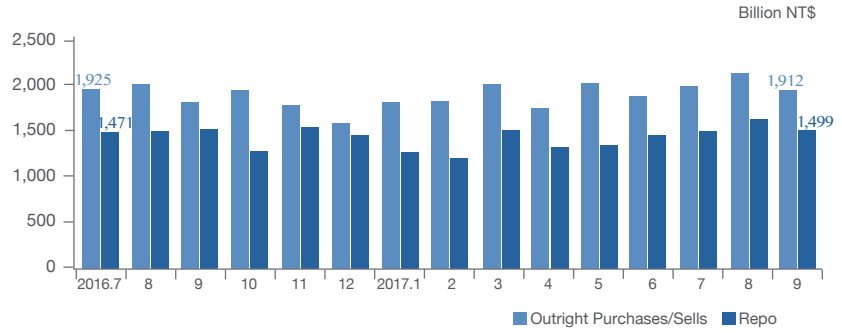


Short-Term Bills in Custody

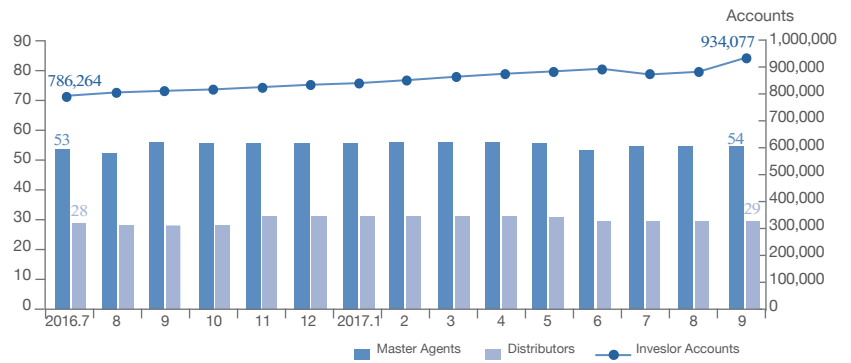




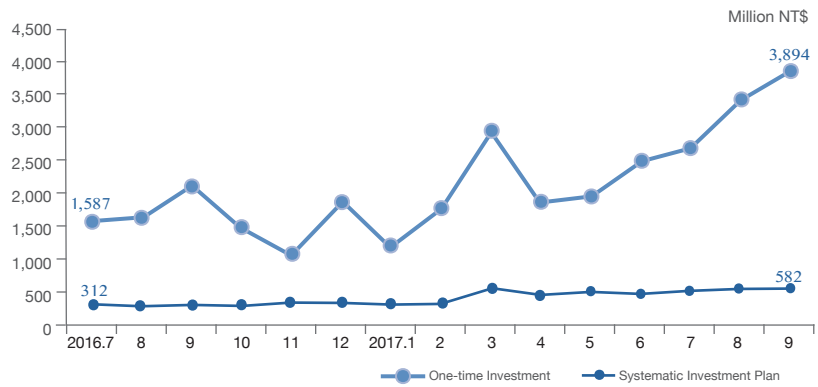
### Secondary Market Clearing & Settlement of Short-Term Bills



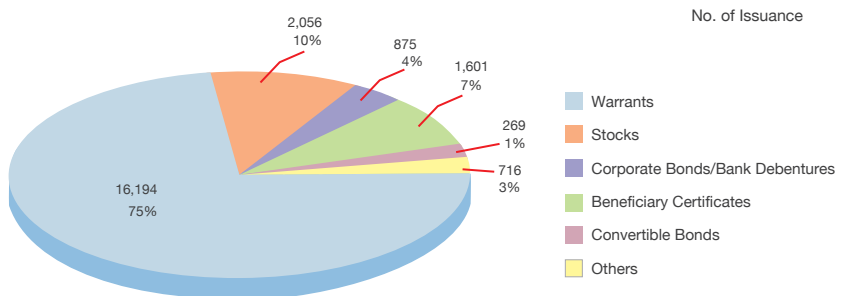
### Offshore Fund Operations



### Offshore Fund Subscriptions



### Registration of Dematerialized Securities



# Stock Museum

## An Overview of the Exhibition Halls



There are permanent exhibitions and special exhibitions here in the Taiwan Stock Museum. The permanent exhibitions are for long term showcasing the unique attributes of the museum whereas the special exhibitions are featuring some modern specific themed exhibitions periodically, stimulating the revisits of the previous patrons.

### **The permanent exhibitions:**

#### The Introductory Hall:

The Aspects, Issuing and trading of stocks, and the Asset managements.

#### The Inception Hall:

The conception of the stocks; the first stock ever of the world, China and Taiwan.

#### The Continuation Hall:

Taiwan economic evolution and the progressive developments of the stocks in Taiwan.

#### The Transformation Hall:

Interactive Theater – The Joyful City.

#### The Incorporation Hall:

The centralization of the stocks and the virtual, paperless stock promotion and beneficial effects.

### **The Special Exhibitions:**

Themes for Special Exhibitions are regularly, periodically changed in correspondence to particular subjects and/or products.

## **Themes and abstract**

Period	Themes	Abstract
Dec. 2012 - Nov. 2013	Early Public Securities	Government bonds, Treasury bills, savings bonds, deposit certificates and stocks of the stated-owned business issued in the Japanese occupation period.
Dec. 2013 - Nov. 2014	Patriotic Lottery, Liberty Bond	Early securities issued by the Nationalist Government.
Dec. 2014 - Current	Early well-known Listed Stocks	Stocks listed by some well-heeled families in Taiwan during the Japanese occupation period.

# Gallery

Chairman & CEO Mr. Sherman Lin (2nd from left) posed for a group photo with Outstanding Financial Operators 2017 of TDCC on Jun 30, 2017.



Chairman & CEO Mr. Sherman Lin posed for a group photo with Little Entrepreneurs Camp 2017, Taitung on Jul 24, 2017.



We are the champions! TDCC basketball team won the 1st place of The 7th Securities and Futures Related Institutions Cup. Group photo of President Meng and TDCC basketball team on Aug 19, 2017.



TDCC sent delegation to attend "Gartner Executive Programs Regional CIO Summit Greater China 2017" in Shanghai on Jul 25-28, 2017.



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