

TDCC

Taiwan Depository & Clearing Corporation

臺灣集中保管結算所



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Retrospect and Prospect of TDCC

TDCC held an annual press conference on January 24, 2018. Under the proficient supervision of competent authorities, substantial and steady growths in both quantity and quality are observed in all aspects of business. TDCC is continuing the missions to incorporate creative innovations and strengthen digitization into the financial sector this year.

In 2017, the major eight impetuses of TDCC included infrastructure build-out for digitized book-entry, issuance of commercial paper in dematerialized form, promotion of the cross-border depository business, optimization of fund investment platform, promotion of e-voting service, enhancement of the AML/CFT Screening Platform, enabling external digitized inquiry service, and support for philanthropy and financial education. In addition, the innovative Fintech solutions were also applied to assist all TDCC participants in exploring prospective markets, and uplift the efficiency of our capital market.

In the coming new year, with the collaboration amongst the competent authorities, peripheral organizations and all participants, TDCC is going to enhance the functionality integrations of the digital servicing platforms, broaden the commercial paper issuing systems, popularize the equity funds and pension funds education programs, as well as analyze diagnostic information of the big data gathered from e-voting so that a more comprehensive recognition can be grasped to the local financial market, hence the successful business model and proficient corporate image can be internationally propagated. For the future prospects, not only will TDCC play the solid role of being the dependable and trustworthy force in the market, but also will affirm our dedications on the quests for researching more resourceful innovations in Fintech. Therefore, we can provide the domestic finance market with secured and agreeable services.

Special Report

All Listed Companies Adopt E-voting in 2018: Create Long Term Value for Shareholders

On January 1st, 2018, e-voting became mandatory for all listed companies, marking an important milestone in the history of e-voting in Taiwan. In order to celebrate this achievement, on March 5th, 2018, Taiwan Depository & Clearing Corporation (TDCC) held a conference titled, “100% E-Voting in 2018 and Enhancement of Corporate Value: from the Perspectives of Corporate Governance, Shareholder Engagement, and Proxy Advisers.”



During this conference, apart from the ceremony, TDCC also invited speakers from around the world to deliver speeches on important corporate governance issues. The grand event attracted over 250 directors and institutional investors, securing warm support from participants.

It has been almost 10 years since the launch of e-voting in Taiwan. In 2009, in order to provide a more convenient way to vote, the Financial Supervisory Commission (FSC) instructed TDCC to build the Stockvote platform and develop an e-voting service. In 2014, to facilitate greater voting efficiency for foreign investors, TDCC began to cooperate with Broadridge, the leading proxy platform, to provide cross-border proxy voting via straight-through-processing (STP).

In 2015, with the goal of embracing Fintech opportunities, TDCC launched the Stockvote APP. In 2016, Stockvote was embedded in many brokers' apps. In 2017, Stockvote was embedded in TDCC's ePassbook APP in order to provide shareholders with alternative ways to vote. To date, e-voting has been adopted by more than 1,200 companies. This year e-voting has become mandatory for all listed companies, bringing about a new era of corporate governance in Taiwan.

The conference opened with inspiring keynote speeches from delegates of the International Corporate Governance Network (ICGN) and the Institutional Shareholder Services (ISS). Domestic business leaders and international investors also shared their constructive opinions on significant topics, including corporate governance, value creation and best practices of shareholder engagement.

In the future, TDCC will build on the achievement of 100% e-voting and insist on continuous innovation. Currently, TDCC is planning to develop a new investor relation platform to promote communication between institutional investors and issuers.



With FSC's successful implementation of relevant policies and TDCC's efforts, we can expect that corporate governance in Taiwan will continue to improve and raise the value and attractiveness of Taiwanese companies.

Systematic Investment Plan in Taiwan Stock Market

In order to assist investors to achieve long-term and steady investment in stock market and expand business scope of securities firms, competent authorities have adopted systematic investment plan from mutual fund subscription and promoted it in Taiwan stock market. Securities firms are allowed to offer clients systematic investment plan in stocks and ETFs in the form of brokerage and wealth management.

The current trading unit is one thousand shares in Taiwan, but through investing regular amount to stocks and ETFs, the trading unit is not limited to one thousand shares. Thus, the convenience of small-amount investment can be improved. Also, the plan can encourage more young generations to join in the stock market. After securities firms buy stock through systematic investment plan in omnibus trading account, TDCC provides distribution and reconciliation functions for account management.

The Plan went online on January 16, 2017, to the end of the same year, there were nine securities firms applying for the plan and over 30,000 investors joining in this plan. The total number of transactions reached over 430,000 and the total number of traded shares and amount were over 42 million shares and 1.2 billion respectively. All distribution of omnibus trading account, settlement, and book-entry transferring went smoothly.

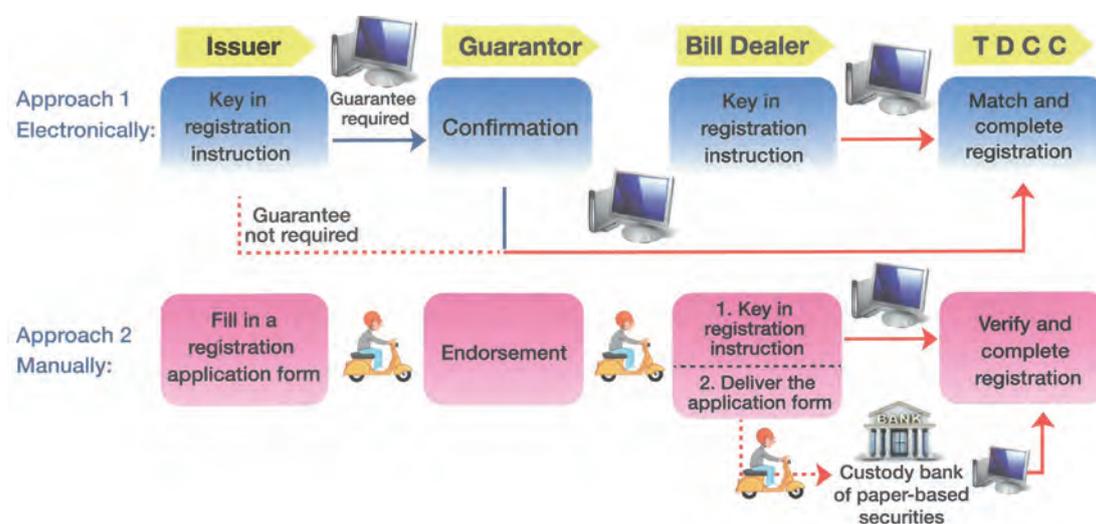




Highlights of TDCC's Implementation of Dematerialized Commercial Paper

To meet the issuers' demand of simplifying the certifying and issuing process of commercial papers and mitigating the operational risk, and to improve issuing efficiency and security while reducing bills dealers' costs of delivering physical papers through manual labor and risks of loss, the competent authority promoted the issuance of commercial papers and foreign currency denominated commercial papers in dematerialized form. The competent authority has also amended article 26 of The Act Governing Bills Finance Business, which was promulgated by the president on May 3, 2017, to maintain the same rights and obligations of dematerialized commercial papers as physical ones governed by Negotiable Instruments Act, and to solve the doubts about dematerialized commercial paper holder's right of recourse. According to the amendment, when dematerialized commercial paper holders execute the right of recourse against issuer, they can hold the certificate of claim issued by TDCC and may petition a competent court for a ruling granting compulsory execution to protect their rights.

To comply with authorities' policies and to meet different issuers' operation demands, TDCC provides issuers with electronic and manual registration means to submit registration information about bills issuance, which effectively satisfy various needs of market practice. TDCC also held plenty of promotional events before the service went online. In addition to actively visiting government-owned businesses, financial holding companies, leasing companies, securities firms and other large issuers that took up half of the market share, TDCC also held many seminars for all market participants. Besides, TDCC set up exclusive website, sent promotional brochures, and held nearly 70 briefing sessions in northern, central and southern Taiwan with almost 2,000 people from bills finance companies and issuer companies. The mechanism of issuing dematerialized commercial papers successfully went online on Sep 18, 2017, enabling Taiwan to keep up with the global trend of dematerialized issuance of short-term bills and leading money market forward to the new financial technology era.



The Service of Automatic Linkage between FPSS and FOPS

To better serve the offshore fund master agents with one-stop automatic services to boost the operational efficiencies while lower the cost and the time duration of manual processes, TDCC constructs the linkage between the Fund Processing & Settling System (FPSS) and Fund Order Processing System (FOPS) with a function of automatic STP data transmission of transaction related information obtained from master agents. The service has activated in January 2018.

In the past, while offshore fund master agents attempted to transmit the transaction information of their sub-distributor in its own name on behalf of investors to offshore fund institutions, they should download the files with relation to their transaction followed by uploading those confirmation files from FPSS, then they would E-mail or fax these information overseas. Taking the initiative of understanding the demands of the market and the users' inclination, TDCC decides to administer the one-stop automatic service.

There is neither system development or adjustment nor additional charge needed for the offshore fund master agents to take full advantages of this service. Simply complete the transactions at FPSS and opt for the system transaction confirmation and oversea acknowledgements, all transaction related information then are available for inquires and audits, at one single site, automatically. Once again, the benefits of platform integration can be thoroughly relished by the industry as well as the supreme, cost reduced and highly efficient services.

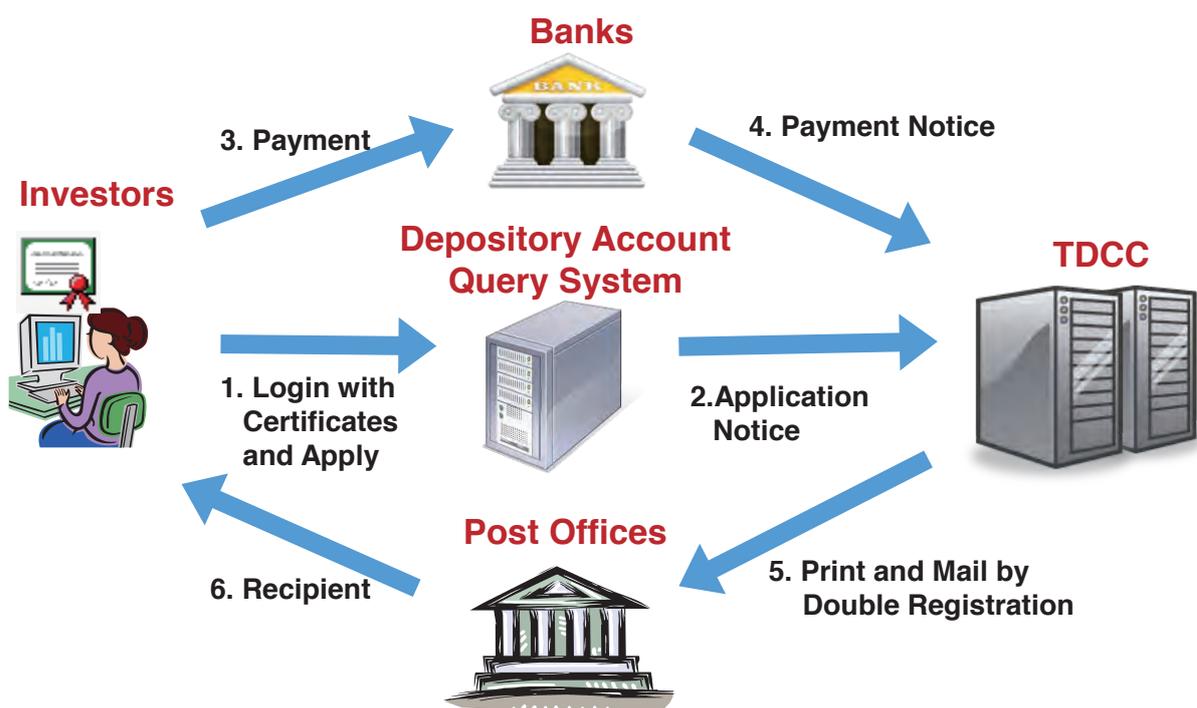


Depository Account Query System Allows Investors to View Their Assets under TDCC's Custody Online

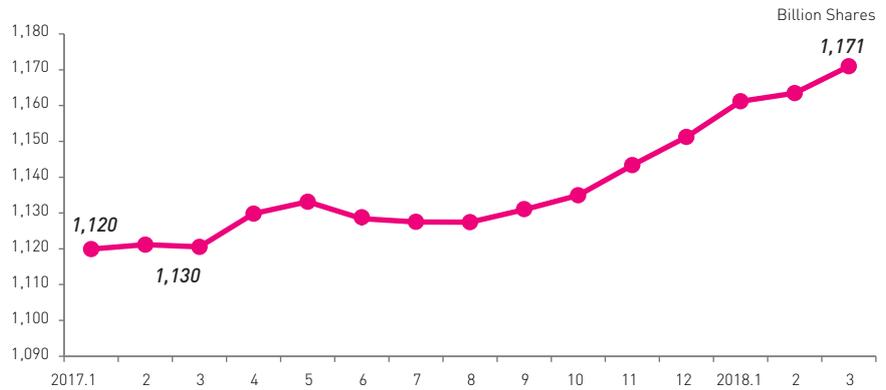
In the past, investors who wanted to have an overview of their assets under TDCC's safekeeping, including securities, short-term bills and gold, were required to submit a written request in person or via a proxy to TDCC or any brokerages that the investors have opened an account with.

Given increasing digitization of the financial industry and in order to provide more convenient services to investors, starting January 2, 2018, investors will be able to access their consolidated account statements online by logging into TDCC's Depository Account Query System with one of the following certificates: (1) Citizen Digital Certificate, (2) Securities Online Ordering Certificate, (3) Online Banking Certificate, (4) Securities & Futures Joint Certificate, and (5) MOEACA Certificate. To find the query system, visit TDCC's website, click on the tab of "Checking my securities and inheritance," and select "Online query."

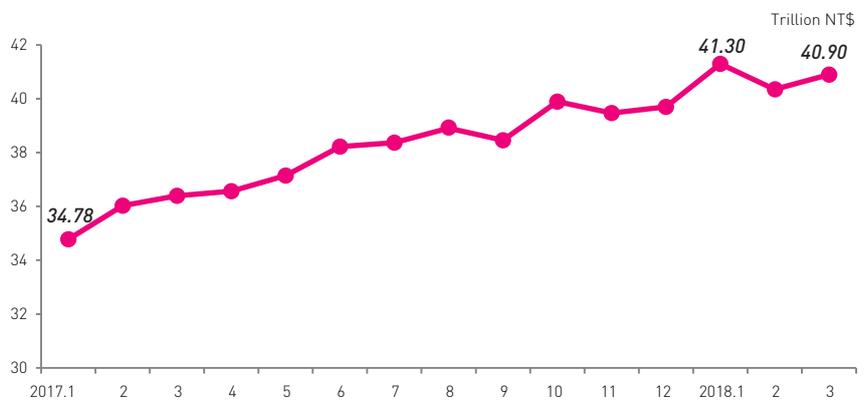
The use of digital certificates can ensure data confidentiality, identity authentication and undeniability. The easy-to-use online query system allows investors to access their account statements without the constraints of time and space, saving investors the time of transportation to go to a service desk.



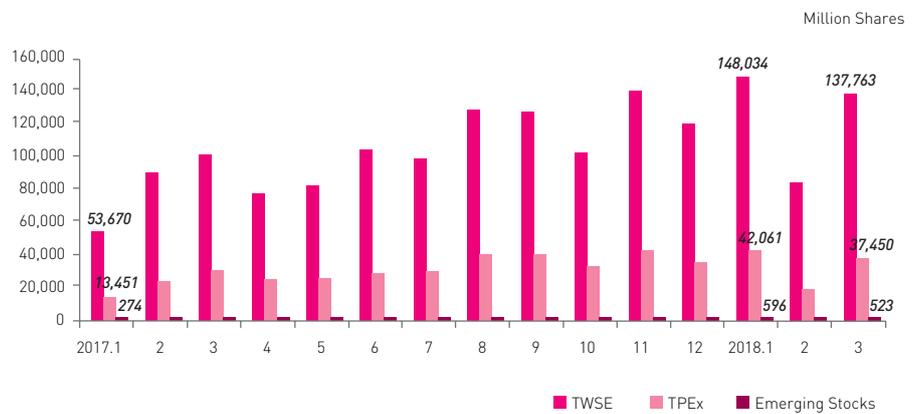
Equities in Custody (Shares)



Equities in Custody (Market Capitalization)



Book-Entry Operations (Shares)

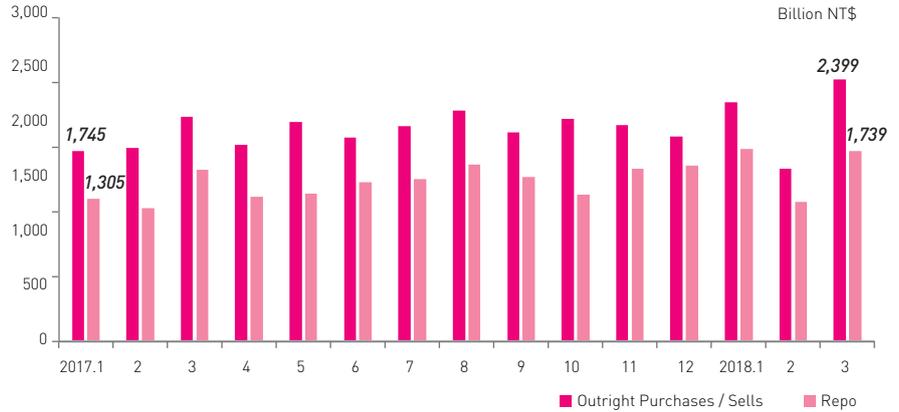


Short-Term Bills in Custody





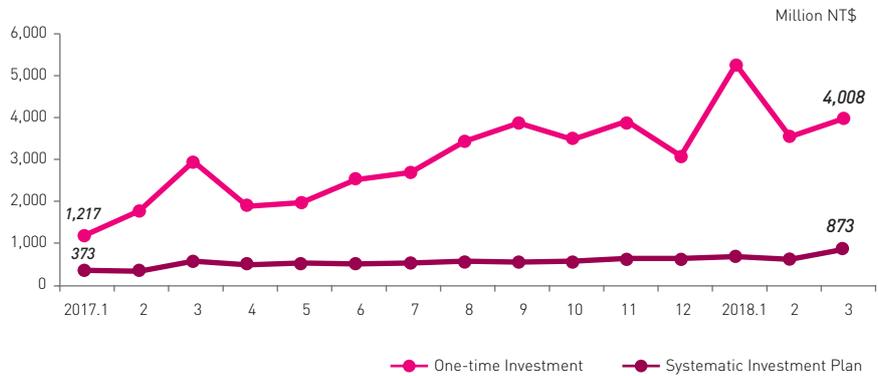
Secondary Market
Clearing & Settlement of
Short-Term Bills



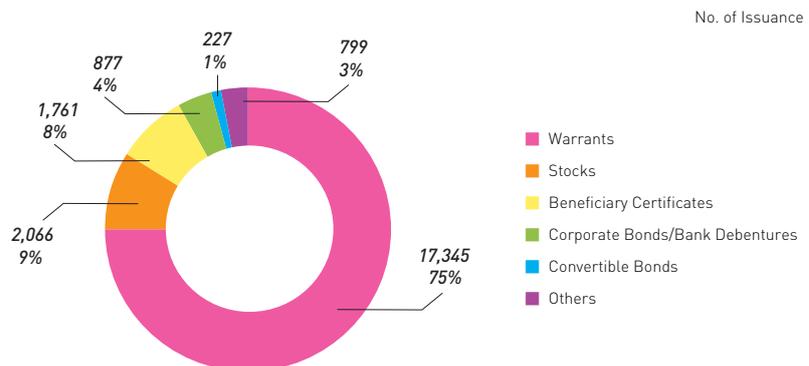
Offshore Fund
Operations



Offshore Fund
Subscriptions



Registration of
Dematerialized
Securities



Taiwan Stock Museum: the Elucidation Hall

**Display themes: A far-reaching stock issuance,
Economic development of Taiwan, and 1990s: the Golden Age of Taiwan Stock Market**

A far-reaching stock issuance

In order to improve the financial status of tenant farmers, in 1953, the government introduced the “Land to the Tiller” policy by expropriating the excess of land from landowners for distribution to tenant farmers. Compensation to landowners was made 70% in land bonds-in-kind and 30% in shares of four province-owned enterprises, namely Taiwan Cement Corporation, Taiwan Pulp & Paper Corporation, Taiwan Tea Corporation and Taiwan Industrial and Mining Company, which the government privatized. On February 9, 1962, the Taiwan Stock Exchange started business, and the four companies were among the first that went listed.



Development of Taiwan's economy and stock market

Taiwan's economic development came in three stages: (1) agriculture supported industrial development; (2) manufacturing picked up on the back of robust export demand; and (3) the rise of the tech industry driven by continued industrial upgrades. The picture on the left shows some photographs and films which are arranged in accordance with the three stages of economic development.

The Golden Age of Taiwan Stock Market

In 1989, the Taiwan Stock Index rose above 10,000 points for the first time, and the stock market underwent a period of rapid growth, with turnover surging to unprecedented levels and the number of listed companies expanding from less than 200 to over 1,000 in just a couple of years. The picture on the right shows stock certificates that companies produced in a frenzy. During the golden age, it seemed that everyone was buying shares, and brokers were busy processing piles and piles of stock certificates every day. There is a Taiwanese slang that best describes the market condition at that time, which in literal translation says, “Hot money flooded to people’s ankles, and shares submerged to people’s belly buttons.”



Gallery



Chairman & CEO Mr. Sherman Lin (front, left 4), and president Mr. Ching-Li Meng (front, right 1) attended the ePassbook promotion award ceremony with Ms. Hui-Mei Chou, Deputy Director-General, Securities and Futures Bureau, FSC (front, right 4), and took a photo with all winning participants on January 31, 2018.



Chairman & CEO Mr. Sherman Lin (front, left 4) leads all managements to toast to TDCC colleagues with FSC Chairman Mr. Wellington L. Koo (front, center), and Ms. Yung-Hsin Wang, Director-General, Securities and Futures Bureau, FSC (front, right 4) at the TDCC Year-End celebration party on January 23, 2018

Chairman & CEO Mr. Sherman Lin (left 2) took a group photo with FSC Chairman Mr. Wellington L. Koo (center), TWSE Chairman Mr. Jan-Yau Hsu (right 2), TPEX Managing Director & CEO Ms. Yu-Ching Su (left 1), TSA Chairman Mr. Hung-Wen Chien (right 1) and esteemed guests at the 8th annual TWKC award ceremony on January 9, 2018.





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