

# TDC CC

**2021 Newsletter**

# 184

# TDCC

# 184

**OUTLOOK**

**TDCC's TSP Cooperation Project**

**SPECIAL REPORT**

**TDCC Optimizes “Inquiry Services for Fund Supervisory Information” for the Authority**

**BUSINESS HIGHLIGHTS**

**TDCC Creates a Sustainable Investment Ecosystem: Industry-Government-Academy Seminars Takes Place at Online ESG Forum with over 1,000 Participants**

**TDCC Acquires Business Continuity Management System - ISO 22301: 2019 Certificate**

**FINANCIAL TECHNOLOGY**

**TDCC Utilizes Big Data Analysis, Provides Interactive Short-Term Bills Market Management Information, and Fortifies Bill Dealers' Risk Management Mechanism**

**STOCK MUSEUM**

**Taiwan Stock Museum Launches “Thematic Exhibition of Mutual Funds”**

**STATISTICS**

**GALLERY**

# TDCC's TSP Cooperation Project

TDCC launched the ePASSBOOK APP in 2017, providing investors with integrated asset information covering different securities companies and investment trust companies. Currently, the number of ePASSBOOK subscribers has topped 2 million, and has also received a lot of fantastic feedback from both investors and the market. To optimize our user's experience, and comply with the authority's Open Banking policy, TDCC plans to be a third-party service provider (TSP) and work closely with banks to carry out the second phase of Open Banking policy, "Consumer Information Inquiry". Based on investors' own approval, they can inquire about their bank balances and bank transaction details via TDCC's ePASSBOOK. The app will offer investors a one-stop asset information service which will give them more comprehensive information about their investment allocations and funds. As of today, 21 banks have shown interest in collaborating with TDCC, with six of them gaining the authority's approval for the project on December 31st, 2020, which is scheduled to go live in the first quarter of 2021.

TDCC has been actively implementing FSC's policy of "Open Banking" since 2020, and has contracted with six banks, including Hua Nan Commercial Bank, Yuanta Commercial Bank, CTBC Bank, Mega International Commercial Bank, First Commercial Bank, and Cathay United Bank, to serve as their TSP. In addition, TDCC is also in compliance with the "Directions for Financial Institutes and TSP Governing Operations of Open API Security Control" and "Open API Technical Specifications", which are system and technique regulations set by the Bankers Association of the Republic of China and the Financial Information Service Co., Ltd., in order to provide integrated asset information services through ePASSBOOK.

Through this service, investors can utilize ePASSBOOK as a tool to enjoy innovative Fintech and realize true customer empowerment in terms of financial information and a convenient financial lifestyle. On the securities companies' side, they can mitigate delivery risks arising from customers' lack of, or delay of, fund management. Additionally, with the new ePASSBOOK features, TDCC can further enhance its user relation and accelerate investors' shift from physical passbooks to an ePASSBOOK, which will reduce the operation costs associated with a physical passbook system and improve the process of opening online accounts for securities companies. By leveraging the benefits of Fintech, we can increase our competitiveness in digital transformation, Regtech, and market functions for the securities market.

# TDCC Optimizes “Inquiry Services for Fund Supervisory Information” for the Authority

To assist the Securities and Futures Bureau, FSC with efficient supervision of the domestic fund market, TDCC initiated a system for offshore and onshore fund supervisory information. The system interactively creates managerial and supervisory statements with indicators such as master agent, fund company, investment area, and fund category. The authority can utilize the information above to conduct cross analysis and intertemporal comparisons for supervision as well as exert TDCC’s big data synergy. The inquiry service went live in September 2019.

For continuous optimization of “Inquiry Services for Fund Supervisory Information” for the authority, as of October 26, 2020, TDCC started an inquiry service for each fund’s daily NAV change percentage and interval NAV change percentage. Moreover, the authority can also inquire about average daily NAV change percentage and average monthly NAV change percentage according to fund categories. By doing this, the authority can not only have a clear view of offshore and onshore fund NAV changes but also better monitor any credit risks that the Taiwan investment trust fund industry may face from a single bond issuer. TDCC is planning to offer information regarding nationality, credit rating, total loss absorbing capacity (TLAC) of the bond issuer whose bonds are held by all the Taiwanese investment trust funds as well as the proportion of the face value (original currency) to the outstanding bond balance (original currency face value) that all the Taiwanese investment trust funds hold for a single bond issuer. With the development of an interactive analysis page, the authority will gain real-time, multifaceted, and relevant information with just a few simple clicks. The inquiry function is expected to go live for the authority by the end of the first quarter of 2021.

# TDCC Creates a Sustainable Investment Ecosystem: Industry-Government-Academy Seminars Takes Place at Online ESG Forum with over 1,000 Participants

ESG (Environmental, Social, and Corporate Governance) has obviously become the latest business operation trend and investment trend. How can Taiwanese businesses, investment institutes, and individual investors jump on the bandwagon and adapt themselves to this global trend? “2021 Taiwan ESG and Responsible Investment Forum,” held by TDCC, took place on January 27th. Foremost, professionals were invited to the event, and their discussion focused on all aspects of ESG issues. What’s worth mentioning is that the forum went online due to this year’s pandemic, but still attracted over 400 public companies and 50 investment institutes, with a total participant number exceeding 1,000. The forum has won tremendous compliments with enthusiastic and positive feedback.

As Sherman Lin, TDCC Chairman & CEO, indicated at the opening remark, the global sustainability investment volume had seen a steady increase; the volume reached \$1.2 trillion in Q3 2020. Among all, Taiwan’s performance was extraordinary, standing at the top of Asian sustainable investment net capital inflow. To further connect Taiwan to ESG, TDCC cooperated with four leading multinational organizations: FTSE Group, ISS, Sustainalytics, and MSCI to establish a brand new ESG platform. British Centennial Media has complimented this initiative as a pioneering global achievement. Besides providing related information, TDCC expects to improve the community function for public companies, investment institutes, and research institutes based on the new platform. Through barrier-free conversation and communication, ESG concepts and rating can be incorporated into corporate policies; effective implementation and information disclosure can be realized. Investment institutes are expected to utilize relevant information for their investment strategies, and third-party institutes such as consulting and accounting firms can create more ESG practices and applications through the platform to activate the development of the ESG ecosystem in Taiwan.

## BUSINESS HIGHLIGHTS

As the FSC Chairperson Tien-Mu Huang emphasized at the opening of the forum, ESG has become a global trend. The FSC will keep strengthening responsible investment and ESG market mechanism, announcing the project “Corporate Governance 3.0—Sustainable Development Blueprint.” The aim is to sufficiently disclose information, enforce institutional investors’ stewardship principles, launch the sustainable version of the platform as well as stewardship principle concepts on foreign investors and international proxy advisors, and encourage domestic listed companies’ communication to create a multi-win situation.

At the forum, representatives from Fidelity International, one of the most prominent fund companies, and Sustainalytic, the largest ESG research institute in Europe, shared that ESG has become the quantitative indicator for investment in the global market. In recent years, Fidelity International has even established their own scoring model, assisting investment teams’ analysts with integrated analysis based on a corporation’s business and ESG practices. As the two major international proxy advisors ISS and Glass Lewis emphasized, ESG risk management will become an essential issue at shareholder meetings and board meetings. Material weaknesses may influence proxy advisors’ support for the re-election of related board members.

TDCC will continue to promote and develop Taiwan’s sustainability and responsible investment communities. Besides, the company will serve as a hub that connects global and domestic investment institutes, proxy advisors, ESG research institutes, and public companies to promote Taiwan’s sustainability and responsible investment practices. Please go to <https://irplatform.tdcc.com.tw> for more details.



# **TDCC Acquires Business Continuity Management System - ISO 22301: 2019 Certificate**

To continuously fortify our emergency response abilities, establish an appropriate backup mechanism, and reduce the risk of service interruption TDCC has completed its certification of the “Business Continuity Management System - ISO 22301:2019” By earning this international certification, TDCC can better protect investors’ equities and ensure the market’s stable operation.

As the major back office of the securities, futures, and commercial paper markets, TDCC conducts daily closing and settlement as well as ensuring data integrity and accuracy to protect investors’ equities. Since the end of 2019, TDCC had actively planned and introduced the Business Continuity Management System - ISO 22301:2019, and in the following year, on December 1, 2020, the company passed BSI’s certification and officially obtained its “Business Continuity Management System certificate - ISO 22301: 2019.”

Through the adoption of the Business Continuity Management System - ISO 22301:2019, TDCC can more closely examine the standards in compliance with the organization’s requirements, more effectively control and better manage the risks that threaten the operation. As a result, the organization can respond more effectively and elevate the disaster resistance of the infrastructure and core function. As crucial business proceeds, including securities, futures, and commercial papers, the recovery mechanism can be activated as soon as any disruption occurs, allowing the day to day business operation to operate as usual.

TDCC’s introduction of the Business Continuity Management System - ISO 22301:2019 brings benefits that will help to prevent threats to future operations. Furthermore, employees’ capability of risk management and core business maintenance will be enhanced and disaster recovery will be accelerated. The operation of Taiwan’s securities, futures, and commercial paper markets will be under the best possible protection.

# **TDCC Utilizes Big Data Analysis, Provides Interactive Short-Term Bills Market Management Information, and Fortifies Bill Dealers' Risk Management Mechanism**

Over the past few years, TDCC has been promoting big data analysis projects and setting up big data information platforms. In addition to providing supervisors with multi-dimensional, interactive, and visualized short-term bills market supervisory information service, TDCC has also extended its service to the customer side as well. The company completed short-term bills market management information exclusively for bill dealers, allowing them to better grasp the market and their clients' information more precisely as well as enhancing the risk management mechanism.

TDCC is the only central depository and clearing organization for short-term bills in Taiwan. Through big data analysis, TDCC has assisted bill finance companies with a comprehensive understanding of short-term bills market trading information and real-time risk control. The daily short-term bills closing and settlement data is processed with data definition, scrubbing, and personal information protection. Then the processed data is further consolidated into multilevel price and volume information, including market information, rate information, comparison between the company and the market, and a short-term bills monthly report. The data is presented in graphics that include lines, ratios, and colors, and displays an easy to see contrast between structure and time sequence. This new presentation has replaced the conventional two-dimensional statements provided for bill dealers' inquiries. Additionally, the market comparison function enables bill dealers to clearly view their operation in relation to the whole market, such as underwriting, buying and selling interest rates, and single customer's credit risk control. They can be aware of their positioning both in the market and to a single customer which enables them to keep abreast of the latest market conditions and adjust their own business directions and strategies as needed.

# Taiwan Stock Museum Launches “Thematic Exhibition of Mutual Funds”

Founded at the end of 2012, the Taiwan Stock Museum has been in operation for eight years now. The number of visits has exceeded 150,000 and this is due to its comprehensive collections and vivid introductions. In order to promote financial literacy, realize the founding principle of inclusive finance, and meet people’s needs for financial knowledge and financial management, TDCC has organized the “Thematic Exhibition of Mutual Funds.” In addition to presenting information about stocks, this exhibition also allows museum visitors to understand another important investment instrument—mutual funds.

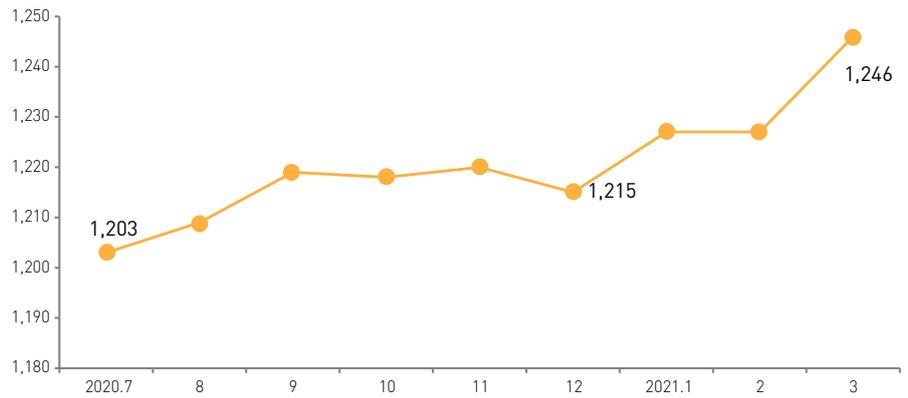
According to Susan Huang, Senior Vice President of Corporate Strategy & Public Affairs Department at TDCC and Curator of the Taiwan Stock Museum, the “Thematic Exhibition of Mutual Funds” presents rich and dynamic content, which is divided into four sections:

1. Basic knowledge of funds: The section introduces mutual funds, ETF, and other categories of funds, providing visitors with a basic understanding of funds.
2. Physical beneficiary certificates of funds: The section displays the physical beneficiary certificates of funds issued by investment trust companies in the early stage. In addition, on transparent television screens, the images of physical beneficiary certificates are combined with virtual ones. This amusing and engaging introduction to funds lets visitors learn about the physical attributes of funds through virtual images.
3. Fund Clear: This section introduces “Fund Clear,” organized by both TDCC and the Securities Investment Trust & Consulting Association of The R.O.C. (SITCA). The platform provides both onshore and offshore fund inquiry services, and visitors can gain access to channels and functions of fund inquiry.
4. Fund distribution channels: This section introduces the online fund distribution platform—FundRich, established by TDCC, Taipei Exchange, and securities investment trust and consulting businesses pursuant to the financial innovation policies of the Financial Supervisory Commission (FSC). Through the exhibition, visitors can become more familiar with this fund investment channel and make investments more effortlessly and efficiently.

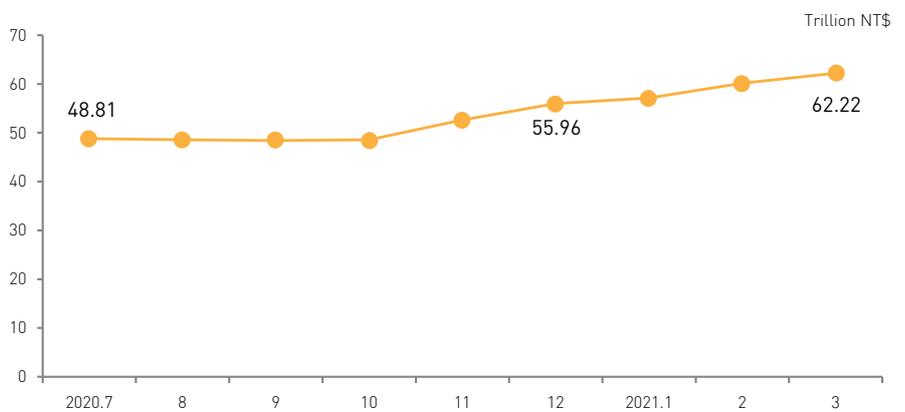


# STATISTICS

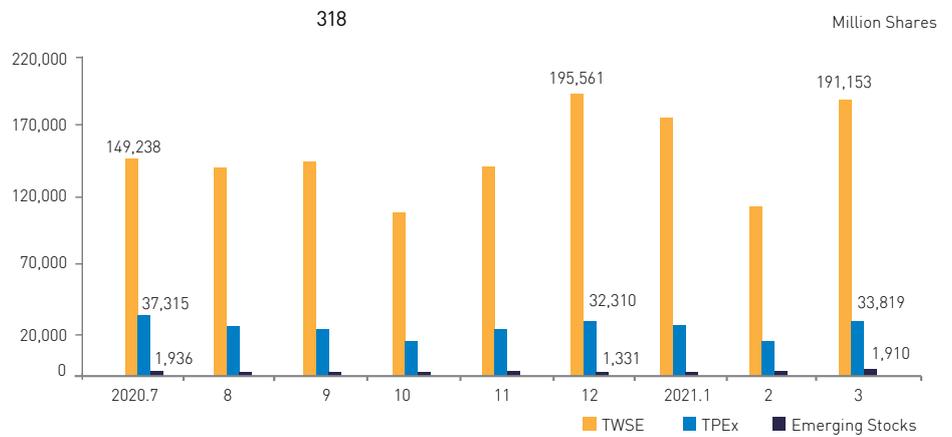
## Equities in Custody (Shares)



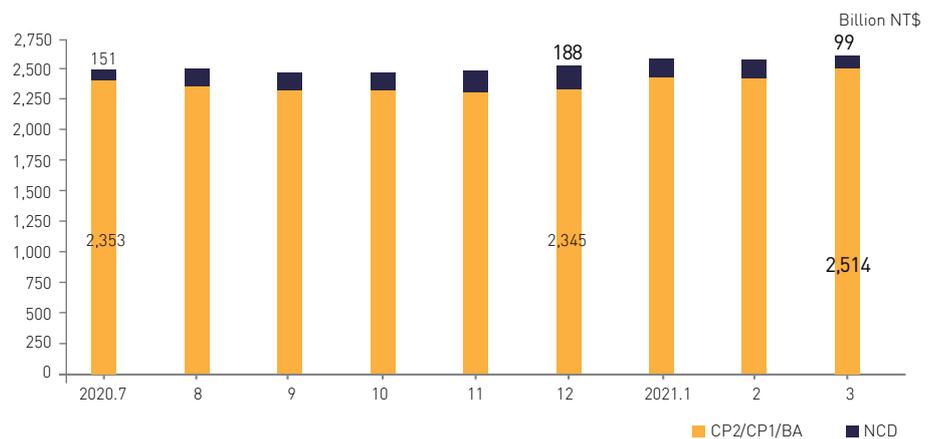
## Equities in Custody (Market Capitalization)



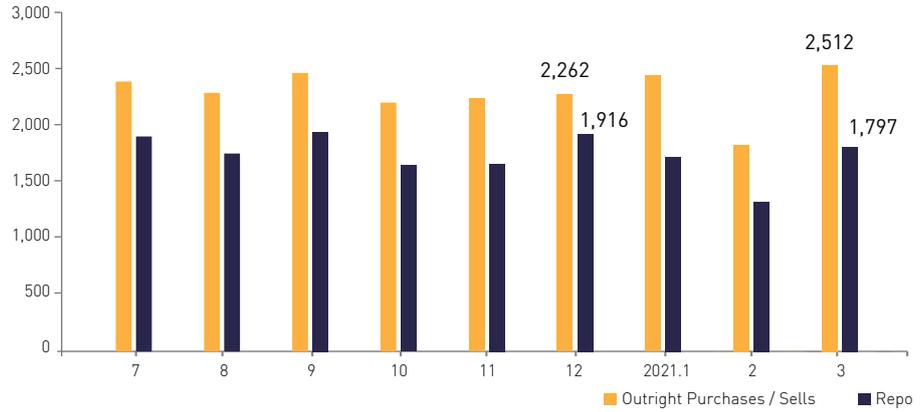
## Book-Entry Operations (Shares)



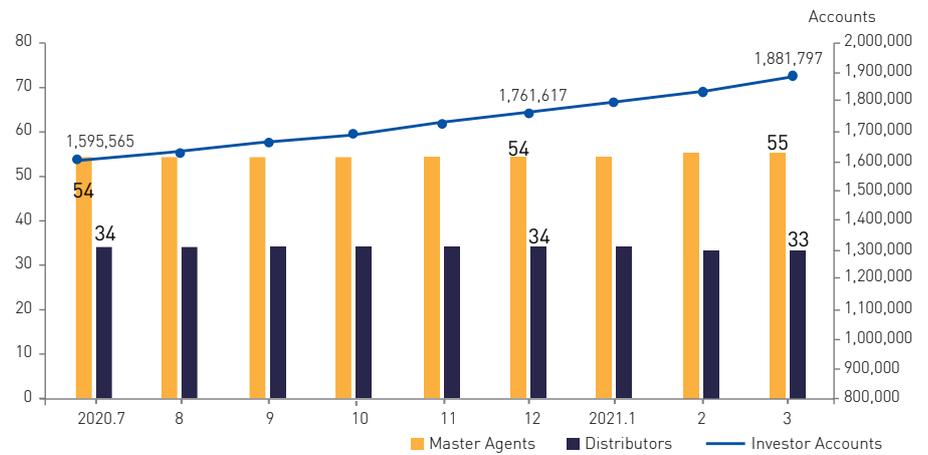
## Short-Term Bills in Custody



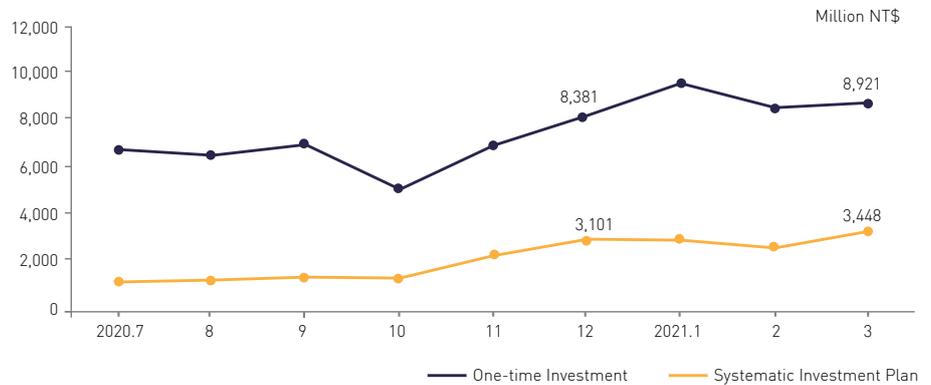
## Secondary Market Clearing & Settlement of Short-Term Bills



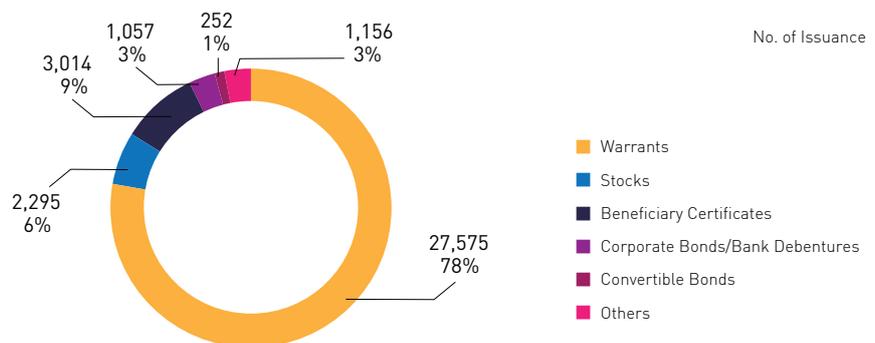
## Offshore Fund Operations



## Offshore Fund Subscriptions



## Registration of Dematerialized Securities



# GALLERY



2/23

TDCC won the Excellent Award in the 2020 Executive Yuan Critical Infrastructure Protection (CIP) Insite Evaluation.



3/17

"Taiwan RegTech Challenge 2020" was co-hosted by TDCC and the Taiwan Financial Services Roundtable(TFSR).



3/19

"Social Innovation Forum" was co-hosted by the Accounting Research and Development Foundation, the Accounting Research Monthly and TDCC.



# Taiwan Depository & Clearing Corporation