

# TDC CC

**2021 Newsletter**

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# **TDCC**

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# Hybrid AGM Platform Debut Deemed a Success after Helping 17 Pioneer Companies Run Meetings with Video Conferencing as Assistance

To counter COVID-19, the pandemic of the century, all Annual General Meetings (AGM) of public companies were delayed this year. The postponement is the first time in the history of the securities market. However, a crisis may be a turning point. The waves of digital transformation have also facilitated the evolution of the shareholder meeting systems. For example, companies that meet specific requirements may choose to convene their physical AGMs with video conferencing as assistance. The format of hybrid meetings has helped issuers ensure their successful AGMs and pandemic preparedness in 2021.

Under the guidance of the Financial Supervisory Commission (FSC), it took only a little longer than two months for the Taiwan Depository & Clearing Corporation (TDCC) to launch the Platform for Shareholder Meetings with Video Conferencing as Assistance. The platform was available for companies that convened shareholder meetings between August 16 and August 31. The one-stop services for AGMs aim to reduce breakpoints in between agendas and seamlessly coordinate procedures like registration in advance, check-ins, live streaming, online questions, voting, and ballot counting. The integration aligns our AGM workflow with the mainstream of international practices.

In 2021, 17 TWSE-listed, TPEX-listed, and publicly traded companies had applied to use the platform. As the domestic pioneers of digitalized shareholder meetings, they are one step ahead in the digital era. As of August 30, all 17 issuers have concluded their AGMs. The platform worked smoothly when shareholders signed in for check-ins, raising questions, and casting votes. The internet connection for their virtual meetings was also satisfying. Disconnecting problems that had concerned

people didn't occur. The results show that modern information technology is sufficient to overcome the operation hurdles that used to bother us. In these meetings, chairpersons have answered questions raised by shareholders who had registered to join via virtual communication methods. It is fair to say that the overall operation of the system is a success.

TDCC President Han-Chiang Chu stated that though it is our first attempt to run shareholder meetings with video conferencing as assistance, the so-called hybrid shareholder meetings have long been practiced in other countries for years. In fact, issuers still have to conduct physical shareholder meetings. However, they also need to provide an alternative that alleviates physical space constraints for eligible shareholders who are unable to attend physically and hope to attend in person to join them virtually. Apart from e-voting services, this new practice also effectively fulfills shareholder activism. Meanwhile, the TDCC will keep addressing the needs of digital transformation. Starting from next year, under the FSC's guidance, the TDCC will update the AGM Supporting Video Conference Platform and provide more comprehensive functions according to the amendments of the Company Act and relevant regulations.



# The Trading systems for Taiwan Innovation Board and Emerging Stock Market's Pioneer Stock Board go live on June 30

To foster Taiwan's innovative enterprises and six core strategic industries as well as create an friendly environment for innovative industry to raise funds, TWSE and TPEX have set up Taiwan Innovation Board and Pioneer Stock Board respectively under the supervision of the authorities, the Executive Yuan and the Financial Supervisory Commission (FSC). The two new boards were launched on July 20th.

The clearing and settlement of the Taiwan Innovation Board, which is listed at TWSE, follow the existing regulations for listed stocks. The Pioneer Stock Board, which is listed at TPEX, is added to the Emerging Stock Market. Therefore, the Emerging Stock Market is divided into Emerging Stock Board and Pioneer Stock Board. The newly added Pioneer Stock Board has introduced a liquidity provider system; the payment and clearing are processed along with OTC stocks. At the initiation, BTL Inc. took the lead and was listed on Pioneer Stock Board in the Emerging Stock Market on July 26; the company therefore becomes the first one on the Pioneer Stock Board.

In response to the authorities' policy, TDCC has made every effort to work on the book-entry operation for the Taiwan Innovation Board and Pioneer Stock Board. From each board's market segmentation, registration and delivery, liquidity provider netting to the clearing and settlement afterward, TDCC assists the exchanges with its secure and highly efficient book-entry services to create a more friendly financing environment for innovative businesses.

# Improving the Functions of TDCC ePASSBOOK

Due to the severe pandemic, most people stay home for disease prevention, and it has already been a trend that investors subscribe to mutual funds online. In response to the change in investors' financial habits, after launching the highly praised balance inquiry function in TDCC ePASSBOOK App in March 2019, TDCC plans to enhance the ePASSBOOK's value-added service for mutual funds in the third quarter of 2021. The new function will integrate investors' fund investments at different distributors. Along with the existing functions of integrating multiple securities accounts under one name and connecting to partnered banks, ePASSBOOK enables investors to handle their multiple investments at home with ease and achieve disease prevention.

To comply with the government's disease prevention regulations, many people's work style and lifestyles have differed from before. However, TDCC's endeavors toward digital transformation have never stopped. In response to investors' needs for fund investment information, TDCC will launch a new ePASSBOOK function in the third quarter of 2021, allowing investors to view and inquire about their asset value and transaction information of offshore and onshore funds purchased from each sales agent through the data connection with TDCC's mutual fund investment platform.

In addition to the existing value-added function "find funds," the inquiry service for basic information of onshore funds, TDCC has utilized the data from its FundClear and launched the inquiry function for offshore funds' basic information, latest NAVs, and dividends. Investors can also add their favorite funds into their self-selected tracking list. Besides, investors can also compare the rise and fall in different mutual funds' NAVs on the same period basis, and estimate the return of a single mutual fund through the built-in investment calculator. In this way, investors can make an efficient judgment on the trend of mutual funds. In the future, ePASSBOOK will undoubtedly become an indispensable tool for investors' digital financial management.

# TDCC Reinforces Endpoint Security and Introduces Employees' Remote Browser Isolation System

In order to protect customers' asset data, TDCC has set up a cross-domain cyber security framework, installing many levels of cyber security facilities and tools at gateways and endpoints. The company also shares cyber security information with relevant units and conducts cyber security drills at irregular intervals to ensure the protection of customers' asset data.

Regarding endpoint security, when employees go online, the company's endpoint facilities may be infected by viruses and malware, which may affect the operation and put customers' asset security in danger. To lower this risk, TDCC introduced the remote browser isolation system in April 2021. As employees browse the internet for business purposes, all the online activities are conducted on the "cloud web isolation platform," which provides thorough protection.

Through the "cloud web isolation platform," files will undergo rigorous checks before they are downloaded, and users are allowed to download the files only after the files are confirmed to cause no harm. This will prevent endpoint facilities from being infected by viruses or malware. For example, if an email contains a link to a malicious webpage, it will also be isolated by the "cloud web isolation platform," which offers excellent protective effects. Also, the macro function of Office files has become one of the channels of hackers' attacks. After the launch of the "cloud web isolation platform," it has overcome the existing security tools' inability to block macro and effectively repelled the attacks from Office macro.

Since the implementation in April 2021, the internet traffic through endpoint facilities has all been isolated by the "cloud web isolation platform." Therefore, attacks from viruses and malware have been blocked, and the downloaded files have also undergone complete security checks to ensure the files are safe and secure.

# 2021 ACG Networking Week Attended by Over 300 Participants

TDCC hosted the ACG Networking Week, which is a warm-up activity for the 22nd Cross Training Seminar (CTS 22) next year. This event provided a platform for ACG members to interact with each other before the official CTS 22 next year during this uniquely difficult period.

The 2021 ACG Networking Week was an amazing five-day event running from September 23rd to September 29th, involving six Task Forces. The sessions were convened by the Investor Services Task Force hosted by Taiwan Depository and Clearing Corporation; the Risk & Recovery Management Task Force hosted by Central Depository Company of Pakistan Limited; the Technical Task Force hosted by India National Securities Depository Limited; the Legal Task Force hosted by China Securities Depository and Clearing Corporation; the Exchange of Information Task Force hosted by Japan Securities Depository Center, Inc., and the New Business Initiative Task Force hosted by Korea Securities Depository.

Even though this was the first time for ACG to hold an online networking event, it was a huge success attracting more than 300 participants. This showed how supportive ACG members and participants were. Everyone involved gained extremely useful information from the sessions. We here at TDCC were very proud to be the host and learn alongside the entire ACG community.

The six sessions' themes focused on "Investor E-access Services", "New Risks Arising from Pandemic Situation in the CSDs Industry", "E-voting and Electronic Shareholder Meeting Mechanisms", "Securities Nominal Holding", "Recent Market Updates" and "Filling the Gap." There were several CSDs that joined the sessions as speakers. We would like to thank all of the members for their feedback during the event.

It is essential for CSDs to exchange information and cultivate a robust CSD ecosystem. We believe through interactions and events such as our successful 2021 ACG Networking Week, the Asia-Pacific CSD industry will enjoy a bright future together.

For more details of the event, please visit the ACG website: <https://www.acgcsd.org/>

# Taiwan Takes Another Innovative Digital Leap Forward in SupTech: TDCC Launches SupTech Platform for Bills

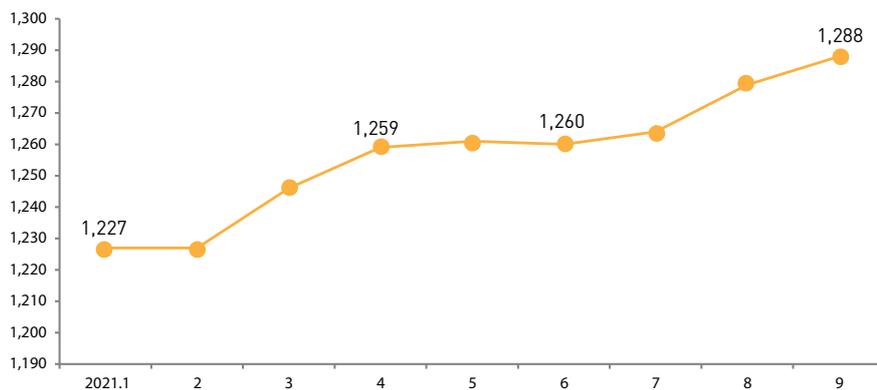
To keep up with the global digitalization of SupTech, short for Supervisory Technology, TDCC establish the SupTech Platform for bills finance companies. The system launched on June 28 2021 is a big step forward for SupTech with digital solutions in Taiwan. This step will help bills finance companies achieve automated reporting via Application Programming Interface (API) technology.

The proposed task was to jointly develop a smart mechanism that can automatically process granular data with the use of standardization. In August, the TDCC was assigned to build a Digital Regulatory Reporting (DRR) System and a Supervisory Analysis System. On the one hand, the API-based DRR System is designed with an auto-check functionality for data examination. That is, the program will help verify the accuracy of data on a real-time basis and improve the reporting quality and efficiency of bills finance companies. On the other hand, the Supervisory Analysis System is now connected to the granular data sources concerning bills clearing and settlement operations of the TDCC, credit checks of the Joint Credit Information Center (JCIC), and bond matters of the Taipei Exchange (TPEX). The competent authorities can now obtain the complete picture of all relevant supervisory information displayed on the visual dashboards using supervisory tools, including interactive infographics and multi-dimensional analytics. Therefore, effective supervision is achieved when relevant market insights are processed by real-time big data solutions. These analytics are essential to the timely use of alert messaging about key financial risk indicators as well as a more targeted oversight of the risk management of each bills finance company.

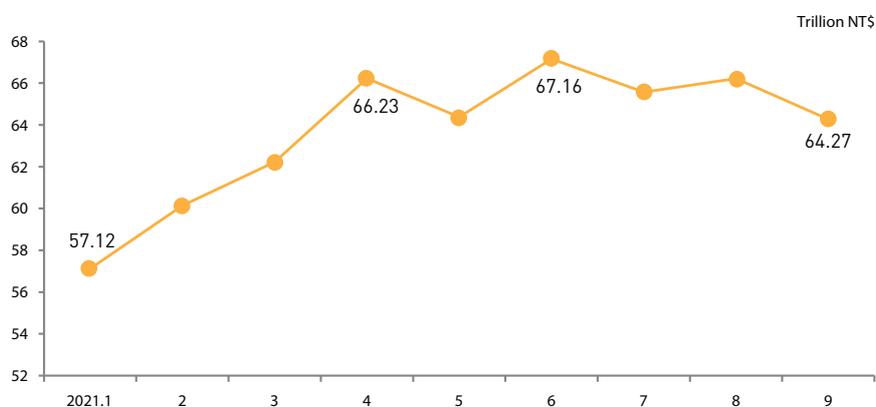
Sherman Lin, TDCC Chairman & CEO, stated that the global trends of SupTech center around big data as the core technology. For over three years, the TDCC has been sharpening available big data solutions for the competent authorities and market participants. Also, the TDCC SupTech Platform is able to consolidate a myriad of data sources into one data warehouse. Therefore, through FinTech-based supervisory analytics tools, the data will be processed according to the supervisory needs.

The TDCC is planning on introducing AI technologies to detect the relevance of data against various dimensions in different supervisory settings. It is hoped that these ongoing upgrades will make financial activity tracking more accessible and therefore effectively lessen the impact of potential risks. With the new value brought by SupTech, the TDCC will be of greater help for the competent authorities in creating a more well-rounded FinTech environment.

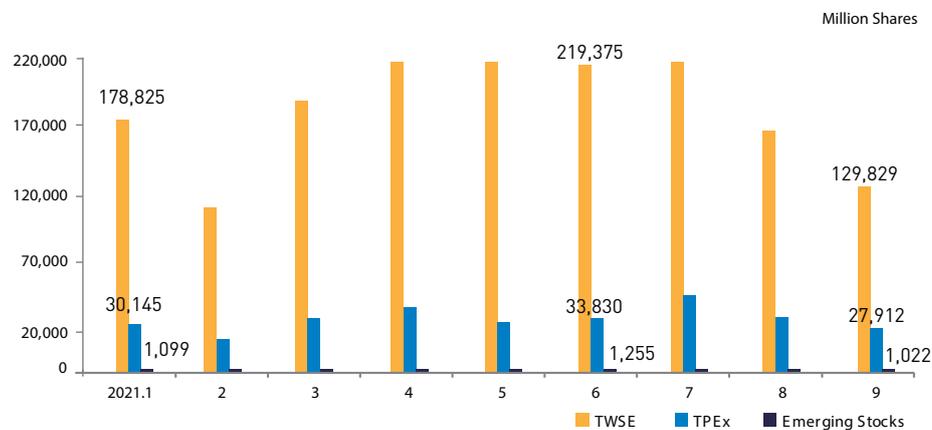
## Equities in Custody (Shares)



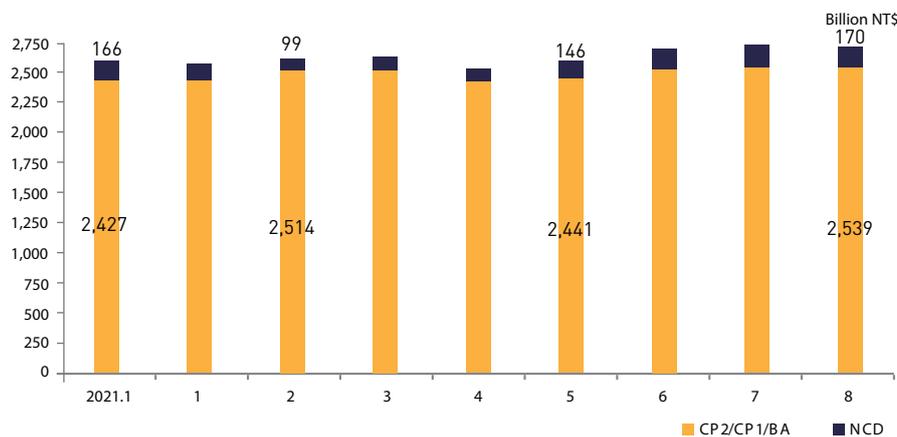
## Equities in Custody (Market Capitalization)



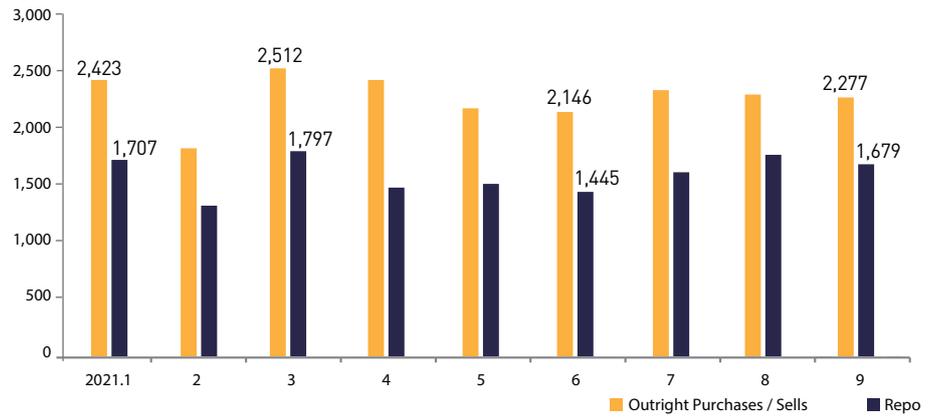
## Book-Entry Operations (Shares)



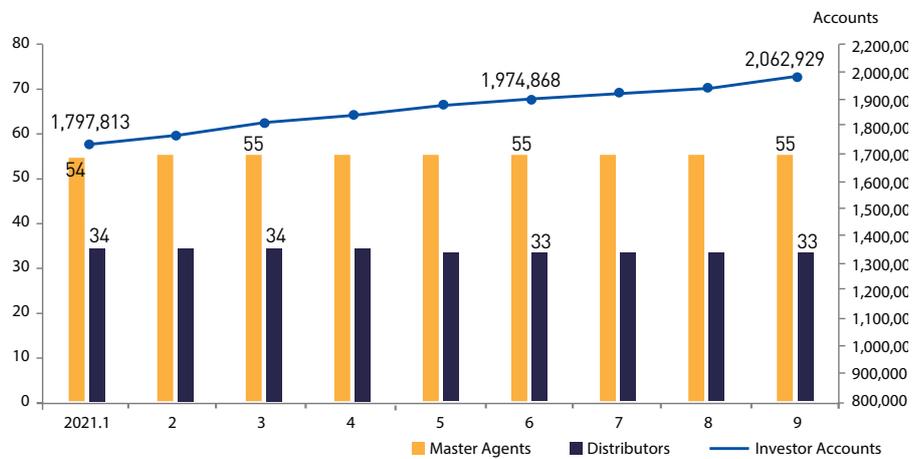
## Short-Term Bills in Custody



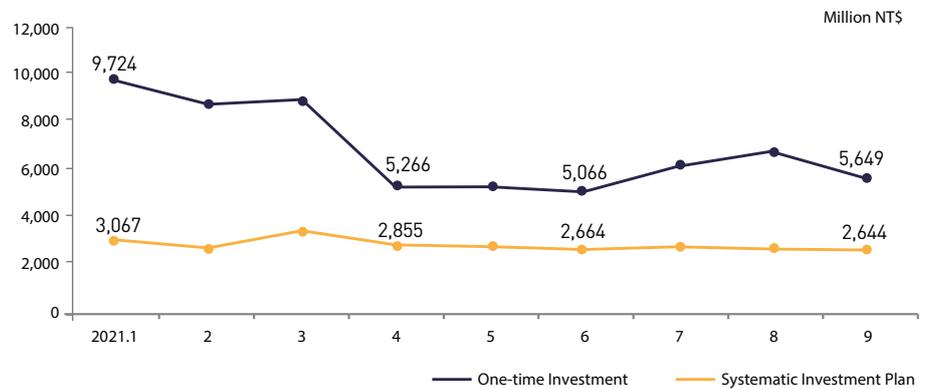
## Secondary Market Clearing & Settlement of Short-Term Bills



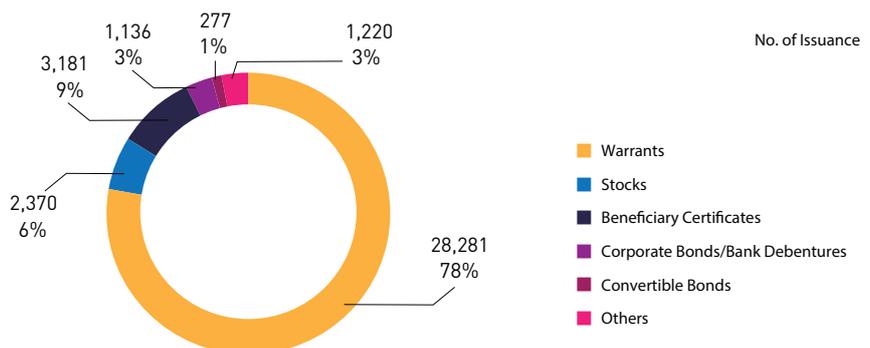
## Offshore Fund Operations



## Offshore Fund Subscriptions



## Registration of Dematerialized Securities



# GALLERY



9/23

TDCC 's Pension Platform officially goes online, providing one-stop retirement financial planning and insurance service.



9/29

Hybrid AGM platform debut deemed a success after helping 17 pioneer companies run meetings with video conferencing as assistance in Taiwan.

9/2

TDCC wins 2021 AREA of Enterprise Asia as a long-term promoter of financial planning for retirement.





# Taiwan Depository & Clearing Corporation