

2019

**Promoting Economic Liberalization
in Taiwan**

National Development Council, Republic of China (Taiwan)

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Introduction

I. Taiwan ratings for the extent of economic freedom

In the 2019 Index of Economic Freedom jointly issued by the Heritage Foundation and the Wall Street Journal on January 25, 2019, Taiwan ranks 10th in the 180 economies rated. This year's result is the highest Taiwan has achieved since the Heritage Foundation changed the rating method in 2008.

Taiwan's Index of Economic Freedom Ranking and Score Change in 11 Years

Issued year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Change
Ranking	10	13	11	14	14	17	20	18	25	27	35	+ 25
Scoring	77.3	76.6	76.5	74.7	75.1	73.9	72.7	71.9	70.8	70.4	69.5	+ 7.8
1 Property Rights	85.4	84.3	86.5	70	70	70	70	70	70	70	70	+ 15.4
2 Judicial Effectiveness	70.1	69.2	67.7	—	—	—	—	—	—	—	—	+ 2.4
3 Government Integrity	69.2	70.9	70.5	61	61	59.7	61	58	56	57	57	+ 12.2
4 Tax Burden	75	76.1	75.3	76.1	80.4	80.3	80.5	80.4	78.3	75.9	76.2	—1.2
5 Government Spending	90.6	90.4	89.5	88.7	87.1	84.7	84.9	92.3	89.7	90.5	89.4	+ 1.2
6 Fiscal Health	91.6	90.8	83.7	—	—	—	—	—	—	—	—	+ 7.9
7 Business Freedom	93.2	93.2	93.4	93.2	92.4	93.9	94.3	88.5	84.7	83	69.5	+ 23.7
8 Labor Freedom	60.9	54.9	55	53.8	55.2	53.1	53.3	46.6	46.1	47.7	45.7	+ 15.2
9 Monetary Freedom	84.4	83.3	85.2	83.2	83.3	81.7	82.9	83.1	82	79.3	82.1	+ 2.3
10 Trade Freedom	87	86.2	86.2	86.4	86.4	85.8	85	85	86.2	85.8	85.2	+ 1.8
11 Investment Freedom	60	60	65	75	75	70	65	65	65	65	70	—10
12 Financial Freedom	60	60	60	60	60	60	50	50	50	50	50	+ 10

II. Results for 2019

Between July 2018 and the end of June 2019, Taiwan carried out amendments to laws and regulations in pursuit of economic liberalization and the protection of human rights, and signed various trade agreements and memoranda of cooperation. The highlights are as follows:

◆ Property Rights

1. Protecting intellectual property rights: the Patent Act was partially amended on May 1, 2019 to raise the level of patent review effectiveness; on May 1, 2019, amendment of Articles 87 and 93 of the Copyright Act were announced to stop new digital rights infringement and promote the development of Taiwan's cultural creativity and film, TV and music industries.
2. Building robust land expropriation procedures and citizen participation mechanisms: land expropriation deliberation group meeting information is made public proactively so that citizens can apply to attend and express their opinions. Continuing to review of land expropriation related regulations, refining of expropriation operations, reviewing of the reasonableness of structure compensation price and protecting of a citizen's right to re-claim land rights continue with the aim of completely protecting citizens' property rights compensation and restoration and other rights and interests.

◆ Judicial effectiveness

1. Electronic Litigation System activates intellectual property administrative, tax administrative and civil litigation case on line filing system: the “Judicial Yuan Online Civil Litigation Documents (including online indictments) Service Platform” integrates the Electronic Records review System and Court Trial Information System. An Intellectual Property Civil and Tax Administration Integrated Online Document Review System was launched on August 1, 2018.
2. Civil Notary Registration System activated: The Judicial Yuan completed the establishment of the Civil Notary Registration System and it went fully live on February 1, 2019.

◆ **Government integrity**

1. Draft Public Interest Whistleblower Protection Act: the draft Whistleblower Protection Act was reviewed by the Legislative Yuan’s Judiciary and Organic Laws and Statutes Committee on May 23 and 27, 2019; it was decided to change the name of the bill to the Public Interest Whistleblower Protection Act, and some provisions were retained for negotiation between the party caucuses.
2. Voluntarily committing to implementation the United Nations Convention Against Corruption and holding of international review meeting: Taiwan voluntarily upholds international norms and carries out overall review of the implementation situation of the Convention; in 2018, the first national report was released and, with reference to the peer review mechanism of UN members, five international experts were invited to take part in an international review meeting

in August 2018; in line with the 47 concluding observations provided, central government agencies and county/city governments have actively adopted concrete implementation measures and regularly track and evaluate handling progress; a second international review meeting is expected to be held in 2022.

◆ Tax burden

1. Amendments to the Income Tax Act: Amendments to Articles 14 and 126 of the Income Tax Act were passed on a third reading by the Legislative Yuan on July 1, 2019; the calculation method for salary income can now adopt either the existing fixed amount deduction or new-system actual recognition deduction; the changes will take effect in 2019.
2. Addition of the long-term care special deduction to reduce the burden of families caring for an incapacitated family member at home: The Legislative Yuan passed the third reading of amendment of Article 17 of the Income Tax Act on July 1, 2019, and it took into effect from 2019, adding a special deduction for long-term care. Taxpayers, spouses and dependents who meet requirements for classification as mentally or physically incapacitated are eligible for a deduction of NT\$120,000 per person per year; and there is a wealth exclusion regulation.

◆ Labor freedom

1. Relaxing Employment Restrictions on Foreign Manpower: Article 6-1 of the Regulations on the Permission and Administration of the Employment of Foreign Workers was amended on January 30, 2019,

adding an item announced in accordance with the regulations of Paragraph 1; namely, unless otherwise approved by the Central Competent Authority with legitimate reasons, an employer shall apply for employment of a type B foreign worker or a type C foreign worker shall apply for a work permit through the Internet.

2. Strengthening Labor Related International Agreements: In order to promote bilateral labor affairs exchange between Taiwan and Indonesia, on December 14, 2018, the two countries signed the “Memorandum of Understanding on the Recruitment, Placement and Protection of Indonesia Migrant Workers.” In addition to strengthening bilateral protections available to Indonesian migrant workers employed in Taiwan, this MOU introduced a “Direct Employment Program” to speed up the process of employing Indonesian migrant workers and simplified application documents etc. The two sides also agreed to continue promoting and expanding the scope of the direct employment program.

◆ Trade freedom

1. Liberalizing non-tariff barriers to trade: On July 11 and 12, 2018, respectively, the partially amended provisions of the Regulations Governing Customs Clearance Procedures for Air Express Consignments and the Regulations Governing Customs Clearance Procedures for Maritime Express Consignments were promulgated, for the purposes of phasing in express cargo consignee mobile ID technology and relaxing the declaration deadline for maritime express consignments. The new clearance certification fees

standards were announced on February 26, 2019, and cover both corporate and individual customs clearance. The fees were substantially lowered and were changed to an online application system via the Customs Administration-CPT Single Window, or via over-the-counter service at the designated window within each bureau of the Customs Administration of the Ministry of Finance.

2. Signing of Economic and Trade Agreement and Cooperation MOU: Taiwan Signed Authorized Economic Operator (AEO) mutual recognition agreements in September, November and December 2018, respectively, with Australia, Japan and India, effectively facilitating trade and enhancing the security of the international supply chain between the contracting parties to better promote the development of bilateral trade and assist with the implementation of the New Southbound Policy.

◆ Investment freedom

1. Amending and loosening the regulations relating to investment restrictions : To loosen restrictions on inward remittances by foreign investors have to be exchanged into NTD, the Ministry of Economic Affairs had promulgated the amendment of “Regulations for Verification of Investment by Overseas Chinese and Foreign Nationals” on July 29, 2019. After that, the inward remittances by foreign investors don’t have to exchange into NTD, giving companies more flexibility in terms of funds use.
2. Signing of international investment cooperation agreement: On December 18, 2018, the updated Bilateral Investment Agreement

was signed between Taiwan and India, and it came into effect on February 14, 2019.

◆ Financial freedom

1. Liberalizing restrictions on financial sector : Amendments of the following laws and regulations have been promulgated: “Regulations Governing Offshore Funds”(2018.7.13)、 “Regulations Governing Securities Investment Trust Funds ” (2018.7.23) 、 “Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises ” (2018.7.30) 、 “ Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions”(2018.8.28)、 “Rules Governing the Business of Electronic Stored Value Card Issuers” (2018.11.5) 、 “ Standards Governing the Establishment of Commercial Banks” and “Regulations Governing Investments in Other Enterprises by Commercial Banks”(2018.11.14)、 “Regulations Governing the Investing Activities of a Financial Holding Company” (2018.11.28)、 “Futures Trading Act”(2019.1.16)、 “Regulations Governing the Public Offering or Private Placement of REIT and REAT Beneficiary Securities by a Trustee”(2019.4.8)、 “Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants ” and “Regulations Governing Managed Futures Enterprises”(2019.5.15)。
2. Strengthening international financial cooperation agreement: the Financial Supervisory Commission (FSC) signed a FinTech Cooperation Agreement with the Office of Arizona Attorney General

(Sep. 2018); the Taiwan Insurance Institute (TII) signed an MOU on cooperation with Singapore's Nanyang Technological University (Sep. 2018); the Taipei Exchange signed an MOU on cooperation with the Qatar Stock Exchange (Oct. 2018); the FSC signed an MOU on financial supervisory cooperation with the National Finance Supervisory Council of Vietnam (Dec. 2018); the TII signed an MOU on cooperation with the Philippine Life Insurance Association (Mar.2019.)

Property Rights

I. **Building robust land expropriation procedures and citizen participation mechanisms**

Based on the need of the government to provide public goods (such as infrastructure, public utility building or public facility building as part of urban planning programs), on occasion this involves obtaining privately owned land. However, private land should only be secured by means of expropriation when all other methods for obtaining use of the land or agreement on sales price have failed. Only then should the land use applicant make an application for land expropriation to be approved by the governing authority. Because the ROC Constitution protects the property rights of citizens, in order to ensure the sacrifice of private interest is adequately compensated, in 2012 the Ministry of the Interior made major revisions to laws governing land expropriation. Other than stipulating that land obtained through land expropriation must be obtained at market price, it also added various public interest and necessity review elements. These changes were intended to ensure a stricter approach to land expropriation and avoid its excessive use. Over the past year the Ministry has further proposed the following concrete measures:

(I) **Promotion of transparent deliberation and public participation mechanism**

The information of land expropriation deliberation group meetings is initiatively made public to allow citizens to apply to attend and express

their opinions. In the period July 2018 to June 2019, 87 citizens involved in 21 land expropriation cases attended such meetings and expressed their opinions for reference in deliberation.

(II) Continuing to review land expropriation regulations and refine the land expropriation system

The focuses of review are refining land expropriation operations, reviewing the reasonableness of structure compensation price and protecting people's right to re-claim land rights to fully protect citizens' property rights compensation and restoration and other rights and interests, including:

1. Reviewing the Land Expropriation Act and Enforcement Rules of the Land Expropriation Act

On January 10, 2018 experts and scholars were invited to attend the 5th meeting of the Land Expropriation Act Revision Advisory Group and on May 23, 2019 related units were invited to attend the Formulation Meeting for Partial Draft Amendment of the Enforcement Rules of the Land Expropriation Act; during both meetings, review of the provisions of the Land Expropriation Act continued to align with practical operational needs and refine related operating procedure (such as the cancellation or revocation of expropriation) while also taking into account protection of the rights and interests of owners and the land-use needs of the agency requiring land.

2. Drawing up the addition of Article 219-1 of the Land Act (draft)

On January 18, 2019, related units were invited to attend the meeting for the Formulation of the Draft Amendment of Article 219-1 of the Land Act Draft; the requirement was added that competent municipality and county (city) governments should regularly announce and inform the original landowner the land-use situation of the expropriated land; this will allow people to have a clear understanding of expropriation project information to allow them to decide whether or not to execute their right to reclaim land rights.

3. Reviewing standards for investigation and compensation for expropriation of constructional improvements

Due to the fact that the building rebuilding price of the existing building improvement compensation standards does not include indirect costs, related units were invited to the meeting for Formulation of the Draft Amendment of Point 4 of the Standards for Investigation and Compensation for Expropriation of Constructional Improvements and Associated Matters on July 4, 2018 and March 14, 2019 to formulate amendment of the building compensation to include indirect costs so that the cost of rebuilding is accurately reflected.

(III) Ensuring correct land expropriation concepts in government agencies, implement procedural justice

In January 2019, three seminars were held on land expropriation related laws in order to enhance understanding of the land expropriation system among land-use applicants while ensuring the public interest and necessity of land expropriation, due process of administrative procedure and proper use of the expropriated land

according to the approved plan and the established time limit. In attendance were land use applicant representatives from central government, competent municipalities and county (city) governments, to enhance the promotion of land expropriation-related policies, regulations and matters for attention in practical operations.

(IV) Implementation of a land expropriation case verification mechanism and information disclosure

A land expropriation management system platform has been established to ensure land use applicants use the expropriated land according to the approved plan and the established time limit. This asks all land use applicants to disclose on the system their land expropriation plans together with a map of the land, and provide regular updates on the project and carry out backdated filing of land expropriation cases prior to system establishment. At present, the system allows browsing of land expropriation cases from 2011 and, as of June 20, 2019, it had been browsed by more than 28,000 cumulative users. Also, regular on the spot follow-up of the execution situation of approved land expropriation cases assists with the implementation of land expropriation plans and enhances the transparency of case information.

II. Protecting Intellectual Property Rights

(I) Amendment of regulations relating to the protection of Intellectual Property Rights

1. Patent Act

With the aim of upgrading patent review effectiveness, the Patent Act was partially amended on May 1, 2019 (the effective date set separately). The main points of amendment were as follows: the term for design patent rights is extended from 12 years to 15 years; the regulations that invention patent applications can be divided within 30 days of approval is extended to three months and applies to the validation of approval of re-reviewed invention patent applications and utility model patent applications; limit the time period for submission of additional reasons by the invalidation requester, correction of utility model patents is made subject to substantive review to prevent change in the scope of rights after correction affecting the rights and interests of a third party.

2. Copyright Act

In response to new types of digital rights infringement (website providing illegal audio visual content for example) to stop related infringement actions and promote the development of the cultural creativity, TV, film and music industries in Taiwan, amendments of Article 87 and 93 of the Copyright Act was announced and took effect on May 1, 2019: three types of infringement liability were added, namely: (1) uploading an APP with links to an illegal audio-video website to an online store or other website for people to download and use; (2) not directly providing computer programs but directing and assisting people to download and use computer programs or defaulting paths for people to download and use computer programs; (3) manufacturing, importing or selling equipment or devices that preload the computer programs as

aforementioned (1). Infringers must bear civil damages compensation as well as criminal liability.

(II) International cooperation agreements of Intellectual property rights protection

In order to enhance the protection of intellectual property rights affairs exchange and cooperation, and international alignment, the Patent Prosecution Highway (PPH) was established with the US, Japan, South Korea, Spain, Poland and Canada etc. The Priority Document Exchange (PDX) implemented with Japan and South Korea; a mutual cooperation MOU on patent procedure biological material deposit was signed with the UK and Japan; a bilateral cooperation MOU was signed with the EU Intellectual Property Office; a patent archives information exchange cooperation MOU was signed with Japan on November 11, 2018, on a sharing platform providing real-time and complete archives information such as patent review documents to patent applicants and patent reviewers in Taiwan and Japan to improve the quality and stability of the awarding of patent rights by the two countries.

III. Indigenous land rights restoration policy and results

Amendment of Article 37 of the Slope Land Conservation and Utilization Act was announced on January 9, 2019. In Paragraph 1 of this article provided that “Indigenous reservation lands located within the slope land, unless prescribed by law for the prohibition of privately owned, shall guide the indigenous people to acquire the leasehold, or acquire ownership gratis”, the regulation requiring an indigenous

person to establish other rights for five years before gaining ownership was deleted to implement indigenous land transitional justice.

By June 20, 2019, there were 438,135 parcels of indigenous reserved land, covering an area of 264,529 hectares, with 25,564 hectares of land over which rights had been created other than ownership and 118,547 hectares of indigenous reserved land already privately owned, accounting for 54.48% of reserved land. From July 1, 2018 to June 20, 2019, the area of land over which rights other than ownership had been created was 1,809 hectares, and the transfer of ownership had been registered for 1,379 hectares.

Judicial Effectiveness

I. Promoting Wider Use of Electronic Judicial Processes

In recent years, the Judicial Yuan has actively promoted the use of electronic judicial processes and established E-courts, using information technology to assist with court trials, enhance trial effectiveness, transparency and public trust in the judicial system.

(I) Launching an Intellectual Property Civil and Tax Administration Integrated Online Document Review System

1. By the end of May 2019, 2,435 people had used the “Judicial Yuan Online Civil Litigation Documents (including online indictments) Service Platform,” to deliver or exchange legal documents in civil cases.
2. Integrated Electronic Records review System and Court Trial Information System: All cases that use electronic litigation enable the online review of electronic records and court electronic documents free of charge. An Intellectual Property Civil and Tax Administration Integrated Online Document Review System was launched on August 1, 2018.

(II) Open up administrative procedures to online processing of applications for continued detention and extended detention

The Judicial Yuan has completed an “Online Detention Processing System” (hereafter referred to as “The System”) which contains the following functions: “online hearings, timely electronic mail delivery,

paperless judgments, electronic official seals, digital signatures, and E-documents.” These replace the deliver paper litigation documents as notifications of court hearings and detention rulings, or the faxing of records of remote interrogations and move the entire process online, utilizing electronic signature technology to guarantee the integrity and security of electronic documents. This protects the rights of detained parties, while also greatly reducing the manpower costs involved in the hand delivery of paper files and litigation documents between the courts and detention facilities.

On August 21, 2018, Taiwan Yilan District Court and the Ministry of the Interior National Immigration Agency’s Northern Taiwan Administration Corps Yilan Immigration Detention Center started to use this system. Thereafter, on November 23 and December 14 Taiwan New Taipei District Court (and detention center) and the Taiwan Nantou District Court (and detention center) respectively, introduced the new operations, with plans to roll it out at other local courts with large detention centers such as Taiwan Ciaotou District Court.

(III) Expanding the Service Scope of Electronic Litigation Filing to Litigants

As part of the ongoing refinement of the online indictment system for civil litigation cases, from August 1, 2018, the statutory agents of minors were able to file civil cases online on behalf of the principal and administrative agencies, groups, organizations and juristic persons were allowed to use GCA, XCA, MOEACA certificates to apply for an account number and use the “Judicial Yuan Online Civil

Litigation Documents (including online indictments) Service Platform.”

(IV) Electronic Litigation System Adopts Civil Compulsory Enforcement Online Applications

Compulsory enforcement cases are the most common types of new case dealt with each year by the courts under the Judicial Yuan (accounting for 42% in 2018) and in recent years have exceeded 1.3 million cases (with about 1 million originating with financial institutions). As such, the fact that such cases are still processed manually and through the postal system consumes considerable social resources. After analyzing civil enforcement processes at financial institutions, the Judicial Yuan established a “Civil Compulsory Enforcement Case Online Applications System” to speed up the efficacy of digitally processing civil enforcement cases. Trial operations of this system started on May 31, 2019, allowing financial institutions as creditors send electronic documents to trial courts as part of applications for compulsory enforcements. It is expected that after a two-month trial run, a period will be selected for the official launch of the system for all applicants and local courts.

(V) Launch of a “Civil Notary Registration System”

The Judicial Yuan established a “Civil Notary Registration System” to provide correct and complete information on civil notaries and promote the notarization system, making it more convenient for members of the public to access related information, with operations rolled out online from February 1, 2019.

II. Continuing Research and Planning for the Establishment of a Commercial Court

- (I) In order to ensure commercial disputes are tried in a professional, fast, consistent and predictable manner, the Judicial Yuan is planning a commercial trial mechanism suitable to the prevailing situation in Taiwan. In addition to establishing a “Commercial Court Taskforce” (hereafter referred to as the Taskforce), research is also being conducted into the establishment of a commercial court and related issues, with personnel dispatched to examine the establishment of commercial professional courts and related systems in Europe, the US and Japan. In addition, consultative meetings have been held where division-chief judges, judges and academics were invited to discuss trends in commercial trial proceedings in Taiwan.
- (II) On July 11, 2018, a “Commercial Case Hearing Act Research and Formulation Committee” (hereinafter The Committee) was established, completing an 81-Article “Draft of the Commercial Case Hearing Act” in March 2019. The main contents of the draft include:
 1. Establishment of specialized courts: Commercial Courts are at the same level as the High Court, with a two-level two-instance system, presided over by judges who have received specialist training, in order to better dealing with major civil commercial cases in a fast, appropriate and professional manner.
 2. Mandatory legal representation: In order to enhance trial effectiveness, it is standard procedure for plaintiffs/defendants to

commission a lawyer or someone with an equivalent legal qualification.

3. Use of Technology: Plaintiffs/defendants should send legal documents over an online system and, when deemed appropriate by the court, the court may use audio visual transmission technology and equipment upon receiving a petition or on its own initiative for trials to increase the convenience for plaintiffs/defendants.
4. Preliminary Mediation Proceedings: Commercial cases to which this law applies must first undergo mediation and this involves selecting individuals with a relevant academic background to serve as mediation committee members to enhance the professionalism and reliability of mediation proposals, thereby respecting the self-autonomy of business people while helping them resolve disputes.
5. Plaintiffs/Defendants Inquiry System: In preparing claims and evidence, plaintiffs/defendants may list necessary items to make related inquiries or seek explanation to the opposing party, to make it easier to evaluate litigation strategy and speed up the process.
6. Introduce Expert Witnesses: Plaintiffs/defendants may declare the expert opinions provided by expert witnesses and ask questions of opposing party expert witnesses, or the court will notify them to appear and explain their opinions to enhance the professionalism of trials on matters of fact.
7. Secret Protection Orders: In the event data related to documents, inquest items or identification touch on trade secrets, the holder of

such information can apply to the court for a secret protection order to facilitate both the discovery truths and the maintenance of trade secrets.

(III) To make the draft more comprehensive, on March 29, 2019, the Judicial Yuan convened an “Initial Draft Commercial Case Hearing Act Press Conference” to officially explain the content of the draft act. From April 16-19, 2019, representatives of the courts, competent business authorities, groups and the bar association were invited to attend an “Initial Draft Commercial Case Hearing Act Presentation” to explain the research process, intention and key points of the draft. On May 2, 2019, the committees met for the seventeenth time to discuss external proposals and on May 23 invited related business groups to attend a “Draft Commercial Case Hearing Act Presentation” which after being passed by the Judicial Yuan will be sent to the legislative Yuan for review.

(IV) Other considerations with the Draft Commercial Case Hearing Act include revising the name of the Intellectual Property Court Organization Act, revising rules on the judicial business and case jurisdiction of Commercial Courts, organization regulations governing civil procedure on commercial matters in a court of first instance, the grading, secondment conditions, authority and appointment conditions of commercial investigators and senior commercial investigators; this comes with the completion of the draft Intellectual Property Court Organization Act, which is renamed the “Intellectual Property and Commercial Court Organization Act” to facilitate the establishment of Commercial Courts.

III. Promotion of an Alternative Dispute Resolution Mechanism

(I) Promotion of a mechanism to resolve financial consumer disputes, effectively reducing the cost and time required for financial consumers to resolve such disputes

On June 12, 2019, a pilot program was launched to handle financial consumer disputes using referral cooperation. To that end, when the Taiwan Taipei District Court receive inquires for litigation counseling on financial consumer disputes it transfers such cases to the Financial Ombudsman Institution, where experts assist in the resolution of such disputes, effectively reducing both the cost and time spent by financial consumers seeking resolution.

(II) Researching and Drafting a Mediation Basic Act

In February 2018, a report was completed on the planning of an integrated system for judicial, administrative and civil ADR and on June 20 2018, a “Mediation Basic Law Drafting Conference” was held. As part of this, officials from departments and competent authorities that have already introduced administrative mediation institutions were invited to discuss issues relating to a Basic Law, including direction, framework, the competent authority and relationship between regulations etc. Thereafter additional related meetings were held. For example the “Regional Symposium on the Development of Case Management and Alternative Dispute Resolution Mechanism” in April 2018, the “Seminar on Dispute Resolutions Mechanism in Japan” in November 2018 and the “Seminar on Arbitration Practice” in December 2018. In March and October 2018, experts were

commissioned to translate Japan's Basic Mediation Law and mediation laws from the U.S and the Europe Union into Chinese as a reference for follow up research work. On June 15, 2018, a letter was sent asking the Executive Yuan for assistance in revising rules that approved mediation documents must be signed by a judge in Paragraph 2, Article 26 of the Township and County-Administered City Mediation Act, Paragraph 2, Article 82-1 of the Copyright Act, thereby facilitating the better allocation of judicial resources.

Government Integrity

I. Revisions of Laws on Government Integrity Reform

(I) Public Interest Whistleblower Protection Act Draft reviewed by the Legislative Yuan

The draft Whistleblower Protection Act was reviewed by the Legislative Yuan's Judiciary and Organic Laws and Statutes Committee on May 23 and 27, 2019; it was decided to change the name of the bill to the Public Interest Whistleblower Protection Act, and some provisions were retained for negotiation between the party caucuses. The Ministry of Justice will continue to actively handle the legal process of the Public Interest Whistleblower Protection Act in alignment with the rate of progress of Legislative Yuan review.

(II) Draft amendment on partial articles of the Criminal Code of the ROC passed to the Executive Yuan for review

The Ministry of Justice put forward the draft amendment on partial articles of the Criminal Code on July 16, 2018, which includes revision of the elements of crime of bribery and addition of accepting of gratuities by a public official and trading in influence. On September 19, 2018 and February 20, 2019, the Executive Yuan held the draft of the Criminal Code Revision Review Meeting for the revision of the chapter on offences of malfeasance in office of the Criminal Code; at present review of the partial draft amendment of the Criminal Code is ongoing. Also, the Ministry of Justice has been requested to continue to study and formulate structural adjustments to the Anti-Corruption

Act and the Chapter on offences of malfeasance in office in the Criminal Code to complete the anti-corruption regulations and implement government integrity.

(III) Amendment of the Act on Recusal of Public Servants Due to Conflicts of Interest implemented

The draft amendment of the Act on Recusal of Public Servants Due to Conflicts of Interest was passed on May 22, 2018 and implemented on December 13 the same year. The key points of the amendment were reducing the opportunity for public servants to use public resources for private gain or to engage in benefit conveyance when executing their duties and to allow the means of preventing conflict of interest to meet the principle of proportionality.

(IV) Partial amendment of Act on Property-Declaration by Public Servants passed

The draft amendment of articles 6 and 14 of the Act on Property-Declaration by Public Servants was passed on May 3, 2019 and it was promulgated on May 22, 2019. Property declarations made by the President, Vice President, legislators, mayors of special municipalities, and governors of counties (cities) should be announced online by electoral commissions at every level, with electoral commissions at every level as the accepting units for administrative sanction cases; the intention is to allow the public to know about the financial situation of candidates for public office.

(V) Partial amendment of The Classified National Security Information Protection Act passed

Draft amendment of Articles 26, 32 to 34 was passed on May 7, 2019 and was implemented on May 12 the same year. The amendment strengthens exit controls on personnel who retire or resign from an official position or have handled the transfer of some classified information to another agency and is intended to deter the disclosing, providing, inquiring or gathering of classified information.

(VI) The promulgation of the Operation Directions for Execution of Administrative Investigation by the Government Employee Ethics Agencies Units

The Operation Directions for Execution of Administrative Investigation by the Government Employee Ethics Agencies Units were set on May 13, 2019, stipulating the scope of administrative surveys, the legal principles that should be adhered to, rights and interests of interested parties, the main requirements for the activation process, implementation methods, investigative actions that should be prohibited, reasons for halting investigation and confidentiality obligation etc. The aim is to ensure the investigative process is rigorous to improve case investigation and handling quality and to serve as the basis of execution of administration investigations by the government employee ethics agencies units and put human rights protection into practice while also taking into account public interest.

II. Anti-Corruption Measures

(I) Carrying out integrity assessment of public institutions

To implement the 2018 concluding observations of the UN Convention Against Corruption international review, in 2018 the

Ministry of Justice established the evaluation criteria; using the quantitative data collection method, statistical analysis function was improved to assist agencies upgrade their system and operating effectiveness by internal self-testing and participation of external experts. The four dimensions of Integrity Assessment are as follows: Input and efforts devoted to integrity and determination on the part of agency head; transparency and disclosure; the readiness of internal control and accountability mechanism, and the integrity level of agency.

(II) Establishing the Agency Procurement Clean Government Platform

With the aim of upgrading the work quality of major infrastructure projects, the Ministry of Justice announced the Agency Procurement Clean Government Platform Implementation Program on November 29, 2016, establishing cross-area communication channels between agencies and prosecution, investigation and anti-corruption units etc. Through external advocacy, information publication, regular gathering, provision of opinions and other actions, the government supervisory mechanism has been enhanced, and reasonable rights and interests of suppliers are protected. To date, projects that have been conducted through this Platform include the MOTC TRA Train Purchasing and Renewal procurement case, C1/D1 land development case of the Department of Rapid Transit Systems, Taipei City Government, Taoyuan International Airport Terminal 3 construction case, Water Resources Agency, Ministry of Economic Affairs Forward-Looking Infrastructure Development Program-Water Management Program- Niazueitan Wu River Artificial Lake

Construction Plan, and the reconstruction of Taipei First Fruit and Vegetable Wholesale Market and Wanda Fish Wholesale Market.

(III) Promoting the Clean Government Reform Program

The program was launched in 2018 to help agencies take stock operations that easily give rise to malpractice and, based on past corruption cases, selecting high-risk operations for special inspection. Through data collection, education and training, special inspection and anti-corruption measures, corruption problems are unearthed and effective corruption prevention measures continue to be handle and they are made into a behavior guide for civil servants to effectively lower the integrity risk of operations that easily give rise to malpractice and put clean government work into practice.

III. Anti-corruption international agreements

(I) Voluntarily committing to implement the United Nations Convention against Corruption and holding of international review meeting

Taiwan voluntarily upholds international norms and carries out overall review of the implementation situation of the Convention; in 2018, the first national report was released and, with reference to the peer review mechanism of UN members, five international experts were invited to take part in an international review meeting in August 2018; in line with the 47 concluding observations provided, central government agencies and county/city governments have actively adopted concrete implementation measures and regularly track and evaluate handling progress; a second international review meeting is expected to be held in 2022.

(II) 2018 Diplomatic Allies' Conference on Clean Government

In order to implement the requirement of the United Nations Convention Against Corruption to enhance international exchange and cooperation and gradually build a cooperation mechanism for preventing and countering corruption for the government of Taiwan and the governments of our diplomatic allies, in April 2018, five diplomatic allies (Guatemala, Belize, Nicaragua, Honduras and the Dominican Republic) were invited to take part in the 2018 Diplomatic Allies' Conference on Clean Government. As well as allowing exchange on conflict of interest systems between officials from the participating countries, we shared our legislative experience of drafting the Public Interests Whistleblower Protection Act and exchange experiences on integrity governance.

(III) Signing a clean government cooperation agreement with a diplomatic ally

In July 2019, the Governor-General of Belize was invited to Taiwan and the first clean government cooperation was signed by Minister of Justice of Taiwan and Belize; this highlighted our efforts to “make friends with clean government, use clean government to promote diplomacy and implement the UN Convention against Corruption.

(IV) Held exchange activities on clean government between public and private sectors in the Asia-Pacific region

To establish and connect the global anti-corruption network, and strengthen international cooperation as stipulated in the United Nations Convention against Corruption, a series of exchange

activities on clean government between public and private sectors in the Asia-Pacific region were held from June 25, 27 and 28, 2018; a total of 38 participants from 17 countries attend the events. Aside from sharing important policies to enforce integrity in Taiwan, we also worked with Tainan, Taipei and Taoyuan city governments to share local experiences of implementing transparency measures and clean governance with participating guests.

(V) Signed the Agreement on Mutual Legal Assistance in Criminal Matters with several countries and proactively participated in international networks

1. We signed the Agreement on Mutual Legal Assistance in Criminal Matters with the U.S., Philippines, South Africa and other countries, which strengthened bilateral collaboration. We also proactively participate in key international networks in the Asia-Pacific region, including Asset Recovery Interagency Network – Asia/Pacific (ARIN-AP), the APEC Network of Anti-Corruption Authorities and Law Enforcement Agencies Network (ACT-NET), and Asia/Pacific Group on Money Laundering (APG). Our official membership in these organizations also greatly improves our effectiveness in fighting corruption and crime. In addition, we successfully provided essential intelligence on crimes for some countries through ARIN-AP and helped them investigate cases.
2. In September 2018, personnel were dispatched to participate in the 23rd annual conference of the International Association of Prosecutor, where we observed the operation of international organizations, interacted and maintained connection with high-level prosecutors

from other countries. Personnel were also dispatched to the 5th annual conference of ARIN-AP in November 2018, where we shared measures for fighting corruption and other crimes, and discussed ways to track illegal gains.

3. Taiwan is a member of APG, Egmont Group, and ARIN-AP, where members exchange intelligence on money laundering and illegal gains to ensure each government is 'clean'. We will continue to build consultation channels to communicate with counterparts overseas through the Egmont Group and APG, so as to keep ourselves up to date on trends and events regarding corruption and crimes worldwide, discuss issues related to mutual legal assistance, with the hope of deepening experience exchange. From July 2018 to May 31, 2019, the Anti-Money Laundering Division of the Ministry of Justice Investigation Bureau shared intelligence of 199 incidents and 921 cases regarding money laundering through the Egmont Group's information exchange platform.
4. The vice president of Indonesia's Corruption Eradication Commission was invited to Taiwan to co-host the "Taiwan-Indonesia Anti-Corruption Conference" from October 31 to November 3, 2018. Topics discussed included organization structure of agencies, case investigation practices, laws and regulations analysis, personnel training, and others. From July 2018 to June 2019, we sent personnel to Nepal, South Korea, Australia, France, Indonesia, Novosibirsk in Russia, and the U.S. to participate in 8 conferences on money laundering and counter-terrorism financing held by international organizations. We also signed MOUs concerning cooperation on the

exchange of financial intelligence related to money laundering, associated preliminary offences and terrorism financing with two countries, including Tanzania and Principality of Andorra.

IV. Public Policy Online Participation Platform

- (I) On the Public Policy Online Participation Platform, there are five public participation services, allowing the public to comment on policies that are being formulated (“Consultation on Policy and Draft Laws & Regulations”), monitor the progress of under-implementation projects (“Monitor Projects”), suggest new ideas (“Proposals”), voice their opinions by the mailbox of all department leaders (“Department Director’s Mailbox”), and participate in budgeting (“Participatory Budgeting”). These services are also the foundation for a public opinion mechanism in accordance with Taiwan’s culture and governmental system. Promoting public participation and collaboration to expand governance energy. More than 3.38 million people visited the platform from July 1, 2018 to June 30, 2019.
- (II) To build an open government, encourage the public to participate in formulating public policy, and enhance the cross-sector collaboration by using information technology, as of June 2019, the National Audit Office had introduced the service of the “participatory platform”; 16 cities and counties, including New Taipei City, Taipei City, Taoyuan City, Taichung City, Tainan City, Kaohsiung City, Keelung City, Yilan County, Hsinchu City, Hsinchu County, Nantou County, Yunlin County, Hualien County, Penghu County, Chiayi City, and Kinmen County had also applied to introduce the platform.

- (III) As of June 30, 2019, previews of 155 policy issues and 3,028 draft laws and regulations were uploaded for the public to comment in “Consultation on Policy and Draft Laws & Regulations” section. 7,146 ideas were proposed by the public in the “Proposals” section, (of which 172 became official cases). Since the “Monitor Projects” service was rolled out on March 29, 2017, 1,970 implementing projects and 676 finished ones had been uploaded for the public to monitor by the end of May 2019.
- (IV) Promoting online participation in public affairs by upgrading the functions of the Public Policy Online Participation Platform; strengthening communication with the public by streamlining the authentication procedure, and allowing foreigners with a resident visa to join the platform and offer suggestions on public policies.
- (V) A user satisfaction survey was conducted in September 2018, targeting users who had logged on the platform over the past six months. 76.7% of respondents were satisfied with the platform, 74.7% were willing to recommend the platform to others, 15.1% said their confidence toward the government increased after using this platform, 80.7% agreed that they could express freely on the platform, and 76.6% agreed that they had a better understanding on public policy after using the platform.

Tax Burden

I. Revision of income tax related laws and important measures in the reform of the income tax system

(I) Amendment of salary income calculation regulations to make salary income tax burden more reasonable

The draft amendment of Articles 14 and 126 of the “Income Tax Act” was passed on July 1, 2019, to take effect in 2019. Taking into account the principle of taxation according to ability to pay and simplification of administration and public convenience, salary calculation shall adopt either the current fixed amount deduction or new-system actual recognition expenses deduction.

(II) Addition of the long-term care special deduction to reduce the burden of families caring for an incapacitated family member at home

In line with the government’s promotion of the long-term care policy and to reduce the burden of families caring for an incapacitated family member at home, the draft amendment of Article 17 of the “Income Tax Act” was passed on July 1, 2019, adding a special deduction for long-term care. Taxpayers, spouses and dependents who meet requirements for classification as mentally or physically incapacitated are eligible for a deduction of NT\$120,000 per person per year; and there is a wealth exclusion regulation.

(III) Preferential tax measures for Statute for Industrial Innovation added/revised

1. Addition of investment tax credits for smart machinery and 5th

generation mobile networks

On June 19, 2019, the addition of Article 10-1 of the Statue for Industrial Innovation was passed; the period of application of preferential tax measures for smart machinery is January 2019 to December 31, 2021, while the period for 5G is extended by one year to December 31, 2022. By giving investment tax credits and tax preference to companies and limited partnerships for purchasing smart machinery and 5G systems, the aim is to speed up the digital transformation of industry, reduce the digital gap and build 5G application capabilities.

2. Review of Statue for Industrial Innovation preferential tax measures

On June 21, 2019, partial amendment of the Statue for Industrial Innovation was passed; as well as enhancing and extending the existing preferential tax measures by 10 years to December 31, 2029. The “when a profit-seeking enterprise uses retained earnings for substantive investment, the invested amount can be deducted as undistributed earnings for that year” provision was also added to continue to optimize the industrial innovation environment, assist the industry to upgrade and transform and promote economic development.

(IV) Guiding the inward remittance of offshore funds to promote overall economic development

In order to guide the investment in Taiwan of the offshore funds of overseas Taiwanese businesses under international norms, the “Use and Taxation on the Inward Remittance of Offshore Funds Act” was

passed on July 3, 2019. It stipulates that individuals or profit-seeking enterprises that inwardly remit offshore funds or investment profit from controlled offshore reinvested enterprises within two years of the coming into effect of the Act, deposit them in a foreign currency special account and manage and use them according to the regulations, may be eligible for a special tax rate of 8% or 10%. If substantive investment is completed within the set period, application for return of 50% of tax can be made.

Business Freedom

I. Company Act (amended and promulgated on August 1, 2018; effective from November 1, 2018)

In view of the rise of new models of economic development, the boom in innovation industries, as well as the challenges and needs of economic transformation, the Company Act has continued to be reviewed and amended. The government hopes to keep providing a friendly environment for innovation and entrepreneurship without significantly increasing legal compliance costs for enterprises. The government also hopes to make Taiwan an ideal investment market for investors around the globe, attract more domestic or foreign entrepreneurs to start companies here, as well as offer small and medium-sized enterprises more operational flexibility. The key points of amendment are as follows:

Law	Article	Key points of amendment
Company Act (amended and promulgated on August 1, 2018)	148 articles were revised, including 18 added articles, 13 removed articles, and 117 amended articles.	<ol style="list-style-type: none">1. Create an innovation- and entrepreneurship-friendly environment<ol style="list-style-type: none">(1) To enhance investment benefits of shareholders, limited companies and companies limited by shares may distribute surplus earnings at the close of each quarter or each half fiscal year. (Revision of Article 110 and 228-1)(2) A company limited by shares may issue shares, either par value shares or non-par value shares, to be selected

		<p>at its discretion. A company limited by shares may convert par value shares issued into non par value shares, but non par value shares shall not be converted into par value shares. (Revision of Articles 156 and 156-1)</p> <p>(3) A non-public offering company may issue special shares with multiple voting rights or with veto power over specific matters on the exercise of the voting power. (Revision of Article 157)</p> <p>(4) Shareholders of a non-public offering company may conclude in writing voting agreements and voting trust agreements to gather shareholders sharing a common philosophy to jointly exercise their voting rights. (Revision to Article 175-1)</p> <p>(5) Corporate bonds are an important instrument for enterprises to raise funds. A non-public offering company, in addition to issuing corporate bonds to specific creditors, may issue convertible corporate bonds and corporate bonds with warrants to specific creditors, and relax restrictions on the total amount of corporate bonds. (Revision of Articles 247 and 248)</p> <p>2. Enhance flexibility in enterprise</p>
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		<p>operation</p> <ol style="list-style-type: none">(1) Loosening restrictions on reinvestment for unlimited companies, limited companies, unlimited companies with limited liability shareholders, and non-public offering companies. (Article 13 was amended)(2) Should two thirds or more of all shareholders of unlimited companies and unlimited companies with limited liability shareholders agree to modify Articles of Incorporation, the said companies may be reincorporated into limited companies or companies limited by shares. (Article 76-1 and 126 were amended)(3) The alteration of Articles of Incorporation, merger, or dissolution of a limited company shall be approved by just two thirds or more of all shareholders with voting rights. (Article 113 was amended)(4) A company limited by shares organized by a single government shareholder or juristic person shareholder may choose not to have a board of directors and to have just one or two directors, and may choose not to have supervisors. A non-public offering company may choose not to have a board of directors and to have just one or two directors. (Article 128-1
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		<p>and 192 were amended)</p> <p>(5) Remove restrictions on promoters' shares transfer within one year of the company's registration to realize the principle of freedom to transfer shares. (Article 163 was amended)</p> <p>(6) Expand more employees entitled to receive employees' compensation or rewards, which may include employees of a controlling company or its subordinate company. The compensation includes employee treasury stocks, employee share subscription warrant, employees' compensation, subscription right of new shares, and restricted stocks for employees. In addition, a non-public offering company may choose to issue restricted stocks for employees. (Article 167-1, 167-2, 235-1, and 267 were amended)</p> <p>3. Go digital and paperless</p> <p>(1) To keep up with the international paperless trends and lower the risks of losing printed stocks owned by shareholders, if a public offering company or a non-public offering company issues paperless outstanding shares, shall register their shares with a centralized securities depository enterprise. (Article 161-2 was amended)</p>
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		<p>(2) In addition to the current method that a company limited by shares may deal with its shareholders' proposals in writing, the provision adds that it can be made by the way of electronic transmission. The said companies may decide to adopt electronic means or not in accordance with their facilities. (Article 172-1 was amended)</p> <p>(3) The shareholders' meetings of a non-public offering company may be held by means of visual communication network or other methods promulgated by the central competent authority, but shall be stated in its Articles of Incorporation. (Article 172-2 was amended)</p> <p>4. Establish an international environment</p> <p>(1) To comply with international investment promotion policies and build an internationally-recognized appealing investment environment for investors around the globe, the recognition system of foreign companies was abolished. (Article 4 and 370-386 were amended)</p> <p>(2) To follow international trends, a company may apply to the competent authority for registration of a corporate name in a foreign language, and the competent authority shall, without prior reviews, register such foreign name in</p>
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		accordance with the foreign name stated in the Articles of Incorporation of the said company. (Article 392-1 was amended)
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Note: The English version of the Company Act:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0080001>

II. Regulations Governing Company Registration (amended and promulgated on November 8, 2018)

The regulations of the Taiwan branch and office registration of foreign companies have been loosened so as to adhere to international standards. Thus, relevant procedures are more simple, advanced, and agreeable, creating a friendlier and more convenient business environment. The key points of amendment are as follows:

Regulations	Article	Key points of amendment
Regulations Governing Company Registration (amended and promulgated on November 8, 2018)	Article 5, Clause 4 was added.	Before a foreign company completes the registration process of its new branch office or representative's office, it is difficult for the said company to obtain the building owner's written consent or lease contract. Therefore, foreign companies usually register with business centers before the registration is approved. However, they then have to apply for change of address registration, which may increase investment cost. To make the process more convenient and flexible for foreign companies which wish to set up branch office or representative's office in Taiwan, regulations amending that the said

		companies may submit relevant documents after their registration is approved.
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Note: The English version of the Regulations Governing Company Registration:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0080020>

III. Regulation on Business Entity Accounting Handling (amended and promulgated on December 10, 2018)

The amendment allows non-public offering companies may voluntarily pursuant to the suitable provisions in the Regulations Governing the Preparation of Financial Reports by Securities Issuers from when the said non-public offering companies produce their 2018 financial statements. A non-public offering company planning to become TWSE-listed or TPEX-listed company in the future, or a small and medium-sized enterprise which chooses to produce its joint financial statements together with the controlling company, may freely choose the provisions suitable for TWSE-listed or TPEX-listed companies in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The amendment will be helpful for non-public offering companies in financial statement preparation, and it shall facilitate economic freedom. The key points of amendment are as follows:

Regulation	Article	Key points of amendment
Regulation on Business Entity Accounting Handling	Article 2 was amended.	Starting at the beginning of the 2018 fiscal year, a company may prepare financial statements voluntarily pursuant to relevant provisions in Regulations Governing the Preparation of Financial Reports by

(amended and promulgated on December 10, 2018)		Securities Issuers. The amendment will make it easier for companies to comply with the International Financial Reporting Standards. (Article 2)
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Note: The English version of the Regulation on Business Entity Accounting Handling: <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0080010>

IV. Regulations on Electronic Game Machines and Electronic Game Arcade Business (formulated and promulgated on December 6, 2018; effective from January 1, 2019)

Originally, regulations related to electronic game machines and electronic game arcade business included Electronic Game Machines Classification Standards, Electronic Game Arcade Business Identification Criteria as the Same Venue, Regulations on Organization of Electronic Game Machines Review Committee, Electronic Game Machines Evaluation Procedures, and Guidelines for Public Liability Insurance of Electronic Game Arcade Business, etc. Since there may be inconsistency regarding legal compliance of the said regulations and to meet practical needs, the government formulated the Regulations on Electronic Game Machines and Electronic Game Arcade Business. The key points of announcement are as follows:

Regulation	Article	Key points of announce
Regulations on Electronic Game Machines and Electronic Game Arcade	There are nine articles in total.	<ol style="list-style-type: none"> 1. The basis for the formulation of the Regulations. (Article 1) 2. Classification of electronic game machines and classification standards. (Article 2)

<p>Business (formulated and promulgated on December 6, 2018)</p>		<ol style="list-style-type: none"> 3. The mission, organization, and operation mode of the electronic game machines review committee. (Article 3 and 4) 4. The relevant procedures of assessment and classification of electronic game machines. (Article 5 and 6) 5. Electronic game arcade business identification criteria as the same venue. (Article 7) 6. The insurance applicants and the minimum amounts of insurance coverage of public liability insurance for electronic game arcade business. (Article 8) 7. The effective date of the Regulation. (Article 9)
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Notes: The English version of the Regulations on Video Game Consoles and Video Gaming Venues:
<https://gcis.nat.gov.tw/elaw/English/lawEnDtlAction.do?method=viewLaw&pk=24>

Labor Freedom

I. Relaxing Employment Restrictions on Foreign Manpower

(I) Revision of Article 6-1 of the “Regulations on the Permission and Administration of the Employment of Foreign Workers” (Announced on 2019.1.30)

This amendment seeks to ensure employers employ type B foreign workers and work permits for type C foreign workers can file online applications, thereby enhancing the convenience of the application process. The key point of the amendment is detailed below:

Regulation	Article	Key points of amendment
Regulations on the Permission and Administration of the Employment of Foreign Workers (Announced on 2019.1.30)	Article 6-1	Unless otherwise approved by the Central Competent Authority with legitimate reasons, an employer shall apply for employment of a type B foreign worker or a type C foreign worker shall apply for a work permit through the Internet.

Note: For details of the Regulations on the Permission and Administration of the Employment of Foreign Workers, please refer to:
<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0090027>

(II) Revision of the “Regulations on the Permission and Administration of the Employment of Foreign Workers” (Announced on 2019.5.24)

This law was partially amended based on the need for clarity, in

concert with the policy of allowing employers in the dairy cattle breeding industry employ foreign workers and to meet the needs of employers when employees need to delay the time they leave the country for reasons not attributable to their employer. The key points of the amendment are detailed below:

Regulation	Article	Key points of amendment
Regulations on the Permission and Administration of the Employment of Foreign Workers (Announced on 2019.5.24)	1. Article 7, Article 16, Article 36 2. Article 16 3. Article 20	1. Based on the need for clarity, this amendment states that applicants or company owners may use their National ID card, passport or Alien Resident Certificate as an identification document when applying for an employment and recruitment permit. 2. It ensures that when natural person employers, who employ non-ROC workers, applying for a permit to recruit foreign workers for dairy cattle breeding work, they do not need to include a certificate from a municipal or county (city) government attesting to their observation of labor laws. 3. When a foreign worker needs to postpone the time he/she leaves the country for reasons not attributable to their employer and where approved by the central competent government authority, said employer can apply to bring in or employ other foreign workers before the original foreign employees leave the country.

Note: For details of the Regulations on the Permission and Administration of the Employment of Foreign Workers, please refer to:

<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0090027>

(III) Revised the “Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Subparagraph 8 to 11, Paragraph 1 to Article 46 of the Employment Service Act” (Announced on 2019.4.3)

This amendment is introduced in concert with the “Action Plan to Welcome Taiwanese Enterprises to Invest at Home” (hereafter referred to as the Taiwan Return and Investment Plan) approved by the Executive Yuan on Dec. 7, 2018. It seeks to address the labor shortages faced by those enterprises that, impacted by international trade conflicts, return and invest in Taiwan, while also creating quality employment opportunities for local workers. In addition, based on the special nature of dairy cattle breeding work and seasonal labor shortages in agriculture and the principle of complementarity, it was agreed the dairy cattle breeding industry to employ foreign workers and for Farmers’ Associations, Fishermen’s Association, agriculture, forestry, fishing, and animal husbandry related cooperatives or non-profit organizations to employ foreign workers to engage in agricultural work at external expos and venues where agriculture, forestry, fishing, and animal husbandry related work is conducted. The key points of the amendment are detailed below:

Regulation	Article	Key points of amendment
Reviewing Standards and Employment	Article 4, Article 14-9, Article 14-10,	1. The amendment allows the placement of foreign labor in concert with dairy cattle breeding

<p>Qualifications for Foreigners Engaging in the Jobs Specified in Subparagraph 8 to 11, Paragraph 1 to Article 46 of the Employment Service Act (Announced on 2019.4.3)</p>	<p>Article 14-11, Article 14-12, Article 15-7, Article 19-7, Article 19-8, Article 19-9, Article 19-10, Article 19-11</p>	<p>industry and external expo agricultural work; it also includes more details on work content, employer qualifications and method of allocation. (Article 4, Article 19-7 to 19-11)</p> <p>2. The amendment also details employer application qualifications, allocation ratio and regular examinations for enterprises returning to invest in Taiwan in concert with the “Action Plan to Welcome Taiwanese Enterprises to Invest at Home” approved by the Executive Yuan on Dec. 7, 2018.</p>
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Note: For details of the “Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Subparagraph 8 to 11, Paragraph 1 to Article 46 of the Employment Service Act,” please refer to:

<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0090029>

II. Results of Labor Related International Agreements

In order to promote bilateral labor affairs exchange between Taiwan and Indonesia, on December 14, 2018, signed the “Memorandum of Understanding on the Recruitment, Placement and Protection of Indonesia Migrant Workers.” In addition to strengthening bilateral protections available to Indonesian migrant workers employed in Taiwan, this MOU introduced a “Direct Employment Program” to speed up the process of employing Indonesian migrant workers, simplified application documents etc. Both sides also agreed to continue promoting and expanding the scope of the direct

employment program.

Trade Freedom

I. Liberalizing the non-tariff trade barriers

(I) Operational procedure has been simplified with the phasing in of express cargo consignee mobile identification technology

On July 11 and 12, 2018 respectively, the amended provisions within the Regulations Governing Customs Clearance Procedures for Air Express Consignments and the Regulations Governing Customs Clearance Procedures for Maritime Express Consignments were promulgated, for the purposes of phasing in express cargo consignee mobile ID technology and relaxing the declaration deadline for maritime express consignments.

(II) Management has been streamlined through discontinuing the receiving and sending of Electronic Data Interchange messages

The maritime and air cargo systems have now been consolidated within the Advance Cargo Information System (ACIS). As of December 1, 2018, the single window for customs, port and trade no longer receives and sends Electronic Data Interchange (EDI) format messages. Consequently, the overall system efficiency and data processing speed has been improved, which has been conducive to improving border control and has assisted in aligning Taiwan with international practices.

(III) Customs clearance operators further benefit from reductions to the clearance certification fees standards

The new clearance certification fees standards were announced on February 26, 2019 and cover both corporate and individual customs clearance. The fees were substantially lowered and were changed to an online application system via the Customs Administration-CPT Single Window, or via over-the-counter service at the designated window within each bureau of the Customs Administration of the Ministry of Finance.

(IV) Legitimate reliance is facilitated by reinforcing duty-payer protections

An explanatory order was issued on May 24, 2019 regarding imported goods released through C2 (document review) or C3 (cargo examination) customs clearance. For those goods where customs have changed the classification codes or changed the name of the goods and determined them to be prohibited goods after the duty-payer has taken collection of the goods, and in order to protect the legitimate reliance of the duty-payer, and in the event that there is no listing within Article 119 of the Administrative Procedure Act pertaining to those articles that do not deserve protection of reliance, the duty-payer will not be ordered to return the goods and will not forfeit their deposit nor be ordered to pay the value of the goods pursuant to Article 96 of the Customs Act.

(V) Enhanced warehouse management through the optimization of the relevant laws and regulations

1. On November 14 and December 27, 2018, the Regulations Governing the Customs Management of Import and Export Warehouses were amended and promulgated to remove the

limitation that warehouses handling sea and air or sea-air or air-sea transit containers must be located in restricted areas. Clearly stipulating that operators should set up a system of surveillance and security control for the warehouses; this was further revised on December 27 of the same year to clearly stipulate that should it be necessary to improve the security control measures for the warehousing and the security for the movement of goods, Customs may still require the installation of an automated gate control system.

2. On March 28, 2019, the Operation Directions for Customs on the Burning and Storing of Surveillance Video Images of Warehouses and Container Terminals were issued to regulate the procedures of Customs when making requests for the burning (storing) of surveillance video images from operators, so as to facilitate the auditing of operations and the collection and storage of evidential information concerning illegal activities.
3. On April 22, 2019, the amended Operation Directions of Postal Export in Free Trade Zones were promulgated, stipulating that postal exports within the Free Trade Zones (hereinafter referred to as “FTZ”) should be examined by the Customs Detection Dog Squad or X-ray equipment for abnormalities prior to being packaged for postal operations. In addition, in order to handle the case of returned postal export goods where delivery abroad had failed for some reason, the handling of these returned goods shall be clearly defined and shall also be in line with the practical operations within the FTZ so as not to cause any disruption to other enterprises within the port.

(VI) Lowered costs to operators via regulatory overhauls

1. On August 6, 2018, the amended provisions within the Regulation Governing Customs Bonded Factories were promulgated. Multiple channels for goods storage could be made available and apply to the bonded factory operators of both newly and previously established factories when meeting the costs of importing self-use machines and equipment, so as to attract manufacturers to apply to Customs and register themselves as bonded factories for export sales, thus facilitating further growth in export sales.
2. On August 20, 2018, the Operational Directions for the Sale of Goods from Free-Trade-Zone Enterprises to International Route Ships for Use as Fuel (oil) or Specialist Materials (including the ship or crew requisite commodities) were revised and promulgated, relaxing the requirement for FTZ enterprise refueling ships may apply for certification to carry excess fuel oil in order to refuel ships on international routes, in turn making full use of the capacity of refueling vessels and reducing the cost burden to their operators.
3. On December 20, 2018, the amended provisions within the Regulations Governing the Establishment and Management of Duty-Free Shops on the Outlying Islands were promulgated, being amended for the implementation of independent management by operators who have met the requirements, transit regulations and submitted a non-printed second copy of the sales orders along with their annual inventory list into the customs system. This reduces shipping and operator costs, whilst taking into account the interests

of visitors to the outlying island regions when collecting goods and also serves to facilitate improved book auditing and cargo control.

(VII) The expedited liberalization of laws and regulations with increased justification to better suit practical demands

1. On August 21, 2018, the Regulations Governing the Declaration, Inspection, Duty and Release of Personal Luggage or Goods of Inward passengers were amended and promulgated to relax the time limit for the import of unaccompanied passenger luggage or goods, and to amend the declaration measures for the temporary storage of passenger luggage or goods and the procedures for their withdrawal and return. This optimizes the process of duty or certification exemption for unaccompanied passenger luggage or goods and further reinforces the anti-money laundering prevention mechanism.
2. Article 54 of the Enforcement Rules of the Customs Act was amended and promulgated on August 31, 2018. The claim for tax refund for excess of duty collection and shortage of duty refund was transferred to another provision. Without being limited by obvious errors, all taxpayers may apply for tax refund within one year in accordance with Article 65 of the Customs Act, so as to protect the duty-payer's claim to tax refund and comply with the principle of legal superiority.
3. On November 29, 2018, the amended point 4 of the Operation Directions for the Escort and Sealing of Bonded Goods Inwards and Outwards from Bonded Warehouses was promulgated in order to meet the operational needs of operators and the demands of

customs in practice, whereby oversize bonded goods that cannot be transported by bonded freight vehicles, or bonded goods that have not been shipped in containers may, at the discretion of the allocation of customs, the distance of transportation and the nature of the goods, be escorted unmonitored and unsealed with the customs staff.

4. Operation Directions Governing the Automated Customs Clearance Procedures for T2 Foreign Air Cargoes Transshipped through Inland Transportation were amended and promulgated on December 20, 2018, stipulating that in the interests of bringing matters in line with practical operational demands and for the purposes of clarifying any potential confusion those exporters transporting air cargo transshipments to other bonded areas for export via inland transportation may be permitted to conduct their unpacking and airline (postal) label tagging operations in the trans-shipment warehouse.
5. Operation Directions for the Clearance and Management of Trans-shipment Goods were amended and promulgated on December 20, 2018, stipulating that those exporters transporting air cargo trans-shipments to other bonded areas for export via inland transportation may be permitted to conduct their unpacking and airline (postal) label tagging operations in the trans-shipment warehouse so as to be consistent with the content of the regulations.
6. On December 25, 2018, the Key Points for Customs Clearance of Imports under the Economic Cooperation Agreement between the

Government of the Republic of China (Taiwan) and the Government of the Kingdom of Eswatini were finalized and promulgated and became effective as of December 27, 2018. The completion of the customs clearance rules for importers to make applications for preferential tax rates or tariff quotas when importing goods with preferential tariffs from the country of origin (Eswatini).

7. An explanation order was issued on December 26, 2018. For approved duty-payers whose import declarations have been verified as altered by customs or where the original declaration tariff classification codes or the dutiable value have been adjusted, and regardless of whether this is before the goods have been released, during the post-inspection period, or as a post-release audit, the above-mentioned import declarations should have an approved tax file instigated, and the tax won't be reapproved except in cases where tax should be refunded, or in those instances which involve the violation of Customs Anti-smuggling Act and regulations so as to maintain taxation uniformity, tariff foresight and protect the rights and interests of duty-payers.
8. On February 23, 2019, the Operational Directions for Exemption from Business Tax Deposit for Consignor Supplied Containers at Customs Clearance were revised and promulgated to be in line with the current trend of international logistics operations. The declaration options for consignor-owned containers that have been returned to container leasing companies were amended which are conducive to customs management and further clarifies any relationship with duty-payers.

9. On February 26, 2019, the amended Articles 2 and 6-1 of the Implementation of Regulations Governing the Operation of the Customs-Port-Trade (CPT) Single Window were promulgated to be in keeping with the refining of the CPT single window operations, whereby customs will set up a certificate registration center to manage clearance certification in line with the spirit of an electronic government service.

(VIII) Amendments to the penalty provisions to increase the clarity of the regulations

1. The amended provisions within the Criteria for a Reduction or Exemption from Punishment in Customs Anti-smuggling Cases were promulgated on September 3, 2018 to be in keeping with the amendments made to Article 37, the deletion of Article 41 and the addition of such articles as Article 45-3 of the Customs Anti-smuggling Act that was promulgated on May 9, 2018, with a view to the general norms of equity and applicable laws and regulations.
2. On September 27, 2018, it was decided to issue A Certain Amount in paragraph 1 of Article 45-4 of the Customs Anti-smuggling Act. In line with the amendment and addition of Article 45-4 of the Customs Anti-smuggling Act on May 9, 2018, whereby it was stipulated that should the cost of handling confiscated goods exceed a certain amount as declared by the Ministry of Finance, the person subject to penalty shall bear the full burden of any costs.

3. On October 4, 2018, established and promulgated the Principles for Investigations within Article 45-3 of the Customs Anti-smuggling Act so that both parties can have objective and clear confirmation criteria to follow as pertains the point in time where "investigations commence" as referred to in Article 45-3 of the Customs Anti-smuggling Act for voluntarily reporting and exemption from a penalty.

(IX) Revisions to customs import tariffs to abide by economic cooperation agreements

On November 28, 2018, amendments to some tariffs within the Customs Import Tariff were promulgated, with 4 items added, 155 items revised, and 1 item deleted, with the key points as follows:

1. To fulfill our promise of tariff reductions under the Taiwan-Eswatini Economic Cooperation Agreement (ECA), and to reduce the tariffs and rate quotas of some goods imported to Taiwan: the 153 items of beef, pork, aquatic products, fruits and vegetables, sugar, prepared food and textiles originating from Eswatini, except the 4 items of crude sugar, refined sugar, natural honey and avocados, shall be subject to exemption within the tariff quotas; except for the tariff rates for natural honey and avocados being gradually reduced to duty-free over the course of 10 years and 5 years respectively, the remainder of the goods were denoted duty-free immediately after the agreement came into effect.
2. In line with the ECA between Taiwan and Paraguay, the exclusive tax code for "refined copper tubes with a continuous inner groove (or

internal threads) or continuous outer fins" was added under item 7407.10 of the tariffs, and the added tax code was included in the scope of application of the additional duty-free objects.

(X) Amendments to the Standards for Food Safety Inspection and the Vaccination and Inspection of Animals and Plants (SPS)

1. Article 4 of the Regulations of Import Quarantine Operation for Animal Products Transported by Closed Container was amended on February 27, 2019 to simplify the checking of original seals of containers, whereby based on risk assessment to take into account factors such as the integrity of sealed containers and the traceability of the transportation routes from the country of departure to the country of import.
2. Point 2 of the Operational Directions for Simplification on Conducting Quarantine Inspection of Import and Export Animal Products was amended to take into account that due to such regulations on origins, heat treating, transportation having been effective in risk reduction and thus the scope of some simplified products has been expanded; such as dog and cat food, meat-containing processed products, formulated animal feed, biological samples for experimental research, frozen (refrigerated) beef for human consumption and game meat and meat products imported from Paraguay, cloven-hoofed animal meat and poultry, animal hides from non-epidemic areas, raw milk and other products, of which will be included in the scope of application of the simplification on quarantine procedures as of March 1, 2019.

3. Quarantine Requirements for The Importation of Plants or Plant Products into The Republic of China: Revised with the addition of the Quarantine Conditions for Importing Apples from Poland. From November 22, 2018, Polish apples that meet the Quarantine Conditions for Importing Apples from Poland" may be imported into Taiwan.

(XI) Advance notice of requirements to amend package labeling

On April 17, 2019, advance notice was given to amend the draft of the Guidelines for Nutrition-Labeling of Packaged Vitamin and Mineral Tablets and Capsules to allow labeling regulations to be more compatible with international standards, and to enable more operators to better implement nutrition-labeling systems and come in line with the amendments within the Guidelines for Nutrition Labeling for Prepackaged Foods. The amendment focuses on:

1. Adjustments to the nutrition labeling format and revisions to the nutrition labeling table.
2. Adding the popularly understood unit symbols of g, mg, µg.
3. Revising the data presentation to apply a rounding-off rules.

(XII) Establishing advertising and media provisions

On June 14, 2019, the Criteria for Determining the Cosmetic Labeling Advertising Involving Deception, Exaggeration or Medical Effectiveness were established to bring equity to the claimed originality of cosmetics and uniformity to the laws and regulations that govern them to ensure the protection of consumers' rights and

interests, while safeguarding the health of the citizens of the nation and the development of the industry. This is in response to the newly amended Cosmetic Hygiene and Safety Act. The key points are as follows:

1. Determinations of labeling, promotion or advertising that involves with deception, exaggeration or medical efficacy should be conveyed as an overall assessment of product performance.
2. Labeling and advertisements of toothpastes and mouthwashes for non-medicinal fall under the scope of cosmetics control.
3. The fine for cosmetic labeling, promotion or advertising content that involves deception and exaggeration increased to be in excess of 40,000 NTD and not more than 200,000 NTD.
4. The fine for cosmetic labeling, promotion or advertising content that involves claims of medical efficacy increased to be in excess of 600,000 NTD and not more than 5 million NTD.

(XIII) Incentives for fishing cessation

Are directed at those fishermen with fishing licenses of directed fishery, and falls in line with particular circumstances, such is the case with the fishing vessels of live fish carriers, full-time recreational fishery vessels and fishing vessels that exclude fishing rights fishing vessels. For slowing the depletion and alleviating the pressure on fishery resources and to ensure their sustainable development, and carry out in accordance with the Regulation on

Incentives for Voluntary Fishing Cessation which established by the authorization of Article 59-1 of the Fisheries Act in 2019.

(XIV) Amendment of the Government Procurement Act

In order to complete the government procurement legal system, further simplify procurement procedures, improve procurement efficiency and quality, maintain a fair process of government procurement, promote fair competition among manufacturers, and enhance trade freedom, the Government Procurement Act and its related laws and regulations drawing from the World Trade Organization (WTO) Government Procurement Agreement (GPA) and the procurement laws and regulations of developed nations, raised for discussion and amended including:

Regulation	Article	Key points of the amendment
Regulations Governing the Organization of Procurement Evaluation Committee (amended and promulgated on August 8, 2018)	Article 6	In the interests of making information pertaining to the evaluation committee more open and transparent, the regulation amended that after the establishment of the evaluation committee, the agency should publicly list the committee members and its exceptions.
Law	Article	Key points of the amendment
Amendments to some provisions within the Government	Articles 4, 11-1, 15, 17, 22, 25, 26-1, 30, 31, 50,	1. Involving procurements for national security, authorization shall be given to set restrictions on the qualifications of national or foreign manufacturers and

<p>Procurement Act (which the President amended and promulgated on May 22, 2019, and that came into force on May 24, 2019)</p>	<p>52, 59, 63, 70-1, 76, 85, 93, 94, 95, 101, 103</p>	<p>to review measures to further ensure national security. (Article 17)</p> <ol style="list-style-type: none"> 2. Amended the payment methods for bid bonds and guarantee bonds and in applicable situations where the bid bond has been forfeited; adding the recovery amount, recovery time limit and the starting time for tender bonds that have not been paid in accordance with the regulations; adding that appeals for non-reimbursement or recovery of tender bond shall not be limited by the published amount. (Articles 30, 31 and 76) 3. Simplify the applicable conditions of the most advantageous tender to facilitate agencies to apply more flexible procurement strategies; revised the published amount for those professional services, technical services, information services, social welfare services and culture or art activities that are above this amount to allow them to take no reserve price as the most advantageous tender. (Article 52) 4. Amended the scope of application for prohibiting the payment of improper benefits to facilitate the establishment of contract procurement and the penalties in case of violation, in order to maintain fair protocol within
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		<p>government procurements. (Article 59)</p> <p>5. Amendments to the system for suspending unscrupulous contractors, thus enabling better compliance with the principle of proportionality, which included suspension matters pertaining to breach of contract actions; revised the elements of Serious Violations; with the addition of factors taken into consideration concerning Serious Violations, furnishing authorities with discretionary powers; with the addition of suspension matters pertaining to bribery with an applicable penalty regulation of three years suspension; with the addition of the means by which the authorities give notice to contractors prior to their suspension to allow contractors an opportunity to state their position, furthermore, the authorities were instructed to establish a division to review and investigate matters of procurement and for determining whether there are elements present that constitute the suspension of the contractor; with the addition of the circumstances and period of suspension for "Material Breaches of Contract" to employ an accumulative weighting of penalty on matters of suspension in order to be more in line with the principle of proportionality. (Articles 101 and 103)</p>
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II. Economic and Trade Agreement and Cooperation MOU

- (I) Signed Authorized Economic Operator (AEO) mutual recognition agreements in September, November and December 2018 respectively with Australia, Japan and India, effectively strengthening trade facilitation and the security of the international supply chain between the contracting parties to better promote the development of bilateral trade and assist with the implementation of the New Southbound Policy.
- (II) In November 2018, Taiwan and New Zealand signed the Oncidium Orchid Cut Flower Export Plan through a special chapter of the Economic Cooperation Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation (ANZTEC SPS), establishing Taiwan's export of cut Oncidium orchids to the New Zealand market.
- (III) The Taiwan- Eswatini Economic Cooperation Agreement (ECA) came into effect on December 27, 2018.
- (IV) On March 28, 2019, the third executive committee of Taiwan-Honduras FTA was held to discuss the issue of tax reduction.

Investment Freedom

I. Amending and loosening the regulations relating to investment restrictions, and broadening the items open to invest

- (I) The draft amendment of the “Statute for Investment by Foreign Nationals” and “Statute for Investment by Overseas Chinese” was reviewed by the first joint meeting of the Economics and Foreign Affairs and National Defense committees of the 7th Session of the 9th Legislative Yuan on May 20, 2019.
- (II) To loosen restrictions on inward remittances by foreign investors have to be exchanged into NTD, the Ministry of Economic Affairs had promulgated the amendment of “Regulations for Verification of Investment by Overseas Chinese and Foreign Nationals” on July 29, 2019. After that, the inward remittances by foreign investors don’t have to exchange into NTD, giving companies more flexibility in terms of funds use.

II. International investment agreement and cooperation

- (I) On December 18, 2018, Taiwan and India signed an updated Bilateral Investment Agreement which took effect on February 14, 2019.
- (II) As of the end of May 2019, Taiwan had signed investment protection agreements or FTA/ECA with an investment chapter with 32 countries. (see attached table)

Attached table: Countries with which Taiwan has signed an investment protection agreement or free trade agreement with investment chapter

Continent	Investment Protection Agreement	FTA/ECA including an investment chapter
The Americas	USA, Paraguay, Argentina, Dominican Republic, Belize, Costa Rica, St. Vincent and the Grenadines	Panama, Nicaragua, Honduras, El Salvador, Guatemala
Asia	Indonesia, the Philippines, Malaysia, Vietnam, Thailand, Saudi Arabia, India, Mainland China, Japan	Singapore
Africa	Nigeria, Malawi, Senegal, Eswatini, Burkina Faso, Liberia, The Gambia	
Europe	Macedonia	
Oceania	Marshall Islands	New Zealand

Financial Freedom

I. Loosening regulations related to restrictions on operation of the financial industry

(I) Banking industry

1. The amendments of the Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions were introduced on August 28, 2018 to make payment for purchases by e-payment accounts more flexible and increase payment convenience for account holders. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions (Announced on 2018.8.28)	Amendments of Article 6, 8, 12 and 17.	<ol style="list-style-type: none">1. In the case that the authenticity of the information about issuance, replacement and reissuance of national ID cards/residence certificates of type 1 e-payment account holders cannot be verified, can accept deposit of stored value funds (Amendment of Article 6 and Article 8).2. The amendment simplifies the registration and opening process of electronic payment accounts by domestic government agencies, public schools, state-owned enterprises and a business or foundation, of which the

		<p>representative is appointed by the government according to the law(Amendment of Article 12).</p> <p>3. Transaction limit on type 1 e-payment accounts is given certain flexibility: the electronic payment institution may raise the limit of monthly transactions to NTD 100,000 after assess its risk tolerance or users' practical need under the precondition that the annual transaction limit remains unchanged (NTD 360,000) (Amendment of Article 17).</p>
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Note: For details of the Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions, please refer to:

<https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT01.aspx?Isid=FL076762>

2. The amendments of certain articles of the Rules Governing the Business of Electronic Stored Value Card Issuers were introduced on November 5, 2018 to enhance regulatory requirements for online transactions using electronic stored value cards and address electronic stored value card issuer business development needs. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
Rules Governing the Business of Electronic Stored Value Card	Amendment of Articles 2, 2-1, 2-2, 3, 4, 5-2, 6, 12, 13, 19,	1. The amendment specifies the types of electronic stored value cards that are subject to registration requirement and introduces the rules for registration of electronic

<p>Issuers (Announced on 2018.11.5)</p>	<p>22 and 27.</p>	<p>stored value cards (Article 2).</p> <ol style="list-style-type: none"> 2. The amendment specifies the circumstances in which a card holder may report the loss and request to disable a lost or stolen electronic stored value card (Article 3). 3. The amendment specifies the requirements on providing a card number and block storage of an electronic stored value card to another person for use (Article 4). 4. The amendment specifies the requirements on using an electronic stored value card for online transactions (Article 6). 5. The amendment specifies the operations that an electronic stored value card issuer is allowed to outsource and related requirements (Article 22).
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Note: For details of Rules Governing the Business of Electronic Stored Value Card Issuers, please refer to:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380210>

3. In order to help banks seize business opportunities created by developments of digital technology, encourage financial innovations, enhance financial popularization and allow establishment of pure online banks to satisfy the needs arising from consumption behaviors of the new generation, the amendments of the Standards Governing

the Establishment of Commercial Banks and the Regulations Governing Investments in Other Enterprises by Commercial Banks were amended on November 14, 2018, which lay down regulatory requirements on application for pure online bank establishment and qualifications of the founder of an internet-only bank based on the characteristics of an internet-only bank. Meanwhile, the amendment also waives the requirement for a commercial bank holding over a specific percentage of an internet-only bank's shares with its investment to cease the same business type activities. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
Standards Governing the Establishment of Commercial Banks (Announced on 2018.11.14)	Amendment of Article 8 and add Article 18-1	<ol style="list-style-type: none"> 1. The amendment specifies the documentation requirement for a founder from the financial industry and a founder who is not from the financial industry and holds over a specific percentage of shares in alignment with qualification requirements specified in Article 25 of the Banking Act (Article 8). 2. The new provision provides the definition of an internet-only bank and lays down the requirements on compliance with the Standards in addition to specific matters related to internet-only bank establishment, stipulated in this article due to characteristics of operation (Article 18-1).

Regulations Governing Investments in Other Enterprises by Commercial Banks (Announced on 2018.11.14)	Amendment of Article 3	The amendment waives the requirement for a commercial bank holding over a specific percentage of an internet-only bank's shares with its investment to cease the same business type activities in alignment with the qualification requirements for a founder of an internet-only bank (an internet-only bank shall be founded by at least one bank or a financial holding company and the shareholding percentage shall exceed 25%). It prevents restriction of business activities of a commercial bank investing in an internet-only bank (Article 3).
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Note: For details of Standards Governing the Establishment of Commercial Banks, please refer to:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380044>

Note: For details of Regulations Governing Investments in Other Enterprises by Commercial Banks,

please refer to: <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380103>

4. In order to create a regulatory environment favorable for mergers and acquisitions, the amendments of the Regulations Governing the Investing Activities of a Financial Holding Company, the order on interpretation of Paragraph 4 of Article 74 of the Banking Act and the Directions Governing a Financial Holding Company or a Bank Investing in a Financial Holding Company, a Bank, an Insurance Company and a Securities Firm were introduced on November 28, 2018. The amendments lower the required shareholding ratio of initial investment by a financial holding company or a bank in a financial institution to 10% of the controlling interest, provides options

for them to conduct equity participation first and then to seek the possibility of merger discussion and grants a more flexible approach for capital charge as an incentive to encourage mergers of financial institutions. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
Regulations Governing the Investing Activities of a Financial Holding Company (Announced on 2018.11.28)	Amendment of Articles 2, 4 and 9	<ol style="list-style-type: none"> 1. The minimum initial investment of a financial holding company in a financial institution is lowered to 10% of total issued shares with voting rights or equity capital (Article 2). 2. The competent authority is authorized to establish rules for conditions and investment activities of hostile takeover (Article 2).
The order on interpretation of Paragraph 4 of Article 74 of the Banking Act (2018.11.28 Order No. 10702744481)		The directive includes financial holding companies in the scope of “other financial related businesses designated by the MOF” specified in Paragraph 4 of Article 74 of the Banking Act.
The Directions Governing a Financial Holding Company or a	6 points of the Directions	1. Initial investment in a financial institution by the applicant shall exceed 10% shareholding and the applicant shall commit to complete the acquisition within a specific

Bank Investing in a Financial Holding Company, a Bank, an Insurance Company and a Securities Firm (2018.11.28 Order No. 10702744482)		period of time (maximum period is 3 years) (Point 2). 2.The provision lays down the qualification requirements for applicants of hostile takeover (Point 4). 3.The provision specifies the capital charge requirements that may apply during the approved investment period (Point 5).
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Note: For details of Regulations Governing the Investing Activities of a Financial Holding Company, please refer to:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380222>

5. The amendments of Articles 2 and 4 of the Criteria for Transaction Limits between Credit Cooperatives and Non-Members were introduced on January 10, 2019 to allow credit cooperatives to provide non-members new services, assist non-member with their access to financing resources and expand business scope of guarantee services to help credit cooperatives develop their business. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
Criteria for Transaction Limits between Credit Cooperatives and Non-Members	Amendments of articles 2 and 4	1.A credit cooperative is now allowed to provide bills/notes discounting and domestic guarantee services to non-members (Article 2). 2.A credit cooperative may provide loans to a non-member who can offer its demand (saving) deposits

(Announced on 2019.1.10)		<p>as collateral (Article 4).</p> <p>3.A credit cooperative is now allowed to issue guarantee for performance bond of payments for pre-sale houses and real estate sale for non-members and the provisions regarding limits on extending loans by a credit cooperative to a same person or same related party shall apply to these services. (Article 4)</p>
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Note: For details of Criteria for Transaction Limits between Credit Cooperatives and Non-Members, please refer to:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380143>

6. The amendments to Points 3, 5, and 8-1 of the Directions Concerning the Establishment of Foreign Branches by Domestic Banks were announced on February 12, 2019 to help and encourage domestic banks actively increase their presence in overseas market and continue to achieve the goal of diversity management. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
The Directions Concerning the Establishment of Foreign Branches by Domestic	Amendments of Points 3, 5, and 8-1	1.Introduction of priority fast review mechanism for suitable applicants: priority fast review will be given to an application submitted by a domestic bank which has outstanding global operation and management capabilities and plans to set up branch in a country (or a region) that does not have any branch of a domestic bank. The review

<p>Banks (Announced on 2019.2.12)</p>		<p>period is shortened to 25 working days (Amendment of Point 3).</p> <p>2.Acceleration of case review: when a domestic bank submits the application with related documents, it shall inform the Central Bank at the same time to speed up the review process (Amendment of Point 5).</p> <p>3.Required information in the application document: added that the applicant shall report its specific measures concerning the head office’s global operation and management capability (including its support for foreign branches and talent cultivation) (Amendment of Point 5).</p> <p>4.Broadening the training scope of foreign branches staffs: a bank is allowed to provide training to staff by itself and such a plan shall be reported to the board of directors for approval. The attendance record shall be kept for recordation purpose (Amendment of Point 8-1).</p>
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Note: For details of Directions Concerning the Establishment of Foreign Branches by Domestic Banks, please refer to:

<https://law.banking.gov.tw/Eng/FLAW/FLAWDAT0202.aspx?lsid=FL006489>

7. Partial amendment of the Regulations Governing the Public Offering or Private Placement of REIT and REAT Beneficiary Securities by a Trustee were announced on April 8, 2019 to facilitate the transition from

private placement to public offering for securitization arrangements of infrastructure projects from the construction period to the operation period and increase fundraising channels for the participating companies. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
Regulations Governing the Public Offering or Private Placement of REIT and REAT Beneficiary Securities by a Trustee (Announced on 2019.4.8)	Articles 5, 6, 7 and 24	Three years after the delivery date, the trustee of beneficiary securities with private placement may submit the application for public offering under the conditions that the trust assets have stable cash flow and an appropriate credit enhancement mechanism is in place and reported to the FSC.

Note: For details of Regulations Governing the Public Offering or Private Placement of REIT and REAT Beneficiary Securities by a Trustee, please refer to:

<https://law.banking.gov.tw/Eng/FLAW/FLAWDAT01.aspx?lsid=FL026664>

(II) Securities and Futures Industry

1. In alignment with the amendment of Securities Investment Trust and Consulting Act, the amendments to certain articles of Regulations Governing Offshore Funds were announced on July 13, 2018 to increase operational flexibility of securities investment consulting enterprises providing offshore fund investment consulting services. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
Regulations Governing Offshore Funds (Announced on 2018.7.13)	Amendments of articles 4, 12, and 52	<p>1. Investment consulting enterprises with information equipment for real-time access of foreign fund investment research information are allowed to provide foreign fund investment consulting services (Article 4).</p> <p>2. In the case of an offshore fund represented by a master agent, resumption of the class that is offered and sold in Taiwan shall be reported to Securities Investment Trust & Consulting Association for review and approval for enhancing information disclosure of offshore funds and meeting practical needs their operation. Such resumption shall be announced within three days following the approval (Article 12).</p> <p>3. When an offshore fund institution conducts private placements of offshore funds with natural persons, juristic persons, or funds that meet the conditions set by the competent authority, the limit on the total number of counterparties is raised from 35 to 99 persons (Article 52).</p>

Note: For details of Regulations Governing Offshore Funds, please refer to:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0400122>

2. The amendments of certain articles of the Regulations Governing

Securities Investment Trust Funds in alignment with the Securities Investment Trust and Consulting Act were announced on July 23, 2018 to increase the competitiveness of the securities investment trust enterprises (SITE) and operational flexibility of investment trust funds. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
Regulations Governing Securities Investment Trust Funds (Announced on 2018.7.23)	Amendment of Articles 4, 10, 11, 17, 20, 27, 29, 35, 37, and 51	<ol style="list-style-type: none"> 1. In order to simplify requirements for the investment operations of the SITE, the requirement for written reports on investments or transactions in a standard format is removed. The SITE is instead required to introduce internal control systems for its investment or transaction process (Article 4). 2. The restriction on the investments by funds in structured interest rate products does not apply to investments in floating rate notes, bond funds that mainly invest in floating rate notes are not subject to the requirement that the weighted average duration of the fund portfolio shall exceed one year (Articles 10, 27 and 29). 3. Considering the differences in practices of bond issuance between the domestic market and international market, regulations that specifically govern investments in domestic subordinate corporate bond or subordinated financial

		<p>bonds are introduced (Article 17).</p> <p>4. In order to increase the competitiveness of the SITE and encourage these enterprises to provide diversified and innovative fund products to investors, the amendment provides that, if a SITE meets the conditions set in the “Plan to Advance Excellence for SITEs” and applies for a fund, upon applying to the FSC and receiving its approval, it may specify in the securities investment trust agreement restrictions relating to the types, scopes, and ratios of domestic and foreign securities in which the fund will invest. Such terms and conditions are not subject to the current regulations governing the investments (Article 20).</p> <p>5. Securities investments in ETFs and index funds that track, simulate, or replicate the performance of an index for conformity with its composition are not subject to the restrictions set by the Subparagraph 17, Paragraph 1 of Article 10 (the aggregate amount invested in short-term notes and bills issued, guaranteed or endorsed by any single company may not exceed 10% of the total net asset value of the fund.) (Article 35)</p> <p>6. When a SITE conducts private placements of beneficiary certificates with natural persons, juristic persons, or</p>
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		funds that meet the conditions set by the competent authority, the limitation of the total number of counterparties is raised from 35 to 99 (Article 51).
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Note: For details of Regulations Governing Securities Investment Trust Funds, please refer to:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0400082>

3. The amendments of certain articles of Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises were announced on July 30, 2018 in alignment with amendments of the Securities Investment Trust and Consulting Act, in order to provide incentives to professional offshore institutional investors for their engagement of domestic institutions to make discretionary investments and to help increase the assets managed by these domestic institutions. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust	Amendment of Articles 4, 5, 11, 21, 22, 26, 28 and 29	<ol style="list-style-type: none"> 1. When a SITE that has had a business license for less than one fiscal year applies for the approval of its discretionary investment business, the application is not subject to the requirement that its net asset value of each share shall not be lower than the par value (Articles 4 and 5). 2. A SITE or securities investment consulting enterprise may enter into an agreement on the custody of

<p>Enterprises and Securities Investment Consulting Enterprises (Announced on 2018.7.30)</p>		<p>discretionary investment assets, the matters need to be done before contracting, and account servicing, etc. with clients who are professional institutional investors and have designated the custodian for the assets of discretionary investments before signing of the discretionary investment services contract (Articles 11, 21, 22, 26, 28 and 29).</p> <p>3. Certain requirements on internal control for discretionary investment transactions are relaxed and replaced by introduction and application of the internal control system laid down by the companies for such operations (Article 28).</p>
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Note: For details of Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises, please refer to:

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0400084>

4. The amendments to 12 articles of the Futures Trading Act were announced on January 16, 2019 to harmonize domestic regulations with international norms, align related securities and futures legislation, and strengthen legal compliance among futures enterprises and related institutions. The main points of the amendments are listed in the table below.

Law	Article	Key points of amendment
Futures	Amendment	1. The amendment introduces a legal

<p>Trading Act (Announced on 2019.1.16)</p>	<p>of Articles 3, 28, 35, 37, 49, 84, 97 97-1, 100, 109, 111, 116 and 119.</p>	<p>basis for the central counterparty clearing mechanism of the over-the-counter derivatives transactions. (Article 3)</p> <ol style="list-style-type: none"> 2. The futures cleaning house is now authorized by law to determine the order of compensation of the financial security protection mechanism in case a clearing member of futures market defaults and apply the order after it obtains the approval of the competent authority. (Article 49) 3. The amendments sets restrictions on the transfer of the futures exchange's shares, allows the offering of futures trust funds by effective registration, requires futures trust enterprises to deliver prospectuses to investors before offering futures trust funds, and specify civil liability and the extinctive prescription period for claiming related damages(Articles 35, 37 and 84). 4. The criminal penalties for the futures commission merchants for violation of regulations governing the futures brokerage trading's categories and exchanges are changed to administrative penalties (Article 116). 5. The amendment expands the range of disciplinary measures available to the competent authority for correction
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		<p>and other necessary measures, raises the maximum administrative fine from NT\$600,000 to NT\$2.4 million, and authorizes the competent authority to grant exemptions from penalties for minor violations (Articles 100 and 119).</p> <p>6. Futures exchanges, futures clearing houses, and futures enterprises are required report an Internal Control Declaration to the Competent Authority within three months after the close of each accounting year (Article 97-1).</p>
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Note: For details of Futures Trading Act, please refer to:

<https://db.lawbank.com.tw/ENG/FLAW/FLAWDAT01.aspx?lsid=FL007731>

5. Considering that the Futures Associated Persons and the Futures Trading Analysts were the only group of certified professionals in the financial industry subject to the 5-year registration requirement, the amendments to certain articles of Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants and Regulations Governing Managed Futures Enterprises were announced on May 15, 2019 to harmonize the certification regulations governing the securities and futures industries, expedite talent recruitment of the futures industry and facilitate the development of the futures market. The main points of the amendments are listed in the table below.

Regulation	Article	Key points of amendment
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<p>Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants (Announced on 2019.5.15)</p>	<p>Amendments of Articles 5, 5-1, 8 and 13</p>	<ol style="list-style-type: none"> 1. The amendment removes the regulation which disqualified Futures Associated Persons if they do not register within 5 years after they obtain the qualification or after the Regulations were introduced, or they have not worked in such a post for 5 years. Articles which invoke this regulation were also amended (Articles 5 and 5-1). 2. Considering that “National association of futures enterprises” specified in certain articles before the amendment does not exist and Chinese National Futures Association is responsible for registration of futures-related professionals, “National association of futures enterprises” and “Futures association” in the Regulations are both changed to Chinese National Futures Association (Articles 5, 8 and 13).
<p>Regulations Governing Managed Futures Enterprises (Announced on 2019.5.15)</p>	<p>Amendments of Articles 49, 50, 51, 52 and 58</p>	<ol style="list-style-type: none"> 1. The amendment removes the regulation which disqualified the Futures Trading Analysts if they do not register within 5 years after their qualification certificates are issued, or have not worked in such a post for 5 years (Article 52). 2. Changes are made for alignment with removal of paragraphs 2 and 3,

		<p>Article 5 of Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants. Articles which invoke this regulation were also amended (Articles 49, 50, 51 and 58).</p>
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Note: For details of Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants and Regulations Governing Managed Futures Enterprises, please refer to:
<http://eng.selow.com.tw/LawArticle.aspx?LawID=FL007738&ModifyDate=1040831> and
<http://eng.selow.com.tw/LawArticle.aspx?LawID=FL021161&ModifyDate=1030529>

(III) Insurance industry

1. In order to encourage insurance companies to invest in 5+2 industries and provide related incentive for such investments, the order on interpretation of Subparagraph 3, Paragraph 2 of Article 5 of the Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises was introduced on September 3, 2018 to allow insurance companies to invest in the SITE or domestic private equity funds created by subsidiaries set up by securities firms with their investments in public construction and 5+2 industries.

2. In order to encourage insurance companies to invest in 5+2 industries and provide related incentive for such investments, the order on interpretation of Subparagraph 6 of Article 2 of the Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises was introduced on December 7, 2018 to allow an insurance company to join a

syndicated loan granted to companies in 5+2 industries and guaranteed by a credit guarantee institution created by the foreign central government as a participating institution.

3. In order to expedite short-term capital flow management in insurance companies and increase their investment yield rate, the order on interpretation of Subparagraph 8, Paragraph 1 of Article 3 of the Regulations Governing Foreign Investments by Insurance Companies was introduced on December 24, 2018 to allow insurance companies to trade repos and reverse repos of foreign central government bonds and treasury bills. The key point of the order is in the table below.

Regulation	Article	Key Point of the Order
The order on the interpretation of Subparagraph 8, Paragraph 1 of Article 3 of the Regulations Governing Foreign Investments by Insurance Companies (2018.12.24, FSC Order No. 10704967151)	New	Insurance companies are allowed to trade repos and reverse repos of foreign central government bonds and treasury bills with sovereign ratings of BBB+ or above within a specific limit and outsource the collateral management operations.

4. The order on interpretation of Paragraph 1 of Article 146-2 of the Insurance Act regarding investment in real estate by an insurance enterprise, limited to real estate that can be used immediately and

from which benefit may be derived, and the disposal requirements was introduced on April 23, 2019 to support government policy of urban renewal and enhance commercial real estate investment performance of insurance industry. An insurance company which participates in an urban renewal project and acquires or gains over 75% of the real estate is allowed to invest in the real estate gained by the government in the urban renewal project.

Regulation	Article	Key Point of the Order
The order on interpretation of Paragraph 1 of Article 146-2 of the Insurance Act regarding investments in real estate by an insurance enterprise, which are limited to real estate that can be used immediately and from which benefit may be derived, and their disposal requirements (2019.4.23 Order No. 10801908311)	New	An insurance company which participates in an urban renewal project and acquires or gains over 75% of the real estate is allowed to invest in the real estate gained by the government in the urban renewal project. The regulatory requirement for the real estate to be used immediately and receive benefit does not apply to such investments. The aforementioned insurance company shall present documents on the utilization plan to the FSC before the investment for approval of the utilization period of the project.

5. The order on interpretation of Subparagraph 6, Paragraph 1 of Article 146-1 of the Insurance Act was introduced on June 21, 2019 to allow insurance companies to invest in ETNs issued by domestic securities

firms for diversification of investment vehicles for insurance industry.

Regulation	Article	Key Point of the Order
The order on interpretation of Subparagraph 6, Paragraph 1 of Article 146-1 of the Insurance Act (2019.6.21 Order No. 10804502481)	New	Insurance companies are allowed to invest in domestic ETNs for diversification of investment vehicles for the insurance industry. Meanwhile, ETNs issued by domestic securities firms are considered part of “other marketable securities that the competent authority has granted approval for” specified in Subparagraph 6, Paragraph 1 of Article 146-1 of the Insurance Act.

(IV) Financial Technology

1. Fintech development is a key strategy for many countries to increase their national competitiveness. In order to create an environment favorable to Fintech developments and encourage the introduction of financial products and services developed with innovative technologies, the Regulations on Guiding and Assisting Financial Technology Development were introduced on July 2, 2018 to facilitate Fintech innovation and applications. There are 17 articles in the Regulations and the key points are listed in the table below.

Regulation	Article	Key points of the regulation
Regulations on Guiding and Assisting	17 articles	1. In order to encourage development of innovative financial products and services with technologies, the

<p>Financial Technology Development (Announced on 2018.7.2)</p>		<p>competent authority may provide guidance and assistance to financial institutions, companies, organizations and individuals that use innovative technology in providing financial services (collectively referred to as “Fintech innovators” hereunder). (Articles 2 and 3)</p> <ol style="list-style-type: none"> 2. The competent authority may establish a physical community for financial technology development or provide guidance on establishment, and assist with the provision of proper office space or rent reduction and creation of a digital sandbox platform and themed financial technology innovation laboratories to facilitate innovative research and development of Fintech innovators (Articles 5, 6 and 7). 3. The competent authority should hold forums, inviting representatives of relevant government agencies and Fintech innovators to attend and stimulating suggestions or counseling on Fintech development related matters (Article 9). 4. The competent authority may provide guidance to Fintech innovators on joining the Financial Information Sharing and Analysis Center (Article 10). 5. The competent authority should hold public briefings to provide guidance to Fintech innovators on evaluating whether
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		<p>it is necessary to apply for approval to undertake an innovative experimentation and provide counseling services for individual Fintech innovators upon their request. A Fintech innovator that has received guidance from the competent authority may not use the fact to generate publicity to prove the value of specific application or an innovative experiment (Article 13).</p> <ol style="list-style-type: none"> 6. The competent authority may provide a counseling mechanism for staged incubation, depending on the development stage of the Fintech innovators (Article 14). 7. The competent authority may coordinate the designation of the executive institution to undertake the establishment of FinTech Space (Article 15). 8. The executive institution is required to set the processes for Fintech innovators' applications for the use of FinTech Space offices and the financial technology digital sandbox platform, review criteria, use period, rent reduction guidelines, use rules and exceptions. For the review and selection of tenants by the executive institution or the competent authority, a review committee shall be set up to review the applications. (Article 16)
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Note: For details of the Regulations on Guiding and Assisting Financial Technology Development, please refer to:

II. International financial agreement cooperation

(I) FSC

1. Signing a FinTech Cooperation Agreement with the Office of Arizona Attorney General (September, 2018)

In order to strengthen bilateral cooperation in financial technology supervision, the FSC signed a Fintech cooperation agreement with Office of Arizona Attorney General on September 25, 2018. The agreement covers supervisory authority's referral mechanism, information sharing and potential joint innovation projects of both sides. After the agreement was signed, both sides can refer innovative enterprises to the other, and the agreement can also conduce to a mutual understanding of the supervisory system, and share information related to the two markets and financial service innovations. The agreement can facilitate cooperation on Fintech supervision, generate more opportunities for Fintech businesses and help financial innovators in Taiwan and Arizona expand their presence in the international market.

2. Signing financial supervisory cooperation MOU with the National Financial Supervisory Commission of Vietnam (2018.12).

In order to strengthen bilateral cooperation in financial supervision, the FSC signed the financial supervisory cooperation MOU with the National Financial Supervisory Commission of Vietnam on December 26, 2018 through Vietnam Economic and Culture Office in

Taipei and Taipei Economic and Cultural Office in Vietnam, to lay the foundation for mutual exchange and cooperation in financial supervision mechanism and personnel and promote collaboration between Taiwan and Vietnam.

(II) The Central Deposit Insurance Corporation signed/renewed MOUs for cooperation on deposit insurance with the Czech Republic, Thailand and Vietnam (2018.8&2018.12).

1. Central Deposit Insurance Corporation signed an MOU for cooperation on deposit insurance systems with Financial Market Guarantee System (FMGS) of the Czech Republic in August, 2018 for formal cooperation. In future, the two parties will continue mutual exchange of information and personnel with the aim to improve deposit insurance systems of both countries. Meanwhile, the Central Deposit Insurance Corporation also renewed the MOU with Deposit Protection Agency (DPA) of Thailand and Deposit Insurance of Vietnam (DIV) in August and December 2018, respectively, for continuous bilateral cooperation.
2. The FMGS, DIV, DPA and the Central Deposit Insurance Corporation are all members of International Association of Deposit Insurers (IADI). The MOUs signed with Vietnam, the Czech Republic and Thailand comply with the international standards on cross-border information sharing specified in the IADI Core Principles for Effective Deposit Insurance Systems issued in November 2014. The Central Deposit Insurance Corporation will continue to strengthen mutual exchange of information and

professional experience according to the MOUs it has signed for enhancement of domestic deposit insurance mechanism.

(III) FSC peripheral units

1. Taiwan Insurance Institute (TII) signed an MOU on cooperation with Singapore's Nanyang Technological University (2018.9)

The MOU took effect on September 1, 2018. In order to support New Southbound Policy of the government and turn the Taiwan Insurance Institute (TII) into a regional insurance education center, TII and Nanyang Technological University in Singapore have actively launched cooperation in several aspects under the conditions of compliance with related regulatory requirements in Taiwan and Singapore and on the basis of reciprocity, including education and training, exchanges of lecturers, joint efforts on organization of forums or seminars, exploration of issues related to risk management of natural disasters and sharing of insurance industry information through execution of the MOU.

2. Taipei Exchange signed an MOU on cooperation with the Qatar Stock Exchange (2018.10)

In order to strengthen the relationships with Qatar Stock Exchange, Taipei Exchange signed the MOU for cooperation with the Qatar Stock Exchange on October 3, 2018 to expedite mutual communication, foster continued development of mutual relationships and help maintain the stability of the securities market in both countries.

3. Taiwan Insurance Institute (TII) signed an MOU with the Philippine Life Insurance Association (2019.3)

In order to support New Southbound Policy of the government and turn Taiwan Insurance Institute (TII) into a regional insurance education center, the TII and the Philippine Life Insurance Association signed an MOU, which took effect on March 27, 2019. The cooperation projects include sharing the insurance education and professional talent training experience, joint organization of seminars, exchange of latest industry developments in the insurance industry and other cooperating matters agreed by both parties.