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Promoting Economic Liberalization in Taiwan

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◆ Foreword

In the 2021 Index of Economic Freedom released by the US Heritage Foundation and The Wall Street Journal, Taiwan ranked 6th of 184 economies. It was behind only Singapore (1), New Zealand (2), Australia (3), Switzerland (4) and Ireland (5) and up by 5 places on the 11th placed ranking in 2020, and was Taiwan's highest ever ranking. Taiwan received 78.6 points, an increase of 1.5 on last year and also the best result ever.

Looking at the last 5 years' changes in score for the rating indicators, the best are Fiscal Health (93.7), Business Freedom (93.4) and Government Spending (91); Property Rights (↑ 17.3,) Government Integrity (↑ 13.5) and Fiscal Health (↑ 10) have improved the most; Trade Freedom (86) and Monetary Freedom (84.3) maintained a high score; Judicial Effectiveness (74.5) is climbing steadily; the scores for Labor Freedom(60.4) Investment Freedom(60) and Financial Freedom (60) are relatively low.

Taiwan Index of Economic Freedom recent-year ranking and changes in score

Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Ranking	6	11	10	13	11	14	14	17	20	18	25
Average score	78.6	77.1	77.3	76.6	76.5	74.7	75.1	73.9	72.7	71.9	70.8
Property Rights	87.3	86.9	85.4	84.3	86.5	70	70	70	70	70	70
Judicial Effectiveness	72.9	70.1	70.1	69.2	67.7	-	-	-	-	-	-
Government Integrity	74.5	68.9	69.2	70.9	70.5	61	61	59.7	61	58	56
Tax Burden	79.2	75	75	76.1	75.3	76.1	80.4	80.3	80.5	80.4	78.3
Government Spending	91	90.5	90.6	90.4	89.5	88.7	87.1	84.7	84.9	92.3	89.7
Fiscal Health	93.7	91	91.6	90.8	83.7	-	-	-	-	-	-
Business Freedom	93.4	93.9	93.2	93.2	93.4	93.2	92.4	93.9	94.3	88.5	84.7
Labor Freedom	60.4	60.3	60.9	54.9	55	53.8	55.2	53.1	53.3	46.6	46.1
Monetary Freedom	84.3	82.7	84.4	83.3	85.2	83.2	83.3	81.7	82.9	83.1	82
Trade Freedom	86	86	87	86.2	86.2	86.4	86.4	85.8	85	85	86.2
Investment Freedom	60	60	60	60	65	75	75	70	65	65	65
Financial Freedom	60	60	60	60	60	60	60	60	50	50	50

Data source: Index of Economic Freedom issued by the Heritage Foundation over the years, collected and organized by the NDC.

◆ Results of the promotion of economic liberalization

The period for the contents below and time point of the taking effect (implementation) of regulations is July 1, 2020 to June 30, 2021.

I. Property Rights

A. Continuing to implement the procedural justice of land expropriation

For the provision of public goods, if the government needs to acquire private land by land expropriation, it requires the precondition of public benefit and the land user should only put forward an application when land can be gained no other way or purchase price negotiation fails; the application will be strictly reviewed by the competent authority according to legal procedure. Related concrete actions and achievements are explained below:

1. Implementing public participation mechanism and promoting transparency of review

The MOI established the National Land Spatial and Use Review Information Special Zone platform to enhance the review information publication mechanism, to allow citizens, landowners and interested parties to instantly inquire about the meeting schedule, agenda minutes etc. of land expropriation review cases and allowing landowners and interested parties to apply online to participate in review meetings. From July 2020 to June, 2021, 244 expropriation related cases were reviewed and 51 citizens applied to attend land expropriation review group meetings and put forward their opinions.

2. Continuing to review expropriation regulations and refining the land expropriation system

The MOI promulgated the amended Directions of the Application for the Land Expropriation on January 25, 2021. The Directions mainly stipulate the required documents and related operational procedures when land users apply for land expropriation. The focus of amendment this time was

making the expropriation application procedure more rigorous and providing more basis for the receipt of request from citizens for withdrawal, cancelation or termination of expropriation; it is also stipulated that when a land user needs to expropriate land, the owner should be initiatively notified that they can commission it to apply to a tax agency to pay land value tax on their behalf during the period of land use and of other regulations for public convenience.

3. Establishing correct concepts for expropriation by government agencies to implement procedural justice

To increase the understanding of the expropriation system of those requiring land uses, the MOI holds land expropriation related regulation workshops and requires that related units of cities and county government conduct internal education and training. In 2021, in response to the risk of COVID-19 infection, the workshops were held online to enhance promotion of land expropriation regulations and matters for attention in practice.

4. Implementing an expropriated land use situation checking mechanism and information disclosure

To allow all circles to learn about construction project plan progress and obtain related information, the Ministry of the Interior established the Land Expropriation Management System. Citizens can inquire about the expropriation plan, land use plan diagrams, expropriation approval document, expropriation announcement, construction situation and other related information of ordinary expropriation cases to learn about a construction project plan's progress and obtain related information. As of June 1, 2021, the system had been browsed over 42,000 times.

B. Amending of Intellectual Property Rights protection related regulations

1. Announcement of Guidelines for Third Party Opinion for Invention Patent Applications

To implement Article 39 of the Enforcement Rules of The Patent Act and make the mechanism for receiving third party opinions in invention patent review practice more concrete and clear to assist reviewers investigate evidence and increase the stability of patents after approval and also achieve the objective of public review, the Ministry of Economic Affairs promulgated the Guidelines for Third Party Opinion for Invention Patent Applications on August 25, 2020 which took effect on September 1, 2020. (<https://db.lawbank.com.tw/FLAW/FLAWDAT0202.aspx?lsid=FL094758>)

2. Amending the Criteria for Substantive Review of Design Patents

To relax the essentials for disclosure of specification and drawings and stipulate building and interior design as design patent protection subjects and relax the object applied in image design to include application programs and software and other products of product computer program products and other non-physical forms, to make patent application easier and more flexible, the Ministry of Economic Affairs amended chapters 1, 2, 3, 7, 8 and 9 of Part III Design Patent Substantive Review of Patent Review Criteria Book 3, and the amendments came into effect on August 1, 2020.

3. Amending Regulations Governing Application for Approval of Compulsory License of Musical Works and Royalties for Use Thereof

In coordination with court rulings in practice, if a third party wants to use musical works that are exclusively licensed, they must receive the agreement of the exclusive licensee. When approving compulsory licensing, as the adverse object is the exclusive licensee and not the copyright owner, the exclusive licensee should be notified to submit an opinion to enhance procedural protection. The MOEA amended articles 3 and 7 of Regulations Governing Application for Approval of Compulsory License of Musical Works and Royalties for Use Thereof on August 4, 2020. (<https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0202.aspx?lsid=FL011274>) °

4. Amending the Regulations Governing Application for Approval of License of Works of Unknown Owner of Copyrights and Royalties for Use Thereof

Regarding the use of works of unclear owner (also called orphan works, meaning that copyright exists but the owner is unknown or his/her whereabouts not know), according to Article 24 of Development of the Cultural and Creative Industries Act the Intellectual Property Office can be applied to for licensing of orphan works, giving users a channel for legal use of works of unknown owner. However, the legally required waiting time for finding the owner was excessively long, obstructing use of works. To simplify and speed up the application system for licensing of works of unknown owner, on March 1, 2021 the MOEA announced amendment of Article 3 of the Regulations Governing Application for Approval of License of Works of Unknown Owner of Copyrights and Royalties for Use Thereof (<https://db.lawbank.com.tw/ENG/FLAW/FLAWDAT0202.aspx?lsid=FL055921>).

5. Drawing up and promulgating the Positive Patent Examination Pilot Program for Startup Companies

In order to assist startups with R&D capability to quickly confirm the feasibility of obtaining an invention patent and receive a patent, the MOEA drew up the Positive Patent Examination Pilot Program for Startup Companies (<https://www.tipo.gov.tw/tw/cp-85-882548-88be2-1.html>). It was promulgated on January 5, 2021 and plans to pilot 30 cases in six months. Eligible applicants are startups that should be the applicant when invention patent was applied for and still be the patent case applicant when this program is applied for. Startup refers to a business established under Taiwan's Company Law or the law of the home country of a foreigner for less than five years. The aforementioned five years means less than five years from the date of establishment to time of application. For those who claim priority, priority date will be used in place of the application day for the calculation of five years.

C. Drawing up directions to make the public review third party opinion system complete

To implement Article 39 of the Enforcement Rules of The Patent Act and make the mechanism for receiving third party opinions in the invention patent review practice more concrete and clear to assist reviewers investigate evidence and increase the stability of patents after approval and achieve the objective of public review, the Ministry of Economic Affairs promulgated the Guidelines for Third Party Opinion for Invention Patent Applications) on August 25, 2020 which took effect on September 1, 2020.

<https://db.lawbank.com.tw/FLAW/FLAWDAT0202.aspx?lsid=FL094758>

Focuses of amendment: time period and reason for submitting a third-party opinion; the documents that should be filled out or attached when a third-party opinion is submitted and the method of submission; the handling principles for third party opinion.

D. Results of International Property Rights protection international agreement cooperation

In August 2020, Taiwan and South Korea signed a memorandum of understanding on Mutual Cooperation in the Field of Deposit of Biological Material. The two countries' patent applicants can deposit biological material locally, not only simplifying the deposit procedure, reducing the expense of repeat deposit and reducing the instability of cross-border deposit biological material.

II. Judicial Effectiveness

A. Promotion of judicial computerization

The Judicial Yuan has actively promoted judicial computerization in the last few years, established technologized courts, used information technology to support court trial operations to increase trial effectiveness and increase judicial transparency and the trust of the public in the judiciary.

1. Improving the electronic service authentication system

In response to the universal use of e-filing, a certificate mechanism has been established to verify the identity of the user. The single portal function was activated in September, 2020 to integrate various external services.

2. Enhancing application of the e-filing system

The civil litigation e-filing system became operational on August 8, 2016. After registering an account using a certificate, the interested party (including legal representative,) juristic persons and financial operators can use the platform for submission of civil litigation related documents and other services. After September, 2019 the application scope of the e-filing system has continued to be enhanced, including civil litigation incidents, civil execution incidents, intellectual property administrative litigation incidents and tax administrative litigation incidents, administrative litigation shelter request incidents, and discipline cases.

3. Drawing up Open Data terms of use

With the intention of allowing the public to conveniently share and fairly use government data, combine with civil society creativity, activate data application, increase data value and protect personal data security, the Judicial Yuan promulgated the Terms of Use for Judicial Yuan Open Data on December 21, 2020 and they came into effect on January 11, 2021. These terms include: open data scope and type, licensing method and scope, the obligations to be fulfilled by the user, responsibilities to be borne by the agency providing the data, disclaimer, and situation for halting of open data provision.

B. Drawing up of special act for the normal operation of courts in response to COVID-19

The COVID-19 has caused involved parties, lawyers and judges to be unable to attend court in person, seriously affecting the normal operation of judicial procedure. To maintain effective conduct of judicial procedure and protect the rights of the involved parties for correct, rapid and fair trial and protect the health and safety of procedure participants, there was a need to allow remote hearings by courts. The Special Act for Judicial Procedures during the Period of Communicable Diseases with Severe Epidemic Conditions

(<https://db.lawbank.com.tw/FLAW/FLAWDAT01.aspx?lsid=FL096758>) was promulgated on June 25, 2021 and took effect on day of promulgation, and will be effective until June 30, 2023. The key points of this Act:

1. Court response or measures

To avoid infection, regulations relating to court hearing seating, sitting in, uniform, holding a hearing outside the area of authority, and announcing the verdict in the Court Organization Act have been loosened, allowing special responses and measures to be adopted. A court can also hold a temporary hearing in an appointed location outside its area of jurisdiction and can use technological equipment to announce the verdict. (Article 3)

2. Allowing use of remote video technology equipment for conducting procedure

In the trial procedure of criminal litigation and juvenile incidents, the option of remote video court hearing has been added to allow cases to move smoothly forward during the epidemic period. Remote video hearing should have the agreement of the defendant, accused, juvenile and legal agent or the current guardian of the juvenile and ask the opinion of the defender, victim and other parties related to litigation. (Article 4)

3. Allowing use of technological equipment for sending documents

To avoid risk of infection, apart from the documents that can be sent using technological equipment under existing regulations, this special Act adds

that, apart from the verdict, criminal litigation documents and writ of detention, sanction or ruling relating to custody can also be sent by technological equipment and applied in the investigation procedure by the prosecutor. (Articles 5)

4. Allowing criminal case statements to be made after the fact

Taking into account difficulty making a written statement under the Code of Criminal Procedure onsite during the epidemic period, it is stipulated that a written statement can be made based on an on-site recording after the fact. (Article 6)

5. Allowing halting of trial or procedure

If, taking into account the case situation, feasible response or measure and after asking the involved party, defender and assistant their opinion it is still deemed that there are major difficulties in holding a trial, it can be halted by a court; when the reason for halting disappears, the trial should continue; this regulation applies to juvenile incidents; a prosecutor can also apply the aforementioned regulation to terminate investigation. (Articles 7)

6. Essentials for application and extension during implementation period

This Special Act will be effective from the day of promulgation and can be extended with agreement of the Legislative Yuan before the expiration of the term of office of legislators. (Article 23)

C. Establishing of a commercial court to hear important commercial disputes

To quickly, properly and professionally handle commercial disputes, assist enterprises with management operation, provide an effective supervisory mechanism, implement corporate social responsibility and other corporate governance principles, with the effects of professional acceptance of cases and efficient adjudication, and with the hope that the judgments of the commercial court are consistent and predictable to promote the business environment and increase international competitiveness, the Commercial Case Adjudication Act was promulgated

on January 15, 2020
(<https://db.lawbank.com.tw/ENG/FLAW/FLAWDAT0201.aspx?lsid=FL092711>), and it was implemented on July 1, 2021. The key points are as follows:

1. Stablishing a specialized court

The Commercial Court is on the level of high court and adopt the two-level second instance system. It will be headed by judges with professional training and will quickly, properly and professionally handle commercial disputes. (Article 2)

2. Mandatory legal representation

The involved person should appoint a lawyer or an agent who is a qualified lawyer to carry out procedural behavior on their behalf to raise the level of trial effectiveness. (Articles 6, 7, 9, 11, 12)

3. Utilization of technology

The involved person and others should submit documents via the online system. When a court deems appropriate, a request can be made or authority used to use voice or image transmission technology equipment to conduct a hearing for convenience of appearance of the involved person and others. (Article 8)

4. Pre-mediation procedure

The commercial incidents under this Act should first conduct mediation, with a person with related specialized knowledge appointed as mediator to raise the level of professionalism and persuasiveness of the mediation solution put forward by the mediator respects the self-governance of business people and helps them autonomously resolve disputes. (Articles 20, 23, 25 and 28)

5. Inquiry system between parties

To prepare their claim or offer evidence, the involved person can list necessary matters and inquire of or ask for an explanation from the other side to assess the litigation strategy and speed up the procedure. (Articles 43, 45)

6. Introduction of expert witnesses

The involved person can declare an expert witness to provide professional opinion and further questions the expert witness of the other side or the court can notify he/she to attend court to submit opinion to enhance the professionalism of fact review. (Articles 47, 49, 50, 51 and 52)

7. Confidentiality protective order

If documents, inspection items or the information needed for authentication submitted during procedure involved business secrets, the holder can request the court to issue a confidentiality protective order to pay attention to both the discovery of the truth and protection of business secrets. (Articles 53, 55)

III. Government integrity

A. Anti-corruption measures

1. Continuing to hold government agency anti-corruption evaluation

The Agency Against Corruption (AAC) began conducting anti-corruption evaluation in 2019 to implement the international review recommendations the United Nations Convention Against Corruption. Central and local administration agencies are invited to take part in a competition to encourage them to autonomously view integrity measures and initiatively put forward actions for the practice of anti-corruption; the fair participation of an external third party in judging promotes results and benefits to win the trust of the public in the integrity and transparency of agencies. In 2021, the evaluation to encourage government agencies will continue to be held to drive an integrity governance positive cycle.

2. Holding a clean government public opinion survey to keep abreast of public opinion

The Ministry of Justice conducts a clean government public opinion survey annually, formulating countermeasures by surveying the subjective feelings of the public towards clean government and continuing to observe trends in the changes in corruption cases in Taiwan over a long period of time. The results of the clean government public opinion survey in 2020 show a clear increase in interviewees' positive evaluation of "Overall central government performance" and "Government overall integrity performance" compared to 2019; 40.7% thought that the most effective way for the government to fight corruption that should be carried out on a priority basis is "Investigate and prosecute corruption cases," a figure similar to recent years. In 2020 the degree of tolerance of interviewees towards corruption by civil servants fell to a certain level.

3. Building and refining an agency procurement clean government platform

To avoid improper external interference to raise the quality level of major public construction projects, in 2016, the Agency Against Corruption (AAC) promulgated the Agency Procurement Integrity Platform Implementation Plan. In coordination with the requirements of the leader, an procurement integrity platform was formed together by ethics units in

coordination with prosecutor, investigation, anti-corruption and auditing agencies, the Public Construction Commission, Executive Yuan, related suppliers, and stakeholders. The integrity platform was listed as a NDC Open Government Action Plan commitment in 2020. The AAC will continue to refine the operating model and enhance marketing model cases and encourage agency heads to establish procurement integrity platforms.

4. Rooting integrity education and carrying out anti-vote buying advocacy

To implement the requirements of the UN Convention Against Corruption regarding anti-corruption education work, the AAC continues to work with education and other units to hold various integrity education advocacy activities to let integrity and honesty education take root amongst the public. Also, the Investigation Bureau, MOJ holds corruption prevention advocacy events for government agencies, schools and civil groups; also, to break the symbiotic chain between vote buying and corruption, as well as investigating vote buying cases, anti-vote buying advocacy work is carried out; in response to the 2021 fishing association election, the IB has held 35 anti-vote buying advocacy sessions in cooperation with local prosecutors.

5. Promoting the holding of national project checks

Assistance continues to be provided to agencies to inventory operations in which malpractice can easily arise and, on the basis of past corruption cases, corruption high-risk operations are chosen for project checks. Through the stages of information collection, training and education and project checking, corruption is systematically unearthed and handling of effective prevention measures continued, reducing the risk of corruption in operations that can easily see malpractice and implementing the value of clean government work.

6. Promoting the Program for Enhancement of Agency Security and Protection of Official Secrets by Ethics Units

Ethics units have included the Program for Enhancement of Agency Security and Protection of Official Secrets by Ethics Units announced by the AAC in clean government work plans and implemented various key measures and concrete methods, assisting agencies implement official secret and security protection work to ensure national security and agency stability.

B. Autonomous commitment to implement the United Nations Convention Against Corruption

Taiwan has autonomously committed to implementing the United Nations Convention Against Corruption and initiatively reviewed the Convention implementation situation. Taiwan issued the first national report and held an international review meeting in 2018. On the basis of 47 recommendations made by the anti-corruption experts of the international review meeting, central agencies and local governments adopted and actively implemented concrete measures, carried out regular follow up and evaluation of progress. A report explaining the mid-term implementation situation of the recommendations was issued in 2020; the second report will be issued at the end of 2021 and the second international review meeting held in 2022.

C. Drawing up Directions for Interfacing with MyData to enhance the usability of government information

1. To enhance accessibility of government information, the public are encouraged to operate the personal data autonomous use (MyData) platform to build precision personalized services. After a person agrees, downloading and utilization of his/her personal information is instantly provided a single time, while protecting information security and personal privacy rights. On April 5, 2021, the Executive Yuan issued the Directions for Interfacing with MyData. (<https://db.lawbank.com.tw/FLAW/FLAWDAT0202.aspx?lsid=FL096295>).
2. The Directions include the key points of the establishment, operation and managing agency of the platform; procedures for applying for the testing and trail operation, going online abnormality or termination of interface with this platform; matters to be adhered to by data or service providers that interface with this platform; data security control and checking matters that must be adhered to by data or service providers that interface with this platform.

IV. Tax Burden

A. Adding and revising startup related income tax favorable measures to speed up industrial upgrading and transformation

1. Adding investment tax credits for smart machinery and 5th generation mobile communications systems

The addition of Article 10-1 to the Statute for Industrial Innovation was promulgated on July 3, 2019, offering tax credits to companies and limited partnerships for the purchase of smart equipment and 5G communications system equipment, with the aim of accelerating industrial transformation and digitization, closing the digital gap and building 5G application capacity. The application period for the favorable tax measures is January 1, 2019 to December 31, 2021 for smart equipment, with an extension of one year to December 31, 2022 for 5G equipment.

2. Reviewing tax preference in the Statute for Industrial Innovation

Amendments to the Statute for Industrial Innovation were announced on July 24, 2019, extending the existing favorable tax measures for 10 years (to December 31, 2029).“When a profit-oriented business uses retained earnings for substantive investment, the investment amount can be listed as a deduction item for undistributed retained earnings for that year” was also added to continue to optimize the industrial innovation environment and assist enterprises upgrade and transform, promoting economic development.

3. Allowing training and education expenses to apply R&D expenditure tax credits

To assist companies or limited partnerships enhance the R&D capability of R&D personnel and increase the benefits of R&D results, the amended Regulations Governing Application of Tax Credits by Company or Limited Partnership for R&D Expenditures were jointly promulgated with the MOEA on November 2, 2020. From 2020, the expenditure on education and training to increase the professional knowledge of full-time R&D employees is included in the scope of R&D expenditure tax credits and will assist with

increasing R&D capability.

B. Enhancing the completeness of transfer pricing regulations to align with international trends

To ensure consistency of transfer pricing result and value creation, on December 20, 2020, the MOI announced the amended Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing, adding and amending regulations on intangible assets and their transfer pricing, including enhancing the intangible asset transfer pricing analytical framework, adding regular transaction methods for intangible asset transactions, completing the transfer pricing risk analysis framework, relaxing regulations to allow a single piece of external comparable uncontrolled data to decide the result of regular transactions and adjusting the penalty pattern for transfer pricing checking and adjustment cases, to enhance the alignment of the transfer pricing system in Taiwan with international trends.

C. Raising the level of tax affairs digital services to simplify processes

1. Amending regulations on preservation of accounting books and vouchers by profit-oriented businesses to simplify bookkeeping operations

On May 19, 2021, the Ministry of Finance announced the amended Regulations Governing the Accounting Books and Vouchers of Profit-seeking Enterprises Managed by the Competent Tax Authorities, allowing profit-oriented businesses such as publicly owned companies that handle stored accounting books and vouchers electronically to destroy paper accounting books and vouchers without gaining approval from a tax agency, to meet the development of the computerized environment, simplify the accounting treatment process for profit-oriented businesses, reduce storage and management costs and implement simplified administration and public convenience.

2. Refining individual income tax settlement declaration measures

To provide diverse channels for declaration of and paying income tax, from

May 2021, people have been able to complete tax declaration by using a smart phone to obtain verification and then logging in to the tax declaration system and, after checking that information such as income, deduction and tax etc. is correct, carrying out online tax payment (refund). Also, mobile phone certification is newly added, allowing people to use the tax declaration system by inputting smart phone number, ID number and national health insurance card number to download income and deduction information, allowing them to easily complete tax declaration without going out, installing an APO, or using a card reader.

D. Signing of the Agreement on Avoidance of Repeat Taxation and Prevention of Tax Evasion

1. Between the Taipei Economic and Cultural Representative Office in the Kingdom of Saudi Arabia and the Council of Saudi Chambers

This Agreement was signed in Riyadh, Saudi Arabia on December 2, 2020 and will come into effect on the stipulated date after both countries have completed the legal process and notified each other; it will be applicable from January 1 the year after it becomes effective. The Agreement will help Taiwanese enterprises implement their West Asia operating strategy and deepen Taiwan-Saudi Arabia substantive relations.

2. Applying the Agreement on Avoidance of Repeat Taxation and Prevention of Tax Evasion Between the Taipei Economic and Cultural Office, Prague and the Czech Economic and Cultural Office in Taipei

This Agreement became applicable on January 1, 2021 and was Taiwan's 33rd comprehensive income tax agreement (16th with a European country, 13th with an EU member). It made Taiwan's Central Europe agreement network complete and will help Taiwanese businesses expand their presence in Europe as well as increase the willingness of Czech enterprises to use Taiwan as a base for entry into the Asia market.

V. Business Freedom

A. Simplifying the procedure for setting up a business by amending the Regulations Governing Company Registration

In response to the practical requirements of company registration, regulations on closed company, application of branch company registration by a foreign company and table of documents to be submitted for application for office registration by a foreign company were amended. On April 23, 2021 amended attached tables 5, 6 and 7 of the Regulations Governing Company Registration were announced.

1. Before the amendment, the Appointed Responsible Person Letter of Authorization had to be signed in person by a director or responsible person of a foreign company with the power to sign and then sent by international mail to Taiwan; this paper method takes time and isn't cheap and can be affected by the international situation (such as the outbreak of the COVID-19 epidemic in 2020). After the amendment, the document can be sent/ transmitted remotely by various electronic means to Taiwan on the day of signing. This amendment saves time for the applicant (foreign company) and eliminates the cost of international mail.
2. The "Office conversion to branch" application item was added this time. Apart from saving personnel and business costs for the foreign company by avoiding the (probable) need to make new contracts with employees and (probable) need to recalculate employee labor insurance and health insurance, it also removes the administrative process of the foreign company needing to apply to cancel the office at the same time.

B. Encouraging entrepreneurship by formulating principles for recognition of startups

1. The government has formulated an innovation and entrepreneurship policy to encourage people to innovate and engage in entrepreneurship. To promote this policy, the MOEA promulgated the Directions of Recognition for Startups with Innovation Capability on March 17, 2021. When an owner is recognized as a startup with innovation capability, they can receive government subsidy or be exempt from application restrictions, for

example, for employment of a foreigner with a bachelor's degree, the requirement of two years' work experience is waived.

2. These Directions mainly include: the restriction of being established for five years shall not apply when a startup has capitalization below NT\$100 million or has fewer than 200 regular employees and the company has been established for less than five years or has been recognized by the competent central authority for each industry. Recognition criteria and conditions for startups with innovation capability are also set, for example, the startup or person in charge has won a prize in an important entrepreneurship competition in Taiwan or overseas or has received more than NT\$2 million from a domestic or overseas venture capital firm.

C. Encouraging youth entrepreneurship by amending the Guidelines for Youth Business Startup Loans

1. To assist young people start a business and obtain funding and attract foreign professionals to Taiwan to develop a business, the Directions of Loans for Startup Funding for Young Entrepreneurs were amended by the MOEA.
(<https://db.lawbank.com.tw/ENG/FLAW/FLAWDAT01.aspx?lsid=FL068682>)
2. Key points of amendment on July 29, 2020: to assist young people start a business and obtain funding to start a business, the application procedure was simplified, removing the requirement of investor as the loan subject; application of the Directions to limited partnerships was added; loan amount was amended, with working expenditure increased across the board to NT\$4 million not just for incubator-nurtured enterprises; the regulations were amended to not allow separate naming of a guarantor when the **account return amount** of a loan in the name of the responsible person is less than NT\$1 million and limiting the number of guarantors to one when the amount is over NT\$1 million.
3. Further amendment was done on November 19, 2020: to attract foreign professionals to Taiwan to develop a business and assist startups with a foreign responsible person obtain funding, the subjects eligible for a loan

were expanded to include responsible persons who are Employment Gold Card holders.

D. Encouraging individual investment in startups by drawing up the rules for exemption from transaction income tax when investing in high-risk startups

1. On January 27, 2021, the MOF announced the amended Item 1, Subparagraph 3, Paragraph 1 of Article 12 and Paragraph 2 of Article 18 of the Income Basic Tax Act. From January 1, 2021 income from transaction of stock, stock warrant certificates, certificate of payment for shares and certificates stating rights (unlisted company shares) issued or privately placed by a company not listed on the stock market or not traded at the business premises of a securities firm is subject to income basic tax.
2. In coordination with Taiwan's policy of nurturing startups to drive industrial transformation and to encourage individuals to invest in high-risk startups, as stipulated in the caveat in Item 1, Subparagraph 3, Paragraph 1 of Article 12 of the Income Basic Tax Act when the stock issuing company or raising company is a domestic high-risk startup approved by the competent central authority for each industry concerned and the company has been established less than five years when the transaction takes place it is exempt. (from income basic tax)
3. To facilitate recognition of high-risk startups, Paragraph 6 of the Income Basic Tax Act authorizes the MOF together with the MOEA to draw up rules on the scope of application and eligibility requirements, application approval period, procedure, documents to be submitted, approving agency and other related matters of domestic high-risk startups. Therefore, the MOF together with the MOEA drew up the Directions for Recognition of High-risk Startups Article 12 of the Income Basic Tax Act. (<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=G0340161>)

VI. Labor Freedom

A. Relaxing restrictions on the employment of foreigners

1. Amending of the Qualifications and Criteria Standards for foreigners undertaking the jobs specified under Article 46.1.8 to 46.1.11 of the Employment Service Act (Promulgated on July 31, 2020)

- (1) To solve the shortage of construction workers and promote the promotion of the government's public construction projects, the threshold for projects to apply for foreign construction workers has been lowered from NT\$1 billion to 100 million; public construction projects worth more than NT\$50 million can apply jointly; restrictions on foreigners as a proportion of employees has been removed and regulations for application for foreign construction workers for private key economic construction projects stipulated.
- (2) To solve non-seasonal labor shortage, employment of foreigners for animal husbandry work has been expanded and newly added for agricultural and food work and fish pond and aquaculture work.
- (3) Reviewing Standards:

<https://db.lawbank.com.tw/ENG/FLAW/FLAWDAT01.aspx?lsid=FL028067>

2. Amending of the Regulations for Permission and Supervision of Private Employment Services Institutions

- (1) The MOEA amended Regulations Governing Company Registration on November 8, 2018; the attached table of Article 5 stipulates that when the Taiwan branch of a foreign company wants to change its responsible person it should attach an "Authorization letter for reassignment of responsible person in the ROC" and other documents. However, the current Regulations require the submission of the "Shareholders' letter of agreement or meeting resolution record," causing a mismatch with current practice, therefore, the MOL announced amendment of Subparagraph 2, Paragraph , Article 18 of the Regulations for Permission and Supervision of Private Employment Services Institutions on March 23, 2021 adding the

documents that should be submitted when the Taiwan branch of a foreign company applies to change its responsible person.

(2) Regulations :

<https://db.lawbank.com.tw/ENG/FLAW/FLAWDAT0201.aspx?lsid=FL015129>

3. Private investment projects approved as incentives in Subparagraph 2 of Paragraph 1, Article 17-1 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

(1) To ease the labor shortage of private construction projects, the MOL announced the private investment projects approved as incentives in Subparagraph 2, Paragraph of Article 17-1 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 . It means project types and facilities invested by private institutions approved as incentives by a government agency that have public benefit, will be provided to the public to use or will create employment opportunities after competition and h recognized by the authorities in charge of the relevant infrastructure project.

(2) The Reviewing Standards :

<https://db.lawbank.com.tw/ENG/FLAW/FLAWDAT0201.aspx?lsid=FL028067>

B. Amending the Labor Standards Act

1. Amending the scope of application of the caveat of Paragraph 2 of Article 34 of the Labor Standards Act

Shift workers should in principle have at least 11 hours of continual rest between shifts to maintain their mental and physical health. Also, taking into account the different operating models and work time arranging requirements of different industries, due to “work characteristic” or “special reasons,” through government assessment and announcement and

a collective bargaining mechanism agreed by union and labor-management meeting, continuous rest time of no less than eight hours can be separately agreed. With the precondition of protecting the mental and physical health of labor, taking into account the actual requirements of workers onsite and carefully assessing the work patterns of various industries today, on February 9, May 20 and June 4, 2021, the MOL announced the amended scope of application of the caveat of Paragraph 2 of Article 34 of the Labor Standards Act.

2. Amending the industries in Paragraph 4, Article 36 of the Labor Standards Act

According to the regulations on ordinary work time system of the Labor Standards Act, labor-management should agree at least one rest day and one official holiday per week, with the principle for scheduling the official holiday being that a worker should not work more than six days in a row. Taking into account the different operating models and work time arranging requirements of different industries, when special time, special location, special nature, special situation and other special situations occur, through government assessment and announcement and a collective bargaining mechanism agreed by union and labor-management meeting, the official holiday can be flexibly scheduled in every seven-day period. With the precondition of protecting the mental and physical health of labor, taking into account the actual requirements of workers onsite and carefully assessing the work patterns of various industries today, on May 20, 2021 the MOL announced the amended industries in Paragraph 4, Article 36 of the Labor Standards Act.

3. Workers for whom separate agreements can be made under Article 84-1 of the Labor Standards Act

Taking into account that some workers have the need for special work time regulations, on September 10, 2020, January 14 and April 23, 2021, the MOL announced that personnel engaged in the construction or operation maintenance of offshore wind farms or land-based wind farms, personnel engaged in the resupply of international shipping, drivers of special vehicles of MOJ agencies, and real estate appraisers employed by market credit

investigators are workers as described in Article 84-1 of the Labor Standards Act and labor-management can separately agree work time, official holidays, leave, women's nighttime work and other matters, giving substantial flexibility and exemption from the restrictions of the ordinary work time system of the Act.

C. Promoting the labor participation of middle-aged and elderly people by drawing up the Middle-aged and Elderly Employment Promotion Act

To implement dignified labor, increase the labor participation of the middle aged and elderly, encourage the re-employment of the elderly, ensure economic security, encourage intergeneration cooperation and passing on of experience, protecting the right to work of the middle-aged and elderly, build a friendly employment environment and encourage middle-aged and elderly manpower unitization, the Middle-aged and Elderly Employment Promotion Act (<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=N0090055>) was promulgated on December 4, 2019 and it was implemented on December 4, 2020.

D. Setting clear standards for the employment of ROC attorneys by foreign attorneys and amending related regulations

1. To set clear standards for the employment of local attorneys by foreign attorneys, the MOF amended the Regulations Governing the Permission for Foreign Attorneys to Employ ROC Attorneys or to Partner with ROC Attorneys to Operate a Foreign Law Firm on October 30, 2020. (<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=I0020018>)
2. Explanation of the main contents: to make life more convenient for foreigners in Taiwan and taking into account that the documents for identifying foreigners are not limited to passport but include Alien Resident Certificate, Permanent Alien Resident Certificate, etc while the original regulations were limited to passport, making it difficult to include other documents for identification, textual adjustment was carried out to include Alien Resident Certificate, Permanent Alien Resident Certificate and

other documents as the basis for identifying foreign attorneys. (Articles 3 and 4)

E. Enhancing care of employers for the lives of foreigners by amending the Regulations on the Permission and Administration of the Employment of Foreign Workers

1. If an employer has not executed a foreigners' life care service plan as required and the case is confirmed by the local competent authority after review, if the foreigner's accommodation security or health are seriously affected, a penalty can be issued without giving a period for improvement to protect the rights and interests of foreigners. The Regulations on the Permission and Administration of the Employment of Foreign Workers were amended on January 6, 2021.
(<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=N0090027>) °
2. Key points of amendment: Amended provision that if an employer has not executed a foreigners' life care service plan and the case is deemed to be not serious by the competent authority, improvement in a given period can be ordered and planning matters for the foreigners' life care service plan in Article 19-1 have been merged. In coordination with the planning matters for the foreigners' life care service plan being moved to Article 19, Article 19-1 in the current Regulations was cancelled.

F. Labor international agreement cooperation

1. In July, 2020, four sessions of the Taiwan-Australia Vocational Trainer Evaluation and Competency-oriented Course Certification Online International Seminar were held by video. Our experts from industry, government, academia and training and vocational trainers from private vocational training institutes were invited to engage in in-depth exchange to raise the level of the vocational trainer recruitment and management systemization and competency-oriented course certification system in Taiwan.
2. The Taiwan-Australia/Taiwan-Thailand MOU Exchange Ceremony and Post-epidemic Era Skills Transformation International Forum was held on March 25, 2021. Exchange and sharing were carried out regarding skills

development and vocational training transformation in the epidemic era, new skills needed by talent in the post-epidemic era and the innovative skills development strategies of each country in the post-epidemic era, promoting connection between domestic and overseas training institutions and increasing the international competitiveness of Taiwan's vocational training industry.

3. On November 18, 2020, the 7th Trade and Labor Committee Meeting was held by video between Taiwan and New Zealand. Exchange and sharing were carried out on development of the labor situation, labor market response to "future work", response of employment and labor market in face of COVID-19 and other issues to enhance Taiwan-New Zealand cooperation, provide labor with a better rights protection mechanism and dignified work environment and effectively implement trade and labor chapter regulations.

VII. Monetary Freedom

A. Amending the Regulations Governing Foreign Exchange Business of Banking Enterprises to simply the procedure for a bank to apply to conduct foreign exchange operations

1. In response to financial digitization and foreign exchange business trends, to simplify the procedure for banks to apply to conduct foreign exchange business and also to relax regulations to allow appointed banks' domestically issued foreign exchange financial bonds to be linked to derivatives or structured bonds to promote the diverse development of the domestic financial bond market and financial products, on January 18, 2021, the Central Bank promulgated the amended Regulations Governing Foreign Exchange Business of Banking Enterprises to simply the procedure for a bank to apply to conduct foreign exchange operations (<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0450011>).
2. Key points of amendment: stipulating the definition of foreign exchange financial bonds, relaxing regulations to allow foreign exchange financial bonds issued by banks domestically to be linked to derivatives products or structured bonds and amending the matters for compliance (articles 4,22, 41).Stipulating that, after an appointed bank is approved by the Central Bank to handle foreign exchange derivatives, it can apply to handle various foreign exchange derivatives business (Article 12); and stipulating that banks that complete reporting for filing under the Regulations or other Central Bank regulations will be regarded as having gained Central Bank approval (Article 6).

B. Newly Opening the Domestic Equity Funds Issued by Investment Trust Firms as the Investment Objects of Foreign Currency Insurance-Linked Policy Discretionary Investment Accounts

The Central Bank issued an order on August 28, 2020, newly opening domestic securities (domestic equity funds) issued by investment trust firms as the main investment objects of foreign currency insurance-linked policy discretionary investment accounts in addition to Money Market Fund, Exchange Traded Fund and Private Equity Fund, including NT\$ and

multi-currency funds; however, the foreign currency domestic equity funds held in each discretionary account shall not exceed 5% of the net asset value of each discretionary account.

VIII. Trade Freedom

A. Amending of Standards for veterinary drug residue limits in foods in coordination with opening of imports of pork containing Ractopamine

1. In coordination with the policy of importing pork containing Ractopamine, on September 17, 2020, the Ministry of Health and Welfare amended Article 3 of the Standards for Veterinary Drug Residue Limits in Foods. Limits of Ractopamine residue in liver and kidneys of 0.04ppm and 0.01ppm in muscle, fat and other edible parts were stipulated. The amendment took effect on January 1, 2021.
2. Standards for Veterinary Drug Residue Limits in Foods: <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=L0040026>

B. Announcing regulation that medical device labels should carry a unique device identifier

The use of Unique Device Identifier (UDI) for identification and management of medical devices is an international regulatory trend. To make medical device management complete after market entry and to align with international regulations, on April 6, 2021, the MOHW announced the regulation requiring that medical device labels should carry a Unique Device Identifier, and it came into effect on May 1. It requires the single packaging of class 2 or 3 medical devices or the individual devices should carry a Unique Device Identifier and the medical device source and flow direction management mechanism cooperated with to make the mechanism complete.

C. Announcing regulation that medical device label, instructions and packaging are exempt from carrying manufacturing date and expiry date

On April 28, the MOHW announced the regulation that medical device labels, instructions and packaging are exempt for carrying manufacturing date and expiry date or storage date, stipulating the medical device items that only require to carry manufacturing date on the label; and newly

adding that implanted metal medical devices do not need to carry expiry date or storage date and that single software type medical devices do not need to carry manufacturing date and expiry date or storage date to meet the practical management and medical device industry requirements.

D. Announcing the six countries that signed trade agreements with Taiwan in 2021 and import matters to which tariff quota applies

1. On October 28, 2020, the MOI announced the six countries that signed trade agreements with Taiwan in 2021 and the original agricultural products to which tariff quota applies
 - (1) Original peanuts, raw sugar and refined sugar of Nicaragua
 - (2) Original raw sugar and refined sugar and dried fruit of El Salvador
 - (3) Original raw sugar and refined sugar of Honduras
 - (4) Original raw sugar and refined sugar, honey and avocado of Eswanati
 - (5) Original raw sugar and refined sugar of Guatemala
 - (6) Original raw sugar and refined sugar of Paraguay
2. Announced matters include: tariff quota products of the free trade agreements signed by Taiwan and the aforementioned six countries in 2021 shall have the quota approval managed by each country with a tariff quota certificate issued, and related import matters; tariff exemption within quota determination of place of origin, import regulations.

E. Promoting reasonable relaxation of regulations to meet operational requirements

1. The amended regulations on Implementation of Autonomous Management Operating Manual by Bonded Warehouse Operators were announced on August 10, 2020. If the meals and drinks (including alcoholic) on board a foreign flight that lands at an airport in Taiwan are approved for unloading into the released cargo warehouse in the bonded warehouse by administrative staff, the a specific person shall be responsible for management responsibility including signing for acceptance, physical separation and storage to facilitate compliance by bonded warehouse

operators, and reducing cost borne by bonded warehouse operators and customs manpower load.

2. The amended Regulations Governing Customs Clearance for Goods in Free Trade Zones was announced on October 16, 2020. When a free trade zone business commissions processing in the taxed area or bonded area, the goods can be transported directly to a company outside the zone after clearance is completed at the site of unloading or storing; a regulation was also added stipulating that when a zone business puts a whole container of goods from overseas that meet requirements into storage, an application can be made to customs for warehouse entry without devanning and the container stored outdoors at the free trade zone business.
3. On October 23, 2020, amendment of articles 10, 19 and 19-1 of the Regulations Governing the Certification and Management of Authorized Economic Operators was announced, stipulating the minimum number of dedicated security personnel of a supply chain and their qualifications; and to avoid improper restriction of the application eligibility of forwarders and shipping agents for Authorized Economic Operator (AEO) status, the regulations were relaxed to stipulate that they are eligible if they have not violated the Shipping Act or Civil Aviation Act and been punished within the past three years.
4. On January 11, 2021, the partially amended The Regulations Governing the Establishment and Management of Bonded Warehouses were announced, establishing an autonomous review and withdrawal mechanism for entry by bonded warehouse operators to facilitate compliance with bond regulations by operators and carrying out of customs operations; when capital is increased, all that is needed is to report to the supervising customs in writing in place of renewing the permit, simplifying administration and giving convenience.

F. Actively promoting AEO cross-border cooperation to enhance trade speed and convenience and security

1. From March 18, 2021, Taiwan's AEO program and New Zealand's Secure Exports Scheme (SES) began practical operation of the AEO mutual

recognition agreement and the customs of both sides began to give preferential customs clearance to each other's AEO, reducing interference caused to operators, speeding up goods clearance and enhancing import and export competitiveness.

2. On May 28, 2021, the Taiwan-Guatemala AEO Mutual Recognition Agreement was signed online simultaneously, the first such agreement signed with a diplomatic ally of Taiwan and with a Latin American or Caribbean country. When implemented in future it will help goods quickly clear customs, help operators establish the Just-in-Time and zero inventory niche and make the whole supply chain secure to increase enterprise competitiveness.
3. As of the end of June, 2020, Taiwan had signed mutual recognition agreements with nine countries (US, Israel, Singapore, South Korea, Australia, Japan, India, New Zealand and Guatemala) and was engaging in trial cooperation with Mainland China.

IX. Investment Freedom

A. Relaxing investment restriction related regulations

1. Speeding up the review procedure for foreign investment

The Investment commission amended the foreign investment review procedure on February 26, 2021. Foreign investment capital increase cases that meet the following requirements will be reviewed within seven working days after the required documents are submitted: 1. Investor: the investor invested in Taiwan after approval previously and the equity structure is the same as before. 2. Investment amount: the capital increase amount applied for is under NT\$80 million. 3. The business items the invested business is engaged in are not sensitive (industries not open to investment from Mainland China such the media and publishing).

2. Friendly towards foreign investment in Taiwan

On March 2, 2021 the MOEA established a quick review mechanism for foreign investors holding a Plum Blossom Card or employment Gold Card. If the application is for investment under NT\$30 million, those who are not engaged in items on the Negative List for Investment by Overseas Chinese and Foreign Nationals will have review completed within seven working days of submitting the required documents.

B. Amending related demonstration guidance directions to speed up the verification review procedure for offshore wind farm projects

The MOEA amended the Demonstration Guidance Directions for Offshore Wind Farm Project Verification Review to speed up the procedure for reviewing wind farm project verification on May 14, 2021. The focuses of amendment were: technical review stage review opinions will be handled and put forward simultaneously by the work group and technical review committee members. Taking into account that building a wind farm is complex and takes time, to ensure safety of wind farm construction a regulation on technical review procedure or stage revue procedure was added. In coordination with practical needs, the correction period for matters to be corrected has been adjusted to facilitate the conducting of

project verification review procedure.

C. International investment agreement cooperation

On December 18, 2019, Taiwan and Vietnam signed a new-version Taiwan-Vietnam Agreement on the Promotion and Protection of Investments and it officially took effect on May 24, 2020. As of the end of May, 2021, Taiwan had signed investment protection agreements or FTA/ECA with a chapter on investment with 32 countries (see attached table for details)

Countries that have signed investment protection agreements or free trade agreements with Taiwan

continent	investment protection agreement	FTA/ECA including investment chapter
Americas	US, Paraguay, Argentina, Dominican Republic, Belize, Costa Rica, Saint 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	North Macedonia	
Oceania	The Maldives	New Zealand

Data source MOEA

X. Financial Freedom

A. Banking

1. The Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers were issued on August 7th, 2020 to expedite introduction of professional techniques for wealth management of high-asset customers by domestic banks in order to increase the competitiveness of domestic banks in the international wealth management market and facilitate transformation of their operating model and upgrade of the domestic banking industry.
2. Amendments to articles 18 and 19-4 of the Regulations Governing Foreign Bank Branches and Representative Offices were introduced on September 26, 2020 to increase the operational capacity of foreign bank branches in a proper way in order to support their loan and investment business and facilitate real economic development.
3. The amendment to the Directions Governing the Acquisition of Treasury Stock by Exchange-listed and OTC-listed Financial Institutions was introduced on October 16, 2020 for alignment with the Paragraph 4 of Article 28-2 of the Securities and Exchange Act. According to the amendment, the deadline for a company's equity conversion by transferring treasury stock and issuing share subscription warrants to its employees is extended from 3 years from the date of the buyback to five years, in order to maintain financial health of financial institutions.
4. The Regulations Governing Domestic Juridical Persons Opening Accounts for the Purpose of Handling Loan-related Receipts and Disbursements in Offshore Banking Units were introduced on October 26, 2020 in response to economic substance regulations introduced by the international community and assist Taiwan-based enterprises with their cross-border capital management.
5. The amendment to the Article 6 of the Regulations Governing Cross-selling Among Subsidiaries of Financial Holding Company was introduced on February 26, 2021 to facilitate promotion of life insurance trust

arrangements by trust companies and expedite one-stop service provided by insurance subsidiaries of a single financial holding company to customers that need life insurance trust arrangements.

6. Amendments to articles 2, 3, 6 and 10 of the Regulations Governing Issuance of Bank Debentures by Banks were introduced on February 24, 2021 to properly increase the diversity of financial debentures provided by banks to high-asset customers in order to meet needs of domestic high-asset customers and facilitate industrial upgrade of domestic wealth management service providers.
7. The amendments to Article 4 of the Criteria for Transaction Limits between Credit Cooperatives and Non-Members were introduced on April 8, 2021 in order to expedite cooperatives' credit business development, diversify their credit risks and increase their cooperation with each other.
8. The contents of the aforementioned regulations can be found on the FSC website : <https://law.fsc.gov.tw/EngLawQuery.aspx>

B. Securities and futures

1. The amendments to the Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities, the Directions for the Conduct of Wealth Management Business by Securities Firms and 6 related FSC orders (Order Numbers. Financial-Supervisory-Securities-Firm 1090364120, 10903641201, 10903641202, 1090359321, 1090375488 and 10903754881 of the FSC) were introduced from September 10 to December 25, 2020 for relaxation of regulations governing products and services provided by securities firms meeting specific requirements to high-asset customers through accepting orders for trading, sub-brokered trading, investing in trust products on behalf of customers for wealth management and proprietary trading and other sales channels. The amendments were introduced to meet the needs of high-asset customers for investment and wealth management services, increase diversity of financial products and services with deregulations and increase the size of domestic wealth management industry.
2. The amendment to the second paragraph of article 5 of the Regulations Governing Responsible Persons and Associated Persons of Securities

Investment Trust Enterprises (Order No. Financial-Supervisory-Securities-SITC-1090363922 of the FSC) was introduced on September 9, 2020. According to the amendment, the requirement for managers of one type of funds to have at least two-year experience of managing the second type of funds for managing second type of funds is relaxed; the experience of managing discretionary investment with single investment approach according to an agreement that has the same basic policies and investment scope with second type of funds or the asset allocation of the account is the same as second type of fund can be considered as the experience of managing the second type of funds. Moreover, the aforementioned experience of managing discretionary investment shall include at least one-year experience of managing the second type of assets as a fund manager or managing the same type of assets as an assistant manager.

3. The order related to the Paragraph 1 of Article 5 of the Regulations Governing Securities Investment Trust Funds (Order No. Financial-Supervisory-Securities-SITC-1090364503 of the FSC) was issued on October 7, 2020 to relax the restrictions on contrarian investment decision by an third-party appointed management institution that is authorized by an investment trust fund for overseas investment in order to reduce cross-institution, cross-time-zone transaction management cost.
4. The order regarding the customers of securities investment trust funds that mainly invests in domestic securities (Order No. Financial-Supervisory-Securities-SITC- 1090144270 of the FSC) was introduced on October 21, 2020 in order to expedite business expansion of domestic securities investment trust fund enterprises, increase diversity of domestic financial products and services and increase domestic asset management market size.
5. The amendments to articles 7, 8, 9 of the Regulations Governing Securities Investment Trust Fund Beneficiaries Meetings and new article (Article 9-1) of the Regulations were introduced on November 25, 2020 to allow securities investment trust fund beneficiaries to exercise their voting rights

in a new way and ensure integrity and independence of the electronic voting.

6. An order related to the amendment to the first paragraph of article 97 of the Regulations Governing Futures Trust Funds (Order No. Financial-Supervisory-Securities-Futures-1090365253 of the FSC) was issued on November 30, 2020 to allow futures trust fund beneficiaries to their exercise voting right in a futures trust fund beneficiaries meeting through e-voting in order to increase the means of exercising such right and help futures trust enterprises reduce the cost of holding such meeting and improve the meeting efficiency.
7. An order related to the amendment to the third paragraph of article 15 of the Securities and Exchange Act (Order Number. Financial-Supervisory-Securities-Firm 1090366019 of the FSC) was issued on December 28, 2020 to list the eligible buyers of (foreign bonds traded by securities brokers as agents) in order to meet the needs of domestic professional institutional investors and avoid disputes in related business practice.
8. An order related to the first paragraph of article 10 of the Regulations Governing Securities Investment Trust Funds (Order No. Financial-Supervisory-Securities-SITC-1100335023B of the FSC) was issued on March 31, 2021 to allow investment trust funds to invest in companies listed on Taiwan Innovation Board of Taiwan Stock Exchange in order to support development of innovative industries and increase domestic capital market size.
9. An order related to the sixth subparagraph of first paragraph of article 4 of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals (Order Number. Financial-Supervisory-Securities-Firm 1100333478 of the FSC) was issued on March 31, 2021 to allow foreign investors to invest in ETN as they invest in domestic securities in order to increase ETN market players, drive healthy development of the ETN market and satisfy the needs of foreign investors for index products.

10. The amendments to articles 15 and 15-1 the Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities and introduction of new regulations (article 15-2 and article 15-3) proposed by Taiwan Securities Association were approved (by the FSC) on May 4, 2021 in order to provide investors diverse investment options and convenient transaction methods and satisfy the needs of investors for diverse financial products and needs of small investors for creating global investment portfolio.
11. An order related to the first paragraph of article 5 of the Regulations Governing Securities Trading on the Taipei Exchange (Order Number. Financial-Supervisory-Securities-Firm 11003617676 of the FSC) was issued on May 10, 2021 to permit OTC trading of beneficiary certificates as securities.
12. The order related to the third paragraph of article 3 and the third paragraph of article 4 of the Securities Investment Trust and Consulting Act (Order No. Financial-Supervisory-Securities-SITC- 1090147633 of the FSC) was issued on May 31, 2021 to allow securities investment trust enterprises and securities investment consulting enterprises to sell offshore funds that are not securities investment trust funds type to high-asset customers and provide related consultation service to them.
13. The contents of the aforementioned regulations can be found on the FSC website : <https://law.fsc.gov.tw/EngLawQuery.aspx>

C. Insurance

1. Amendments to articles 5, 6, 7, 10, 11, 19 and 20 of the Regulations Governing the Supervision of Insurance Solicitors and new regulation (Article 11-1) were introduced on Jan 8, 2021. The amendments protect the right to work of insurance solicitors by allowing insurance solicitors sanctioned to stop solicitation activities of one type of insurance products to solicit business of other types of insurance products, abolishing the prohibition on soliciting other types of insurance business for an insurance solicitor who has registration revoked for less than 3 years, abolishing the punishments of registration revocation for an insurance solicitor except the

situation that the insurance solicitor has been found upon investigation to have engaged in material violation of the rules or cheating when taking a qualification examination under the Regulations, and shortening the period for registration revocation of insurance solicitor receiving the punishment of suspension of business solicitation activities.

2. The amendment to Article 10.2 of the Directions for Insurance Companies to Engage in Micro insurance Business (addition of tenth paragraph) was introduced on Jan 19, 2021 to allow mid or low-income senior citizens who are entitled to receiving living allowance according to the Senior Citizens Welfare Act or their family members to purchase micro-insurance in order to provide basic insurance benefits to underprivileged elderly people and their family members. The amendment was introduced to provide basic insurance coverage to economically underprivileged elderly people and family members with micro insurance policies.
3. An order regarding interpretation about the exceptions specified in Article 16 of the Regulations Governing Pre-sale Procedures for Insurance Products was issued on February 9, 2021 (Order No. Financial-Supervisory-Insurance- 11004901861 of the FSC to satisfy practical needs of insurance products review, improve the property insurance products review mechanism, encourage insurance industry to develop green insurance products and simplify the review process of customized credit insurance products with insurance period over 3 years.
4. Amendments to articles 20-3, 21, 29-1, 33-1, 45, 59-2 and 59-3 of the Directions for the Review of Property Insurance Products were introduced on February 9, 2021 to satisfy practical needs of insurance product review, improve property insurance products review mechanism, encourage the insurance industry to develop green insurance products and simplify the review process of customized credit insurance products with insurance period over 3 years.
5. Amendments to articles 2 and 3 of the Directions for the Review of Property Insurance Products were introduced on February 9, 2021 to regulations governing the small-amount whole life insurance products to

satisfy the needs of elderly people for basic insurance benefits and increase insurance coverage of people in Taiwan.

6. The contents of the aforementioned regulations can be found on the FSC website : <https://law.fsc.gov.tw/EngLawQuery.aspx>

D. Financial technology

Since the Financial Technology Development and Innovative Experimentation Act was implemented on April 30, 2018, the FSC has actively made regulatory adjustments for application of innovative experiments to expedite innovative experiments and amended Fintech-related regulations in response to needs of Fintech development. Recent amendments are as follows:

1. Amendments to Article 5 of the Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks, Article 6 of the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company, Article 4 of the Regulations Governing Required Qualifications for Responsible Persons and Required Trust Expertise or Experience for Operations and Managerial Personnel of Trust Enterprises, Article 6 of the Regulations Governing the Responsible Persons and Business Staff Members of Bills Houses and Article 13 of the Regulations Governing the Qualifications and Election/Appointment of Membership Representatives, Directors, Supervisors and Managerial Officers of Credit Cooperatives were introduced on October 6, 2020 in order to increase the efficiency of bank recruitment of diverse, cross-discipline talent and facilitate Fintech development.
2. Amendments to Article 10 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms, article 4 and article 4-1of the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises, articles 3-1 and 4 of the Regulations Governing Responsible Persons and Associated Persons of

Securities Investment Consulting Enterprises, Article 3 of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants, articles 44 and 45 of the Regulations Governing Futures Trust Enterprises, Article 51 of the Regulations Governing Managed Futures Enterprises and Article 21 of the Regulations Governing Futures Advisory Enterprises on October 26, 2020 to respond to international trends in regard to diverse development of financial market and digital finance and assist securities futures enterprises that need to recruit cross-disciplinary talent with transformation of their business and increase of their competitiveness.

3. Amendments to articles 8 and 8-1 of the Regulations Governing Required Qualifications for Responsible Persons of Insurance Enterprises were introduced on October 28, 2020 to allow professional talent with experience in information, technology, law, e-commerce, digital experience, finance, accounting and HR industries to assume the positions of vice president, senior manager and manager or the equivalent in order to facilitate recruitment of cross-disciplinary talent and innovative development of insurance enterprises and increase the competitiveness of insurance enterprises.
4. Amendments to articles 3, 7, 10-2 and 11 of of the Standards Governing the Establishment of Securities Firms, articles 9, 38-1, and 45-1 of the Regulations Governing Securities Firms, Article 21-1 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms and Paragraph 3 of article 15 of the Securities and Exchange Act (Order Number. Financial-Supervisory-Securities-Firm 11003617675 of the FSC were introduced on May 6, 2021 in order to allow securities brokers to operate brokerage business for trading and exchanging beneficial certificates of funds and assist Fintech enterprises with regulatory adjustment in response to innovative investment and trading activities due to Fintech development.
5. The amendments to articles 6 and 7-1 of the Directions for Insurance Enterprises Engaging in Online Insurance were introduced on May 6, 2021 for promotion of COVID 19 vaccination and increase the diversity of

insurance products that insurance companies may sell online through the platform deployed for protection-type insurance products according to the order of the regulatory authority in order to expedite purchase suitable insurance products that meet their needs with online applications.

6. The contents of the aforementioned regulations can be found on the FSC website : <https://law.fsc.gov.tw/EngLawQuery.aspx>

E. International financial agreement cooperation

1. Signing of a Financial Technology Cooperation Agreement with eight provinces of Canada

To promote bilateral FinTech cooperation, the FSC signed a FinTech cooperation agreement with the financial supervisory authorities of eight provinces of Canada. The agreement covers a bilateral supervisory authority mechanism referral mechanism and information sharing etc. After signing, the two sides can use it as the basis for referring fintech startups to the other side through their financial technology departments, provide assistance to help with understanding each other's supervisory system and share information related to each other's markets and financial product information, promoting bilateral fintech supervisory cooperation.

2. Signing a memorandum of understanding on banking supervisory cooperation with the Central Bank of Thailand

In order to enhance bilateral financial supervision cooperation, the FSC and Bank of Thailand signed an MOU on banking supervisory cooperation, laying the foundation for cooperation and exchange of experience with regard to issues including banking supervision mechanism and personnel exchange and cooperation, enhancing Taiwan and Thailand's banking supervision cooperation.

3. Signing of memorandum of understanding on extension of deposit insurance cooperation between the Central Deposit Insurance Corporation and Zimbabwe's Deposit Protection Corporation, Thailand's Deposit Protection Agency and other deposit insurance institutions

The Central Deposit Insurance Corporation and Zimbabwe's Deposit Protection Corporation and Thailand's Deposit Protection Agency signed MOUs on extending cooperation for three years in February and April 2021, respectively, to continue bilateral cooperation. In future, the two sides will continue to exchange information and personnel and, through sharing of professional skills and experience, hope to refine the deposit insurance systems of both sides to enhance protection of depositor rights.

