



# TDCC

Taiwan Depository & Clearing Corporation

臺灣集中保管結算所

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-Stockvote 2018 at a Glance

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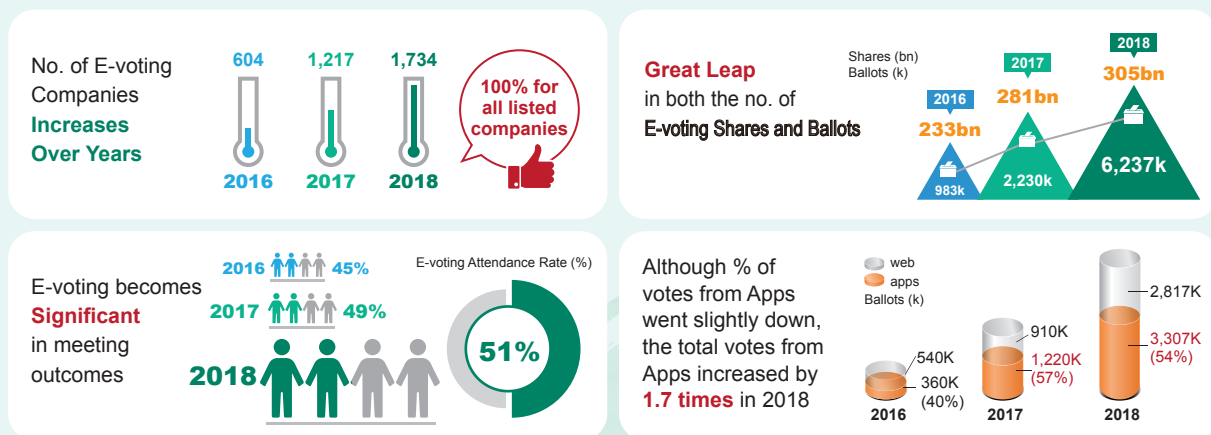
## GALLERY

# Record High Again with 100% E-voting

## -Stockvote 2018 at a Glance

This year, 100% of Taiwan's listed companies have adopted e-voting. Taiwan's promotion of e-voting has reached a significant milestone. Along the way to 100% e-voting, TDCC has developed Stockvote, the e-voting platform that provides STP cross-border voting service and processes votes from foreign shareholders more efficiently, the Stockvote APP that allows retail investors to vote anytime and anywhere, the ePassbook APP that allows investors to view their holdings and cast votes within one app, and other ongoing projects. All of these innovative and thoughtful developments are only for one purpose: **"To make e-voting more user-friendly and make the voting process more efficient."**

During the past few years, the promotion of Taiwan's e-voting has turned out to be successful. The success of e-voting can be observed through these statistics:



1. In 2018, 1,734 companies embraced e-voting infrastructure, and ALL of the listed companies have adopted e-voting. Shareholders in the market now have nearly one month to exercise their rights via e-voting, giving them a great convenience to participate in shareholders' meetings.
2. Since investors can cast their ballots with a few clicks, the number of e-voting shares and ballots grew very quickly within these 3 years. In 2018, e-voting shares reached 305 billion, and over 6 million ballots were cast via Stockvote.
3. As to e-voting attendance rate, we can see that in 2018, over half of the shares cast in shareholders meetings were done by e-voting. This shows that e-voting has become very important to the outcomes of shareholders meetings.
4. The usage of TDCC's APP services has turned out very well. The statistics show that over 3.3 million ballots were cast via apps in 2018, accounting for 54% of total ballots from non-institutional shareholders. Although percentage of votes from apps went slightly down, the total ballots from apps increased by 1.7 times in 2018. It proves that TDCC has accurately caught the mobile app trends, and fully utilized fintech to fulfill retail investors' needs.

In the new era of 100% e-voting, TDCC plans to develop the next generation platform, the IR platform, with an aim to improve the quality of the communication between issuers and institutional investors, and offer the eNotice service that serves as a corporate action notification hub to increase the information transmission efficiency between issuers and investors in the market. With these new services, we hope to create a robust and vibrant corporate governance ecosystem in Taiwan.

## *Special Report*

# The International Corporate and Investor Services Seminar 2018, Hosted by TDCC, Ended on a High Note

The International Corporate and Investor Services Seminar (CISS) 2018, hosted by TDCC on August 22<sup>nd</sup> and August 23<sup>rd</sup>, ended on a high note. This meeting denotes a glorious milestone for the Asia-Pacific CSD Group (ACG) members in terms of institutional investor and retail investor services.



More than 100 representatives of 26 institutes such as depository and clearing corporations, custodian banks, and technology companies from Pan Pacific countries and regions, including the U.S., Japan, Southern Korea, Singapore, Hong Kong, Thailand, Indonesia, Vietnam, India, and Nepal participated in the seminar. The discussing issues ranging from big data, cyber security, fintech, digitized corporate governance to cross-border business, envisions and experiences of the finance sector were also shared and elaborated.

The two-day seminar featured 5 keynote speeches and 4 panels. ACG members shared their valuable experience of serving the markets. There were also guest speakers from the Depository Trust & Clearing Corporation (DTCC, U.S.), the world's leading electronic voting platform operator – Broadridge, the Society for Worldwide Interbank Financial Telecommunication (SWIFT) and world-renowned technology company – IBM. They shared their penetrating insights for CSDs in response to the variations of the market demands and the dynamic fintech innovations. Additionally, the topics on how the industry can advance into new business fields and seek for new opportunities were also deliberated.

The authorities in Taiwan have been consistently supportive to TDCC's participation in all global finance events and activities, and this seminar was no exception. Mr. Wellington L. Koo, Chairman of the FSC, was enthusiastically present in person. In addition, Mr. Sherman Lin, the Chairman & CEO of TDCC, welcomed and addressed to the participants on how CSDs can better prepare and transform themselves under the impacts of fintech innovations in his opening speech titled "Fintech, opportunities and challenges for CSDs".

For years, the annual ACG meetings have been considered as an important, informative platform for the CSD community. As one of the original ACG members, TDCC has been actively engaged in all ACG events since its establishment in 1997. TDCC focuses on business operations, new talents cultivations, information and knowledge sharing and cross-border business cooperation. In the CISS 2018, the focus was on the implementations of fintech in new business possibilities in order to provide more convenient and direct services to the market and promote the core values of the back-offices. Through this event, TDCC was able to strengthen the collaborations with the ACG members,



grasp the envision and initiatives of other CSDs and further contribute to the long-term financial industry development of the Asia Pacific Region, making the image and visibility of Taiwan in the global community more heightened.

## TDCC Provides Securities Firms and Securities Finance Enterprises with Book Entry Services of Money Lending for Unrestricted Purposes

To promote the advanced version of securities market promotional plan, authority has approved securities firms and securities finance enterprises, whose collateral is under TDCC's custody such as securities and gold, to process money lending for unrestricted purposes. Investors thus can flexibly make use of their investment assets; the fund operation efficiency of securities firms and securities finance enterprises can be improved, and the revenue can be increased.

To develop this business efficiently, authority has considered securities firms' and securities finance enterprises' familiarity with the trading features in financial market and their credit business managerial experiences in dealing with credit transaction financing, borrowing or lending money in connection with securities business, and investors' habits. Therefore, authority has regulated collateral range, including listed securities, listed and open-ended fund, gold, beneficiary certificates by domestically raised for domestic securities investment trust fund, and futures beneficiary certificates.

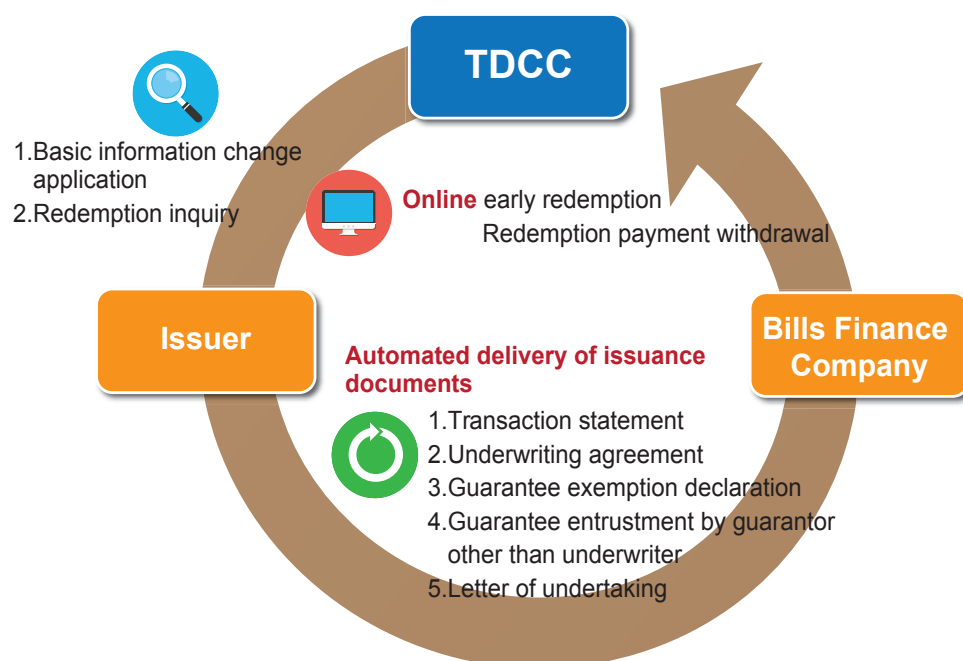
In addition, regarding securities firms and securities finance enterprise' acquisition of collaterals, except for the insider of a listed company whose the company's stocks can serve as refinance or supplementary collateral and should be processed through creation of pledge, others will be processed through book-entry transfer to specialized collateral accounts opened by securities firms and securities finance enterprise at TDCC. Taiwan Stock Exchange and Taipei Exchange have stipulated business procedures, and TDCC has also offered collateral relevant services, such as delivery, return, disposal, new high weighted stock transfer, account verification and investors' change of collateral category, and the services took effect on May 3, 2016.

The book entry service from TDCC offers investors more flexible use of invested securities or commodities and enables securities firms and securities finance enterprise to expand businesses, increase revenues, and strengthen competitive advantages. Until July 2018, there have been 2 securities finance enterprises and 21 securities firms undertaking and adopting this function. The number of investors who have delivered collateral is approximately 4,700; collateral balance amounts to approximately 2.02billion shares, and the market value of collateral balance is approximately 71.77 billion.

## TDCC Expands the Functions of Short-term Bills Issuance Platform to Improve Primary Market Efficiency

In compliance with authority's policy and in order to meet market demand, TDCC implemented dematerialized commercial paper on 18 September 2017 to streamline issuers' issuing procedure. Since the mechanism went live, there have been over 2,800 issuers completing the registration of issuance. In addition to promoting the use of electronic registration for commercial paper, TDCC has introduced comprehensive automated registration services in order to solve the inconveniences of physical document delivery in the primary market. Documents currently transmitted among issuers, guarantors and underwriters in hard copies such as transaction statement, underwriting agreement, guarantee exemption declaration, guarantee entrustment by guarantor other than underwriter and letter of undertaking are planned to be sent electronically via the Short-term Bills Issuance Platform. After launching the services, efficiency of issuance will be improved significantly and costs of document delivery will be reduced drastically. The pilot program was ran by bills finance companies in September 2018 and scheduled to launch officially in October 2018.

Based on the principle of platform economy, TDCC also plans to extend Short-term Bills Issuance Platform services, such as issuers' online application for account information change, redemption inquiry, redemption payment withdrawal, early redemption, and other electronic value-added redemption services in order to accelerate issuers' operational efficiency and reduce manual operation costs. Meanwhile, these new functions will further establish a solid foundation for TDCC to develop more potential business opportunities with issuers.





## The Applications of Big Data and UI/UX

TDCC is responsible for the book-entry transfer of securities in Taiwan, hence the various big data gathered. In order to maximize the utilization, TDCC makes the best use of the data in visualization means: UI/UX, and creates some interactive information analysis pages so that the diversified relevant information can be instantly accessed.

TDCC processes the massive raw data into practical and useful insights for assisting users and investors when needed. The bond information was the first application TDCC employed. TDCC integrates information such as the nationality of the bond issuer, currency, interest rates, bond period, credit rating and holders, and then makes them available for the interactive cross data analysis as to manage the risks involved the regions, the bond liquidity, investment concentration to the minimum.

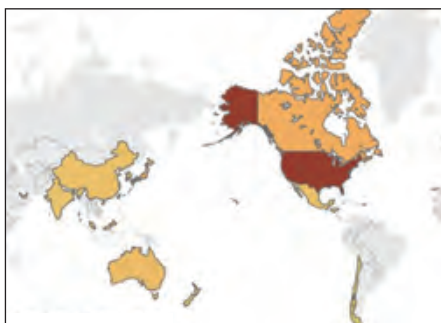
In the future, TDCC will further utilize the accumulated big data and cross-industry data to maximize the synergy and effectiveness of big data analysis in TDCC.

Balance Date : June 15,2018

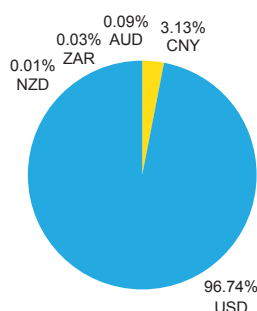
Face Value : TWD\*\*\*\*\*

Market Value : TWD\*\*\*\*\*

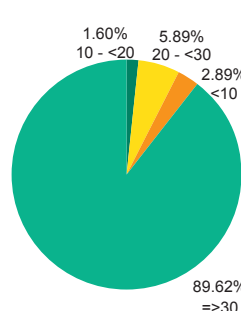
### Issuer Country



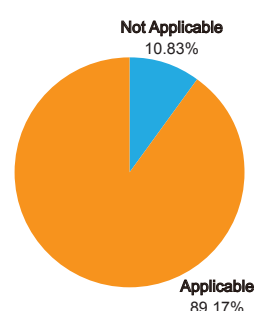
### Currency



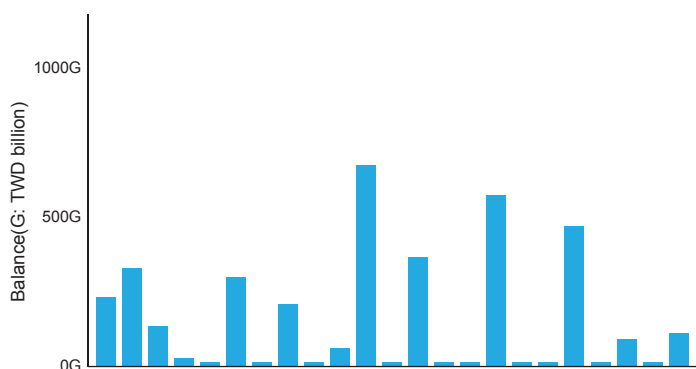
### Tenor



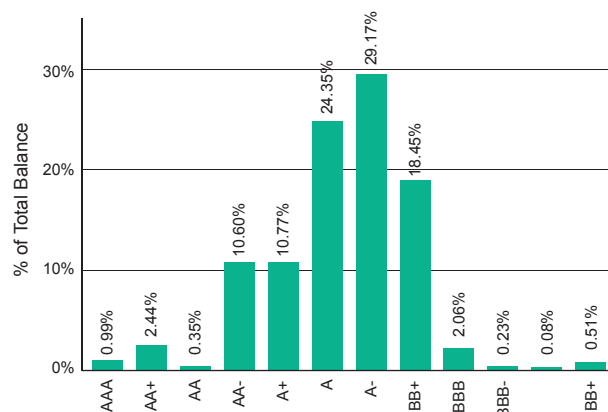
### Early Redemption



### Holding Company



### Credit Rating



## Overview of TDCC's Financial & Accounting Management System Improvement

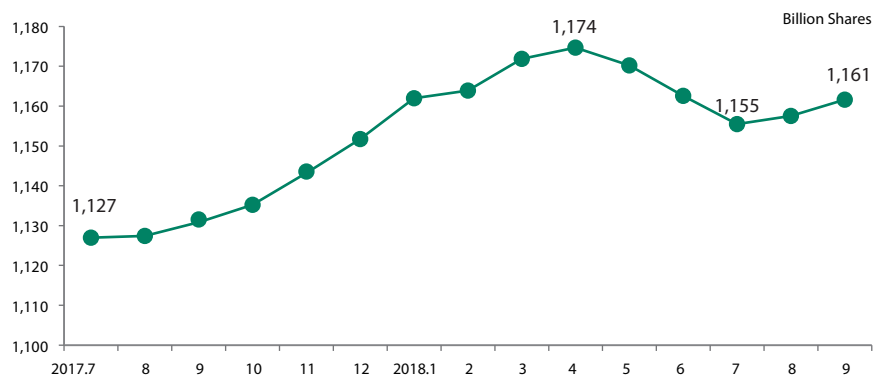
TDCC began an overhaul of its Financial & Accounting Management System in May 2016, using Java to build a Web-based interface as the previous development tool, Visual Basic 6, became outdated and the software vendor no longer provided supporting services.

Having discussed with the end-users, TDCC decided to convert twelve existing subsystems, including General Account, Receivables and Payables, Salary Management, Pension Account Management, Fixed Asset Management, Funds Utilization Management, Beneficiary Certificate Management, Fixed Income Statement, Investor's Enquiry Management, Administrative Payment and Income, Offshore Fund Management, and Onshore Fund Management. On top of that, three subsystems were added to the overhauled system, namely E-invoice, Budget, and System Management, for a total of 802 functions.

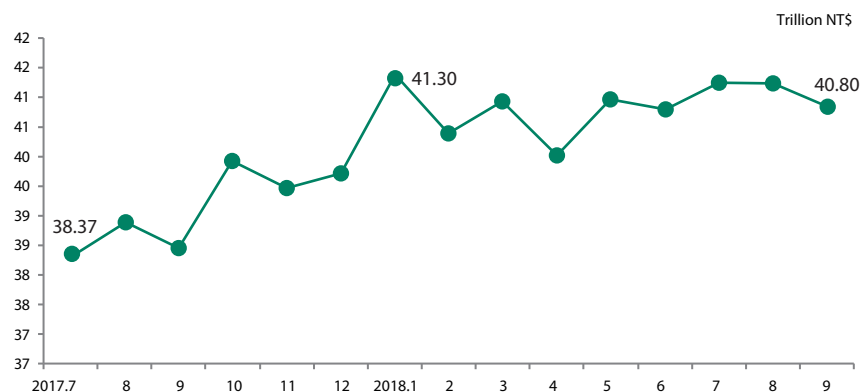
The end-users carried out a seven-month-long test run of the new system from August 2017 to ensure both the quality and authentication accuracy of the new system were satisfactory. The new system came online officially on March 2, 2018, and has been running smoothly to date.



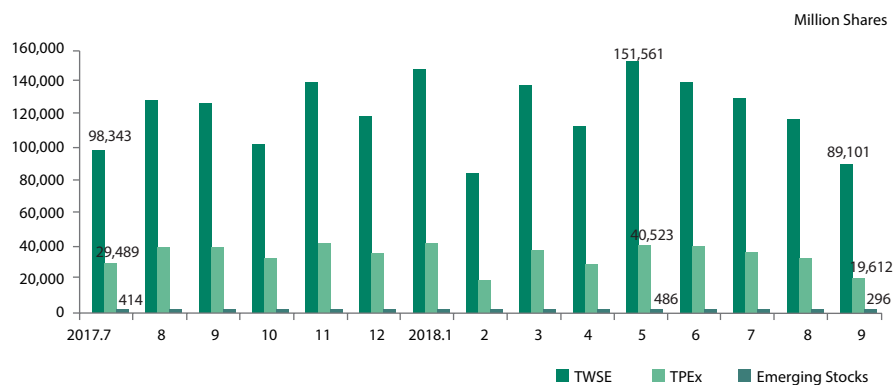
Equities in Custody  
(Shares)



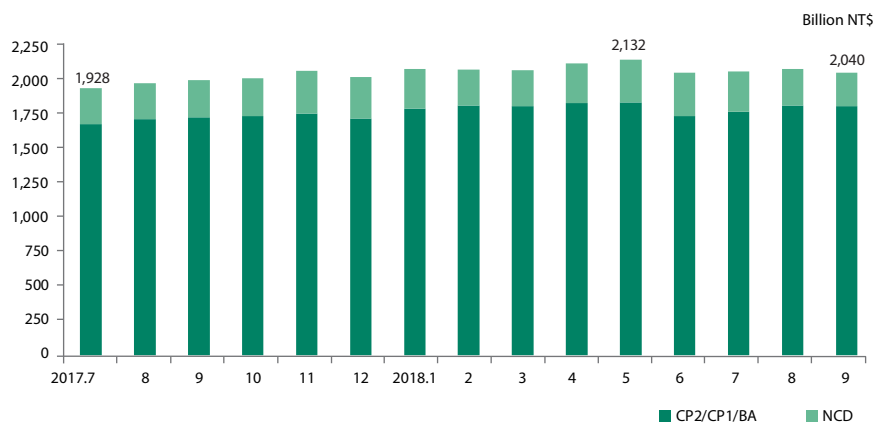
Equities in Custody  
(Market Capitalization)



Book-Entry Operations  
(Shares)

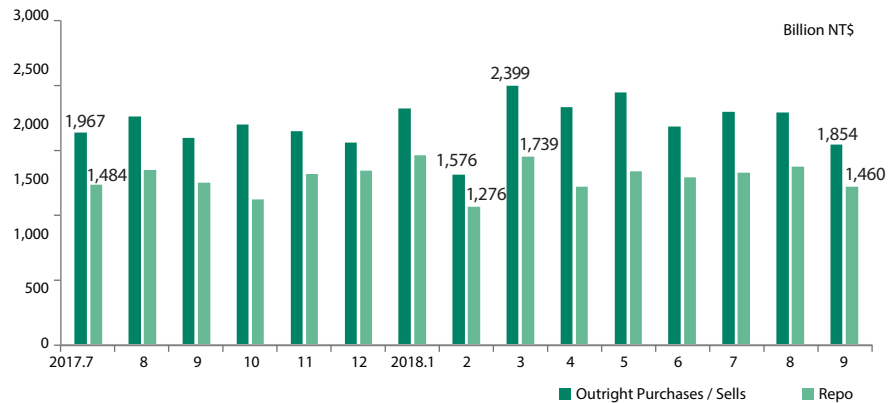


Short-Term  
Bills in Custody

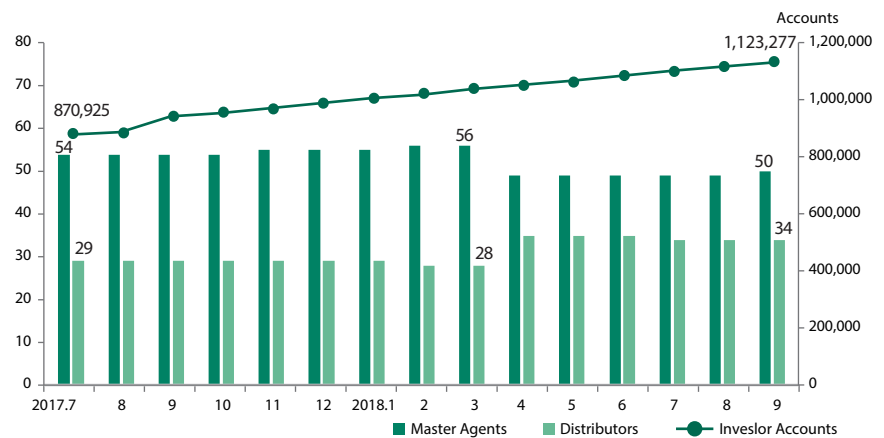




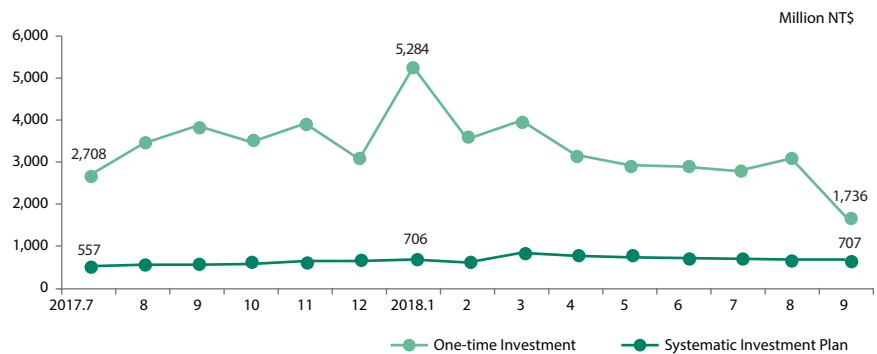
### Secondary Market Clearing & Settlement of Short-Term Bills



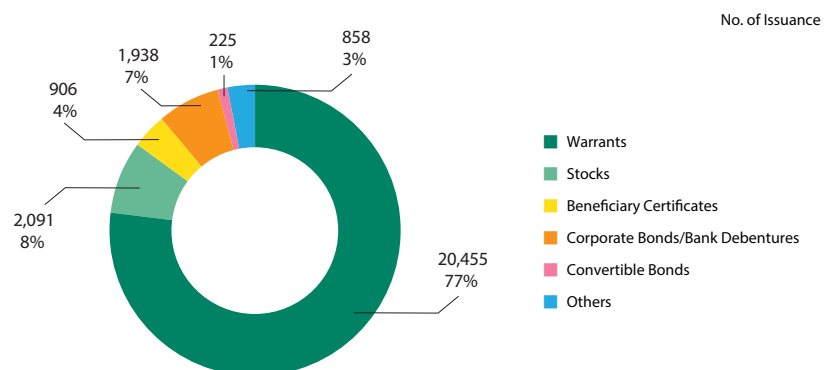
### Offshore Fund Operations



### Offshore Fund Subscriptions



### Registration of Dematerialized Securities



## Special Exhibition: Stocks of Famous Family Businesses in Taiwan

During the late Qing Dynasty and Japanese colonization, some wealthy families in Taiwan engaged in investment in the agriculture, mining and transport sectors with the support of government, and were kind enough to share their wealth with local communities. Hence, they were highly respected by the general public. These wealthy families served as a bridge connecting the government and the society, and played an extremely important role in Taiwan's social and economic development.



In the late Qing Dynasty, the production of tea, camphor and sugar had become somewhat developed businesses in Taiwan. The Banqiao Lin family, Wufeng Lin family, and Kaohsiung Chen family amassed huge fortunes from the aforesaid businesses. During the Japanese colonization, the Keelung Yen family and Lugang Gu family emerged thanks to the development of the mining industry and good relationships with politicians. The five families were the most successful clans in Taiwan's political and business arenas.

The current special exhibition features the stocks of some of the famous family businesses in the past, including those of the Keelung Yen family, Yingge Chen family, Lugang Gu family and Tainan Xin family.



## Gallery



The fourth Financial Literacy for Youth (FLY) was started on 15 September 2018 in Taichung City. Mr. Wellington L. Koo (Front, Left 6), Chairman of FSC, encouraged students in person. Mr. Chia-Lung Lin (Front, Left 5), Mayor of Taichung City, Mr. Sherman Lin (Front, Right 6), Chairman & CEO of TDCC, and Dr. Chun-Hung Hsieh (Front, Left 4), President of National Taichung University of Science and Technology also attended the forum and inspired students.

At the 2018 Award Ceremony of Financial Supervisory Commission (FSC), Mr. Sherman Lin, Chairman & CEO of TDCC (Left 2), Mr. Wellington L. Koo, Chairman of FSC (Center), together with our recognized staffs for their outstanding performances in the financial sector on 20 July, 2018.



Mr. Ching-Li Meng, President of TDCC, welcomed and gave briefings to new recruits of FSC on 3 August, 2018.



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