

TDCC

2021 Newsletter

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Taiwan's Stock Market Making Mechanisms Go Live on June 30th

To boost Taiwan stock market liquidity, Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX) launched stock market making mechanisms. Securities dealers can serve as market makers or liquidity providers. The market maker will provide bid and ask quotes, and the liquidity provider will actively take part in trading to elevate the liquidity of blue-chip stocks with low liquidity. The mechanisms went live on June 30th, 2021.

A blue-chip stock should meet a few trading conditions, such as low daily trading volume or low turnover rate. In addition, the stock should also satisfy some issuing requirements: its EPS should be over NT\$ 2 according to the company's latest financial statement, and there should be dividends issued and no accumulated deficit. After the screening from TWSE, securities firms can choose a certain number of blue-chip stocks with low liquidity as market-making targets, offering bid and ask quotes or actively involved in satisfying the trade.

TWSE and TPEX also offer securities dealers discounts in trading fees as an incentive to encourage securities firms' engagement in the market making mechanisms. TDCC also cooperates with TWSE and TPEX to provide secure and highly efficient book-entry operation.



TDCC ePASSBOOK App Launches New Feature “Integrated Information of Securities Account and Settlement Account”

Since the launch of TDCC's ePASSBOOK App in March 2017, the number of users has exceeded 2.3 million. The innovative securities and mutual fund asset integration service has been so popular with investors. To provide better services, TDCC has been devoted to providing various innovative financial services and collecting feedback from users. The company complied with the authority's Open Banking policy and cooperated with seven banks, including First Bank, Hua Nan Commercial Bank, Cathay United Bank, Mega International Commercial Bank, Yuanfa Commercial Bank, CTBC Bank, and Taiwan Cooperative Bank, to initiate the second phase of Open Banking, "Consumer Information Inquiry". With the cooperation, investors can connect to these banks and inquire balances and transaction details of bank deposit accounts through ePASSBOOK. The new feature went live on April 27th and has already been available for investors as a more efficient, secure, and satisfying asset-integration enquiry tool. In the future, TDCC will partner with more banks to satisfy investors' expectations. The company will also keep developing ePASSBOOK's features so that investors can easily manage their securities, mutual fund, and banking information in one app.

TDCC and Glass Lewis Partner in World-first Initiative to Bring Greater Transparency into the Proxy Process

TDCC, the central securities depository and the leading ESG promoters in Taiwan and Asia, and Glass Lewis, the world's leading provider of independent research and governance solutions, announced their strategic partnership. TDCC will provide corporate issuers listed on Taiwan Stock Exchange (TWSE) and Taipei Stock Exchange (TPEX) with a complimentary copy of their Proxy Paper research report as soon as it has been published by Glass Lewis.

"Taiwan commits to enhancing transparency of proxy recommendations, which would benefit both companies and investors", said TDCC Chairman & CEO Sherman Lin. "We are delighted to partner with Glass Lewis in this iconic project. "Now Taiwan is the first market in the world where the central securities depository helps ensure that companies have timely access to Glass Lewis' Proxy Paper research reports."

"We are seeing a sustained increase in demand for meaningful and actionable governance research across the Asia Pacific region," said Stanley Soosur, Country Head Australia at Glass Lewis. "Our strategic partnership with TDCC will ensure that companies listed on these exchanges have a detailed understanding of the global proxy voting policies leveraged by our 1,300+ institutional clients - many of whom invest directly via TWSE and TPEX. With a strong global focus on ESG issues, it has never been more important for companies to understand how investors vote."

The initiative is the latest offering of TDCC's ESG solutions. In 2020, TDCC launched Taiwan ESG Dashboard, the world's first consolidated and public platform displaying ESG rating published by major ESG rating agencies. Hundreds of corporate issuers have relied on the Dashboard to access and monitor ratings of Taiwanese corporate issuers.

FSC Defers Public Companies' Shareholder Meetings to Curb Pandemic

In the face of the surge in local COVID-19 infections, Taiwan's upward trajectory of cases might continue. To tackle the rise, the Central Epidemic Command Center (CECC) raised the coronavirus alert to Level Three nationwide on May 19, 2021. Considering that more and more companies would convene their annual general meetings (AGM) in May and June, the Financial Supervisory Commission (FSC) has discussed with the CECC and stipulated responsive measures to allow issuers to postpone their meetings amid the pandemic. After studying the Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens and the Communicable Disease Control Act, the FSC announced that all public companies must cancel their AGMs from May 24 to June 30. The delayed meeting season will fall between July 1 and August 31.

According to the FSC's announcement on May 20, 2021, public companies should still complete their pre-meeting shareholder services as scheduled, including announcing their book closure periods, sending meeting notices, processing solicitation/revocation/verification/calculation of Power of Attorney (POA), as well as providing e-voting options and e-voting results. The decision to delay shareholder meetings, which issuers were legally bound to host, would not extend the deadlines of the said shareholder services. That is to say, all the tasks that firms are legally obligated to complete in terms of holding annual meetings stay unaffected. The FSC was only postponing the period for convening AGM, but shareholders' rights shall not be compromised.

Public companies should summon their board of directors to mull over a new date and venue. They should make a significant announcement and send over postcards or simple letters by post to tell shareholders about the rescheduled date and venue 15 days prior to the general meeting. There was no need to reschedule book closure dates, resend meeting notices, or re-handle other pre-meeting shareholder services all over again. As for the POA solicitation and e-voting statistics that public companies

are mandated to present on the meeting day at the meeting venue, they should disclose such information when their shareholder meetings take place.

Mr. Han-Chiang Chu, the President of the Taiwan Depository & Clearing Corporation (TDCC), said, “We will keep the public informed about the ensuing operation regarding delayed AGMs. In addition, TDCC will gather shareholder services units to design responsive measures, offer consulting services, and compile frequently asked questions (FAQs) for firms and industries’ reference as promptly as possible. I am also calling for e-voting to exercise investors’ rights. Voting online can avoid in-person meetings and reduce the risk of infection. We can see this through as long as we take adequate precautions and maintain personal hygiene. When put together, the power of small individual actions can help tackle the growing outbreak. ”



TDCC Sets Up an Enquiry Window to Answer Questions about Delaying Shareholder Meetings in the Wake of COVID-19 Pandemic

Having discussed with other ministries and been approved by the Central Epidemic Command Center, the Financial Supervisory Commission (FSC) announced on May 20, 2021 that all shareholder meetings of public companies scheduled between May 24 and June 30 were to be postponed. In order to clarify issues arising from the deferral, TDCC was commissioned by the FSC to host a video conference with 72 stakeholders consisting of shareholder service agents and companies that handle such services on their own on May 21 to discuss the implementation details and complementary measures.

According to Measures Concerning Shareholder Meeting Deferral in the Wake of the COVID-19 Pandemic, announced by the FSC, the affected shareholder meetings should be rescheduled between July 1 and August 31. The actual meeting date and venue are to be deliberated by the board of directors, and announced on the Market Observation Post System.

To answer questions about the deferral of shareholder meetings, TDCC has set up a dedicated enquiry window, and compiled the frequently asked questions and answers on its website at <https://www.tdcc.com.tw/portal/en/>. The enquiry window is under the Intermediaries Compliance & Inspection department of TDCC. Once again, TDCC President Han-Chiang Chu urged investors to exercise their rights as shareholders by voting online to reduce the risk of catching the virus.

The FSC's Securities and Futures Peripheral Institutions Donate NT\$55 million to Hospitals in Pandemic Battlefield

As the spreading COVID outbreak showed no sign of letting up, the alert level has gone up to three nationwide. The hospitals in Taipei City and New Taipei City have been placed under considerable pressure. The Taiwan Stock Exchange (TWSE), Taiwan Futures Exchange (TAIFEX), Taiwan Depository & Clearing Corporation (TDCC), and Taipei Exchange (TPEX) jointly made a NT\$30 million donation to the Central Epidemic Command Center (CECC). The four institutional donors used the funds to purchase deployable negative pressure isolation shelters that help better protect medical professionals. Additionally, the National Taiwan University Hospital (NTUH), Taipei Veterans General Hospital (TVGH), Taipei City Hospital, New Taipei City Hospital, and Tri-Service General Hospital (TSGH) each received NT\$5 million in donations. That is, a total of NT\$55 million went to the medical institutions and healthcare providers on the frontline against COVID. TDCC took joint action to support frontline healthcare workers and tackle the pandemic in Taiwan.

Taiwan sees a growing escalation of the COVID-19 outbreak. To help promote the preventative measures of the government and to improve protective equipment, the TWSE, TAIFEX, TDCC, and TPEX joined hands and contributed NT\$30 million to several sets of deployable negative pressure isolation shelters. These shelters were rapidly deployed and met the needs for emergency cases involving government enforced quarantine and locally monitored home quarantine. The entries on both sides of the shelter will separate medical professionals and patients. The air in the shelter will be cleaned into harmless gas through germicidal filtration. The design helps effectively create a safe medical site for healthcare providers by reducing the risk of infection.

In light of the ongoing coronavirus developments, the hospitals in Taipei and New Taipei were hamstrung by supply shortages regarding materials and manpower as

demand surges. The healthcare system was stretched by the overwhelming impact of the disease. Considering that the situation was dire, the FSC's securities and futures peripheral entities decided to offer financial aid to the top five hospitals in these cities with NT\$5 million for each, or NT\$25 million in total. All the money was distributed to fulfill the immediate needs for fighting the upward trend, including contingency planning for purchasing medical materials, devices, and equipment, medical expenses of treating patients, as well as benefits and compensation for healthcare workers on the frontline battling the virus. TDCC hopes that the funds will enhance healthcare resource allocation so that medical staff can combat the outbreak, knowing that TDCC has got their back.

It has been an important task for the securities and futures units under the FSC to sustain Taiwan's capital market development. To support the authorities and the CECC's virus containment policies and realize Corporate Social Responsibility (CSR), TDCC has taken action to help curb the pandemic. We want to express our gratitude to all the healthcare providers and frontline workers, and we will stand by them. Together, we want to make an impact by helping our people and communities get through the crisis as early as possible.



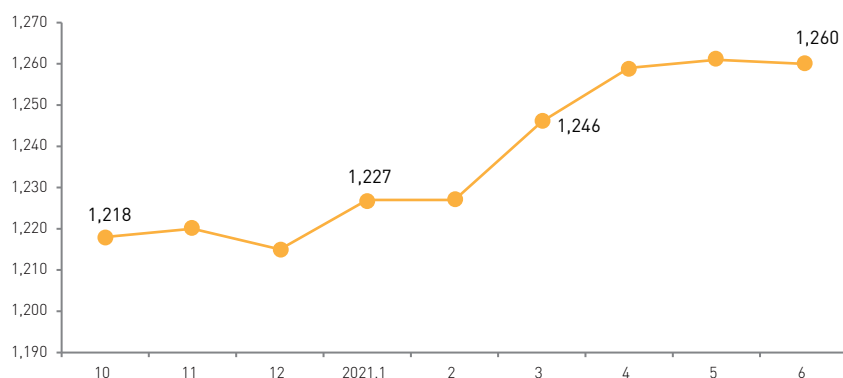
Turning Big Data into Big Insights, TDCC introduces Visualization-based Data Discovery Feature into the Offshore Structured Notes Market Supervision

To respond the competent authorities' markets surveillance inquiries, TDCC has been developing the cutting-edge financial solutions by Big Data technique, which transforms TDCC from a data custodian into a master in data analytics.

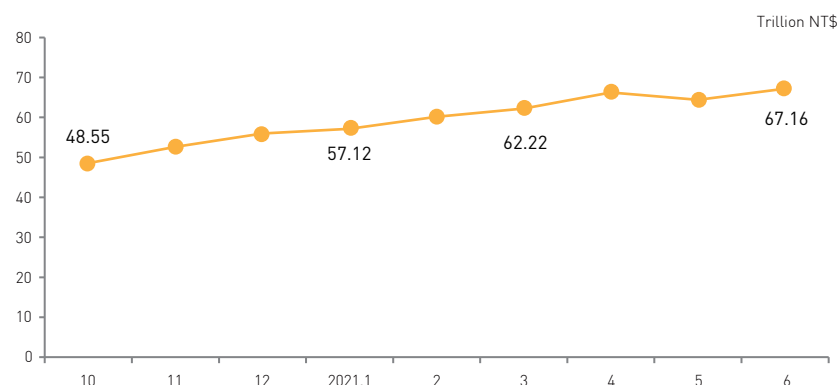
To enhance the transparency of offshore structured products market and better protect the interests of investors, the Financial Supervisory Commission promulgated the Regulations Governing Offshore Structured Products on July 23, 2009 and instructed TDCC to construct an Offshore Structured Notes Market Reporting and Announcement platform (<https://structurednotes.tdcc.com.tw>). This platform allows market participants to fulfill their information reporting responsibilities, e.g., trading activities and product information. Among that, certain information will be disclosed to the public on the platform, e.g., product information. Lately, the market is blooming due to the competent authorities' series of policies, including "Investor Risk Averse Classification" and the "New Wealth Management Scheme." The Scheme not only relaxes restrictions on the offshore structured products but also increases the numbers of investors, expands the category of reporting institutions and further enhance Taiwan financial market's international competitiveness.

To provide an accessible way for the competent authorities to observe trends, outliers, and patterns in the data of the Offshore Structured Notes market, TDCC utilizes visualization-based Data Discovery technology to offer the competent authorities interactive supervisory dashboards. The complex market data will be illustrated on user-friendly dashboards which allow the competent authorities to drill-down data by market participants, product categories, time series and underlying assets into corresponding outstanding and trading amounts. The Data Visualization features for the Offshore Structured Notes Market Supervision are scheduled to launch in the third quarter of 2021.

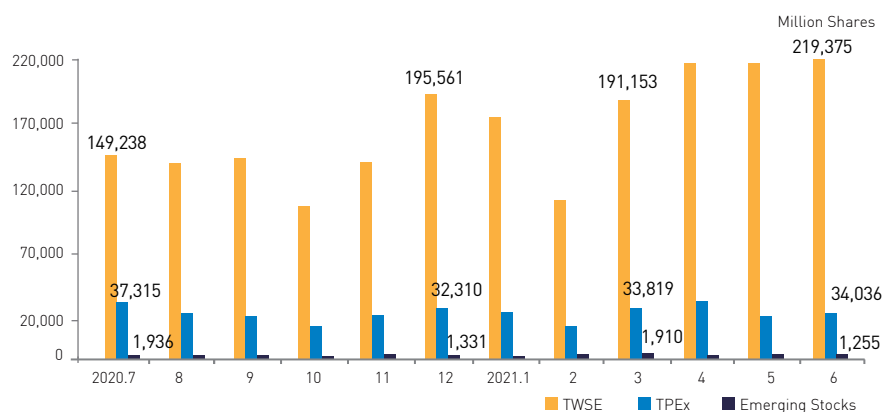
Equities in Custody (Shares)



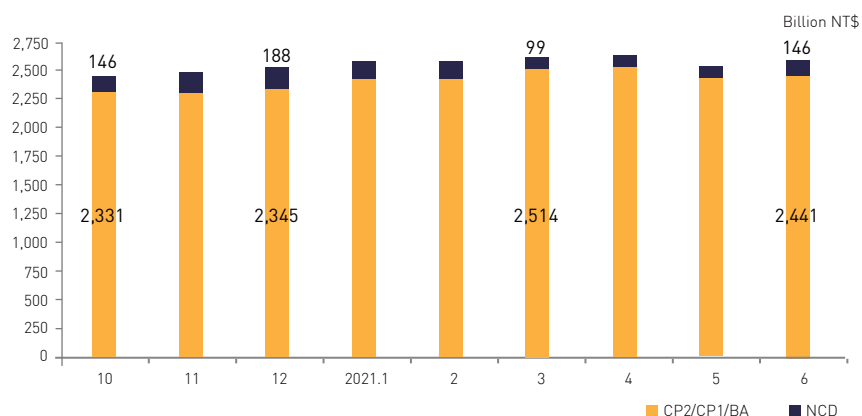
Equities in Custody (Market Capitalization)



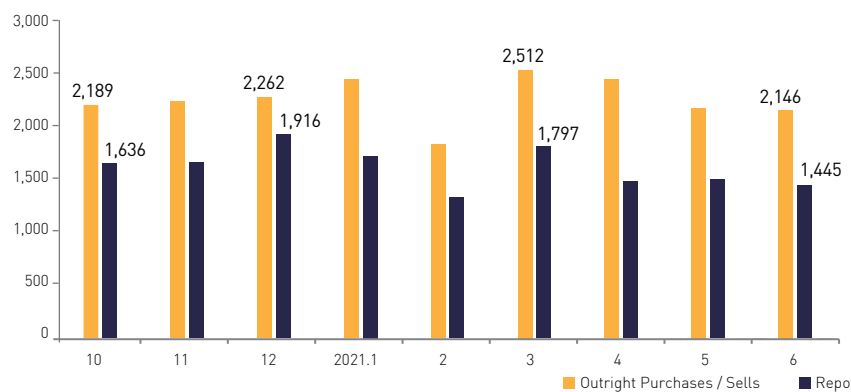
Book-Entry Operations (Shares)



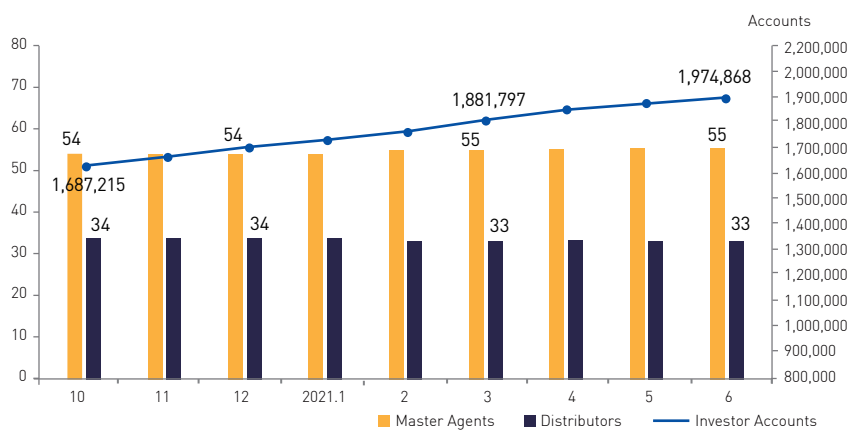
Short-Term Bills in Custody



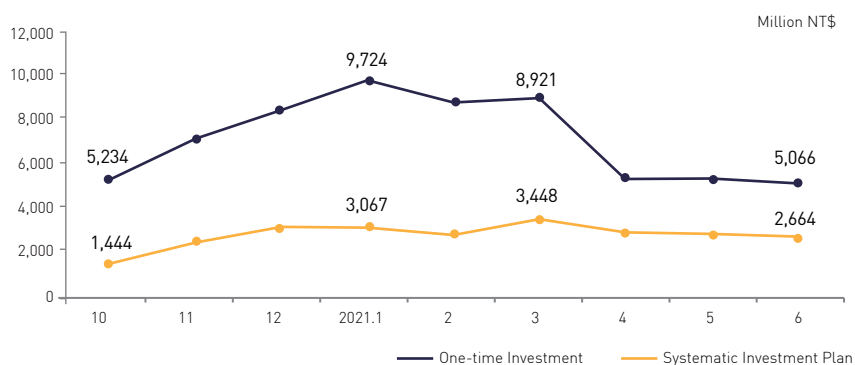
Secondary Market Clearing & Settlement of Short-Term Bills



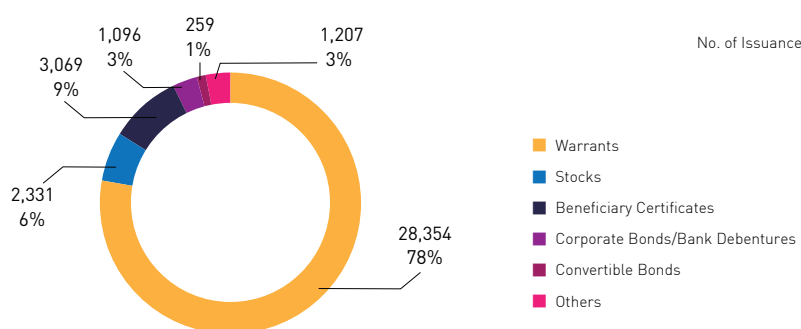
Offshore Fund Operations



Offshore Fund Subscriptions



Registration of Dematerialized Securities





4/28

Mr. Sherman Lin, Chairman & CEO of TDCC, gave a speech to the Chihlee University of Technology with a theme of "Open Finance and Great Future."



5/5

Mr. Sherman Lin was invited to speak at the "Financial Symposium Touring Series" campus lecture, which was hosted by the Economic Daily.



5/11

Mr. Sherman Lin was invited to attend the "Fintech Innovation Practice Cloud Practice Achievement Exhibition" and participate in its ribbon-cutting ceremony at Chihlee University of Technology.

A stylized map of Taiwan is visible in the background, rendered in a light blue color against a dark blue background. The map is composed of a grid of dots, with the density of the dots increasing towards the top left corner. The map is positioned in the upper left quadrant of the image.

Taiwan Depository & Clearing Corporation