

# Order *of* Financial Supervisory Commission

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Attachment:

1. This order is issued pursuant to Paragraph 4, Article 74 of the Banking Act and Subparagraph 11, Paragraph 2, Article 36 of the Financial Holding Company Act.
2. The following enterprises applied for investment by a bank or a financial holding company are considered “other financial related businesses designated by the Competent Authority” under Paragraph 4, Article 74 of the Banking Act and “other enterprises for which the Competent Authority determines to be financial related” under Subparagraph 11, Paragraph 2, Article 36 of the Financial Holding Company Act:
  - (1) Information service enterprise: It means an enterprise whose main business is electronic data processing that is closely related to the data processing operation of financial institutions, or e-commerce trading information processing involving the accounts of financial institutions, or research, development and design of financial information system for supporting the business development of financial institutions.
  - (2) Financial technology enterprise: It means an enterprise whose main business is one of the following:
    - a. Using information or network technologies to aid the business development of financial institutions in data gathering, processing, analysis or supply (e.g.: big data, cloud computing, machine learning

etc.).

- b. Using information or network technologies to improve the efficiency or security of financial service or operating process (e.g.: mobile payment, automated investment advisor, blockchain technology, biometrics, etc.).
- c. Designing or developing other digital or innovative financial services based on information or technology.



- 3. The main business of the aforementioned information service enterprise or financial technology enterprise may not include manufacture, sale or leasing of hardware equipment. If such information service enterprise or financial technology enterprise provides hardware equipment, the purpose of the hardware equipment must be congruent with the nature of business or data mentioned in the preceding point and associated with the design of financial related applications.
- 4. For information service enterprises or financial technology enterprises that engage in businesses or activities provided in Point 2 and latter section of the preceding point, the portion of its annual operating costs or operating revenue derived from financial enterprises (including financial holding companies, banks, securities firms, insurance companies and their subsidiaries) and financial services shall make up 51 percent or more of its total operating costs or operating revenue for the year. The preceding provision does not apply if the investment of the bank or financial holding company in said information service enterprise or financial technology enterprise is for the purpose of strategic alliance or enhancing business cooperation, and the bank or financial holding company does not have control or material influence over the enterprise as provided in the Regulations Governing the Preparation of Financial Reports by Public Banks or Regulations Governing the Preparation of Financial Reports by Financial Holding Companies (ex: shareholding in the enterprise is below 20 percent).
- 5. Banks and financial holding companies shall, within one month after the end

of each fiscal year, report the percentage of annual operating costs and operating revenue of their invested information service enterprise or financial technology enterprise derived from financial enterprises and financial services to the competent authority for recordation. Should the percentage fail to comply with the preceding point, the bank or the financial holding company shall make adjustment to become compliant within two years from the year of reporting, and may apply for an extension once for a period of one year with reasons stated if the adjustment cannot be completed within the prescribed period. If the bank or the financial holding company is still non-complying past the prescribed and extended period, it shall submit a share disposal plan to the competent authority to reduce its amount of investment or shareholding in the information service enterprise or financial technology enterprise to not more than 5 percent of the total paid-in capital or issued and outstanding shares of the enterprise, or make adjustment to become compliant with the latter section of the preceding point.

6. This order takes effect immediately.

**Chairperson      Tseng Ming-Chung**