

Principles and Requirements for the Provision of Financial Examination Reports Provided by Financial Institutions

Financial Supervisory Commission Order

Issue Date: September 7, 2017

Issue No.: Jin-Guan-Jian-Zhi-Zi No.10601503300

The Principles and Requirements for the Provision of Financial Examination Reports Provided by Financial Institutions are as follows:

1. The Financial Examination Report is an official confidential document written by the examiners of the Financial Supervisory Commission (FSC) for the purpose of financial supervision. The Report must not be disclosed without the permission of the FSC. The recipient, scope, and method as well as the management measures of the disclosure of a Financial Examination Report provided by a financial institution and issued by the FSC should be governed by these Principles and Requirements.
2. The recipient, scope, and method of the disclosure of a Financial Examination Report provided by a financial institution and issued by the FSC are limited to the following:
 - (1) Internal personnel of the financial institution
 - A. Chairman and President: the complete version of the Financial Examination Report.
 - B. The chief auditor and the designated auditors (for Taiwan divisions/branches of foreign financial institutions that have not been assigned auditors, the designated auditors should be the personnel authorized by the headquarters of the foreign financial institutions): the complete version of the Financial Examination Report.

- C. The business department manager and personnel designated by the manager of the business department that is relevant to the examination findings: an excerpt of the Financial Examination Report created by the audit department, which only contains the contents that are relevant to the business department.
 - D. The chief compliance officer from the headquarters and the designated compliance personnel of the headquarters of the financial institution: the complete version of the Financial Examination Report.
 - E. The Board of Directors and supervisors (Board of Supervisors) or the Audit Committee: the complete version of the Financial Examination Report.
 - F. Other personnel: Any personnel other than the aforementioned who need to review the Financial Examination Report for the purpose of performing their duties should file an application to the internal audit department of the financial institution. Unless deemed necessary by the chief auditor, who may disclose an excerpt of the Financial Examination Report that only contains the information relevant to the duties of the applicant, the applicant must be accompanied by a member of personnel from the audit department and should, in principle, read or transcribe the relevant information on site.
- (2) The parent company of the financial institution: The complete version of the Financial Examination Report may be provided to the parent company, and the parent company should keep and use the Financial Examination Report by assigning its internal audit department (personnel) to manage the Report in accordance with the internal guidelines of the parent company. The responsible

department (personnel) must keep the Report confidential.

- (3) Subsidiaries involved in the contents of the Financial Examination Report: An excerpt of the Financial Examination Report that was created by the internal audit department of the parent company and only contains information relevant to the business of the subsidiaries may be provided to the subsidiaries, and the subsidiaries should keep and use the excerpt of the Financial Examination Report by assigning its internal audit department (personnel) or responsible department to manage the Report. The internal audit department or responsible department (personnel) of the subsidiaries must keep the Report confidential.
- (4) The CPA and lawyers of the financial institution: May file an application to the internal audit department of the financial institution. And unless deemed necessary by the chief auditor, who may disclose an excerpt of the Financial Examination Report that only contains the information relevant to the duties of the applicant, the applicant must be accompanied by a member of personnel from the audit department and should, in principle, read or transcribe the relevant information on site.
- (5) In the event of a foreign financial supervisory authority requesting through the financial institution to read the Financial Examination Report, the financial institution should report to the FSC and ask for permission before providing the relevant contents of the Report to the foreign authority. The financial institution must also state in an official reply to the foreign authority that the Report is a confidential document, strictly for the use of financial supervision of the foreign authority, and the foreign authority should keep the information of the Report confidential and should not disclose it to a third party.

3. For the purpose of efficiently managing and utilizing the Financial Examination Reports of the FSC, the financial institution should comply with the following requirements:

- (1) The financial institution should formulate internal guidelines and operating procedures of the Financial Examination Report and submit them to the Board of Directors for approval. The documents submitted to the Board of Directors should include the official letter from the FSC for the delivery of the Financial Examination Report, the operating procedures for the management of the contents of the Financial Examination Report, and the operating procedures for the internal audit department to accept applications, review applications, and provide the contents of the Financial Examination Report.
- (2) The audit department should assign responsible personnel for the safekeeping and management of the Financial Examination Report, which should include creating excerpts of the Financial Examination Report as well as notifying any party reading the Report to keep the Report confidential along with the liabilities that the reading party may bear in the event of violation.
- (3) The financial institution should keep a written record of the provision of the Financial Examination Report. The record should include the name of the recipients, date, purpose, provision method (such as reading or transcribing on site), and the scope of provision (such as specific chapters or pages), etc.
- (4) Regarding the part where an applicant must file an application to the internal audit department of the financial institution to read the Financial Examination Report, in addition to complying with the requirements in the aforementioned subparagraph, the financial institution should describe the necessity of the application for the

contents of the Financial Examination Report in detail as well as the results of the application evaluation. The applicant should also sign a confidentiality agreement along with a statement of not using the Financial Examination Report for other purposes, etc.

- (5) The audit department should submit the progress of corrective actions regarding the examination findings to the Board of Directors, the Board of Supervisors, or the Audit Committee. The provision of information to persons in attendance at these meetings should be governed by 2(1) of these Principles and Requirements regarding the recipient and scope of the disclosure of the Financial Examination Report, and a written record of the information provided should be kept on file.
 - (6) The financial institution should list the management of the Financial Examination Report as an important auditing item of the internal audit department.
4. Unless otherwise stipulated by the law or it is with the permission of the FSC, no one may read or leak, deliver, or publish the contents of the Financial Examination Report in any form. Violations shall be governed by Article 132 of the Criminal Code and other relevant regulations.
 5. This Order shall become effective immediately. FSC Order Jin-Guan-Jian-Zhi-Zi No.09801643870 issued on August 28, 2009 is now annulled.