

Order Pertaining to Article 15-1, Paragraph 1 of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries

Financial Supervisory Commission Order

Issue date: January 17, 2023

Document number: Jin-Guan-Jian-Zhi-Zi No. 11206000101

1. Domestic banks shall comply with the following matters when applying to the FSC to adopt a risk-based internal audit system in accordance with Article 15-1, Paragraph 1 of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries:
 - (1) Application deadline: The application must be submitted to the FSC before the end of August every year, and the risk-based internal audit system shall be implemented in the following year after obtaining approval from the FSC.
 - (2) Internal approval procedures: For this application, the bank shall first submit application documents to supervisors (board of supervisors) or the audit committee for review, and document the review process. If the bank does not have an audit committee, the documents shall be delivered to the independent directors for comments, and approved by the board of directors.
 - (3) Required application documents (the application may be rejected if the contents are incomplete or explanation is insufficient and supplement or correction is not completed before the time limit prescribed by the FSC):
 - A. See the attachment for the self-evaluation form for applications to adopt a risk-based internal audit system.
 - B. Also attach review results of the board of supervisors or audit committee and the proposal approved by the board of

directors and meeting minutes. If an audit committee was not established and a supervisor or independent director expressed a dissenting or qualified opinion, also attach the opinion.

2. After a domestic bank receives approval from the FSC to adopt a risk-based internal audit system, the implementation quality of the bank will be considered by the FSC for adjusting the examination frequency.
3. This Order shall become effective immediately. FSC Order Jin-Guan-Jian-Zhi-Zi No. 10706001130 issued on April 12, 2018 is now rescinded.