Content

Title：	Compliance Directions for Securities Firms Reporting Material Contingencies Ch
Date：	2023.11.02
Legislative：	1. Adopted and issued per 2 November 2023 Order No. Financial-Supervisory-Securities-Firms-1120351844 of the Financial Supervisory Commission; for immediate implementation

Content：

Point 1.
These Directions are adopted to implement the provision of Article 8, paragraph 1, subparagraph 16 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets.

Point 2.
"Material contingency" means any of the following events sufficient to affect the reputation of a securities firm, jeopardize the normal operations of the securities firm, cause damage to customers' rights and interests, or affect financial order.
A. Man-made or natural disaster (e.g., earthquake, flood, fire, wind disaster, etc.).
B. Fraud case involving poor internal controls, or occurrence of a material deficiency in operations.
C. Security maintenance related (e.g., robbery, major theft, vandalism of business premises or equipment, or intimidation, etc.)
D. Material deficiency or loss in business or finances.
E. Media reporting on a matter that may affect the reputation or operations of the business.
F. Occurrence of a material information security incident.
G. Violation of anti-money laundering or counter-terrorism financing regulations by a related enterprise in which the securities firm has made overseas investment.
H. A material credit risk case overseas or in the mainland China area, in which the assessed claims or loss on investment reaches the equivalent of US$10 million or more.
I. Other material event.
Material contingencies under the preceding paragraph are not limited by the amount of loss as an absolute requirement. Non-quantifiable events that do not result in any monetary loss, but affect the reputation of the securities firm, or jeopardize the normal operation of the securities firm, or the financial order, also constitute material contingencies.
If an overseas or mainland China subsidiary or branch of a Taiwan-based securities firm has any event requiring reporting as set out in paragraph 1, the head office of the securities firm shall handle the reporting matters.

Point 3.
When a securities firm experiences any material contingency, in addition to complying with the Operation Directions for Information Security Event Reporting and Response in Securities and Futures Markets and the Taiwan Stock Exchange Corporation (TWSE) Material Information Security Event Reporting Procedures and Other Compliance Directions in the case of an event under paragraph 1, subparagraph 6, the securities firm shall follow the reporting procedures set out in the Attachment hereto and promptly report to the TWSE, the Taipei Exchange (TPEx), or the Taiwan Securities Association (TWSA), whereupon the TWSE, TPEx, or TWSA shall forward the report to the Financial Supervisory Commission (FSC).

Point 4.
A securities firm shall, within 7 business days counting from the day after reporting a material contingency, submit to the TWSE, TPEx, or TWSA a written report of the detailed information (including the investigation content, handling methods, and improvement measures) or the status of follow-up action taken, which the TWSE, TPEx, or TWSA shall forward to the FSC. If due to a force majeure event the securities firm is unable to submit the written report within 7 business days, the deadline for the written report may be extended by reporting to the TWSE, TPEx, or TWSA and obtaining approval.

Point 5.
All of the points above shall be incorporated into a securities firm's internal control and audit systems and scrupulously implemented. In the event of violation, the FSC may impose sanctions depending on the seriousness of the circumstances.

Files：09Compliance Directions for Securities Firms Reporting Material Contingencies(112.11.02).txt

Data Source：Financial Supervisory Commission Laws and Regulations Retrieving System