



CAPITAL MARKET ROADMAP 2021-2023

Capital Market Roadmap



Vision

- Fair, efficient, diverse, and internationalized capital market with focus on innovation and openness

2 Missions

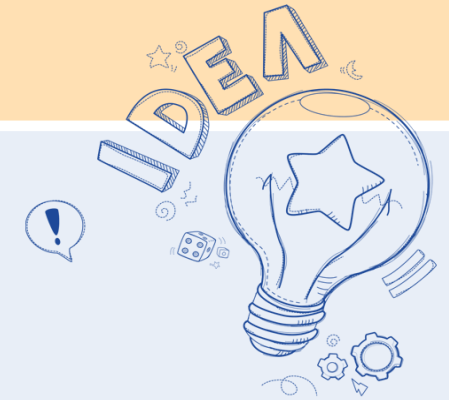
- Enhance sound market development
- Safeguard investors and maintain orderly markets

3 Trends

- Environmental, Social, and Corporate Governance (ESG)
- Digital technologies
- Aging society

4 Main Objectives

- Sustainable development
- Financial inclusion
- Enhanced competitiveness
- Investor protection



5 Major Strategies

- Strengthen primary market functions to support real economic development
- Activate the market and increase efficiency and liquidity
- Attract domestic and foreign investment and improve international visibility
- Boost functions and competitiveness of financial intermediaries
- Encourage financial innovation and diversity

Schedule



Capital Market Roadmap

25 Key Items in 5 Major Strategies (Over 3 Years)

Strengthen primary market functions to support real economic development

- Establish new innovation board
- Optimize IPO and SPO financing regulations
- Enhance supervision and information transparency of TWSE/TPEX-listed companies
- Expand responsibilities and management of securities market specialists
- Improve audit quality

Activate the market and increase efficiency and liquidity

- Promote intraday odd lot trading
- Develop market-making system
- Enhance clearing and settlement fund system
- Improve market transparency and investor risk management
- Establish investment-friendly taxation

Attract domestic and foreign investment and improve international visibility

- Improve convenience and efficiency for foreign investment
- Promote Taiwan capital market and strengthen international cooperation
- Achieve status of QCCP under Basel III framework
- Increase investor protection and education
- Continue to attract domestic capital

Boost functions and competitiveness of financial intermediaries

- Promote digital transformation and RegTech
- Enhance information security
- Cultivate financial professionals
- Stimulate development in futures operations
- Support securities firms to develop investment banking
- Encourage expanded operations of investment trust and consulting

Encourage financial innovation and product diversity

- Establish sustainability market
- Expand scope of asset management
- Promote development of diverse financial products for securities and futures markets
- Set up central clearing system for OTC derivatives



5 Major Strategies



- 1. Strengthen primary market functions to support real economic development**
- 2. Activate the market and increase efficiency and liquidity**
- 3. Attract domestic and foreign investment and improve international visibility**
- 4. Boost functions and competitiveness of financial intermediaries**
- 5. Encourage financial innovation and product diversity**

Strategy 1

Strengthen primary market functions to support real economic development

Establish new innovation board

Optimize IPO and SPO financing regulations

Enhance supervision and information transparency of TWSE/TPEX-listed companies

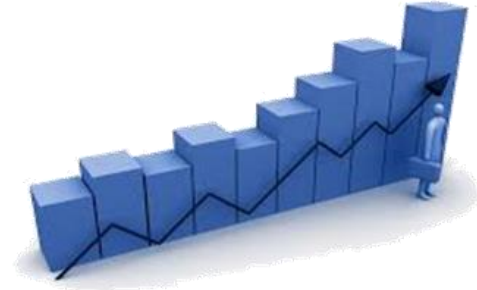
Expand responsibilities and management of securities market specialists

Improve audit quality



Strategy 1

Strengthen primary market functions to support real economic development



Key Item

Optimize IPO and SPO financing regulations

Implementation

1. Examine and amend listing review regulations to attract the listing of high-quality companies.
2. Examine and loosen SPO regulations to support real economic development.
3. Study feasibility of shelf registration for issuance of new shares.

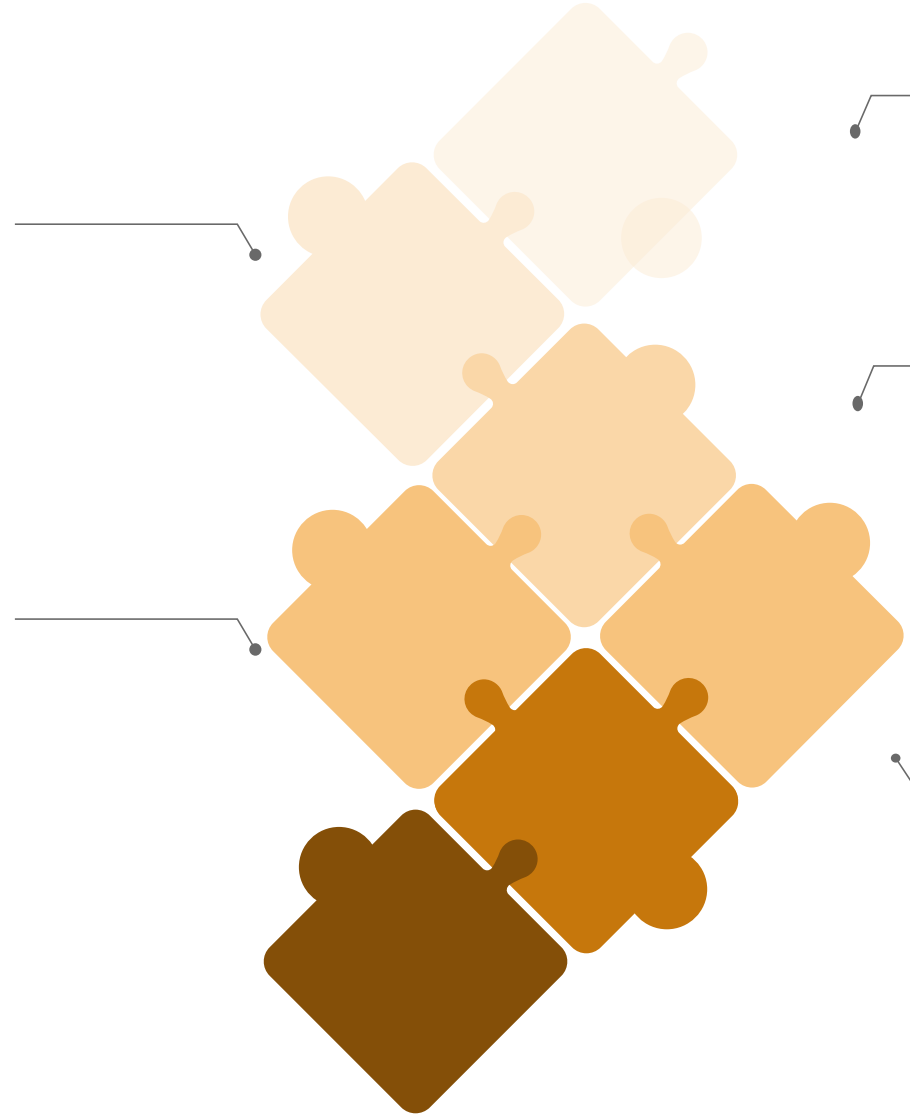
Benefits

1. Ease financing difficulties to promote business growth.
2. Channel surplus funds to the capital market.
3. Provide more flexible financing methods for biotech companies and startups.

Strategy 2 **Activate the market and increase efficiency and liquidity**

Promote intraday odd lot trading

Develop market-making system



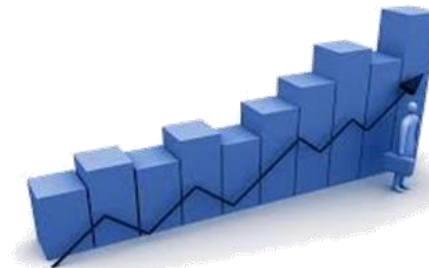
Enhance clearing and settlement fund system

Improve market transparency and investor risk management

Establish investment-friendly taxation

Strategy 2

Activate the market and increase efficiency and liquidity



Key Item

Promote intraday odd lot trading and develop market-making system

Implementation

1. Intraday odd lot trading to go online October 26, 2020; additional measures to be implemented pending trading conditions.
2. Market-making system to be launched June 2021; market-making criteria, qualifications, and other items to be evaluated following launch.

Benefits

1. Boost convenience of odd lot trading for young and new investors, fulfilling the need for odd-lot trading during trading hours.
2. Increase trading of high-quality stocks with low liquidity through market makers, thereby attracting other market participants and stimulating overall market momentum.

Strategy 3 Attract domestic and foreign investment and improve international visibility

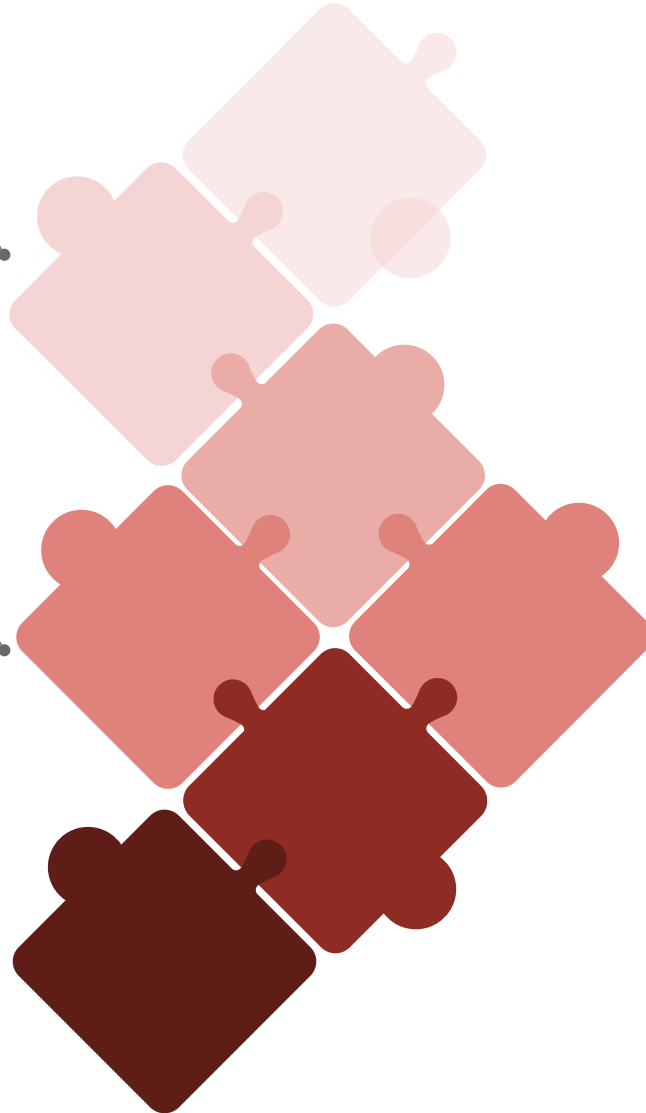
Improve convenience and efficiency for foreign investment

Promote Taiwan capital market and strengthen international cooperation

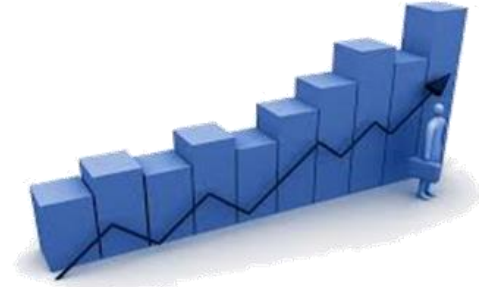
Increase investor protection and education

Achieve status of QCCP under Basel III framework

Continue to attract domestic capital



Strategy 3 Attract domestic and foreign investment and improve international visibility



Key Item

Improve convenience and efficiency for foreign investment

Implementation

1. Provide user-friendly English query system and enhanced English information disclosure.
2. Establish electronic operating platform and paperless environment.
3. Enrich after-hours trading futures products.
4. Study foreign investment in ETN and leverage contracts.

Benefits

1. Convenient information on TWSE/TPEX-listed companies for foreign investors.
2. Account opening processes more efficient for foreign investors.
3. Simplify account statement mailing procedures and reduce costs.
4. Attract foreign investment in Taiwan's securities and futures markets.

Strategy 4 Boost functions and competitiveness of financial intermediaries

Promote digital transformation and RegTech

Enhance information security

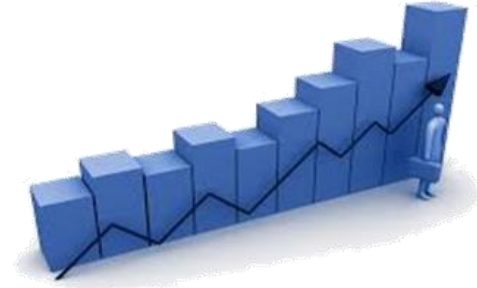
Cultivate financial professionals

Support securities firms to develop investment banking

Encourage expanded operations of investment trust and consulting

Cultivate financial professionals

Strategy 4 Boost functions and competitiveness of financial intermediaries



Key Item

I. Promote digital transformation and RegTech

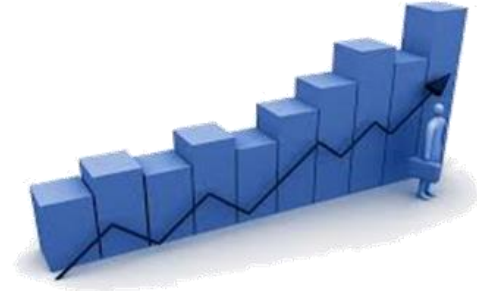
Implementation

1. Optimize process of opening accounts online.
2. Encourage securities and futures sector to promote open securities.
3. Assist securities firms to set up digital or virtual service points to provide digital financial services.
4. Encourage investment trust and consulting sector to develop and apply technologies in operations and surveillance.

Benefits

1. Provide investors with multiple, convenient methods to open accounts online.
2. Allow securities firms to reduce overhead, increase efficiency, and provide innovative digital financial services, thereby achieving the objective of financial inclusion.
3. Raise industry competitiveness and utilize RegTech to monitor in real time the investment risk of overall securities investment trust sector.

Strategy 4 Boost functions and competitiveness of financial intermediaries



Key Item

II. Support securities firms to develop investment banking

Implementation

1. Develop and promote more diverse investment banking business in the future, in light of securities firms' overemphasis on brokerage services, lack of product diversity, and international capital market focus on ESG and aging society trends.
2. Encourage securities firms to offer ESG products, assist TWSE/TPEX-listed companies to promote ESG and offer green bonds.
3. Study feasibility of securities firms offering other-interest-oriented securities trust.

Benefits

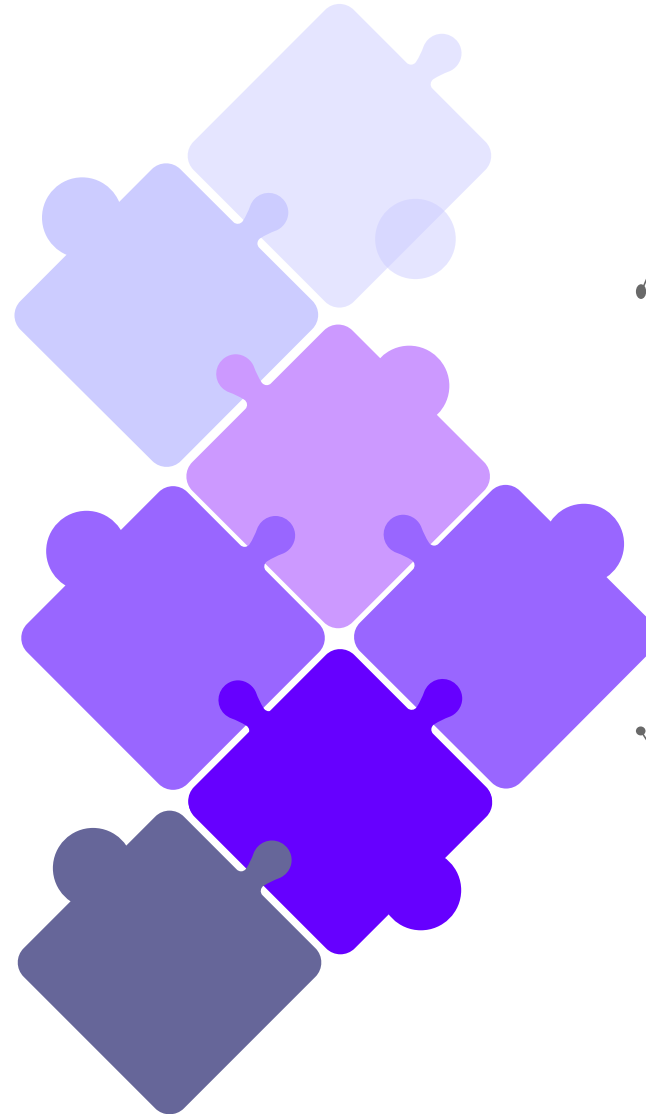
Diversify investment product choice, fulfill wealth management needs, boost development of securities firms and their revenue sources, thereby aligning Taiwan with international capital market trends.

Strategy 5

Encourage financial innovation and product diversity

Establish sustainability market

Expand scope of asset management

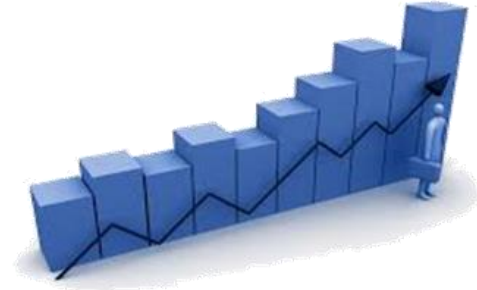


Set up central clearing system for OTC derivatives

Promote development of diverse financial products for securities and futures markets

Strategy 5

Encourage financial innovation and product diversity



Key Item

Set up market for REIT funds

Implementation

1. Improve regulatory framework on REIT funds (amend laws and study the establishment of by-laws and self-regulatory rules).
2. Gather and study international methods to strengthen our regulatory system for REITs, such as listing review, information disclosure, promoting market activity, narrowing price gaps, and real estate valuation.

Benefits

To invigorate our real estate securities market, REIT trusts and funds have both been adopted to provide more operational flexibility and boost the development of more diverse fund products.