

# Chapter 1

## ROBUST MARKET

<b>1.1 MARKET INNOVATION AND GROWTH</b>	<b>33</b>
1.1.1.Trading Mechanism Optimization	33
1.1.2.Improving Products and Services	34
1.1.3.Expanding the Capital Market	36
1.1.4.Expanding Investment Participation	38
<b>1.2 PROMOTING SUSTAINABLE MARKET</b>	<b>40</b>
1.2.1.Promotion of Green Finance	40
1.2.2.Supervision Over Main Board /Emerging Stock Board Companies	42
1.2.3.Maintaining Order in the Trading Market	43
1.2.4.Maintaining the stable operation of securities firms	45
1.2.5.Protection of Rights and Interests of Investors	46
<b>1.3 COLLABORATION WITH ALL WALKS OF LIFE</b>	<b>48</b>
1.3.1.Participation in Guilds and Associations	48
1.3.2.International Interactions	48
1.3.3.TPEX service Promotion	51





### 1.1.1. Trading Mechanism Optimization

Considering that natural persons account for 70% of transaction value, TPEx has committed to promoting a more efficient and convenient trading environment. Promoting transaction efficiency is the main development direction of TPEx to achieve fair competition between natural persons and legal persons in an environment.

#### Continuously promoting the Market Maker and Liquidity Provider Program

To revitalize the stock market and enhance the liquidity of stocks with solid fundamentals, the Taipei Exchange (TPEx) launched the Market Maker and Liquidity Provider Program in June 2021. The program targets high-quality and low-liquidity Main Board stocks, introducing the mechanism where securities dealers act as "market makers" and "transaction incentive participants." They continuously provide two-way quotations as market makers, and actively engage in trading as transaction incentive participants. This gives investors easier access to buying and selling price information during trading hours and greater chances of completing transactions. Furthermore, it enhances the price discovery function and trading momentum of the Main Board stock market, expected to benefit investors, securities firms, and the overall market. In 2023, the number of high-quality and low-liquidity stocks selected by market makers continued to increase, with over 97% fulfilling their quoting obligations. This is helpful to improving the liquidity of the targeted stocks and increasing trading opportunities for investors.

#### Shortening the interval for intraday odd-lot trading information disclosure from 10 seconds to 5 seconds

After launched, the intraday odd-lot trading mechanism has facilitated investment in Taiwanese stocks for young people and small investors and lowered the threshold for investment in high-priced stocks. It provides a more convenient and efficient way to trade odd lots than the existing mechanism. Moreover, it offers a way for securities firms to adjust their regular fixed-amount investment services and mitigate the risk associated

with the leftover stock inventory, and benefits investors in fixed-amount investment plans by enabling them to realize profits and enjoy the outcomes of capital market investments.

Since the intraday odd-lot trading mechanism for Main Board securities was launched over three years ago, both the trading value and the number of odd lot trading have increased significantly. To further enhance the opportunities and efficiency of odd-lot trading, the matching interval for odd-lot trading on Main Board was shortened from 3 minutes to 1 minute starting from December 19, 2022. In line with the shorter matching interval, to provide investors with more timely market information, the interval for disclosing intraday odd-lot trading information for Main Board securities has been reduced from 10 seconds to 5 seconds, effective from November 27, 2023.

#### Including securities whose orders are cancelled in large quantities into the temporarily suspended opening mechanism

Considering that significant fluctuations in order quantities before market opening may affect investors' judgment of market conditions, TPEx has amended relevant regulations to alert investors and encourage them to reconsider their investment decisions. Effective from March 20, 2023, Main Board securities that experience cancellations or changes in order quantities exceeding 30% of the pre-market order quantity within the last minute before market opening will see their opening suspended for 2 minutes.





### 1.1.2.Improving Products and Services

As the main promoter of Taiwan's securities market, TPEX is committed to developing and promoting relevant financial product and policies, building a dynamic and sound financial environment to meet the investors' diverse needs for products.

#### Launching climate resilience index series and lindex-linked products

TPEX, in collaboration with internationally renowned information provider FactSet, has developed the "TPEX FactSet Climate Resilience Index Series" with the constituents of the "TPEX 200 Index" as the base using the T-Risk database constructed by the American climate risk modeling company Entelligent. On September 25, 2023, three indices were officially launched. Specifically, an ETN (Mega Semiconductor Climate N, code: 020041), launched by Mega Securities to track the "TPEX FactSet Semiconductor Climate Net Zero Select Index", was listed on December 25, 2023 and an ETN (Yuanta Main Board ESG Leaders N, code: 020040), launched by Yuanta Securities to track the "Main Board ESG Leaders Select Index", was listed on December 18, 2023. Five Main Board ESG ETNs have been issued so far.

In the future, TPEX will continue to meet market demand by planning more climate resilience themed indices, so as to provide investors with a more diversified range of sustainable and climate investment options.

#### Assisting the government in successfully issuing sustainable government bonds

TPEX established the "Sustainable Government Bond Listing and Trading Mechanism" on December 16, 2021, providing a funding channel for domestic government institutions to obtain medium to long-term funds for sustainability-related investment plans. To push the issuance of sustainable bonds by government institutions, TPEX held an online promotional seminar on the "Sustainable Government Bond Listing and Trading Mechanism" on March 4, 2022, introducing to the Central Bank, the Ministry of Finance, and local governments the sustainable bond market and the evaluation mechanism, providing materials about relevant regulations and the market, and encouraging them to issue such bonds. In 2023, TPEX continued

to promote the issuance of sustainable government bonds. The Kaohsiung City Government obtained approval for a green bond with an issuance limit of NT\$2 billion on December 19, 2023, and the Taipei City Government obtained approval for a social bond with an issuance limit of NT\$10 billion on December 22, 2023. Both governments issued sustainable government bonds in January 2024 (Kaohsiung City Government issued one green bond totaling NT\$2 billion, and Taipei City Government issued three social bonds totaling NT\$2.5 billion). Additionally, the Taipei City Government issued three more social bonds in March 2024, worth NT\$7.5 billion in total. The efforts to promote the issuance of sustainable government bonds produced initial results. TPEX will continue to track potential issuers' willingness to issue sustainable bonds and provide the necessary support.

#### Establishing the Sustainable Convertible / Exchangeable Corporate Bond Market Listing and Trading Mechanism

To expand the range of products in the sustainable bond market and provide enterprises with more financing tools for net-zero carbon emissions and sustainable transition, TPEX established the Sustainable Development Convertible (Exchangeable) Corporate Bond Market Listing and Trading Mechanism on December 14, 2023. In line with international financial market standards and development trends, the initiative aims to diversify sustainable bond products in Taiwan.



## Opening the Dual-Currency Main Board-listed ETFs Market

On September 15, 2023, TPEX opened the dual-currency Main Board-listed ETFs market. This allows investors with foreign currency assets to find suitable ETFs domestically without the need to invest overseas. It also enables investors to use foreign currency-denominated ETFs to construct an investment portfolio and meet their demands for investment with foreign currency assets. Additionally, this makes foreign investment easier and more practicable, attracting foreign investors from other parts of the Asia-Pacific region to the foreign currency ETFs market in Taiwan, thereby enhancing the liquidity of the foreign-currency ETFs secondary market and scaling up Taiwan's asset management market.

## Allowing the entrusted trading operators of futures dealers to recommend foreign-equities CFDs, foreign ETFs or foreign stock indices

In recent years, leverage transaction merchants have achieved stable growth in leverage margin trading business. To help these merchants expand business channels and provide traders with a more diverse range of products, TPEX added foreign-equities CFDs to the list of recommended products on April 25, 2023.



## Diverse and innovative products are key to capital market growth

TPEX is committed to developing new indices, new products, and new mechanisms to serve investors. This is achieved through holding promotional seminars and actively visiting issuers and intermediary agencies for information exchange. TPEX expects that capital in the market will be effectively utilized with the joint and active efforts of all market participants, thereby supporting industrial innovation and transformation, and injecting vitality into the real economy.

## Daily Average Number of Transactions and Trading Value of Products and Assets on TPEX in 2023

Product/Asset Classification	2023 Daily Average Number of Transactions (Times)	2023 Daily Average Trading Value (NTD)
<b>Stocks</b>	567,378	70,491,413,251
<b>Equity Warrants</b>	25,573	718,816,983
<b>Exchange-Traded Funds (ETFs)</b>	49,176	5,175,904,106
<b>Exchange-Traded Notes (ETNs)</b>	88	4,251,808
<b>Government Bonds, Corporate Bonds, Financial Bonds (NTD-denominated Bonds)</b>	2,834	120,492,676,046
<b>International Bonds (Foreign Currency-denominated Bonds)</b>	26	2,085,169,535
<b>Bond ETFs</b>	46,573	5,071,316,473



### 1.1.3.Expanding the Capital Market

TPEX aims to support the development of emerging enterprises, and provide enterprises with easier access to funds, so that they can raise funds efficiently, grow robustly, create more jobs and give impetus to the economy, while taking into account the protection of investors' rights and interests and meeting the fund-raising needs of enterprises. Also, in line with the market trends both inside and outside Taiwan, TPEX reviews and revises relevant regulations and supporting measures in a timely manner and improves various mechanisms, to create a fair, efficient, innovative, open, diversified, and internationalized capital market.

#### A multi-tiered capital market

As of the end of December 2023, a total of 816 companies (including 786 local companies and 30 foreign companies) were listed on Main Board, 329 companies (including 325 local companies and 4 foreign companies) were registered on the Emerging Stock Market, and 111 local companies were registered on Go Incubation Board (GISA).

The multi-tiered market structure of TPEX enables enterprises of different sizes and developing stages to choose suitable board for financing. It also allows investors to select the markets and targets that meet their investment needs after taking into account their own financial conditions, risk tolerance and investment strategies. The main features of each board are as follows:

Market Category	Positioning	Company Attributes	Characteristics of the Registered (Listing) Companies
<b>GISA</b>	Provide professional counseling and fundraising functions	Non-publicly listed	Micro, small and medium-sized enterprises with innovative and creative ideas
<b>Emerging Stock Market (ESM)</b>	Preparation for listing on the Main Board, stage-by-stage incubation	Publicly Offering	<ul style="list-style-type: none"> <li>Mostly small and medium-sized enterprises with relatively mature operations</li> <li>Adopting the securities firm counseling mechanism</li> </ul>
<b>Main Board</b>	Main Board market	Publicly Offering	Small and medium-sized enterprises or companies in emerging industries with relatively mature operations, good performance and a certain scale

### Pushing quality enterprises both at home and abroad to registered on Emerging Stock Board or apply for Main Board listing



Held **27** domestic and international business promotional seminars, visiting and receiving visits from a total of **168** domestic and international companies.



Organized **24** "TPEX Promotional Seminars" with intermediary agencies and participated in seminars organized by industry associations such as the Venture Capital Association, Information Security Association, and FIDO Taiwan Regional Engagement Forum to introduce the multi-tiered market of the TPEX.



Held **3** "Foreign Companies TPEX Listing Promotional Seminars" in cooperation with accounting firms to attract high-quality foreign companies to apply for TPEX listing in Taiwan.



Visited high-quality Taiwanese enterprises in Penang and Kuala Lumpur, Malaysia, and Thailand.



Continued to engage or cooperate with government units to encourage high-quality enterprises to enter the capital market. °



Established a dedicated service window for foreign companies to be listed in Taiwan, which liaises with overseas companies and promotes business; and set up the "Foreign Issuer Listing (Registration) on the TPEX/ESB" on the website.

#### GISA



A total of **29** GISA companies have been successfully transferred to public offering, of which **27** are currently registered on the Emerging Stock Market, and 2 companies have been successfully listed on Main Board.



Held and participated in **51** GISA -related promotional seminars; subsidized **23** GISA companies to participate in domestic professional exhibitions; participated in events such as "2023 InnoVEX," "2023 Meet Greater South" and "2023 Meet Taipei " together with 17 GISA companies.



Held **2** startup investment (and business) matchmaking meetings, assisting **19** GISA companies in discussions with large enterprises, venture capital firms or investors with huge cooperation or investment potential.



Since its establishment, TPEx has followed the development trend of the international capital market and actively supported small and medium-sized enterprises to enter the capital market. With the strategic goal of building “multi-functional and multi-tiered comprehensive exchange”, after years of development, TPEx has built a complete multi-tiered capital market structure. Through stage-by-stage incubation, it assists micro, small and medium-sized, and even large enterprises to select suitable listing boards based on their own scale and development needs. At the same time, through relevant counseling mechanisms, financing channels and appropriate supervision systems, the companies can continuously strengthen their operation quality through the capital market platform. TPEx has been recognized as one of the most successful SME exchanges in the world by the World Bank with its excellent development performance.

TPEx will actively follow national policies to promote industrial development, continue to understand the needs of enterprises, review and revise relevant regulations in a timely manner, promote more high-quality enterprises to enter the capital market while protecting the interests of investors and shareholders, and assist enterprises to meet international competition and challenges in a rapidly changing business environment, so as to achieve the goal of sustainable development.



TPEx held an investment matching meeting for GISA companies

## Continuously expanding the scale of the bond market

### Sustainable bond issuance reaches new highs

In 2023, the issuance amount and outstanding balance of the sustainable bond market both reached new highs. The issuance amount was NT\$147.289 billion, and the outstanding balance reached NT\$483.127 billion. Regarding issuers, domestic issuers had a higher participation rate than foreign issuers in 2023. The amount of issuance by domestic issuers reached NT\$107.424 billion, more than doubling that of foreign issuers (NT\$39.865 billion), and representing a 30% increase compared to the amount in 2022 (NT\$82.6 billion). Furthermore, three new domestic companies joined the sustainable bond market in 2023. Currently, domestic issuers cover industries such as banking, electronics, semiconductors, transportation, leasing, and telecommunications, demonstrating that Taiwan's sustainable bond financing platform can effectively attract issuers from various domestic industries.

### International bond market size and outstanding balance reach historical highs

At the end of 2023, the outstanding balance of international bonds was USD211.763 billion, with 939 bonds in total, an increase of USD3.793 billion and 67 bonds compared to the end of 2022 (USD207.97 billion and 872 bonds, respectively). The outstanding balance grew by 1.82%, and the number of bonds grew by 7.68%. There were a total of 136 issuers in the international bond market across 35 countries.

### Bond ETFs reach a new milestone in total asset size

By the end of 2023, a total of 81 ETFs tracking bond indices were listed on TPEx, with a total asset size of nearly NT\$2 trillion, accounting for 51% of Taiwan's overall ETF market size. The size of bond ETFs grew by over 68% from NT\$1.2 trillion at the beginning of the year to NT\$2 trillion, maintaining the leading position in the Asia-Pacific securities market. Additionally, in 2023, a total of 30 Main Board bond ETFs applied for 52 additional issuances, with the amount reaching NT\$1.0383 trillion, a new high in history.



### 1.1.4. Expanding Investment Participation

TPEX provides bonds, stocks, warrants, ETF, ETN, and derivatives to attract investors of different attributes and types to participate in the investment. A variety of reward and promotional activities have been launched in order to help investors know the products so that they may invest.

#### Actively promoting ESG ETF and ETN

In order to promote ESG-themed products, TPEX not only organized ESG ETF trading reward programs, but held the “TIP Customized TPEX ESG 30 Index Small Classroom” and “A Lucky Draw for the Earth”, an ESG ETN reward program, in 2023. These efforts aimed to educate investors about ESG products in an interesting way, and encourage both investors and securities firms to participate in trading.

#### Notable results in the decentralization of Main Board-listed Bond ETFs

TPEX has been vigorously promoting the decentralization of bond ETFs by organizing various activities, such as trading reward programs for bond ETF investors, trading competitions for securities brokers, and investor education campaigns. These moves aim to deepen public understanding of bond ETF products and encourage securities channels and investment trust companies to actively promote Main Board bond ETFs. The efforts to decentralize bond ETFs have produced gradual results. In 2023, the average daily trading value reached NT\$5.071 billion, a year-on-year growth rate of 492%. The proportion of transactions by natural persons increased from 22% in 2022 to 42% in 2023. The number of traders of Main Board-listed bond ETFs reached 1.33 million in 2023, with natural persons showing the highest growth rate of 783% compared to the end of 2022. The issuance of Main Board bond ETF totaled nearly NT\$2 trillion, ranking the first among major securities exchanges in the Asia-Pacific region and the seventh among major securities exchanges worldwide. The initiative not only enriches investment channels for Taiwanese investors, but also helps create a robust and efficient bond ETF market and a thriving financial market in Taiwan.

#### TPEX is committed to creating a diverse and investor-friendly environment and enhancing investors' awareness of risks

Through conducting seminars and visiting issuers and intermediaries, we exchange information with market participants, encourage market participants to invest, and enhance the vitality of the stock market. In addition, to strengthen investors' risk awareness, TPEX continues to engage with investors through various platforms such as print, online, radio, and social media. It produces lively and engaging videos to help investors grasp key points more easily.

Furthermore, TPEX has collaborated with the Criminal Police Bureau of the National Police Agency and produced a video on the protection against financial investment frauds titled “Stay Alert in the Market: Strategies to Prevent Fraud in Financial Investments such as Fraudulent Use of Celebrity Endorsements in Illegal Virtual Asset Trading.” This video discusses common financial investment fraud schemes and the appropriate responses to frauds. The aim is to enhance the risk awareness of investors and help them effectively avoid financial investment fraud traps.





Action	Quantitative Performance	Highlights
<b>ESG ETF Trading Reward Programs</b>	A total of 3,372 investors registered to participate.	Promoted Main Board ESG ETF products, and encouraged investors to participate in Main Board ESG ETF trading.
<b>TIP Customized TPEX ESG 30 Index Small Classroom</b>	1.The total number of participants in the “Sustainability Pop Quiz” was 36,064. 2.The total number of participants in the “Sustainability Tasks” was 2,370.	Increased investor awareness of the TIP Customized TPEX ESG 30 Index, and enhanced their understanding of sustainability-related knowledge and the importance of sustainable investment.
<b>ESG ETN Reward Program ( “A Lucky Draw for the Earth” )</b>	1.The total number of participants in the program was 63,695, with 6,825 participants. 2.The number of people who shared their fortune slips on social media platforms and uploaded screenshot was 1,938 .	Helped more investors learn about ESG ETN and make the products as an option for sustainable investment.
<b>Bond ETF Investor Reward Program</b>	The Bond ETF Investor Reward Program was continued in 2023, with a total prize pool of NT\$1.12 million and 760 winners.	The efforts to decentralize bond ETFs produced gradual results. The proportion of transactions by natural persons increased from 22% in 2022 to 42% in 2023. In 2023, the total number of traders in Main Board bond ETFs reached 1.33 million, with natural persons showing the highest growth rate, up 783% from the end of 2022.



## 1.2.1. Promotion of Green Finance

Environmental sustainability is currently a major issue of global concern, with countries around the world developing green finance, in the hope of channeling funds into environmental-friendly areas and those in response to climate change, and thus curbing or combating the threats posed by the ongoing climate change and the damage it causes to the environment.






In alignment with the competent authorities' promotion of Governance 3.0 - Sustainable Development Blueprint, Green Finance Action Plan 2.0, and Capital Market Blueprint 2021-2023, TPEx has planned to promote domestic sustainable bonds by stages. Following the launch of green bonds in 2017, TPEx pushed the establishment of the Sustainable Bond Market in 2020, and established the Social Bond Market in 2021; TPEx also integrated the green bond, social bond and sustainability bond markets into a dedicated board for sustainable bonds, making the range of sustainable bond products more complete. Furthermore, TPEx launched Sustainability-Linked Bond in 2022, and established the Sustainable Convertible (Exchangeable) Corporate Bond Market in 2023, expanding the scope of sustainable bonds to make them more diverse.

In 2023, the issuance amount and outstanding balance of the sustainable bond market both reached new highs. A total of 47 bonds were issued in the year, with an issuance amount of NT\$147.289 billion. By the end of the year, the total number of outstanding bonds was 165, with an outstanding balance of NT\$483.127 billion. The issuers were quite diverse, including domestic banks, foreign bank branches in Taiwan, state-owned enterprises, domestic private production enterprises, and foreign financial institutions, demonstrating that Taiwan's sustainable bond fundraising platform has been able to effectively attract various issuers to participate in the local bond market.

Year	2023		2022	
Type of sustainable bond (Time launched)	Number of issuance	Issuance amount (NT\$1 billion)	Number of Issuance	Issuance amount (NT\$1 billion)
<b>Green bond(April 2017)</b>	18	76.939	27	79.423
<b>Sustainability bond(October 2020)</b>	14	31.244	12	23.724
<b>Social bond (April 2021)</b>	12	34.706	3	5.600
<b>Sustainability-linked bond (July 2022)</b>	3	4.400	2	3.500
<b>Total</b>	47	147.289	44	112.247

## Green and renewable energy companies successfully raised funds through capital markets (2017~2023)

1. Registration for Emerging Stock Market and Application for Main Board Listing: 10 green energy and environmental protection companies registered for the Emerging Stock Market and 2 companies applied for Main Board listing.
2. Issuance of Sustainable Bonds

Company name	Taipower 	TSMC 	Orsted 	ECOVE 	Chailease Finance 
Number of issuance	17	19	5	1	3
Issuance amount	NT\$ 68.15 billion	NT\$ 87.6 billion	NT\$ 27 billion	NT\$ 1 billion	NT\$ 4.2 billion
Investment plans	Solar, wind, hydroelectric and geothermal energy generation	Construction green buildings	Offshore wind power construction	Solar power construction	Solar power construction

## 2023 publicity and promotion activities



**4** bond market promotional seminars to introduce the sustainable bond market to the issuers, underwriters, and valuation agencies respectively.



**1** seminar on the online application for sustainable bond qualification to explain the new electronic application system to issuers and underwriters



**6** promotional seminars on the market trading system and related businesses to continuously promote the sustainable bond market and attract more issuers and investors to the market.



Participated in the 2023 World Investor Week (WIW) Joint Forum: Focusing on the "New Perspectives on Sustainable Investment and Financing", TPEx invited domestic and foreign experts and scholars and arranged 3 keynote speeches and 1 comprehensive talk on sustainable investment, to enhance financial professionals' financial literacy and strengthen the awareness of investor education and protection.



Visited **13** high-quality companies in the green energy and environmental protection industry to promote their entry into the capital market.



Participated in the "Startup Exchange Forum - Assisting the ESG Fleet in Entering the Capital Market" and "ESG New Generation Industry Forum," introducing the multi-tiered market of TPEx to various green energy and environmental protection companies and answering questions about applying for listing on the Main Board and registering for the Emerging Stock Market.

## 1.2.2 Supervision over Main Board / Emerging Stock Board Companies

In order to protect investors and assisted Main Board / Emerging Stock Board companies in robust operation, TPEX has rolled out many supervisory measures, including regular written or field audits of financial reports and internal control, audits on companies' information reporting, and exceptional management checks. With the implementation of various supervision, it's expected to build an efficient platform to promote the sound development of Main Board/ Emerging Stock Board companies, and protect the rights and interests of shareholders.

### 2023 supervisory measures and performance

Unit: cases

Supervisory measure	Emerging Stock Board companies	Main Board companies
Reviewing financial report		
Formality review	All companies	All companies
Substantive review	34	211
When material incidents happen, performing exception management analysis in accordance with regulations	0	459
Auditing expert opinion letter	4	10
Auditing the implementation of the internal control system	23	92
Analyzing in accordance with financial and transaction early warning indicators	26	24
Auditing material information	51	219
For companies that have been placed on alert, and where the latest financial information should be published according to TPEX standards, contacting the company to release material information	138	293
Reviewing the annual report of the shareholders' meeting	69	187



TPEX continues to organize promotion and education seminars on newly revised laws and regulations, and establishes sound channels of communication with the companies. TPEX also strengthens the education and training of the industry database and the industry knowledge and inspection cases of the supervisors to enhance the supervision over high-risk companies and industry-related companies. Moreover, TPEX reviews and revises the relevant supervision regulations of TPEX in line with the policies of the competent authorities and the new International Financial Reporting Standards (IFRSs) to promote Main Board / Emerging Stock Board companies' corporate governance and supervision system reform.

Furthermore, with the abatement of the COVID-19 pandemic in 2023, physical briefings on the operating results of Main Board companies have been resumed. To offer investors broader access to information about listed companies, these briefings are livestreamed simultaneously. This facilitates information disclosure and interaction, and pushes Main Board companies to comply with laws and regulations and enhance the quality of corporate governance.

### 1.2.3. Maintaining Order in the Trading Market

To ensure fairness and investor protection, TPEX has issued relevant regulations that cover issuance, trading, and surveillance to maintain the order of securities market transactions.

Issuance	<ul style="list-style-type: none"> <li>Considering the occurrence of incidents that have a significant impact on financial conditions of Main Board/Emerging Stock Market companies and lead to abnormal stock price fluctuations, TPEX has formulated the trading suspension mechanism in order to reduce information asymmetry.</li> <li>In order to ensure that relevant information can be disclosed in time when Main Board companies encounter matters having a significant impact on shareholders' equity or securities prices (including changes related to corporate financial soundness, major corporate transactions, positive or negative news about the company's products, changes in key management personnel, regulatory or control developments that affect the company's operational capabilities, legal events and other major events related to shareholders meetings), TPEX has formulated the "Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities".</li> </ul>															
	<p>Key actions and performance in 2023:</p> <ul style="list-style-type: none"> <li>3 times: Emerging Stock Market companies applied for information-related trading suspension.</li> <li>11 times: Main Board companies applied for information-related trading suspension.</li> </ul>															
Trading	<p>To avoid severe deviations in transaction prices due to violent market fluctuations, relevant measures are in place:</p> <ul style="list-style-type: none"> <li><b>Main Board stocks</b> : When transaction price rises or falls by more than 3.5% of the reference price from the first matching of the day to 5 minutes before the market closes, TPEX will delay the matching for 2 minutes and continue to accept key-in, cancellation, and changes of buy/sell orders within the delayed matching period, and match after the currently delayed matching period ends.</li> <li><b>Emerging Stock Market stocks</b> : When the weighted average trading price of individual stocks during the trading hours of each business day rises or falls to more than 50% of the weighted average trading price of the previous business day, trading will be halted until the end of trading hours for the day.</li> </ul>															
	<p><b>The timing and number of trading interruptions and trading suspensions in 2023:</b></p> <table> <tr> <th></th><th>Times</th><th>Duration</th></tr> <tr> <td>Trading suspensions due to intra-day volatility interruption of Main Board stocks (instant price stabilization measures)</td><td>1,162 Times</td><td>2,324 minutes</td></tr> <tr> <td>Trading suspensions due to intra-day volatility interruption of Emerging Stock Market stocks</td><td>5 Times</td><td>1,685 minutes</td></tr> <tr> <td>Trading halts of Main Board stocks due to public disclosure of information</td><td>11 Times</td><td>99 hours (note)</td></tr> <tr> <td>Trading halts of Emerging Stock Market stocks due to public disclosure of information</td><td>3 Times</td><td>18 hours (note)</td></tr> </table> <p>Note: Daily trading hours of Main Board stocks (including block matching trades and trade-by-trade) are from 8:00 am to 5:00 pm (9 hours in total), daily trading hours of ESB stocks are from 9:00 am to 3:00 pm (6hours in total).</p>			Times	Duration	Trading suspensions due to intra-day volatility interruption of Main Board stocks (instant price stabilization measures)	1,162 Times	2,324 minutes	Trading suspensions due to intra-day volatility interruption of Emerging Stock Market stocks	5 Times	1,685 minutes	Trading halts of Main Board stocks due to public disclosure of information	11 Times	99 hours (note)	Trading halts of Emerging Stock Market stocks due to public disclosure of information	3 Times
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Trading halts of Main Board stocks due to public disclosure of information	11 Times	99 hours (note)														
Trading halts of Emerging Stock Market stocks due to public disclosure of information	3 Times	18 hours (note)														



## Supervision

TPEX's supervisory measures include surveillance and early warning, and audits on illegal transactions.

• **Surveillance and early warning:** For securities traded at abnormal prices and volumes, TPEX makes an announcement of attention or takes disposal measures. TPEX publishes daily announcements on the website regarding securities that meet the criteria. If the condition remains for consecutive days, TPEX will implement advance collection of funds and securities and extended matching time to remind investors of trading risks.

• **Audits on illegal transactions:** TPEX audits abnormal securities trading. If there is suspected illegal manipulation or insider trading, the violation shall be reported to the competent authority and judicial authority for handling to protect the investors and maintain market order. TPEX strengthens the advocacy for issuing companies and securities firms on a regular basis, improve the legal awareness of insiders and securities practitioners in Main Board/Emerging Stock Market companies and their understanding of the obligations and responsibilities for violation of securities trading laws and regulations, in order to prevent illegal transactions in the securities market.

### Key Initiatives and Achievements in 2023:

In 2023, a total of **642** securities were disclosed for special trading information and **2,665** times for listed securities; **163** securities were disclosed for disposition and **221** times for listed securities. For emerging stock market stocks, **78** securities were disclosed for special trading information and **137** times; **8** securities were disclosed for disposition and **10** times for listed securities.

In 2023, TPEX held **6** workshops on the prevention of illegal transactions for securities firm practitioners as well as **5** Main Board/Emerging Stock Market companies' insider ownership and illegal transaction prevention workshops.

## Information

In 2023, the trading system operated normally, and there was no service interruption.

TPEX will revise relevant regulations and adjust the early warning system with various products, trading mechanisms, and market development to remind investors to be aware of the trading risks. In the aspect of illegal transaction audits, supervision technology will be utilized to strengthen the effect of market supervision, and intensify audits to prevent the occurrence of illegal transactions. TPEX will continue to cooperate closely with the competent authorities and judicial authorities to organize discussions in meetings or case studies, and share audit experience and exchange views on illegal trading cases. Besides, it will integrate the resources of securities-related units to establish a sharing mechanism, exchange and share views regularly, and obtain views and suggestions, so as to enhance the capability of market monitoring and illegal transaction audits.

## 1.2.4. Maintaining the Stable Operation of Securities Firms

With the development of the securities market, the countermeasures taken by TPEX for the management of securities companies have been progressively adjusted to maintain the stable operation of the securities market.

### Routine audits

In accordance with the reform plan and the principle of differentiated management, TPEX works with TWSE to perform audits on the financial, business, internal audit, and other operational aspects of securities firms. There are also routine audits on securities firms operating only equity crowdfunding, those only security token offerings, securities firms only engaged in intermediary business of trading and exchanging fund beneficiary certificates, financial institutions only operating bonds, and leveraged traders.

### Special audits

In terms of special audits, TPEX acts special audits according to the Article 7 of "Rules for Audits of Securities Firms or Leverage Transaction Merchants and Tracking Assessment and Guidance for Deficiencies".

## Securities companies' risk management and evaluation operations

TPEX selects securities firms that simultaneously operate securities brokerage, underwriting, and proprietary trading as assessment subjects, and agrees with the Taiwan Stock Exchange on the division of assessment tasks to conduct annual assessments. In 2023, climate change issues were included, and the actual situation of securities firms was understood during the evaluation.

In addition to continuing to implement various audit and assessment mechanisms for securities firms, TPEX will follow the financial cybersecurity action plan of the competent authority for routine audits of securities firms' information security, including supervising securities firms in executing various measures and graded protection requirements, applying critical patch updates, and continuously strengthening securities firms' protection mechanisms, which will be the focus of the information security audits. Regarding risk assessments of securities firms, TPEX will timely revise the "Risk Management Assessment Operation of Securities Firms - Risk Management Implementation Inspection Report" and the "Risk Management Mechanism Self-Inspection Form for Securities Firms". These assessments aim to facilitate securities firms in conducting self-inspections and help TPEX and the Taiwan Stock Exchange with risk management assessments, thereby enhancing the level of risk management assessments of securities firms.

In 2023, TPEX conducted **15** routine audits for securities firms, **17** routine audits for information security, **20** routine audits for financial institutions engaged in bond business, and **4** audits for anti-money laundering. TPEX completed tracking and improvements for deficiencies found in audits, and submitted a summary report to the Securities and Futures Bureau. Additionally, it conducted **5** risk assessments for securities firms, **5** routine audits for leveraged foreign exchange traders, **1** routine audits for securities firm engaged solely in intermediary business for trading beneficial certificates and reciprocity of funds, **13** screening audits for underwriting auctions and price inquiry purchases on a quarterly basis, and **65** irregular project special audits. Furthermore, TPEX cooperated with the Taiwan Stock Exchange to hold **13** sessions of the 2023 Securities Firms' Internal Control System Standard and Specification Amendment Promotion Seminar from April 27 to May 26, 2023, with approximately **1,800** participants in total.



## 1.2.5 Protection of Rights and Interests of Investors

While innovating mechanisms and products to meet the needs of investors and companies, TPEX also adheres to the principle of protecting the rights and interests of investors and shareholders, and works closely with the competent authorities to implement securities market supervision laws and regulations. By continuing to implement and strengthen market management, trading, and settlement as well as other mechanisms, TPEX seeks to create an open, transparent, and sound market.

### Relevant Actions, Performance and Highlights in 2023

Action	Performance	Benefits
<b>Handling of Corporate Governance Evaluation</b>	From March 1 to March 15, 2023, the “2023 Corporate Governance Evaluation Educational Online Programs” was held online to promote the contents of the revision of the corporate governance evaluation system, the focus of the recent regulatory amendments and the disclosure guidelines of the newly issued annual report of the shareholders meeting, the disclosure of ESG information, and the introduction of the video conference platform of the shareholders meeting	In line with “Corporate Governance3.0-Sustainability Roadmap”, accelerating the promotion of corporate governance of listed companies, assisting enterprises in sound development, and enhancing market confidence.
<b>Performance presentations of Main Board/Emerging Stock Market companies</b>	<p><b>Performance presentations of Main Board companies:</b> Three major institutional investors, four major funds, and investors were invited to participate. A total of 27 sessions were held with the theme of TPEX family distinctive industries. There were a total of 82 Main Board companies participated.</p> <p><b>Performance presentations of Emerging Stock Market companies:</b> On May 8 and August 17, 2023, TPEX conducted 2 events of Emerging Stock Corporate Day via online live broadcast, inviting 4 Emerging Stock Board companies and 2 Pioneer Stock Board companies to participate.</p>	Improve services for Main Board/Emerging Stock Market companies, establish a platform for direct communication and interaction between companies and investors, and increase information disclosure.



Action	Performance	Benefits
Promotional briefings and seminars	<ul style="list-style-type: none"> <li>• <b>Courses of regulations and business practices for Main Board/Emerging Stock Market companies</b> From October 2 to 31, 2023, "the courses of Regulations and Business Practices for Main Board/Emerging Stock Market companies" was held, focusing on six themes, namely the new revision regulations of major information and the explanation of information reporting practice, the reminder of key information declaration, the important topics of internal control, the notice of carbon-related inspections for middle and small-sized enterprises, from good to excellent: improving corporate ESG score - Taiwan Sustainability Ratings System as an example, and the TPEX sustainability index methodology and rating index analysis.</li> <li>• <b>Intermediary agencies training course</b> The course was held on March 27 and November 30, 2023, lecturing on the newly revised regulations of Main Board/Emerging Stock Market companies, the review focus of enterprise application for listing /registering on Main Board / Emerging Stock Market, and conducting case sharing and exchange.</li> <li>• <b>Promotional seminar on new trading mechanisms and related services of the TPEX market</b> In 2023, 6 sessions were conducted for associated persons of securities firms, providing the latest and most real-time market information for various important businesses and the latest revised market regulations.</li> <li>• <b>Overseas Investor Conference</b> Meetings were held with local professional institutions and investors, including two physical and one online overseas investor conferences in 2023.</li> <li>• <b>Bond Promotion Seminars</b> From April 20 to April 26, 2023, four sessions of the '2023 Bond Market Promotion Seminars' were held to introduce the trading mechanism for sustainable bonds to issuers, underwriters, and rating agencies. On October 27, 2023, the promotion seminar for 'Online Sustainable Bond Qualification Application operation' was conducted to explain the new electronic application system to issuers and underwriters."</li> <li>• <b>Investor seminars</b> In 2023, TPEX held 27 seminars in cooperation with a number of securities companies and trust and investment companies. The topics covered TPEX market trading mechanism (including Main Board Stocks and Emerging Stocks) and index linked products (such as ETF, ETN).</li> </ul>	Assist Main Board/Emerging Stock Market companies in understanding the key points of the latest amendments to the TPEX laws and regulations. Performing well in legal compliance and information disclosure makes the companies implement the compliance and internal control and audit systems to strengthen the quality of corporate governance, and protect the rights and interests of investors. In addition, relevant briefing sessions were held for securities dealers to assist in obtaining the latest and comprehensive market information.
Promotional seminars on financial reports filing	On November 6, November 23, November 28, and December 12, 2023, TPEX held the "2023 Seminar on Promoting International Financial Reporting Standards in Taiwan" in collaboration with the Taiwan Stock Exchange, the Taiwan Futures Exchange (hereinafter referred to as "TAIFEX"), and the Taiwan Depository & Clearing Corporation. , A total of four seminars were conducted in northern, central, and southern areas, with approximately 3,716 financial and accounting workers from Main Board/Emerging Stock Market companies, and publicly traded companies attending. After the seminars, live videos were uploaded for online viewing.	Assist enterprises to respond to the needs of reporting financial information related to sustainability.
Set up investor hotline and mailbox	In 2023, TPEX's trading consultation hotline received 744 calls, and the investor service hotline received 738 calls, handling a total of 1,482 calls. The Investor Mailbox received 464 emails. All inquiries were handled and replied to investors by the competent department according to the nature of business, with a handling rate of 100%.	Establish a platform for direct communication and interaction with investors to protect their rights and interests.





## 1.3

## COLLABORATION WITH ALL WALKS OF LIFE

## 1.3.1. Participation in Guilds and Associations

TPEX is currently a member of 16 domestic associations. In addition to participating in regular meetings, TPEX also actively attends activities and seminars organized or co-organized by various associations.

## Participation status of TPEX in associations in 2023

Unit Name	Participation Status
Taiwan Financial Services Roundtable	Member/Director
Securities Analysts Association, Chinese Taipei	Member/Director
Taiwan Corporate Governance Association	Member
The Institute of Internal Auditors, R.O.C.	Member
The Business Council for Sustainable Development of Taiwan	Member
Chinese Association of Business and Intangible Assets Valuation	Member
Chinese International Economic Cooperation Association, Taiwan	Member
Chinese National Association of Industry and Commerce, Taiwan	Member
Corporate Operation Association	Member
Taiwan Stock Affairs Association	Member
Taiwan Mergers & Acquisitions and Private Equity Council	Member
Banking Education Association of Taiwan	Member
Taiwan Bio Industry Organization	Member
Financial Planning Association of Taiwan	Member
Taiwan Finance Association	Member
Financial Engineering Association of Taiwan	Member

## 1.3.2. International Interactions

In 2023, TPEX took an active part in events organized by important securities-related institutions. It attended annual meetings and related seminars to exchange ideas and explore cooperation opportunities with other exchanges. Besides, it pledged active response to initiatives from international securities organizations to enhance its international reputation.

## TPEX's Participation in International Organizations and Initiatives in 2023

Unit Name	Participation Status
<b>The World Federation of Exchange, WFE</b>	Full member
<b>Asian and Oceanian Stock Exchanges Federation, AOSEF</b>	Full member
<b>The International Organization of Securities Commissions, IOSCO</b>	Affiliated member (The Financial Supervisory Commission, the competent authority, is a formal member)
<b>The Global Association of Central Counterparties, CCP Global</b>	Full member
<b>Climate Bonds Initiative, CBI</b>	Full member
<b>Task Force on Climate-related Financial Disclosures</b>	Signed for support in October 2020
<b>International Capital Market Association, ICMA</b>	Full member

## Active participation in international events

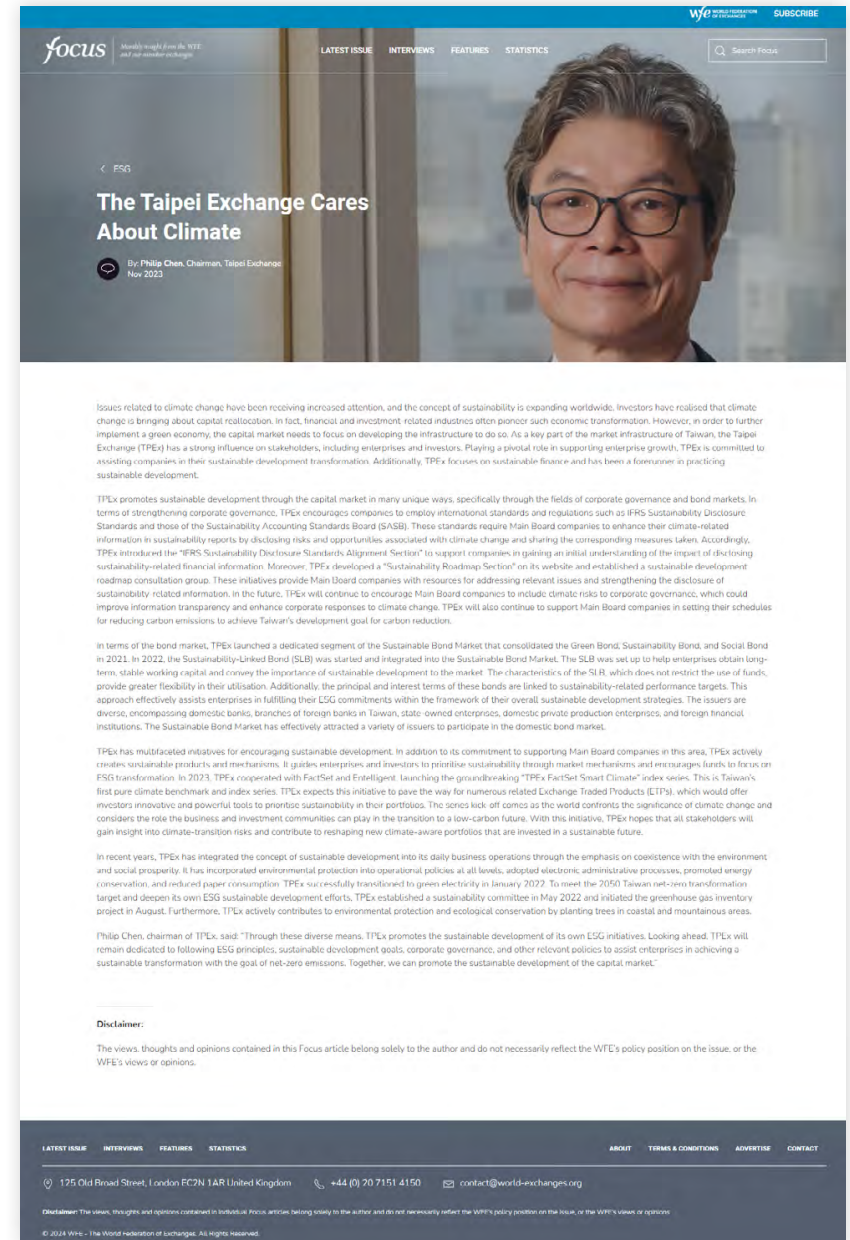
<b>WFE</b>	2023 Online Seminar on Clearing and Derivatives (video conferences) 62st annual meeting and general assembly of WFE (physical meeting: Republic of Malta) WFE Working Committee Meeting (video conference) 2023 Seminar (Video Conference)
<b>IOSCO and AMCC (Affiliate Members Advisory Committee)</b>	IOSCO Training Seminar (In-person: Madrid) AMCC Mid-Year Meeting 2023 (Video Conference) IOSCO Annual Meeting 2023 (In-person: Thailand) International Financial System Certification Phase I Seminar (In-person: Madrid)
<b>CCP Global</b>	2023 Annual Meeting (In-person: Thailand) 2023 Special Annual Meeting (Video Conference)
<b>AOSEF</b>	2023 Working Committee Meeting (Video Conference) 2023 Seminar (Video Conference) 2023 Executive Meeting (Video Conference)

## Taking An Active Part in International Activities

In response to the WFE's "Ring the Bell for Gender Equality" and 'Ring the Bell for Climate' initiatives, as well as the 'Ring the Bell for Financial Literacy' event organized by WFE and IOSCO during World Investor Week 2023 (WIW), TPEX held related ceremonies. It was also featured in a special climate issue of WFE's Focus monthly magazine in November 2023, highlighting Taiwan and TPEX's commitment to climate issues on the international stage."



TPEX valued gender equality and responded to international initiatives.



Featured in the special climate issue of WFE's Focus monthly magazine in November 2023.

## Holding Online Overseas Investor Conferences

TPEX has arranged overseas roadshows for Main Board companies since 2007 to expand the TPEX market and enhance the international visibility of Main Board companies. In 2023, two physical and one online overseas investor conferences were held to enhance foreign institutional investors' understanding of Taiwan's capital market, thereby increasing their willingness to participate in investments.

## Holding the First Overseas Investment Promotion Visit in Malaysia and Thailand

In line with the government's New Southbound Policy, TPEX continues to promote the listing of Southeast Asian companies in Taiwan. However, due to the COVID-19 pandemic, interactions with overseas companies were conducted through online seminars over the past three years. As border controls eased in 2023, the first overseas promotion was held in Malaysia and Thailand, countries with close economic and trade relations with Taiwan. On February 10, 2023,



TPEX visited Malaysia and Thailand to promote the Listing of Southeast Asian Companies in Taiwan

TPEX, in collaboration with KPMG and First Securities Inc., held the "Penang Chinese Business Exchange Meeting" in Penang, Malaysia. On February 14, an exchange meeting was held with Thai Taiwanese businesses in Bangkok, Thailand, also in collaboration with KPMG. Nearly 60 local companies participated enthusiastically.

## Exchanging Practical Experience in ETF and Transition Bonds with Japan Exchange Group, Ministry of Economy, Trade and Industry, and other institutions

On November 21, 2023, Chairman Chen led a delegation to Tokyo to visit the Japan Exchange Group (JPX) and discuss topics related to ETF and sustainable bonds. The delegation also visited the Ministry of Economy, Trade and Industry (METI) and the Japan Securities Dealers Association to study the development of transition bonds in Japan as a reference for future planning and promotion of related businesses, in the hope of aligning Taiwan's market system with international practices by learning from global market experiences.





TPEX visited the Japan Exchange Group and the Ministry of Economy, Trade and Industry to exchange views on ETF, sustainable bonds, and other topics.



### 1.3.3.TPEX Service Promotion

To help capital market participants understand and make use of the services provided by TPEX, we plan and promote through various channels, including:

Promotional channel	Description
<b>TPEX official website</b> 	<ol style="list-style-type: none"> <li>1. Considering the participants' diversity in the capital market, “Focus Areas” was set up on the homepage. Visitors can browse according to their identity or the topics they are interested in.</li> <li>2. The “TPEX Events” and “Media Gallery” sections were set up to promote relevant policies, key businesses, and recent activities.</li> </ol>
<b>Facebook fan page</b>	<ol style="list-style-type: none"> <li>1. Considering that the younger generations are more familiar with Facebook, a social media manager has been appointed to actively interact with the public, promote key products or systems, and disseminate information in an interesting way.</li> <li>2. Posts on the fan pages of competent authorities are shared on the TPEX fan page to facilitate policy communication.</li> </ol>
<b>TPEX ESG Section</b> 	<p>In order to provide enterprises and investors with one-stop access to the sustainability information of the TPEX, an “ESG Section” for the enquiry has been provided on September 29, 2022, including four major themes, namely “Sustainable Bond Market”, “ESG for Listed Companies”, “ESG Indices &amp; ETP” and “Our Sustainability”.</p>
<b>TPEX HOME education</b>	<p>Considering the needs of young people who are new to the capital market to learn securities knowledge, the online learning resources of TPEX are collected, allowing the public to easily learn at home.</p>

Promotional channel	Description
<b>Anti-Financial Investment Fraud Zone</b>	<p>In order to prevent financial investment fraud, an “Anti-Financial Investment Fraud Zone” was set up on September 30, 2022, on the official website. Through the integration of FB promotional graphics and short videos, anti-financial investment fraud award-winning quizzes and news reports, TPEX promoted anti-financial investment fraud information to investors. In 2023, the Anti-Financial Investment Fraud Section was revised and officially launched on October 31. This revision included new features such as 'Fraud Prevention News,' 'Fraud Prevention Database,' and 'Complaint Channels.' Additionally, the enquiry design and user interface were simplified for easier browsing and reading.</p>
Promotional seminars	TPEX promotes various important businesses, systems, and the latest revised regulations for Main Board/Emerging Stock Market companies, investors, and securities firms.
On-site visits	TPEX makes on-site visits to domestic and foreign companies as well as Main Board/Emerging Stock Market companies to introduce the multi-tiered capital market.
Networking/ Matching activities	TPEX regularly organizes business promotion networking and matchmaking activities for enterprises in the TPEX market.
Media	TPEX promotes its services and products through the media from time to time.
Investor hotline/ fax	<p>TPEX upholds a professional stance and a fair and objective attitude in processing investor complaints, petitions, or consultations, in a timely manner. All investor telephone and emails received in 2023 were forwarded to the relevant business departments for processing after receipt.</p> <p>Investor service hotline: (02-2366-6100)</p> <p>Emerging Stock Market investor consultation hotline: (02-2369-6102)</p> <p>Email address of Investor Mailbox: Click on “Contact Us” on the TPEX Official website to access the Investor Mailbox</p>