TAIWAN STOCK EXCHANGE CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Taiwan Stock Exchange Corporation

We have audited the accompanying parent company only balance sheets of Taiwan Stock Exchange Corporation as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, expressed in thousands of New Taiwan dollars. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. We did not audit the 2015 and 2014 financial statements of Taiwan Depository and Clearing Corporation, Taiwan-Ca. Inc. and Taiwan Ratings Corporation, investees accounted for using the equity method. The Company recognised other comprehensive income (including share of profit/(loss) of subsidiaries and associates accounted for using equity method and share of other comprehensive income (loss) of subsidiaries and associates) of $942,369 thousand and $866,287 thousand for the years ended December 31, 2015 and 2014, respectively. Related investments accounted for using equity method was $10,683,892 thousand and $9,894,404 thousand as of December 31, 2015 and 2014, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, is based solely on the audit reports of the other independent accountants.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the parent company only financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other independent accountants provide a reasonable basis

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for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the parent company only financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Taiwan Stock Exchange Corporation as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in conformity with the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchanges" and related orders issued by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taiwan

March 15, 2016

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
Current Assets					
Cash and cash equivalents	6(1)	$ 12,283,169	18	$ 6,878,165	11
Available-for-sale financial assets - current	6(2)	5,342,789	8	3,600,356	6
Held-to-maturity financial assets - current	6(3)	1,550,880	2	3,507,497	6
Accounts receivable - net	6(4) and 7	283,190	-	295,739	1
Other receivables		95,696	-	112,509	-
Other current financial assets	6(1)	6,526,911	10	8,238,709	13
Securities settlement debit	6(6)	7,422,752	11	6,344,772	10
Other current assets		5,368	-	8,739	-
Total Current Assets		33,510,755	49	28,986,486	47
Non-current Assets					
Available-for-sale financial assets – non-current	6(2)	3,229,832	5	3,153,866	5
Held-to-maturity financial assets – non-current	6(3)	7,063,606	10	7,361,500	12
Default damages fund	6(5)	8,632,552	13	8,512,904	14
Investments accounted for using equity method	6(7)	10,971,654	16	9,894,404	16
Property and equipment	6(8)	3,327,098	5	2,514,330	4
Investment property - net	6(9)	83,388	-	83,841	-
Intangible assets	6(10)	339,124	1	396,459	1
Deferred income tax assets	6(23)	7,291	-	7,239	-
Other non-current assets	6(11)	580,143	1	600,919	1
Total Non-current Assets		34,234,688	51	32,525,462	53
TOTAL ASSETS		$ 67,745,443	100	$ 61,511,948	100

(Continued)

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
Current Liabilities					
Securities lending and borrowing collateral payable	6(12)	$ 8,898,326	13	$ 5,176,954	8
Accrued expenses	7	953,087	1	923,470	2
Current income tax liabilities	6(23)	54,875	-	50,605	-
Securities settlement credit	6(6)	7,422,752	11	6,344,772	10
Other current liabilities	6(13)	722,078	1	286,366	1
Total Current Liabilities		18,051,118	26	12,782,167	21
Non-current Liabilities					
Deferred income tax liabilities	6(23)	52,548	-	55,474	-
Net defined benefit liabilities -- non-current	6(14)	293,134	1	179,663	-
Guarantee deposits received		101,629	-	54,261	-
Total Non-current Liabilities		447,311	1	289,398	-
Total Liabilities		18,498,429	27	13,071,565	21
Equity					
Share Capital					
Share capital - common stock	6(15)	6,604,348	10	6,443,266	11
Capital Surplus					
Capital surplus	6(16)	578	-	578	-
Retained Earnings					
Legal reserve	6(17)	4,913,081	7	4,728,691	8
Special reserve	6(17)	32,902,283	49	32,182,134	52
Unappropriated earnings	6(18)	1,668,441	2	1,919,366	3
Other Equity Interest					
Other equity interest	6(19)	3,158,283	5	3,166,348	5
Total Equity		49,247,014	73	48,440,383	79
TOTAL LIABILITIES AND EQUITY		$ 67,745,443	100	$ 61,511,948	100

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 15, 2016.

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Items	2015 AMOUNT	2015 %	2014 AMOUNT	2014 %
Operating revenue (Notes 6(20) and 7)				
Trading fees	$ 2,302,140	51	$ 2,393,431	54
Listing fees	1,153,101	26	1,038,074	24
Market data fees	344,654	8	346,369	8
Data processing fees	183,353	4	203,033	5
Connection handling fees	90,921	1	68,417	1
Others	438,349	10	352,424	8
Total Operating Revenue	4,512,518	100	4,401,748	100
Operating expenses (Note 6(21))				
Personnel	(1,424,490)	(32)	(1,404,109)	(32)
General and administrative (Note 7)	(2,563,703)	(57)	(2,438,876)	(55)
Total Operating Expenses	(3,988,193)	(89)	(3,842,985)	(87)
Operating income	524,325	11	558,763	13
Non-operating income and expenses				
Equity in net income of investee company (Note 6(7))	824,172	18	817,733	19
Interest income	483,301	11	485,791	11
Gain on disposal of investments	6,446	-	148,019	3
Other income	131,349	3	128,450	3
Finance costs (Note 6(22))	(7,080)	-	(10,204)	-
Other expenses	(88,303)	(2)	(82,032)	(2)
Total non-operating income and expenses	1,349,885	30	1,487,757	34
Profit before income tax	1,874,210	41	2,046,520	47
Income tax expense (Note 6(23))	(175,189)	(4)	(202,616)	(5)
Profit for the year	1,699,021	37	1,843,904	42
Other comprehensive income				
Components of other comprehensive (loss) income that will not be reclassified to profit or loss				
(Losses) gains on remeasurements of defined benefit plan(Note 6(14))	(91,101)	(2)	18,864	-
Share of other comprehensive income of associates accounted for under equity method	43,166	1	8,537	-
Total components of other comprehensive (loss) income that will not be reclassified to profit or loss	(47,935)	(1)	27,401	-
Components of other comprehensive (loss) income that will be reclassified to profit or loss				
Unrealised (losses) gains on valuation of available-for-sale financial assets (Note 6(2))	(70,858)	(1)	923,054	21
Share of other comprehensive income of associates accounted for under equity method	62,793	1	40,017	1
Total components of other comprehensive (loss) income that will be reclassified to profit or loss	(8,065)	-	963,071	22
Total comprehensive income for the year	$ 1,643,021	36	$ 2,834,376	64
Earnings per share (in dollars)				
Basic earnings per share (Note 6(24))	$	2.57	$	2.79

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 15, 2016.

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

				Retained Earnings				
	Notes	Share Capital - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity Interest	Total Equity
2014								
Balance at January 1, 2014		$ 6,286,113	$ 578	$ 4,596,560	$ 30,586,547	$ 1,321,304	$ 2,203,277	$ 44,994,379
Appropriations of 2013 earnings:								
Legal reserve	6(17)	-	-	132,131	-	(132,131)	-	-
Special reserve	6(17)	-	-	-	198,195	(198,195)	-	-
Cash dividends	6(18)	-	-	-	-	(785,764)	-	(785,764)
Stock dividends	6(18)	157,153	-	-	-	(157,153)	-	-
Recognised special reserve		-	-	-	1,397,392	-	-	1,397,392
Net income for 2014		-	-	-	-	1,843,904	-	1,843,904
Other comprehensive income for 2014	6(19)	-	-	-	-	27,401	963,071	990,472
Balance at December 31, 2014		$ 6,443,266	$ 578	$ 4,728,691	$ 32,182,134	$ 1,919,366	$ 3,166,348	$ 48,440,383
2015								
Balance at January 1, 2015		$ 6,443,266	$ 578	$ 4,728,691	$ 32,182,134	$ 1,919,366	$ 3,166,348	$ 48,440,383
Appropriations of 2014 earnings:								
Legal reserve	6(17)	-	-	184,390	-	(184,390)	-	-
Special reserve	6(17)	-	-	-	590,049	(590,049)	-	-
Cash dividends	6(18)	-	-	-	-	(966,490)	-	(966,490)
Stock dividends	6(18)	161,082	-	-	-	(161,082)	-	-
Net income for 2015		-	-	-	-	1,699,021	-	1,699,021
Other comprehensive loss for 2015	6(19)	-	-	-	-	(47,935)	(8,065)	(56,000)
Changes in net equity of subsidiaries accounted for using equity method		-	-	-	130,100	-	-	130,100
Balance at December 31, 2015		$ 6,604,348	$ 578	$ 4,913,081	$ 32,902,283	$ 1,668,441	$ 3,158,283	$ 49,247,014

Note: Employees' bonuses of $103,501 and $96,918 were deducted from the statement of comprehensive income for 2014 and 2013, respectively.

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 15, 2016.

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 1,874,210	$ 2,046,520
Adjustments			
Income and expenses having no effect on cash flows			
Interest income		(483,301)	(485,791)
Dividend income		(118,821)	(58,277)
Finance costs	6(22)	7,080	10,204
Provision for bad debts		168	1,422
Depreciation (including investment property)	6(21)	392,769	431,636
Amortization	6(21)	180,209	148,136
Gain on disposal of investments		(6,446)	(148,019)
Equity in net income of investee companies-net of cash dividends received		(556,370)	(598,308)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		12,381	(46,244)
Other receivables		-	13,746
Other current assets		3,371	(1,400)
Default damages fund		(119,648)	(121,374)
Net changes in liabilities relating to operating activities			
Securities lending and borrowing collateral payable		3,721,372	(8,492,232)
Accrued expenses		28,747	137,720
Other current liabilities		435,712	(455,259)
Other non-current assets		(8,700)	(7,300)
Accrued pension liabilities		22,370	23,577
Cash provided by (used in) operations		5,385,103	(7,601,243)
Interest received		500,114	493,102
Interest paid		(6,210)	(10,183)
Income tax paid		(173,897)	(165,332)
Net cash provided by (used in) operating activities		5,705,110	(7,283,656)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in available-for-sale financial assets-net		(1,882,811)	(267,921)
Decrease in held-to-maturity financial assets-net		2,254,511	2,210,882
Decrease in other current financial assets		1,711,798	7,133,918
Acquisition of property and equipment		(921,131)	(635,567)
Proceeds from disposal of property and equipment		3	17
Increase in intangible assets		(53,873)	(79,806)
Increase in refundable deposits-net		(45,702)	-
Increase in prepayments for equipment		(277,779)	(394,581)
Dividend received		118,821	58,277
Addition of investments accounted for using equity method		(300,000)	-
Proceeds from capital reduction of investments accounted for using equity method		15,179	-
Net cash provided by investing activities		619,016	8,025,219
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid		(966,490)	(785,764)
Increase (decrease) in guarantee deposits received		47,368	(2,310)
Net cash used in financing activities		(919,122)	(788,074)
Increase (decrease) in cash and cash equivalents		5,405,004	(46,511)
Cash and cash equivalents at beginning of year	6(1)	6,878,165	6,924,676
Cash and cash equivalents at end of year	6(1)	$ 12,283,169	$ 6,878,165

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 15, 2016.

TAIWAN STOCK EXCHANGE CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Taiwan Stock Exchange Corporation (the Company) was established in December 1961. The main activities of the Company are providing location and facilities for trading and settlement of securities, and other services as approved by the Competent Authority.

On October 11, 2011, the Competent Authority authorized the Company to continue existing in its current corporate form for the next ten years until a change into a membership-type organization is approved.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 15, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, the Company shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchanges" effective January 1, 2015 (collectively referred herein as "the 2013 version of IFRSs") in preparing the financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), 'Employee benefits'

Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows.

B. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

The Company is subject to the above amendments and will revise its comprehensive statements of income in 2015, and items that are not reclassified to profit or loss will include remeasurement on defined benefit plan. Items that might be reclassified to profit or loss will include unrealised gain (loss) on available-for-sale financial assets.

C. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Company will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. IFRS 13, 'Fair value measurement'

The standard provides guides for fair value measurements. The standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. Also, the standard requires more additional disclosures than the standard in effect. For example, IFRS 13 requires that all assets and liabilities that are applicable shall use 3 levels of disclosures. The measurement requirements in IFRS 13, 'Fair value measurement' are applied prospectively starting from 2015.

For the above items, the Company is assessing their impact on the financial statements and the affected amounts were not significant.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These parent company only financial statements of the Company has been prepared in accordance with the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchange". However, the Company complies with orders issued by Financial Supervisory Commission (FSC) if different from standards.

(2) Basis of preparation

Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

A.Available-for-sale financial assets measured at fair value.

B.Accrued pension liabilities calculated by actuarial valuations.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a)Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realised within twelve months from the balance sheet date;

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a)Liabilities that are expected to be paid off within the normal operating cycle;

(b)Liabilities arising mainly from trading activities;

(c)Liabilities that are to be paid off within twelve months from the balance sheet date;

(d)Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents include cash on hand, deposits and other short-term investment with high liquidity that will expire within three months since acquisition, can be transferred into fixed amount of cash and the risk of change in value is minor.

(6) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using settlement date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(7) Held-to-maturity financial assets

A. Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Company has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.

B. On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognised using settlement date accounting.

C. Held-to-maturity financial assets are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(8) Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in interest or principal payments;

(b) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(c) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the recognised impairment loss will reverse to be recognised in profit or loss by adjusting allowance account. However, the reversal shall not make the book value of the financial assets greater than the amortised cost if no recognition occurred at the reversal date.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Lease

Lease income from an operating lease (net of any incentives given to the lessee) and payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(12) Investments accounted for using the equity method

A. Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method in these parent company only financial statements.

B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to be equal to the Company's accounting policies.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Company – Type Stock Exchanges," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements.

(13) Property and equipment

A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Land is not depreciated and computer equipment is depreciated using the fixed percentage on declining balance method. Other property and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

C. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(18) Pensions

A. Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

B. Defined benefit plan

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method.

(b) Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(19) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet.

D. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(21) Revenue recognition

Revenue is recognized when the earning process is substantially completed and the payment is realized or realizable. Costs and expenses are recognized as incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering related financial information and reference. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks.

As of December 31, 2015, the carrying amount of unlisted stocks was $3,229,832.

(2) Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of December 31, 2015, the carrying amount of net defined benefit liabilities was $293,134.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Checking accounts and demand deposits	$ 5,228,540	$ 1,054,176
Cash equivalents		
Time deposits with maturity within three months from initial date	-	1,730,000
Commercial papers	7,054,629	4,093,989
	$ 12,283,169	$ 6,878,165

A. As of December 31, 2015 and 2014, the time deposits with maturity of more than three months from initial date were $6,526,911 and $8,238,709, respectively, and were shown as 'other financial assets – current'.

B. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

C. The Company has no cash and cash equivalents pledged to others.

(2) Available-for-sale financial assets

Items	December 31, 2015	December 31, 2014
Current items:		
Beneficiary certificate	$ 5,124,913	$ 3,235,656
Valuation adjustment of available-for-sale financial assets	217,876	364,700
	$ 5,342,789	$ 3,600,356

Items	December 31, 2015	December 31, 2014
Non-current items:		
Unlisted stocks	$ 938,528	$ 938,528
Valuation adjustment of available-for-sale financial assets	2,408,180	2,332,214
Accumulated impairment	(116,876)	(116,876)
	$ 3,229,832	$ 3,153,866

A. The Company recognised $70,858 and $923,054 in other comprehensive income for fair value change and reclassified $6,446 and $148,019 from equity to profit or loss for the years ended December 31, 2015 and 2014, respectively.

B. The Company has no available-for-sale financial assets pledged to others.

(3) Held-to-maturity financial assets

Items	December 31, 2015	December 31, 2014
Current items:		
Financial bonds	$ 1,250,880	$ 2,000,190
Corporate bonds	300,000	1,507,307
	$ 1,550,880	$ 3,507,497
Non-current items:		
Financial bonds	$ 6,301,601	$ 6,500,746
Corporate bonds	707,758	806,171
Government bonds	54,247	54,583
	$ 7,063,606	$ 7,361,500

The Company has no held-to-maturity financial assets pledged to others.

(4) Accounts receivable

	December 31, 2015	December 31, 2014
Accounts receivable	$ 284,780	$ 297,161
Less: Allowance for doubtful accounts	(1,590)	(1,422)
	$ 283,190	$ 295,739

The Company does not hold any collateral as security.

(5) Default damages fund

A. The Company, as required by Securities and Exchange Law and related regulations, makes cash contributions to a default damages fund (DDF) at certain percentages of trading fees within 15 days at the end of each quarter (Dr. default damages fund; Cr. cash), except for the first draft of $50,000. However, the Company stops making cash contributions to the DDF when the accumulated amount of the DDF is equal to or greater than the total amount of the Company's capital. In addition, following the regulations of the Competent Authority No. 00480 bulletin (1986), an equivalent amount of default damages reserve has been recontributed starting from 1986. Additionally, following Article 6 of "Taiwan Stock Exchange Corporation Securities

Borrowing and Lending Rules", and the regulations of the Competent Authority No. 0920129756 bulletin (2003), the Company contributes 3% of each loan service fee it receives as default damages fund.

B. As the accumulated amount of the DDF has exceeded the total amount of the Company's capital, the Company has stopped making contributions to the DDF and default damages reserve since November 2006. However, in accordance with the Competent Authority No. 0980026755 bulletin (June 2009), the Company has contributed 5% of trading fees to the DDF within 15 days after the end of every quarter since January 1, 2010.

C. For the preparation of financial statements in accordance with IFRSs from January 1, 2013, following the regulatory authority, the default damages reserve the Company has contributed should be reclassified to 'special reserve', which cannot be used for other purposes except for the use to cover accumulated deficit or for other uses approved by the Financial Supervisory Commission. In addition, contribution to the default damages fund was no more effective from October 30, 2012.

D. Under regulations of the competent authority, if losses occur when the Company pay the settlement on behalf of others by Securities and Exchange Act Article 153, as reported to and approved by the competent authority, the losses will be directly offseted against the above special reserve and no expense will be recognized.

E. In September 1996, the Competent Authority approved a common fund, the Securities Settlement Fund ("SSF"), to be used in settling defaults by securities companies. The Company established the special settlement fund ("SF") with an initial funding of $1,000,000. If the Company's DDF exceeds $1,000,000, the excess should be contributed to the SF until the contribution reaches $2,000,000. As of December 31, 2015 and 2014, the balance of the SF was $3,000,000.

F. The movements of the Default damages fund are as follows:

	Years ended December 31,	
	2015	2014
Balance, beginning of year (Note)	$ 5,512,904	$ 5,391,530
Contributions		
Based on the amounts of trading fees	115,209	117,760
3% of securities lending and borrowing service fees	4,439	3,614
	5,632,552	5,512,904
Settlement fund (SF)	3,000,000	3,000,000
Balance, end of year	$ 8,632,552	$ 8,512,904

Note: The beginning balance of SF was $3,000,000 and the balance of DDF was $8,512,904 and $8,391,530 as of January 1, 2015 and 2014, respectively.

G. As of December 31, 2015, the DDF was invested in time deposits.

(6) Securities settlement credit (debit)

As required by the Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchanges, securities settlement debit (credit) includes Securities Settlement Fund ("SSF") and settlement consideration, and related descriptions are as follows:

A. Securities settlement fund

(a)As required by the Competent Authority, securities companies make cash deposits to the SSF, which is administered by a committee and deposited in the name of the Company, and this account is distinguished from the others owned by the Company. Under the Securities and Exchange Law, the SSF can only be (a) invested in government bonds; (b) deposited in banks or in the postal savings system; or (c) invested in other instruments as approved by the Competent Authority. The income on the SSF, less related expenses and taxes, is distributed to the securities companies every six months.

(b)The obligation of a defaulting securities company and expenses incurred in meeting obligations are settled using the balance of the defaulting company's contributions to the SSF and any undistributed income thereon.

i. If the obligation of the defaulting company still cannot be fully settled, the SF portion in excess of $1,000,000 will be used.

ii. If any obligation remains, then the initial SF of $1,000,000 plus the contributions to the SSF by other securities companies will be used proportionately.

(c)As of December 31, 2015 and 2014, the balances of the SSF were $3,444,874 and $3,405,293, respectively, and the balance of the SF was $3,000,000. The funds are invested in time deposits pursuant to the regulation. In addition, as of December 31, 2015, the Company had entered into a loan agreement with financial institutions in the amount of $11,800,000 and Ten million U.S. dollars and provided time deposit of $2,000,000 to financial institutions as collateral for the need of Securities firms' application of the advance settlements for finalizing the funds to the Company and emergency revolving fund due to Securities firms violation of settlement obligation or natural disaster. As of December 31, 2014, the loan amount had not been drawn down. The foregoing time deposit was recognized as DDF of $750,000, SF of $550,000, and SSF of $700,000.

(d)As the Company is only responsible for the custodianship of the SSF deposited by security dealers, yield and income from the funds belong to the security dealers, the Company does not bear any related expenses and losses, and charge or return the SSF to individual security dealers. Therefore, the assets and liabilities are expressed in net of $0.

B. Settlement consideration

Because the Company net settles the listing securities, the Company shall receive or pay settlement payment from/ to each security dealers and shown as 'securities settlement debit' and 'securities settlement credit. Pursuant to 'Operating Rules of the Taiwan Stock Exchange Corporation', net settlement is employed on the second business day following the trade date. Balance of securities settlement debit (credit) as of December 31, 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
Securities settlement debit	$ 7,422,752	$ 6,344,772
Securities settlement credit	$ 7,422,752	$ 6,344,772

(7) Investments accounted for using the equity method

	December 31, 2015	December 31, 2014
Subsidiaries:		
Taiwan Depository & Clearing Corporation (TDCC)	$ 10,571,132	$ 9,767,938
Taiwan-Ca. Inc. (TWCA)	83,859	94,815
Global Link Securities Co., Ltd.	287,762	-
	10,942,753	9,862,753
Associate:		
Taiwan Ratings Co. (TRC)	28,901	31,651
	$ 10,971,654	$ 9,894,404

A. Subsidiaries

In June 2015, Taiwan-Ca Inc. (TWCA) has decreased capital by returning cash. The Company established Global Link Securities Co., Ltd. in September 2015. Please refer to Note 4(3) of consolidated financial statements for the information on subsidiaries.

Share of profit (loss) of subsidiaries, Taiwan Depository & Clearing Corporation (TDCC) and Taiwan-Ca Inc. (TWCA) accounted for using equity method was recognised based on the financial statements audited by other independent accountants.

B. Associates

The Company's share of the operating results in all individually immaterial associates are summarised below:

	Taiwan Ratings Co.	
	Years ended December 31,	
	2015	2014
Share of profit of associates accounted for using equity method	$ 6,824	$ 10,704

The Company's percentage of ownership in the above associate is 19.99% as of December 31, 2015 and 2014.

Recognition of the share in profit is based on the financial statements audited by other independent accountants.

(8) Property and equipment

	Land	Buildings	Computer equipment	Other equipment	Construction in progress (Note)	Total
Cost						
At January 1, 2015 (including revaluation of $37,804)	$816,966	$180,233	$1,073,889	$389,555	$ 830,014	$3,290,657
Additions	-	-	62,372	4,009	854,750	921,131
Disposals	-	-	(62,240)	(19,171)	-	(81,411)
Transfer from prepayments for business facilities	-	-	106,956	-	177,000	283,956
Closing book amount	$816,966	$180,233	$1,180,977	$374,393	$1,861,764	$4,414,333
Accumulated depreciation						
At January 1, 2015	$ -	$ 90,850	$ 551,322	$134,155	$ -	$ 776,327
Depreciation	-	3,219	340,317	48,780	-	392,316
Disposals	-	-	(62,237)	(19,171)	-	(81,408)
Closing book amount	$ -	$ 94,069	$ 829,402	$163,764	$ -	$1,087,235
At January 1, 2015 net book amount	$816,966	$ 89,383	$ 522,567	$255,400	$ 830,014	$2,514,330
At December 31, 2015 net book amount	$816,966	$ 86,164	$ 351,575	$210,629	$1,861,764	$3,327,098

Note: Construction in progress refers to the construction of Banqiao Data Center and it will be reclassified to buildings after inspection.

	Land	Buildings	Computer equipment	Other equipment	Construction in progress	Total
Cost						
At January 1, 2014 (including revaluation of $37,084)	$816,966	$180,233	$ 867,112	$366,474	$ 314,581	$2,545,366
Additions	-	-	76,102	44,032	515,433	635,567
Disposals	-	-	(235,453)	(40,361)	-	(275,814)
Transfer from prepayments for business facilities	-	-	366,128	19,410	-	385,538
Closing book amount	$816,966	$180,233	$1,073,889	$389,555	$ 830,014	$3,290,657
Accumulated depreciation						
At January 1, 2014	$ -	$ 87,632	$ 411,298	$122,012	$ -	$ 620,942
Depreciation	-	3,218	375,460	52,504	-	431,182
Disposals	-	-	(235,436)	(40,361)	-	(275,797)
Closing book amount	$ -	$ 90,850	$ 551,322	$134,155	$ -	$ 776,327
At January 1, 2014 net book amount	$816,966	$ 92,601	$ 455,814	$244,462	$ 314,581	$1,924,424
At December 31, 2014 net book amount	$816,966	$ 89,383	$ 522,567	$255,400	$ 830,014	$2,514,330

The estimated useful lives of property and equipment are as follows:

Buildings	
-Main buildings	55 years
-Auxiliary buildings	5 years ~ 15 years
Computer equipment	3 years
Other equipment	3 years ~ 8 years

(9) Investment property

	Land		Buildings		Total	
Cost						
At January 1, 2015 (same as December 31, 2015)	$	72,577	$	25,412	$	97,989
Accumulated depreciation						
At January 1, 2015	$	-	$	14,148	$	14,148
Depreciation		-		453		453
Closing book amount	$	-	$	14,601	$	14,601
At January 1, 2015 net book amount	$	72,577	$	11,264	$	83,841
At December 31, 2015 net book amount	$	72,577	$	10,811	$	83,388

	Land		Buildings		Total	
Cost						
At January 1, 2014 (same as December 31, 2014)	$	72,577	$	25,412	$	97,989
Accumulated depreciation						
At January 1, 2014	$	-	$	13,694	$	13,694
Depreciation		-		454		454
Closing book amount	$	-	$	14,148	$	14,148
At January 1, 2014 net book amount	$	72,577	$	11,718	$	84,295
At December 31, 2014 net book amount	$	72,577	$	11,264	$	83,841

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,			
	2015		2014	
Rental income from investment property	$	10,390	$	10,367
Direct operating expenses arising from the investment property that generated rental income during the period (Depreciation expenses)	$	453	$	454

B. The fair value of the investment property held by the Company as of December 31, 2015 and 2014 was $331,041 and $326,712, respectively. The above assets are compared with similar transaction information traded in markets and have been applied appropriate correction after estimation, and comparative law is used for estimation which is categorised within Level 3 in the fair value hierarchy.

C. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 55 years.

(10) Intangible assets

	Years ended December 31, 2015	Years ended December 31, 2014
Cost		
At January 1	$ 942,765	$ 814,625
Additions	53,873	79,806
Disposals	(59,073)	(70,260)
Transfer from prepayments for equipment	69,001	118,594
Closing book amount	$ 1,006,566	$ 942,765
Accumulated amortisation		
At January 1	$ 546,306	$ 468,430
Amortisation	180,209	148,136
Disposals	(59,073)	(70,260)
Closing net book amount	$ 667,442	$ 546,306
At January 1 net book amount	$ 396,459	$ 346,195
At December 31 net book amount	$ 339,124	$ 396,459

Intangible assets pertain to computer software which are stated at historical cost and amortised on a straight-line basis over the estimated useful life of 3 years.

(11) Other non-current assets

	December 31, 2015	December 31, 2014
Operations guarantee deposits	$ 330,900	$ 322,200
Refundable deposits	76,755	31,053
Prepayments for equipment	172,488	247,666
	$ 580,143	$ 600,919

As at December 31, 2015 and 2014, the Company deposited time deposits and financial bonds amounting to $330,900 and $322,200 in the Central Bank of China as guaranty bond, respectively.

(12) Securities lending and borrowing collateral payable

The Company has provided securities lending and borrowing services since June 2003. The borrower is required to deposit collaterals based on certain percentages (the stipulated collateral ratio) of borrowed securities daily market prices to the Company. In addition, individual collateral maintenance ratio of each transaction will be calculated on a daily basis, and further collateral will be required if the maintenance ratio is below the collateral ratio. As at December 31, 2015 and 2014, the Company has received collaterals as follows:

	December 31, 2015	December 31, 2014
Cash (Note A)	$ 8,898,326	$ 5,176,954
Bank draft (Note B)	$ 6,828,983	$ 2,521,381
Securities (Note B and C)	$ 52,017,926	$ 60,918,057

Note A: Interest will be added based on the bank's current interest rate on refund of cash collateral.

Note B: Pursuant to 'Taiwan Stock Exchange Corporation Securities Borrowing and Lending Rules,' bank draft, securities and collaterals are to be returned to borrowers upon the completion of the transaction. Accordingly, these are not reflected as assets of the Company. The Company is only responsible for the custodianship of these collaterals.

Note C: Securities are revalued according to their closing prices at December 31, 2015 and 2014.

(13) Other current liabilities

	December 31, 2015	December 31, 2014
Temporary receipt at offering price	$ 412,232	$ -
Advance receipts	211,434	233,423
Deposits received for borrowing securities collateral	80,000	20,000
Temporary receipts for close down brokers	-	13,798
Others	18,412	19,145
Total	$ 722,078	$ 286,366

Advanced receipts refer to (put) warrant listing fees received in advance.

(14) Pensions

A. Defined benefit plan

The amounts recognised in the balance sheet are as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	$ 2,628,708	$ 2,530,780
Fair value of plan assets	(2,335,574)	(2,351,117)
Net defined benefit liability	$ 293,134	$ 179,663

(a) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	$ 2,530,780	$ 2,351,117	$ 179,663
Current service cost	164,746	-	164,746
Interest (expense) income	46,126	44,343	1,783
	2,741,652	2,395,460	346,192
Remeasurements:			
Return on plan assets (Note)	-	4,613	(4,613)
Change in financial assumptions	96,214	-	96,214
Experience adjustments	1,946	-	1,946
	98,160	4,613	93,547
Pension fund contribution	-	146,089	(146,089)
Paid pension	(211,104)	(210,588)	(516)
Balance at December 31	$ 2,628,708	$ 2,335,574	$ 293,134

Note: Excluding amounts included in interest income or expense.

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	$ 2,445,634	$ 2,270,684	$ 174,950
Current service cost	187,592	-	187,592
Interest (expense) income	44,399	45,553	(1,154)
	2,677,625	2,316,237	361,388
Remeasurements:			
Return on plan assets (Note)	-	8,145	(8,145)
Experience adjustments	(10,592)	-	(10,592)
	(10,592)	8,145	(18,737)
Pension fund contribution	-	162,659	(162,659)
Paid pension	(136,253)	(135,924)	(329)
Balance at December 31	$ 2,530,780	$ 2,351,117	$ 179,663

Note: Excluding amounts included in interest income or expense.

(b) Based on the Company's internal regulations for employee hiring and management, both the Company and its employees contribute monthly to the workers' pension fund and employees' retirement fund, respectively. The Company contributes based on certain percentages of salary expenses to a common retirement fund. These funds are administered by the independent pension fund committee and employees' retirement fund committee, respectively. The contributed amounts are deposited to the Bank of Taiwan under the name of the respective committees. Employees who have retired and resigned will receive benefits from the relevant pension fund, retirement fund and common fund.

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan that was administered by the independent retirement fund committee in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

As of December 31, 2015, the Company's Fund that was administered by employees' retirement fund committee was bank deposits. As of December 31, 2014, the Company's Fund was bank deposits and ETF.

(d) The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	1.50%	1.875%
Future salary increases	3.75%	3.75%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 64,730)	$ 67,151	$ 63,935	($ 61,957)
December 31, 2014				
Effect on present value of defined benefit obligation	($ 64,155)	$ 66,563	$ 63,686	($ 61,670)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2016 are $151,568.

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. Employees receive the pension based on the law and each pension act. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2015 and 2014 were $69,366 and $41,720, respectively.

(15) Share capital

A. In accordance with the resolution adopted at the stockholders' meeting on June 11, 2014, the Company issued common stock by capitalizing the unappropriated retained earnings totaling 15,715 thousand shares. The registration of this capital increase was approved by the Competent Authority.

B. In accordance with the resolution adopted at the stockholders' meeting on June 24, 2015, the Company issued common stock by capitalizing the unappropriated retained earnings totaling 16,108 thousand shares. The registration of this capital increase was approved by the Competent Authority.

C. As of December 31, 2015, the Company's authorized captal and paid-in capital were both \$6,604,348 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

D. Under an amendment to Article 128 of the Securities and Exchange Law promulgated on July 19, 2000, the Company's common stocks can only be sold to authorized securities companies starting January 15, 2001.

(16) Capital reserve

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Legal reserve / Special reserve

A. According to the R.O.C. Company Law, the annual net income should be used initially to cover any accumulated deficit; thereafter 10% of the annual net income should be set aside as legal reserve until it has reached 100% of contributed capital. Legal reserve shall be exclusively used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership and shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

B. Special reserve, as required by regulations of the Securities and Futures Bureau (SFB), of at most 80% of the annual net income was determined by the Competent Authority, and special reserve as resolved by the stockholders can only be used, upon the Competent Authority's approval, to offset deficit or transferred to capital.

(18) Unappropriated earnings

A. The annual net income should be used initially to cover any accumulated deficit; 10% of the annual net income should be set aside as legal reserve and special reserve upon the Competent Authority's approval. The appropriation of the remainder, if any, along with the accumulated unappropriated earnings in prior years shall be proposed by the Board of Directors and resolved by the shareholders.

B. As approved by the stockholders during their meeting, cash dividends declared for 2015 and 2014 were $1.5 (in dollars) per share and $1.25 (in dollars) per share, respectively, and the stock dividends for 2015 and 2014 were $0.25 (in dollars) per share for both years.

C. For the information relating to employees' compensation (bonuses), please refer to Note 6(21).

(19) Other equity items

		Unrealised profit/loss on available-for-sale financial assets
January 1, 2015	$	3,166,348
Unrealised valuation profit/loss on available-for-sale financial assets	(	8,065)
December 31, 2015	$	3,158,283
January 1, 2014	$	2,203,277
Unrealised valuation profit/loss on available-for-sale financial assets		963,071
December 31, 2014	$	3,166,348

(20) Trading fees

Trading fees mainly represent fees collected for the use of the Company's facilities for trading and settlement of securities. The fees are computed as a percentage of the value of the transactions of securities traded and the rate is 0.000065 per dollar for dealers and brokers. After reaching an agreement with Taiwan Securities Association, which was approved by the Board of Directors of the Company and the Competent Authority in No. 0950156625 bulletin (December 14, 2006), the rate has been reduced by 12% during the time that the Company stopped to make cash contributions to the DDF. Effective December 1, 2011, as approved by the Board of Directors of the Company and the Competent Authority per No. 1000058644 bulletin (November 29, 2011), the rate (0.000065 per dollar) has been reduced by 20%.

(21) Expenses by nature

	Operating expenses			
	Years ended December 31,			
	2015		2014	
Employee benefit expense				
Salaries	$	1,179,387	$	1,163,733
Labour and health insurance fees	$	70,727	$	71,053
Pension	$	232,809	$	228,285
Others	$	12,294	$	12,091
Depreciation	$	392,769	$	431,636
Amortization	$	180,209	$	148,136

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 1%~12%. The Board of Directors is authorised to determine the allocation ratio and rules.

However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee compensation, based on the profit of the current year distributable, in a fixed amount or a ratio of profits; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on January 26, 2016. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall be 1% to 12% for employees' compensation. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at $118,632 and $118,596, respectively. The aforementioned amounts were recognised in salary expenses. Employees' compensation for 2015 was accrued based on profit of current year distributable for the year ended December 31, 2015, and actual distribution amount of employees' compensation is resolved by the Board of Directors.

The amount of employees' bonus for 2014 was accrued based on the percentage as prescribed by the Company's Articles of Incorporation after taking into account the historical employees' bonus distribution experience, surplus reserve and other factors. However, the employees' bonus as resolved by the shareholders was lower than the amount recognised in the 2014 financial statements. The difference of $15,095 had been adjusted in the statement of comprehensive income for 2015.

C. As of December 31, 2015 and 2014, the Company had 618 and 616, employees.

(22) Finance costs

	Years ended December 31, 2015	Years ended December 31, 2014
Interest expense		
-Securities lending and borrowing collateral	$ 7,080	$ 10,204

(23) Income tax

A. Income tax expense

(a) Components of income tax expense

	Years ended December 31,	
	2015	2014
Current tax:		
Current tax on profits for the year	$ 170,990	$ 163,393
Tax on undistributed earnings	-	4,806
Adjustments in respect of prior years	7,177	23,965
Total current tax	178,167	192,164
Deferred tax:		
Origination and reversal of temporary differences	(2,978)	10,452
Income tax expense	$ 175,189	$ 202,616

(b) Detail of income tax expense and accounting profit

	Years ended December 31,	
	2015	2014
Tax calculated based on profit before tax and statutory tax rate	$ 318,616	$ 347,908
Tax effect of permanent differences	(150,604)	(174,063)
Additional 10% tax on undistributed earnings	-	4,806
Under provision of prior year income tax underestimate	7,177	23,965
Tax expense	$ 175,189	$ 202,616

B. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2015		
	January 1	Recognised in profit or loss	December 31
-Deferred tax assets:			
Employees' welfare	$ 1,042	$ 26	$ 1,068
Unused expenses of employee compensated absences	6,124	25	6,149
Others	73	1	74
	$ 7,239	$ 52	$ 7,291
-Deferred tax liabilities:			
Reserve for land value increment tax	$ 44,599	$ -	$ 44,599
Unrealised exchange/gain	10,875	(2,926)	7,949
	$ 55,474	($ 2,926)	$ 52,548

	Year ended December 31, 2014		
	January 1	Recognised in profit or loss	December 31
-Deferred tax assets:			
Employees' welfare	$ 1,017	$ 25	$ 1,042
Unused expenses of employee compensated absences	5,727	397	6,124
Others	72	1	73
	$ 6,816	$ 423	$ 7,239
-Deferred tax liabilities:			
Default damages reserve	$ 1,397,392	($ 1,397,392)	$ -
Reserve for land value increment tax	44,599	-	44,599
Unrealised exchange gain	-	10,875	10,875
	$ 1,441,991	($ 1,386,517)	$ 55,474

C. The amounts of deductible temporary differences that are not recognised as deferred tax assets are as follows:

	December 31, 2015	December 31, 2014
Deductible temporary differences	$ 129,633	$ 95,563

D. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

E. As of December 31, 2015 and 2014, the unappropriated earnings were generated in and after 1998.

F. Imputation System

	December 31, 2015	December 31, 2014
Imputation tax credit account	$ 183,845	$ 24,631

The creditable tax rate was 11% for 2014 and is estimated to be 14.31% for 2015, according to the current income tax law.

(24) Earnings per share

	Year ended December 31, 2015		
	Amount after tax	Outstanding shares at the end of the year (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 1,699,021	660,435	$ 2.57

	Year ended December 31, 2014		
	Amount after tax	Outstanding shares at the end of the year (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 1,843,904	660,435	$ 2.79

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

	Years ended December 31, 2015	Years ended December 31, 2014
A.Trading fees:		
Corporate Directors	$ 440,607	$ 495,726
B.Revenue from securities listing fees:		
Other related parties	$ 450	$ 450
Corporate Directors	181,055	178,223
	$ 181,505	$ 178,673
C.License fees (recorded as operating revenue-others):		
Other related parties	$ 195,001	$ 149,362
Corporate Directors	630	630
	$ 195,631	$ 149,992
D.Securities settlement service fees (recorded as operating expenses):		
Subsidiary	$ 515,037	$ 537,815
E.Rental and administrative expense (recorded as operating expenses):		
Other related parties	$ 185,331	$ 180,571
Corporate Directors	24,033	13,400
	$ 209,364	$ 193,971
F.Accounts receivable:		
Corporate Directors	$ 40,943	$ 45,764
Other related parties	17,842	16,778
Subsidiary	-	656
	$ 58,785	$ 63,198
G.Payable for securities settlement services:		
Subsidiary	$ 39,665	$ 46,429

(2) Key management compensation

	Years ended December 31, 2015	Years ended December 31, 2014
Salaries and other short-term employee benefits	$ 32,382	$ 34,798
Pensions	3,813	4,123
	$ 36,195	$ 38,921

8. PLEDGED ASSETS

As of December 31, 2015 and 2014, the Company pledged the following as collateral. Please refer to

Notes 6(6) and 6(11) for the information on time certificates and operation guarantee funds pledged as collateral for the settlement prices the Company had applied for payment on behalf of others and applied for credit limit with banks.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A.As of December 31, 2015 and 2014, the Company leased certain offices. The total future minimum lease payments and administrative expense under these operating lease agreements are as follows:

	December 31, 2015	December 31, 2014
Not later than one year	$ 214,721	$ 217,438
Later than one year but not later than five years	811,038	831,308
Over five years	-	188,241
	$ 1,025,759	$ 1,236,987

B.Future payments required for the contracts in relation to the acquisitions of computer equipment, information system and construction of information centre is as follows:

	December 31, 2015	December 31, 2014
Computer equipment and other equipment	$ 137,140	$ 491,035
Construction of information centre	298,210	597,749
	$ 435,350	$ 1,088,784

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's subsidiary, Taiwan Index Plus Corporation, was approved to be established on January 20, 2016, and the subsidiary is primarily engaged in compilation, maintenance and dissemination of domestic and foreign index.

12. OTHERS

(1) Capital management

The target of capital management:

A. Ensure to continue operating and to continue to contribute returns for shareholders.

B. Support stability and growth of the Company.

C. Offer capital to improve risk management ability

(2) Financial instruments

A. Fair value information of financial instruments

Except those listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable - net, other receivables, other financial assets, default damages fund, securities settlement debit, securities lending and borrowing collateral payable, accrued expenses, dividends payable and securities settlement credit) approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	December 31, 2015			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Held-to-maturity financial assets	$ 8,614,486	$ -	$ 8,633,797	$ -

	December 31, 2014	
	Book value	Fair value
Financial assets:		
Held-to-maturity financial assets	$ 10,868,997	$ 10,927,071

The methods and assumptions of fair value measurement are as follows:

Held-to-maturity financial assets: if there is a quoted price in an active market, the fair value is based on the market price; if there is no quoted market price available, the fair value is determined by using valuation techniques or counterparty quotes.

B. Financial risk management policies

Financial risk management targets and policies

(a) The targets of financial risk management are to manage the following financial risks: market risk (including foreign exchange risk and securities price risk), credit price risk and liquidity risk.

(b) The Company has mechanism to control all financial risks the Company is exposed to. Except for market risk that is controlled by external factors, other risks can be controlled internally or eliminated and the target is to minimize the risks to zero. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(c) Risk management is carried out by a central financial department (Financial Department) in accordance with the policies approved by the Board of Directors. The Company's Financial Department identifies and evaluates a variety of financial instruments, the procedure of the transaction, and transaction parties. Moreover, the Company regularly proposes recommendation reports and reviews the business performance. The internal auditor is in charge of conducting the audit of the business function.

C. Significant financial risks and degrees of financial risks

(a) Market risk

The market risk is caused by losses resulting from changes in exchange rate and securities prices.

Foreign exchange risk

Foreign exchange risk refers to impact from value changes to assets and liabilities denominated in foreign currencies. The Company provides services for securities borrowing and lending transactions, and according to regulations, specific security borrowers can deposit cash denominated in United States Dollars and Japan Yen as collateral. Because the Company saves all collateral denominated in foreign currency, the foreign exchange risk is rather insignificant. Furthermore, the Company has RMB time deposits invested using its partial own funds.

	December 31, 2015				
				Sensitivity analysis	
(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	48,208	32.83	1,582,669	1%	15,827
RMB:NTD	362,508	4.995	1,810,727	1%	18,107
JPY:NTD	15,259,113	0.273	4,165,738	1%	41,657
Financial liabilities					
Monetary items					
USD:NTD	34,571	32.83	1,134,966	1%	11,350
JPY:NTD	15,259,113	0.273	4,165,738	1%	41,657

	December 31, 2014				
				Sensitivity analysis	
(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	99,631	31.65	3,153,321	1%	31,533
RMB:NTD	361,603	5.092	1,841,282	1%	18,413
Financial liabilities					
Monetary items					
USD:NTD	87,824	31.65	2,779,630	1%	27,796

The total exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2015 and 2014, amounted ($16,426) and $59,384, respectively.

Price risk of fixed income

Price risk of fixed income refers to changes in fair value of financial instruments resulting from changes in market interest rates, and the risk mainly comes from security investment. As of December 31, 2015 and 2014, the financial assets held-to-maturity that belongs to fixed-rate product were $8,614,486 and $10,868,997, respectively. The change in market interest rates will also fluctuate the fair value of the financial instruments, however, the financial instruments are held until maturity in order to receive effective rate compensation in duration, and there is no disposal or valuation loss arising from the fluctuation.

Price risk of non-fixed income

The price risk of non-fixed income of equity instruments is from investment in available-for-sale financial assets.

The market risk of holding equity security includes individual risk fluctuated by changes in quoted prices in active markets of individual equity security and general market risk fluctuated by quoted prices in overall active markets. For risk of security management, beneficiary certificates are in accordance with the Company's related regulations on capital usage, and the Company chooses appropriate investment objects, sets maximum amount for prudent investment and related limitation, and prepares summary of investment gain/ loss and capital usage reports regularly. Equity investment has to be approved by the Company's Board of Directors before initialization.

Sensitivity analysis of price risk of equity instruments refers to calculation based on changes in fair value at the end of the reporting period. If the price of equity instruments had increased/ decreased by 1% for the years ended December 31, 2015 and 2014, shareholders' equity for the year would increase/decrease by $85,726 and $67,542, respectively.

(b) Credit risk

Credit risk refers to financial loss resulting from counterparties' breach of contract, and is mainly receivables generated from operating activities and bank deposits, time deposits and fixed income of security investment generated from investing activities. Operating related credit risk and financial credit risk are managed separately. The maximum amounts of credit risk of accounts receivable and other receivables equal to their book value.

Operating related credit risk

The counterparties of the Company's accounts receivable are mostly security dealers, listed companies and other security related organisations with good credit quality, therefore, credit risk of accounts receivable is rather insignificant. Credit risk information is as follows:

i. Accounts receivable that were neither past due nor impaired

All the accounts receivable that were neither past due nor impaired have outstanding payment history, and the counterparties have steady capability to pay for the receivables. Therefore, even if the paying parties face significant uncertain factors or are exposed to adverse conditions, the Company still estimates them to maintain capability to pay. As of December 31, 2015 and 2014, accounts receivable that were neither past due nor impaired were $277,977 and $294,246, respectively.

ii. Accounts receivable that were past due but not impaired

The ageing analysis of accounts receivable that were past due but not impaired is listed according to overdue time as follows:

	December 31, 2015	December 31, 2014
Less than 6 months	$ 5,213	$ 1,493

iii. Accounts receivable that were impaired

As of December 31, 2015 and 2014, the Company's accounts receivable that were impaired amounted to $1,590 and $1,422, respectively.

Movements on the Company's provision for impairment of accounts receivable are as follows:

	For the years ended December 31,	
	2015	2014
At January 1	$ 1,422	$ -
Provision for bad debts	168	1,422
At December 31	$ 1,590	$ 1,422

Financial credit risk

The Company's policy requires that all transactions be conducted with the counterparties that meet the specified credit rating requirement. As the counterparties are all well-known domestic financial institutions with good credit standing, defaults by the counterparties are not expected to occur. As for transaction objects, the default on financial assets investment objects held by the Company might cause the Company's losses. However, the Company controls such risk by setting transaction ceiling and assessing their credit condition strictly. Thus, the Company expects no significant credit risk would arise.

The Company's internal and external credit risk ratings are as follows:

Internal credit risk ratings	Company credit ratings by Taiwan Ratings
Group 1	twAAA～twA-
Group 2	twBBB+～twBBB-
Group 3	twBB+～twC

Credit quality of financial assets are classified as follows:

	December 31, 2015		
	Group 1	Group 2	Group 3
Financial bonds	$ 7,552,481	$ -	$ -
Corporate bonds	1,007,758	-	-
Government bonds	54,247	-	-
	$ 8,614,486	$ -	$ -

	December 31, 2014		
	Group 1	Group 2	Group 3
Financial bonds	$ 8,500,936	$ -	$ -
Corporate bonds	2,313,478	-	-
Government bonds	54,583	-	-
	$ 10,868,997	$ -	$ -

(c) Liquidity risk

Liquidity risk refers to responsibilities that the Company is unable to repay financial debts with cash or another financial assets. The Company applies expected cash flow approach to manage liquidity risk, and ensures the amount to be paid for all maturing debt and all known requirement for capital through expectations of cash needed.

Analysis of non-derivative financial liabilities that are categorised by the maturity date and amount undiscounted at maturity date is as follows:

	December 31, 2015			
	Less than 6 months	Between 6 months and 1 year	Over 1 year	Total
Securities lending and borrowing collateral payable	$ 8,898,326	$ -	$ -	$ 8,898,326
Accrued expenses	903,541	49,546	-	953,087
Deposits received	-	-	101,629	101,629
	$ 9,801,867	$ 49,546	$ 101,629	$ 9,953,042

	December 31, 2014			
	Less than 6 months	Between 6 months and 1 year	Over 1 year	Total
Securities lending and borrowing collateral payable	$ 5,176,954	$ -	$ -	$ 5,176,954
Accrued expenses	873,540	49,930	-	923,470
Deposits received	-	-	54,261	54,261
	$ 6,050,494	$ 49,930	$ 54,261	$ 6,154,685

(3) Fair value information

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Company's investment property measured at cost are provided in Note 6(9).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in unlisted stocks is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets:				
Beneficiary certificates	$ 5,342,789	$ -	$ -	$ 5,342,789
Unlisted (OTC) stocks	-	-	3,229,832	3,229,832
	$ 5,342,789	$ -	$ 3,229,832	$ 8,572,621

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets:				
Beneficiary certificates	$ 3,600,356	$ -	$ -	$ 3,600,356
Unlisted (OTC) stocks	-	-	3,153,866	3,153,866
	$ 3,600,356	$ -	$ 3,153,866	$ 6,754,222

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Closed-end fund	Open-end fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

(c) When assessing non-standard and low-complexity financial instruments. The Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level 3.

G. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input		Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 920,527	Market comparable companies	Dividend yield	4.88%	The lower the dividend yield, the higher the fair value
	$ 2,309,305	Discounted cash flow method and cost method	Discount rate	6%	The higher the discount rate, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2015			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change
Financial assets						
Equity instrument	Dividend yield Discount rate	±1%	$ -	$ -	$ 128,830	$ 85,814

			December 31, 2014			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change
Financial assets						
Equity instrument	Dividend yield Discount rate	±1%	$ -	$ -	$ 125,472	$ 82,342

J. Changes belonging to level 3 financial instruments as of December 31, 2015 and 2014 are as follows:

		Available-for-sale financial assets
January 1, 2015	$	3,153,866
Gains recognised in other comprehensive income		75,966
December 31, 2015	$	3,229,832
January 1, 2014	$	2,307,125
Gains recognised in other comprehensive income		846,741
December 31, 2014	$	3,153,866

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

In accordance with the "Criteria Governing Preparation of Financial Reports by Company–Type Stock Exchanges", the Company's related information of significant transactions is as follows:

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries and associates): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 2.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies: Please refer to table 3.

14. SEGMENT INFORMATION

Not applicable.

Taiwan Stock Exchange Corporation

Holding of marketable securities at the end of the period (not including subsidiaries and associates)

Year ended December 31, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

			As of December 31, 2015			
Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value	Fair value	Footnote
Beneficiary Certificates						
SinoPac Balance 2 Fund	None	Available-for-sale financial assets - current	1,365	$ 50,554	$ 50,554	None
Yuanta Taiwan Weighted Stock Index Fund	"	Available-for-sale financial assets - current	5,505	97,787	97,787	"
Yuanta/P-shares Taiwan Top 50 ETF	"	Available-for-sale financial assets - current	1,396	84,807	84,807	"
Yuanta Global Bond ETF Fund of Funds	"	Available-for-sale financial assets - current	25,132	232,724	232,724	"
Fubon Taiwan Strategy 1 ETF Private Equity Fund	"	Available-for-sale financial assets - current	48,454	651,700	651,700	"
Fubon Taiwan Strategy 2 ETF Private Equity Fund	"	Available-for-sale financial assets - current	31,532	384,686	384,686	"
Fubon S trategy III Taiwan EMP Fund	"	Available-for-sale financial assets - current	25,000	320,750	320,750	"
Fuh Hwa Global Thematic Fund	"	Available-for-sale financial assets - current	25,000	315,500	315,500	"
SinoPac Strategies Fund No.1	"	Available-for-sale financial assets - current	39,567	411,097	411,097	"
Cathay Non-Finance Non-Electronics Sub-index Fund	"	Available-for-sale financial assets - current	25,000	231,500	231,500	"
Sinopac TWD Money Market Fund	"	Available-for-sale financial assets - current	69,606	957,618	957,618	"
Yuanta De- Bao Money Market Fund	"	Available-for-sale financial assets - current	29,581	351,199	351,199	"
Yuanta Wan Tai Money Market Fund	"	Available-for-sale financial assets - current	13,483	201,788	201,788	"
Yuanta De-Li Money Market Fund	"	Available-for-sale financial assets - current	43,522	700,764	700,764	"
Jih Sun Money Market Fund	"	Available-for-sale financial assets - current	6,842	100,034	100,034	"
Prudential Financial Money Market Fund	"	Available-for-sale financial assets - current	16,034	250,281	250,281	"
		Total available-for-sale financial assets - current		$ 5,342,789	$ 5,342,789	
Stock						
Taiwan International Futures Exchange Corporation	None	Available-for-sale financial assets - current	14,854	$ 920,527	$ 920,527	None
Taipei Financial Center Corporation	"	Available-for-sale financial assets - current	83,853	2,309,305	2,309,305	"
		Total available-for-sale financial assets - current		$ 3,229,832	$ 3,229,832	

Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015 Number of shares (in thousands)	Book value	Fair value	Footnote
Financial bonds						
E. Sun Bank 98-3 Subordinate Classes Financial Bond (G102A8)	None	Held-to-maturity financial assets - current	-	$ 300,000	$ 300,000	None
Bank SinoPac 98-1 Subordinate Classes Financial Bond (G11082)	"	Held-to-maturity financial assets - current	-	200,000	200,000	"
Standard Chartered Bank Taiwan Limited 1st Financial Debenture-D Issue in 2011 BG10413	"	Held-to-maturity financial assets - current	-	200,000	200,000	"
Taipei Fubon Subordinated Bank Debentures 98-2 (G107AR)	"	Held-to-maturity financial assets - current	-	50,532	50,532	"
Shin Kong 95-1 Subordinate Classes Financial Bond-B (G11640)	"	Held-to-maturity financial assets - current	-	200,348	200,348	"
Taipei Fubon Subordinated Bank Debentures 98-2 (G107AR)	"	Held-to-maturity financial assets - current	-	300,000	300,000	"
				1,250,880	1,250,880	
Corporate bonds						
Cathay Financial Holdings 98-1 Unsecured Subordinate Classes Corporate Bond B98902	None	Held-to-maturity financial assets - current	-	300,000	300,000	None
		Total held-to-maturity financial assets - current		$ 1,550,880	$ 1,550,880	
Financial bonds						
E. Sun Bank 99-1 Subordinate Classes Financial Bond (99 E. Sun Bank 1)	None	Held-to-maturity financial assets - non-current	-	$ 400,000	$ 400,000	None
Yuanta Unsecured Subordinated Bank Debentures 99-1	"	Held-to-maturity financial assets - non-current	-	300,000	300,000	"
First Bank 99-2 Subordinate Classes Financial Bond (G15987)	"	Held-to-maturity financial assets - non-current	-	200,000	200,000	"
Bank SinoPac 99-1 Subordinate Classes Financial Bond (G11085)	"	Held-to-maturity financial assets - non-current	-	500,000	500,000	"
Land Bank 99-2 Subordinate Classes Financial Bond (G12712)	"	Held-to-maturity financial assets - non-current	-	1,001,455	1,001,455	"
Mega International 99-1 Subordinate Classes Financial Bond (G11832)	"	Held-to-maturity financial assets - non-current	-	600,346	602,080	"
SinoPac Bank 100-1 Subordinate Financial Debentures-A G11087	"	Held-to-maturity financial assets - non-current	-	200,000	200,000	"
E. Sun Bank 100-1 Subordinate Classes Financial Bond	"	Held-to-maturity financial assets - non-current	-	100,000	100,000	"
Yuanta Subordinated Bank Debentures 100-1	"	Held-to-maturity financial assets - non-current	-	200,000	203,641	"
Tcb-Bank 100-2 Subordinate Financial Debentures-B (G12420)	"	Held-to-maturity financial assets - non-current	-	100,000	101,070	"
Taipei Fubon Subordinated Bank Bond 100-2	"	Held-to-maturity financial assets - non-current	-	200,000	200,000	"
SinoPac Bank 100-2 Subordinate Financial Debentures-A	"	Held-to-maturity financial assets - non-current	-	150,000	152,515	"
Yuanta Subordinated Bank Debentures 100-2	"	Held-to-maturity financial assets - non-current	-	150,000	152,729	"
E. Sun Bank 100-2 Subordinate Classes Financial Bond	"	Held-to-maturity financial assets - non-current	-	100,000	102,214	"
SinoPac Bank 100-3 Subordinate Financial Debentures-A	"	Held-to-maturity financial assets - non-current	-	200,000	200,000	"
SinoPac Bank 101-1 Subordinate Financial Debentures-A	"	Held-to-maturity financial assets - non-current	-	200,000	199,506	"
Taiwan Agribank 101-1 Subordinate Classes Financial Bond (G13103)	"	Held-to-maturity financial assets - non-current	-	100,000	100,000	"

Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015 Number of shares (in thousands)	Book value	Fair value	Footnote
Financial bonds						
Land Bank 101-3 Subordinate Classes Financial Bond (G12712)	None	Held-to-maturity financial assets - non-current	-	$ 200,000	$ 200,000	None
Hua Nan Bank 99-1 Subordinate Classes Financial Bond (G189AB)	"	Held-to-maturity financial assets - non-current	-	500,000	500,000	"
Taiwan Agribank 101-1 Subordinate Classes Financial Bond-B (G13104)	"	Held-to-maturity financial assets - non-current	-	100,000	100,000	"
Tcb-Bank 102-1 Subordinate Financial Debentures-B (G12425)	"	Held-to-maturity financial assets - non-current	-	200,000	200,000	"
Taipei Fubon Subordinated Bank Bond 102-1	"	Held-to-maturity financial assets - non-current	-	200,000	200,000	"
CTBC Bank 3rd Unsecured Subordinate Financial Debentures-Tranche A Issue in 2015	"	Held-to-maturity financial assets - non-current	-	200,000	200,000	"
Deutsche Bank Aktiengesellschaft Acting Through Its Singapore Branch as Issuer	"	Held-to-maturity financial assets - non-current	-	199,800	199,800	"
				6,301,601	6,315,010	
Corporate bonds						
Taiwan Power 99-4 secured B (B903U5)	None	Held-to-maturity financial assets - non-current	-	301,116	303,313	None
CPC Corporation, Taiwan 99-1 Secured B (B71862)	"	Held-to-maturity financial assets - non-current	-	100,000	100,716	"
CPC Corporation, Taiwan 97-1 Unsecured C (97 CPC Corporation 1C)	"	Held-to-maturity financial assets - non-current	-	103,270	103,447	"
CPC Corporation 99-1 Secured B(B71862)	"	Held-to-maturity financial assets - non-current	-	101,793	101,793	"
Taiwan Power Company 5th Unsecured Corporate Bond-B Issue in 2012	"	Held-to-maturity financial assets - non-current	-	101,579	101,579	"
				707,758	710,848	
Government bonds						
Taiwan Government Bond A097105	None	Held-to-maturity financial assets - non-current	-	54,247	57,059	None
		Total held-to-maturity financial assets - non-current		$ 7,063,606	$ 7,082,917	
Time deposits						
Cathay United Bank - time deposits	None	Other non-current assets - Operation guarantee deposits	-	$ 330,900	$ 330,900	Note

Note: Details are provided in Note 6(11).

Taiwan Stock Exchange Corporation

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2015

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				Balance as at January 1, 2015		Addition		Disposal				Balance as at December 31, 2015		
Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	Number of shares (in thousands)	Amount	
Yuanta De- Bao Money Market Fund	Available-for-sale financial assets - current	-	-	4,250	$ 50,000	25,331	$ 300,000	-	$ -	$ -	$ -	29,581	$ 351,199	Note 1
Yuanta De-Li Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	43,522	700,000	-	-	-	-	43,522	700,764	Note 1
Land Bank 99-2 Subordinate Classes Financial Bond (G12712)	Held-to-maturity - non-current	-	-	500,000	500,000	500,000	500,000	-	-	-	-	1,000,000	1,001,455	Note 2
Global Link Securities Co., Ltd.	Investments accounted for using equity method	Global Link Securities Co., Ltd.	The Company's subsidiary	-	-	30,000	300,000	-	-	-	-	30,000	287,762	Note 3

Note 1: Due to valuation adjustment, ending balance is not equal to beginning balance.

Note 2: The difference between the ending balance and the beginning balance add/less purchase/selling amount for this period is due to unwinding of premium.

Note 3: The reason that the ending balance does not equal to beginning balance plus addition and less disposal amount is recognition of investment gain (loss) during the period.

Taiwan Stock Exchange Corporation

Information on investees

Year ended December 31, 2015

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares (in thousands)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
Taiwan Stock Exchange Corporation	Taiwan Depository & Clearing Corporation (TDCC)	11F, No. 363, Fusing N. Rd., Taipei City	Custodian of securities and other services	$ 550,000	$ 550,000	173,417	50.43%	$ 10,571,132	$ 1,627,417	$ 820,682	The Company's subsidiary
"	Taiwan-Ca Inc. (TWCA)	10F, No. 85, Yanping S. Rd., Taipei City	Online verification services	87,719	102,898	6,408	30.23%	83,859	28,999	8,772	"
"	Global Link Securities Co., Ltd.	19F-1, No.7, Sec. 5, Sinyi Rd., Taipei City	Accepting orders to trade securities	300,000	-	30,000	100.00%	287,762	(12,238)	(12,238)	"
"	Taiwan Ratings Co.	49F, No. 7, Sec. 5, Sinyi Rd., Taipei City	Credit rating services	15,045	15,045	1,399	19.99%	28,901	34,793	6,956	The investee company accounted for using equity method
Taiwan Depository & Clearing Corporation	Fundrich Securities Co., Ltd.	8F, No.365, Dunhua N. Rd., Songshan Dist., Taipei City	Sales of funds	180,000	-	18,000	85.71%	179,250	(875)	-	
"	Taiwan-Ca Inc. (TWCA)	10F, No. 85, Yanping S. Rd., Taipei City	Online verification services	9,700	18,700	3,834	18.08%	48,400	28,999	-	
"	Taiwan Ratings Co.	49F, No. 7, Sec. 5, Sinyi Rd., Taipei City	Credit rating services	13,300	13,300	1,330	19.00%	27,468	34,793	-	
Taiwan-Ca Inc.	Taiwan Ratings Co.	49F, No. 7, Sec. 5, Sinyi Rd., Taipei City	Credit rating services	4	4	1	0.01%	4	34,793	-	