

3.3 Legal Compliance

3.3.1 Compliance Management Mechanism

To effectively implement and execute its compliance system, Mega Securities established a Legal Compliance Committee under the Board of Directors. In accordance with the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" issued by the Financial Supervisory Commission, the Company has established its compliance system and designated the Legal and Compliance Department as the dedicated compliance department. This department is subordinate to the general manager and is responsible for the planning, management, and execution of the compliance system. Furthermore, the Board of Directors has appointed the head of the Legal and Compliance Department as the compliance officer to oversee compliance affairs and report to the Board of Directors every six months. In the event of a major violation of law or a downgrade from the competent authority, the Board of Directors must be notified immediately, and matters related to legal compliance must be reported to the Board of Directors. In 2025, Mega Securities conducted compliance testing for 14 units, performed two compliance self-assessments, and reported the results to the Legal Compliance Committee and the Board of Directors. Please refer to [3.1.1 Corporate Governance Structure](#) for the composition, duties, and meeting frequency of the Legal Compliance Committee.

Compliance management structure



Legal compliance education and training

To raise awareness of compliance risks, Mega Securities and its subsidiaries encourage employees to participate in various internal and external compliance education and training. In 2025, Mega Securities provided a total of 83,852 hours of compliance training for 41,494 employees.

Sanction Cases

In 2025, Mega Securities was notified of a total of 1 fines by the competent authorities, with a total fine of NT\$300,000. Relevant measures have been implemented to strengthen control and prevent similar incidents from recurring. No subsidiaries incurred fines from the competent authorities.

In 2025, there were no penalties imposed on Mega Securities or its subsidiaries for reaching the material threshold and no incidents related to anti-competitive behavior, anti-trust, or monopolistic behavior. There were no product and service information, labeling, marketing communications, or voluntary regulation incidents, nor were there any investment-related investigations, customer complaints, private human rights lawsuits, or mediation, arbitration, or legal proceedings involving violations of integrity.

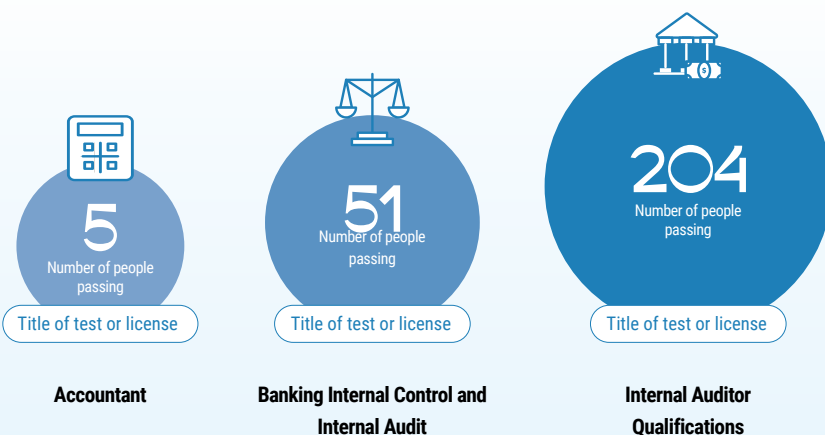
Case description	Fines	Other penalties	Improvement measures
In November 2025, Mega Securities was penalized for several regulatory violations: accepting non-professional investors' entrusted purchases when the leverage ratio for inverse ETFs was increased to two times; failing to complete the materiality assessment, risk assessment, and due diligence for outsourcing matters within the statutory time limit; and failing to have the risk assessment report for outsourcing matters approved by the responsible supervisor.	NT\$300,000	Corrective action	- Controls have been implemented within the sub-brokerage trading system to restrict entrusted purchases to those with professional investor status. Additionally, a daily reminder mechanism has been established in the Bloomberg system; if a product name changes, notification emails are sent immediately to relevant personnel for review and control. - Complete the materiality assessment, risk assessment, and due diligence for 2024 outsourcing matters (22 items in total) in 2025. - Submit risk assessment reports for high-risk and material outsourcing matters to the chairman for approval.

Note: Materiality threshold refers to a disciplinary action of warning or higher by the competent authority, a single fine of NT\$1 million or higher, or a major penalty as defined in the "Significant Penalties as Stipulated in the Measures for Handling Significant Penalties for Violations of the Financial Services Act by the FSC".

Audit System

In accordance with the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" issued by the FSC, Mega Securities has appointed a chief auditor under the Board of Directors. An audit office has also been set up with a number of auditors to assist the Board of Directors and management in auditing and evaluating the effectiveness of the internal control system. The Audit Office reports to the Board of Directors every year to discuss the annual internal audit plans of the headquarters and branches, handles the audit plans of subsidiaries, and strengthens the risk assessment-based audit plan in accordance with the abovementioned standards. The internal audit unit plans to faithfully disclose in the audit report any deficiencies and anomalies found in the internal control system in an audit, and follows up after the report has been reviewed to ensure that relevant departments have taken appropriate improvement measures in a timely manner. After completion, the audit report is submitted to the independent directors and supervisors for review by the end of the month. Following the establishment of the Audit Committee by the 13th Board of Directors of Mega Securities and the abolition of the supervisor system, the implementation results of the audit plan have been disclosed in the monthly summary audit report and reported to the Audit Committee and the Board of Directors.

Status of audit professional licenses obtained or relevant tests passed at the end of 2025



3.3.2 Anti-Money Laundering

Anti-Money Laundering and Counter-Terrorism Financing Mechanism

Mega Securities complies with the regulations of the competent authorities and the policies of the Mega Group to implement the "Money Laundering Control Act", the "Counter-Terrorism Financing Act", and the "Regulations Governing Anti-Money Laundering of Financial Institutions", and supervises all departments to implement prevention and control measures. Mega Securities supervises all departments to implement prevention and control measures. Operations related to AML/CFT include customer due diligence, transaction monitoring, and education and training. At Mega Securities, we have established a money laundering prevention monitoring and list screening system, and provide comprehensive training for money laundering prevention personnel.

To effectively implement and execute anti-money laundering and countering terrorism financing (AML/CFT) efforts, Mega Securities' Board of Directors has established the anti-money laundering and countering terrorism financing committee, with the General Manager serving as the chairperson. Please refer to [3.1.1 Corporate Governance Structure](#) for details on the composition, duties, and meeting frequency of the committee.

The general manager is responsible for supervising all departments in the prudent evaluation and review of the implementation of the internal control system for AML and CTF. The general manager also approves important regulations and AML and CTF violations that do not require submission to the Board of Directors. In 2025, approvals included the annual transaction monitoring threshold parameter adjustments, the annual compliance testing report, and the testing plan.

The Board of Directors has appointed the compliance officer to also serve as the dedicated head of AML/CFT. In addition to reporting to the Board of Directors on the implementation of AML/CFT every six months, the compliance officer is also responsible for coordinating and supervising the prevention and control of AML/CFT. The compliance officer reports suspected AML/CFT transactions to the Ministry of Justice Investigation Bureau.

In order to effectively supervise and manage the implementation AML/CFT operations, the managers and business department heads of each branch act as the supervisors. In addition, dedicated personnel have been designated in the Legal Compliance Office for the implementation of AML/CFT-related operations of Mega Securities.

Anti-Money Laundering and Counter-Terrorism Financing Measures

Mega Securities has established various AML/CFT internal rules and regularly conducts compliance testing and compliance risk self-assessments for anti-money laundering and counter-terrorism financing. In addition to assigning operational personnel in each department to facilitate AML/CFT matters, the Legal Compliance Office has also designated dedicated personnel to assist all departments in executing related tasks.

Mega Securities complies with domestic laws and group consistency standards while referencing the 40 recommendations of the Financial Action Task Force (FATF) to establish a sound organizational structure, policies and procedures. These measures are designed to effectively identify and assess money laundering and terrorism financing risks, and to control identified higher money laundering threats and vulnerabilities, thereby implementing the requirements of international regulations.

The implementation procedures include: physical and non-physical customer due diligence (CDD), terrorism financing list screening, politically exposed persons list screening and monitoring, and senior management's participation in the auditing of high money laundering and terrorism financing risk customers.

In addition, the Group's subsidiaries exchange implementation experiences through the AML/CFT Committee and regularly share and collect lists of high-risk customers and de-identified suspicious transaction reports via the Group's information-sharing platform to strengthen cross-company collaboration and risk prevention and control.

Effectiveness of Specific Actions of Mega Securities to Enhance AML and Crime Monitoring

Measures	Implementation status
Establishment of management regulations	"Customer Due Diligence Procedures", "Procedures for Identification and Control of PEPs", "Name and Title Verification Procedures", and "Procedures for Creation of Money Laundering and Terrorism Financing List Databases".
Institutional Risk Assessment (IRA)	The Company performs a company-wide risk assessment for money laundering, terrorism financing, financing of militia, and sanctions at least once a year. As well as this, we conduct quantitative and qualitative analyses of the results of the risk assessment, and compile a risk assessment report, internal control assessment items, and improvement plan timelines, which are deliberated by the AML/CFT Committee prior to reporting to the Board of Directors.
Establishment of an AML system	Mega Securities has implemented various anti-money laundering systems, including transaction monitoring and list scanning, to prevent money laundering and terrorism financing. In October 2024, the list of cautioned accounts was formally included, the system will be finalized, and the system was established and the control measures for the information of the cautioned accounts were established to strengthen risk control.
Customer identity due diligence	1. We have established procedures related to customer due diligence, the identification and monitoring of politically exposed persons (PEPs), and name verification. We conduct identity verification and list comparisons for customers, counterparties, and related parties. Regular audits are performed according to the risk level. 2. The Legal Compliance Office centrally monitors transactions. If any suspected money laundering or terrorist financing activities are detected, the Legal Compliance Office reports them to the Ministry of Justice Investigation Bureau after obtaining approval from the supervisor.
Identification, regular review, and monitoring of policies for high-risk customers such as PEPs	In addition to conducting regular reviews and monitoring in accordance with the aforementioned customer identity due diligence procedures, the Company cross-references external databases to include individuals not defined as PEPs and their related parties in a whitelist. If any individuals are identified through group information sharing or due diligence as not yet listed, they are added to the PEP database to strengthen list management and risk management.
Suspicious Transaction Report (STR) Centralized Project	1. Manual reporting system: Any obvious abnormality found in the client's business by the Business Department should be reported to the supervisor and the head of the headquarters and then to the Legal Compliance Office, which will be reviewed and reported to the Ministry of Justice Investigation Bureau after approval by the dedicated supervisor. 2. Centralized system monitoring and review system: Mega Securities performs centralized audits by the Compliance Office and reports to the Ministry of Justice Investigation Bureau if there are clients who meet the criteria of suspected money laundering and terrorism after approval by the dedicated supervisor.
Application of Regtech	Transaction monitoring system (including RPA application and tableau), AML self-assessment system, list database establishment system (including whitelist database, PEP database, material and negative news database, country risk rating database, and customer database under investigation by external authorities).

Education, Training, and Certifications

Mega Securities and its subsidiaries enhance employees' professional knowledge and skills by periodically inviting internal and external experts to conduct AML training and related seminars throughout the year. These sessions take various forms, including in-person seminars, e-learning, and video conferences. In 2025, the training completion rate for personnel required to fulfill the statutory training hours (AML compliance officers, AML personnel, and AML supervisory managers) reached 100%.

2025 Anti-crime-related education and training of Mega Securities and its subsidiaries

Training type	Total training hours	Total No. of people trained (person-time)
The profit-making network provides regular and continuous training and case analysis (for all employees).	5,222	5,222
Provision of online courses and self-evaluation	6,526	2,694
Face-to-face training provided by compliance/legal affairs personnel	717	708
Face-to-face training provided by an external professional company	645	154
Mandatory participation in the annual refresher training program	1,858	197

Status of anti-crime licenses obtained or relevant tests passed of Mega Securities and its subsidiaries at the end of 2025

Title of test or license	Number of people passing
Certified Anti-Money Laundering Specialist (CAMS)	14
Test for Money Laundering Prevention and Counter-Terrorist Financing Professionals	257

