

Title :	<u>Regulations Governing the Qualifications and Election/Appointment of Membership Representatives, Directors, Supervisors and Managerial Officers of Credit Cooperatives (2020.10.26 Amended)</u>
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Chapter 1 General

- Article 1 These Regulations are enacted pursuant to Paragraph 5, Article 16 of the Credit Cooperatives Act (referred to as the “Act” hereunder).
- Article 2 The qualifications and election of a credit cooperative’s member representatives, directors, supervisors, chairman of directors, and chairman of supervisors as well as the qualifications and appointment of its president, vice presidents, chief auditor, assistant vice presidents, and head office and branch managers shall comply with the Regulations herein. For matters not specified herein, other relevant regulations shall govern. The election referred to in the preceding paragraph shall be conducted uniformly by voting.

Chapter 2 Qualification Requirements

Section 1 Qualifications of Membership Representative Candidate

- Article 3 A membership representative candidate shall meet the following criteria:
1. Having at least two years of membership, unless the credit cooperative has undergone reorganization and the exception is approved by the central competent authority;
 2. Having graduated from a junior high school or higher, or having held the position of membership representative at the cooperative;
 3. The amount of share capital subscribed in the past year was maintained above the level of NT\$30,000 or the net deposit less deposit-pledged loans at the cooperative maintained a daily balance of at least NT\$50,000 in the past year; and
 4. Meeting the criteria set forth in the articles of incorporation.
- Article 4 Any person having any of the following situations may not register as a membership representative candidate:
1. Having no legal capacity or limited legal capacity, or is subject to the order of commencement of assistance that has not been revoked yet.
 2. Having been sentenced to imprisonment for counterfeiting currency or valuable securities, embezzlement, fraud, breach of trust, corruption, usury, or a crime under the Organized Crime Prevention Act, and the sentence has not been completed or five (5) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.
 3. Having been sentenced to imprisonment for forging instruments or seals, impairing the rights of creditors or violating the Company Act or Business Entity Accounting Act, and the sentence has not been completed or five (5) years have not elapsed since the date of

sentence completion, the expiration of probation period, or the pardon of such punishment.

4. Having been sentenced to imprisonment for violating the Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Act Governing Bills Finance Business, Financial Assets Securitization Act, Real Estate Securitization Act, Insurance Act, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Control Act, Agricultural Finance Act, or Money Laundering Control Act, and the sentence has not been completed or five (5) years have not elapsed since the date of sentence completion, the expiration of probation period or the pardon of such punishment.

5. Having been sentenced to imprisonment for a crime other than those provided in Subparagraph 2 hereof to the preceding subparagraph, and the enforcement of sentence has not commenced or the sentence has not yet been completed; however, the preceding provision does not apply to situations where a probation has been pronounced or the punishment of imprisonment may be computed to a fine and the fine is paid in full.

6. Having received a court judgment of rehabilitative disposition or been ordered by a court to enter a reformatory or been ordered to perform compulsory labor due to the offense of larceny or receiving stolen property, and the enforcement of court judgment or order has not commenced or has not been completed or five (5) years have not elapsed since the completion of enforcement.

7. Having been discharged, dismissed, or removed from office by the competent authority or a credit cooperative for violating the Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Act Governing Bills Finance Business, Financial Assets Securitization Act, Real Estate Securitization Act, Cooperatives Act, Insurance Act, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Agricultural Finance Act, Farmers' Association Act, Fishermen's Association Act, or other laws regulating financial activity, or articles of the cooperative, and five (5) years have not elapsed since the receipt of such a disposition.

8. Having been adjudicated bankrupt, and rights and privileges have not been reinstated.

9. Having been the responsible person of a legal entity at the time such legal entity was adjudicated bankrupt and five (5) years have not elapsed since the closure of the bankruptcy or the terms of bankruptcy settlement have not yet been fulfilled.

10. Having been denied service by the bills clearing house and the denial status has yet to be removed.

11. Having a record in the past three years of principal or interest payment for a loan being overdue by three months or longer; or having a record in the past three years of not paying off guarantee obligation in three months or longer after being so notified by a financial institution.

12. Having the membership of other credit cooperative(s) in the same business area. When a non-profit juristic person is elected as a membership representative, Subparagraph 2 of the foregoing article and the preceding paragraph shall apply to the individual designated by it to exercise its duties.

Article 5 The membership representative of a credit cooperative shall not serve concurrently as its director, supervisor or employee.

Section 2 Qualifications of Director and Supervisor Candidates

Article 6 A director or supervisor candidate shall meet the following criteria:

1. Having at least two years of membership, unless the credit cooperative has undergone reorganization and the exception is approved by the central competent authority;
2. Having graduated from a high school or higher, or an equivalent, or having passed the civil service junior examination, or having served in the position of director, supervisor or assistant manager or higher at a financial institution with proof;
3. The amount of share capital subscribed in the past year was maintained above the level of NT\$500,000 or the net deposit less deposit-pledged loans at the cooperative maintained a daily balance of at least NT\$500,000 in the past year;
4. A director of credit cooperative must have been relieved from office for at least three years and be free of liability pursuant to Article 18 of the Act to be eligible for the election of supervisor;
5. A supervisor candidate must have taken accounting courses or engaged in accounting work for at least one year, or having served in the position of supervisor of a financial institution with proof; and
6. Meeting the criteria set forth in the articles of incorporation.

Article 7 Any person having any of the following situations may not register as a director or supervisor candidate:

1. Having no legal capacity or limited legal capacity, or is subject to the order of commencement of assistance that has not been revoked yet.
2. Having been convicted of a crime under the Organized Crime Act.
3. Having been sentenced to imprisonment for counterfeiting currency or valuable securities, embezzlement, fraud or breach of trust, and the sentence has not been completed or ten (10) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.
4. Having been sentenced to imprisonment for corruption, and the sentence has not been completed or five (5) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.
5. Having been sentenced to imprisonment for forging instruments or seals, offence against privacy, usury, impairing the rights of creditors or violating the Tax Collection Act,

Trademark Act, Patent Act, Company Act or Business Entity Accounting Act, and the sentence has not been completed or five (5) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.

6. Having been sentenced to imprisonment for violating the Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Act Governing Bills Finance Business, Financial Assets Securitization Act, Real Estate Securitization Act, Insurance Act, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Control Act, Agricultural Finance Act, or Money Laundering Control Act, and the sentence has not been completed or five (5) years have not elapsed since the date of sentence completion, the expiration of probation period or the pardon of such punishment.

7. Having been sentenced to imprisonment for a crime other than those provided in Subparagraph 2 hereof to the preceding subparagraph, and the sentence has not been completed or three (3) years have not elapsed since the date of sentence completion. However, the expiration of probation period, the pardon of such punishment, or the completion of an imprisonment sentence of less than six (6) months are excluded from limitation

8. Having received a court judgment of rehabilitative disposition or been ordered by a court to enter a reformatory or been ordered to perform compulsory labor due to the offense of larceny or receiving stolen property and the enforcement of court judgment or order has not commenced or has not yet been completed, or ten (10) years have not elapsed since the completion of execution.

9. Having been replaced or discharged from duties by the order of the competent authority for violating the Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Act Governing Bills Finance Business, Financial Assets Securitization Act, Real Estate Securitization Act, Cooperatives Act, Insurance Act, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Agricultural Finance Act, or other laws regulating financial activity, and five (5) years have not elapsed since being so replaced or discharged.

10. Under suspension from duty by the order of the competent authority.

11. Having been adjudicated bankrupt, and rights and privileges have not been reinstated.

12. Being the responsible person of a legal entity at the time such legal entity was adjudicated bankrupt and five (5) years have not elapsed since the closure of the bankruptcy or the terms of bankruptcy settlement have not yet been fulfilled.

13. Having been denied service by the bills clearing house and the denial status has yet to be removed, or there remains a record of dishonored check(s) due to insufficient funds in three (3) years since the denial status has been removed.

14. Having a record in the past three years of principal or interest payment for a loan being overdue by three months or longer; or having a record in the past three years of not paying off guarantee obligation in three months or longer after being so notified by a financial institution.

15. Having an ongoing event that seriously damages his or her credit worthiness or five (5) years have not elapsed since the closure of such an event.

16. Factual evidence shows that the person has engaged in, or been involved in, other dishonest or improper activities which indicate that she/he is unfit to serve as a responsible person of a credit cooperative.

17. Having the membership of other credit cooperative(s) in the same business area.

Article 8 The number of years as specified in Articles 3, 4, 6 and 7 herein is calculated up to the date before the credit cooperative announces the matters of candidate registration.

Article 9 The directors of a credit cooperative should be of good moral character. If the number of directors is less than five persons, at least one director shall meet one of the qualifications set out below. If the number of directors exceeds five, at least one more director for each additional four directors shall meet one of the qualifications set out below. However for a credit cooperative where its statutory business area is in an offshore island, at least one more director for each additional five directors shall meet one of the qualifications set out below:

1. Having graduated from a domestic or foreign college or higher, or an equivalent and with at least two (2) years of experience working in a credit cooperative(s) or a bank(s), and having served in the position of manager or higher at a credit cooperative or a comparable position at a bank with good performance record;

2. Having graduated from a domestic or foreign college or higher, or an equivalent, at least three (3) years of experience working in financial administration or management and having held the position of civil service recommended appointment grade 7 or equivalent with good performance record;

3. At least three (3) years of experience working in a bank(s) or a credit cooperative(s), and having served in a position of manager of credit cooperative or higher or comparable position at a bank with good performance record; or

4. Having other experiences sufficing to evidence the possession of professional financial knowledge or banking operation experience to effectively manage the business of a credit cooperative.

Article 10 People with spousal relationship or who are relatives by blood within third degree of kinship or relatives by marriage within first degree of kinship shall not serve concurrently as a director and a supervisor, or as supervisors of the same credit cooperative; there shall be no more than two incumbent directors having any of the relationships described

in the preceding provision.

Elected directors and supervisors having any of the situations described in the preceding paragraph shall coordinate among themselves prior to the date of taking office, or else the election to the office is null and void.

Section 3 Qualifications of Managers

Article 11 A credit cooperative manager shall not have any of the situations specified in the subparagraphs of Article 7 herein.

Article 12 The president of a credit cooperative or a person in comparable position shall have good moral character, the ability in leadership and efficient management of the credit cooperative, and meet one of following qualifications:

1. Having graduated from a domestic or foreign college or higher, or an equivalent and with at least five (5) years of experience working in a credit cooperative(s) or a bank(s) and having served in the position of manager or higher at a credit cooperative or a comparable position at a bank with good performance record.
2. Having at least three (3) years of experience working in a credit cooperative(s) or a bank(s) and having served in the position of vice president or higher at a credit cooperative or a comparable position at a bank with good performance record.
3. Having other experiences sufficing to evidence the possession of leadership ability, professional financial knowledge or banking management capability to effectively manage the business of a credit cooperative.

A person may not hold the position of president or comparable position of a credit cooperative unless the competent authority has examined and approved the qualifications of such person.

Article 13 The vice president, chief auditor, assistant vice president, head/branch office manager or persons in comparable position of a credit cooperative shall have good moral character, the ability in leadership and efficient management of the credit cooperative, and meet one of following qualifications:

1. Having graduated from a domestic or foreign college or higher, or an equivalent and with at least three (3) years of experience working in a credit cooperative(s) or a bank(s) and having served in the position of assistant manager or higher at a credit cooperative or a comparable position at a bank with good performance record.
2. Having at least five (5) years of experience working in a credit cooperative(s) or a bank(s) and having served in the position of assistant manager or higher at a credit cooperative or a comparable position at a bank with good performance record.
- 3. Having at least ten (10) years of professional experience working in information science, technology, law, e-commerce, digital economy, finance and accounting, marketing, and human resources, with good performance record.**

4. Having other experiences sufficing to evidence the possession of leadership ability, professional financial knowledge or banking management capability to effectively manage the business of a credit cooperative.

Personnel with qualifications specified in Subparagraph 3 and Subparagraph 4 of the preceding paragraph shall only perform work that involves their original field(s) of expertise.

- Article 14 The incumbent president (including acting president) and the chairman of directors (including acting chairman) or the chairman of supervisors (including acting chairman) shall not have spousal relationship or be relatives by blood or marriage with second degree of kinship.
- Article 14- 1 The board of directors of a credit cooperative is held responsible for the appointment of managerial officers and making sure that the appointed managers meet the qualification requirements. The board of directors is also held responsible for overseeing the maintenance of qualifications by managerial officers and the suitability of managerial officers in their positions.

Chapter 3 Election Procedure

Section 1 Planning of Electoral Affairs

- Article 15 The board of directors of a credit cooperative will decide and prepare the electoral work and schedule three months before the current term of the elected/appointed officers expires.
- Article 16 For the election of membership representatives, the board of directors will appoint several members from each electoral district to serve as electoral personnel (for handing out, calling and tallying ballots) and monitors; for the election of directors and supervisors, members (or membership representatives) who attend the general meeting of members (or membership representatives) will recommend by general acclaim several persons among themselves to serve as the electoral personnel and monitors to handle the voting and electoral affairs; for the election of chairman of directors and chairman of supervisors, the Department of Finance of the municipal government or the county (city) government will dispatch staff to serve as monitors.
The candidates in each of the elections may not serve as electoral personnel or monitor.
- Article 17 For the election of membership representatives, a credit cooperative shall, forty-five (45) days before the scheduled election, finalize the membership registry and produce an electoral roll that contains the names of members who have at least one year of membership up to the date before the credit cooperative announces the matters of candidate registration and voting right in accordance with the articles of incorporation, and post such roll at the entrance of each business unit for public display for ten (10)

days. Where there is error in the electoral roll, members should ask the credit cooperative to make correction during the display period.

Members are still allowed to apply for change of membership address after the end of roll publication in the preceding paragraph, but will exercise their right to elect and right to be elected according to the original districts delimited by the cooperative.

Members who are admitted by proof of occupation and move into a business district after the end of electoral roll publication may not exercise right to elect and right to be elected for the current term.

Article 18 The exercise of right to elect and right to be elected by members of a credit cooperative shall be conducted based on the membership registration address, which shall be identical to the household registration address or office address of the member.

Article 19 A credit cooperative may conduct the election of membership representatives by district for the sake of geographic convenience. The number of membership representative in each district shall be decided according to the number of members with voting right in the district on the same proportional basis.

Article 20 The election of membership representatives, directors and supervisors shall be conducted by registration of candidacy. The credit cooperative shall, in one month before the scheduled election, post the information on the total number of eligible voters, number of persons to be elected, qualifications of candidates, and starting and end dates for registration of candidacy at the entrance of each business unit for at least seven (7) days, and during the publication period, post the same information on a local newspaper for at least three (3) days.

If, at the end of candidate registration or at the end of qualification review, the number of candidates is less than half of the number of persons to be elected, or the number of director or supervisor candidates is less than three, the credit cooperative shall undertake the candidate registration process again according to the provisions in the preceding paragraph, and previously registered candidates shall re-register.

The qualifications and calculation of years of membership for candidates who register for candidacy according to the provisions in the preceding paragraph shall be the same as those for previously registered candidates.

A member may not register as a director candidate and a supervisor candidate at the same time.

Article 21 For the review of candidate qualifications, the board of directors and the board of supervisors shall respectively recommend at least five directors and supervisors to form a qualification review committee. The qualification review committee will, without making distinction to candidates with professional or general qualifications, review the qualifications of the candidates by the order of registration, and determine whether the

candidates possess professional qualifications. The review committee will be dissolved automatically after the end of the election.

Where a member of the qualification review committee is also a candidate, or the spouse or a relative within second degree of kinship of a candidate, or an interested person to a candidate, the member shall excuse himself/herself from the review of the candidate's qualifications.

The credit cooperative will notify each candidate of the review results. Candidates who did not pass the review should be allowed to apply for a second review within a prescribed period of time.

Article 22 The order of qualified candidates on the ballot will be decided by lot drawing by the qualification review committee before announcing the list of candidates.

Article 23 Candidates who desire to withdraw their candidacy shall do so by serving the credit cooperative a written request before lot drawing for the order of candidates on ballot, or else the withdrawal request will not be accepted. A candidate who has withdrawn from the election may not re-register his/her candidacy.

Article 24 A credit cooperative shall notify the Department of Finance of municipal government or the county (city) government seven (7) days before an election, and ask the municipal or county (city) government to dispatch supervising personnel for the elections of directors, supervisors, chairman of directors and chairman of supervisors.

For the election of membership representatives, directors, or supervisors, a credit cooperative shall, seven (7) days before the scheduled election, notify each voter of the time and place of election, number of persons to be elected, and list of candidates. For the election of membership representatives, a notice shall be posted at the entrance of each business unit for at least seven (7) days.

Article 25 A credit cooperative shall produce all election ballots and affix its seal on the ballots. The ballots for the election of directors, supervisors, chairman of directors and chairman of supervisors shall also be signed by the supervisory personnel from the Department of Finance of municipal government or the county (city) government.

Section 2 Voting

Article 26 The election of directors, supervisors, chairman of directors and chairman of supervisors shall be held at a meeting, in which at least the majority of total eligible voters must be present in order for the election to proceed.

Article 27 In the election of a credit cooperative, all voters must vote in person; voting by proxy is not allowed.

Article 28 In the elections of membership representatives, directors, and supervisors, voters, after having their Citizen Identification Card checked against the electoral roll by the electoral

personnel, will sign their name on the electoral roll, pick up the ballot, and leave the ballot in ballot box on the spot after casting their votes.

- Article 29 In the election of a credit cooperative, the voters shall cast their own votes. However, illiterate or disabled voters who are unable to do so may ask the election monitor to cast the vote according to their instruction.
- Article 30 The membership representatives shall be elected by single secret ballot where members in each district will elect a candidate in their district.
- Article 31 In the election of directors and supervisors, two or more votes for the same candidate on the ballot will be counted as one vote, provided, that the number of candidates the voter votes for does not exceed the number of persons to be elected.
- Article 32 The chairman of directors or the chairman of supervisors is elected by directors or supervisors by single secret ballot that carries the names of all directors or all supervisors.
- Article 33 In the election of a credit cooperative, the votes are counted on the spot after the end of voting hours. After the vote counting, the ballots will be sealed together by the monitors and the electoral personnel, and preserved for three years by the credit cooperative.

Section 3 Elected to Office

- Article 34 The election of membership representatives is determined by the number of persons to be elected and the votes each candidate receives to produce a list of elected and alternate candidates. Winner among candidates receiving the same number of votes will be determined by lot drawing on the spot.
- The election of directors and supervisors is determined by the number of persons to be elected without distinguishing candidates with professional or general qualifications and the votes each candidate receives to produce a list of elected and alternate candidates. Notwithstanding the foregoing, if the number of elected directors that meet the qualifications specified in Article 9 herein is less than the required minimum, qualified candidates with more votes will be elected to fill the vacancies until the required minimum is met. Winner among candidates receiving the same number of votes will be determined by lot drawing on the spot.
- In the election of chairman of directors or the chairman of supervisor, the candidate receiving the majority of votes from eligible voters present in the meeting will be elected. Where no candidate receives a majority of votes, a runoff election between the two highest vote-getters will be held, in which, the candidate receiving more votes will be elected; if candidates in the runoff receive the same number of votes, the winner will be determined by lot drawing.
- When the elected is determined by lot drawing, if the candidate is not present or does not draw the lot after three calls, an election monitor will draw the lot on his/her behalf.

- Article 35 In the elections of membership representatives, directors and supervisors, a credit cooperative shall announce and display the list of elected and alternate candidates on the spot and note the elected candidates that meet the qualifications provided in Article 9 herein.
The elected and alternate candidates are not required to be present at the time of announcement; an elected candidate or an alternate candidate who declares withdrawal on the spot is deemed forfeiting the office.
- Article 36 After the election results are announced, a credit cooperative shall produce a record on the names of elected candidates and votes received on the spot and submit the same to the Department of Finance of municipal government or the county (city) government for reference within seven (7) days.
- Article 37 After the results of directors and supervisors election are announced, a credit cooperative shall display photocopies of credentials and documents of elected directors and supervisors evidencing their compliance with provisions in Articles 6, 9, 40 and 41 herein in bound volume at its head office for perusal by members. The aforementioned photocopies shall be affixed with the same seal as that shown on the original.

Section 4 Objections to Election and Filling up Vacancies

- Article 38 A voter or candidate who has objection to the election results should raise objection with the election monitor on the spot. A voter or candidate who is not present at the election but having objection to the election results should, within three (3) days after the announcement of election results, raise a written objection with the Department of Finance of municipal government or the county (city) government. If the written objection is delivered by mail, the timely submission of the objection will be determined by the postmark; objection received past the prescribed deadline will not be accepted.
- Article 39 A credit cooperative shall notify the elected candidates in three (3) days after the announcement of election results. Elected candidates who are unwilling or unable to take office should, within three (3) days after the receipt of such notice, notify the credit cooperative of his/her decision in writing. The vacancy left thereby will be filled by alternate candidate in order. Where there are no alternate candidates, the candidate who received the next highest vote will fill the vacancy. When the elected seats of directors with professional qualifications do not meet the required minimum, the vacancies thereof shall be filled by professionally qualified alternate directors, and the outcome shall be reported to the Department of Finance of municipal government or the county (city) government for reference. Where no professionally qualified alternate directors were announced following the end of election, but the number of vacancies for such seats is less than half of the required minimum for directors with professional background, by-election may be postponed until the general meeting of membership representatives

for the following year. The preceding provision also applies to the situation where vacancy appears after all seats for professionally qualified directors were filled in the election, while none of the alternate directors meets the qualification requirements.

An alternate candidate who sends a written statement to the credit cooperative indicating his/her decision not to fill the vacancy will relinquish his/her qualification as an alternate.

In the election of directors and supervisors, if the number of director candidates is less than three or if the number of directors taking office is less than three, or if no elected supervisors take office, and the seats are not filled after two announcements of by-election, the board of director will submit the matter to the general meeting of membership representatives and suggest a resolution be adopted to dissolve the board of directors. If no such resolution is adopted, the central competent authority may assign people to fill the vacancies and act in the capacity of director or supervisor until the by-election is completed.

Chapter 4 Taking Office and Discharge

Article 40 Before an elected director or supervisor takes office, the amount of share capital subscribed by respective director or supervisor shall not be less than the average of 15% of total paid-in capital of the credit cooperative at the end of year prior to taking office divided by the number of directors and supervisors elected in accordance with the forgoing article to ensure that every director and supervisor will undertake the responsibilities of a director or a supervisor under the Act.

Up to one half of the required share capital subscribed by a director or supervisor may be pledged to the credit cooperative in the form of certificate of deposit, government bonds, bank debentures or secured corporate bonds of equivalent value. The amount of share capital referred to in the preceding two paragraphs may not be refunded or have pledge released until a director or supervisor has been relieved from office for at least one year and after the information has been reported to the Department of Finance of municipal government or the county (city) government for reference. Notwithstanding the foregoing, a director or supervisor is not subject to the one-year restriction, provided, that the credit cooperative confirms that the director or supervisor concerned is free of any liability during the term of office and the director provides an affidavit, which is passed by a resolution of the board of directors whereby the consenting directors agree to assume joint responsibility for the amount refunded or the amount of pledge released for the remaining part of the one-year period.

The application for refund of share capital or release of pledge shall be submitted no later than six months after the director or supervisor has been relieved from office for one year. The per share capital to be refunded will be determined by book value per share

according to the latest examination report or the latest CPA-audited financial statement, whichever is lower, and passed by the general meeting of membership representative, which however shall not exceed the par value of share.

If a director or supervisor fails to apply for refund of share capital within the time period as provided in the preceding paragraph, the refund will be handled according to the share capital refund procedure for general members.

Article 41 A newly elected director or supervisor who fails to conform to the provisions in the foregoing article three (3) days before the first board of directors meeting or the board of supervisors meeting is held shall not take office. In such event, the credit cooperative will notify the alternate or the candidate with the next highest votes to fill the vacancy. The candidate who agrees to fill vacancy after receiving such notice shall conform to the provisions in the first and second paragraphs of the foregoing article before taking office. Where the amount of shares subscribed by a director or supervisor falls below the amount prescribed in the first paragraph of the foregoing article during the term of office, such director or supervisor will be discharged ipso facto, and the Department of Finance of municipal government or the county (city) government will cancel related registration. If there is an alternate candidate, the credit cooperative will notify him/her to fill the vacancy. The candidate who agrees to fill vacancy after receiving such notice shall conform to the provisions in the first and second paragraphs of the foregoing article before taking office.

Article 42 The first board of directors or board of supervisors meeting after the election of new term of directors and supervisors will be called and convened by the incumbent chairman in ten (10) days after the election record has been submitted to the Department of Finance of municipal government or the county (city) government for reference. Where the incumbent chairman of directors or chairman of supervisors fails to call the first board of directors or supervisors meeting past the prescribed period, the director or supervisor receiving the most votes will convene the first meeting. Where the director or supervisor receiving the most votes also fails to convene the first meeting, the meeting may be convened by newly elected directors or supervisors, provided the majority of the new board endorse the action. All actions just mentioned require approval from the Department of Finance of municipal government or the county (city) government.

Article 43 The newly elected directors or supervisors will take office on the date the first board of directors or supervisor meeting is held, and the formalities of handover between new and incumbent directors and supervisors shall be completed on the same day.

Article 44 Where there is a vacancy on the board of directors or supervisors, the alternate in line, if any, will fill the vacancy; the vacancy left by a professionally qualified director shall be filled by an alternate director having the same qualification. Vacancies filled shall be

reported to the Department of Finance of municipal government or the county (city) government for reference.

Except when the number of directors or supervisors fails to reach half of the number of seats prescribed in the articles of incorporation that a by-election must be held in two months from the date the vacancy appears, a credit cooperative has the discretion to decide whether to hold a by-election when not all vacancies on the board of directors or supervisors have been filled. The number of vacancy left by a director who meets the qualifications provided in Article 9 herein shall be counted separately and handled in accordance with the provisions of Article 39 herein. If the number of directors is less than three, or if no supervisors take office, the central competent authority may assign people to fill the vacancies and act in the capacity of director or supervisor until the by-election is completed.

In the event the office of chairman of directors or chairman of supervisors becomes vacant, a board of directors or supervisors meeting shall be held immediately under a petition endorsed by a majority of the board for the election of a new chairman. Such a meeting shall be reported to the Department of Finance of municipal government or the county (city) government in advance.

Article 45 An alternate director or supervisor filling the vacancy left by an incumbent director or supervisor will take office on the date the first board of directors or supervisors meeting is held after receiving the notice from the credit cooperative to fill a vacancy, and serve until the current term of office for directors or supervisors expires.

Article 46 Where a membership representative, director or supervisor will be discharged ipso facto if he/she has a situation or becomes non-compliant with the requirement as described in Articles 3, 4, 6 or 7 during the term of office, and the Department of Finance of municipal government or the county (city) government will cancel his/her registration.

A managerial officer who has any of the situations described in Article 11 herein during the term of office will be discharged ipso facto.

A director, supervisor or managerial officer who is suspended from duty by the order of the competent authority is not subject to the provisions on discharge.

Where a director, supervisor or managerial officer has any situation that should result in an ipso facto discharge according to the Regulations herein, the person concerned shall inform the credit cooperative immediately.

A credit cooperative should take proactive action after learning that its responsible person has a situation that should result in his/her ipso facto discharge and file a report with the competent authority.

Article 47 Unless it is otherwise agreed in the articles of incorporation, the resignation of a membership representative, director, supervisor, chairman of directors or chairman of

supervisors shall be submitted in writing and takes effect immediately. A resigned officer may not be re-elected to the same position during the same term of office.

Article 48 Where the board of directors or supervisors fails to or is unable to exercise its authority or responsibility that might harm the interest of the credit cooperative, the competent authority may designate a provisional administrator to act in the capacity of the chairman of directors, board of directors and board of supervisor. However the designated administrator shall not act in any way that is adverse to the interest of the credit cooperative.

Chapter 5 Appointment and Dismissal

Article 49 The appointment of the president and vice president of a credit cooperative shall be recommended by at least two directors and consented by a majority of the board of directors.

Article 50 The dismissal of the president and vice president of a credit cooperative during their term of office must be consented by at last two thirds of all incumbent directors.

Chapter 6 Supplemental Provisions

Article 51 If an incumbent managerial officer of a credit cooperative receives a promotion or takes office after the promulgation of these Regulations, the officer shall possess the qualifications set out herein. An officer who is promoted or takes office without possessing the required qualification shall be discharged ipso facto.

Article 52 The Regulations herein shall come into force on the date of promulgation. The provisions of the Regulations that are amended on December 10, 2014 shall come into force on June 10, 2017.