

## **Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company**

### **Article 1**

These regulations are enacted pursuant to Paragraph 1, Article 17 of Financial Holding Company Act (hereafter referred to as "the Act").

### **Article 2**

For the purposes of these Regulations, the term "responsible person" means any director, supervisor, general manager, assistant general manager, deputy assistant general manager, manager, or person in an equivalent position.

### **Article 3**

The promoter or responsible person of a financial holding company shall have good moral character and must not be in any of the following situations:

1. Having no legal capacity or having limited legal capacity or is subject to the order of the commencement of assistance that has not been revoked yet.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, misappropriation, 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 forging instruments or seals, offence against privacy, usury, impairing the rights of creditors or violating the Tax Collection Act, Trademark Act, Patent Act or other laws governing industrial or commercial activity 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 embezzlement and the sentence has not been completed or five (5) years have not lapsed 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 , Trust Enterprise Act, Act Governing Bills Finance Business, Financial Assets Securitization Act, Real Estate Securitization Act, Insurance Law, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Control Act, Credit Cooperatives Act, Agricultural Finance Act, Farmers' Association Act, Fishermen's Association Act, Money Laundering Control Act or other laws regulating financial activity, 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 adjudicated bankrupt, and rights and privileges have not been reinstated.

8. 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.

9. 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.

10. 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.

11. Five (5) years have not elapsed since being replaced or discharged from duties by order of the competent authority due to a violation the Act, Banking Act, Trust Enterprise Act, Act Governing Bills Finance Business, Financial Assets Securitization Act, Real Estate Securitization Act, Insurance Law, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Credit Cooperatives Act, Farmers' Association Act, Fishermen's Association Act, Agricultural Finance Act, or other laws regulating financial activity.

12. Having been ordered to enter a reformatory or having been ordered to perform compulsory labor due to the offense of larceny or receiving stolen property and the sentence has not been completed or five (5) years have not elapsed since the sentence completion.

13. There is factual proof that the person has engaged in or otherwise been involved with any other dishonest or improper activities which indicate that she/he is unfit to serve as a promoter or responsible person of a financial holding company.

#### Article 4

The chairperson of a financial holding company may not serve concurrently as a general manager. However, a person is not subject to the restrictions if the person has one of the following facts and has been approved by the competent authority.

1. The chairperson or the general manager cannot carry on their duties due to resignation from the job.

2. The chairperson or the general manager is replaced or dismissed by the competent authority.

3. The chairperson or the general manager has encountered other issues that prevent them from continuing their job.

When a financial holding company applies for its chairperson to act concurrently

as the general manager pursuant to the proviso in (of) the preceding paragraph to the competent authority, the competent authority is allowed to ratify a maximum of three months for concurrent positions. The financial holding company may apply for one extension, if needed, to the competent authority one month before the end of the period.

The chairperson or the general manager of a financial holding company is not allowed act as the chairperson, general manager or equivalent titles of other non-financial enterprises; however, people are not subject to these restrictions if they act in an incorporated foundation or other non-profit corporation.

The promoter or the responsible person of a financial holding company may not act as the responsible person of other financial holding companies. However, a person is not subject to the restrictions on account of a merge and has been approved by the competent authority.

When the person violates the four preceding restrictions, the competent authority shall order the financial holding company to make adjustment within a prescribed period of time; the person shall be dismissed when the financial holding company fails to adjust within the time period and without justifiable reason.

If the government or a juridical person is a shareholder, the representative or the natural person designated to act such position, when they act as the chairperson, supervisor, they shall comply with the preceding article and the preceding five paragraphs *mutatis mutandis*.

The promoter of a financial holding company may not act concurrently as the promoter of other financial holding companies.

If a financial holding company is converted from a financial institute, and its promoter is the shareholder of the original financial institute, the promoter is not applicable to the regulations in the preceding article, paragraph 4 and the preceding paragraph.

#### Article 4-1

The director or supervisor, or its related person, of a financial holding company who act concurrently as the director or supervisor of other financial holding company will be deemed to have a conflict of interest unless such concurrent appointment is allowed under the Act or The Banking Act of The Republic of China and its regulations.

The term “director” or “supervisor” as used in the preceding Paragraph shall have the following meanings:

1. A juristic person or the natural person designated by such juristic person to exercise the duties.
2. A juristic person or the elected natural person who represents such juristic

person.

3. An elected natural person who does not represent the government, any juristic person or the representative of a juristic person or the government.

The term "related person of the director or supervisor" as used in the Paragraph shall mean parties related to the same natural person or juristic person, including:

1. Parties related to the same natural person :

(1) The spouse and direct relatives of that natural person ; or

(2) Enterprises in which the natural person and natural persons as referred to in the preceding subparagraph hold more than one third (1/3) of their outstanding voting shares or more than one third of their capital, or enterprises or foundations in which the natural person and natural persons referred to in the preceding subparagraph act as their chairman, president or directors representing the majority of directors.

2. Parties related to the same juristic person:

(1) The chairman of the juristic person and his spouse and direct relatives;

(2) Enterprises in which the juristic person and natural persons referred to in the preceding subparagraph hold more than one third (1/3) of their outstanding voting shares or more than one third of their capital, or enterprises or foundations in which the juristic person and natural persons referred to in the preceding subparagraph act as their chairman, president or directors representing the majority of directors.

(3) The affiliates of the juristic person. The term "affiliate" shall be defined under Articles 369-1 through 369-3, Articles 369-9 and 369-11 of the Company Act.

The preceding three Paragraphs shall not apply to the government and a financial holding company that its shareholding is 100 percent held by the government.

However the representative or the natural person act as the director and supervisor of the juristic person designated by the government and the financial holding company, shall not serve any concurrent position in other financial holding company unless with the approval of the competent authority.

When the director or supervisor of a financial holding company, or their related person has a conflict of interest set out in Paragraphs 1 or 4, the competent authority shall order the financial holding company to make adjustment within a prescribed period of time; the person shall be dismissed when the financial holding company fails to adjust within the time period and without justifiable reason.

Article 5

A financial holding company should have one person act as the general manager

to handle the general affairs of the company and should not have another person with the equivalent functionalities. The general manager shall have good personal character, leadership and the ability to effectively manage the financial holding company, and possess any one of the following qualification:

1. Have worked for not less than nine years in a financial institution or financial holding company as defined in the Act, and have served for not less than five years in the position of manager or in an equivalent position at the head office, and have performed with excellence in such position.
2. There is other factual evidence sufficient to prove that he/she has leadership and professional financial expertise to operate the business of the financial holding company in a sound and effective manner.

A person may not act as a general manager of a financial holding company until the relevant qualification documents have been submitted to and approved by the competent authority.

#### Article 6

An assistant general manager, deputy assistant general manager, manager, or person in an equivalent position in a financial holding company shall have good personal character, leadership and the ability to effectively manage the financial holding company, and possess any one of the following qualifications:

1. Have worked for not less than five years in a financial institution or financial holding company as defined in the Act, and have served for not less than three years in the position of assistant manager or in an equivalent position at the head office, and have performed with excellence in such position.

2. 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.

3. There is other factual evidence sufficient to prove that he/she has the ability to operate the business of the financial holding company in a sound and effective manner, and his/her qualification has been reported to and recognized by the competent authority in advance.

Personnel with qualifications specified in Subparagraph 2 and Subparagraph 3 of the preceding paragraph shall only perform work that involves their original field(s) of expertise.

#### Article 7

A supervisor's spouse, blood relative within the second degree, or relative by marriage within the first degree, may not act as a director or manager at the same financial holding company.

The provisions of the preceding paragraph shall also apply to a natural-person

representative of the government or of a juristic person.

#### Article 8

The board of directors of a financial holding company is responsible for electing managers, and shall realistically review whether a manager meets the qualification requirements, and also is responsible for monitoring whether a manager maintains the required qualifications and otherwise remains suitable for the office.

#### Article 9

A director of a financial holding company shall have good personal character; any one of the following qualifications shall be possessed by at least two directors if there are five directors or less, and by another one director for each additional four directors, if there are more than five directors; and by at least two managing directors, if such positions are established:

1. Have worked for not less than five years in a financial institution or financial holding company as defined in the Act, and have served for not less than three years in the position of assistant manager or in an equivalent position at the head office, and have performed with excellence in such position.
2. Have worked for not less than five years in financial administration or management, and have served in the civil service at junior rank (grade 8) or higher, or in an equivalent position, and have performed with excellence in such position.
3. There is other factual evidence sufficient to prove that he/she has the ability to manage the financial holding company, and to operate the business of the financial holding company in a sound and effective manner.

A financial holding company, if the total assets of the previous year as audited by a CPA have exceeded NT\$ one trillion, shall have three of the directors that meet one of the qualifications set out in the previous Paragraph when the number of the financial holding company's directors is less than five person. If the number of directors of a financial holding company exceeds five, at least one more of the directors for each additional three directors shall meet one of the qualifications set out in the previous Paragraph. If a financial holding company has managing director(s), at least three of the managing directors shall meet one of the qualifications set out previous Paragraph.

The number of a financial holding company's directors, who are not government agencies, juristic persons or representatives thereof, that meet the qualifications set out in Paragraph 1, shall comply with the preceding two Paragraphs. When the total number of director exceeds thirteen, the number of directors that meets one of the qualifications set out in Paragraph 1 could be five.

The preceding Paragraph does not apply to a financial holding company that its

shareholding is 100 percent held by the government.

The chairperson of a financial holding company shall possess any of the qualifications set out in Paragraph 1.

Among the supervisors of a financial holding company, at least one supervisor shall possess any of the qualifications set forth in paragraph 1 or have not less than five years of auditing experience in a financial institution or financial holding company as defined in the Act, and have performed with excellence in such position.

A financial holding company shall, within 10 days following any election of chairperson or a director or supervisor possessing the qualification set forth in paragraph 1, subparagraph 3, report the election and submit relevant qualification documents to the competent authority for recognition; where any of that person's qualifications has not been recognized by the competent authority, the competent authority may order the financial holding company to make an adjustment within a prescribed period of time.

Where a financial holding company has concerns about whether the provision of paragraph 1, subparagraph 3, applies to a candidate for director or supervisor, it may file a report with the competent authority for recognition before the election.

Where a financial holding company has a bank subsidiary, at least one of its directors shall have worked for not less than five years in a bank and have served for not less than three years in the position of assistant manager or in an equivalent position at the head office, or have worked for not less than five years in financial administration or management and have served in civil service at junior rank (grade 8) or higher, or in an equivalent position, and with good performance record; the same shall apply to a financial holding company having an insurance or securities subsidiary.

#### Article 10

In order to determine whether the responsible person of a financial holding company possess the qualification enlisted in these regulations, the competent authority is able to demand the financial holding company to submit necessary documents and information within a prescribed period of time or to designate a person to make explanations.

#### Article 11

Where any circumstance that constitutes ipso facto cause for dismissal applies to a responsible person of a financial holding company, the responsible person shall promptly notify the financial holding company.

Upon learning of any circumstance that constitutes ipso facto cause for dismissal applies to a responsible person, a financial holding company shall promptly take

the initiative to handle the circumstance, and report to the competent authority and notify the Ministry of Economic Affairs for revocation or voidance of the relevant registration.

#### Article 12

Unless it is otherwise provided by the Act, a responsible person of a financial holding company may, due to the investment relationship, hold concurrent positions in the invested enterprises and subsidiaries of the financial holding company.

The concurrent holding of positions and the number of concurrently held positions of the responsible person of a financial holding company shall be subject to the principle that the responsibilities of the principal position and the concurrent positions are both effectively performed.

Besides the preceding paragraph, the responsible person of a financial holding company who has holds concurrent positions in a subsidiary under Paragraph 1 hereof shall not exceed the extent necessary for maintaining the supervising mechanism between the financial holding company and the invested enterprise or the subsidiary.

The concurrent holding of positions of the responsible person of a financial holding company may not result in any conflict of interests or any violation of the internal controls of the financial holding company over the invested enterprise or and the subsidiary, and shall consider concurrently the internal check-and-balance control mechanisms of the consortium and in a manner that safeguards the rights and interests of the shareholders.

#### Article 13

A responsible person of a financial holding company who, due to the investment relationship, concurrently holds a position in a subsidiary is not subject to the restrictions in the first half of Paragraph 3, Article 11 of the Act Governing Bills Finance Business, provided that the responsible person holding such concurrent position shall still meet the relevant qualification requirements prescribed by the regulatory authority responsible for the supervision of that subsidiary.

The chairperson or general manager of a financial holding company may act concurrently as chairperson of only one invested enterprise or subsidiary. This restriction shall not apply, however, in any of the following circumstances:

1. The chairperson or general manager of a financial holding company act concurrently as the chairperson of a bank subsidiary and as the chairperson of an overseas subsidiary bank. If it is otherwise prescribed by the foreign competent authority, then the person should comply accordingly.
2. To act concurrently as chairperson of one or more subsidiaries during a certain

period of time as necessitated to facilitate a business merger or organizational restructuring for purposes of enhancing overall operating effectiveness and efficiency.

3. To act concurrently during a certain period of time as necessitated by other special factors.

The concurrent positions mentioned in Subparagraph 2 and 3 of the preceding paragraph should be approved by the competent authority.

A responsible person of a financial holding company may act concurrently as a manager of only one invested enterprise or subsidiary.

A financial holding company shall on a regular basis evaluate the performance of a responsible person concurrently holding a position in a subsidiary under Paragraph 1 of the preceding article, having regards to its investment management needs, risk management policies, and the provisions of the Regulation; the evaluation results shall serve as an important reference to determine whether the concurrently held position(s) will be maintained or reduced in number.

#### Article 14

A responsible person of a financial holding company may not, in his or her own capacity or in the capacity of a representative of a juristic person other than the financial holding company and its subsidiary, hold a position in a subsidiary of the financial holding company. The preceding provision does not apply, provided the position in an offshore subsidiary of the financial holding company may not be held in the capacity of a representative of the financial holding company or the subsidiary according to the local law or customary business practice, and the holding of position by the responsible person in his or her own capacity or in the capacity of a representative of another juristic person is decided by a resolution adopted by at least three-fourths of directors of the financial holding company present in a meeting of the board of directors attended by two-thirds or more of all directors.

#### Article 15

A responsible person of a financial holding company who concurrently holds a position in a subsidiary due to the investment relationship may not, in his or her own capacity or in the capacity of a representative of a juristic person other than the financial holding company and its subsidiary, simultaneously hold a position in another company operating the same type of business as the subsidiary. The preceding provision does not apply, provided the position in the offshore invested enterprise or offshore subsidiary of the financial holding company or its subsidiary may not be held in the capacity of a representative of the financial

holding company or the subsidiary according to the local law or customary business practice, and the holding of position by the responsible person in his or her own capacity or in the capacity of a representative of another juristic person is decided by a resolution adopted by at least three-fourths of directors of the financial holding company and the subsidiary present in a meeting of the board of directors attended by two-thirds or more of all directors.

Article 16

(Deleted)

Article 17

The Regulations shall enter into force as of the date of promulgation.

Articles 4-1 and Paragraphs 2 to 4 of Article 9 amended on October 12, 2018 shall become effective from July 1, 2019. When the tenure of the directors or supervisors at the financial holding companies has not expired yet on July 1, 2019, the amended articles shall apply as of the expiry date of their tenure expires.