


Content

Title :	Regulations Governing Approval of the Issuance of Stored Value Cards by Banks 
Date :	2010.02.02
Legislative :	1.Promulgated by the Ministry of Finance On October 8, 2001 2.Amended on February 2, 2010
Content :	<p>Article 1 These Regulations are enacted pursuant to Paragraph 1, Article 42-1 of the Banking Act.</p> <p>Article 2 The term “bank” as used in these Regulations shall mean domestic banks, credit cooperatives, credit departments of farmer’ s associations, credit departments of fishermen’ s associations and the branches of foreign banks in Taiwan.</p> <p>Article 3 The term “stored value card” as used in these Regulations, shall mean a card which uses electronic, magnetic or optical means to store the value of money such that the cardholder may use all or part of the stored value in exchange for merchandise or services, and use it for multiple payment purposes.</p> <p>Article 4 The manner by which monetary value is stored on bank issued stored value card may be reloadable or non-reloadable. The term “reloadable” as used in the preceding paragraph shall mean that a cardholder may add to the monetary value stored on a card through transferring of funds or by paying money repeatedly to the issuing bank. The term “non-reloadable” shall mean that a cardholder can not add to the monetary value of a card through transferring of funds or paying money repeatedly to the issuing bank.</p> <p>Article 5 Transactions on bank issued stored value cards shall be either on-line real time transactions or off-line transactions.</p> <p>Article 6 Banks may issue stored value cards in the form of a card or a form other than a card.</p> <p>Article 7 A bank which issues a stored value card and accepts a deposit in advance [to add value to the stored value card] will be treated as accepting a deposit as described in Article 5-1 of the Banking Act. Such deposit</p>

accepted in advance is an insured subject under Article 4 of the Deposit Insurance Act, and for which a reserve shall be set aside.

Article 8

A bank may not apply for approval to issue stored value cards if:

- (1) The bank's ratio of equity capital to risk assets does not comply with Article 44 of the Banking Act; or
- (2) The bank's loan loss provision does not meet minimum requirements and its non-performing loan ratio in the quarter prior to the application is higher than the average non-performing loan ratio of all financial institutions.

Article 9

A bank approved by the Competent Authority to issue stored value cards may engage in the following businesses:

1. The issuance of stored value cards;
2. Signing up merchants; and
3. Other services related to the above two items as approved by the Competent Authority.

A bank may not change all or part of the services described in the preceding paragraph without the prior approval of the Competent Authority.

Article 10

The maximum stored amount in a stored value card shall be NT\$10,000.

Article 11

Upon confirmation of the remaining value in a stored value card, a cardholder may ask the issuing bank to refund said remaining value in an equivalent amount in a currency issued by the Central Bank of the Republic of China.

Article 12

A bank which is approved by the Competent Authority to issue stored value cards may issue an international stored value card, or cooperate with a foreign institution to issue such cards where the issuing institution shall in all cases be the bank.

If an international stored value card issued in Taiwan is used in Taiwan, the charges thereof shall be calculated in New Taiwan Dollars and all settlement and clearing shall be done in Taiwan. If an international stored value card is used overseas, the charges thereof shall be settled in foreign currency and related outward or inward foreign exchange conversions shall be done in accordance with relevant foreign exchange regulations and through an appointed foreign exchange bank.

Article 13

A bank which has been approved to issue stored value cards shall conduct timely internal audits and revise its business operation guidelines, internal controls, audit procedures, security management, risk management and accounting management procedures and submit such guidelines to the Competent Authority for reference.

Article 14

A bank that issues stored value cards shall submit information regarding merchants, cooperating parties, and card issuance status to an institution designated by the Competent Authority for maintaining files on such information.

Article 15

A bank issuing stored value cards and its merchants shall keep all information on applicants and cardholders confidential, unless otherwise prescribed by law or required by the Competent Authority.

Article 16

Stored value cards may not be used to transfer the fund contained therein to another stored value card, unless the fund is transferred from a cardholder's primary card to such cardholder's supplementary card.

Article 17

A bank that issues stored value cards and uses on-line real time transactions shall keep cardholders' transaction details for at least five (5) years for audit, examination, and reconciliation purposes.

The detailed data mentioned in the preceding paragraph shall fully disclose the date of each transaction, the card number used, transaction item, transaction amount, transaction equipment code and currency.

A bank that issues stored value cards and uses off-line transactions shall keep the records generated from the transactions as well as cardholders' transaction details for at least five (5) years for audit, examination, and reconciliation purposes unless such bank promises to take responsibility for the loss of cardholders.

Article 18

A bank that issues stored value cards and cooperates with a non-financial institution for business promotions shall:

- (1) Clearly define the rights and obligations between the cooperating parties;
- (2) Ensure that the cooperating party meets the bank's requirements for secure operation and risk management;
- (3) Control and manage fund transfers of customers and transaction data thereof;
- (4) Not transfer to the non-financial institution all or part of the funds which the bank receives in advance from the stored value cards issued; and
- (5) Other matters as required by the Competent Authority.

Article 19

These Regulations shall be in force from the date of promulgation.