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Title : Regulations Governing Investments in Other Enterprises by Commercial Banks
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Date : 2012.12.28

Legislative : 1. Full six articles adopted and issued 14 June 2001 per Order No. (90)-Tai-Tsai-Rong -(I)-90744868 of the Ministry of Finance; effective from the date of promulgation.
2. Article 2 amended and promulgated by Financial Supervisory Commission Order Jin-Kuan-Yin-(I)-10110007960 on December 28, 2012.

Content : Article 1

These Regulations are adopted in accordance with the provisions of Article 74, paragraph 5 of the Banking Act.

Article 2

A commercial bank investing in another enterprise shall comply with the following provisions:

1. Where the invested enterprise and the investing commercial bank become “interested parties” as defined in the Banking Act, credit extensions by the commercial bank to the invested enterprise shall comply with the applicable provisions of Article 32 and Article 33 of the Banking Act.
2. The responsible person and employees of a commercial bank may not concurrently serve in an invested finance-related enterprise in any position except Director or Supervisor, unless otherwise specified by act or regulation.
3. When calculating the ratio of regulatory capital to risk-weighted assets, the capital charge of investments of a commercial bank should comply with the rule of “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “the Methods for calculating Bank’s regulatory capital and Risk Weighted Assets” .
4. A commercial bank and its invested enterprises shall comply with the provisions concerning the confidentiality of customer information in Article 48 of the Banking Act.
5. When using personal identity information of customers in joint marketing, a commercial bank and its invested enterprises shall obtain customer agreement; if a customer refuses, their information may not be used.
6. A commercial bank and its invested enterprises shall adopt rules to prevent insider trading.

Article 3

When the shareholding percentage of a commercial bank in a finance-related invested enterprise is 20 percent or higher, concurrent operations of the same type of bank department in the commercial bank and invested enterprise shall cease, unless otherwise prescribed by the Ministry of Finance. However, when the shareholding percentage in an invested integrated securities firm reaches the aforesaid limit, the commercial bank may continue to operate the securities firm's stock transfer agency and government bond dealing businesses.

Article 4

In accordance with Article 89 of the Banking Act, these Regulations shall also apply to specialized banks, except where otherwise provided by an act or the Competent Authority.

Article 5

In accordance with Article 115-1 of the Banking Act, these Regulations shall also apply mutatis mutandis to trust investment companies, except for business approved by the Competent Authority in accordance with Article 101, paragraph 2.

Article 6

These Regulations shall enter into force from the date of promulgation.