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| Title :       | Regulations for the Examination of Financial Holding Company Merger Cases<br><b>Ch</b>  |
| Date :        | 2014.03.25  |
| Legislative : | 1.Promulgated on 24 October 2001 jointly by the Fair Trade Commission Order and the Ministry of Finance per Orders Ref. (90) Kung Yi Tzu No. 9009484-007, and Tai Tsai Zong (1) No. 0901000167<br>2.Amended and promulgated on 27 March 2002 jointly by the Fair Trade Commission Order and the Ministry of Finance per Orders Ref. Kung Yi Tzu No. 0910001903 and Tai Tsai Zong (1) No. 0911000182<br>3.Amended and promulgated on 25 March 2014 jointly by the Fair Trade Commission Order and Financial Supervisory Commission per Orders Ref. Kung-Fu-Tzu Order No.10312602011 and Jin-Guan-Yin-(Fa)-zi- 10300055351  |
| Content :     | <p>Article 1</p> <p>These Regulations are promulgated according to Article 9, paragraph 2, of the Financial Holding Company Act.</p> <p>Article 2</p> <p>Terms used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"><li>1. Financial holding company: as defined in subparagraph 2 of paragraph 1 of Article 4 of the Financial Holding Company Act.</li><li>2. Subsidiary: as defined in the items under subparagraph 4 of paragraph 1 of Article 4 of the Financial Holding Company Act.</li><li>3. Merger: referring to an enterprise satisfying any of the circumstances set out in the subparagraphs of paragraph 1 of Article 6 of the Fair Trade Law.</li><li>4. Sales amount: referring to the total amount of an enterprise's operating revenue.</li></ol> <p>Article 3</p> <p>Where any of the circumstances set out in the subparagraphs of Article 6, paragraph 1, and Article 11, paragraph 1, of the Fair Trade Law is present with respect to the establishment of a Financial Holding Company, a report shall be filed with the Fair Trade Commission before the merger in accordance with these Regulations.</p> <p>The provisions of the preceding paragraph do not apply under the circumstances set out in Article 11-1 of the Fair Trade Law.</p> <p>The sales amount of a financial holding company for the preceding fiscal year shall be verified and determined by calculating the combined sales amounts for the preceding fiscal year of all of its subsidiaries in which it has controlling shareholdings.</p> <p>Article 4</p> <p>Upon receiving an application for establishment of a financial holding company, the competent authority shall inform the applicant that if any of the circumstances set out in the preceding article is present, [the</p> |

applicant] is required to file with the Fair Trade Commission. The Fair Trade Commission shall notify the competent authority by official letter of any relevant resolution or decision it makes regarding any filing under paragraph 1 of the preceding article.

#### Article 5

Where a filing is required under these Regulations, it shall be filed with the Fair Trade Commission by the following enterprises:

(1) by [all] the enterprises participating in the merger, where the merger involves a merger or consolidation of enterprises, transfer or leasing of the operations or assets of one enterprise by another, regular joint operations of enterprises, or outsourcing of one enterprise's operations by another;

(2) by the holding or acquiring enterprise, where an enterprise holds or acquires the shares or capital contributions in another enterprise;

(3) by the controlling enterprise, where an enterprise directly or indirectly controls the business operations or personnel appointment and discharge of another enterprise.

If an enterprise required to file has not yet been established, the filing may be filed on its behalf by an existing financial institution participating in the merger.

#### Article 6

Where a filing is required to be made with the Fair Trade Commission under these regulations, the filer shall submit the following documents therewith:

1. filing report specifying the following particulars:

(1) type and substance of the merger;

(2) the name and domicile or residence or place of business of each participating enterprise;

(3) scheduled date of the merger;

(4) name of the attorney-in-fact, if any, and the supporting document therefore;

(5) other required information;

2. basic information concerning each participating enterprise:

(1) name and domicile or residence of the representative or administrator, if any, of each enterprise;

(2) capital and business items of each participating enterprise;

(3) turnover in the preceding fiscal year of each participating enterprise and any enterprise with which it has a relationship of control or subordination;

(4) number of employees of each participating enterprise;

(5) business license of each participating enterprise;

3. financial statement and operating report for the preceding fiscal year of each participating enterprise;

4. data such as the operating costs, sales prices (rates), and production and sales values (volumes) of the participating enterprises' goods or services related to the merger;

5. major future operating plans of the participating enterprises;

6. explanation of the impact of the merger on overall economic interests,

- public interests, and level of competition;
7. contracts or resolution documents related to the merger;
8. status of investments of the participating enterprises in other enterprises;
9. if a participating enterprise' s stock is listed on the stock exchange or over-the-counter securities market, the most recent prospectus or annual report;
10. information relating to horizontal or upstream and downstream enterprises of the participating enterprises;
11. other documents as specified by the Fair Trade Commission.

#### Article 7

Where the materials submitted by the filing enterprise in the merger do not comply with the provisions of these Regulations or are deficient in content, the Fair Trade Commission, may notify the enterprise to supplement or correct the filing within a time limit, stating the reasons for such requirement. If the supplementation or correction is not made within the specified time period or is made but remain deficient, the filing will not be accepted.

#### Article 8

Enterprises shall not proceed to merge within a period of 30 days from the date the Fair Trade Commission accepts the complete filing materials, provided that the Fair Trade Commission may shorten or extend the period as it deems necessary and notify the filing enterprise of such change in writing.

Where the Fair Trade Commission extends the period in accordance with the proviso of the preceding paragraph, such extension may not exceed 30 days; for cases of extension, the decision on the filing shall be made in accordance with the provisions of Article 12 of the Fair Trade Law.

Where the Fair Trade Commission has not, at the expiry of the period, given written notification of an extension in accordance with the proviso of Paragraph 1 or made any decision as referred to in the preceding paragraph, the enterprises may proceed to merge provided that the merger shall not proceed under any of the following circumstances:

1. Where the filing enterprises consent to a further extension of the period.
2. Where the filing contains any false or misleading item.

The date of acceptance of the complete filing materials referred to in Paragraph 1 means the filing date on which the filing materials filed by the enterprise with and accepted by the Fair Trade Commission are in conformity with Article 6 and the contents thereof are also complete; provided, where materials filed by the enterprise are not in conformity with Article 6 or content thereof is incomplete and the enterprise has been notified to supplement or correct it within a time limit, calculation of the period shall commence from the date of supplementation or correction.

#### Article 9

The Fair Trade Commission shall take the following factors into consideration when examining filings submitted in accordance with these

Regulations:

1. degree of impact on competition in financial markets:

- (1) market shares and branch offices of the financial holding company, its subsidiaries, and other enterprises participating in the merger, and the likelihood of abuse of their market position;
- (2) market structure and number of enterprise in relevant markets and the degree to which the merger will increase market concentration;
- (3) complementarity and substitutability of financial goods or services in relevant markets;
- (4) existing relationships of subordination or control among the enterprises participating in the merger;
- (5) degree of impairment of competition in relevant geographic markets after the merger;
- (6) the situation of entry barriers in relevant markets.

2. Impact on overall economic interests and public interests:

- (1) Any increase in price and quality of relevant financial goods or services.
- (2) Any increase in geographic convenience and selection of kinds of relevant financial goods or services.
- (3) Relevant policies of the competent authority of the financial industry.
- (4) Overall effect on the enterprises participating in the merger, such as in terms of economies of scale or scope.

Article 10

The Fair Trade Commission may not prohibit any merger filed for under these Regulations if the overall economic benefit of the merger outweighs any disadvantages resulting from competition restraint.

Article 11

The Fair Trade Commission may attach conditions to or require undertakings in any decision it makes on a filing case as referred to in paragraph 2 of Article 8 herein, to ensure that the overall economic benefit of the merger outweighs any disadvantages resulting from competition restraint.

Article 12

Where any enterprise(s) proceeds with a merger in violation of Paragraphs 1 or 3 of Article 8 herein, or proceeds with a merger where the Fair Trade Commission has made a decision upon the filing to prohibit such merger, or fails to perform an undertaking required with respect to the merger as pursuant to the preceding Article, the matter shall be disposed in accordance with the applicable provisions of the Fair Trade Law.

Article 13

These Regulations shall be enforced from the date of announcement.