

Content

Title :	Rules Concerning Cross-Selling by Financial Holding Company Subsidiaries <b>Ch</b>
Date :	2002.03.11
Legislative :	1.Date : 11 March 2002 Ref.No (91)-Tai-Tsai-Jheng-(II)-001539
Content :	<p>1.Pursuant to Articles 43 and 48 of the Financial Holding Company Act.</p> <p>2.The rules concerning business locations, permitted scope of business, concurrent holding of positions by staff members, information sharing, and application and approval methods when subsidiaries of a financial holding company engage in cross-selling are as follows:</p> <p>(1) A subsidiary may at its premises set up a specialized counter for another subsidiary in a different business. A distinction shall be made and clearly indicated between the subsidiary's own counters and the specialized counters thus established.</p> <p>(2) The following services are allowed for a specialized counter set up by a subsidiary at its premises for another subsidiary in a different business:</p> <p>(I) For a securities counter:</p> <p>(i) Open accounts with respect to securities or futures brokering business.</p> <p>(ii) Introduce, recommend, sell, and buy back domestic funds as an agent.</p> <p>(iii) Install terminal servers by which for investors to place on-line orders with securities firms or futures commission merchants.</p> <p>(iv) Receive case submissions related to stock affairs agent services (within the scope of stock affairs agent services set out in Article 1-1 of the Regulations Governing Handling of Stock Affairs by Public Companies).</p> <p>(II) For an insurance counter:</p> <p>(i) Introduce and recommend insurance products approved by the Ministry of Finance for sale.</p> <p>(ii) Underwrite insurance and issue insurance policies for insurance products approved by the Ministry of Finance for direct selling.</p> <p>(iii) Receive insurance-related case submissions for others.</p> <p>(III) For a banking counter:</p> <p>(i) Open deposit accounts (employees concurrently providing account opening services in a securities or insurance subsidiary are required to attend at least 18 hours of courses relevant to the opening of deposit accounts at banks held by the Taiwan Academy of Banking and Finance).</p> <p>(ii) Introduce and recommend credit cards and issue cards for others.</p> <p>(iii) Install automated banking equipment.</p> <p>(iv) Collect fees for others, such as for public utilities fees.</p> <p>(v) Receive submissions for the business of the bank headquarters.</p> <p>(3) Where personnel in one industry meet the qualification or licensing requirements set out in relevant acts, regulations, and administrative orders made by the authority responsible for supervision of another</p>

industry, such staff members may concurrently provide services in such other industry, provided that the subsidiary concurrently providing such services shall duly handle the necessary registrations. If a violation arises in the course of providing such services, a sanction may be imposed under the acts and regulation governing such other industry. For marketing activities carried out at an other-industry counter established for cross-industry sales, which are carried out by a staff member at that other-industry counter representing the subsidiary in that other industry, the subsidiary in that other industry shall be held responsible for compensating any damage to customers that might arise therefrom; provided however, that if there is intent or negligence on the part of the institution providing the business premises for such services, it shall jointly be held responsible, for purposes of effective supervision.

(4) When subsidiaries in different industries share customer data, they shall abide by the Computer-Processed Personal Data Protection Act and by the self-regulatory rules adopted by the financial holding company and by the subsidiaries. Information other than basic information (including name, birth date, ID card number, telephone number and address), such as account, credit, investment, and insurance information, may not be disclosed, transferred, or cross-utilized without consent by the relevant customer made in a signed contract or otherwise in writing.

(5) An application for cross-industry marketing among subsidiaries shall be submitted by the financial holding company to a single window established by the Ministry of Finance for that purpose, with a copy to all authorities for supervision of the industries involved. Such an application, if granted, will be approved for recordation by the competent authority that approved the establishment of the financial holding company, with a notice to all authorities for supervision of the other industries involved.

3. The rules above shall be implemented from the date of issuance.

In the event of any discrepancy between this English translation and the original Chinese text, the original text will take precedence.