


Content

Title :	Clauses of the Real Estate Securitization Act 
Date :	2009.01.21
Legislative :	1.The whole text of 68 articles enacted and promulgated by Presidential Order Hua Tsung Yi Yi Tzu No. 09200134060 on July 23, 2003; enforced on the day of promulgation. 2.Amended on January 21, 2009
Content :	<p>Chapter One General Provisions</p> <p>Article 1</p> <p>This Act is enacted for the purpose of developing national economy, improving the liquidity of real estate through securitization, providing additional fund-raising channels for real estate so as to efficiently develop and utilize real estate, promoting environmental quality, activating the real estate market, and protecting investment.</p> <p>Article 2</p> <p>The securitization of real estate shall be governed by the provisions of this Act; matters not fully provided for in this Act shall be governed by other laws.</p> <p>Article 3</p> <p>The competent authority as referred to in this Act shall be the Financial Supervisory Commission, Executive Yuan.</p> <p>Where matters governed by this Act are related to those administered by the authority in charge of the target enterprise concerned, the competent authority and the authority in charge of the target enterprise concerned shall jointly administer such matters.</p> <p>Article 4</p> <p>The terms used in this Act are defined as follows:</p> <ol style="list-style-type: none">1. "Real estate" shall mean land, construction improvements, roads, bridges, tunnels, rails, wharfs, parking lots, as well as other structures of economic value affixed to land and appended facilities thereto, provided such facilities, if separated from the land and structures affixed to land, cannot create value alone, thereby resulting in impairment of value of the land and structures affixed to it.2. "Related rights of real estate" shall mean superficies and other rights approved by the central authority in charge of the target enterprise concerned.3. "Real estate related securities" shall mean the beneficiary securities or asset-backed securities issued or delivered by a trustee or a special-purpose company in accordance with this Act or the Financial Assets Securitization Act, where the asset pool contains real estate, related rights of real estate or mortgage secured by real estate.4. "Securitization" shall mean an act by which a trustee establishes a real estate investment trust (REIT) or real estate asset trust (REAT) pursuant to the provisions of this Act, and acquires funds from issuing beneficiary securities to non-specific persons through public offering or

delivering beneficiary securities to specific persons through private placement.

5. “Real estate investment trust (REIT)” shall mean a trust established pursuant to the provisions of this Act to invest in real estate, related rights of real estate, real estate related securities, as well as other investment objects approved by the competent authority, whereby the beneficiary securities of REIT are issued to non-specific persons through public offering or delivered to specific persons through private placement.

6. “Real estate asset trust (REAT)” shall mean a trust established pursuant to the provisions of this Act, by which trustors transfer their real estate or relevant rights to a trustee to issue REAT beneficiary securities to non-specific persons through public offering or deliver REAT beneficiary securities to specific persons through private placement, evidencing the beneficiaries’ rights to the real estate of such trust, relevant rights, or profits, interests, and other proceeds accrued therefrom.

7. “Beneficiary securities” shall mean the following REIT beneficiary securities and REAT beneficiary securities:

(1) “REIT beneficiary securities” shall mean the document of title or certificate issued or delivered by the trustee for a REIT fund, evidencing the beneficiaries’ rights of such trust property and the profits, interests, and other proceeds accrued therefrom.

(2) “REAT beneficiary securities” shall mean the document of title or certificate issued or delivered by the trustee for the REAT, evidencing the beneficiaries’ rights of the principals of such trust property and the profits, interests, and other proceeds accrued therefrom.

8. “Trustee” shall mean an institution that may manage and dispose of trust property and publicly offer or privately place beneficiary securities under mandate.

9. “REIT fund” shall mean the trust property under a REIT contract that includes the proceeds and the profits, interests, and other income accrued therefrom from public offering or private placement of REIT beneficiary securities as well as the assets or rights purchased with the aforementioned.

10. “Trust supervisor” shall mean a person appointed by the trustee in accordance with the agreement of the REIT contract or REAT contract or the resolution adopted by a beneficiaries’ meeting to exercise the powers as prescribed under this Act for the interest of the beneficiaries.

11. “Interested party” shall mean the interested party as defined in Article 7 of the Trust Enterprise Act.

12. “Real estate management institution” shall mean a real estate investment enterprise, construction enterprise, construction management enterprise, real estate purchase/sale and leasing enterprise, or other institutions approved by the competent authority that is engaged by a trustee to manage or dispose trust property.

13. “Closed-end fund” shall mean a fund where its investors may not request the trustee to repurchase the beneficiary securities held by them during the duration of the fund.

14. “Open-end fund” shall mean a fund where its investors may request the trustee to repurchase the beneficiary securities held by them during the

duration of the fund.

15. "Professional appraisers" shall mean real estate appraisers or other professionals engaged in real estate appraisal pursuant to other laws.

16. "Promoters" shall mean owners of real estate, holders of related rights of real estate or cash financiers who are committed to investing in a REIT fund when the trustee applies for or registers the public offering or private placement of the fund.

17. "Arranger" shall mean the entity that arranges and makes overall planning for the public offering or private placement of beneficiary securities.

18. "Real estate or related rights of real estate under development" shall mean real estate or related rights of real estate currently undergoing or under planning of development, construction, reconstruction, or renovation.

The trustee depicted in Subparagraph 8 of the preceding paragraph shall be limited to the trust enterprises as defined in the Trust Enterprise Act that has been established for at least three (3) years and has been rated above a certain level by a credit rating institution recognized by the competent authority.

For those trust enterprises that only engage in the REIT or REAT business, the competent authority shall prescribe separate provisions for the minimum paid-in capital, shareholder structure, qualifications of the responsible persons, special knowledge or experience required of operating and managerial personnel, and business restrictions for such enterprises.

A real estate management institution depicted in Subparagraph 12 of Paragraph 1 hereof shall meet certain requirements and enter a service agreement with the trustee that specifies its power, obligations, responsibilities and matters of compliance.

The certain requirements and particulars to be noted in the service agreement mentioned in the preceding paragraph shall be drawn up by the trust association in consultation with the trade associations of the related real estate management institutions and submitted to the competent authority for approval.

The arranger depicted in Subparagraph 17 of Paragraph 1 hereof shall meet certain requirements; such certain requirements and other rules for the arranger shall be drawn up by the trust association in consultation with relevant trade association and submitted to the competent authority for approval.

Article 5

The beneficiary securities publicly offered or privately placed pursuant to the provisions of this Act shall be under the category of other securities approved by the competent authority as defined in Article 6 of the Securities and Exchange Act.

Chapter Two Real Estate Investment Trust

Section One Public Offering and Private Placement of Real Estate Investment Trust Funds

Article 6

To publicly offer or privately place REIT beneficiary securities, the trustee shall submit the following documents to the competent authority for approval or effective registration. The regulations governing the review

process, requirements for approval or effective registration, and other matters of compliance shall be prescribed by the competent authority:

1. The REIT plan;
2. The REIT contract;
3. A comparison table of the REIT contract and the standard contract specimen;
4. The prospectus or investment memorandum;
5. Documentation evidencing that the operating and managerial personnel of the REIT fund are in compliance with the regulations prescribed by the competent authority;
6. Namelist, and documentation of qualifications, and consent letter (to the appointment) of the trust supervisor, if any;
7. Minutes of the resolution adopted by the trustee's board of directors for public offering or private placement of REIT beneficiary securities;
8. Explanations regarding the methods of managing and disposing the trust property. Where a real estate management institution is appointed to manage or dispose trust property, the appointment agreement or other documentary proofs are required;
9. Case checklist filled out by the trustee and reviewed by a certified public accountant (CPA) or lawyer;
10. Legal opinions of a lawyer; and
11. Other documents as required by the competent authority.

The competent authority shall consult with the central competent authority in charge of the target enterprise concerned for written opinions when examining the documents as prescribed in the preceding paragraph.

Where a REIT fund has promoters, the promoters shall not be misrepresentative, fraudulent or misleading with regard to the information they provide to the trustee for the public offering, issuance or private placement of REIT beneficiary securities.

Where the promoters of a REIT fund violates the preceding paragraph, they shall be held liable for damages sustained by the bona fide purchasers or sellers of the beneficiary securities therefrom.

Where the real estate or related rights of real estate that the promoters plan to assign has lien thereon, the promoters shall remove the lien registration and provide the trustee with relevant proof document.

Article 7

The Trustee that plans to publicly offer or privately place REIT funds overseas for domestic real estate investment shall apply for the approval of the Central Bank prior to the application for approval or effective registration of public offering, additional offering, or private placement.

Article 8

A REIT plan shall contain the following particulars:

1. Name and address of the trustee; where a real estate management institution is appointed to manage or dispose the trust property, the name and address of the appointed institution; and names and addresses of the promoters and arranger, if applicable;
2. Name and duration of the REIT fund;
3. Matters concerning REIT beneficiary securities as follows:
 - (1) The total amount of the REIT fund to be publicly offered or privately

- placed and the total units of beneficial interests; and
- (2) Methods and dates of issuance or delivery, the amount of purchasing each unit of beneficial interests, expenses, and transfer restrictions of REIT beneficiary securities;
4. Conditions under which the publicly offered or private placed REIT fund is established or not established, and method of handling in case the REIT fund is not established;
5. Valuation method, valuation bases, and expert opinions regarding the expected income of the trust property;
6. Investment plan: including the types and locations of real estate or other investment objects planned to purchase, manage or dispose, and planned holding period, sources of funds, utilization and management modules, cost recovery, financial projections, and estimated rate of return;
7. Real estate development plan: including the types and locations of real estate or related rights of real estate planned for development, and related market analysis, feasibility study, title search report, appraisal report, planned development schedule and projects, phase plans and control modules for acquisition, development, sale or operation management plans, sources of funds, fund utilization and control modules, cost recovery, financial projections and estimated rate of return, expert opinions, and self-evaluation plan;
8. In case the real estate development project is delayed or not completed, the method of handling, impact on the interests of the beneficiaries, and agreement on rights and obligations among the trustee, the real estate management institution, and the beneficiaries; and
9. Other matters as required by the competent authority.

The experts that offer opinions as prescribed in Subparagraph 5 and Subparagraph 7 of the preceding paragraph shall not be a related party or substantive related party as defined in The Statement of Financial Accounting Standards No. 6 to the trustee or the owners of the real estate.

Article 9

The trustee shall operate the REIT business in accordance with the REIT plan approved by or effectively registered with the competent authority. The trustee, after publicly offering or privately placing REIT beneficiary securities, shall not alter the REIT plan unless with the resolution of the beneficiaries' meeting as well as the approval of, or effective registration with the competent authority. However, if the alteration has no significant impact on the rights and interests of the beneficiaries, such alteration may be made with the approval of, or effective registration with the competent authority.

The application or registration as referred to in the preceding paragraph shall be made in an application form or registration form, which shall expressly state the contents of and reasons for the alteration, together with the following documents:

1. The REIT plans before and after alteration as well as the corresponding comparison table;
2. Minutes of the beneficiaries' meeting, which is exempted if the alteration meets the condition prescribed in the proviso of the preceding paragraph;

3. Evaluation and expert opinions on whether or not the alteration has any significant impact on the rights and interests of the beneficiaries; and

4. Other documents as required by the competent authority.

The competent authority shall consult with the central competent authority in charge of the target enterprise concerned for written opinions when examining the documents as prescribed in the preceding paragraph.

Any additional amount of REIT fund to be publicly offered or privately placed by the trustee beyond the total amount approved by or effectively registered with the competent authority shall obtain the resolution of the beneficiaries' meeting, and in such event, the provisions in Article 6 herein, instead of the provisions in the preceding three paragraphs shall apply.

Article 10

The REIT contract shall be made in written form and contain the following matters:

1. name and address of the Trustee: where a real estate management institution is appointed to manage or dispose of the trust property, the name and address of the institution is so appointed as trustee;
2. name and duration of the REIT Funds;
3. the total par value of the REIT Funds publicly offered or privately placed and the total units of beneficial interests;
4. methods and dates of issuance or delivery, amount of purchasing each unit of beneficial interests, expenses, and transfer restrictions of REIT Beneficial Securities;
5. obligations and duties of the Trustee and the real estate management institution appointed to manage or dispose of trust property, if any;
6. basic principles, scope, and investment strategies of the utilization of the REIT Funds;
7. matters of the REIT Funds regarding borrowed money and the corresponding upper limit as well as idle funds;
8. items, timing and payment method of the distribution of REIT Funds investment proceeds;
9. items and corresponding calculation methods, payment method and timing of the expenses that the REIT Funds shall reimburse;
10. the Trustee's remuneration and its variety, calculation method, and payment timing and method;
11. calculation method of the REIT Fund net asset value (including the real estate assessment method, evaluation basis, assessment duration, calculation duration of the net asset value, time limit and method of announcement);
12. calculation and announcement methods of the net asset value per unit of beneficial interests;
13. reasons for convening a beneficiaries' meeting by the Trustee;
14. reasons for the appointment of a Trust Supervisor by the Trustee as well as the special knowledge or experience of such Trust Supervisor;
15. reasons for the alteration, rescission, reasons of termination, termination procedures, and matters to be handled after the termination of the REIT contract;

16. where the REIT Funds no longer exist, the settlement method of the funds and the calculation method, payment method and timing of the currency amount or property that the beneficiaries request for return; and

17. others prescribed in Article 19, Paragraph 1 of the Trust Enterprise Act and by the competent authority.

Article 11

The provisions under Chapter 2, Section 7 of the Financial Asset Securitization Act shall apply mutatis mutandis to the alteration and termination of the REIT contract, unless otherwise provide for in the trust contract and recorded in the prospectus or the investment memorandum.

Article 12

The Trust Trade Association shall stipulate a standard contract model for REIT Funds publicly offered by the Trustee and submit to the competent authority for approval.

With regard to the REIT Funds publicly offered by the Trustee, the stipulation and alteration of the REIT contract regarding the extent of the protection of beneficiary' s rights and interests shall not be lower than that defined in the standard contract model for REIT Funds approved by the competent authority.

Article 13

The Trustee may conduct private placement of REIT Beneficial Securities to the following objects:

1. banking enterprises, finance bills enterprises, trust enterprises, insurance enterprises, securities enterprises or other juristic persons or institutions approved by the competent authority; or
2. natural persons, juristic persons or funds that meet the requirements as prescribed by the competent authority.

The total subscribers as referred to in Subparagraph 2 of the preceding paragraph shall not exceed thirty-five (35) persons.

The Trustee shall have the obligation of providing financial, business or other information regarding the private placement for the reasonable requirements made by the objects described in Paragraph 1, Subparagraph 2 prior to the completion of the private placement.

The Trustee shall report to the competent authority for the record within fifteen (15) days after the date when the purchase price payment of REIT Beneficial Securities is completed.

The transfer limitations of privately placed securities shall be explicitly noted on the REIT Beneficial Securities, and recorded in related written documents delivered to the subscriber or purchaser.

Article 20, Article 43-7, and Article 43-8, Paragraph 1 of the Securities and Exchange Act shall apply mutatis mutandis to the REIT Beneficial Securities privately placed.

Article 14

After the application or registration of the public offering of REIT Funds is approved or effectively registered with the competent authority, the Trustee shall commence the offering within three (3) months upon the receipt of the written approval or after the date when the registration takes effects; provided, that those with reasonable

reasons may apply to the competent authority for an extension prior to the expiry date. The extension shall not be longer than three (3) months and shall be granted once only.

The Trustee shall report to the competent authority for the record within five (5) business days after the offering of the REIT Funds is completed.

If the Trustee fails to collect minimum amount raised for the establishment of the REIT Funds at the expiration of the fund offering duration, the Trustee shall inform the beneficiaries in written form and submit to the competent authority for the record within ten (10) business days after the expiration of fund offering duration, and shall manage the consequent matters in accordance with the REIT plan.

Article 15

When a trustee publicly offers beneficiary securities according to the REIT plan, the trustee shall provide the subscribers or purchasers with a prospectus in a manner prescribed in the Securities and Exchange Act.

When a trustee privately places beneficiary securities, the trustee shall provide the subscribers or purchasers with an investment memorandum in a manner prescribed by the competent authority.

The guidelines for information to be published in the prospectus in Paragraph 1 hereof and the investment memorandum as referred to in the preceding paragraph shall be prescribed by the competent authority.

Article 16

The REIT Funds shall be only subject to Closed-End Funds; provided, that Open-End Funds attached with repurchasing time, quantity or other limits may be collected with the approval of the competent authority.

Section Two Utilization of Real Estate Investment Trust Funds

Article 17

The investment or utilization of a REIT fund shall be limited to the following objects:

1. Real estate under development or generating stable income;
2. Related rights of real estate under development or generating stable income;
3. Real estate related securities;
4. Scope of utilization as prescribed in Article 18; and
5. Other investment or utilization objects approved by the competent authority

The minimum investment or utilization ratio of a REIT fund in cash, government bonds as well as investment objects set forth in the preceding Subparagraphs 1 to 3 shall be prescribed by the competent authority.

The investment of a REIT fund in securities set forth in Article 6 of the Securities and Exchange Act shall not exceed a certain ratio and amount of the offering limit. The certain ratio and amount shall be prescribed by the competent authority.

Where a REIT fund plans to invest in real estate or related rights of real estate under development, the REIT fund may not be drawn on until such real estate or related rights of real estate has obtained the construction permits.

The investment of a publicly offered REIT fund in real estate or related rights of real estate under development shall be limited to the following

objects:

1. Land, buildings and related rights of real estate within the scope of an urban renewal business project approved pursuant to the Urban Renewal Act;
2. Public constructions as defined in the Law for Promotion of Private Participation in Infrastructure Projects; and

3. Public constructions in which REIT funds may invest as approved by the central competent authority in charge of the target enterprise concerned. The investment of a publicly offered or privately placed REIT fund in real estate or related rights of real estate under development shall not exceed a certain percentage of the value of the fund's trust property. The certain percentage shall be prescribed separately by the competent authority in consultation with the central competent authority in charge of the target enterprise concerned. Notwithstanding the foregoing, the certain percentage shall not exceed thirty percent (30%) for publicly offered REIT funds.

The real estate or related rights of real estate under development as referred to in the two preceding paragraphs may not be any of the following objects:

1. Real estate or related rights of real estate in which the combined investment by enterprises in which the government or the state has more than twenty percent (20%) ownership and funds or juristic persons directly or indirectly controlled by the government exceeds ten percent (10%); or
2. Real estate or related rights of real estate for which the government undertakes to assume its debt or guarantees its operating income.

The objects set forth in the preceding paragraph exclude the following:

1. An infrastructure project in which the authority in charge may, on the part of the non self-financing portion, subsidize part of the interest on loans needed or invest in part of the construction pursuant to Article 29 of the Law for Promotion of Private Participation in Infrastructure Projects; and
2. Real estate participating in urban renewal.

Article 18

The utilization of idle funds of the REIT Funds shall be limited to the following objects:

1. bank deposits;
2. purchase of government bonds or financial bonds;
3. purchase of treasury bills or negotiable certificates of time deposits;
4. purchase of commercial papers with a credit rating above certain level or guaranteed or accepted by banks with a rating above the level stipulated by the competent authority; or
5. purchase of other financial products approved by the competent authority.

Article 19

A trustee may borrow money with the trust property pursuant to the REIT fund contract; however, the purposes of the borrowing shall be limited to that needed for the acquisition, development or operation of the real estate or related rights of real estate, or that for the distribution of profits, interests or other proceeds.

A trustee has the discretion to hypothecate the mortgage or other security

interests for the trust property within the scope of the borrowed money. The owner of security interests is only entitled to petitioning to the court for compulsory execution against the trust property within the extent of hypothecation of real estate mortgage or other security interests. With regard to the money borrowed by a trustee pursuant to Paragraph 1 hereof, the trustee shall make announcements on the local daily newspapers circulated at the place of its principal office or in other manners prescribed by the competent authority within two (2) days after the contract of borrowing enters into force. To ensure the financial health of REIT funds, the competent authority may prescribe an upper limit of the ratio for the money borrowed by the trustee pursuant to Paragraph 1 hereof. When the money borrowed exceeds the upper limit, the trustee shall make adjustments within the time prescribed by the competent authority

Article 20

To ensure the liquidity of the REIT Funds, the competent authority may prescribe the liquidity asset range and ratio of the REIT Funds. The Trustee which fails to achieve such ratio shall make adjustments within the time prescribed by the competent authority.

Article 21

The guidelines of REIT Beneficial Securities, such as distribution, contract conclusion, information disclosure, risk management, internal auditing, and internal control, shall be enacted by the Trust Association along with other related associations and be submitted to the competent authority for approval.

The Trustee shall engage in the REIT business pursuant to the guidelines as referred to in the preceding paragraph.

Article 22

The Trustee shall ask a Professional Appraiser for an appraisal report pursuant to the Real Estate Appraiser Act prior to utilizing the REIT Funds for trade of real estate or related rights of real estate for above certain amount prescribed by the competent authority.

The competent authority of real estate appraisal or the Real estate Appraiser Association shall prescribe a standard for the appraisal report as referred to in the preceding paragraph.

The Trustee shall be in compliance with the following provisions when appointing Professional Appraisers for appraisal reports:

1. the same trade with the amount of over Thirty Million New Taiwan Dollars (NT\$ 300,000,000) shall be appraised by more than two Professional Appraisers. Provided that there is a more than 20% difference among the price appraisal of the professional appraisers on the same date, the Trustee shall proceed pursuant to Article 41 of the Real Estate Appraiser Act;
2. with regard to the appraisal prior to the effective date of the trade contract, the interval between the date of value and the effective date of the contract shall not be over six (6) months;
3. the Professional Appraiser and appraising personnel shall not be the related parties or substantive related parties, as prescribed in Number 6 of the Financial Accounting Standards Gazette, to the trading parties.

4. other matters prescribed by the competent authority of real estate appraisal.

With regard to the trading action as referred to in Paragraph 1 hereof, the Trustee shall make an announcement in the daily local newspapers circulated at the place of its principal office or in other ways prescribed by the competent authority within two (2) days after the contract takes effects.

Article 23

For the utilization of the REIT fund, a trustee shall make investment decisions based on the investment analysis report, put into execution, produce the investment decision records and implementation records, and submit the review reports to the board of directors periodically.

The investment analysis report as referred to in the preceding paragraph shall contain analysis essentials, bases and suggestions. The investment decision record shall contain the types and quantities of invested objects and timing of investment. The implementation record shall contain actual investments or the types, quantities, and prices of objects traded and time of trading, and explain the reasons for the disparity between the decision and the actual investment or trading.

With regard to the utilization of the REIT fund, whether the trust property is managed or disposed by the trustee itself or an appointed real estate management institution, the trustee shall prepare a written management report according to the planning, acquisition, development, sale and operational phases, and shall submit the respective review report of each phase to the board of directors every quarter.

The written information referred to in the preceding three paragraphs shall be recorded sequentially and retained in file by the trustee; the period of retention shall not be less than five (5) years from the expiration date of the trust.

Article 24

With regard to the REIT trust property, when all or part of it is leased pursuant to the trust contract, the rent may not be subject to Article 97, Paragraph 1 of the Land Act; and the term of lease may not be subject to twenty (20) years as prescribed in Article 449, Paragraph 1 of the Civil Code, but shall not be longer than the duration of the trust contract.

Article 25

The Trustee shall publicly offer or privately place and invest or utilize the REIT Funds pursuant to this Act, the REIT plan, the REIT contract, and the following provisions:

1. shall not provide guarantee, make loans or provide security, unless otherwise provided for in this Act;
2. shall not engage in securities margin transactions;
3. shall not trade with respect to the REIT Funds and REAT established by the Trustee;
4. the total amount of money invested in short-term bills of any company shall not be over 10% of the REIT Fund net asset value at the date of investment;
5. the deposit in the same financial institution as well as the total investment amount of bonds or short-term bills issued, guaranteed

or accepted by such financial institution shall not be over 20% of the REIT Fund net asset value at the date of investment and 10% of such financial institution' s net value;

6. The total investment amount of Beneficial Securities and Asset-Backed Securities issued or delivered by other Trustees or special purpose companies pursuant to this Act or the Financial Asset Securitization Act shall not be over 20% of the REIT Fund net asset value at the date of investment;

7. shall invest in real estate and related rights of real estate pursuant to the principle of risk diversification;

8. shall not use the REIT Funds approved by or effectively registered with the competent authority as authenticity guarantee to the application or the publicity of profit guarantee to Beneficial Securities; and

9. shall not engage in matters prohibited by the competent authority. If necessary, the competent authority may prescribe the principles of risk diversification for the investment of the REIT Funds in real estate and related rights of real estate. The Trustee that violates the principles shall make adjustments within the time prescribed by the competent authority.

Section Three Accounting of REIT Funds

Article 26

The trust asset assessment committee established by the Trustee pursuant to Article 21 of the Trust Enterprise Act, shall at least assess the trust property of the REIT Funds once every three (3) month, and shall make an announcement in the daily local newspapers circulated at the place of its principal office or in other ways prescribed by the competent authority after reporting to the board of directors.

When necessary or pursuant to the provisions of the REIT Contract, the trust asset assessment committee may request the Professional Appraisers or experts for related appraisal reports or opinions as the reference of trust property assessment.

The Professional Appraisers or experts referred to in the preceding paragraph shall not be the related parties or substantive related parties, as prescribed in Number 6 of the Financial Accounting Standards Gazette, to the Trustee.

The Trust Association shall enact the assessment principles and calculation standards for the assessment and net asset value calculation of the REIT Fund trust property, and shall submit the same to the competent authority for approval.

The Trustee shall calculate the REIT Fund net asset value pursuant to the net asset value calculation standards approved by the competent authority as referred to in the preceding paragraph, relevant laws and regulations, and generally accepted accounting principles.

The Trustee shall calculate in each business day and make announcements regarding the REIT Fund net asset value of each beneficial interest unit in the previous business day in the daily local newspapers circulated at the place of its principal office or in other ways prescribed by the competent authority. However, the asset value of real estate or other trust property, which has no major alteration and has

no major impact on the net asset value of the Funds during the announcement period, may replace the asset value re-assessment calculation of the real estate or trust property with the attachment disclosure pursuant to the REIT contract.

Article 27

The REIT Funds publicly offered or privately placed by the Trustee shall possess independent accounting, and the Trustee shall not make inter-item transfer with self-owned property or other trust property.

The account book constitution of the REIT Funds shall comply with relevant laws and regulations as well self-discipline standards; the retaining method and period shall be managed pursuant to the Business Accounting Act and other related regulations.

Article 28

The Trustee may charge the beneficiaries handling fees and remuneration for business management of the REIT or deduct such amount from the trust property of REIT for such payment.

In case of the Trustee engaged in the business of REIT, the expenses and taxes derived from the utilization and management may be directly deducted from the trust property for payment.

The proceeds deprived from the REIT investment, which shall be distributed pursuant to the REIT contract, shall be distributed within six (6) months after the end of each fiscal year.

Chapter Three Real Estate Asset Trust

Article 29

To publicly offer or privately place REAT beneficiary securities, the trustee shall submit the following documents to the competent authority for approval or effective registration. The regulations governing the review process, requirements for approval or effective registration, and other matters of compliance shall be prescribed by the competent authority:

1. The REAT plan;
2. The REAT contract;
3. A comparison table of the REAT contract and the standard contract specimen;
4. The prospectus or investment memorandum;
5. Documentation evidencing that the operating and managerial personnel of the REAT fund are in compliance with the regulations prescribed by the competent authority;
6. Namelist, and documentation of qualifications, and consent letter (to the appointment) of the trust supervisor, if any;
7. Minutes of the resolution adopted by the trustee' s board of directors for public offering or private placement of REAT beneficiary securities;
8. Explanations regarding the methods of managing and disposing the trust property. Where a real estate management institution is appointed to manage or dispose trust property, the appointment agreement or other documentary proofs are required;
9. Appraisal reports of the trust property;
10. Documents prescribed in Paragraphs 2 and 3 of Article 30 herein;
11. Case checklist filled out by the trustee and reviewed by a certified public account (CPA) or lawyer;
12. Legal opinions of a lawyer; and

13. Other documents as required by the competent authority.

The competent authority shall consult with the central competent authority in charge of the target enterprise concerned for written opinions when examining the documents as prescribed in the preceding paragraph.

The trustor shall provide the trustee with related documents and information on the trust property without any misrepresentation or concealment.

The trustor of a REAT fund that violates the preceding paragraph shall be held liable for damages sustained by the purchasers or transferees of the beneficiary securities therefrom.

Article 30

The property rights transferred pursuant to a REAT contract shall be limited to those prescribed in Subparagraphs 1 and 2, Paragraph 1 of Article 17 herein. The trust property of publicly offered REAT beneficiary securities shall be limited to real estate or related rights of real estate with stable income.

The trustor shall cancel the lien registration on the property rights referred to in the preceding paragraph and submit related documentations to the trustee; in case the trustor is unable to cancel the registration for any reasons, the trustor shall submit a letter of consent notarized by a notary public stating that the mortgagee will not exercise the lien during the duration of the trust contract.

The trustor shall provide the trustee with written documents of debt details and shall specify a period of more than one (1) month to notify the creditors for any objection during such period and submit the documents of such objection to the trustee.

Article 31

A REAT plan shall contain the following particulars:

1. Names and addresses of the trustee and trustor; where a real estate management institution is appointed to manage or dispose the trust property, the name and address of the appointed institution; and name and address of the arranger, if applicable;
2. Name and duration of the REAT fund;
3. Matters concerning the REAT beneficiary securities as follows:
 - (1) The total amount of the REAT fund to be publicly offered or privately placed and the total units of beneficial interests;
 - (2) The agreement, the seniority of payment and duration of beneficial interests, when publicly offering or privately placing beneficiary securities of different kinds or durations;
 - (3) Methods and dates of issuance or delivery, amount of purchasing each unit of beneficial interests, expenses, and transfer restrictions of REAT beneficiary securities;
 - (4) Conditions under which the publicly offered or private placed REAT fund is established or not established, and method of handling in case the REAT fund is not established;
4. Matters concerning the trust property as follows:
 - (1) Content of trust property and the value of trust property appraised by the professional appraisers;
 - (2) Encumbrance of trust property and the methods of disposing of such encumbrance;

- (3) Methods for managing and disposing the trust property; and
- (4) Valuation method, valuation bases, and expert opinions regarding the expected income of the trust property;
5. Methods for utilizing quid pro quo received by the trustee from the subscribers or purchasers for the public offering or private placement of beneficiary securities;
6. Real estate development plan: including the types and locations of real estate or related rights of real estate planned for development, and related market analysis, feasibility study, title search report, appraisal report, planned development schedule and projects, phase plans and control modules for acquisition, development, sale or operation management, sources of funds, fund utilization and control modules, cost recovery, financial projections and estimated rate of return, expert opinions, and self-evaluation plan;
7. In case the real estate development project is delayed or not completed, the method of handling, impact on the interests of the beneficiaries, and agreement on rights and obligations among the trustee, the real estate management institution, and the beneficiaries;
8. In case that the trustor is the related party to the trustee, explanations of the transaction procedures and internal control methods; and
9. Other matters as required by the competent authority.

The experts that offer opinions as prescribed in Item 4 of Subparagraph 4 and Subparagraph 6 of the preceding paragraph shall not be a related party or substantive related party as defined in The Statement Financial Accounting Standards No. 6 to the trustor or the trustee.

Article 32

The Trustee shall operate the REAT businesses pursuant to the REAT plan approved by or effectively registered with the competent authority.

The Trustee, with the completion of the public offering or private placement of REAT Beneficial Securities, shall not alter the REAT plan without the resolution of the beneficiaries' meeting and the approval of or effective registration with the competent authority; provided, that the alteration without any substantial impact on the rights and interests of the beneficiaries may be made with the approval of or effective registration with the competent authority.

The application or registration as referred to in the preceding paragraph shall be made in an application form or registration form, which shall expressly state the contents and reasons of the alteration, along with the following documents:

1. REAT plan with and without alteration as well as the corresponding comparison tables;
2. minutes of the beneficiaries' meeting. Where the alterations fall within those prescribed in the proviso of the preceding paragraph, the minutes may be exempted;
3. evaluation and expert opinions on whether or not the alteration has any significant impact on the rights and interests of the beneficiaries; and
4. other documents as required by the competent authority.

The competent authority shall consult with the central competent

authority for written opinions prior to the examination of the documents as prescribed in the preceding paragraph.

Article 33

The REAT Contract shall be made in written form and contain the following matters:

1. purpose of the trust;
2. duration of the trust contract;
3. type, content and price amount of the trust property appraised pursuant to Article 34 hereof;
4. obligations of the trustor and the matters that shall be informed to the Trustee;
5. management and disposal methods of the trust property: where a real estate management institution is appointed to manage or dispose of the trust property, the name, obligations and duties of the institution are needed;
6. distribution methods of the trust property principal or profits, interests and other proceeds accrued therefrom;
7. content, the order of priority of payment and duration of Beneficial Securities with different types or durations;
8. methods of issuance or delivery and transfer restrictions of Beneficial Securities;
9. matters regarding reimbursement of expenses and damage compensation to the Trustee;
10. matters regarding borrowed money and the corresponding upper limit as well as idle funds when the Trustee engages in the trust business;
11. the Trustee's remuneration and its variety, calculation method, and payment timing and method;
12. reasons for convening a beneficiaries' meeting by the Trustee;
13. reasons for the appointment of a Trust Supervisor by the Trustee as well as the special knowledge or experience of such Trust Supervisor; and
14. other matters prescribed in Article 19, Paragraph 1 of the Trust Enterprise Act and by the competent authority.

Article 34

The Trustee shall request the Professional Appraiser to provide an appraisal report regarding the trust property of the REAT pursuant to the provisions of the Real Estate Appraiser Act prior to filing an approval application to or an effective registration with the competent authority in accordance with Article 29 hereof.

Article 34-1

When the trust property of a REAT is leased out in part or in whole in accordance with the agreement in the trust contract, the rent therefrom is not subject to provisions in Paragraph 1, Article 97 of The Land Act, whereas the term of the lease is not subject to the limitation of twenty (20) years set forth in Paragraph 1, Article 449 of the Civil Code.

Where the trust property agreed in a REAT contract must be returned to the trustor at the end of the trust, the consent of the trustor shall be acquired in advance, provided the term of the lease on the trust property surpasses the duration of the trust contract. The preceding paragraph does

not apply if the lessee is the trustor.

Article 35

In case that the trustor of the REAT is the related party to the Trustee, the Trustee shall not issue Beneficial Securities of such REAT in accordance with this Act. However, in the situation where there are several trustors and the percentage of related trustor's total trust property and security interests is less than 20%, it shall not be subject to this article.

Article 36

Article 7, Articles 11 to 15, Article 18, Article 19, Article 21, Paragraphs 2 and 3 of Article 22, Articles 23, Article 25 to 28 hereof shall apply mutatis mutandis to REAT.

Chapter Four Issue, Delivery and Transfer of Beneficial Securities, Beneficiaries' meetings

Section One Issue, Delivery and Transfer of Beneficial Securities

Article 37

Before the issuance or delivery, the Beneficial Securities shall be serialized, contain the following items, bear the signature and/or seal of the representative of the Trustee, and be certified by a certification agency:

1. annotations expressly stating that it is a REIT or REAT Beneficial Securities;
2. issuance or delivery date and maturity date;
3. total issuance amount;
4. name or title of the trustor of the REAT;
5. name and address of the Trustee;
6. names or titles of the beneficiaries;
7. content of rights evidenced and other relevant matters;
8. duration of the trust contract;
9. matters regarding reimbursement of expenses and damage compensation to the Trustee;
10. the Trustee's remuneration and its variety, calculation method, and payment timing and method;
11. where the transferees of the Beneficial Securities are limited, the content and effect of such limitations;
12. the limitations on exercise of the beneficiaries' rights; and
13. other matters as required by the competent authority.

The provisions of the Rules Governing Certification of Corporate Stock and Bond Issued by Public Companies shall apply mutatis mutandis to the certification of the Beneficial Securities as referred to in the preceding paragraph.

Article 38

The exercise and transfer of REIT or REAT beneficial interests shall be made against the beneficiary securities evidencing such beneficial interests.

The REIT or REAT beneficiary securities shall meet the particular requirements for the head count of holders, and the amount and the percentage of holding; for holders that do not conform to the requirements, their exercise of voting right and distribution of trust profits based on

the beneficial interests held may be restricted.

The regulations governing the aforementioned head count of holders, and the amount and the percentage of holding, and restrictions shall be prescribed by the competent authority.

Article 39

Beneficial Securities shall be in registered form and the transfer thereof shall be made in endorsement. Such transfer shall not be held valid against the Trustee, unless the Trustee has been informed of the name or title and address of the transferee.

The transfer of the Beneficial Securities shall not be held valid against any third party, unless the name or title of the transferee has been recorded on the Beneficial Securities.

If the Beneficial Securities are issued or delivered through a book-entry system, no physical securities are required to be printed, and the transfer, settlement of trades and pledge thereof shall be handled in accordance with Article 43 of the Securities and Exchange Act.

Article 40

The transferee of Beneficial Securities succeeds to the rights and obligations of the trustor pursuant to the type, content and the order of priority of beneficial interests evidenced by the Beneficial Securities, unless the REAT contract provides otherwise regarding the trustor's obligations.

Article 41

The proceed distribution claims of the Beneficial Securities holders shall extinguish in case of no exercise within five (5) years from the issuance date. Such proceeds shall be merged into the trust property. In addition to the preceding provisions, with regard to other delivery based on Beneficial Securities, the extinguishment limitation of the claims shall be fifteen (15) years.

Article 42

When the Beneficial Securities are lost, the beneficiary may apply to commence public summons procedures.

After commencing public summons procedures, the applicant may provide appropriate security and request the Trustee to perform its obligations under such Beneficial Securities.

Article 43

When issuing or delivering Beneficial Securities in accordance with this Act, the Trustee may enhance the credibility by domestic and foreign financial institutions or juristic persons in terms of guarantee, acceptance, partial asset change or other means pursuant to the REIT plan or REAT plan.

Article 44

Where the credit of the Beneficial Securities issued or delivered by the Trustee pursuant to this Act is rated or is enhanced by a credit rating institution, the result of rating and the method of credit enhancement shall be described in the prospectus, investment memorandum, or other documents prescribed by the competent authority without any false statements or concealments.

Article 44-1

A trustee shall, within four (4) months after the end of each fiscal year and the completion of the execution of the REIT or REAT plan, produce the following CPA-certified statements and report on the REIT fund or the trust property of the REAT, report the same to the trust supervisor and notify the beneficiaries of the same:

1. Balance sheet.
2. Statement of income.
3. Report on the management and utilization of trust property.

The statements mentioned in the preceding paragraph must be free of misrepresentation and concealment.

For a completed REIT plan or REAT plan, the trustee is not required to produce annual statements and report for the fiscal year, provided it has produced statements and report for the completed execution of the plan as required in Paragraph 1 hereof and the contents of such statements and report are sufficient to cover the information to be presented in the annual statements and report for the fiscal year.

Where a trustee has produced statements and report for the completed execution of a REIT or REAT plan as required in Paragraph 1 hereof before April 30 of the year and the contents of such statements and report are sufficient to cover the information to be presented in the annual statements and report for the previous fiscal year, the trustee is not required to produce annual statements and report for the previous fiscal year.

Article 45

Beneficial Securities issued pursuant to this Act may apply for listing in the securities exchange or trading in securities dealer business office pursuant to relevant laws and regulations governing securities.

Article 46

With respect to the REIT and REAT established pursuant to this Act, the Beneficial Securities of private placement shall not be subject to Article 19, Paragraphs 3 and 4, Articles 20, 22, 23, Article 25, Paragraph 1, Subparagraphs 4 to 7, and Article 26 hereof.

Article 46-1

Where the prospectus or investment memorandum has misrepresentation or concealment of material information, the following parties shall be held jointly liable for damages sustained by bona fide counterparties therefrom:

1. The promoters and their responsible person.
2. The trustor of REAT and its responsible person.
3. The arranger and its responsible person.
4. The real estate management institution and its responsible person.
5. The trustee and its responsible person.
6. The promoter and the staff of REAT trustor who have signed their names on the prospectus or the investment memorandum to corroborate part or all of the contents therein.
7. The underwriter of beneficiary securities.
8. Accounts, lawyers, professional appraisers, other professional or technical personnel who have signed their names on the prospectus or the investment memorandum to corroborate part or all of the contents therein, or stated their opinions.

Except for the promoter as well as the REAT trustor and its responsible

person, the other parties mentioned in Subparagraphs 1 to 7 of the preceding paragraph are exempted from the liability for damages, provided they could show that they have exercised due diligence for the part of the prospectus or investment memorandum not certified by professionals mentioned in Subparagraph 8 of the preceding paragraph and have sound reasons to believe that the material information contained therein is free of misrepresentation or concealment, or have sound reasons to believe that the certified opinions given by the professionals are true. The professionals mentioned in Subparagraph 8 of the preceding paragraph may be exempted from the liability for damages, provided they could show that they have conducted reasonable investigation or survey and have sound reasons to believe that their certification or opinions are truthful.

Section Two Beneficiaries' Meetings and Trust Supervisors

Article 47

Article 20, provisions in Section 3 of Chapter 2, and Article 42 of the Financial Asset Securitization Act shall apply mutatis mutandis to beneficiary securities issued or delivered through real estate securitization, unless it is otherwise provided for in the trust contract and stated in the prospectus or investment memorandum.

Article 48

To protect the rights and interests of the beneficiaries, a trustee may appoint a trust supervisor pursuant to the REIT contract or REAT contract and apply, mutatis mutandis, Paragraphs 2 and 3 of Article 28, Article 29, and Articles 31 to 33 of the Financial Asset Securitization Act. The trust supervisor shall not be the promoter or an interested party, staff, or employee of the trustee, or the trustor of the REAT.

Chapter Five Taxes and Relevant Matters

Article 49

The retrieve made by the Trustee in accordance with the trust contract or sales of Beneficial Securities issued or delivered pursuant to this Act shall be exempted from the securities transaction tax.

Article 50

The trust interest of Beneficial Securities publicly offered or privately placed pursuant to this Act shall be distributed annually. The distributed trust interest as prescribed in the preceding paragraph shall be the beneficiaries' income and subject to the income tax on interest, and shall not be counted into corporate income of the Trustee. When distributing the interest as referred to in Paragraph 1 hereof, the Trustee shall withhold the income tax in accordance with the applicable withholding rate, and such interest shall be separately taxed and will not be consolidated into the gross personal income or gross corporate income of the beneficiaries.

Article 51

When a REIT or REAT employs land as the trust property and the underlying asset to publicly offer or privately place Beneficial Securities, the Trustee shall be the taxpayer for land value tax of such land during the existence of the trust relationship. The calculation of the tax payable shall be based on all trust land of such trust plan within the same municipality or county (city) to jointly calculate the total amount of land value and in accordance with the tax rate as prescribed

under Article 16 of the Land Tax Act to calculate land value tax payable.

Article 52

In case that the trust land may not be returned to the trustor after the trust is terminated in accordance with the REAT contract, when transferring the rights of such land at the constitution of the trust act, the trustor shall be the taxpayer, subject to the land increment tax, inapplicable to Article 28-3 of the Land Tax Act.

Article 53

The depreciation cost of constructions invested through the REIT plan or the REAT plan may be calculated with an extended period of one-half of the service life as described in the Table of Service Life of Fixed Assets. However, the period of those to be set aside with a selected extended service life shall not be altered afterwards.

Chapter Six Administrative Supervision

Article 54

For necessary protection of public interest or the rights and interests of the beneficiaries, the competent authority may assign its personnel or appoint an appropriate institution with the authority in charge of target enterprise concerned, with regard to the execution situation and other relevant matters of the REIT plan or the REAT plan, to inspect the business, financial or other relevant matters of the Trustee, real estate management institution, trustor or other related parties of the REAT funds, or may order the aforementioned inspected parties to submit financial statements, list of property, or other relevant information and reports within a prescribed period.

If necessary, the competent authority may appoint a professional or a technician to examine the inspected matters, statements, or information prescribed in the preceding paragraph and to issue a report to the competent authority. The expenses shall be borne by the inspected party.

The guidelines for appointing the professional or technician to conduct examination set forth in the preceding paragraph shall be further prescribed by the competent authority.

Article 55

When the Trustee operates the trust business in violation of the provisions of this Act or the REIT plan or the REAT plan, the competent authority may remove the Trustee and order the original Trustee to transfer said business and the trust property to the new Trustee, or apply, mutatis mutandis, Article 44 of the Trust Enterprise Act.

The transferred Trustee as prescribed in the preceding paragraph shall make announcements in the daily local newspapers circulated at the place of its principal office or in other ways prescribed by the competent authority, within two (2) days after the business and the trust property are transferred.

Article 56

Where the real estate management institution has one of the following situations and fails to make corrections within a given time period as notified by the trustee, the trustee may terminate the appointment agreement and transfer the appointed matters to another real estate management institution, without being restricted by the original

appointment agreement, and report the matter to the competent authority for reference after the termination of appointment:

1. Violation of the matters agreed in the appointment agreement; or
2. Severe deficiencies in the business or finance.

The real estate management institution shall settle and transfer the business and finance related to the appointed matters within a time period given by the trustee when the appointment agreement is terminated pursuant to the preceding paragraph hereof. Where the real estate management institution fails to settle and transfer within the given time period, the trustee may proceed with the settlement by itself and the results of the settlement are binding to the real estate management institution.

Machinery and other articles left on the managed real estate by the real estate management institution shall be removed within a given time period. Where the real estate management institution fails to do so, such articles shall be deemed as abandoned and the trustee may dispose of those articles by itself at the expense of the real estate management institution.

If any of the situations as mentioned in Paragraph 1 hereof occurs, the trustee shall make announcements in the daily local newspapers circulated at the place of its principal office or in other ways prescribed by the competent authority within two (2) days after the appointment agreement is terminated.

Article 57

When the Trustee operates the REIT or REAT business pursuant to this Act with any of the following circumstances, Article 41 of the Trust Enterprise Act shall apply mutatis mutandis:

1. convening a beneficiaries' meeting pursuant to this Act;
2. failing to distribute trust interest in accordance with the REIT plan or the REAT plan; or
3. other significant matters sufficient to impact the rights and interests of the beneficiaries.

Where any of the circumstances as prescribed in the preceding paragraph and Article 41 of the Trust Enterprise Act occurs when the Trustee operates the REIT or REAT business pursuant to this Act, if such trust has appointed a Trust Supervisor, said Trust Supervisor shall be informed.

Chapter Seven Penalty Provisions

Article 58

If any of the following circumstances, the person(s) responsible for such act shall be punished with imprisonment for not less than one (1) year and not more than seven (7) years, and a criminal fine of not more than Ten Million New Taiwan Dollars (NT\$ 10,000,000):

1. an enterprise not qualified as a Trustee as provided for in Article 4, Paragraph 2 hereof serves as a Trustee for the REIT or REAT and offers/issues Beneficial Securities; or
2. the Trustee offers and issues Beneficial Securities without the approval of or effective registration with the competent authority, in violation of Article 6, Paragraph 1 or Article 29, Paragraph 1 hereof.

Article 59

In case of any of the following events that causes damage to the public,

other persons, or the trust property, the person(s) responsible for such act shall be punished with imprisonment for not less than six (6) months and not more than five (5) years, and in addition, a fine of not more than Three Million New Taiwan Dollars (NT\$3,000,000):

1. Documents or information contained therein provided by the trustee pursuant to Paragraph 1 of Article 6, Paragraph 1 of Article 8, Paragraph 3 of Article 9, Article 15, Paragraph 1 of Article 29, Paragraph 1 of Article 31, Paragraph 3 of Article 32, or Article 36 herein to which Article 15 herein applies mutatis mutandis contain false representation or concealment;
2. The private placement of beneficiary securities violates Paragraph 6 of Article 13 herein to which Paragraph 1, Article 20 of the Securities and Exchange Act applies mutatis mutandis;
3. The arranger, real estate management institution, promoter or trustor of the REAT provides false statements or employs other illicit methods to cause the trustee to record false information in documents as specified in Paragraph 1 of Article 6, Paragraph 1 of Article 8, Paragraph 3 of Article 9, Article 15, Paragraph 1 of Article 29, Paragraph 1 of Article 31, Paragraph 3 of Article 32, or Article 15 herein to which Article 36 herein applies mutatis mutandis;
4. Violating Article 44 herein by providing false statements or having concealed information regarding the state of credit rating and credit enhancement;
5. Violating Paragraph 2 of Article 44-1 by containing false statements or having concealed information in statement or report;
6. The trust supervisor or the person(s) appointed by the beneficiaries' meeting pursuant to Article 47 herein to which Paragraph 1 of Article 27 of the Financial Asset Securitization Act applies mutatis mutandis acts against his/her duties with the intention of acquiring illegal profits for his/her own or a third party; or
7. The appraisal report made by the professional appraiser pursuant to the provisions of this Act contains false representation or concealment.

Article 60

If any of the following circumstances, the person(s) responsible for such act shall be punished with imprisonment for not less than two (2) years or detention, and/or a criminal fine of not more than Three Million New Taiwan Dollars (NT\$ 3,000,000):

1. an enterprise not qualified as a Trustee as provided for in Article 4, Paragraph 2 hereof serves as a Trustee of a REIT or REAT and privately places and delivers Beneficial Securities;
2. the Trustee privately places and delivers Beneficial Securities without the approval of or registration with the competent authority, in violation of Article 6, Paragraph 1 or Article 29, Paragraph 1 hereof; or
3. the private placement of Beneficial Securities violates Article 13, Paragraph 1 or Article 36 hereof referring to the mutatis mutandis application of Article 13, Paragraph 1 hereof.

Article 61

In case of any of the following situations, the person(s) responsible for such act shall be punished with imprisonment or detention for not, and/or a

fine of not more than Three Million New Taiwan Dollars (NT\$3,000,000):

1. Reselling privately placed beneficiary securities in violation of Paragraph 6 of Article 13 herein to which Paragraph 1 of Article 43-8 of the Financial Asset Securitization Act applies mutatis mutandis; or
2. Violating Article 15 or Article 36 herein to which Article 15 applies mutatis mutandis by failing to provide the prospectus or investment memorandum in a manner prescribed by the competent authority and causing damages to the public or other persons.

Article 62

Any of the following events shall be subject to an administrative fine of not less than Two Million New Taiwan Dollars (NT\$2,000,000) and not more than Ten Million New Taiwan Dollars (NT\$10,000,000), and shall also be ordered to comply or correct within a prescribed time period, and failing to comply or correct within the prescribed time period may be consecutively punished:

1. Altering the REIT plan or the REAT plan in violation of Paragraph 2 of Article 9, or Paragraph 2 of Article 32 herein;
2. The trustee fails to report for the record in violation of Paragraph 4 of Article 13, Paragraph 2 or 3 of Article 14, or Article 36 herein to which Paragraph 4 of Article 13, and Paragraph 2 or 3 of Article 14 herein applies mutatis mutandis;
3. Violating the restrictions on investment objects, ratios or amounts set forth in Paragraphs 1 to 3 and Paragraphs 5 to 7 of Article 17 herein or drawing on the funds in violation of Paragraph 4 of the same article;
4. Violating Article 18 or Article 36 herein to which Article 18 applies mutatis mutandis governing the utilization of idle funds or Paragraph 1 of Article 30 governing the restrictions on the transfer of property rights;
5. Borrowing money in violation of Paragraphs 1 and 2 of Article 19, or Article 36 herein to which Paragraphs 1 and 2 of Article 19 applies mutatis mutandis;
6. Violating Paragraph 1 or Paragraph 3 of Article 22, Article 34, or Article 36 to which Paragraph 3 of Article 22 applies mutatis mutandis governing appraisals;
7. The trust supervisor fails to attend the beneficiaries' meeting without any justified reasons in violation of Article 47 herein to which Paragraph 2, Article 23 of the Financial Asset Securitization Act applies mutatis mutandis;
8. The trust supervisor fails to attend the meeting of specific type of beneficiaries without any justified reasons in violation of Article 47 herein to which Paragraph 4, Article 26 of the Financial Asset Securitization Act applies mutatis mutandis;
9. The trust supervisor violates Paragraph 1 of Article 48 herein to which Paragraph 2, Article 28 of the Financial Asset Securitization Act applies mutatis mutandis;
10. The trust supervisor refuses to exercise the rights of beneficiaries without any justified reasons in violation of Paragraph 1 of Article 48 herein to which Paragraph 2, Article 31 of the Financial Asset Securitization Act applies mutatis mutandis; or
11. The trust supervisor is an interested party, staff, employee of the trustee, or the trustor of the REAT in violation of Paragraph 2 of Article

48 herein.

Article 63

In case of any of the following events, the trustee shall be subject to an administrative fine of not less than One Million New Taiwan Dollars (NT\$1,000,000) and not more than Five Million New Taiwan Dollars (NT\$5,000,000), and shall also be ordered to comply or correct within a prescribed time period, and may be consecutively punished if failing to comply or correct within the prescribed time period:

1. Appointing other persons to manage or dispose real estate without stating in the plan or contract of the REIT or REAT in violation of Subparagraph 1, Paragraph 1 of Article 8, Subparagraph 1 of Article 10, Subparagraph 1, Paragraph 1 of Article 31, Subparagraph 5, Paragraph 1 of Article 33 herein;
2. Violating Article 11 or Article 36 herein to which Article 48 of the Financial Asset Securitization Act applies mutatis mutandis;
3. Publicly offering open-end funds without the approval of the competent authority in violation of Article 16 herein;
4. Engaging in the acts prohibited in Paragraph 1 of Article 25 or Article 36 herein to which Paragraph 1 of Article 25 applies mutatis mutandis;
5. Failing to report to the trust supervisor in violation of Paragraph 1 of Article 44-1 herein;
6. Refusing the request in violation of Article 47 herein to which Paragraph 2, Article 42 of the Financial Asset Securitization Act applies mutatis mutandis; or
7. Failing to notify the beneficiaries of the fact regarding the appointment of the trust supervisor within the given time period in violation of Paragraph 1 of Article 48 herein to which Paragraph 3, Article 28 of the Financial Asset Securitization Act applies mutatis mutandis.

Article 64

In any of the following circumstances, the Trustee shall be punished with an administrative fine of not less than Six Hundred Thousand New Taiwan Dollars (NT\$ 600,000) and not more than Three Million New Taiwan Dollars (NT\$ 3,000,000), and shall also be ordered to comply or correct within a prescribed time. If failing to comply or correct within the prescribed time, it shall be consecutively imposed for each successive failure:

1. failing to operate the trust business in accordance with the REIT plan or the REAT plan, in violation of Article 9, Paragraph 1 or Article 32, Paragraph 1 hereof;
2. failing to make an announcement of the borrowed money contract or failing to adjust the borrowed money within a prescribed time when the amount exceeds the ratio prescribed by the competent authority, in violation of Article 19, Paragraphs 3 and 4 or Article 36 hereof referring to the mutatis mutandis application of Article 19, Paragraph 3 or 4 hereof;
3. the current assets fail to achieve the ratio prescribed by the competent authority and are not adjusted within the prescribed time, in violation of Article 20 hereof;
4. violation of Article 22, Paragraph 4, Article 26, Paragraphs 1 and 6, Article 36 hereof referring to the mutatis mutandis application

- of Article 26, Paragraph 1 or 6 governing announcements;
5. failing to distribute proceeds pursuant to Article 28, Paragraph 3 or Article 36 hereof referring to the mutatis mutandis application of Article 28, Paragraph 3 hereof;
 6. failing to establish the name list of the beneficiaries, in violation of Article 47 hereof referring to the mutatis mutandis application of Article 20, Paragraph 1 of the Financial Asset Securitization Act, or such establishment violates Article 20, Paragraph 2 of the Financial Asset Securitization Act;
 7. impeding or refusing the inspection of the competent authority or providing false information, in violation of Article 54, Paragraph 1 or 2 hereof;
 8. violating the transfer disposition made by the competent authority pursuant to Article 55, Paragraph 1 hereof, or the disposition made pursuant to Article 44 of the Trust Enterprise Act mutatis mutandis;
 9. the Trustee violates Article 55, Paragraph 2 or Article 56, Paragraph 4 governing announcement;
 10. the Trustee fails to make announcements or reports pursuant to Article 41 of the Trust Enterprise Act when in the situations prescribed in Article 57, Paragraph 1 hereof; or
 11. the Trustee fails to notify the Trust Supervisor, in violation of Article 57, Paragraph 2 hereof.

Article 65

When the responsible person, agent, employee, or other staff of a juristic person violates any provision of this Act in the course of performing his/her duties, in addition to punishing such person(s), a criminal fine or an administrative fine in the amount as prescribed in each respective article shall also be imposed upon such juristic person.

Chapter Eight Supplementary Provisions

Article 66

Article 6, Paragraph 3, Article 16, Article 32, Article 36, Paragraphs 1 to 3, and Article 52 of the Trust Act shall not apply to the REIT and REAT.

Article 67

The Enforcement Rules of the Act shall be prescribed by the competent authority.

Article 68

The Act shall become effective as of the date of promulgation.

If the translations of the texts differ from the original Chinese texts, the original texts are preferential.