

## Content

Title : Regulations Governing Information to be Published in Prospectuses for Public Offerings of Beneficiary Securities by Trustee Institutions and Public Offerings of Asset-Backed Securities by Special Purpose Companies

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Legislative : 1. Full text of 18 articles promulgated on 2 October 2002 per Letter No. Taiwan-Finance-Securities-(IV)-0910005113 of the Securities and Futures Commission, Ministry of Finance; for implementation from the date of promulgation  
2. Articles 9, 10, and 12 amended and issued 19 March 2008 per Letter No. Financial Supervisory-Securities-IV-0970010378 of the Financial Supervisory Commission, Executive Yuan

Content : Article 1

These Regulations are promulgated pursuant to the Act Governing Securitization of Financial Assets ("the Act"), Article 17, paragraph 2 and the mutatis mutandis application of Article 17, paragraph 2 through Article 101.

Article 2

The basic principles governing production of public prospectuses are as follows:

1. Information published in public prospectuses shall be clear and detailed, presented in a simple and understandable style, and may not contain falsehoods or omissions.
2. Information published in public prospectuses shall be timely and up to date. Trades or other events sufficient to influence the judgment of an interested party that occur before publication shall be disclosed.

Article 3

The following items shall appear in the order below on the cover of the public prospectus:

1. The name of the trustee institution or special-purpose company ("SPC") and a specimen of its seal.
2. The name of the trust supervisor or supervisory institution.
3. The name of the beneficiary securities or asset-backed securities.
4. The date of issuance, the maturity date, type, period of issuance, issue amount, coupon rate, and terms and conditions of issuance of the beneficiary securities or asset-backed securities.
5. The type of asset pool.
6. The credit rating of the beneficiary securities or asset-backed securities and the means of credit enhancement.
7. The following language, printed conspicuously:
  - (1) "Beneficiary securities and asset-backed securities are not linked to the originator's bank deposits or other liabilities, nor are they guaranteed by insurance with the Central Depository Insurance Company."
  - (2) "The trustee institution or SPC does not guarantee the value of the trust or assigned assets."

(3) "The offeree or purchaser shall carefully consider the risks associated with this issue of beneficiary securities or asset-backed securities (risk disclosure page number). The offeree or purchaser shall not invest in this issue of beneficiary securities or asset-backed securities unless the offeree or purchaser fully understands and is capable of assuming the associated risks."

(4) "The effective registration or approval of this issue of beneficial or asset-backed securities is not an indication that no risks are attached thereto; the trustee institution, SPC, or originator may not use the fact of approval or registration in any formal application or in any promotion guaranteeing the value (price) of the securities."

(5) "The trustee institution or SPC and the responsible persons thereof, or any other person whose signature or seal appears on the public prospectus, are legally liable for any falsehood or concealment contained within the prospectus."

(6) "The originator and its responsible persons bear legal liability for any falsehoods or concealments in documents provided to the trustee institution or SPC by the originator."

#### 8. The printing date.

Public prospectuses prepared for the purpose of application or registration for offering of beneficiary securities or asset-backed securities shall bear a note on the cover indicating that they are preliminary prospectuses for application or registration purposes.

#### Article 4

The following items in relation to a particular issue shall appear in the order below on the inner cover of the public prospectus:

1. The names, addresses, telephone numbers, and web addresses of the trustee institution and the trust supervisor or the SPC and the supervisory institution.

2. The name, address, telephone number, and web address of the originator.

3. The name, address, telephone number, and web address of the credit enhancement institution.

4. The name, address, telephone number, and web address of the agency issuing the credit rating for the beneficiary securities or asset-backed securities.

5. The name, address, telephone number, and web address of the attorney and CPA providing legal or financial opinions.

6. The name, address, telephone number, and web address of the certification agency.

7. The name, address, telephone number, and web address of the servicer and back-up servicer.

8. Plan for circulation of the public prospectus: explaining where the prospectus will be displayed, how it will be circulated, and how to request a copy.

9. The name, address, telephone number, and web address of the securities underwriter.

10. The names, positions, contact addresses and e-mail addresses for the spokesperson and acting spokesperson of the trustee institution or SPC.

#### Article 5

The following items in relation to a particular issuance shall appear in

the order below on the back cover of the public prospectus:

1. The signatures or seals of the majority of the directors and the general manager of the trustee institution or the SPC.
2. The signature or seal of the securities underwriter and its responsible person.

#### Article 6

A public prospectus shall include the following items:

1. A general description of the beneficiary security or asset-backed security.
2. A general description of the asset pool, the originator, the servicer, and the back-up servicer.
3. A general description of the trustee institution or the SPC and its responsibilities.
4. The manner in which funds will be utilized by the trustee agency or SPC.
5. The method of credit rating and credit enhancement for the beneficiary securities or asset-backed securities.
6. An investment risk disclosure statement.
7. Matters of special note.
8. Details of meetings of beneficiaries or security holders.
9. Applicable acts and regulations.
10. Rights and obligations of beneficiaries or security holders.
11. Other particulars to be published in accordance with the regulations of the competent authority (below, "the SFC").

#### Article 7

Public prospectuses shall include all items specified in these Regulations and be published with a paginated table of contents. Where required items are not available or may be omitted with SFC approval, the notation "not available" or "omitted" shall be placed after the item.

Where items to be published in a public prospectus are duplicated therein, it is permissible that they be published in only one place, with a page number reference for the item given elsewhere in the text.

#### Article 8

The general description of the beneficiary securities or asset-backed securities shall include the following:

1. The issuance date, maturity date, and terms and conditions of issuance.
2. The issuance amount.
3. The date and receipt number of the approval or effective registration from the competent authority or the SFC.
4. The beneficiary security's coupon rate, share of principal conferred, share of income conferred, senior/subordinate ranking, issuance period, terms and conditions of issuance and other related particulars; the asset-backed security's coupon rate, senior/subordinate ranking, issuance period and terms and conditions of issuance. The above items shall be separately listed for each respective issuance of securities in separate classes or with different issuance periods.
5. The method of disbursement of shares of principal and income to the beneficiaries of a beneficiary security or disbursement of principal, income, interest, or other revenues to the holder of an asset-backed security in the event of early amortization by the original obligor.
6. Tax-related provisions.

7. Rights of the beneficiary or security holder.
8. Important provisions of the trustee institution's special-purpose trust ("SPT") agreement for issuance of beneficiary securities:
  - (1) Limits on the exercise of beneficiary rights under the special purpose trust agreement.
  - (2) The duration and principal features of the special-purpose trust agreement, including:
    - (i) The trust objective.
    - (ii) The settlor's obligations and matters requiring disclosure by the settlor to the trustee institution.
    - (iii) Repayment of fees paid by the trustee institution and compensation for losses.
    - (iv) The amount, type, method of calculation, date and method of payment of the remuneration for the trustee institution.
    - (v) The method of public announcement.
    - (vi) The management and disposition of trust assets. If these functions are delegated to the originator, other financial institutions, or a servicer or back-up servicer approved by the competent authority, the name of the institution so entrusted shall be given.
    - (vii) Method of disbursement of the trust asset principal or the earnings, interest, and other revenues derived from the principal.
    - (viii) The various classes or terms of the beneficiary certificates and their share of principal or income conferred, senior/subordinate rankings, and terms.
    - (ix) Matters in regard to the trustee institution's borrowing of funds, fee burdens, and utilization of idle funds in the course of handling of trust affairs.
    - (x) Circumstances requiring convening of a beneficiaries meeting by the trust institution.
    - (xi) The circumstances under which the trust institution shall appoint a supervisor for the special-purpose trust, and the professional knowledge and experience required of the supervisor.
    - (xii) Other matters as specified in Article 19, paragraph 1 of the Trust Enterprise Act and the regulations of the competent authority.
9. The hedging plan for the trust and related documents.
10. Other items to be published in accordance with SFC regulations.

#### Article 9

The following items shall be published in the general descriptions of the asset pool, the originator, the servicer and the back-up servicer:

1. The types, names, amounts, values, average yields, maturities of the trust assets or assigned assets, the term of the trust or assignment, the standards for screening of assets included in the asset pool, and other related statistical information (Tables 1 through 16).
2. The financial and operating status of the originator, including a company profile (showing the establishment date, business items, and credit rating), enterprise structure, diagram of affiliated enterprises, operational status, financial status, and any penalties imposed on the originator (the items listed here are the same as those under Article 10, paragraph 1, subparagraph 1, items 1 through 6).
3. The financial and operating status of the servicer and back-up servicer,

including a company profile (showing the establishment date, business items, and credit rating), enterprise structure, diagram of affiliated enterprises, operational status and financial status (the items listed here are the same as those under Article 10, paragraph 1, subparagraph 1, items 1 through 6).

4. Method of disbursement of the trust assets or assigned assets principal, or the earnings, interest, and other revenues derived from the principal.
5. The method for management and disposition of the trust assets or assigned assets.
6. A CPA's opinion on the method of pricing, basic accounting assumptions, and the appropriateness of pricing of the trust assets or assigned assets.
7. Important contracts or terms and conditions in relation to the transfer of the trust assets or assigned assets.
8. The method and the conditions under which assets may be added when needed due to changes in asset groups in the asset pool or to maintain asset groups in the pool.
9. The method and terms and conditions for disbursement of the assets remaining in the assets pool to beneficiaries of the assets' residual value, in accordance with the trust or assets securitization plan, following liquidation of beneficiary securities or asset-backed securities.
10. Other items as required by SFC regulations.

#### Article 10

The following items shall be published as part of the general descriptions and the responsibilities of the trust institution or the SPC:

1. The general description of the trust institution or SPC:
  - (1) Enterprise profile:
    - (i) The date of establishment.
    - (ii) The process of capital formation over the past three years (Table 17).
    - (iii) Business items.
    - (iv) History: Any issuances of beneficiary securities or asset-backed securities in the last five years (Table 18), any transfers of equity interest by directors, supervisors, or shareholders with shareholdings of 5% or above, any changes in managerial authority (Table 19), and other pertinent matters.
    - (v) The trust institution's credit rating.
  - (2) Enterprise organization: Showing the following information on the trust institution or SPC's juristic person shareholders as of the end of the month preceding the date of publication of the prospectus:
    - (i) Distribution of equity interests:
      - (a) Shareholder structure: Proportion of holdings by the various classes of shareholders (Table 20).
      - (b) Principal shareholder roster: The names, numbers of shares, and percentage of shares held, for shareholders holding five percent or more of total outstanding shares (Table 21).
    - (ii) The names of the general manager, vice general manager, assistant manager, and the directors of departments and divisions, as well as the dates they assumed their positions, the proportions of their holdings in the trustee institution, their education and experience, and any positions concurrently held in other companies (Table 22).
    - (iii) The names, dates of appointment, and terms of the directors and

supervisors, and the percentages and amounts of shares they hold in the trustee institution or SPC, as well as their education and experience. For juristic person shareholders, the shareholder representative shall be indicated (Table 23).

(3) Diagram of affiliated enterprises: Showing the relationships between juristic person shareholders and their affiliated enterprises and the trust institution or SPC, their cross-shareholding ratios, numbers of shares held, and actual capital invested as of the end of the month preceding the date of publication of the prospectus.

(4) Operational status: Showing the names, issuance amounts, and payments of principal or disbursements of income, interest, or other benefits for any previous issues of beneficiary securities or asset-backed securities as of the end of the month preceding the date of publication of the prospectus (Table 24).

(5) Financial status: Showing CPA audit reports, balance sheets, income statements, and changes in shareholder equity for the preceding two years.

(6) Status of any penalties received: Showing dispositions imposed by the competent authority to the trustee institution or SPC within the preceding two years and the time and detailed status of corrections made.

(7) Litigation or non-litigation matters: Showing any material litigation, non-litigation matter, or administrative suit in which the trustee institution or SPC is currently involved with a potential bearing on the rights and interests of beneficiaries. The facts of the dispute, principal interested parties, subject amount, date on which proceedings began, and current status of the proceedings shall be disclosed.

## 2. The duties of the trustee institution or the SPC:

(1) The duties and obligations of the trustee institution or SPC;

(2) Repayment for fees paid by the trustee institution or the SPC and compensation for losses;

(3) The amount, type, method of calculation, and date and method of payment of the compensation for the trustee institution or SPC.

(4) Circumstances requiring a beneficiaries meeting to be convened by the trust institution and trust supervisor, or requiring a meeting of securities holders to be convened by the supervisory institution and the SPC.

(5) The circumstances under which the trust institution shall appoint a supervisor for the special-purpose trust, and the professional knowledge and experience required of the supervisor, or the circumstances under which the SPC shall appoint a supervisory institution, and the background required of the institution.

## 3. Other items as required by SFC regulations.

### Article 11

The particulars regarding utilization of funds by the trustee institution or the SPC shall include utilization of borrowed funds, fee burdens, and utilization of idle funds accruing from the trust assets or assigned assets.

### Article 12

The following items shall be listed in relation to credit ratings and credit enhancement:

1. The credit rating agency's credit assessment report on the beneficiary

securities or asset-backed securities.

2. The financial and operational status of the credit enhancement institution:

(1) An enterprise profile: Showing the date of establishment, business items, and credit rating of the enterprise.

(2) Enterprise organization: Items shown shall be identical to those under "enterprise organization" in Article 10.

(3) Operational status: Showing the names, issuers, issuance amounts, and the methods and particular features of the credit enhancement for any other offerings of beneficiary securities or asset-backed securities for which the institution is providing credit enhancement, as of the end of the month preceding the date of publication (Table 25).

(4) Financial status: Showing

CPA audit reports, balance sheets, income statements, and changes in shareholder equity for the preceding two years.

3. The method and particulars of the credit enhancement.

4. Other items as required by SFC regulations.

### Article 13

The investment risk disclosure shall list the following risk factors:

1. Illiquidity risk in the beneficiary securities or asset-backed securities market.

2. Risk of early repayment by the original obligor of the trust or assigned assets.

3. Risk of breach of contract by the original obligor of the trust or assigned assets.

4. Risk of overconcentration of the trust assets or assigned assets.

5. Interest rate fluctuation risk.

6. Reinvestment risk.

7. Other risks.

8. Offeree or purchaser appropriateness (the following language shall be prominently printed):

(1) "Beneficiary securities and asset-backed securities are not appropriate investment vehicles for everyone. The offeree or purchaser must have sufficient professional knowledge and experience to assess the value and the risks of the given beneficial or asset-backed security and the information given in this prospectus."

(2) "Offerees or purchasers should assess on their own any potential influence on investment returns arising out of the economic environment, interest rates, or other factors."

(3) "Offerees or purchasers must possess the financial soundness and liquidity to bear all risks associated with an offering of beneficial or asset-backed securities."

### Article 14

Important items from the registration or application documents shall be listed as matters of special note, including:

1. The concluding opinion of the underwriter's evaluation report.

2. The attorney-issued legal opinion.

3. Expert opinions, which shall be disclosed in cases where the trustee institution or SPC, in view of the character of the trust assets or assigned assets, has sought experts with special professional knowledge and

experience in technical, operational, or financial areas to undertake comparative analyses and issue opinions on the future development of the given offering.

4. Supplementary disclosures, where the SFC gives notice requiring further disclosure at the time of approval or effective registration of the given offering.
5. A declaration from the originator that the documents it provided to the trustee institution or SPC contain no falsehoods or nondisclosures.
6. Any other matters requiring supplemental information disclosure.
7. Other matters requiring disclosure in accordance with SFC regulations.

#### Article 15

The following particulars shall be listed in relation to meetings of beneficiaries or securities holders:

1. Who shall act as convener.
2. Circumstances under which meetings shall be convened.
3. Procedures for convening meetings.
4. Procedures for passage of resolutions.
5. Other items as required by SFC regulations.

#### Article 16

The following shall be listed under applicable acts and regulations:

1. Articles 92, 107, and 108 through 111 of the Act Governing Securitization of Financial Assets.
2. Articles 32, 36, 40, 174, and 177 of the Securities and Exchange Act.
3. Articles 39 through 41 of the Certified Public Accountants Act.

#### Article 17

The public prospectus shall be transmitted to the SFC-designated information reporting website in an electronic file format conforming with SFC regulations, with print versions to be placed at the following locations for review by beneficiaries and security holders:

1. The Taiwan Stock Exchange Corporation.
2. The GreTai Securities Market.
3. The Securities and Futures Institute.
4. The Chinese Securities Association.
5. The main offices of the lead and co-underwriters for the particular issue.

#### Article 18

These Regulations will be enforced from the date of promulgation.