

Content

Title :	Regulations Governing the Qualification Requirements and Professional Development of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges <b>Ch</b>
Date :	2012.07.25
Legislative :	<ol style="list-style-type: none"><li>1. Full text of 11 articles adopted and issued 8 June 2006 per Order No. Financial- Supervisory-Securities-VI-0950002658 of the Financial Supervisory Commission, Executive Yuan; for implementation from date of issuance</li><li>2. Article 4 amended and issued per 4 February 2010 Order No. Financial-Supervisory-Legal-09900542800 of the Financial Supervisory Commission, Executive Yuan</li><li>3. Articles 3, 5 to 7, and 9 amended and issued per 25 July 2012 Order No. Financial-Supervisory-Securities-Auditing-1010033226 of the Financial Supervisory Commission</li></ol>
Content :	<p>Article 1</p> <p>These Regulations are adopted pursuant to Article 14, paragraph 4 of the Securities and Exchange Act (the "Act").</p> <p>Article 2</p> <p>"Principal accounting officer" in these Regulations means the highest-level executive that manages a company's accounting affairs in accordance with the company's articles of incorporation or a resolution of the board of directors, and whose personal signature or seal is placed in the "principal accounting officer" space in financial reports in accordance with Article 14, paragraph 3 of the Act.</p> <p>Article 3</p> <p>A principal accounting officer shall possess one of the following qualifications:</p> <ol style="list-style-type: none"><li>1. Having obtained qualification to practice as a certified public accountant.</li><li>2. A minimum total of 5 years' experience as in-charge accountant or principal accounting officer at public companies and/or financial enterprises in the areas of securities, futures, banking, or insurance enterprises.</li><li>3. A minimum total of 3 years' experience in accounting or internal auditing at public companies and/or financial enterprises in the areas of securities, futures, banking, or insurance, or a minimum total of 3 years' experience in accounting or auditing-related duties at a public service agency or state-owned enterprise, where one of the following requirements is also met:<ol style="list-style-type: none"><li>(1) Having graduated from the department, section, or graduate studies institute in accounting at a domestic or foreign junior college or higher-level educational institution recognized by the Ministry of Education, or having an equivalency certificate in the same area from a junior college or higher-level educational institution.</li><li>(2) Having completed a minimum total of 20 credit hours of accounting and/or auditing courses at a domestic or foreign junior college or higher-</li></ol></li></ol>

level educational institution recognized by the Ministry of Education.

(3) Having passed the accounting or auditing test in the junior-grade or higher-level civil service examinations or their equivalents.

4. Having completed a minimum total of 20 credits of accounting and/or auditing courses at a domestic or foreign junior college or higher-level educational institution recognized by the Ministry of Education, while also having a minimum total of 3 years' experience in auditing at a joint accounting firm or firms conforming with the Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies (hereinafter, the "Auditing and Attestation Regulations").

For the principal accounting officer of a foreign company under Article 165-1 of the Act (hereinafter, "foreign company"), the experience at public companies as required under subparagraphs 2 and 3 of the preceding paragraph may be substituted with relevant experience at foreign enterprises that have paid-in capital of NT\$50 million or more.

Additionally, the experience in auditing at a joint accounting firm conforming with the Auditing and Attestation Regulations as required under subparagraph 4 of the preceding paragraph may be substituted with work experience in auditing at a foreign accounting firm that audits and attests the financial reports of companies listed and traded on an offshore securities market.

#### Article 4

A person may not act as a principal accounting officer under any of the following circumstances:

1. The person has received a final and unappealable sentence for violating the Organized Crime Prevention Act and 5 years have not yet passed since completion of the sentence.

2. The person has violated the Act, the Banking Act, the Financial Holding Company Act, the Trust Enterprise Act, the Act Governing Bills Finance Business, the Financial Asset Securitization Act, the Real Estate Securitization Act, the Insurance Act, the Futures Trading Act, the Securities Investment Trust and Consulting Act, the Act for Regulation of Foreign Exchange, the Credit Cooperative Act, the Agricultural Finance Act, the Farmer's Association Act, the Fisherman's Association Act, the Money Laundering Control Act, the Certified Public Accountant Act, the Business Accounting Act, or any other financial regulatory act and received a final and unappealable sentence for a fixed term of imprisonment of 1 year or more, provided that this restriction shall not apply when more than 3 years have passed since the term was completed, the term of probation expired, or pardon was granted.

3. The person has committed the crime of fraud, breach of trust, embezzlement, or forgery of instruments or seals, and has received a final and unappealable sentence of a term of imprisonment of 1 year or more, provided that this restriction shall not apply when more than 3 years have passed since the term was completed, the term of probation expired, or pardon was granted.

4. The term during which a financial institution has refused to honor the person's negotiable instruments has not yet expired, or the person has a record of overdue loans, collection demands, or bad debt at a credit

information processing agency designated by the competent authority.

5. The person has been declared bankrupt and has not been reinstated.

6. The person has received a disposition from the competent authority that requires being suspended or barred from practice or being dismissed from a position, and the term of suspension has not expired or less than 3 years have passed since being barred from practice or dismissed.

7. The person has no or is limited in capacity to make juridical acts, or has been declared by a court to be placed under assistance, where such declaration has not yet been voided.

8. Any other circumstance sufficient for a determination that the person has engaged in dishonest or improper activities, indicating their unfitness for the position of principal accounting officer.

#### Article 5

When an issuer, securities firm, or securities exchange appoints a principal accounting officer, the appointee shall meet the qualification requirements under Articles 3 and 4 above.

If the current principal accounting officer of a foreign company as of the time of issuance of the 25 July 2012 amendment to these Regulations, or of a company that is conducting an initial public offering, is not in compliance with the requirements of Article 3 herein, then except where the competent authority otherwise grants approval, the company shall require that within 1 year of the date of issuance of the aforesaid amendment to these Regulations or the date of effective registration of the initial public offering, the accounting officer takes 75 hours or more of professional training courses in accounting or auditing offered by a professional development institution recognized by the competent authority, as well as 15 hours or more of courses in financial laws and regulations, finance, professional ethics, or legal liability. The principal accounting officer shall obtain passing scores in the courses.

When a principal accounting officer who is required to receive training under the preceding paragraph has earlier completed courses in accounting, auditing, finance, financial laws and regulations, or other related subjects, or has practical experience relating to accounting or auditing, then upon recognition of the previous courses or experience by the professional development institution approved by the competent authority to offer the courses required by the preceding paragraph, a deduction may be made from the course hours required by the preceding paragraph, provided that no more than 60 hours may be deducted.

#### Article 6

Professional development courses for principal accounting officers shall include at minimum courses in accounting, auditing, finance, financial laws and regulations, corporate governance, professional ethics, and legal liability.

Except where otherwise approved by the competent authority, the required course hours for professional development for principal accounting officers of issuers, securities firms, and securities exchanges shall be as follows:

1. Within 1 year of appointment, a newly appointed principal accounting officer shall take 30 hours or more of professional training courses in accounting, auditing, finance, financial laws and regulations, corporate governance, professional ethics, legal liability, and other related

subjects offered by a professional development institution recognized by the competent authority. A minimum of three hours must be in the required courses of professional ethics and legal liability.

2. If the current principal accounting officer of a foreign company as of the time of the 25 July 2012 amendment to these regulations, or of a company conducting an initial public offering, meets the requirements of Article 3 herein, the officer shall receive professional training in accordance with the preceding subparagraph within 1 year of that date, provided that when professional development training for principal accounting officers has been received prior to the date of issuance of the aforesaid amendment to these Regulations and is recognized by the professional development institution approved by the competent authority to offer the courses under the preceding subparagraph, the hours of that training may be deducted from the required hours.

3. Each year, between 1 January and 31 December of the given year, a principal accounting officer shall take a minimum of 12 hours of professional development courses in the areas of accounting, auditing, finance, financial laws and regulations, corporate governance, professional ethics, legal liability, and other related subjects offered by a professional development institution recognized by the competent authority.

#### Article 7

During the period in which a principal accounting officer takes professional training courses pursuant to Article 5 and paragraph 2, subparagraphs 1 and 2 of the preceding article, the officer will be exempted during that same year from the requirements for professional development training given in paragraph 2, subparagraph 3 of the preceding article.

Except for the courses in financial laws and regulations, professional ethics, and legal liability, the other professional training courses required to be taken by the principal accounting officer of a foreign company under the preceding two articles may be substituted with professional training courses in accounting, auditing, finance, and corporate governance offered by foreign training institutions.

#### Article 8

A professional development institution that offers the training courses for principal accounting officers prescribed by these Regulations shall apply to the competent authority for recognition and receive approval pursuant to the Regulations Governing the Review of Professional Development Institutions for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges.

#### Article 9

Any issuer, securities firm, or securities exchange shall report information relating to the professional development of its principal accounting officer to the competent authority as follows:

1. Within 1 month from the date of issuance of these Regulations, a company shall report the name, age, academic qualifications, the qualifications satisfying the requirements of Article 3, and the training received by the principal accounting officer through the competent authority's designated Internet-based information system for reference by the authority. When there is a change in the principal accounting officer, the company shall

report the change and the reasons for it within 2 days from the date of its occurrence by means of the competent authority's designated Internet-based information system for reference by the authority.

2. Each year before the end of January, a company shall report for reference by the competent authority the name and the status of its principal accounting officer's professional development during the preceding year by means of the competent authority's designated Internet-based information system.

The date of occurrence referred to in subparagraph 1 of the preceding paragraph means the date of the resolution by the board of directors, or other date sufficient to determine the appointment or discharge of the principal accounting officer, whichever comes first.

#### Article 10

When an issuer, a securities firm, or a securities exchange reports the status of professional development of a principal accounting officer in accordance with the preceding article, it shall be aware of whether the principal accounting officer is in compliance with the provisions for continuing professional development and the minimum number of course hours. If there is a failure in such compliance, the failure shall be rectified within 1 month; if the failure is not rectified after 1 month, the company shall immediately readjust the professional duties of the person in question.

Issuers, securities firms, and securities exchanges shall remain informed at all times of whether their principal accounting officers are in compliance with the qualification requirements of Articles 3 and 4 herein. When a principal accounting officer is found in non-compliance, the given company shall readjust the principal accounting officer's professional duties within 1 month from the date such fact is discovered, and within 2 days from the date of discovery, the company use the competent authority's designated Internet-based information system to publicly announce the non-compliance and to report it for the competent authority's reference.

The company shall be exempt from the requirements of the preceding paragraph during the period the principal accounting officer participates in professional training courses in accordance with Article 5.

#### Article 11

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