

Content

Title :	Regulations to Encourage the Reporting of Cases of Illegal Use of Proxies for Shareholder meetings of Public Companies 
Date :	2006.04.18
Legislative :	1. Full text of 13 articles adopted and issued 18 April 2006 per Order No. Financial- Supervisory-Securities-III-0950001894 of the Financial Supervisory Commission, Executive Yuan; for enforcement from the date of issuance
Content :	<p>Article 1</p> <p>These Regulations are adopted pursuant to Article 178, paragraph 3, of the Securities and Exchange Act.</p> <p>Article 2</p> <p>These Regulations encourage the reporting of cases of the following scope:</p> <ol style="list-style-type: none">1. Using a cash payment or other benefit as a condition to obtain a proxy form for a shareholder meeting, provided that this restriction shall not apply to reasonable costs for the provision of shareholder meeting souvenirs or payment by a solicitor to persons engaged to handle proxy solicitation matters.2. Using the name of another to obtain a shareholder meeting proxy form.3. Using a solicited proxy form as a non-solicited proxy form to attend a shareholder meeting.4. The solicitor, proxy agent, or person engaged to handle proxy solicitation matters does not meet the qualifications or conditions prescribed in the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.5. Other violations of the methods for the solicitation or obtaining of proxies as prescribed by the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies. <p>Article 3</p> <p>An informant who, prior to the detection of a proxy rule violation case by the competent authority, reports the case to the competent authority shall be given a reporting reward ("reward") once a final and unappealable administrative disposition has been imposed.</p> <p>Article 4</p> <p>Standards for issuing rewards under these Regulations are as follows:</p> <ol style="list-style-type: none">1. For each report case where an administrative fine of NT\$2.4 million or higher is imposed, a reward of NT\$120,000 shall be issued to the informant.2. For each report case where an administrative fine of at least NT\$1.2 million but less than NT\$2.4 million is imposed, a reward of NT\$60,000 shall be issued to the informant.3. For each report case where an administrative fine of less than NT\$1.2 million is imposed, the reward issued to the informant shall be equal to 5 percent of the administrative fine. <p>Where the circumstances of a reported case of proxy rule violation are of a serious nature, the competent authority may raise, within a multiple of</p>

three, the reward issuance standards of the preceding paragraph.

Article 5

The reward issuance procedures under these Regulations are as follows:

1. Where an informant provides the competent authority with factual information regarding a violation of law for a case listed in Article 2 that results in an investigation and apprehension, the reward shall be given to the informant once a final and unappealable administrative injunction has been imposed.
2. After the reporting reward has been reviewed and approved, the competent authority shall promptly notify the informant to sign for and collect the reward; if an informant dies, their successor may sign for and receive it pursuant to the relevant provisions of the Civil Code.

Article 6

The method for distributing rewards under these Regulations is as follows:

1. Where there are two or more informants entitled to a reward in a single case, the competent authority shall review and determine the award amounts based on the relative contribution of all the reported evidence and data toward the investigation and apprehension in that violation case.
2. Where, for the same case, there are additional rewards pursuant to the Executive Yuan Financial Supervisory Commission Directions for Encouraging Reporting of Unlawful Financial Activities, the Taiwan Stock Exchange Corporation (TSEC) Regulations Encouraging the Reporting of Illegal Securities Market Activity Cases, and the GreTai Securities Market (GTSM) Regulations Encouraging the Reporting of Illegal Securities Market Activity Cases, they shall be calculated on a combined basis, and any portion that exceeds the highest standard prescribed by these Regulations shall not be approved and issued.

Article 7

The provisions of these Regulations shall not apply to any personnel listed below who report cases of illegal use of proxies for shareholder meetings of public companies:

1. The competent authority's employees or their spouses or relatives within the third degree of affinity.
2. A responsible person or employee of the TSEC, GTSM, Taiwan Depository and Clearing Corporation, Securities and Futures Investors Protection Center, or Securities and Futures Institute.
3. Judicial personnel or employees of any other agencies with powers or duties to handle reports of violations of law.

Article 8

An informant who reports a case of violation of law shall do so by means such as in writing, orally, by telephone, facsimile, or electronic mail, and shall provide the information listed below:

1. The informant's name, address, contact method, and documentary proof of identity.
2. The name and address of the respondent; where the respondent is a company or business, its name, the full name of its responsible person, and its place of business.
3. Specific evidence and relevant information in connection with the violation of law.

Where a report is made orally or by telephone, the competent authority

shall make a record thereof, and notify the informant to submit the information required under the preceding paragraph in writing.

Article 9

The competent authority shall set up a report mailbox, dedicated hotline, facsimile number, electronic mailbox, or other tools to assist in the processing of reporting matters.

Article 10

Where a member of the public reports a case of a violation of law and any of the circumstances listed below exists, the competent authority may refrain from handling the case, but shall still make a case record for future reference:

1. A report is made anonymously or using a name other than the informant's actual name, or without specific evidence, or the making of a record of the report is refused.
2. The same matter has already been processed by the competent authority or previously reported by another party.
3. The reported matters do not fall within the scope of cases set forth in Article 2 herein.

Article 11

The competent authority shall keep confidential all data sufficient to identify characteristics of the reporter such as name, age, and domicile or residence, and the report content, except in the event of an investigation conducted pursuant to law and regulation. However, this restriction shall not apply where the informant consents to their disclosure.

Article 12

Rewards under these Regulations shall be annually budgeted and paid out of the Financial Supervisory Fund.

Article 13

These Regulations shall be enforced from the date of issuance.