

Content

Title :	Regulations Governing Responsible Persons and Staff Members of Bills Houses <b>Ch</b>
Date :	2010.10.19
Legislative :	1.Full 17 articles were adopted and promulgated on December 26, 2001 per Order No. (90)-Tai-Tsai-Rong-(IV)- 0900013337 of the Ministry of Finance. 2.Full text of 18 articles were amended and issued on March 25, 2005 per Order No. Jin-Kuan-Yin-(II)-0942000079 of the Financial Supervisory Commission, Executive Yuan; for enforcement from the date of issuance. 3.Amendment to Article 14 and the addition of Article 13-1 were issued on June 13, 2006 per Order No. Jin-Kuan-Yin-(IV)-09540005070 of the Financial Supervisory Commission, Executive Yuan. 4.Article 4 was amended and issued on February 4, 2010 per Jin-Guan-Fa-Zi-09900542800 of the Financial Supervisory Commission, Executive Yuan.
Content :	<p>Article 1 These Regulations are adopted pursuant to Paragraph 1, Article 11 and Paragraph 2, Article 12 of the Act Governing Bills Finance Business (referred to as the “Act” hereunder).</p> <p>Article 2 The term “responsible person” as used in these Regulations shall be a director, supervisor, president, vice president, assistant vice president, manager or a person holding comparable position.</p> <p>Article 3 The term “associated person” of a bills house as used in these Regulations shall mean a person managing or performing any of the following business operations for a bills house: 1. Certifying, underwriting, brokering, trading or settlement and delivery of short-term bills. 2. Internal audit or accounting in connection with short-term bills. A person managing the business operations mentioned in Subparagraph 1 or 2 of the preceding paragraph refers to a manager, assistant manager, junior manager, section chief, deputy section chief, or a person holding comparable position at a bills house.</p> <p>Article 4 A person having any of the following situations may not act as a responsible person of a bills finance company, and shall be ipso facto discharged if the situation occurs after such person has taken office: 1. Having limited legal capacity, is legally incompetent, or having been declared by a court to be under assistance and such declaration has not been voided. 2. Having been convicted of a crime under the Organized Crime Act. 3. Having been sentenced to imprisonment for counterfeiting currency or valuable securities, misappropriation, fraud or breach of trust and the sentence has not been completed or ten (10) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment. 4. Having been sentenced to imprisonment for forging instruments or seals,</p>

offence against privacy, usury, impairing the rights of creditors or violating the Tax Collection Act, Trademark Act, Patent Act or other laws governing industrial or commercial activity and the sentence has not been completed or five (5) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.

5. Having been sentenced to imprisonment for embezzlement and the sentence has not been completed or five (5) years have not lapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.

6. Having been sentenced to imprisonment for violating the Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Financial Assets Securitization Act, Real Estate Securitization Act, Insurance Law, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Control Act, Credit Cooperatives Act, Agricultural Finance Act, Farmers' Association Act, Fishermen's Association Act, Money Laundering Control Act or other laws regulating financial activity, and the sentence has not been completed or five (5) years have not elapsed since the date of sentence completion, the expiration of probation period or the pardon of such punishment.

7. Having been adjudicated bankrupt, and rights and privileges have not been reinstated.

8. Having been the responsible person of a legal entity at the time such legal entity was adjudicated bankrupt and five (5) years have not elapsed since the closure of the bankruptcy or the terms of bankruptcy settlement have not yet been fulfilled.

9. Having been denied service by the bills clearing house and the denial status has yet to be removed, or there remains a record of dishonored check(s) due to insufficient funds in three (3) years since the denial status has been removed.

10. Having an ongoing event that seriously damages his or her credit worthiness or five (5) years have not elapsed since the closure of such an event.

11. Five (5) years have not elapsed since being replaced or discharged from duties by order of the competent authority due to a violation of the Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Financial Assets Securitization Act, Real Estate Securitization Act, Insurance Law, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Control Act, Credit Cooperatives Act, Agricultural Finance Act, Farmers' Association Act, Fishermen's Association Act, Money Laundering Control Act or other laws regulating financial activity

12. Having been ordered to enter a reformatory or having been ordered to perform compulsory labor due to the offense of larceny or receiving stolen property and the sentence has not been completed or five (5) years have not elapsed since the sentence completion.

13. Acting as the responsible person of a bills finance company, bank, financial holding company, trust company, credit cooperative, credit department of a farmers' (fishermen's) association, securities firm, securities finance company, securities investment trust enterprise,

securities investment consulting enterprise, futures commission merchant or insurance company (excluding insurance agency, insurance brokerage, and insurance surveyor); provided that the restriction does not apply to the following:

(1) Where it is for purposes of an investment relationship between the bills finance company and such institutions, and there is no overlapping of the chairmen and/or managerial officers thereof, and the concurrent position has been approved by the competent authority.

(2) Where it is for purposes of merging or administering a distressed financial institution and an investment relationship exists between the bills finance company and the [problem] institution, the responsible person of a bills finance company may serve as the chairman of such institution.

(3) The concurrent position of responsible person in another entity is allowed under the Regulations Governing Qualification Requirements for Responsible Persons of a Financial Holding Company and their Holding of Concurrent Positions in Subsidiaries.

14. Factual evidence shows that the person has engaged in, or been involved in, other dishonest or improper activities which indicate that she/he is unfit to serve as a responsible person of a bills finance company.

The chairperson of a bills finance company may not act concurrently as a general manager. However, a person is not subject to the restrictions if the person has one of the following facts and has obtained the permission from the competent authority:

1. The chairperson or the general manager cannot carry on their duties due to resignation from the job.
2. The chairperson or the general manager is replaced or dismissed by the competent authority.
3. The chairperson or the general manager has encountered other issues that prevent them from continuing their job.

A person should be dismissed if the person violates the three preceding restrictions.

When a bills finance company applies for its chairperson to act as the general manager pursuant to the proviso of the preceding paragraph to the competent authority, the competent authority is allowed to ratify a maximum of three months for concurrent positions. The bills finance company may apply for one extension, if needed, to the competent authority one month before the end of the period.

If the government or a juridical person is a shareholder, the representative or the natural person designated to act such position, when they act as the president, supervisor, they shall comply with the preceding three regulations.

#### Article 5

A bills finance company should have one person act as the general manager to handle the general affairs of the company and should not have another person with the equivalent functionalities. The general manager shall have good personal character, leadership and the ability to effectively manage the bills finance company, and possess any one of the following qualification:

1. Having at least nine (9) years of experience working in bills finance companies or banks, including at least three (3) years of experience

working in the position of manager or higher, or in a comparable position at the head office of bills finance companies or banks with good performance record.

2. Having at least five (5) years of experience working in bills finance companies or banks, including at least three (3) years of experience working in the position of vice president or higher, or in a comparable position at bills finance companies or banks with good performance record.

3. Having other experiences sufficing to show the possession of professional knowledge in bills business or bills business management capability to effectively manage the business of a bills finance company. A bills finance company shall submit relevant qualification documents to the competent authority for approval before appointing its president.

#### Article 6

The vice president, assistant vice president or a person holding a comparable position at a bills finance company shall have good moral character, leadership and the capability to manage a bills finance company effectively, and meet one of the following qualifications:

1. Having at least five (5) years of experience working in bills finance companies or banks, having worked in the position of assistant manager or higher, or in a comparable position at the head office of bills finance companies or banks with good performance record.

2. Having at least three (3) years of experience working in bills finance companies or banks, having worked in the position of manager or higher, or in a comparable position at the head office of bills finance companies or banks with good performance record.

3. Having other experiences sufficing to show the possession of professional knowledge in bills business or bills business management capability to effectively manage the business of a bills finance company, and having received a prior approval from the competent authority for such appointment.

#### Article 7

The manager or a person holding a comparable position at a bills finance company shall have good moral character and the capability to manage a bills finance company effectively, and meet one of the following qualifications:

1. Having at least three (3) years of experience working in bills finance companies or banks, and having worked in the position of junior manager or in a comparable position at the head office of bills finance companies or banks with good performance record.

2. Having other experiences sufficing to show the possession of professional knowledge in bills business or bills business management capability to effectively manage the business of a bills finance company, and having received a prior approval from the competent authority for such appointment.

#### Article 8

The board of directors of a bills finance company is held responsible for the appointment of managerial officers and making sure that the appointed officers meet the qualification requirements. The board of directors is also held responsible for overseeing the maintenance of qualifications by managerial officers and their suitability in their positions.

#### Article 9

The director or supervisor of a bills finance company should be of good moral character. If the number of directors and supervisors of a bills finance company is less than five, at least two of the directors and supervisors shall meet one of the qualifications set out below. If the number of directors and supervisors exceeds five, at least one more of the directors and supervisors for each additional four directors and supervisors shall meet one of the qualifications set out below. If a bills finance company has managing director(s), at least two of the managing directors shall meet one of the following qualifications:

1. Having at least five (5) years of experience working in bills finance companies or banks, and having worked in the position of assistant manager or higher, or in a comparable position at the head office of bills finance companies or banks with good performance record.
2. Having at least five (5) years of experience working in financial administration or management and having worked in civil service at junior rank (grade 8) or higher, or in an equivalent position, with good performance record.
3. Having at least three (3) years of experience working in bills finance companies or banks and having worked in the position of manager or higher, or in a comparable position at the head office of bills finance companies or banks with good performance record.
4. Having other facts sufficing to show the possession of professional knowledge in bills business or bills business management capability to effectively manage the business of a bills finance company.

The chairman of a bills finance company shall have one of the qualifications provided in the preceding paragraph. A bills finance company shall submit the qualification documents of its chairman as well as directors and supervisors who meet the qualification set out in Subparagraph 4 of the preceding paragraph to the competent authority for approval within ten (10) days of their appointment or election. The competent authority may order the bills finance company to make adjustment within a prescribed period of time if the qualification of its chairman or any of the elected directors or supervisors is disapproved.

Where a bills finance company has question over the application of Subparagraph 4 of Paragraph 1 hereof to any of its directors or supervisors, the bills finance company may seek the prior approval of the competent authority before electing the director or supervisor to the office.

#### Article 10

The spouse, relatives by blood within second degree of kinship or relatives by marriage within first degree of kinship of the supervisor of a bills finance company may not hold a position of director or manager in the same bills finance company.

The preceding paragraph also applies to the representative of the government or a juristic person.

#### Article 11

If the responsible person of a bills finance company receives a promotion or takes office after the promulgation of these Regulations, the responsible person shall possess the qualifications set out herein. A

responsible person who takes office without possessing the required qualification shall, ipso facto, be discharged.

#### Article 11-1

Where a chairperson of a bills finance company who has acted concurrently as the general manager or other equivalent positions fails to comply with the provisions of Article 4, Paragraph 2 before the amendment of the Regulation on October 19, 2010, whose duties should be modified within one year upon the promulgation of the amendment.

Where the number and responsibilities of the general managers or equivalent position of a bills finance company fail to comply with the provisions of Article 5, Paragraph 1 before the amendment of the Regulation on October 19, 2010, it should be modified within six months upon the promulgation of the amendment.

#### Article 12

The staff members of a bills house shall not have any of the following conducts:

1. Engaging in fraud, deception, enticement, threat or other misleading conduct when engaging in underwriting, brokerage or proprietary trading of short-term bills or debentures;
2. Accepting orders from customers to buy or sell short-term bills or debentures while concurrently buying or selling the same securities for his or her own account on the opposite side of the trade;
3. Misappropriating or safekeeping the short-term notes, bills or money of customers;
4. Engaging in the trading of short-term bills or debentures with information learned on the job for the purpose of reaping profits;
5. Buying or selling short-term bills or debentures for him or herself or a third person in the name of a customer or using a customer's account;
6. Failing to execute the trading of short-term bills or debentures or improperly delaying the execution of trade according to the instructions of customers;
7. Opening an account, engaging in trading or settlement in the name of customers without their authorization;
8. Failing to keep records or information owned, used or managed, or the trading records or information reasonably accurate and intact or providing the competent authority, internal audit unit and other relevant personnel with incomplete, erroneous or misleading information or report;
9. Failing to keep customer's trading instructions and secrets learned on the job confidential as required;
10. Spreading exaggerated, biased or false information in public that is adverse to the stability of the financial market; and
11. Engaging in other conducts prohibited by the competent authority.

#### Article 13

A person who manages the businesses provided under Paragraph 1 of Article 3 herein for a bills house shall meet one of the following qualification requirements:

1. Having passed the professional examination for staff members given by the R.O.C. Bills Finance Association (referred to as the "Bills Finance Association" hereunder) or an institution recognized by the Bills Finance Association, and having obtained a certificate of qualification therefrom.

2. Having attended within a year prior to taking office at least cumulatively eighteen (18) hours of bills finance and business training courses given by the Bills Finance Association or an institution recognized by the Bills Finance Association and having obtained a certificate of course completion therefrom.

3. Having worked as an associated person of bills houses for at least three (3) years prior to the promulgation of these Regulations, and such qualification has been reviewed and passed by the Bills Finance Association with the issue of a certificate.

An associated person who handles the businesses of a bills house provided under Paragraph 1 of Article 3 herein shall meet the qualification requirement set out in Subparagraph 1 or 3 of the preceding paragraph.

#### Article 13-1

Staff members of a bills house shall participate in finance-related pre-service or in-service training given by the Bills Finance Association or an institution recognized by the Bills Finance Association or their employer and receive a passing grade. An associated person of a bills house who takes the job for the first time, or who resumes the job after an absence of two (2) years shall participate in pre-service training within six (6) months after reporting for work. Currently employed staff members shall participate in in-service training during their employment.

The duration and hours of training mentioned in the preceding paragraph are as follows:

(1)Pre-service training: An associated person who takes the job for the first time, or who resumes the job after an absence of two (2) years shall participate in pre-service training by attending cumulatively at least 12 hours of courses within six (6) months after reporting for work, including at least 3 hours of courses on prevailing laws and regulations, unless the associated person has obtained a certificate of course completion according to Subparagraph 2, Paragraph 1 of Article 13 herein.

(2)In-service training: An associated person who manages the businesses provided under Paragraph 1 of Article 3 herein for a bills house shall participate in in-service training during his or her employment by attending cumulatively at least 12 hours of courses once every three years, including at least 3 hours of courses on prevailing laws and regulations. An associated person who performs the business of a bills house provided under Paragraph 1 of Article 3 herein shall participate in in-service training during his or her employment by attending cumulatively at least 18 hours of courses once every three years, including at least 4 hours of courses on prevailing laws and regulations.

The hours of training received by an associated person in courses given by the Bills Finance Association or an institution recognized by the Bills Finance Association shall not be less than one half of the required training hours set out in the preceding paragraph.

#### Article 14

The associated person of a bills house may not perform their duties before the bills house has registered their name with the Bills Finance Association.

If an associated person has any of the following situations, the Bills Finance Association may not accept his or her registration, and shall void

the existing registration of such person:

1. The associated person has a situation provided under Paragraph 1 of Article 4 herein;
2. The associated person has a situation provided under Article 12 herein;
3. The associated person does not meet the qualification requirement set out in Article 13 herein; or
4. The associated person did not attend training as required under Article 13-1 herein or did not receive a passing grade from the training and again failed to pass the make-up training within one year.

For staff members of a bills house whose registration is voided due to a situation set out in Subparagraph 1 or 2 of the preceding paragraph, the Bills Finance Association will not accept their re-registration in three (3) years from the date of registration voidance.

#### Article 15

In the event of any change to its associated person as described below, a bills house shall report to the Bills Finance Association within twenty (20) days after the change has taken place:

1. In the event of death, resignation, layoff, dismissal, severance, or retirement of an associated person, the registration of such associated person will be cancelled.
2. In the event an associated person has any of the situations set out in the subparagraphs of Paragraph 2 of the preceding article, the registration of such associated person will be voided.

#### Article 16

To verify the qualifications of a responsible person or associated person of a bills house, the competent authority may order the bills house to submit necessary documents or materials, or send a designated person to make explanation in person within a prescribed period of time.

#### Article 17

If an associated person of a bills house employed or transferred within two (2) years subsequent to the promulgation of the Act does not comply with the provisions set forth in Article 13 herein, such associated person may carry out registration in accordance with Paragraph 1, Article 14 herein. For staff members of a bills house who are registered pursuant to the preceding paragraph, the Bills Finance Association shall void their registration, provided they have not met the qualification requirement set out in Subparagraph 1 or 2, Paragraph 1 of Article 13 herein by the date on which the Act has been implemented for two years.

#### Article 18

The Regulations herein shall become effective on the date of promulgation.