

Content

Title :	Regulations Governing Investments by Banks, Financial Holding Companies, and Their Affiliated Enterprises in Chinese Mainland Finance-Related Enterprises Other Than Financial Institutions Ch
Date :	2012.10.26
Legislative :	1.Promulgated on October 26, 2012
Content :	<p>Venture capital management companies and micro-credit companies on the Mainland have been ratified as "the finance related enterprises other than financial institutions ratified by the competent authorities" regulated in Paragraph 1, Article 2 of Regulatory Principles for Investments in Mainland China Enterprises by Banks, Financial Holding Companies, and Their Affiliated Enterprises (hereinafter referred to as "the Principle"). However, only a subsidiary company with 100 percent of total outstanding voting shares or capital directly or indirectly owned by a Taiwan financial holding company is allowed to invest in a venture capital management company.</p> <p>A venture capital management company shall not directly or indirectly invest in venture capital companies and general enterprises, or participate in the investment of venture capital companies that it manages.</p> <p>The shareholding ratio of a micro-credit company is subject to 100% of the voting shares of the investee.</p> <p>The requirements for investment in micro-credit companies:</p> <p>(1) A subsidiary company with 100 percent of total outstanding voting shares or capital directly or indirectly owned by a Taiwan bank or a financial holding company shall be allowed to invest in micro-credit companies in the mainland area following the application procedure of the Principle if it meets all of the following requirements:</p> <p>A.A financial holding company that meets the provisions of Paragraph 1, Article 48 of Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution between the Taiwan Area and the Mainland Area, and</p> <p>B.An affiliated bank of financial holding company in Taiwan meets the provisions of Clauses 1-5, Paragraph 1, Article 35 of Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution between the Taiwan Area and the Mainland Area.</p> <p>(2) When a bank that is not affiliated with a financial holding company meets the provisions of Clauses 1-5, Paragraph 1, Article 35 of Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution between the Taiwan Area and the Mainland Area, its subsidiary company with 100 percent of total outstanding voting shares or capital directly or indirectly owned by that bank shall be allowed to invest in micro-credit companies in the Mainland area following the application procedure of the Principle.</p> <p>The aggregate amount of credit in the Mainland area made by a micro-credit company shall be subsumed into the total credit limit regulated under</p>

provisions of Paragraph 2 of Article 12-1 of Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution between the Taiwan Area and the Mainland Area.

The bank or the financial holding company shall direct and supervise the micro-credit company to formulate risk management mechanisms in compliance with the policies of the bank or financial holding company.

The bank or the financial holding company shall direct and supervise the micro-credit company to formulate withdrawal mechanisms and implementation methods, such as implementation plans for transferring credit properties to bank branches or subsidiary banks.

After obtaining approval from the Commission, the bank or the financial holding company may submit applications for investment in venture capital management companies or micro-credit companies to the competent authorities in the Mainland area. The bank or the financial holding company shall report to the Commission as soon as it obtains approval from or is rejected by the competent authorities in the Mainland area; meanwhile, it shall report to the Commission for reference with a letter attached with relevant documents and information on the estimated date of establishment, address, and the name of the person responsible before the establishment. The preceding provision applies to the change or closing of business outlets. The Regulations take effect on the date of promulgation.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System