

Content

Title : Financial-Supervisory-Securities-Auditing-10200546801 [Ch](#)

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Content : 1. In the preparation of financial reports by the foreign companies defined in Article 165-1 of the Securities and Exchange Act, the provisions set out below shall be applied, and in addition, the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("Regulations") adopted pursuant to Article 14 of the Securities and Exchange Act shall also be applied *mutatis mutandis*:

(1) A foreign company may choose to adopt one of the following sets of accounting principles for the preparation of their financial reports, and shall state in the notes to the report which accounting principle was applied:

- i. The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), as endorsed by the FSC, as referred to in Article 3 of the Regulations.
- ii. The generally accepted accounting principles recognized by the Financial Accounting Standards Board (FASB).
- iii. The IFRS, IAS, IFRIC and SIC issued by the International Accounting Standards Board (IASB).

(2) Financial reports of foreign companies shall be expressed in New Taiwan Dollars, and shall be written in Chinese, but English notes may be added.

(3) Foreign companies are entitled to exemption from the requirement under Chapter 4 of the Regulations to produce parent company only financial reports, and the requirement under Chapter 5 to produce consolidated financial statements covering affiliated enterprises. However, if the foreign company is required in its original country of registration to produce a parent company only financial report, or if it distributes dividends based on a parent company only financial report, then it shall additionally publicly disclose and file a parent company only financial report together with the required financial report.

(4) A foreign company whose financial reports are not prepared on the basis of the IFRS, IAS, IFRIC and SIC, as endorsed by the FSC, as referred to in Article 3 of the Regulations, is not subject to Articles 7 to 14, Article 15 subparagraph 4, Article 18, Article 20, or Chapter 6 of the Regulations. However, the foreign company shall give priority to application of the Regulations in its accounting treatment with respect to the recognition, measurement, and disclosure in the notes of property, plant and equipment, investment property, intangible assets, and exploration and evaluation assets.

(5) A foreign company shall disclose in notes any discrepancies in items of its period-over-period balance sheets and statements of comprehensive income with the principles of subparagraph (1), item i, including the discrepant items and the monetary amounts affected.

2. A foreign company shall prepare its financial reports in accordance with the above provisions from the starting date of fiscal year 2014.

3. Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Auditing-1010054392 of 29 November 2012 is repealed from 1 January 2014; the present Order is effective from 1 January 2014.

4. The application of Letter No. Taiwan-Finance-Securities-(VI)-03363 of 7 December 1991 of the former Securities and Exchange Commission, Ministry of Finance, and Letter No. Taiwan-Finance-Securities-(VI)-01403 of 31 March 1999 of the former Securities and Futures Commission, Ministry of Finance, shall cease, pursuant to FSC Letter No. Financial-Supervisory-Securities-Auditing-1020054680 of 13 January 2014, effective from the date of issuance of the latter.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System