

Content

Title :	Template of Standard Form Contract for Credit Card 
Date :	2001.01.04
Legislative :	1.Promulgated on December 05, 1997 2.Amended on January 04, 2001
Content :	<p>Suggested font size: (This is for the reference of banks. To make the contract easier to read by cardholders, banks may properly enlarge the fonts and highlight the important items and key phrases, and follow the directions given in MOF letter Tai-Cai-Rong-831996870 dated July 13, 1994 and MOF letter Tai-Rong-Ju (4)-84789128 dated December 9, 1995).</p> <ol style="list-style-type: none">1. Heading of clauses: Bold, size 4 in blue.2. Content of clauses:<ol style="list-style-type: none">(1) Highlighted texts: Bold, size 5 in blue, and underlined.(2) Regular texts: size 5 in black. <p>(This Contract has ____ days of review period, and has been taken home by the applicant for review on ____ (year) ____ (month) ____ (day))</p> <p>The applicant hereby applies to _____ Bank (hereafter referred to as the “Bank”) for a credit card or a supplementary credit card (hereafter referred to as “credit card”) and is willing to observe the terms and conditions set forth below:</p> <p>Article 1 (Definition)</p> <p>The terms referred to in this Contract are defined as follows:</p> <ol style="list-style-type: none">1. “Cardholder” means a person who has been approved by the Bank and issued a credit card, and in the absence of a special agreement to the contrary, such person includes principal cardholder and supplementary cardholder.2. “Card acquirer” means an entity that is authorized by credit card organizations to sign up contracted merchants, and makes advance payments to contracted merchants for purchases made by cardholders when the contracted merchants request payment.3. “Contracted merchant” mean an entity having entered a written contract with a card acquirer and accepting credit card transactions according to such contract, and in the absence of special agreement to the contrary, such entity includes cash advance providers.4. “Credit limit” means, in the absence of a special agreement to the contrary, the maximum cumulative amount of purchases a cardholder can make with a credit card based on the credit extended by the Bank to him or her after assessing his or her income level, occupation, records of dealing with financial institutions and other credit information.5. “Amount Payable” means, in the absence of a special agreement to the contrary, current payment due and unpaid past due amount from all credit card charges and cash advances, plus finance charges, annual fees, cash advance fees, cash advance fees, card loss report fees, charge slip inquiry fees, and other fees and charges payable by cardholder.

6. "Purchases included in the revolving credit" means when revolving credit is calculated in accordance with Paragraph 1 or 2 of Article 15 herein, the unpaid portion of all credit card purchases posted and cash advances made, from

- the date on which a purchase is posted;
- the date on which a purchase is billed; or
- the payment due date for a purchase charge,

(Note: Banks can decide on their own which date to start from, which however may not be earlier than the actual disbursement date, and banks have the obligation to make it clear to the cardholders) to the date all Amount Payable is paid off, excluding finance charges, annual fees, cash advance fees, card loss report fees, and charge slip inquiry fees.

7. "Posting date" means the date the Bank pays the card acquirer or contracted merchant on behalf of a cardholder for purchases made, or assumes the obligation to make advances on behalf of a cardholder, and post the payment to the account of the cardholder.

8. "Exchange settlement date" means the date on which the Bank or the Bank's authorized agent converts the foreign-currency Amount Payable incurred from a cardholder's credit card purchases abroad into New Taiwan Dollar (NTD) based on the agreed exchange rate provided by the credit card organization, and makes payment accordingly.

9. "Billing date" means the date on which the Bank periodically calculates the cardholder's Amount Payable. Amount Payable posted after the billing date will be included in the next period's Amount Payable.

10. "Payment deadline" means the last day on which a cardholder should pay the Amount Payable for each billing cycle.

Article 2 (Application)

A credit card applicant must provide his or her personal and financial information and other relevant information truthfully on the application form, and furnish authentic and accurate information or support documents as requested by the Bank.

Credit cardholder should give the Bank a notice when his or her mailing address, telephone, occupation or employment originally provided on the application form changes. (Note: If a bank requests such notice in writing, the bank should specify so in the contract).

Article 3 (Supplementary Cardholder)

A principal cardholder may apply to the Bank for issue of a supplementary card for a third person, and the principal cardholder and the supplementary cardholder shall be jointly liable for Amount Payable they each incur in using the credit card.

If the supplementary cardholder is a minor and single, he or she will be only liable for Amount Payable incurred in using the supplementary card, and is not subject to the provision of holding joint liability with the principal cardholder in the preceding paragraph.

Article 4 (Gathering, use, computer processing and international transmission of personal data)

The credit card applicant or cardholder agree that the Bank, the Bank's corresponding financial institutions, Joint Credit Information Center ("JCIC"), and National Credit Card Center of the R.O.C. ("NCCC") may gather, computer process, transmit internationally and use his or her

personal data according to law. Unless with the express consent of the applicant or the cardholder or as otherwise provided by law, the Bank may not provide the applicant's or cardholder's personal data for use by any third party other than the aforementioned organizations.

Article 5 (Credit Limit)

The Bank may grant a credit limit to the cardholder in view of his or her credit status. The Bank may adjust the credit limit by itself or upon application by the cardholder, and notify the cardholder of the adjustment in writing. If the cardholder objects to the adjustment of credit limit, he or she may notify the Bank to terminate the Contract. (Note: If a bank requests such notice in writing, the bank should specify so in the contract).

Unless the cardholder has a situation provided in the proviso in Subparagraph 5, Paragraph 2 of Article 8 herein, the cardholder may not use the credit card in excess of the credit limit extended by the Bank.

Notwithstanding the foregoing, the cardholder shall still be liable for credit card charges in excess of the credit limit.

Article 6 (Basic Obligations of the Parties)

The Bank should exercise due diligence of a good administrator in handling payment for credit card transactions of the cardholder, and sign up contracted merchants at where the cardholder can make credit card transactions. The Bank shall exercise the same due diligence for cardholders whose annual fee is reduced or waived by the Bank.

The credit card of the cardholder is a property of the Bank so that the cardholder should keep and use his or her credit card with care. The Bank only authorizes the principal cardholder or supplementary cardholder to use their card by themselves while the card is still valid, and the principal cardholder and the supplementary cardholder shall not assign or lend out the credit card, furnish it as guarantee, or transfer the possession of credit card by other means to any third person or let a third person use it.

When the cardholder makes cash advance or carries out other transactions via an automated teller machine (ATM), the cardholder should keep his or her personal identification number (PIN) or other methods of verifying the identity of cardholder confidential without revealing it to a third person. The cardholder shall not falsify transaction activities or collude with any third party or contracted merchant to commit fraud in the attempt to obtain cash or other benefits by charging the credit card or other means.

The cardholder shall be liable for Amount Payable incurred from cardholder's breach of Paragraph 2, 3, or 4 hereof.

The Bank shall ensure the veracity of its advertisement, and the Bank's obligations to the cardholder shall not be less than those indicated in the advertisement.

Article 7 (Annual Fees)

Unless annual fee is otherwise waived or reduced by the Bank, the cardholder shall pay annual fee within a time period given by the Bank after receiving a credit card issued by the Bank (refer to credit card application form for details of annual fees) and may not request a refund of annual fee on grounds of a situation as provided in Article 21, or Paragraph 4 or 5 of Article 22 hereof, or by other reasons (Note: A bank

may, in view of its own condition, decide whether to charge annual fee and the method of collection, but should specify it in the contract). This provision does not apply to situations provided in Paragraph 2 hereof, Paragraph 3 of Article 18 and Article 20 herein.

For reasons not attributable to the fault of the cardholder that result in the termination of the Contract or cardholder's privilege to use the credit card being suspended for more than one month, the cardholder may request a partial refund of the annual fee based on the actual number of months during which the card is valid (a partial month is not counted as one month).

An applicant may, within seven (7) days after receiving the credit card from the Bank (Note: A bank may, in view of its own condition, decide whether to lengthen the grace period, but should specify it in the contract), notify the Bank of cancellation of contract without giving any reason or paying any expense or fees. The preceding provision does not apply when the cardholder has started using the newly issued card. (Note: If a bank requests that the applicant makes such notice in writing, or allows other ways to cancel a contract, such as mailing back the cut-up credit card, the bank should specify it in the contract).

Article 8 (Regular Transactions)

The applicant should promptly sign the credit card upon receiving it to lessen the possibility of unauthorized use by a third party.

When the cardholder uses the credit card for transactions, he or she should present the card to contracted merchant, and after the contracted merchant has swiped the card, verify the charge and then sign on the charge slip, and keep the charge slip receipt for verification purpose.

When the contracted merchant agrees to let the cardholder return the purchased goods, cancel transaction, terminate service, exchange goods or change the prices of goods purchased for a charged credit card transaction, the cardholder should ask for a refund slip from the contracted merchant, sign on the refund slip after verifying the information thereon, and keep the refund slip for verification purpose. But with the mutual consent of the cardholder and the contracted merchant, the contracted merchant may sign the refund slip itself, while the cardholder retains the return slip or other viable evidentiary document as proof of refund.

A contracted merchant may refuse to honor credit card presented by a cardholder in case of any of the following circumstances:

1. The credit card is forged, altered, torn, cracked, chipped, punched hole, has illegible signature beyond recognition or altered signature.
2. The credit card has past its expiration date, or has been reported lost according to Paragraph 1 of Article 17 herein, or the Contract is cancelled or terminated.
3. The Bank has suspended cardholder's privilege to use the credit card.
4. The cardholder's signature on the charge slip does not match the signature on the credit card, or the person using the credit card does not match the photo on the credit card, or other ways show that the person presenting the card is not the person the Bank grants the card to.
5. The cardholder has exceeded the approved credit limit after the current transaction. However the preceding provision does not apply if the shortfall is paid by the cardholder in cash or if the Bank authorizes the

contracted merchant to accept the credit card transaction after considering the cardholder's credit and past records.

For circumstances described in Subparagraph 1, 2, or 4 in the preceding paragraph, the contracted merchant may refuse to return the credit card to the cardholder.

If the cardholder is refused credit card service by a contracted merchant or a cash advance provider by reason other than those provided under Paragraph 4 hereof, or is asked to pay more for goods or service purchased due to the use of credit card, the cardholder may lodge a complaint with the Bank. After receiving such a complaint, the Bank should by itself or forward the information to the card acquirer to look into and handle the situation, and inform the cardholder of the result. If it is found that the Bank has made an international or material mistake in the aforementioned act of the contracted merchant or cash advance provider, the Bank shall be held liable to the cardholder.

Article 9 (Special Transactions)

If by customary practice or the special nature of the transaction that credit card is used to pay for purchasing a product, receiving a service, or pay expenses by mail order, phone order, fax or other similar methods, or credit card is used to obtain cash advance via ATM, the Bank may use PIN, phone confirmation, signature on delivery slip, postal certificate, or other ways that could verify the identity of the customer to confirm the cardholder's expression of intent in lieu of a charge slip or cardholder's signature in person.

When the cardholder intends to use credit card for electronic transactions or services via the Internet or electronic data interchange (EDI), the cardholder should enter a separate agreement with the Bank in advance.

Article 10 (Cash Advance)

When the cardholder uses credit card to obtain cash advances, the cardholder must abide by the rules and procedures of the Bank and the cash advance provider, and pay a fee that amounts to ___ % of the cash advance obtained each time, (Note: A bank may, in view of its own condition, decide whether to charge cash advance fees. If a bank does charge such fees, the bank should specify so as well as the method of fee collection and calculation formula in the contract), and may pay off the cash advance loan at any time. If the cash advance is not paid off by the cardholder before the payment deadline shown in the current billing statement, the Bank may impose finance charges on the unpaid portion of cash advance in accordance with Article 15 herein.

The cardholder may not use credit card to obtain directly or indirectly financing from any cash advance provider or third party not approved by the competent authority or not commissioned by the credit card organizations.

Article 11 (Withholding Payment)

When the cardholder and a contracted merchant have dispute over the quality, quantity, or dollar amount of product or service purchased, or the cardholder and a commissioned cash advance provider have dispute over the dollar amount of cash advance received, the cardholder should resolve the dispute with the contracted merchant or the commissioned cash advance provider, and may not use it as an excuse for not paying the Bank Amount Payable.

When the cardholder runs into any of the following extraordinary circumstances in the use of credit card as provided by the credit card organizations, for instance, the ordered product was not delivered by the contracted merchant or the quantity did not match, the ordered service was not provided, or no money was received in a cash advance via ATM or the amount of cash obtained was incorrect, the cardholder should seek resolution with the contracted merchant or the cash advance provider. If the dispute could not be resolved, the cardholder may, before the payment deadline (Note: A bank may, in view of its own condition, decide to extend the time limit, but should specify it in the contract), submit relevant support documents as requested by the Bank, asking the Bank to handle that particular transaction according to the procedure for handling disputed purchases provided in Article 13 herein without being restricted by the provision in the preceding paragraph.

The provision in the preceding paragraph also applies to circumstances where the cardholder makes a mail order or direct sale transaction and then cancels the purchase with the contracted merchant in accordance with Article 19 of the Consumer Protection Law.

Article 12 (Billing Statements)

The Bank shall send a billing statement periodically to the cardholder. If the cardholder did not receive the billing statement seven (7) days (Note: A bank may, in view of its own condition, decide to shorten the period, but should specify it in the contract) before the payment deadline shown on the billing statement, the cardholder should promptly inquire the Bank, and may request the Bank to resend the billing statement by registered mail, regular mail, fax, or other proper means at the cost of the Bank.

If the cardholder changes his or her mailing address or other contact information provided on the application form but does not notify the Bank, the Bank will send correspondence to the last notified mailing address or the mailing address shown on the application form. When the Bank sends business-related documents or required notices to the mailing address last notified by the cardholder or the mailing address shown on the application form, such documents or notices are deemed legally served after normal delivery time.

Article 13 (Procedure for Handling Disputed Purchases)

If the cardholder has any question concerning the billing statement, the cardholder should, before the payment deadline (Note: A bank may, in view of its own condition, decide to extend the time limit, but should specify it in the contract), notify the Bank by providing reasons and support documents as requested by the Bank (e.g. charge slip or refund receipt), or ask the Bank to retrieve the charge slip or the refund from the card acquirer, or ask the Bank to deduct payment on that particular transaction to the card acquirer, contracted merchant or the cash advance provider according to the operational rules of the credit card organizations, and withhold payment to the Bank for the transaction.

If the cardholder does not notify the Bank according to the provision set out in the preceding provision, the Bank may assume that information given in the billing statement is free of errors.

For disputed charges to which payment is withheld, if the Bank later finds that the charge is not erroneous or that payment should not be withheld for

the dispute is not caused by something attributable to the fault of the Bank, the cardholder shall make payment immediately upon receiving a notice from the Bank, and pay the Bank interest at an annual percentage rate of ___% starting from the next day following the original payment deadline (Note: A bank may, in view of its own cost of funds, decide whether to charge interest on withheld payment, and specify the same and the method of interest calculation in the contract. However the interest rate charged thereof may not be higher than the rate on finance charge). If the cardholder also requested the Bank to retrieve charge slip or refund slip from the card acquirer, the cardholder shall also pay the charge slip inquiry fee, which is NT\$___ for each domestic charge, and NT\$ ___ for each foreign-currency charge. (Note: A bank may, in view of its own condition, decide whether to impose charge slip inquiry fees, and specify it in the contract).

Article 14 (Regular Payment)

The cardholder agrees to pay the Bank the Amount Payable of the current billing cycle in full on or before the stated payment deadline.

The payment deadline referred to in the preceding paragraph may be extended to the next business day if it falls on a non-banking day.

The Bank should use the amount prepaid by the cardholder to discharge cardholder's debt obligations in accordance with Articles 321 to 323 of the Civil Code. However if the precedence and method of obligation discharge as proposed by the Bank are more favorable to the cardholder than the provisions in Article 323 of the Civil Code, the Bank's designation may prevail.

If the cardholder has paid an amount in excess of the Amount Payable, the surplus may be kept temporarily by the Bank with no interest accrued before the cardholder applies to withdraw it. If the cardholder does not give any other special instruction, the surplus will be used to offset subsequent Amount Payable to the Bank.

Article 15 (Revolving Credit) (Note: This entire clause should be highlighted in red)

The cardholder has the option to pay on revolving credit by paying the Bank an amount over the minimum payment (or equal to the minimum payment) before the current payment deadline, instead of paying the Amount Payable in full as provided in Paragraph 1 of the preceding article. In such event, the cardholder may postpone the payment for the unpaid balance, and pay finance charges on it according to Paragraph 3 hereof, and may pay off the postponed amount in part or in whole at any time.

The minimum payment for each billing period shall be the sum of ___% of the Amount Payable (or NT\$ ___ if less than NT\$ ___), plus total credit card transaction amount over the credit limit, and cumulative unpaid minimum amount past due, finance charges, annual fees, cash advance fees, card loss report and reissue fees, charge slip inquiry fees, and other fees payable. (Note: A bank may, in view of its own condition, decide the method of calculating minimum payment, but should specify it in the contract).

“Purchases included in the revolving credit” means when revolving credit is calculated in accordance with Paragraph 1 or 2 of Article 15 herein, the unpaid portion of all credit card purchases posted and cash advances made, from

- the date on which a purchase is posted;
- the date on which a purchase is billed; or
- the payment due date for a purchase charge,

(Note: Banks can decide on their own which date to start from, which however may not be earlier than the actual disbursement date, and banks have the obligation to make it clear to the cardholders) to the date all Amount Payable is paid off, excluding finance charges, annual fees, cash advance fees, card loss report fees, and charge slip inquiry fees.

Finance charges are calculated by multiplying balance due from “purchases included in the revolving credit” by an annual percentage rate of ____% (daily percentage rate of ___%), starting from

- the date on which a purchase is posted;
- the date on which a purchase is billed; or
- the payment due date for a purchase charge;

(but may not earlier than the actual fund disbursement date), to the date the balance due is paid in full (rounded up to the nearest dollar); if the cardholder pays off all Amount Payable before the current payment due date, or the unpaid balance is less than NT\$1,000 after a payment, finance charges accrued after the current billing date will not be imposed. (Note: If a bank combines the use of revolving credit and “purchases included in the revolving credit” of a cardholder that has two or more credit cards with the bank into the same account (of the cardholder) instead of processing the revolving credit and purchases of the same cardholder by credit card type, the bank shall specify so in the contract).

If the cardholder does not pay the minimum payment for the current billing cycle on or before the monthly payment deadline or is late in making payment, the cardholder agrees to pay finance charges and agrees that the Bank may charge late fees or collection costs according to the terms of the Contract. The late fees or collection costs for each billing cycle is calculated as follows: (Note: A bank may decide on its own whether to charge late fees or collection costs and the charge schedule. If a bank decides to charge such fees, it shall specify it in the contract and heed the principle of equity).

(Note: A bank should supplement the methods of calculating “purchases included in the revolving credit”, finance charges, late fees or costs of collection with specific examples in the contract and cardholder manual, and provide explanations in plain language that give clear description of the scope of such fees and charges, method of interest calculation, interest accrual period and interest rate. In addition, if the real interest rate on finance charges and late fees combined exceeds the annual percentage rate of 20%, the bank should give examples of the calculation formula in the contract, and highlight the examples to help cardholders understand it better).

Article 16 (Authorized Exchange Settlement for Foreign-Currency Transactions)

All credit card transactions shall be paid in NTD. When the currency of transaction (including refund) is other than NTD, the cardholder authorizes the Bank to convert the transaction amount into NTD based on the exchange rate provided by the credit card organizations on the date of exchange settlement and add a ___% service fees (Note: A bank may, in view of its

own condition, decide whether to charge foreign currency transaction fees and specify it in the contract).

The cardholder authorizes the Bank to be his or her exchange settlement agent in the Republic of China to handle the exchange settlement formalities for foreign-currency credit card transactions of the cardholder taken place abroad. However if the amount of exchange settlement payable by the cardholder exceeds the regulatory limit, the cardholder shall pay the amount exceeding the regulatory limit in foreign currency.

Article 17 (Stolen or Lost Card or Other Situations of Loss of Possession)
(Note: This entire clause should be highlighted in red)

If the cardholder's credit card is lost, stolen, robbed, lost in a swindle, or taken possession by a third person other than the cardholder (collectively referred to as "lost or stolen"), the cardholder should promptly notify the Bank or another establishment designated by the Bank by phone or other means to report card loss and pay a card loss report fee in the amount of NT\$ (Note: A bank may, in view of its own condition, decide whether to charge card loss report fees and specify it in the contract). However if deemed necessary by the Bank, the Bank may send the cardholder a notice within ten (10) days after accepting the card loss report, asking the cardholder to file a report with the local police in three (3) days after receiving the notice or send a make-up report in writing to the Bank.

The Bank shall assume losses incurred from unauthorized use of cardholder's credit card starting from the time the cardholder has completed the card loss report formality. However in any of the following circumstances, the cardholder shall still be held responsible for losses incurred from unauthorized use after completing the card loss report formality:

1. The unauthorized use by a third person is permitted by the cardholder or the cardholder intentionally gave his or her card to such third person.
2. A third person learns the cardholder's PIN or other ways to verify the identity of the cardholder for cash advances or other transactions via ATM as a result of an intentional act or material omission on the part of cardholder.
3. The cardholder falsified transaction activities or colluded with any third party or contracted merchant to commit credit card fraud.

The amount of liability (deductible) for loss incurred from unauthorized use of credit card on the part of the cardholder before he or she completes the card loss report formality shall be capped at NT\$. (Note: A bank may, in view of its own condition, set the amount of deductible for cardholders, which however shall not exceed NT\$3,000 and shall be specified in the contract). But the cardholder's deductible may be waived in any of the following circumstances: 1. Unauthorized card use occurred within 24 hours before the completion of loss report formality; 2. The signature signed by the unauthorized user on the charge slip is visibly different to the naked eye from the signature of cardholder, or identifiably different from the signature of the cardholder had due diligence of a good administrator been exercised; or 3. The cardholder did not have any record of card loss report in the past two years. (Note: A bank has the option to decide whether to include point 3 in the contract) (With respect to cash advances via ATM, a cardholder shall assume the loss incurred from

unauthorized use of card before he or she completes the card loss report formality and is not entitled to the deductible provision herein).

The agreement of deductible for authorized use in the preceding paragraph does not apply if the cardholder has any of the situations specified in the proviso of Paragraph 2 hereof or any of the following circumstances, and the Bank could show that it has exercised due diligence of a good administrator:

1. The cardholder is aware that his or her credit card has been lost or stolen, but is remiss in promptly notifying the Bank, or if the cardholder still did not notify the Bank of lost or stolen credit card twenty (20) days after the current payment deadline.
2. The cardholder breaches Paragraph 1 of Article 8 herein by not signing on his or her credit card, which results in unauthorized use by a third person.
3. The cardholder did not provide the documents requested by the Bank, refused to assist in investigation or had other behaviors that violate the principle of good faith after reporting credit card loss.

Article 18 (Card Reissue, Replacement and Renewal)

If the cardholder's credit card is lost or stolen, smudged, demagnetized, scratched, or no longer usable due to other reasons, the cardholder may apply to the Bank for a replacement.

The Bank should issue a new card to the cardholder when his or her current card expires and he or she did not terminate the Contract in accordance with Article 22 herein.

If the cardholder has no intention to continue the use of credit card before the card expires, the cardholder should give the Bank an advance notice of the termination of the Contract before the credit card expires, or within seven (7) days after receiving a new credit card from the Bank (Note: A bank may, in view of its own condition, decide whether to lengthen the time limit, but should specify it in the contract), notify the Bank of cancellation of contract without giving any reason or paying any expense or fees. The preceding provision does not apply when the cardholder has started using the newly issued card. (Note: If a bank requests that the applicant makes such notice in writing, or allows other ways to cancel a contract, such as mailing back the cut-up credit card, the bank should specify it in the contract).

Article 19 (Offset and Discharge)

When the Bank claims all balance due against the cardholder pursuant to Article 22 herein, the Bank may treat all deposits of the cardholder at the Bank (with the exception of checking deposit) and all of cardholder's claims over the Bank as early payment to the Bank and use the early payment to offset cardholder's debt to the Bank. (Note: With regard to using checking deposit of the cardholder to offset his or her debt to the bank, a bank may use suitable language to include the clause in the checking deposit agreement in reference to the authorization granted by the Bureau of Monetary Affairs, Ministry of Finance and page 156 of "Study on the Standard Form Contracts of Banks - Contracts Relating to Loans and Collection" issued by the Financial Personnel Research and Training Center).

The Bank's intent to make offset takes effect at the time deductions are

made against the cardholder's accounts. At the same time, the passbooks, certificates of deposit and other certificates of claim issued by the Bank to the cardholder are no longer valid up to the extent of the offset. If the offset amount is insufficient to cover all of cardholder's debt to the Bank, cardholder's debt obligations may be discharged pursuant to Articles 321 to 323 of the Civil Code. However if the precedence and method of obligation discharge as proposed by the Bank are more favorable to the cardholder than the provisions in Article 323 of the Civil Code, the Bank's designation may prevail.

Article 20 (Modification of Contract)

When the clauses of the Contract are modified, added or deleted, the Bank should notify the cardholder in writing. If the cardholder does not raise any objection in seven (7) days, it shall be construed that the cardholder accepts the modified, added or deleted clauses. However if there is change to any of the following matters, the Bank shall notify the cardholder in writing sixty (60) days before effecting the change, and the written notice should highlight the change items stated in specific wording and contain the clauses before and after change. The notice should also inform that the cardholder may raise objection before the changes take effect, and that if the cardholder does not raise any objection before that time limit, it shall be construed that the cardholder accepts the modified, added or deleted clauses. In addition, the notice should inform the cardholder that if the cardholder has any objection to the changes, he or she may notify the Bank of termination of contract before the time limit specified in the preceding paragraph, and may, except in the case of a situation provided in Subparagraph 5 below, request a partial refund of annual fee based on the actual number of months during which the card is valid (a partial month is not counted as one month):

1. The Bank increases annual fees, service fees or raises interest rate, changes the method of interest calculation, or increases any expense that might be assumed by the cardholder.
2. The Banks changes the ways by which the cardholder may notify the Bank of lost, stolen or destroyed credit card.
3. Rights and obligations associated with unauthorized use of cardholder's credit card.
4. The Bank changes the procedure for handling disputed credit card transactions.
5. Other matters as specified by the Ministry of Finance.

Article 21 (Use Restrictions)

If the cardholder has any of the following situations, the Bank may, without a prior notice or reminder to the cardholder, lower the cardholder's credit limit, adjust the minimum payment ratio or amount on revolving credit, or suspend the cardholder's privilege to use credit card:

1. The cardholder breaches Paragraph 1 of Article 2, Paragraph 2 or 4 of Article 6, or Paragraph 2 of Article 10 herein.
2. The cardholder deliberately reveals his or her PIN or other ways to verify his or her identity for cash advances or other transactions via ATM to a third person.
3. The cardholder misses the minimum payment or pays less than the minimum payment required by the Bank for two consecutive periods.

4. The cardholder applies for debt settlement, declaration of bankruptcy or corporate reorganization in accordance with the bankruptcy law, or is denied service by the check clearing house, stops business or undergoes debt consolidation.

5. The cardholder is the statutory agent, representative or manager of a juristic person or a non-juristic-person organization, and such juristic person or non-juristic-person organization is denied service by the check clearing house.

6. The cardholder is sentenced to imprisonment in a criminal case or the cardholder's major assets are confiscated by the government.

If the cardholder has any of the following situations, the Bank may, after giving the cardholder a prior notice or reminder, lower the cardholder's credit limit, adjust the minimum payment ratio or amount on revolving credit, or suspend the cardholder's privilege to use credit card:

1. The cardholder breaches Paragraph 2 of Article 2 herein so that the Bank could not reach the cardholder after sending a notice to the mailing address or calling the phone number stated on the original application form, or the cardholder changes his or her occupation or employment that would lower the Bank's original assessment of cardholder's credit.

2. The cardholder misses the minimum payment or pays less than the minimum payment required by the Bank for one period.

3. The cardholder breaches Paragraph 2 of Article 5 herein by making credit card transactions in excess of credit limit.

4. The cardholder's check is bounced due to insufficient fund, or the cardholder is the statutory agent, representative or manager of a juristic person or a non-juristic-person organization, and such juristic person or non-juristic-person organization has check bounced due to insufficient fund.

5. The cardholder has his or her credit card privilege suspended or credit card contract terminated by another card issuer.

6. The cardholder is subject to compulsory enforcement, provisional seizure, provisional disposition, or other actions for preservation of security interests.

7. The cardholder is being sued for other debt obligations, or is being investigated or sued in a criminal case.

8. The cardholder has other unpaid debts or past due payment of principal or interest on other debts to the Bank (including head office and branches).

9. The cardholder has the obligation to provide guarantee as agreed, but fails to comply accordingly.

(Note: In addition to situations provided in Paragraph 1 and Paragraph 2 of this article, a card issuer may, in view of cardholder's credit status and the necessity to secure its claim, add other circumstances to this article by negotiating with individual cardholders, and highlight the agreed items in the contract in bold font or different color, and explicitly state the adverse consequences of being in a circumstance for which the issuer sends notice or may take action without a prior notice).

The Bank may reinstate a cardholder's originally granted credit limit, the original minimum payment ratio or amount on revolving credit or the cardholder's privilege of credit card use after the circumstances provided

in Paragraph 1 or Paragraph 2 hereof cease to exist, or the Bank accepts the explanations given by the cardholder, or the cardholder pays part of the payment due or provides proper guarantee.

Article 22 (Loss of Benefit of the Term and Termination of Contract)

If the cardholder has any of the circumstances provided in Paragraph 1 of the preceding article or terminates the Contract, the Bank may, without a prior notice or reminder to the cardholder, shorten the length of postponed payment by cardholder, or call all balance due at any time.

If the cardholder has any of the circumstances provided in Paragraph 2 of the preceding article or the cardholder passes away and his or her heirs declare limited succession or waive succession, the Bank may, after giving a prior notice or reminder, shorten the length of postponed payment by cardholder, or call all balance due at any time.

(Note: In addition to circumstances provided in Paragraph 1 and Paragraph 2 of this article, a card issuer may, in view of cardholder's credit status and the necessity to secure its claim, add other circumstances to this article by negotiating with individual cardholders, and highlight the agreed items in the contract in bold font or different color, and explicitly state the adverse consequences of being in a circumstance for which the issuer sends notice or may take action without a prior notice).

The Bank may reinstate a cardholder's originally granted time for postponed payment or the benefit of the term for the use of revolving credit after the circumstances provided in Paragraph 1 or Paragraph 2 hereof cease to exist, or the Bank accepts the explanations given by the cardholder, or the cardholder pays part of the payment due or provides proper guarantee.

The cardholder may notify the Bank of termination of the Contract at any time (Note: If a bank requests that the applicant makes such notice in writing, or allows other ways to cancel a contract, such as mailing back the cut-up credit card, the bank should specify it in the contract).

If the cardholder has a circumstance as provided in Paragraph 1 or Paragraph 2 hereof, or the credit card is about to expire, the Bank may notify the cardholder termination of the Contract in writing. (Note: In addition to circumstances provided in Paragraph 1 and Paragraph 2 of this article, a card issuer may, in view of cardholder's credit status and the necessity to secure its claim, add other circumstances to this article by negotiating with individual cardholders, and highlight the agreed items in the contract in bold font or different color, and explicitly state the adverse consequences of being in a circumstance for which the issuer sends notice or may take action without a prior notice).

After the Contract is terminated or cancelled, neither the principal cardholder nor the supplementary cardholder may continue to use the credit card (even if the credit card is still valid). However if only one credit card of the cardholder is terminated or cancelled, the other credit cards held by the cardholder remain valid.

Article 23 (Governing Law)

The Contract shall be governed by the laws of the Republic of China.

When claim or debt arises under the Contract, the essential elements for any legal action thereof, the validity and methods of the legal action shall be governed by the laws of the Republic of China.

Article 24 (Court of Jurisdiction)

In case litigation arises out of the Contract, the cardholder agrees that besides the courts of jurisdiction as provided by law, _____ District Court be the court of jurisdiction for the first instance, unless the law provides special provisions for exclusive jurisdiction.

Article 25 (Outsourcing of Business)

The cardholder agrees that if deemed necessary, the Bank may commission suitable third parties or cooperate with member institutions of the credit card organizations to handle the billing and payment operations, computer processing operation or other operations associated with the Contract.

Article 26 (Other Agreements)

For matters not specified in the Contract or other exhibits, the parties will make separate agreements.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System