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Title : Mandatory Provisions to be Included in and Prohibitory Provisions of Standard Form Contract for Credit Card **Ch**

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Content : Mandatory Provisions of Standard Form Contract for Credit Card

1. (Obligations of the Credit Card Issuer)

The contract shall include the provision that the credit card issuer (hereinafter referred to as the "Issuer") should, by exercising due diligence of a good administrator, guarantee the cardholder's obtaining goods, services, other benefits or cash advances from the contracted merchant listed by the Issuer or the card acquirer with the use of the credit card and should handle payment for credit card transactions in the manner specified in contract with the cardholder.

When changes occur to a cardholder's amount payable or when the payment is not made prior to the closing date, the Issuer shall send the billing statement by mail to the address specified by the cardholder, by electronic document or by other means specified by the cardholder except for the portion of the cardholder's overdue payment which has entered the debt collection process and shall be handled according to the collection method specified by the Issuer. If the cardholder does not receive the billing statement for the current billing cycle prior to the payment deadline (no less than 7 days prior to the deadline), the cardholder should inquire the Issuer and request that the statement be re-delivered through registered mail, prompt delivery mail, regular mail, fax, electronic document or any other appropriate means at the cost of the Issuer.

Regarding requests for re-delivering past billing statements, the Issuer reserves the right on determining whether to charge service fees and the procedures, requirements and fees for applications on reviewing past statements provided that said service fees apply only under circumstances to which the cardholder is liable and the terms and conditions shall be clearly specified in the contract.

The Issuer may report the cardholder's poor credit records, including late payment for over one month, suspension of credit card, debt collection and bad debts to the Joint Credit Information Center. However, the Issuer must notify the cardholder of the reasons for doing so and the possible effects to the cardholder in writing or with electronic documents as agreed by the cardholder 5 days prior to making such report.

The billing statement referenced herein refers to the Transaction Details and Payment Notification Statement.

2. (Obligations of the Cardholder)

The cardholder should promptly sign the credit card upon and store it with care.

The cardholder shall use the credit card in person and shall not allow the

use of the card by another individual in any way.

The cardholder shall keep the password or other means of personal identification confidential, and shall not give such information to another individual.

The cardholder shall not conspire with any other individual or contracted merchant to falsify transactions or commit fraud in the attempt to obtain cash or other benefits using the credit card.

The cardholder should pay the amount payable in full or an amount over the minimum payment for the current billing cycle prior to the stated payment deadline.

The cardholder should notify the Issuer immediately of changes to his/her information retained by the Issuer.

3. (Credit Limit Adjustment and Notification)

The Issuer may increase the credit limit provided that the Issuer has notified the principal cardholder and obtained his/her written consent in advance.

The cardholder may request that the Issuer increase or lower his/her credit limit, and the Issuer shall not refuse the request to lower the credit limit provided that the requested credit limit is above the minimum for the respective type of credit card as stipulated by the Issuer.

For the adjustments on credit limits referenced in the Paragraphs 1 and 2, if a guarantor has been obtained for the account, in addition to notifying said guarantor and obtaining his/her written consent prior to increasing the credit limit, he or she shall also be notified after approval of the adjustment.

The written consent referenced in Paragraph 1 may also be provided by the cardholder through online authentication, ATM or ALM. If the Issuer fails to properly verify the identity of the cardholder or the guarantor, the Issuer shall be liable for any losses caused by increasing the cardholder or the guarantor's credit limit.

4. (Calculation of Finance Charges)

The cardholder shall make payment as agreed in Paragraph 5, Point 2 herein.

The cardholder may defer payment on unpaid balance and may pay off the deferred amount in part or in whole at any time. The amount paid shall be applied accordingly toward fees, interests, unpaid balance from the previous billing cycle and newly incurred principal from the current cycle. Finance charges will be calculated based on the remaining balance thereof. However for charges required by the competent authority to be included in the minimum payment due in full or charges to which revolving credit does not apply, except for fees and interests, such charges may have priority of payoff over other charges as agreed. (Note: The Issuer may enter an agreement with the cardholder that charges to which revolving credit does not apply but must be included in the current billing cycle when incurred and paid off by the cardholder as required by the competent authority, for instance, fund purchase charges or card charges on installment payment plan, shall have the priority of payoff over unpaid balance from the previous periods after fees and interests.)

If the cardholder pays the amount payable in full prior to the current payment deadline, or the remaining unpaid balance is less than NT\$1,000 (or an equivalent in the agreed foreign currency) after a payment, no finance

charges will incur for the current billing cycle.

5. (Adjustment of Fees and Rights, and Disclosures)

The Issuer shall clearly specify in the contract the frequency of adjustment for the methods of calculating the annual fees, various service charges, rate for revolving credit and finance charges, late fees that are charged to the cardholder and all fees that the cardholder may be responsible for.

The Issuer shall specify in the contract the frequency of adjustment for the durations and applicable conditions of various rights, promotions or services.

Issuers that provide the service of cash advance shall specify in the contract that the cardholder may activate or terminate such function at any time.

6. (Calculation of Currency Exchange Rate)

All credit card transactions shall be paid in NTD or the agreed foreign currency. When the currency of transaction (including refund) is other than NTD, the contract shall contain provisions on the method used for determining exchange rate for settlement purpose and foreign transaction service fee.

When the cardholder uses the credit card in a non-US dollar area, the charges shall be converted into NTD or the agreed foreign currency directly.

The Issuer may choose not to charge foreign transaction service fees mentioned in Paragraph 1. One that requires such charges, in addition to fees charged by the international credit card organization, may charge ___% of the purchase (not to exceed 0.5%) for each transaction and shall not profit from the differences.

7. (Handling Procedures for Refund and Others)

The cardholder shall request a refund slip from the contract merchant when said merchant agrees to let the cardholder return the purchased goods, cancel transaction, terminate service, exchange goods or make price adjustment on goods purchased with the original credit card. The cardholder shall sign the refund slip after verifying that all information is correct, and retain the customer's copy of the refund slip for verification purpose. However, with mutual consent from the cardholder and the contracted merchant, the contracted merchant may sign the refund slip without the cardholder's signature, while the cardholder retains the return slip or other viable document as proof of refund.

8. (Procedure for Handling Disputed Purchases)

When a dispute occurs between the cardholder and a contracted merchant, the Issuer shall provide assistance in resolving such dispute and be an advocate for the consumer when there are any doubts.

If the cardholder has any question concerning any transaction in the billing statement, he or she may, prior to the current payment deadline, notify the Issuer for assistance by providing reasons and support documents requested by the Issuer (e.g. charge slip or refund slip), or by agreeing to pay for the service fee for inquiring the charge slip or the refund slip from the card acquirer (NT\$___ per domestic transaction and NT\$___ per foreign transaction. Neither shall exceed NT\$100. The Issuer may determine whether to apply such charge but shall specify it in the contract). For

cardholders who ask the Issuer to request the charge slip or refund slip from the card acquirer and agree to pay a service fee, once the result of the investigation indicates that the cardholder has fallen victim to unauthorized uses of credit card or that the questionable charges cannot be attributed to the fault of the cardholder, the Issuer shall be responsible for the inquiry fee.

If the cardholder intends to withhold payment, the cardholder may ask the Issuer to request chargeback from the card acquirer or the cash advance provider, or request arbitration by the international credit card organization or make other requests after paying a processing fee determined by the international credit card organization for handling dispute, and may request the Issuer to withhold payment regarding the particular transaction.

9. (Loss of Card)

If the cardholder's credit card is lost, stolen, robbed, lost in a swindle, or taken possession by another person other than the cardholder (collectively referred to as "lost"), the cardholder should promptly notify the Issuer or establishments designated by the Issuer by phone or other means to report the card loss and pay a card loss report fee in the amount of NT\$____ (not to exceed NT\$200; Note: The Issuer may, in view of its own condition, decide whether to charge card loss report fees, but shall specify it in the contract). However, if deemed necessary by the Issuer, a notice shall be sent to the cardholder within 10 days after accepting the card loss report, requesting the cardholder to file a report with the local police authority within 3 days after receiving the notice or send a written supplementary report to the Issuer.

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

- The unauthorized use by another individual is permitted by the cardholder or the cardholder intentionally gave his or her card to said individual.
- The cardholder is intentional or grossly negligent in revealing to another individual his or her password or other means of personal identification for obtaining cash advances or making other transactions via ATM.
- The cardholder conspired with a third party or contracted merchant to falsify transactions or to commit credit card fraud.

The amount (deductible) to which the cardholder is liable for losses incurred from unauthorized credit card use prior to completing the card loss report formality shall be capped at NT\$_____. (Note: The Issuer may, in view of its own condition, set the deductible for cardholders at an amount that does not exceed NT\$3,000. Such terms shall be specified in the contract.) However, the cardholder's deductible may be waived under any of the following situations:

- Unauthorized card use occurred within 24 hours of the completion of the card loss report formality; or

The signature of the unauthorized user on the charge slip appears visibly different to the naked eye from the signature of the cardholder, or identifiably different from the signature of the cardholder had due diligence of a good administrator been exercised.

If the cardholder meets the provisions specified in Paragraph 2 hereof and one of the following situations, and the Issuer could show that it has exercised due diligence of a good administrator, the agreed deductible for unauthorized use in the preceding paragraph does not apply:

The cardholder is aware that his or her credit card has been lost or stolen, but is remiss in promptly notifying the Issuer, or if the cardholder still did not notify the Issuer of lost or stolen credit card 20 days after the current payment deadline.

The cardholder breaches the terms of Paragraph 1 of Article 8 herein by not signing on his or her credit card, which results in unauthorized use by another individual.

The cardholder did not provide the documents requested by the Issuer, refused to assist with the investigation or show other behaviors that violate the principle of good faith after reporting credit card loss.

Regarding cash advances at the automated machines, the cardholder shall be liable for damages occurred prior to reporting of the credit card loss as a result of fraudulent use. The deductible specified in Paragraph 3 hereof does not apply.

10. (Maintenance, Deduction and Refund of Overpayment)

If the cardholder has paid an amount in excess of the amount payable, the surplus will be handled according to the instruction of the cardholder or as agreed by the parties. If there is no agreement or the cardholder did not give any specific instruction, the surplus may be used to offset subsequent amount payable to the Issuer.

If the cardholder did not renew his or her card when it expires but there is still surplus in the account, the Issuer should remind the cardholder in conspicuous text in the billing statement and proactively contact the cardholder to ask for instruction on how to handle the surplus funds.

11. (Use Restrictions)

If the cardholder has any of the following situations, the Issuer may, without 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 the credit card, and notify the cardholder immediately:

The cardholder has given false information or has submitted falsified document with the application, has not signed on the credit card, has transferred the possession of credit card, has conspired with another individual or contracted merchant to obtain cash or other profits by fabricating falsified transactions or by committing fraud with the credit card or other means, or has directly or indirectly obtained financing from an unapproved or unauthorized cash advance agency or individual.

The cardholder is intentional or grossly negligent in revealing to another individual his or her password or other means of personal identification for obtaining cash advances or making other transactions via ATM.

The cardholder pays less than the minimum payment required by the

Issuer for two consecutive billing cycles.

The cardholder applies for debt settlement, declaration of bankruptcy, rehabilitation, liquidation, pre-negotiation or corporate reorganization in accordance with the bankruptcy laws, or is denied service by the check clearing house, discontinues his or her business or undergoes debt consolidation.

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.

If the cardholder has any of the following situations, the Issuer 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 if the situation is of serious nature:

The cardholder pays less than the minimum payment required by the Issuer for one billing cycle.

The cardholder makes transactions in excess of his or her credit limit.

The cardholder's check is bounced due to insufficient fund.

The cardholder has his or her credit card privilege suspended or credit card contract terminated by another card issuer for reasons described in Paragraph 1 hereof.

v. The cardholder's principal properties are subject to compulsory enforcement.

vi. The cardholder is being sued for tax related affair or is criminally charged with property crime.

vii. There are sufficient facts supporting the Issuer's decision to lower the original credit evaluation for the cardholder due to changes in the occupation, position, financial source or debt of the cardholder (including but not limited to total credit line from credit cards, cash cards and consumer loans issued by financial institutions or card issuers and other financial dealings).

The Issuer may reinstate a cardholder's originally granted credit limit in part or in whole, 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 Issuer accepts the explanations given by the cardholder, or the cardholder pays part of the payment due or provides proper guarantee.

The Issuer, when adjusting the cardholder's minimum payment ratio or amount on revolving credit pursuant to Paragraph 1 or Paragraph 2 hereof, should set a proper ratio or amount by taking into account the cardholder's past payment record. If the cardholder raises objection, except for circumstances provided in Subparagraph 1 or 2 of Paragraph 1 hereof, the Issuer and the cardholder should negotiate based on the principle of good faith.

12. (The Handling of Outstanding Balance on Terminated Contract)

When the Issuer informs the cardholder in writing of the changes to the contract terms and conditions, and the cardholder raises objections within the objection period, leading to the termination of contract, the Issuer shall allow a grace period of at least 6 billing periods for cardholders

who make payments by revolving credit or in installments. However, for cardholders with less than 6 payments remaining according to his or her original installment plan, he or she shall continue to fulfill the original contract. As a result of the requirement to continue fulfilling the contract, Article __ of the original credit card contract (to be specified by the Issuer) remains in effect for the Issuer and the cardholder.

Prohibitory Provisions of Standard Form Contract for Credit Card

1. The contract shall not contain any clauses on waiving contract cooling-off period by the cardholder.
2. The contract shall not contain an objection period less than 7 days during which the cardholder may raise objections against changes to the contract.
3. The contract shall not contain any provisions requiring the supplementary cardholder to bear joint liability for the credit card debt owed by the principal cardholder.
4. The contract shall not contain any provisions that include purchases made during the current billing cycle within the current principal for the calculation of the finance charges.
5. The contract shall not contain any provisions that include the finance charges, annual fees, or service charges such as cash advance fees, card loss report fees, access to a credit card receipt or late fees for the calculation of the finance charges.
6. The contract shall not contain any provisions for applying adjusted rate for revolving credit toward purchases made prior to the adjustment.
7. The contract shall not contain any advertisements for the Issuer and oral agreements between the cardholder and the Issuer, which do not constitute contents of the contract. The contract also shall not include the statement that advertisements are for reference only.
8. The contract shall not contain any provisions that require card charges incurred in non-US dollar area be converted into USD before being converted into NTD or the agreed foreign currency.
9. The contract shall not contain any provisions that charge duplicate foreign transaction service fees for a single transaction made by the cardholder in a non-US dollar area.
10. The contract shall not contain any clauses that in violation of the good faith, fairness or any of the mandatory and prohibitive regulations.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System