

Content

Title :	Standards Governing the Establishment of Securities Investment Consulting Enterprises <b>Ch</b>
Date :	2016.05.19
Legislative :	<p>1. Full text of 31 articles adopted and issued 30 October 2004 per Order No. Financial-Supervisory-Securities-IV-0930005177 of the Financial Supervisory Commission, Executive Yuan; for implementation from the date of issuance</p> <p>2. Articles 1, 6, 9, 10, 12, 14, 23, 27, 28 and title of Chapter III amended and issued, and Articles 14-1 to 14-5, Article 22-1, and title of Chapter III, Section 3 added 20 January 2006 per Order No. Financial-Supervisory-Securities-IV-0950000369 of the Financial Supervisory Commission, Executive Yuan</p> <p>3. Full text of 49 articles amended and issued 2 May 2008 per Order No. Financial-Supervisory-Securities-IV-0970017963 of the Financial Supervisory Commission, Executive Yuan; for implementation from the date of issuance</p> <p>4. Articles 11, 14 to 21, 24, 31, 33, 37, 41, and 44 amended and issued, and Article10-1 added, per 20 August 2009 Order No. Financial-Supervisory-Securities-SITC-09800420461 of the Financial Supervisory Commission, Executive Yuan</p> <p>5. Article 3 amended and issued per 4 February 2010 Order No. Financial-Supervisory-Law-09900542800 of the Financial Supervisory Commission, Executive Yuan</p> <p>6. Articles 16 to 18 and 44 amended and issued per 28 August 2014 Order Financial-Supervisory-Securities-Firms-1030030988 of the Financial Supervisory Commission</p> <p>7. Articles 2, 10, 19, 32, and 34 amended and issued per 19 May 2016 Order No. Financial-Supervisory-Securities-SITC-1050018091 of the Financial Supervisory Commission</p>
Content :	<p>Chapter I General Principles</p> <p>Article 1</p> <p>These Standards are adopted pursuant to Article 65, paragraph 2, Article 66, paragraphs 1 and 3, Article 67, paragraph 2, and Article 72 of the Securities Investment Trust and Consulting Act ("the SITC Act").</p> <p>Article 2</p> <p>Each line of business that a securities investment consulting enterprise (SICE) may operate is subject to a separate approval by the Financial Supervisory Commission (FSC) pursuant to the SITC Act, and, once approved, shall be specified on its business license; no SICE may operate a line of business that has not been approved and specified on its business license. A SICE applying to operate discretionary investment business under Article 4, paragraph 3, subparagraph 2 of the SITC Act shall do so in compliance with the Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises ("the Discretionary Investment Regulations").</p> <p>Article 3</p> <p>No person under any of the following circumstances may serve as a promoter of a SICE:</p> <p>1. Has previously, by a final and unappealable judgment, been convicted of</p>

a crime under the Organized Crime Prevention Act, and has not completed serving the sentence, or five years have not elapsed since completion of the sentence, expiration of suspended sentence, or pardon.

2. Has previously, by a final and unappealable judgment, received a sentence of imprisonment for one year or more for fraud, breach of trust, or misappropriation, and has not completed serving the sentence, or 2 years have not elapsed since completion of the term of sentence, expiration of suspended sentence, or pardon.
3. Has previously, by a final and unappealable judgment, received a sentence of imprisonment or greater severity for misappropriation related to public function or occupation and has not completed serving the sentence, or 2 years have not elapsed since completion of the sentence, expiration of the suspended sentence, or pardon.
4. Has previously, by a final and unappealable judgment, been convicted of a crime under the Securities and Exchange Act or this Act, and has not completed serving the sentence, or 3 years have not elapsed since completion of the sentence, expiration of suspended sentence, or pardon.
5. Has previously, by a final and unappealable judgment, received a sentence of imprisonment or greater severity for accepting deposits, managing trust funds or public properties, or handling domestic or foreign remittances in violation of Article 29, paragraph 1, of the Banking Act and has not completed the sentence, or 3 years have not elapsed since completion of the sentence, expiration of suspended sentence, or pardon.
6. Has previously, by a final and unappealable judgment, received a sentence of imprisonment or greater severity for engaging in trust business in violation of Article 33 of the Trust Enterprise Act and has not completed serving the sentence, or 3 years have not elapsed since completion of the sentence, expiration of suspended sentence, or pardon.
7. Has been adjudicated bankrupt and his or her rights have not been reinstated, or previously served as a director, supervisor, managerial officer, or in another equivalent position of a juristic person when such juristic person was adjudicated bankrupt, and either 3 years have not elapsed since the bankruptcy was concluded, or the terms of bankruptcy settlement have not been fulfilled.
8. Has been blacklisted after dishonoring of a negotiable instrument, and remains blacklisted.
9. Has no legal capacity to act, limited legal capacity to act, or has been declared by a court to be placed under assistance, where such declaration has not yet been voided.
10. Has been sanctioned under Article 56, or subparagraph 2 of Article 66 of the Securities and Exchange Act, or sanctioned by dismissal from duties under subparagraph 2 of Article 103, or Article 104, of the SITC Act, and 3 years have not elapsed since such sanction.
11. Has previously served as a director or supervisor of a securities firm, SITE, or securities investment consulting enterprise ("SICE"), and during the term of such position, such enterprise was sanctioned under subparagraph 3 or 4 of Article 66 of the Securities and Exchange Act, or was sanctioned by suspension of business or revocation of its business permission under subparagraph 4 or 5 of Article 103 of the SITC Act, and one year has not elapsed since such sanction.

12. Has been subject to removal or dismissal from duties under Article 100, paragraph 1, subparagraph 2, or Article 101, paragraph 1 of the Futures Trading Act, and five years have not elapsed since such sanction.

13. It has been discovered that a promoter has allowed the use of his or her own name by others for the purpose of acting as a promoter, director, supervisor, managerial officer, or associated person of a SITE or SICE.

14. There is factual evidence that the person has engaged in or been involved in other dishonest or improper activities, showing him or her to be unsuitable for engaging in securities investment trust and securities investment consulting business.

In the case of a juristic-person promoter, the provisions of the preceding paragraph shall apply mutatis mutandis with respect to the exercise of duties by its representative or designated representative.

#### Article 4

Any document required by these Standards that is in a foreign language shall be accompanied by a Chinese-language translation, with the exception of a financial report.

Any document furnished by a foreign national, with the exception of written statements or photocopies of passports, shall have been legalized by an overseas ROC representative office, or certified by a court or government agency, or legalized by a statutory notary agency, in the home country of the foreign national.

### Chapter II Establishment of Securities Investment Consulting Enterprises

#### Article 5

A SICE may be organized only as a company limited by shares, with paid-in capital of no less than NT\$20 million.

The minimum paid-in capital under the preceding paragraph shall be fully subscribed by the promoters at the time of promotion.

#### Article 6

A SICE shall at least set up an investment analysis department and a finance and accounting department, staffed with competent managerial officers, department supervisors, and associated persons in sufficient numbers, who shall satisfy the qualification requirements set out in the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.

#### Article 7

For operation of a SICE, an application shall be made with the FSC for permission by filling out and submitting an application form, together with the following documents:

1. Articles of incorporation.
2. A business plan, specifying: operational principles; internal organization and segregation of duties; personnel recruitment and training; general description of premises and facilities; and financial forecasts for the coming year.
3. Promoters meeting minutes.
4. A register of promoters, specifying: name (individual or company), national ID (or passport) number or government uniform invoice (GUI) number, address or company location, capital contribution, and subscription ratio. For natural-person promoters, the application must be accompanied by documentary proof of identify. For juristic-person promoters, the

application must be accompanied by articles of incorporation, photocopy of documentary proof of incorporation registration, documentary proof of status as an ongoing concern, letter of appointment of the representative and letter of acceptance from the appointed person, CPA-audited and attested financial report for the last fiscal year, register of directors, register of supervisors, register of major shareholders with a shareholding of 3% or more, and register of affiliated enterprises.

5. Written statement(s) that none of the circumstances in Article 68 of the SITC Act exists with respect to any promoter.

6. If a promoter's duties are to be exercised by a representative or designated representative, the application shall be accompanied by a written statement that none of the circumstances in Article 68 of the SITC Act exists with respect thereto.

7. [A description of the] accounting system.

8. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.

#### Article 8

A SICE shall, within 6 months from the day the FSC grants permission, complete its company establishment registration and apply to the FSC for issuance of a business license by filling out and submitting an application form, together with the following documents:

1. Documentary proof of company registration.

2. Articles of incorporation.

3. Operating bylaws.

4. A shareholders register, and minutes of the relevant shareholders meetings.

5. A register of directors, and minutes of the relevant board of directors meetings.

6. A register of supervisors.

7. A list of the managerial officers, department supervisors, and associated persons, issued by the Securities Investment Trust and Consulting Association of the R.O.C. (SITCA) after reviewing their qualifications, together with relevant documentary proof of their qualifications.

8. Written statement(s) that all the managerial officers, department supervisors, and associated persons are hired as full-time staff.

9. Written statement(s) that none of the circumstances in Article 68 of the SITC Act exists with respect to any director, supervisor, managerial officer, or associated person.

10. A photocopy of the ownership deed or lease agreement of the place of business, and floor plans and photographs thereof.

11. Written statement(s) that the SITE has an independent place of business not jointly used by any other enterprise.

12. Documentary proof showing the deposit of an operating bond required by the Regulations Governing Securities Investment Consulting Enterprises.

13. Documentary proof of admission to membership in the SITCA.

14. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.

The operating bylaws referred to in subparagraph 3 of the preceding paragraph shall set out a system of internal management for business

operations with respect to operating principles, operating procedures, segregation of authority and duties, resolution of business disputes, personnel training and education, and management/administrative matters. The permission granted to the SICE shall be revoked if it fails to apply for re-issuance of a business license within the period specified in paragraph 1. Notwithstanding the foregoing, if there is legitimate reason, an application may be filed with the FSC before expiration of that period for a maximum extension of 6 months, one time only.

The SICE may not commence business unless and until it has become a member of the SITCA.

#### Article 9

Upon an application to operate a SICE, the FSC may deny permission in any of the following circumstances:

1. Any circumstance in Article 68 of the SITC Act exists with respect to any promoter.
2. The application documents are found to contain misrepresentations.
3. The business plan is not concrete enough or cannot be effectively implemented.
4. Any managerial officer, department supervisor, or associated person does not meet the qualification requirements set out in the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.
5. Any managerial officer, department supervisor, or associated person does not work full-time, thus violating the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.
6. Any violation of Article 68 of the SITC Act with respect to any director, supervisor, managerial officer, or associated person.
7. There is likelihood that the professional competence of any promoter, responsible person, or associated person is insufficient for sound and effective operation of a SICE.

### Chapter III Concurrent Operation of Securities Investment Consulting Business or Discretionary Investment Business

#### Section I Securities Firms or Futures Commission Merchants

##### Article 10

A securities broker or futures broker may apply to concurrently operate a SICE that conducts securities investment consulting business or discretionary investment business. Notwithstanding the foregoing, such an application may not be made by an enterprise in another line of business that concurrently operates a securities broker or futures broker.

If a securities broker that operates only equity crowdfunding business applies to concurrently operate a SICE, its securities investment consulting business shall be limited to the stocks of companies offered for equity crowdfunding on its crowdfunding platform.

A securities broker or futures broker concurrently operating a SICE that conducts securities investment consulting business shall set up an independent, dedicated consulting department. The same shall not apply, however, if it has already set up a dedicated department for its concurrently operated futures advisory business.

The independent, dedicated consulting department referred to in the

preceding paragraph shall be staffed by competent department supervisor(s) and associated persons in sufficient numbers to meet its needs in light of business size, operating conditions, and internal management, who shall satisfy the qualification requirements set out in the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.

The securities broker or futures broker may appoint associated persons from the dedicated consulting department to engage in securities investment consulting business at a branch unit.

A securities broker or futures broker that concurrently operates a SICE that conducts discretionary investment business shall be subject, in addition to these Standards, to the Discretionary Investment Regulations.

#### Article 10-1

A securities broker that concurrently operates a SICE conducting trust-type discretionary investment business shall only accept original trust property from a trustor amounting to not less than NT\$10 million, and shall have successfully applied to conduct concurrent operation in the areas of money trust and securities trust in accordance with these Standards as well as the Regulations Governing the Concurrent Operation of Trust Business by Securities Investment Trust Enterprises, Securities Investment Consulting Enterprises, and Securities Firms (hereinafter, the "Regulations Governing the Concurrent Operation of Trust Business"). Notwithstanding the foregoing, no such business may be conducted by a securities broker that is concurrently operated by an enterprise in another line of business.

A securities broker that concurrently operates a SICE conducting trust-type discretionary investment business shall be subject, in addition to these Standards, to the Trust Act, the Trust Enterprise Act, the Regulations Governing the Concurrent Operation of Trust Business, and the Discretionary Investment Regulations.

#### Article 11

A securities broker or futures broker applying to concurrently operate a SICE that conducts securities investment consulting business shall meet the following requirements:

1. Has net worth per share of not less than par value, as shown in the CPA-audited and attested financial report for the most recent period.
2. Has not, during the last 3 months, been sanctioned under Article 103, subparagraph 1 of the SITC Act, Article 66, subparagraph 1 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraph 1 of the Futures Trading Act, or on 3 or more occasions been given an official reprimand, or ordered to achieve improvement within a specified period of time, under Article 44 of the Trust Enterprise Act.
3. Has not, during the last half year, been sanctioned under Article 103, subparagraph 2 or 3 of the SITC Act, Article 66, subparagraph 2 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraph 2 of the Futures Trading Act, or Article 44, subparagraph 1 of the Trust Enterprise Act.
4. Has not, during the last year, been sanctioned under Article 103, subparagraph 4 of the SITC Act, Article 66, subparagraph 3 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraph 3 of the Futures Trading Act, or Article 44, subparagraph 2 of the Trust

Enterprise Act.

5. Has not, during the last 2 years, been sanctioned under Article 103, subparagraph 5 of the SITC Act, Article 66, subparagraph 4 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraph 4 of the Futures Trading Act, or Article 44, subparagraph 3 of the Trust Enterprise Act.

6. If it has been sanctioned under any of the provisions of subparagraphs 2 to 5 herein and ordered to achieve improvement, concrete improvement has been achieved.

7. Has not, during the last year, had its trading privileges suspended or restricted by a securities exchange, an over-the-counter securities market, a futures exchange, or a futures clearing house pursuant to its bylaws.

Article 12

A securities broker or futures broker intending to concurrently operate a SICE that conducts securities investment consulting business shall apply to the FSC for permission by filling out and submitting an application form, together with the following documents:

1. A business plan, specifying, with respect to the concurrently operated SICE that conducts securities investment consulting business: operational principles; internal organization and segregation of duties; personnel recruitment and training; and general description of premises and facilities.

2. A written description of the internal control system for the concurrently operated SICE that conducts securities investment consulting business.

3. The CPA-audited and attested financial report for the most recent period. If at the time of application 6 months have already elapsed since the beginning of the fiscal year, a CPA-audited and attested financial report for the first half-year shall be additionally submitted.

4. Minutes of the relevant board of directors meetings, showing [the resolution to] concurrently operate the SICE that conducts securities investment consulting business. A foreign securities broker or a foreign futures broker may, in lieu of such, submit documentation bearing the signature of an entity or person authorized by the head office.

5. A register of qualified personnel, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.

6. Written statement(s) that none of the circumstances in Article 68 of the SITC Act exists with respect to any director, supervisor, managerial officer, any department supervisor engaging in securities investment consulting business, or any associated person. A foreign securities broker or a foreign futures broker may, in lieu of written statements from directors and supervisors, submit documentation bearing the signature of an entity or person authorized by the head office.

7. Documentary proof showing compliance with the requirements under subparagraph 6, paragraph 1 of the preceding article.

8. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.

The internal control system referred to in subparagraph 2 of the preceding paragraph shall set out rules for preventing conflict of interest and for

segmentation of risks in areas related to such business operations as information sharing, advertising, holding of public investment analysis activities, and provision of research and analysis reports.

#### Article 13

A securities broker or futures broker that applies to concurrently operate a SICE that conducts securities investment consulting business shall, within 6 months from the day the FSC grants permission, apply to the FSC for re-issuance of a business license by filling out and submitting an application form, together with the following documents:

1. A register of qualified personnel, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.
2. The CPA-audited and attested financial report for the most recent period. The report is not required, however, if it covers the same period as that covered by the financial report submitted in the application for permission.
3. Documentary proof of admission to membership in the SITCA.
4. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.

The permission granted to the securities broker or futures broker to concurrently operate a SICE that conducts securities investment consulting business shall be revoked if it fails to apply for re-issuance of a business license for such concurrent operation within the period set out in the preceding paragraph. Notwithstanding the foregoing, if there is legitimate reason, an application may be filed with the FSC before expiration of that period for a maximum extension of 3 months, one time only.

The securities broker or futures broker permitted to concurrently operate a SICE that conducts securities investment consulting business may not commence such business unless and until it has become a member of the SITCA.

#### Article 14

A foreign securities broker or a foreign futures broker may, upon the head office's approval and issuance of a written statement declaring that it is permitted to operate securities investment consulting business in the home country, apply for concurrent operation of a SICE that conducts securities investment consulting business, to be conducted by a branch unit it establishes within the territory of the Republic of China.

Except as otherwise stated in the SITC Act, the Securities and Exchange Act, the Futures Trading Act, or any other applicable law, the provisions of Article 10, Article 11 up to the preceding Article, Article 40, and Chapter V, "Supplementary Provisions," shall apply mutatis mutandis with respect to a foreign securities broker or foreign futures broker applying for concurrent operation of a SICE that conducts securities investment consulting business by a branch unit it establishes within the territory of the Republic of China.

A foreign securities broker or foreign futures broker applying for concurrent operation of a SICE that conducts securities investment consulting business by a branch unit established within the territory of the Republic of China shall in the application submit a letter of



authorization designating the agent who is to file the application for such concurrent business operation.

#### Article 15

A securities broker or futures broker concurrently operating a SICE that conducts discretionary investment business shall allocate operating capital, earmarked for that business, in an amount not less than that specified in Article 5, paragraph 1, subparagraph 1 of the Discretionary Investment Regulations. A securities broker that concurrently operates a SICE conducting trust-type discretionary investment business shall allocate operating capital, earmarked for that business, in an amount of not less than that set out in Article 5, paragraph 2, subparagraph 1 of the Discretionary Investment Regulations.

The operating capital allocated under the preceding paragraph may be used only for that exclusive purpose, and, unless otherwise provided in any other law, may not be used for purposes of any non-discretionary investment business or other business.

The securities broker or futures broker shall have paid-in capital of not less than the total of the earmarked operating capital required to be allocated upon application to concurrently operate a SICE that conducts discretionary investment business, plus the minimum paid-in capital required by the Standards Governing the Establishment of Securities Firms or the Standards Governing the Establishment of Futures Commission Merchants, and shall carry out a capital increase in case of any shortfall.

#### Article 16

A securities broker or futures broker applying to concurrently operate a SICE that conducts discretionary investment business shall meet the following conditions:

1. If a futures broker, has obtained a permission license renewed by the FSC for concurrent operation of a managed futures enterprise.
2. Has net worth per share of not less than par value, as shown in the CPA-audited and attested financial report for the most recent period.
3. Has not, during the last 3 months, for any reason related to its conduct of securities investment analysis or futures research and analysis activities, been subject to any action of warning, imposition of breach penalty, suspension of membership entitlements in part or in full, or revocation or suspension of membership by the SITCA or the Chinese National Futures Association (CNFA) pursuant to its self-regulatory rules.
4. Has not, during the last half year, been sanctioned under Article 103, subparagraph 1 of the SITC Act, Article 66, subparagraph 1 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraph 1 of the Futures Trading Act, or been given an official reprimand, or ordered to achieve improvement within a specified period of time, under Article 44 of the Trust Enterprise Act.
5. Has not, during the last 2 years, been sanctioned under Article 103, subparagraphs 2 to 5 of the SITC Act, Article 66, subparagraphs 2 to 4 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraphs 2 to 4 of the Futures Trading Act, or Article 44, subparagraphs 1 to 3 of the Trust Enterprise Act.
6. If it has been sanctioned under any of the provisions of subparagraphs 3 to 5 herein and ordered to achieve improvement, concrete improvement has

been achieved.

#### Article 17

A securities broker or futures broker intending to apply to concurrently operate a SICE that conducts discretionary investment business shall apply to the FSC for permission by filling out and submitting an application form, together with the following documents:

1. A business plan, specifying, with respect to the concurrently operated SICE that conducts discretionary investment business: operational principles, internal organization and segregation of duties, and personnel recruitment and training.
2. Minutes of the relevant board of directors meetings, showing [the resolution to] concurrently operate the SICE that conducts discretionary investment business. A foreign securities broker or a foreign futures broker may, in lieu of such, submit documentation bearing the signature of an entity or person authorized by the head office.
3. A register of directors and supervisors.
4. A register of qualified personnel meeting the qualification requirements in the Discretionary Investment Regulations, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.
5. The prospectus required to be prepared by the Discretionary Investment Regulations.
6. Written statement(s) that none of the circumstances in Article 68 of the SITC Act exists with respect to any director, supervisor, managerial officer, any department supervisor engaging in discretionary investment business, or any associated person. A foreign securities broker or a foreign futures broker may, in lieu of written statements from directors and supervisors, submit documentation bearing the signature of an entity or person authorized by the head office.
7. The CPA-audited and attested financial report for the most recent period. If at the time of application 6 months have already elapsed since the beginning of the fiscal year, a CPA-audited and attested financial report for the first half-year shall be additionally submitted.
8. Operating bylaws for the concurrent operation of the SICE that conducts discretionary investment business.
9. The audit report from a CPA special audit on the internal control system for the discretionary investment business.
10. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.
11. In the case of a securities broker applying to conduct that business on a trust basis, the application shall also be accompanied by such documents as may be required by the Regulations Governing the Concurrent Operation of Trust Business.

When a securities broker that concurrently operates a SICE applies to additionally conduct mandate-type or trust-type discretionary investment business in accordance with the preceding paragraph, the application shall first be submitted to the SITCA for review and then forwarded to the FSC for permission.

The operating bylaws referred to in subparagraph 8 of paragraph 1 shall set out, with respect to discretionary investment business, a system of

internal controls that includes rules for preventing conflict of interest and for segmentation of risks in areas related to business operations, such as operational principles, operating procedures, segregation of authority and duties, resolution of disputes, personnel training and administration, information sharing, and advertising.

The CPA under paragraph 1, subparagraph 9 may only be a CPA allowed to provide audit and attest services on the financial reports of public companies.

The securities broker or futures broker may simultaneously apply for a branch unit to engage in promotion and solicitation for its discretionary investment business. The documents and procedures for the application for permission and for re-issuance of a business license shall be as provided in Articles 20 and 21 hereof.

#### Article 18

A securities broker or futures broker that applies to concurrently operate a SICE that conducts discretionary investment business shall, within 6 months from the day the FSC grants permission, apply to the FSC for re-issuance of a business license by filling out and submitting an application form, together with the following documents:

1. A register of qualified personnel, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.
2. Documentary proof of admission to membership in the SITCA.
3. Documentary proof evidencing allocation of operating capital.
4. The CPA-audited and attested financial report for the most recent period. The report is not required, however, if it covers the same period as that covered by the financial report submitted in the application for permission.
5. Documentary proof showing the deposit of an operating bond required by the Discretionary Investment Regulations.

When a securities broker that concurrently operates a SICE applies to additionally conduct mandate-type or trust-type discretionary investment business in accordance with the preceding paragraph, the application shall first be submitted to the SITCA for review and then forwarded to the FSC to apply for re-issuance of a business license.

The permission granted to the securities broker or futures broker to concurrently operate a SICE that conducts discretionary investment business shall be revoked if it fails to apply for re-issuance of a business license for such concurrent operation within the period set out in paragraph 1.

Notwithstanding the foregoing, if there is legitimate reason, an application may be filed with the FSC before expiration of that period for a maximum extension of 3 months, one time only.

The securities broker or futures broker permitted to concurrently operate a SICE that conducts discretionary investment business may not, except where it has already been concurrently operating a SICE that conducts securities investment consulting business, commence such business unless and until it has become a member of the SITCA.

A securities broker that concurrently operates a SICE conducting trust-type discretionary investment business shall, in addition to applying for re-issuance of a business license in accordance with paragraphs 1 and 2,

complete the registration procedure for adding a new business line in accordance with the Regulations Governing the Concurrent Operation of Trust Business, and may not commence such business unless and until it has submitted a regulatory filing with the FSC, together with any documentary proof demonstrating its admission to membership in the ROC Trust Association and its provision of a compensation reserve fund.

#### Article 19

A foreign securities broker or a foreign futures broker may, upon the head office's approval and issuance of a written statement declaring that it is permitted to operate discretionary investment business in the home country, apply for concurrent operation of a SICE that conducts discretionary investment business by a branch unit it establishes within the territory of the Republic of China.

The provisions of Article 10, paragraph 6, Article 10-1, Article 14, paragraph 3, Article 15 up to the preceding Article, Article 40, as well as Chapter V, "Supplementary Provisions," shall apply mutatis mutandis with respect to a foreign securities broker or foreign futures broker applying for concurrent operation of a SICE that conducts discretionary investment business by a branch unit it establishes within the territory of the Republic of China.

#### Article 20

When a securities broker or futures broker concurrently operating a SICE that conducts discretionary investment business intends to have a branch unit to engage in promotion and solicitation for its discretionary investment business, it shall apply to the FSC for permission by filling out and submitting an application form, together with the following documents:

1. Minutes of the relevant board of directors meetings, showing the resolution for the branch unit to engage in promotion and solicitation for discretionary investment business.
2. A written description of a system of internal controls in relation to the branch unit's engagement in promotion and solicitation for discretionary investment business.
3. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.

The internal control system referred to in subparagraph 2 of the preceding paragraph shall set out rules governing concurrent appointment of, and code of conduct for, associated persons in relation to the branch unit's engagement in promotion and solicitation for discretionary investment business.

#### Article 21

If a securities broker or futures broker concurrently operating a SICE that conducts discretionary investment business files an application pursuant to the preceding Article, it shall, within 6 months from the day the FSC grants permission, apply to the FSC for re-issuance of a business license for the branch unit, by filling out and submitting an application form, together with the following documents:

1. A register of qualified associated persons in the branch unit intended to engage in promotion and solicitation for discretionary investment business, issued by the SITCA after reviewing their qualifications,

together with documentary proof of their qualifications.

2. Written statement(s) that none of the circumstances in Article 68 of the SITC Act exists with respect to any managerial officer, department supervisor, or associated person of the branch unit.

3. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.

The permission granted to the securities broker or futures broker for the branch unit to engage in promotion and solicitation for discretionary investment business shall be revoked if it fails to apply for re-issuance of a business license for the branch unit within the period set out in the preceding paragraph. Notwithstanding the foregoing, if there is legitimate reason, an application may be filed with the FSC before expiration of that period for a maximum extension of 3 months, one time only.

## Section II Trust Enterprises

### Article 22

Upon permission by the FSC, a trust enterprise may concurrently operate the following business in a manner consistent with the provisions of the SITC Act:

1. Discretionary investment business, conducted on a mandate basis.
2. Discretionary investment business, conducted on a trust basis.
3. Securities investment consulting business.

Any operation of the business under subparagraph 1 or 2 of the preceding paragraph shall be subject, in addition to these Standards, to the Discretionary Investment Regulations.

### Article 23

A trust enterprise applying to concurrently operate discretionary investment business or securities investment consulting business pursuant to these Standards shall do so in its institutional name.

A trust enterprise that concurrently operates the discretionary investment business under subparagraph 1 or 2 of paragraph 1 of the preceding Article shall allocate operating capital, earmarked for that business, in an amount not less than that specified in Article 5, paragraph 1, subparagraph 1 of the Discretionary Investment Regulations.

The operating capital that a trust enterprise has allocated for securities investment trust business it concurrently operates, if applicable, may be calculated into the amount required by the preceding paragraph.

The operating capital that a trust enterprise allocates for the concurrently operation of discretionary investment business may be used only for that exclusive purpose, and, unless an application has been made to concurrently operate securities investment trust business pursuant to Article 6 of the SITC Act, or unless otherwise provided in any other law, may not be used for purposes of any non-discretionary investment business or other business.

### Article 24

A trust enterprise applying to concurrently operate discretionary investment business or securities investment consulting business shall meet the following conditions:

1. Has net worth per share of not less than par value, as shown in the CPA-audited and attested financial report for the most recent period.
2. Has not, during the last half year, been sanctioned under Article 103,

subparagraph 1 of the SITC Act, Article 66, subparagraph 1 of the Securities and Exchange Act, or Article 100, paragraph 1, subparagraph 1 of the Futures Trading Act, and has not on 3 or more occasions been given an official reprimand, or ordered to achieve improvement within a specified period of time, in accordance with Article 44 of the Trust Enterprise Act.

3. Has not, during the last 2 years, been sanctioned under Article 103, subparagraphs 2 to 5 of the SITC Act, Article 66, subparagraphs 2 to 4 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraphs 2 to 4 of the Futures Trading Act, or Article 44, subparagraphs 1 to 3 of the Trust Enterprise Act.

4. If it has been sanctioned under any provisions of the preceding two subparagraphs and ordered to achieve improvement, concrete improvement has been achieved.

#### Article 25

A trust enterprise intending to concurrently operate the discretionary investment business set out in Article 22, paragraph 1, subparagraph 1 or 2 shall apply to the FSC for permission by filling out and submitting an application form, together with the following documents:

1. A business plan, specifying, with respect to the concurrently operated discretionary investment business: operational principles, internal organization and segregation of duties, and personnel recruitment and training.

2. Minutes of the relevant board of directors meetings, showing [the resolution to] concurrently operate discretionary investment business. If the trust enterprise is a foreign bank, it may, in lieu of such, submit documentation bearing the signature of an entity or person authorized by the head office.

3. A register of directors and supervisors.

4. A register of qualified personnel meeting the qualification requirements in the Discretionary Investment Regulations, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.

5. The prospectus required to be prepared by the Discretionary Investment Regulations.

6. Written statement(s) that none of the circumstances in Article 68 of the SITC Act exists with respect to any director, supervisor, managerial officer, any department supervisor engaging in discretionary investment business, or any associated person. If the trust enterprise is a foreign bank, it may, in lieu of written statements from directors and supervisors, submit documentation bearing the signature of an entity or person authorized by the head office.

7. The CPA-audited and attested financial report for the most recent period. If at the time of application 6 months have already elapsed since the beginning of the fiscal year, a CPA-audited and attested financial report for the first half-year shall be additionally submitted.

8. Operating bylaws for the concurrent operation of discretionary investment business.

9. The audit report from a CPA special audit on the internal control system for discretionary investment business.

10. Written statement(s) that the application form and its attachments

contain no misrepresentations or nondisclosures.

The operating bylaws referred to in subparagraph 8 of the preceding paragraph shall set out, with respect to discretionary investment business, a system of internal controls that includes rules for preventing conflict of interest and for segmentation of risks in areas related to business operations, such as operational principles, operating procedures, segregation of authority and duties, resolution of business disputes, personnel training and administration, information sharing, or advertising. The CPA under paragraph 1, subparagraph 9 may only be a CPA allowed to provide audit and attest services on the financial reports of public companies.

#### Article 26

A trust enterprise applying to concurrently operate the discretionary investment business set out in Article 22, paragraph 1, subparagraph 1 or 2 shall, within 6 months from the day the FSC grants permission, submit the following documents and register in compliance with the requirements of the FSC Banking Bureau:

1. A photocopy of the permission letter issued to the trust enterprise in response to its application to concurrently operate discretionary investment business
2. A register of qualified personnel, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.
3. Documentary proof of admission to membership in the SITCA.
4. Documentary proof evidencing allocation of operating capital.
5. The CPA-audited and attested financial report for the most recent period. The report is not required, however, if it covers the same period as that covered by the financial report submitted in the application for permission.
6. If discretionary investment business is concurrently operated as set out in Article 22, paragraph 1, subparagraph 1, documentary proof showing the deposit of an operating bond required by the Discretionary Investment Regulations.

A trust enterprise permitted to concurrently operate discretionary investment business may not, except where it has already been concurrently operating securities investment consulting business, commence such business unless and until it has become a member of the SITCA.

#### Article 27

A trust enterprise applying to concurrently operate the securities investment consulting business set out in Article 22, paragraph 1, subparagraph 3, shall set up an independent, dedicated consulting department, and appoint the department supervisor and associated persons of the dedicated consulting department to conduct such business.

The independent, dedicated consulting department referred to in the preceding paragraph shall be staffed by department supervisor and associated persons in sufficient numbers to meet its management needs in light of the business size, operating conditions, and internal controls, who shall satisfy the qualification requirements set out in the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.

The trust enterprise may appoint associated persons from the dedicated consulting department to engage in securities investment consulting business at a branch unit.

#### Article 28

A trust enterprise intending to concurrently operate the securities investment consulting business set out in Article 22, paragraph 1, subparagraph 3 shall apply to the FSC for permission by filling out and submitting an application form, together with the following documents:

1. A business plan, specifying, with respect to the dedicated consulting department: operational principles, internal organization and segregation of duties, personnel recruitment and training, and general description of premises and facilities.
2. A written description of the internal control system for the concurrently operated securities investment consulting business.
3. The CPA-audited and attested financial report for the most recent period. If at the time of application 6 months have already elapsed since the beginning of the fiscal year, a CPA-audited and attested financial report for the first half-year shall be additionally submitted.
4. Minutes of the relevant board of directors meetings, showing [the resolution to] concurrently operate securities investment consulting business. If the trust enterprise is a foreign bank, it may, in lieu of such, submit documentation bearing the signature of an entity or person authorized by the head office.
5. A register of qualified personnel, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.
6. Written statement(s) that none of the circumstances in Article 68 of the SITC Act exists with respect to any director, supervisor, managerial officer, any department supervisor engaging in securities investment consulting business, or any associated person. If the trust enterprise is a foreign bank, it may, in lieu of written statements from directors and supervisors, submit documentation bearing the signature of an entity or person authorized by the head office.
7. Written statement(s) that the application form and its attachments contain no misrepresentations or nondisclosures.

The internal control system referred to in subparagraph 2 of the preceding paragraph shall set out rules for preventing conflict of interest and for segmentation of risks in areas related to such business operations as information sharing, advertising, holding of public investment analysis activities, and provision of research and analysis reports.

#### Article 29

A trust enterprise applying to concurrently operate the securities investment consulting business set out in Article 22, paragraph 1, subparagraph 3 shall, within 6 months from the day the FSC grants permission, submit the following documents and register in compliance with the requirements of the FSC Banking Bureau:

1. A photocopy of the permission letter issued to the trust enterprise in response to its application to concurrently operate securities investment consulting business.
2. A register of qualified personnel, issued by the SITCA after reviewing



their qualifications, together with documentary proof of their qualifications.

3. The CPA-audited and attested financial report for the most recent period. The report is not required, however, if it covers the same period as that covered by the financial report submitted in the application for permission.

4. Documentary proof of admission to membership in the SITCA.

A trust enterprise permitted to concurrently operate securities investment consulting business may not, except where it has already been concurrently operating discretionary investment business, commence such business unless and until it has become a member of the SITCA.

### Section III Securities Investment Trust Enterprises

#### Article 30

A SITE may apply to concurrently operate the securities investment consulting business set out in Article 4, paragraph 3, subparagraph 1 of the SITC Act.

A SITE applying to concurrently operate securities investment consulting business shall allocate a sufficient number of competent managerial officers and associated persons to meet its management needs in light of business size, operating conditions, and internal controls, who shall meet the qualification requirements set out in the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.

The provisions of Articles 11 to 13 shall apply mutatis mutandis with respect to the SITE concurrently operating securities investment consulting business.

The SITE may simultaneously apply for a branch unit to conduct securities investment consulting business.

### Section IV Managed Futures Enterprises

#### Article 31

A managed futures enterprise applying to concurrently operate a SICE that conducts discretionary investment business shall meet the following conditions:

1. Has net worth per share of not less than par value, as shown in the CPA-audited and attested financial report for the most recent period.
2. Has not, during the last half year, been sanctioned under Article 103, subparagraph 1 of the SITC Act, or Article 100, paragraph 1, subparagraph 1 of the Futures Trading Act.
3. Has not, during the last 2 years, been sanctioned under Article 103, subparagraphs 2 to 5 of the SITC Act, or Article 100, paragraph 1, subparagraphs 2 to 4 of the Futures Trading Act.
4. If it has been sanctioned under any provisions of the preceding two subparagraphs and ordered to achieve improvement, concrete improvement has been achieved.

#### Article 32

The provisions of Article 10, paragraphs 1 and 6, Article 15, paragraphs 1 and 2, Article 17, and Article 18, paragraphs 1 and 2 shall apply mutatis mutandis with respect to a managed futures enterprise applying to concurrently operate a SICE that conducts discretionary investment business.

The managed futures enterprise shall have paid-in capital of not less than the total of the earmarked operating capital required to be allocated upon application to concurrently operate a SICE that conducts discretionary investment business, plus the minimum paid-in capital set out in the Standards Governing the Establishment of Managed Futures Enterprises, and shall carry out a capital increase in case of any shortfall.

The managed future enterprise permitted to concurrently operate a SICE that conducts discretionary investment business may not, except where it has already been concurrently operating securities investment trust business, commence such business unless and until it has become a member of the SITCA.

#### Section V Futures Trust Enterprises

##### Article 33

A futures trust enterprise applying to concurrently operate a SICE that conducts discretionary investment business shall meet the following conditions:

1. Has obtained a permission license renewed by the FSC for concurrent operation of a managed futures enterprise.
2. Has net worth per share of not less than par value, as shown in the CPA-audited and attested financial report for the most recent period.
3. Has not, during the last half year, been sanctioned under Article 103, subparagraph 1 of the SITC Act, or Article 100, paragraph 1, subparagraph 1 of the Futures Trading Act.
4. Has not, during the last 2 years, been sanctioned under Article 103, subparagraphs 2 to 5 of the SITC Act, or Article 100, paragraph 1, subparagraphs 2 to 4 of the Futures Trading Act.
5. If it has been sanctioned under any provisions of the preceding two subparagraphs and ordered to achieve improvement, concrete improvement has been achieved.

##### Article 34

The provisions of Article 10, paragraphs 1 and 6, and Article 17 shall apply mutatis mutandis with respect to a futures trust enterprise applying to concurrently operate a SICE that conducts discretionary investment business.

##### Article 35

A futures trust enterprise applying to concurrently operate a SICE that conducts discretionary investment business shall, within 6 months from the day the FSC grants permission, apply to the FSC for re-issuance of a business license by filling out and submitting an application form, together with the following documents:

1. A register of qualified personnel, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.
2. Documentary proof of admission to membership in the SITCA.
3. The CPA-audited and attested financial report for the most recent period. The report is not required, however, if it covers the same period as that covered by the financial report submitted in the application for permission.
4. Documentary proof showing the deposit of an operating bond required by the Discretionary Investment Regulations.

The permission granted to the futures trust enterprise to concurrently operate a SICE that conducts discretionary investment business shall be revoked if it fails to apply for re-issuance of a business license for such concurrent operation within the period set out in the preceding paragraph. Notwithstanding the foregoing, if there is legitimate reason, an application may be filed with the FSC before expiration of that period for a maximum extension of 3 months, one time only.

The futures trust enterprise permitted to concurrently operate a SICE that conducts discretionary investment business may not, except where it has already been concurrently operating securities investment trust business, commence such business unless and until it has become a member of the SITCA.

## Section VI Insurance Enterprises

### Article 36

An insurance enterprise shall, upon permission by the FSC, concurrently operate discretionary investment business in a manner consistent with these Standards.

The concurrent operation of the business under the preceding paragraph shall be subject, in addition to these Standards, to the Discretionary Investment Regulations.

The insurance enterprise that concurrently operates discretionary investment business shall allocate operating capital, earmarked for that business, in an amount not less than that specified in Article 5, paragraph 1, subparagraph 1 of the Discretionary Investment Regulations.

The operating capital allocated under the preceding paragraph may be used only for that exclusive purpose, and, unless otherwise provided in any other law, may not be used for purposes of any non-discretionary investment business or other business.

The insurance enterprise shall have paid-in capital of not less than the total of the earmarked operating capital required to be allocated upon application to concurrently operate discretionary investment business, plus the minimum paid-in capital set out in the Regulations for Establishment and Administration of Insurance Enterprises, and shall carry out a capital increase in case of any shortfall.

A foreign insurance enterprise shall exclusively allocate funds for operational use within the territory of the ROC in an amount of not less than the total of the earmarked operating capital required to be allocated upon application to concurrently operate discretionary investment business, plus the minimum amount to be exclusively allocated for operational use, as set out in the Regulations for Establishment and Administration of Foreign Insurance Enterprises, and shall make up for the insufficiency in case of any shortfall.

### Article 37

An insurance enterprise applying to concurrently operate discretionary investment business shall meet the following conditions:

1. Has net worth per share of not less than par value, as shown in the CPA-audited and attested financial report for the most recent period.
2. Has not, during the last half year, on 3 or more occasions been given an official reprimand or ordered to achieve improvement within a specified period of time in accordance with Article 149, paragraph 1 of the Insurance

Act.

3. Has not, during the last 2 years, been sanctioned under Article 149, paragraph 1, subparagraphs 1 to 4, or paragraph 2 or 4 of the Insurance Act. The same shall not apply, however, in the case of a sanction by the FSC ordering the removal of any staff member from office.

4. If it has been sanctioned under any provisions of the preceding two subparagraphs and ordered to achieve improvement, concrete improvement has been achieved.

#### Article 38

An insurance enterprise intending to concurrently operate discretionary investment business shall apply to the FSC for permission by filling out and submitting an application form, together with the following documents:

1. A photocopy of documentary proof showing conformance to the qualification requirements, as recognized by the FSC Insurance Bureau, for selling investment-linked insurance products involving discretionary control of investments under the Regulations Governing Investment-linked Insurance Investments.

2. A business plan, specifying, with respect to the concurrently operated discretionary investment business: operational principles, internal organization and segregation of duties, and personnel recruitment and training.

3. Minutes of the relevant board of directors meetings, showing [the resolution to] concurrently operate the discretionary investment business. A foreign insurance enterprise may, in lieu of such, submit documentation bearing the signature of an entity or person authorized by the head office.

4. A register of directors and supervisors.

5. A register of qualified personnel meeting the qualification requirements in the Discretionary Investment Regulations, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.

6. The prospectus required to be prepared by the Discretionary Investment Regulations.

7. Written statement(s) that none of the circumstances in Article 68 of the SITC Act exists with respect to any director, supervisor, managerial officer, any department supervisor engaging in discretionary investment business, or any associated person. A foreign insurance enterprise may, in lieu of written statements from directors and supervisors, submit documentation bearing the signature of an entity or person authorized by the head office.

8. The CPA-audited and attested financial report for the most recent period. If at the time of application 6 months have already elapsed since the beginning of the fiscal year, a CPA-audited and attested financial report for the first half-year shall be additionally submitted.

9. Operating bylaws for the concurrent operation of discretionary investment business.

10. The audit report from a CPA special audit on the internal control system for the discretionary investment business.

11. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.

The operating bylaws referred to in subparagraph 9 of the preceding

paragraph shall set out, with respect to discretionary investment business, a system of internal controls that includes rules for preventing conflict of interest and for segmentation of risks in areas related to business operations, such as operational principles, operating procedures, segregation of authority and duties, resolution of business disputes, personnel training and administration, information sharing, or advertising. The CPA under paragraph 1, subparagraph 10 may only be a CPA allowed to provide audit and attest services on the financial reports of public companies.

#### Article 39

An insurance enterprise applying to concurrently operate discretionary investment business shall, within 6 months from the day the FSC grants permission, carry out the procedures for amendment registration and re-issuance of business license with the FSC Insurance Bureau, submitting the following documents:

1. A photocopy of the permission letter for the concurrent operation of discretionary investment business.
2. A register of qualified personnel, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.
3. Documentary proof of admission to membership in the SITCA.
4. Documentary proof evidencing allocation of operating capital.
5. The CPA-audited and attested financial report for the most recent period. The report is not required, however, if it covers the same period as that covered by the financial report submitted in the application for permission.
6. Documentary proof showing the deposit of an operating bond required by the Discretionary Investment Regulations.

The permission granted to the insurance enterprise shall be revoked if it fails to apply to the FSC Insurance Bureau for amendment to registration or for re-issuance of a business license for such concurrent operation of discretionary investment business within the period set out in the preceding paragraph. Notwithstanding the foregoing, if there is legitimate reason, an application may be filed with the FSC Banking Bureau before expiration of that period for a maximum extension of 3 months, one time only.

The insurance enterprise permitted to concurrently operate discretionary investment business may not commence such business unless and until it has become a member of the SITCA.

#### Article 40

Upon an application by an enterprise in another line of business to concurrently operate discretionary investment business or securities investment consulting business, the FSC may deny permission in any of the following circumstances:

1. Any of the circumstances in Article 9, subparagraphs 2 to 5.
2. The internal control system is not concrete enough or cannot be effectively implemented.
3. Any violation of Article 68 of the SITC Act with respect to any department supervisor engaging in discretionary investment business or securities investment consulting business.

4. Non-compliance with Article 15, paragraph 3, Article 32, paragraph 2, or Article 36, paragraph 5 or 6 with respect to paid-in capital.

5. Denial is otherwise deemed necessary to protect the public interest.

#### Chapter IV Establishment of Branch Units

##### Article 41

A SICE meeting each of the following conditions may apply to establish a branch unit:

1. Has been in operation for at least a full 2 years. Such restriction does not apply, however, to the establishment of a branch unit as a result of merger or transfer.

2. Has net worth per share of not less than par value, as shown in the latest CPA-audited and attested financial report. Such restriction does not apply, however, to the establishment of a new branch unit as a result of merger or transfer.

3. Has not, during the last 3 months, been sanctioned under Article 103, subparagraph 1 of the SITC Act, Article 66, subparagraph 1 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraph 1 of the Futures Trading Act, or on 3 or more occasions been given an official reprimand, or ordered to achieve improvement within a specified period of time, under Article 44 of the Trust Enterprise Act.

4. Has not, during the last half year, been sanctioned under Article 103, subparagraph 2 or 3 of the SITC Act, Article 66, subparagraph 2 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraph 2 of the Futures Trading Act, or Article 44, subparagraph 1 of the Trust Enterprise Act.

5. Has not, during the last year, been sanctioned under Article 103, subparagraph 4 of the SITC Act, Article 66, subparagraph 3 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraph 3 of the Futures Trading Act, or Article 44, subparagraph 2 of the Trust Enterprise Act.

6. Has not, during the last 2 years, been sanctioned under Article 103, subparagraph 5 of the SITC Act, Article 66, subparagraph 4 of the Securities and Exchange Act, Article 100, paragraph 1, subparagraph 4 of the Futures Trading Act, or Article 44, subparagraph 3 of the Trust Enterprise Act.

7. If it has been sanctioned under any of the provisions of subparagraphs 3 to 6 and ordered to achieve improvement, concrete improvement has been achieved.

##### Article 42

A SICE intending to establish a branch unit shall apply to the FSC for permission by filling out and submitting an application form, together with the following documents:

1. Articles of incorporation.

2. A business plan, specifying, with respect to the branch unit: operational principles; internal organization and segregation of duties; personnel recruitment and training; general description of premises and facilities; and financial forecasts for the coming year.

3. Minutes of the relevant board of directors meetings, showing the resolution to establish the branch unit.

4. A description of the internal control system for the branch unit.

5. The CPA-audited and certified attested financial report for the most recent period. If at the time of application 6 months have already elapsed since the beginning of the fiscal year, a CPA-audited and attested financial report for the first half-year shall be additionally submitted.
6. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.

#### Article 43

A SICE permitted to establish a branch unit shall, within 6 months from the day the FSC grants permission, complete the establishment registration procedures for the branch unit and apply to the FSC for issuance of a branch unit business license for the branch unit by filling out and submitting an application form, together with the following documents:

1. A photocopy of the establishment registration of the branch unit.
2. A register of qualified managerial officers and associated persons of the branch unit, issued by the SITCA after reviewing their qualifications, together with documentary proof of their qualifications.
3. Written statement(s) that none of the circumstances in Article 68 of the SITC Act exists with respect to any managerial officer or associated person of the branch unit.
4. Written statement(s) that all managerial officers and associated persons of the branch unit are employed as full-time staff.
5. A photocopy of the ownership deed or lease agreement of the place of business of the branch unit, and floor plans and photographs thereof.
6. Written statement(s) that the branch unit has an independent place of business not jointly used by any other enterprise.
7. The CPA-audited and attested financial report for the most recent period. The report is not required, however, if it covers the same period as that covered by the financial report submitted in the application for permission.
8. A written statement that the application form and its attachments contain no misrepresentations or nondisclosures.

The FSC may revoke the permission granted to the SICE for establishment of a branch unit if it fails to apply for issuance of a business license for that branch unit within the period set out in the preceding paragraph.

Notwithstanding the foregoing, if there is legitimate reason, an application may be filed with the FSC before expiration of that period for a maximum extension of 6 months, one time only.

#### Chapter V Supplementary Provisions

#### Article 44

With the exception of a trust enterprise seeking to concurrently operate discretionary investment business or securities investment consulting business, in which case the requirements of the FSC Banking Bureau shall apply, a SICE applying to the FSC for issuance of a business license shall pay a license fee in an amount as described below:

1. For the establishment of a SICE, 1/4,000th of statutory minimum paid-in capital.
2. For the establishment of a branch unit by a SICE, NT\$2,000.

With the exception of a trust enterprise seeking to concurrently operate discretionary investment business or securities investment consulting business, in which the requirements of the FSC Banking Bureau shall apply,

or of an insurance enterprise seeking to concurrently operate discretionary investment business, in which case the requirements of the FSC Insurance Bureau shall apply, an enterprise in another line of business applying to the FSC for re-issuance of a business license for concurrent operation of securities investment consulting business shall pay a license fee in an amount as described below:

1. For the concurrent operation of securities investment consulting business by a SITE, securities broker, or futures broker, 1/4,000th of the statutory minimum paid-in capital set out in Article 5.
2. For the concurrent operation of a SICE that conducts discretionary investment business by a securities broker, futures broker, or managed futures enterprise, 1/4,000th of the statutory minimum paid-in capital set out in the Discretionary Investment Regulations. When a securities broker that concurrently operates a SICE applies to the FSC for re-issuance of a business license in relation to the additional conduct of mandate-type or trust-type discretionary investment business, it shall pay a license fee of NT\$1,000.
3. For the concurrent operation of a SICE that conducts discretionary investment business by a futures trust enterprise, 1/4,000th of the statutory minimum paid-in capital.
4. When a securities broker, futures broker, managed futures enterprise, or futures trust enterprise concurrently operating a SICE that conducts discretionary investment business applies for a branch unit to engage in promotion and solicitation for its discretionary investment business, NT\$2,000.

A SICE applying to the FSC for re-issuance of a business license shall pay a license fee of NT\$1,000.

The license fee is not required for an application for re-issuance of a business license because of a change of address due to administrative re-districting or re-numbering of street address plate numbers.

#### Article 45

The provisions of these Standards, excepting Article 3 and Chapters II and IV, shall apply mutatis mutandis to a SITE, securities broker, or futures broker concurrently operating or seeking to concurrently operate securities investment consulting business, to a securities broker, futures broker, managed futures enterprise, or futures trust enterprise concurrently operating or seeking to concurrently operate a SICE that conducts discretionary investment business, and to an insurance enterprise concurrently operating or seeking to concurrently operate discretionary investment business.

The provisions of these Standards, excepting Articles 2, 3 and Chapters II and IV, shall apply mutatis mutandis to a trust enterprise concurrently operating or seeking to concurrently operate discretionary investment business or securities investment consulting business.

If a securities broker concurrently operating a SICE that conducts securities investment consulting business obtains approval to conduct wealth management business, it may merge the required dedicated consulting department with the wealth management business department.

If a trust enterprise concurrently operating securities investment consulting business is concurrently operated by a bank, the required



dedicated consulting department may be merged with the wealth management business department, if any.

Article 46

In the case of any incomplete submission of the application documents required by these Standards or if any required information is missing or incomplete, and if the FSC imposes a deadline for supplementation or correction and the deadline is not met, the application shall be dismissed.

Article 47

If a SICE established prior to the amendment to and issuance of these Standards on 2 May 2008 does not conform to the requirements of these Standards, it shall cure the non-conformance within 1 year after such amendment and issuance, failing which the FSC shall revoke its business permission. Notwithstanding the foregoing, if there is legitimate reason, an application may be filed with the FSC before expiration of that period for a maximum extension of 3 months, one time only.

Article 48

The format of documents required by these Standards shall be announced by the FSC.

Article 49

These Standards shall enter into force from the date of issuance.