

Content

Title :	Order of the Financial Supervisory Commission Issue date: 8 July 2019 Issue no: Financial-Supervisory-Securities-Firms-1080109345 Ch
Date :	2019.07.08
Legislative :	Order of the Financial Supervisory Commission Issue date: 8 July 2019 Issue no: Financial-Supervisory-Securities-Firms-1080109345
Content :	<p>1. If a TWSE-listed, TPEX-listed, or Emerging Stock company will award securities to overseas foreign employees pursuant to Article 28-2, paragraph 1, subparagraph 1 or Article 28-3 of the Securities and Exchange Act, or Article 167-1, 235-1, or 267 of the Company Act, the company's overseas parent or subsidiary, branch office, or representative office may, in accordance with Article 10, paragraph 1 of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals (hereinbelow, the "Investment Regulations"), in the status of an offshore foreign institutional investor, submit relevant documents to the Taiwan Stock Exchange Corporation to carry out registration of a collective investment account for the overseas foreign employees for the purposes of processing securities that are allowed under the aforesaid laws and regulations to be transferred to, subscribed by, or distributed to overseas foreign employees.</p> <p>2. Matters pertaining to the investment account under the preceding point shall be handled in accordance with the following provisions:</p> <p>A. If there are multiple overseas parents or subsidiaries, branch offices, or representative offices, they may open individual investment accounts or jointly open a single investment account.</p> <p>B. An overseas parent or subsidiary, branch office, or representative office may open a single overseas foreign employee collective investment account consolidating securities of different issue years and different issue numbers that are transferred to, subscribed by, or distributed to employees; if an overseas foreign employee stock warrant collective investment account has already been opened, the original name of the account may continue to be used.</p> <p>C. The investment account shall be used exclusively for carrying out remittances for the relevant securities that are allowed to be transferred to or subscribed by overseas foreign employees under the laws and regulations cited in the preceding point, and for the exercise of rights to obtain the relevant securities. Furthermore, the only stocks that may be sold through the account are those obtained by overseas foreign employees through the exercise of securities subscription rights and those obtained by transfer and distribution to overseas foreign employees; the account may not be used to engage in any other securities trades.</p> <p>D. After overseas foreign employees have obtained shareholder status for shares in the investment account, the exercise of shareholder voting rights shall follow the method used for offshore foreign institutional investors investing in domestic securities. The overseas foreign employees shall authorize a domestic agent designated by the overseas parent or subsidiary, branch office, or representative office to attend the shareholders meeting and exercise the voting rights as stipulated in the custody contract.</p> <p>E. After foreign employees have subscribed to securities, the TWSE-listed, TPEX-listed, or Emerging Stock company shall issue a certificate of payment for the shares of the securities in the name of the investment account, and deliver them into the investment account, and carry out related matters such as registration in the company shareholders list in accordance with regulations relevant to stock affairs.</p> <p>F. Rights to stock dividends, cash dividends, and subscribable shares</p>

derived from the investment account shall be distributed to overseas foreign employees based on the proportion of shares they hold.

3. When a TWSE-listed, TPEX-listed, or Emerging Stock company awards securities to overseas foreign employees, it shall specify the rights and obligations of the parties under the relevant contracts entered into, including:

A. The overseas foreign employees may choose to use the method specified in the preceding point to exercise rights to securities that are allowed for transfer, subscription, or distribution to them under the laws and regulations cited in Point 1, and to dispose of the stock obtained, provided that if an overseas foreign employee does not wish to use that method, then the employee may individually register for an investment account as an offshore foreign natural person pursuant to the Investment Regulations.

B. When overseas foreign employees choose to follow the method specified in the preceding point, the procedures for exercising rights to securities that are allowed for transfer, subscription, or distribution to them under the laws and regulations cited in Point 1 and for disposing of the stock obtained, and other rights and obligations between the TWSE-listed, TPEX-listed, or Emerging Stock company, the overseas parent or subsidiary, branch office, or representative office, and the overseas foreign employee in relation to the investment account operations, shall also be specified.

4. A TWSE-listed, TPEX-listed, or emerging stock company may use the method specified in Point 1 to handle the awarding to overseas foreign employees of securities allowed for transfer, subscription, and distribution to them. However, if the overseas parent or subsidiary, branch office, or representative office does not use the method of an overseas foreign employee collective investment account, then when any overseas foreign employees will subsequently exercise rights to the transfer, subscription, or distribution of securities, or dispose of the stock obtained, the overseas foreign employee may individually register an investment account as an offshore foreign natural person in accordance with the Investment Regulations.

5. This Order is effective from this day forward. FSC Order No. Financial-Supervisory-Securities-VIII-0970044016 issued on October 8, 2008 is repealed from this day forward.

Originals: To be posted on the public notice boards of the Financial Supervisory Commission (FSC) and the Securities and Futures Bureau of the FSC

Copies: Legal Affairs Committee, Executive Yuan; FSC (Department of Legal Affairs, Department of Information Management); FSC Financial Examination Bureau; Taiwan Stock Exchange Corporation; Taipei Exchange; Taiwan Depository & Clearing Corporation; Taiwan Futures Exchange, Taiwan Securities Association, Lex Data Information Inc.