

Content

Title : Regulations Governing Approval and Administration of Financial Information Service Enterprises Engaging in Inter-Financial Institution Funds Transfer and Settlement **Ch**

Date : 2020.09.28

Legislative : 1. Promulgated on 15 April 1998
2. Amended and promulgated on 28 September 2001
3. Article 5 amended and promulgated on 4 February 2010
4. Amended and promulgated on 21 January 2013
5. Amended and promulgated on 28 September 2020

Content : Title : Regulations Governing Approval and Administration of Financial Information Service Enterprises Engaging in Inter-Financial Institution Funds Transfer and Settlement (2020.9.28 Modified)

Section 1 General Provisions

Article 1

These Regulations are adopted pursuant to Paragraph 1, Article 47-3 of The Banking Act.

Article 2

The term "financial information service enterprise engaging in inter-financial institution funds transfer and settlement" referred to in these Regulations (hereafter referred to as "interbank financial information network enterprise") shall mean an inter-bank financial information network operator that provides a value-added network for real-time settlement of interbank transactions between financial institutions.

The term "settlement" referred to in these Regulations shall mean the procedures of crediting and debiting the designated accounts of participants according to the payment instructions of financial institutions and the netting of receivables and payables between financial institutions to discharge the payment obligation of paying bank.

Article 3

The establishment of an interbank financial information network enterprise shall obtain the approval of the Competent Authority. If the business of a service enterprise involves large-value funds transfer and settlement, the approval of the Central Bank of the Republic of China (Taiwan) (referred to as the "Central Bank" hereunder) shall also be required.

Section 2 Establishment Standards

Article 4

To apply for approval to establish an interbank financial information network enterprise, the applicant must be a company limited by shares organized in accordance with the Company Act. Such company must have minimum paid-in capital of NT\$3.5 billion, and its shareholders shall be limited to banks and government agencies.

Article 5

Anyone with any of the following condition is not eligible to take the role of the responsible person at an interbank financial information network enterprise, including its promoter, director, supervisors, president, vice president, assistant vice president, manager, assistant manager or any other person with equivalent responsibilities:

1. Having limited legal capacity or is legally incompetent or subject to the commencement of assistance and those orders have not yet been revoked.
2. Having been convicted of a crime under the Organized Crime Act.
3. Having been sentenced to imprisonment for counterfeiting currency or valuable securities, misappropriation, fraud or breach of trust and the sentence has not been completed or ten (10) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.
4. Having been sentenced to imprisonment for forging instruments or seals, offence against privacy, usury, impairing the rights of creditors or violating the Company Act, Telecommunication Act, Tax Collection Act, Trademark Act, Patent Act or other laws governing industrial or commercial activity and the sentence has not been completed or five (5) years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.
5. Having been sentenced to imprisonment for embezzlement and the sentence has not been completed or five (5) years have not lapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.
6. Violated The Banking Act, Financial Holding Company Act, Trust Enterprise Act, The Act Governing Bills Finance Business, Financial Assets Securitization Act, Clauses of the Real Estate Securitization Act, Act Governing Issuance of Electronic Stored Value Cards, Insurance Law, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Control Act, The Credit Cooperatives Act Of The Republic Of China, Agricultural Finance Law, The Farmers Association Act, The Fishermen Association Act, Money Laundering Control Act or other financial management laws. The person has been indicted and has or has not completed his or her legal obligation with pertinent punishment, pending for punishment or exempted from punishment for less than five(5) years.
7. Having been adjudicated bankrupt, and rights and privileges have not been reinstated.
8. Having been the responsible person of a legal entity at the time such legal entity was adjudicated bankrupt and five (5) years have not elapsed since the closure of the bankruptcy or the terms of bankruptcy settlement have not yet been fulfilled.
9. Having been denied service by the bills clearing house and the denial status has yet to be removed, or there remains a record of dishonored check(s) due to insufficient funds in three (3) years since the denial status has been removed.
10. Having been in arrears for six months or longer on repayment of loan principal or interest within the past three (3) years and remains in arrears.
11. Having an ongoing event that seriously damages his or her credit worthiness or five (5) years have not elapsed since the closure of such an event.
12. In less than past five(5) years, the person has a record of revoking responsibility of unemployment by the Competent Authority as a result of violating The Banking Act, Financial Holding Company Act, Trust Enterprise Act, The Act Governing Bills Finance Business, Financial Assets Securitization Act, Clauses of the Real Estate Securitization Act, Act Governing Issuance of Electronic Stored Value Cards, Insurance Law, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and

Consulting Act , The Credit Cooperatives Act Of The Republic Of China , Agricultural Finance Law, The Farmers Association Act, The Fishermen Association Act, or other financial management laws.

13. Having been ordered to enter a reformatory or having been ordered to perform compulsory labor due to the offense of larceny or receiving stolen property and the sentence has not been completed or five (5) years have not elapsed since the sentence completion.

14. Acting as the responsible person of another bank, credit cooperative, credit department of a farmers' (fishermen's) association, bills finance company, securities firm, securities finance company, securities investment trust enterprise, securities investment consulting enterprise, futures company or insurance company (excluding insurance agencies or brokerages); the preceding provision does not apply if it is otherwise approved by the Competent Authority.

15. Factual evidence shows that the person has engaged in, or been involved in, other dishonest or improper activities, lacks the ability to operate in a sound and effective manner an interbank financial information network enterprise, and is therefore demonstrably unfit to serve as a responsible person of an interbank financial information network enterprise.

Where the government or a corporate shareholder acts as a director or a supervisor, the provisions of the preceding paragraph apply mutatis mutandis to any authorized representative, or to any natural person appointed to exercise in its behalf the duties of its position.

In the event that any responsible person at an interbank financial information network enterprise is found to have records stated in the first section, the same person should immediately notify the enterprise and the enterprise should take immediate action by reporting to the the Competent Authority.

An interbank financial information network enterprise should have one president, who is responsible for supervising the entire business. No other person should take the same role. The president must have good codes of conduct, leadership and ability to effectively manage the business unit, and fulfill any of the following requirements:

1. Hold a bachelor's degree or higher from domestic or foreign country, or having an equivalent level of education and with at least nine (9) years of experience working in banks, including at least three (3) years of experience working in the position of manager or higher or in an equivalent position at the head office of banks, or working in a comparable position at a bank of comparable size, and with good performance record.
2. Hold a bachelor's degree or higher from domestic or foreign country, or having an equivalent level of education and with at least nine (9) years of experience working in financial administration or management, and working at least three (3) years in civil service at junior rank (grade 9) or higher, or in an equivalent position, and with good performance record.
3. Having at least five (5) years of experience working in banks, including at least three (3) years of experience working in the position of vice president or higher or working in a comparable position at a bank of comparable size, and with good performance record.
4. Having at least seven (7) years of experience in designing financial information system software and with good performance record.
5. Having other experiences sufficing to show the possession of leadership ability, professional banking knowledge or banking management experience, or professional knowledge in information technology to effectively manage the business of an interbank financial information network enterprise.

A person may not hold the position of president or comparable position at an interbank financial information network enterprise unless the Competent Authority has examined and approved the qualifications of such person.

The vice president, assistant vice president, manager or personnel holding comparable position at an interbank financial information network enterprise shall have good codes of conduct, leadership and ability to effectively manage the business unit, and meet one of following qualifications:

1. Hold a bachelor's degree or higher from domestic or foreign country, or having an equivalent level of education and with at least five (5) years of experience working in banks and having held the position of assistant manager or higher or an equivalent position at the head office of banks, or working in a comparable position at a bank of comparable size, and with good performance record.
2. Hold a bachelor's degree or higher from domestic or foreign country, or having an equivalent level of education and with at least five (5) years of experience working in financial administration or management, and having worked in civil service at junior rank (grade 8) or higher, or in an equivalent position, and with good performance record.
3. Having at least three (3) years of experience working in banks, and having worked in the position of manager or higher at the head office of banks, or working in a comparable position at a bank of comparable size, and with good performance record.
4. Having at least five (5) years of experience working as a project manager for financial information system software design and with good performance record.
5. Having other facts sufficing to show the possession of professional banking knowledge or banking management experience, or professional knowledge in information technology to effectively manage the business of an interbank financial information network enterprise.

The assistant manager or personnel holding comparable position at an interbank financial information network enterprise shall have good codes of conduct, ability to effectively manage the business unit, and meet one of following qualifications:

1. Hold a bachelor's degree or higher from domestic or foreign country, or having an equivalent level of education and with at least three (3) years of experience working in banks and having held the position of junior manager or higher or an equivalent position at the head office of banks, or working in a comparable position at a bank of comparable size, and with good performance record.
2. Hold a bachelor's degree or higher from domestic or foreign country, or having an equivalent level of education and with at least three (3) years of experience working in financial administration or management, and having worked in civil service at junior rank (grade 7) or higher, or in an equivalent position, and with good performance record.
3. Having at least two (2) years of experience working in banks, and having worked in the position of assistant manager or higher at the head office of banks, or working in a comparable position at a bank of comparable size, and with good performance record.
4. Having at least three (3) years of experience working as a project manager for financial information system software design and with good performance record.
5. Having other facts sufficing to show the possession of professional banking knowledge or banking management experience, or professional knowledge in information technology to effectively manage the business of an interbank financial information network enterprise.

Article 9	<p>An interbank financial information network enterprise shall have the following number of directors who meet the qualification requirements set forth in Article 7 herein:</p> <ol style="list-style-type: none"> 1. If the company has 3 directors or less, at least one director; if the company has more than 3 directors, at least one more director for each additional three directors; and 2. If the company has managing director(s), at least one of the managing directors. <p>The chairman of an interbank financial information network enterprise shall fulfill any of the requirements that has mentioned in Article 7.</p> <p>At least one of an interbank financial information network enterprise's supervisors shall possess any of the qualification requirements or professional knowledge mentioned in Article 7 herein.</p>
Article 10	<p>A responsible person of an interbank financial information network enterprise shall meet the qualification requirements set forth in these Regulations. Where necessary, the Competent Authority may order an interbank financial information network enterprise to provide necessary information and materials or send a designated person to make explanation in person within a prescribed period of time.</p>
Article 11	<p>The spouse, relatives by blood within second degree of kinship or relatives by marriage within first degree of kinship of the director, manager or person holding comparable position at an interbank financial information network enterprise may not hold a position of supervisor in the same company.</p>
Article 12	<p>The board of directors related to an interbank financial information network enterprise is held responsible for selecting managers. They should review the qualification of candidates thoroughly and monitor the managers on their maintenance of qualification and suitability for their roles.</p>
Article 13	<p>The information security personnel related to an interbank financial information network enterprise shall meet one of following qualifications:</p> <ol style="list-style-type: none"> 1. Hold a bachelor's degree or higher related to information. 2. Worked more than three years in information-related companies or service in an interbank financial information network enterprise even though he or she does not hold a bachelor's degree related to information.
Article 14	<p>An interbank financial information network enterprise should draft an annual training program for the related personnel in regards to information security.</p>

Article 15

To establish an interbank financial information network enterprise, the promoters shall apply to the Competent Authority for approval by submitting the following documents in triplicate:

1. An application for the establishment of an interbank financial information network enterprise;
2. A business plan that sets out the scope of business, business principles and directions, and specific means of implementation (including a general description of systems and equipment, network architecture, methods of settlement operations, the planned fee schedule, internal division of labor, personnel recruitment and training, business development plan, business volume and financial projections for the next three years, and system redundancy plan);
3. Minutes of promoters meetings;
4. A written statement signed by promoters undertaking that they are free of the situations provided under Paragraph 1 of Article 5 herein;
5. Proofs of qualifications of the president, vice presidents, assistant vice presidents, managers, assistant managers or persons holding comparable positions;
6. Articles of incorporation;
7. Review opinions of an accountant and a lawyer; and
8. Other documents as required by the Competent Authority. An application accompanied by incomplete or inadequate documentation will be rejected. If the situation could be remedied, the Competent Authority will instruct the applicant to provide additional information within a specified time period; should the applicant fail to provide additional information as required, the application will be rejected.

Article 16

The articles of incorporation referred to in the preceding article shall specify the following particulars:

1. Name of company;
2. Lines of business;
3. Total capital shares issued and nominal value per share;
4. The company's location;
5. Means of public notice;
6. The number of directors and supervisors, their term of service, and rules governing their appointment and discharge;
7. The responsibilities of the board of directors, and a description of the distinction of authority and responsibility between the board of directors and the management; and
8. The year, month, and date of adoption of the articles of incorporation.

Article 17

If there is a change of promoters prior to the establishment and registration of an interbank financial information network enterprise, the Competent Authority may void its establishment approval. The preceding provision does not apply to the following situations, provided the applicant applies to the Competent Authority for approval within two weeks after the change takes place:

1. The promoter is found to have a situation provided under Paragraph 1 of Article 5 herein after filing the application for establishment; or
2. The promoter is a company that is ordered by a court to undergo reorganization or has other material events that damage its credit worthiness.

If there is a change in the application other than promoters, the applicant shall prepare a statement detailing legitimate reasons therefor, and apply in advance to the Competent Authority for approval. However, where circumstances prevent the applicant from applying in advance for approval, it must apply to the Competent Authority for approval within two weeks after the change takes place.

Article 18

An entity intending to establish an interbank financial information network enterprise shall complete its corporation registration within six months after receiving an establishment approval from the Competent Authority, and apply to the Competent Authority for a business license by submitting the following documents in triplicate:

1. Business license application;
2. Corporation registration documents;
3. Articles of incorporation;
4. List of shareholders and minutes of shareholders meetings;
5. List of directors and minutes of board of directors meetings;
6. List of managing directors and minutes of managing directors meetings;
7. List of supervisors and minutes of supervisors meetings;
8. List of managerial officers;
9. Bylaws;
10. A written statement undertaking that none of the company's directors, supervisors or managerial officers have any situations under the Paragraph 1 of Article 5 herein;11. Records of at least two weeks of simulated interbank transactions.

Before the time limit set forth in the preceding paragraph expires, an entity may apply for an extension of the deadline if it has a legitimate reason. The deadline may be extended only once, up to a maximum of three months. Where an entity misses the deadline without receiving approval for an extension, the Competent Authority may void its establishment approval.

Article 19

The bylaws referred to in Subparagraph 9, Paragraph 1 of the preceding article shall include the following particulars:

1. Organizational structure and the responsibilities of each department;
2. The allocation, management, and training of personnel;
3. Internal control systems (including operations management and accounting system);
4. Internal auditing system; and
5. An operations handbook (including participant rules, processing rules, instruction manual for participants, and design briefs and specifications).

Article 20

The Competent Authority shall not issue a business license if:

1. Any authorized representative, or any natural person that is appointed to exercise on behalf of the company's directors, supervisors, managers, and the government or a corporate shareholder who act as the director or the supervisor has a situation described in the subparagraphs in Paragraph 1 of Article 5.
2. A managerial officer does not comply with the provisions in Article 6, 7 or 8.
3. A director or supervisor does not comply with the provisions in Article 9 or 11.
4. The required documents have not been submitted.
5. The company has other situations where the Competent Authority believes it is likely that the company is not capable of operating an interbank financial information network enterprise effectively.

Article 21

For matters in connection with an establishment application, the Competent Authority may at any time dispatch personnel, or designate an appropriate agency to dispatch personnel to conduct inspection, systems testing, and verification, and may order the applicant to submit necessary documents or materials, or send a designated person to make explanation in person within a prescribed period of time.

Article 22

If the Competent Authority discovers material misrepresentation of serious nature in the original application after a business license has been issued, the Competent Authority shall immediately revoke its approval. Where an interbank financial information network enterprise fails to commence business within six (6) months from the issuance of its business license, the Competent Authority shall revoke its establishment approval, and shall order surrender of the license within a specified time period. However, with legitimate reasons and approval from the Competent Authority, the deadline [for commencement of business] may be extended once for up to a maximum of six months.

Article 23

The business license for an interbank financial information network enterprise shall be valid for nine (9) years. For an interbank financial information network enterprise to continue its business past the expiration of its license, it shall, within six (6) months before the expiration of its license, apply for the issue of a new business license.

Article 24

For any change in the particulars listed on a business license, the approval of the Competent Authority shall first be obtained, and the original license shall be exchanged for a new one.

Section 3 Management

Article 25

An interbank financial information network enterprise may engage in the following businesses:

1. Settlement for interbank transactions;
2. Information transmission and exchange in connection with transactions between financial institutions;
3. Providing information system disaster recovery service to financial institutions;
4. Planning, counseling and consultation of automated transactions between financial institutions; and
5. Other relevant businesses as designated or approved by the Competent Authority.

Article 26	An interbank financial information network enterprise shall submit information on the date of business commencement, service hours and service items to the Competent Authority for approval before it opens business. The same shall apply to any change to the aforesaid information.
Article 27	With regard to the fees schedule of an interbank financial information network enterprise for financial information services provided, the enterprise shall submit in advance information on its costs and calculation method to obtain the approval of the Competent Authority. The same shall apply to any change to the aforesaid information.
Article 28	<p>An interbank financial information network enterprise shall ensure the confidentiality and security of electronic data transferred to and exchanged with its subscribers and shall be responsible for the accurate transmission, exchange or processing of such data. Where such data are erroneous, destroyed, lost, or otherwise incorrectly transmitted, exchanged, or processed, the enterprise shall be responsible for correction and remediation, and exercise the care of a good administrator.</p> <p>Unless it is otherwise provided by law, a record of the transmission, exchange or processing referred to in the preceding paragraph shall be kept on file for at least five (5) years.</p>
Article 29	<p>An interbank financial information network enterprise shall draw up business rules for the following items and submit same to the Competent Authority and the Central Bank for recordation. The same shall apply to revisions of those rules.</p> <ol style="list-style-type: none"> 1. Interbank services and business hours. 2. Interbank information transmission and processing methods. 3. Interbank account settlement methods. 4. Procedures for handling interbank information transmission defect or omission. 5. Methods for transmitting, exchanging and processing information relating to the business of financial institutions. 6. Disaster recovery measures. 7. Other matters relating to interbank financial information service.
Article 30	At the end of each fiscal year, an interbank financial information network enterprise shall submit to the Competent Authority its annual business report and other documents related to the its operations. If deemed necessary, the Competent Authority may dispatch personnel to conduct onsite inspection of an interbank financial information network enterprise, to which the enterprise may not refuse

Article 31

An interbank financial information network enterprise shall maintain the normal operation of its interbank network system. In case of malfunction, the company should remove the problem as soon as possible and maintain its system and related equipment, and if necessary, adopt proper redundancy measures to keep the impact of system malfunction to the minimum.

In case it becomes necessary to stop the transmission, exchange or processing operations due to system malfunction mentioned in the preceding paragraph, an interbank financial information network enterprise should promptly notify its subscribers, the Competent Authority and the Central Bank in advance, unless it has legitimate reasons otherwise.

Article 32

When an interbank financial information network enterprise intends to cease all or part of its business operations, it shall report its plans to the Competent Authority one year prior to cessation of business, and shall not cease business operations without the approval of the Competent Authority.

Article 33

An interbank financial information network enterprise shall carry out its settlement operation of interbank transaction tick-by-tick on a real time basis.

Article 34

To ensure the confidentiality and security of information, an interbank financial information network enterprise shall periodically reassess and improve its maintenance measures and plans for information confidentiality and security controls, and shall report its actions to the Competent Authority for acknowledgement.

Article 35

An internal control system should be put in place in regards to an interbank financial information network enterprise. The enterprise needs to ensure that the system can be implemented effectively and sustainably to solidify business management in the enterprise.

Article 36

The internal audit team of an interbank financial information network enterprise should conduct at least one general inspection and one special inspection each year in regards to the business, finance, asset management and information security. For other management units, at least one special inspection is required.

Article 37

An interbank financial information network enterprise shall establish a self-inspection system. Each team of business, finance, asset management and information security should conduct at least one general self-inspection every six months, and at least one special inspection each month. However, the self-inspection can be exempt during the month of regular inspection conducted by internal and external auditors.

An interbank financial information network enterprise shall continue to follow up on the improvement suggestions raised by internal and external auditors. In addition, the service enterprise should submit a report about how it follows up and improves the related areas in a written form to the board of directors and supervisors as a key indicator of rewards or punishment and performance review.

Article 38

An interbank financial information network enterprise may collect, process or use of personal information for the transactions mentioned in Article 25 of the Regulations; all processes to comply with Article 8 Paragraph 2 Subparagraph 2 in Personal Information Protection Act. Therefore, it is not necessary to notify the Party subject to Article 9 Section 1 of Personal Information Protection Act.

Unless otherwise stipulated in other laws or announcements by the Competent Authority, if their contracts signed with clients include the definitive clauses to specify the source of information and other requirements defined by other laws, when the financial institutions and the financial related businesses appointed by the Competent Authority collect, process, or use the information mentioned in the preceding paragraph via an interbank financial information network enterprise, and fulfill the purpose of the range of the same contracts for collect, inquire, process, use, transmit or submit the clients' information, they do not need to notify the clients consecutively or repetitively.

Article 39

These Regulations shall become effective on the date of promulgation.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System