

Content

Title :	The Act Governing Electronic Payment Institutions <b>Ch</b>
Date :	2021.01.27
Legislative :	<ol style="list-style-type: none"><li>1. Promulgated on February 4, 2015</li><li>2. Articles 53 deleted and articles 58 amended and promulgated on June 14, 2017</li><li>3. Articles 3-1 amended on January 31, 2018</li><li>4. A part or all parts of the provisions of the Act have not taken effect. Scheduled effective date: July 1, 2021. All 60 articles after the amendment promulgated on January 27, 2021 shall be effective on July 1, 2021.</li></ol>
Content :	<p>The Act Governing Electronic Payment Institutions A part or all parts of the provisions of the Act have not taken effect. Scheduled effective date: July 1, 2021. All 60 articles after the amendment promulgated on January 27, 2021 shall be effective on July 1, 2021.</p> <p>Chapter 1 General Provisions</p> <p>Article 1 This Act is enacted to promote the sound operations and development of electronic payment institutions, to ensure safe and convenient funds transfer services, and to protect consumer rights and interests.</p> <p>Article 2 The competent authority under this Act shall be the Financial Supervisory Commission.</p> <p>Article 3 The terms used in the Act are defined as follows:</p> <ol style="list-style-type: none"><li>1. Electronic payment institution: An electronic payment institution refers to an institution approved by the competent authority to operate businesses specified in Paragraph 1 and Paragraph 2 of Article 4.</li><li>2. Contracted institution: A contracted institution refers to an institution which has signed a contract with an electronic payment institution that allows users to use electronic payment accounts or stored value cards to pay for actual transactions.</li><li>3. User: A user refers to an individual or an entity that has signed a contract with an electronic payment institution for using an electronic payment account or stored value card to transfer payment funds or store the value of an amount.</li><li>4. Electronic payment account: An electronic payment account refers to a payment instrument that accepts the registration and account opening by users to keep track of their funds transfer and funds deposit record through a network or electronic payment platform, and uses electronic equipment to convey the receipt/payment information via connection.</li><li>5. Stored value card: A stored value card refers to a physical or non-physical payment instrument in the form of a chip, card, or certificate with data storage or computing functions that uses electronic, magnetic, or optical technology to store monetary value.</li><li>6. Collecting and making payments for real transactions as an agent: This business refers to the acceptance of funds transferred by the payer based on an actual transaction and the transfer of the payment for the actual transaction to the payee after certain conditions are met, upon the expiry of a certain period, or based on the instructions of the payer.</li><li>7. Accepting deposits of funds as stored value funds: This business refers to the acceptance of funds deposited by the payer in advance and the use of an electronic payment account or a stored value card for multiple-purpose of payments.</li><li>8. Domestic and foreign small-amount remittances : This business refers to the use of an electronic payment account or a stored value card for funds transfer below a certain amount in accordance with payment instructions made by the payer that are not based on actual transactions.</li><li>9. Payments refer to an amount of money made within the following scope: (1) Collecting and making payments as an agent: Funds collected or paid for</li></ol>

actual transaction as an agent and payments collected or made in domestic and foreign small-amount remittances services.

(2) Stored value funds: Funds collected for operating stored value businesses.

10. Multiple-purpose of payments: The payments refer to the amount of the stored value in an electronic payment account or a stored value card, which are allowed to pay products or services provided by individuals or entities other than the electronic payment institution, for payments of government entities, and for other payments approved by the competent authority.

However, the following conditions are not included:

(1) Cases where the stored value can only be used to pay for transportation, which has been approved by the competent authority of transportation in charge.

(2) Product (service) gift certificate that can only be used to make a request to an individual or an entity specified by the issuer for the delivery or supply of a product or service.

(3) The stored value funds of all levels of government agencies issued stored value cards or registered electronic payment accounts shall be pre-deposited by the government agencies for the payer.

Article 4 The items of business operated by electronic payment institutions shall require approvals of the competent authority respectively in accordance with the scope specified below:

1. Collecting and making payments for real transactions as an agent.

2. Receive stored funds.

3. Engage in domestic and foreign small-amount remittances business.

4. Engage in buying and selling foreign currencies and currencies issued by Mainland China, Hong Kong, or Macao (hereinafter referred to as foreign currencies) related to the businesses stipulated in the three preceding subparagraphs.

An electronic payment institution may engage in the following associated and derived businesses which approved by the competent authority:

1. Provide contracted institutions with integrated service of payment related information communication.

2. Provide shared terminal devices for contracted institutions.

3. Provide information communication between users and between users and contracted institutions.

4. Provide electronic invoice systems and related value-added services.

5. Provide related services such as the custody of payments for product (service) gift certificates and assistance for issuance, sales, and underwriting.

6. Provide reward points integration and redeem payments for real transactions as an agent.

7. Provide storage segmentations or applications in a stored value card to the others for use.

8. Provide the planning, establishment, maintenance, or consulting services for information system and equipment related to businesses specified in Subparagraph 1 to Subparagraph 7 of the preceding paragraph.

9. Other businesses approved by the competent authority.

Where the items of business operated by electronic payment institutions are required the approval from other government authorities in charge of certain industry, they must obtain the said approval before applying for the approval of the competent authority.

Non-electronic payment institutions may, with the approval of the competent authority, engage in foreign small-amount remittances services with migrant workers as defined in Subparagraph 8 to Subparagraph 11, Article 46 of the Employment Service Act. The application for approval requirement and procedures, abolishment reasons, qualifications of the person in charge, limitations on the amount of foreign remittance, business management, business inspection, payment of fees, and other matters that are required to comply with shall be prescribed by the competent authority in consultation with the Central Bank and the Ministry of Labor.

Article 5 Non-licensed electronic payment institutions may not engage in businesses described in Paragraph 1 of the preceding article except for any of the following circumstances:

1. Where it is otherwise stipulated in this Act or other laws;

2. Where the institution operates businesses specified in Subparagraph 1,

Paragraph 1 of the preceding article, the total balance of the funds collected and made of the institution as an agent under its custody does not exceed a certain amount, and the institution does not engage in businesses specified in Subparagraph 2 or Subparagraph 3, Paragraph 1 of the preceding article.

The rules of calculation and certain amount of the total balance of the funds collected and made as an agent under custody specified in Subparagraph 2 of the preceding article shall be prescribed by the competent authority.

Where conditions specified in Subparagraph 2, Paragraph 1 apply, the institution shall, within six months after the date that the total balance of the funds collected and made as an agent under its custody exceeds the specific amount specified by the competent authority, apply for approval from the competent authority to operate as an electronic payment institution.

The competent authority may, for the purpose of verifying the conditions specified in the proviso in Subparagraph 10 of Article 3, request specific natural persons, legal entities, or groups to provide related information or notify them to answer questions at the office of the competent authority. Where necessary, it may also request banks and other financial institutions to provide their data of deposits and other related information.

Article 6 The businesses operated by electronic payment institutions must meet the following requirements:

1. Businesses that involve foreign exchange and remittance shall be processed in accordance with regulations of the Central Bank.
2. The real transactions specified in Subparagraph 1, Paragraph 1, Article 4 may not in prohibited transactions stipulated in other regulations.
3. Only the institution that engage in the businesses under Subparagraph 1, Paragraph 1 of Article 4, may engage in the business under Subparagraph 2 or Subparagraph 3, Paragraph 1 of Article 4.
4. The inter-institution funds transfer clearing services for electronic payment institutions must be processed through a licensed institution that processes account inter-institution funds transfer clearing services as specified in Paragraph 1 of Article 8. However, where the payments settlement involves cross-border transactions, it is allowed to be processed through applying for the approval from the competent authority in consultation with the Central Bank.

Article 7 An electronic payment institution must be organized as a company limited by shares, and except for institutions that may engage concurrently in other businesses pursuant to the approval of the competent authority, shall engage exclusively in businesses provided under Subparagraph 1 and Subparagraph 2, Paragraph 1, Article 4 herein.

Article 8 Except for conditions prescribed in the proviso in Subparagraph 4 of Article 6, an institution that operates inter-institution funds transfer clearing services must be a licensed financial information service provider that engages in inter-institution funds transfer clearing services as specified in Paragraph 1, Article 47-3 of the Banking Act.

The financial information service provider aforementioned in the preceding paragraph must maintain and operate its information system soundly. Any obstacle must be eliminated shortly and its system and related equipment maintenance must be undertaken properly. Where necessary, the institution must take appropriate backup measures to minimize the impact of the system obstacle.

Where the financial information service provider is required to suspend the transmission, exchange, or processing operations due to an information system obstacle described in Paragraph 1, it must, except where there is a legitimate reason, notify the connected institutions, the competent authority, and the Central Bank in advance.

Chapter 2 Application and Approval

Article 9 The minimum paid-in capital of an electronic payment institution shall be NT\$500 million except for any of the following circumstances:

1. Where the electronic payment institution does not operate businesses specified in Subparagraph 2 and Subparagraph 3, Paragraph 1, Article 4, the minimum paid-in capital shall be NT\$100 million.
2. Where the electronic payment institution does not operate businesses

specified in Subparagraph 3, Paragraph 1, Article 4, the minimum paid-in capital shall be NT\$300 million.

The competent authority may amend the minimum paid-in capitals in the preceding paragraph in view of socioeconomic circumstances and actual needs.

The minimum paid-in capital in Paragraph 1 hereof shall be subscribed in full by the founders at the time of incorporation.

Where the paid-in capital of an electronic payment institution is below the amount stipulated by the competent authority pursuant to Paragraph 2 hereof, the competent authority shall order the institution to undergo capital increase within a specified time period, and may order the institution to suspend the business should the institution fail to complain the required capital increase within the specified time period.

Article 10 An electronic payment institution shall not engage in businesses not yet approved by the competent authority.

For electronic payment institutions that engage exclusively in related businesses (referred to as "specialized electronic payment institutions" hereunder), the competent authority will state the business items they may engage in on their business license, and shall indicate so on the business license if any of the business items involves cross-border operation.

Article 11 To apply for approval to engage exclusively in businesses under the subparagraphs of Paragraph 1 and Paragraph 2, Article 4 herein, the founders or responsible persons shall submit the following documents to the competent authority:

1. Application form;
2. The roster of the founders or directors and supervisors, and supporting documents;
3. The minutes of founders' meeting or board of directors meeting;
4. An statement of the sources of funds;
5. The articles of incorporation;
6. A business plan describing the scope of business, principles and direction of business operations and concrete implementation programmes, market prospects, and risk and benefit analysis;
7. Profiles of general manager or the designated general manager;
8. Internal business guidelines and business procedures;
9. Agreements or templates therefor between relevant parties involved in the electronic payment business regarding their respective rights and obligations;
10. Description of information system and security management operations to be adopted for the electronic payment business;
11. Description of CPA-certified clearing and settlement mechanism for the business transactions of electronic payment institution;
12. Description of CPA-certified safeguard mechanism for funds received from users and trust agreement, performance guarantee agreement or templates therefor;
13. A CPA-certified assessment to ensure the budget is sufficient to meet the needs of information system and to operate business properly in the next five years; and
14. Other documents as required by the competent authority.

The internal business guidelines referred to in Subparagraph 8 of the preceding paragraph shall contain the following items:

1. Organization structure and responsibilities of departments;
2. Personnel allocation, management and training;
3. Internal control system and internal audit system;
4. Anti-money laundering and counter terrorism financing Internal control and audit system;
5. User and contracted institution identify verification mechanism;
6. Accounting systems;
7. Business operation principles and policies;
8. Consumer protection measures and dispute settlement procedure;
9. Operational manual and job responsibilities; and
10. Other items as required by the competent authority.

Where banks and Chunghwa Post Co., Ltd. (referred to as "Chunghwa Post" hereunder) apply for approval to engage concurrently in the businesses under the subparagraphs of Paragraph 1 and Paragraph 2, Article 4 herein, they shall submit documents required under Subparagraph 1, Subparagraph 5,

Subparagraph 6, Subparagraph 8 to Subparagraph 11, Subparagraph 13, and Subparagraph 14 of Paragraph 1 hereof and the meeting minutes of their board of directors to the competent authority.

Where the business regulations, business procedures, or the relationship between the parties regarding their respective rights and obligations in the business operations of electronic payment institutions differ from the contents of the business plan originally approved by the competent authority, and such difference has material impact on consumer rights and interests, the electronic payment institutions must submit the documents prescribed in Subparagraph 6, Subparagraph 8, and Subparagraph 9, Paragraph 1 to apply for approval from the competent authority.

The competent authority should consult the Central Bank before granting approval under Paragraph 1, Paragraph 3, and the preceding paragraph; where business operations involve foreign exchange services, they must be approved by the Central Bank before implementation.

Article 12 Where an applicant that applies for approval pursuant to Paragraph 1, 3 or 4 of the preceding article has any of the following situations, the competent authority may reject such an application:

1. The planned minimum paid-in capital does not conform to the provision set forth in Paragraph 1 and Paragraph 2, Article 9 herein.
2. The application documents contain false or untruthful information.
3. The applicant fails to provide supplemental documents or complete corrective actions required within the period specified by the competent authority.
4. The proposed business plan lacks specifics or its implementation is apparently difficult.
5. The applicant lacks the professional expertise for managing the business which makes business operations difficult.
6. There is a national security concern.
7. There are other concerns that the applicant will not be able to operate its business soundly.

Article 13 A specialized electronic payment institution shall, within six (6) months after obtaining approval from the competent authority, submit the following documents to the competent authority to apply for issuance of business license:

1. An application for business license;
2. Documents evidencing company registration;
3. CPA audit report certifying that the capital has been paid in full;
4. Roster of shareholders;
5. Roster of directors and minutes of the board of directors' meeting; roster of managing directors and minutes of managing directors' meeting, if applicable;
6. Roster of supervisors and the minutes of supervisors' meeting; and
7. Other documents as required by the competent authority.

The deadline for application prescribed in the preceding paragraph may be extended once, provided the institution has justified reasons, an application for extension is submitted prior to the expiration of the deadline, and that such extension may not exceed three (3) months.

If a specialized electronic payment institution fails to apply for business license within the period provided in Paragraph 1 or the preceding paragraph hereof, the competent authority may revoke its approval.

If it is found after a specialized electronic payment institution has obtained a business license that its application for business license contains false information of a serious nature, the competent authority should revoke the granted approval and business license, and order the institution to turn in its business license within a specified period, or cancel its business license if the institution fails to turn in the license within the specific period.

A specialized electronic payment institution shall commence business operation within six (6) months after being granted a business license by the competent authority. However, the deadline for commencing business operation may be extended once, provided the request for extension has justified reasons and is approved by the competent authority, and that such extension may not exceed six (6) months.

Where a specialized electronic payment institution fails to commence business operations within the specified period provided in the preceding

paragraph, the competent authority may revoke the granted approval and its business license, order the institution to turn in its business license within a specified period, or cancel its business license if the institution fails to turn in the license within the specific period.

Where a specialized electronic payment institution wishes to change the information stated on its business license, it shall apply for the approval of the competent authority and for the issuance of a new business license.

Article 14 An electronic payment institution shall notify the competent authority in writing within three (3) business days from the date it commences operation.

Article 15 A foreign institution may not engage in any business under the subparagraphs of Paragraph 1, Article 4 herein within the Republic of China, unless it has applied and obtained approval to establish an electronic payment institution according to this Act.

Where an institution cooperates with or assists an offshore institution to engage in activities inside the Republic of China associated with any businesses specified in Paragraph 1, Article 4 herein, it shall obtain the approval of the competent authority. Where an institution is approved by the competent authority, if it subsequently adds other partner offshore institution from the same country or region or assists such institution to engage in activities inside the Republic of China associated with any businesses specified in Paragraph 1, Article 4 herein, it shall file the fact to both the competent authority and the Central Bank within five (5) business days from the date it commences operation.

Regulations governing individuals and entities that the competent authority will grant approval to as described in the preceding paragraph, their qualifications, required documentation for application or reporting and registration, scope and modes of cooperating with or assisting foreign institutions to engage in activities inside the Republic of China associated with any business under Paragraph 1, Article 4 herein, operations management and other compliance matters shall be prescribed by the competent authority in consultation with the Central Bank.

A Mainland Area institution applying for approval to establish an electronic payment institution and anybody cooperating with or assisting a payment institution in Mainland Area to engage in activities inside the Republic of China associated with any business under the subparagraphs of Paragraph 1, Article 3 herein shall follow the provisions in Article 72 and Article 73 of the Act Governing Relations between the People of the Taiwan Area and the Mainland Area.

The competent authority should assist domestic electronic payment institutions in developing offshore business in collaboration with foreign entities.

### Chapter 3 Supervision and Administration

#### Section 1 Specialized Electronic Payment Institutions

Article 16 The balance of stored value funds deposited by each user and the amount of the domestic and foreign small-amount remittance processed by each user with a specialized electronic payment institution shall be prescribed by the competent authority in consultation with the Central Bank.

Where necessary, the competent authority may impose a constraint on the amount of transaction for businesses operated by specialized electronic payment institutions specified in Paragraph 1, Article 4 herein, and the amounts of constraint shall be determined by the competent authority in consultation with the Central Bank.

Article 17 A specialized electronic payment institution shall deposit the funds it receives from users into a dedicated deposit account in the same currency opened by it with a bank and accurately record the amounts of payment and transfer of funds in payment accounts.

The financial institution provided in the preceding paragraph shall manage the deposit, transfer, drawing and utilization of funds deposited by a specialized electronic payment institution and periodically file the relevant data of the institution's dedicated deposit account with the competent authority.

Regulations governing restrictions on the opening of dedicated deposit account provided in the first paragraph hereof, its management, operating mode, and other matters be to comply with shall prescribed by the competent

authority.

Article 18 Except for court order or other regulations, a specialized electronic payment institution shall carry out transfer of funds according to the payment instructions agreed by users in advance or instantly without any delay, and nor accept a request from a third party for the suspension of payment or remittance, or other similar requests.

Article 19 When a user intends to withdraw from his/her payment account or a specialized electronic payment institution remits funds to a contracted institution, the specialized electronic payment institution shall not allow cash payments, but shall transfer the funds into a same-currency deposit account of the user or contracted institution in a financial institution. However, where the competent authority has other regulations, such regulations shall apply.

When a user intends to store value in a foreign currency, the specialized electronic payment institution shall transfer the stored value funds from the deposit account of the user's deposit account in a financial institution or the electronic payment account of the same electronic payment institutions, or transfer the funds through a rule approved by the competent authority in consultation with the Central Bank.

Article 20 Specialized electronic payment institutions shall deposit a sufficient amount of reserve when the combined NTD and foreign currency funds they receive from users reach a certain amount. Regulations governing the certain amount, percentage for the reserve, method of deposit, adjustment, audit and other matters to comply with shall be prescribed by the Central Bank in consultation with the competent authority.

Article 21 Specialized electronic payment institutions shall declare trust in full or obtain full guarantee from a bank for the users stored funds and for funds collected/paid as an agent. The required reserve shall be deducted from the said users stored funds.

A specialized electronic payment institution shall appoint an accountant to conduct quarterly audit of the state of compliance with the preceding paragraph, and submit the accountant's audit report to the competent authority for record in one (1) month after the end of each quarter.

The term "declare trust" referred to in Paragraph 1 hereof means the specialized electronic payment institution entering into a trust agreement with the bank at where it opens its dedicated deposit account to designate the dedicated deposit account as a trust account.

The mandatory and prohibitory provisions to be included in the trust agreement shall be prescribed by the competent authority.

The trust agreement referred to in Paragraph 3 hereof shall be deemed invalid, provided its clauses violate the mandatory and prohibitory provisions to be included as announced by the competent authority.

Mandatory provisions as announced by the competent authority that are not included in the trust agreement shall still constitute a part of the agreement.

The term "full guarantee from a bank" referred to in Paragraph 1 hereof means that the specialized electronic payment institution shall enter a full performance guarantee agreement with a bank where the bank guarantees the performance responsibility of the specialized electronic payment institution towards its users.

A specialized electronic payment institution shall complete the contract renewal or enter a new contract at least two (2) months before the expiration of the trust agreement or the guarantee agreement, and report the situation by letter to the competent authority for record.

A specialized electronic payment institution that fails to conform to the preceding paragraph will not be allowed to accept new users registration, enter into contracts with contracted institutions, or accept more funds from existing users.

Article 22 A specialized electronic payment institution may not draw or instruct the financial institution at which it opens its dedicated deposit account to draw on the funds received from users, except for any of the following circumstances:

1. Transfer of funds according to the payment instruction of a user.
2. Users withdrawing funds from their payment account or transferring funds to a contracted institution.
3. To utilize funds received from users in accordance with Paragraph 2 or

Paragraph 3 hereof and to dispense or collect interest or other income earned thereof.

For "payments", a specialized electronic payment institution may utilize it or instruct the financial institution at which it opens its dedicated deposit account to utilize it up to a certain percentage in any of the following manners:

1. Deposit it in banks.
  2. Purchase government bonds.
  3. Purchase treasury bills or negotiable certificates of deposit.
  4. Purchase other financial products approved by the competent authority.
- The financial institution at which the dedicated deposit account is opened shall dispense the interest or other income earned from the trust property, less costs, necessary expenses and loss, to the specialized electronic payment institution in the year of income occurred according to the trust agreement.

A specialized electronic payment institution shall set aside a certain percentage of the interest or other income earned from the utilization of funds received from users and deposit it in a dedicated account opened with a financial institution at which the dedicated deposit account is opened to pay back to the users or use it for other purposes prescribed by the competent authority.

The certain percentage referred to in Paragraph 2 hereof and the preceding paragraph shall be prescribed by the competent authority.

When the total value of funds received from users and utilized by a specialized electronic payment institution in accordance with Paragraph 2 hereof falls below the original amount of investment as assessed according to the generally accepted accounting principles, the institution shall forthwith make up the shortfall.

A specialized electronic payment institution shall appoint an accountant to conduct audit of the state of compliance with Paragraph 1, Paragraph 2, and Paragraph 4 hereof, and the preceding paragraph, and submit the accountant's audit report to the competent authority for record in two (2) months after the end of every half fiscal year.

The claims of the users and contracted institutions over their funds arising from the payments shall have precedence over the claims of other creditors of the specialized electronic payment institutions.

Article 23 For onshore businesses conducted by specialized electronic payment institutions, funds received from or paid to contracted institutions shall be settled and cleared in NTD.

For cross-border businesses, businesses specified in Subparagraph 4, Paragraph 1, Article 4 hereof, or related actions approved by the competent authority in accordance with provisions in Paragraph 2, Article 15 conducted by specialized electronic payment institutions, funds received from or paid to onshore users and contracted institutions may be settled and cleared in NTD or foreign currency, whereas funds received from or paid to offshore users should be settled in foreign currency.

Specialized electronic payment institutions that engage in businesses specified in the preceding paragraph and the subparagraphs of Paragraph 1 and Paragraph 2, Article 4 involving exchanges between different currencies shall disclose the exchange rates offered by the bank which they use as reference and the names of banks they work with on their websites.

Article 24 If deemed necessary, the competent authority may limit the total balance of funds received by specialized electronic payment institutions as a multiple of the institution's paid-in capital or net worth.

When the total balance of funds received by a specialized electronic payment institution as a multiple of the institution's paid-in capital or net worth does not meet the criteria set forth by the competent authority pursuant to the preceding paragraph, the competent authority may order the institution to increase capital or reduce the total balance of funds received within a specified period, and mete out other disciplinary actions or restrictions.

Articles 25 Specialized electronic payment institutions shall establish a user and contracted institution identity verification mechanism and retain the data obtained in the identification process. The verified user and contracted institution identification procedures must be implemented through a risk-based approach and must include a review of the beneficial

owners.

The retention period for data obtained in user and contracted institution identification process referred to in the preceding paragraph shall be at least five (5) years after the termination or of the business relationship. Regulations governing the manner of establishment and process for user and contracted institution identity verification mechanism referred to in Paragraph 1 hereof, its management, scope of data to be obtained in the user and contracted institution identification process, and other related matters shall be prescribed by the competent authority in consultation with the Ministry of Justice and the Central Bank.

Article 26 Specialized electronic payment institutions shall retain necessary transaction records, including the user's stored value card numbers, electronic payment account numbers, transaction items, dates, amounts and currencies, as well as records on any uncompleted transactions. The necessary transaction records referred to in the preceding paragraph shall be retained for at least five (5) years after the termination or completion of transaction, or longer, provided longer period of retention is required according to other regulations.

The regulations on matters such as the scope and method of retaining necessary transaction records shall be prescribed by the competent authority in consultation with the Ministry of Justice, the Ministry of Finance, and the Central Bank.

When the tax authority or the customs ask, out of business needs, a specialized electronic payment institution to provide necessary transaction records provided in Paragraph 1 hereof and/or data obtained in the user and contracted institution identification process provided in Paragraph 1 of the preceding article, the specialized electronic payment institution may not refuse. The regulations on matters such as the scope of the necessary transaction records or data, method of provision, and method for determining refusal to provide such information shall be prescribed by the Ministry of Finance in consultation with the competent authority.

Article 27 The reporting of currency transactions exceeding a certain amount or suspected money laundering transactions by specialized electronic payment institutions, and the exemption from confidentiality obligations and penalties for violating reporting regulations of specialized electronic payment institutions and related personnel shall be processed in accordance with regulations in the Money Laundering Control Act.

Article 28 An electronic payment institution must obtain the permission of the competent authority to set up an overseas branch institution. The competent authority shall consult the Central Bank and obtain approval before granting permission.

Article 29 Specialized electronic payment institutions shall establish a mechanism for handling customer complaints and dispute settlement.

Article 30 The terms and conditions of the standard contract prepared by a specialized electronic payment institution for its electronic payment business shall comply with the mandatory and prohibitory provisions to be included in standard form contract for the business announced by the competent authority. The protections for consumer rights and interests provided in the standard contract shall not be less than those contained in template of standard form contract for electronic payment business prescribed by the competent authority.

Article 31 Specialized electronic payment institutions shall keep the transaction data and other related information of the users and contracted institutions confidential, unless it is otherwise required by law or the competent authority.

Article 32 A specialized electronic payment institution shall ensure the privacy and security of the transaction data and be responsible for the accuracy of data transfer, exchange, or processing.

A specialized electronic payment institution shall establish an information system that meets certain requirements. The standards for information system and security management of its businesses, and subsequent amendments thereto shall be prescribed by the trade association specified in Paragraph 1 of Article 44 or the Bankers Association of the Republic of China ("Bankers Association"), and reported to the competent authority for approval; the same procedure shall be required for changes.

Article 33 A specialized electronic payment institution shall establish an

internal control and audit system; regulations governing the objectives, principles, policies, operating procedures, qualification requirements for internal auditors, scope of internal control audits undertaken by appointed certified public accountant, and other matters to comply with shall be prescribed by the competent authority.

Article 34 Specialized electronic payment institutions shall file business related reports in accordance with the rules of the competent authority and the Central Bank.

Specialized electronic payment institutions shall periodically deliver detailed schedule of their account operations to the financial institution at which they open their dedicated deposit account for the bank to check the deposit, transfer, drawing and utilization of funds received from users.

Article 35 A specialized electronic payment institution shall prepare business report and CPA-certified financial report or other financial documents designated by the competent authority within four (4) months after the end of a fiscal year, and submit the same to the competent authority and declare in fifteen (15) days after those reports have been passed in board of directors' meeting.

Article 36 Rules governing the business management and operating mode of specialized electronic payment institutions, user and contracted institution management, ways for users to give payment instructions, procedures for processing suspected illegal or obviously irregular transactions of electronic payment accounts or stored value cards, applications for permission to set up offshore branch institutions and their management, conditions for public issuance of securities, business outlets, outsourcing operation, restrictions on investment, approval of significant financial businesses and operations, reporting, and other matters to comply with shall be prescribed by the competent authority in consultation with the Central Bank.

The guidelines for the qualifications and requirements for the responsible person of an electronic payment institution, restrictions on concurrent posts, training, and other matters to comply with shall be prescribed by the competent authority.

An individual that does not meet the qualifications and requirements set forth in the guidelines specified in the preceding paragraph may not serve as a responsible person of an electronic payment institution; where such individual has taken the position of the said responsible person, he/she shall be discharged.

Article 37 The competent authority may at any time appoint a designee or entrust an appropriate institution to examine the business, finance or other relevant items of a specialized electronic payment institution, or order the specialized electronic payment institution to submit financial report, inventory of property, or other relevant information and reports within a specified period.

If deemed necessary, the competent authority may designate or request the electronic payment institution to appoint professional experts or technical personnel to inspect the items, reports or information subject to examination according to the preceding paragraph, and submit an inspection report to the competent authority. The expenses thus incurred shall be borne by the institution being inspected.

Article 38 If a specialized electronic payment institution violates laws or regulations, or its articles of incorporation, or is suspected of improper management, the competent authority may order it to correct or improve within a specified period, and may, depending on the severity of the circumstances, take the following disciplinary actions:

1. Revoke the resolutions adopted at the shareholders' meetings, board of directors' meetings or other statutory meetings;
2. Repeal the approval for part or all of the businesses of the specialized electronic payment institution;
3. Order the specialized electronic payment institution to relieve its managers or employees of their offices;
4. Dismiss its directors or supervisors, or suspend them from their duties for a certain period of time; and
5. Take other necessary disciplinary actions.

If a director or supervisor of a specialized electronic payment institution

is dismissed pursuant to Subparagraph 4 of the preceding paragraph, the competent authority shall notify the competent authority of company registration to cancel the registration of such director or supervisor. The regulations in the two preceding paragraphs shall apply mutatis mutandis to those that are not electronic payment institutions but engage in foreign small-amount remittances and related foreign currency trading businesses described in Subparagraph 4, Article 4 in the event that they violate laws or regulations, or the articles of incorporation, or are suspected of disturbing sound operations.

Article 39 Where the accumulated loss of a specialized electronic payment institution exceeds one half (1/2) of its paid-in capital, the institution shall promptly report the fact to the competent authority in writing its financial statements and reasons for the loss.

The competent authority may require a specialized electronic payment institution in the situation as described in the preceding paragraph to replenish its capital or restrict its business operations; and order to cease its operation if the specialized electronic payment institution fails to replenish its capital as required within the specified period.

Article 40 If the business or financial conditions of a specialized electronic payment institution deteriorate significantly so that it might not be able to pay its debts or that the interests of users might be adversely affected, the competent authority may inform the relevant authorities or agencies to prohibit the specialized electronic payment institution, its responsible persons, or any of its employees from transferring, delivering, hypothecating or exercising other rights, or may also send a letter of request to immigration authority to prohibit such persons from leaving the country, or order the specialized electronic payment institution to transfer its businesses to another electronic payment institution.

When a specialized electronic payment institution is dissolved, closes down business, or suspends business, has its permit revoked or repealed, or is ordered to dissolve so that it becomes unable to continue its operation, the institution shall consult with other electronic payment institution(s) to take over its business, subject to the approval of the competent authority.

Where such specialized electronic payment institution fails to follow the provisions in the preceding paragraph, the competent authority will designate other electronic payment institution(s) to assume its business.

Article 41 To prevent specialized electronic payment institutions from damaging the interests of consumers by failing to deliver trust or obtain full performance guarantee from a bank, electronic payment institutions shall set aside funds to the establishment of a sinking fund.

When a specialized electronic payment institution runs into financial difficulty, thereby becoming insolvent and breaching its contract, the sinking fund may, in the capacity of a third person, repay the consumers, and from the time of making repayment, assume the rights of the consumers within the extent of repayment.

Regulations governing the organization, management and repayment operation of the sinking fund shall be prescribed by the competent authority.

Respective specialized electronic payment institution shall allocate a certain percentage of its business income to the sinking fund; the certain percentage will be prescribed by the competent authority in consideration of the economic and business conditions and the affordability of respective specialized electronic payment institution.

## Section 2 Dual-status Electronic Payment Institutions

Article 42 Article 16, Article 18, Article 19, Paragraph 8 of Article 22, Paragraphs 1 and 2 of Article 23, Article 25, Article 26, Article 29 to Article 32, Paragraph 1 of Article 34, Paragraph 1 of Article 36, Article 37, Paragraphs 1 and 2 of Article 38, Article 40, and Article 41 shall apply mutatis mutandis to banks and Chunghwa Post that engage concurrently in the businesses under the subparagraphs of Paragraph 1 and Paragraph 2, Article 4 herein.

Article 43 The stored funds received by banks and Chunghwa Post in connection with the business under Subparagraph 2, Paragraph 1 of Article 4 herein that they engage concurrently in as well as reserves set aside by them in accordance with the Banking Act or other relevant regulations are

insured subjects under the Deposit Insurance Act.

#### Chapter 4 Trade Association

Article 44 An electronic payment institutions shall join a trade association designated by the competent authority or the Electronic Payment Committee of the Bankers Association of the Republic of China before commencing operation.

The charter of the trade association designated by the competent authority and bylaws as well as rules governing the conduct of meetings of the Electronic Payment Committee of the Bankers Association referred to in the preceding paragraph, and subsequent amendments thereto shall be submitted to the competent authority for approval.

The businesses of the trade association designated by the competent authority referred to in Paragraph 1 hereof shall be subject to the guidance and supervision of the competent authority.

Article 45 The trade association designated by the competent authority or the Electronic Payment Committee of the Bankers Association shall undertake the following activities to help promote the sound operations of members and uphold the reputation of the industry:

1. Assist the competent authority in promoting and studying policies and regulations related to electronic payment business;
2. Draw up and periodically review common business rules or self-disciplinary rules and report such rules and subsequent changes thereto to the competent authority for record;
3. Provide necessary guidance to members with respect to the electronic payment business they engage in or mediate disputes therebetween; and
4. Undertake other matters as designated by the competent authority.

Electronic payment institutions shall observe the business rules and self-disciplinary rules referred to in Subparagraph 2 of the preceding paragraph.

#### Chapter 5 Penal Provisions

Article 46 Non licensed electronic payment institutions but engage in any business under Subparagraphs 2, Paragraph 1 of Article 4 herein shall be punishable by imprisonment for not less than three (3) years and not more than ten (10) years, and in addition thereto, a fine of not less than NT\$20,000,000 and not more than NT\$500,000,000.

Those that fail to apply to the competent authority for approval in accordance with Paragraph 3 of Article 3 herein or have applied for approval according to rules but were rejected by the competent authority and still engage in the business under Subparagraph 1, Paragraph 1 of Article 4 herein shall be punishable by imprisonment for not more than five (5) years, and in addition thereto, a fine of not more than NT\$100,000,000. Should a representative, agent, employee, or other professional of a juristic person commit the offenses prescribed in the preceding two paragraphs, its responsible actor(s) shall be punished and the juristic person shall be subject to the fines set out in the preceding two paragraphs.

Article 47 When a specialized electronic payment institution violates Paragraph 1 of Article 21 or Paragraph 1 of Article 22 herein, its responsible actor(s) shall be punishable by imprisonment for not more than seven (7) years, and in addition thereto, a fine of not more than NT\$500,000,000.

In case of a situation described in the preceding paragraph, its responsible actor(s) shall be punished and the specialized electronic payment institution shall be subject to the fine set out in the preceding paragraph.

Article 48 Violation of Paragraph 2 of Article 15 herein by cooperating with or assisting foreign institutions to engage in activities inside the Republic of China associated with any business under the subparagraphs of Paragraph 1, Article 4 herein without the approval of the competent authority shall be punishable by imprisonment for not more than three (3) years, detention or in lieu thereof, or in addition thereto, a fine of not more than NT\$5,000,000.

Should a representative, agent, employee, or other professional of a juristic person commit the offenses prescribed in the preceding paragraph, its responsible actor(s) shall be punished and the juristic person shall be subject to the fines set out in the preceding paragraph.

Article 49 An individual who spreads rumors or uses fraud to damage the credit of an electronic payment institution shall be punishable by imprisonment for not more than three (3) years, detention or in lieu thereof, or in addition thereto, a fine of not more than NT\$5,000,000.

Article 50 Any of the following offenses shall be subject to a fine of not less than NT\$500,000 and not more than NT\$10,000,000:

1. Violation of Subparagraph 1 and Subparagraph 2 of Article 25, or Article 42 to which Paragraph 1 and Paragraph 2 of Article 25 apply mutatis mutandis, or violation of the regulations on the manner of establishment, process, and management of user and contracted institution identity verification mechanism prescribed pursuant to Paragraph 3 of Article 25, or Article 42 herein to which Paragraph 3 of Article 25 apply mutatis mutandis.
2. Violation of Subparagraph 1 and Subparagraph 2 of Article 26, or Article 42 to which Paragraph 1 and Paragraph 2 of Article 26 apply mutatis mutandis, or violation of the regulations on the scope or method for retaining necessary transaction records prescribed pursuant to Paragraph 3 of Article 26.

Article 51 Any of the following offenses shall be subject to a fine of not less than NT\$600,000 and not more than NT\$3,000,000:

1. Violation of Subparagraph 2 to 4 of Article 6 herein.
2. Violation of Article 7 by not engaging exclusively in businesses under the subparagraphs of Paragraph 1 and Paragraph 2, Article 4 herein.
3. Violation of Paragraph 1 of Article 10 herein.
4. Violation of regulations governing modes of cooperating with or assisting foreign institutions to engage in activities inside the Republic of China associated with any business under Paragraph 1, Article 4 herein or governing operations management prescribed pursuant to Paragraph 3 of Article 15 herein.
5. Violation of amounts set out by the competent authority in accordance with Paragraph 1 of Article 16, or Article 42 herein to which Paragraph 1 of Article 16 apply mutatis mutandis, or violation of limits set out by the competent authority in Paragraph 2 of Article 16, or Article 42 herein to which Paragraph 2 of Article 16 apply mutatis mutandis.
6. Violation of Paragraph 1 of Article 17, or violation of provisions on restrictions, management, or operating mode on dedicated deposit account in regulations prescribed pursuant to Paragraph 3 of Article 17.
7. Violation of Article 18, Article 42 herein to which Article 18 applies mutatis mutandis by delaying the transfer of funds or accepting a request from a third party for the suspension of payment or remittance, or other similar requests.
8. Violation of Article 19 or Article 42 herein to which Article 19 applies mutatis mutandis.
9. Violation of Paragraph 7 or Paragraph 8 of Article 21 by not completing contract renewal or entering a new contract during the specified period, or reporting the situation by letter to the competent authority for record, or by accepting the registration of new users, entering into contracts with contracted institutions, or accepting more funds from existing users.
10. Violation of Paragraph 4 or Paragraph 6 of Article 22 herein.
11. Violation of Paragraph 1 of Article 23, Article 42 herein to which Paragraph 1 of Article 23 applies mutatis mutandis, or violation of Paragraph 2 of Article 23, Article 42 herein to which Paragraph 2 of Article 23 applies mutatis mutandis by failing to accept or pay funds from and to offshore users and failing to settle and clear the funds in a foreign currency.
12. Violation of Article 31 or Article 42 herein to which Article 31 applies mutatis mutandis.
13. Violation of Paragraph 1 of Article 32 or Article 42 herein to which Paragraph 1 of Article 32 applies mutatis mutandis.
14. Violation of Article 33 herein by not establishing an internal control and audit system, or not implementing it vigorously.
15. Violation of Article 34 or Article 42 herein to which Paragraph 1 of Article 34 applies mutatis mutandis.
16. Violation of Article 35.
17. Violation of rules governing the business management and operating mode of specialized electronic payment institutions, user and contracted

institution management, ways for users to give payment instructions, procedures for processing suspected illegal or obviously irregular transactions of electronic payment accounts or stored value cards, management of offshore branch institutions, conditions for public issuance of securities, business outlets, outsourcing operation, restrictions on investment, approval of significant financial businesses and operations, reporting, and other compliance matters.

18. Violation of rules governing the qualifications and requirements and restrictions on concurrent posts set out in Paragraph 2 of Article 36 by a responsible person of a specialized electronic payment institution.

19. Violation of Paragraph 1 of Article 41 or Article 42 herein to which Paragraph 1 of Article 41 applies mutatis mutandis by not allocating funds. Where the concurrent post described in Subparagraph 18 of the preceding paragraph is assigned by a specialized electronic payment institution, the penalized entity shall be the specialized electronic payment institution.

Article 52 If the responsible person or staff member of an electronic payment institution commits any of the following acts when the competent authority, pursuant to regulations in Article 37 or Article 42 to which Article 37 applies mutatis mutandis, appoint a designee or entrust an appropriate institution, or designates professional experts or technical personnel to examine or inspect its business, finance or other relevant items, or order the electronic payment institution to submit financial report, inventory of property, or other relevant information and reports within a specified period, the responsible person or staff member shall be subject to a fine of not less than NT\$600,000 and not more than NT\$3,000,000:

1. Refusing to be examined or inspected;
2. Concealing or destroying account books and documents related to business or financial conditions;
3. Refusing to reply or providing false information to inquiries made by the examiner or inspector without justifiable reasons; or
4. Failure to provide financial reports, inventory of property or other relevant information in a timely manner or failure to provide accurate and complete information, or failure to pay inspection fees within the prescribed period of time.

Article 53 Any of the following offenses shall be subject to a fine of not less than NT\$200,000 and not more than NT\$1,000,000:

1. Violation of regulations on the qualifications of the person in charge, limitations on the amount of foreign exchange, business management, and business inspection by an entity approved by the competent authority for operating businesses specified in Paragraph 4 of Article 4.
2. Violation of regulations in Paragraph 4 of Article by refusing to provide information or failing to answer questions at the office of the competent authority after receiving a notice.
3. Violation of Paragraph 4 of Article 11 herein.
4. Violation of Paragraph 7 of Article 13 herein.
5. Violation of Article 14 herein.
6. Violation of Paragraph 2 of Article 21 herein.
7. Violation of Paragraph 7 of Article 22 herein.
8. Violation of Paragraph 3 of Article 23 herein.
9. Violation of Article 28 herein.
10. Violation of Article 30 or Article 42 herein to which Article 30 applies mutatis mutandis by providing protections for user rights and interests in the standard contract that are less than those contained in template of standard form contract for electronic payment business prescribed by the competent authority.
11. Violation of Paragraph 1 of Article 39 herein.
12. Violation of Paragraph 1 of Article 44 by operating without joining a trade association.

Article 54 When an electronic payment institution violates Article 20 herein by not depositing sufficient amount of reserve as required, the Central Bank may charge the institution, on the portion of the shortfall, a penalty interest at the lowest rate on accommodations without collateral as announced by the Central Bank plus five percent (5%) interest per annum; where the violation is of a serious nature, the Central Bank may impose a fine of not less than NT\$200,000 and not more than NT\$1,000,000.

When an electronic payment institution violates Paragraph 4 of Article 26 or Article 42 to which Paragraph 4 of Article 26 applies mutatis mutandis by refusing to provide necessary transaction records or information without a legitimate reason, the tax authority or the customs shall impose a fine of not less than NT\$200,000 and not more than NT\$1,000,000, and order it to provide such records or information within a specified period. Where it fails to provide the records or information, it may be fined consecutively for each violation.

Article 55 A fine for an act under this Act may be remitted if the act was committed in a trivial circumstance or if the individual was ordered to make improvements within a designated period and the improvements have been completed.

Article 56 For electronic payment institutions that have been penalized in accordance with this Act and fail to take corrective actions within the specified period as ordered by the competent authority or the Central Bank, the competent authority or the Central Bank may mete out penalties each time a violation occurs. Where the violation is of a serious nature, the competent authority or the Central Bank may order the electronic payment institution to replace its responsible person within a specified period, close down its business, or revoke its approval.

#### Chapter 6 Supplementary Provisions

Article 57 To facilitate the development of financial inclusion and financial technology, the innovative experiment of electronic payment business may be applied, but not limited to electronic payment institutions, for pursuant to Financial Technology Development and Innovative Experimentation Act.

The foregoing innovative experiments may be exempt from the requirements of the Act within the period and scope approved by the competent authority.

The competent authority shall make reference to the status of the innovative experiments specified in Paragraph 1, and review the appropriateness of the Act and relevant financial laws.

Article 58 Electronic stored value cards issuers that have been approved by the competent authority before the promulgation of the amendments to the Act on December 25, 2020 shall be deemed to have been granted approval under Paragraph 1, Article 11 hereof.

Before the promulgation of the amendment on December 25, 2020, if an electronic payment institution approved by the competent authority in accordance with this Act or an electronic stored value cards issuer established with approval granted in the Act Governing Issuance of Electronic Stored Value Cards does not meet the regulations specified in this Act, it shall make amendments within six (6) months of the promulgation of the amendment and submit a modified business plan that meets the relevant provisions of this Act and a self-evaluation report to the competent authority for record.

Before the promulgation of the amendment on December 25, 2020, if a non-bank electronic stored value cards issuer or a specialized electronic payment institution wishes to change the information stated on its business license, it shall submit an application, the original business license, and other documents specified by the competent authority, and apply for changing into a new business license from the competent authority.

Article 59 When the competent authority receives the application filed for record under Paragraph 2 of the preceding article and finds that the applicant's business management or operating mode does not meet the provisions stipulated in this Act, the competent authority may order the applicant to make adjustment within a specified period.

Article 60 The date on which this Act becomes effective will be determined by the Executive Yuan.