


Content

Title :	Regulations Governing Responsible Persons and Associated Persons of Securities Investment Trust Enterprises 
Date :	2022.12.22
Legislative :	<ol style="list-style-type: none"><li>1. Full text of 22 articles adopted and issued per 30 October 2004 Order No. Financial-Supervisory-Securities-IV-0930005147 of the Financial Supervisory Commission, Executive Yuan; for implementation from the date of issuance</li><li>2. Articles 2, 3, 4, 6, 7, and 8 amended and issued, and Articles 2-1, 4-1, 6-1, 21-1 added, per 20 September 2005 Order No. Financial-Supervisory-Securities-IV-0940004155 of the Financial Supervisory Commission, Executive Yuan</li><li>3. Articles 2, 3, 4, 4-1, 5, 6, 8, 13, 14, and 21-1 amended and issued, and Articles 6-2 and 6-3 added, per 10 March 2008 Order No. Financial-Supervisory-Securities-IV-0970008420 of the Financial Supervisory Commission, Executive Yuan</li><li>4. Articles 2-1, 3, and 17 amended and issued per 11 October 2010 Order No. Financial-Supervisory-Securities-Firms-0990051567 of the Financial Supervisory Commission, Executive Yuan</li><li>5. Articles 2-1, 8, and 21-1 amended and issued per 1 August 2012 Order No. Financial-Supervisory-Securities-SITC-1010032368 of the Financial Supervisory Commission</li><li>6. Articles 4 and 4-1 amended and issued per 26 October 2020 Order No. Financial-Supervisory-Securities-Firms-1090364936 of the Financial Supervisory Commission</li><li>7. Articles 2, 3 to 4-1, 6, 6-1, 7 to 9, and 13 amended, Article 6-4 added, and Article 6-2 deleted per 30 December 2021 Order No. Financial-Supervisory-Securities-SITC-1100365664 of the Financial Supervisory Commission</li><li>8. Articles 13 and 22 amended and Articles 2-2 and 15-1 added per 22 December 2022 Order No. Financial-Supervisory-Securities-SITC-1110385547 of the Financial Supervisory Commission; for enforcement from the date of issuance, except for Article 15-1, which will be enforced from 1 January 2023</li></ol>
Content :	<p>Article 1 These Regulations are adopted pursuant to Article 69 and Article 77, paragraph 3, of the Securities Investment Trust and Consulting Act ("the SITC Act").</p> <p>Article 2 The term "responsible person" as used in these Regulations means a person who shall be held responsible under Article 8 of the Company Act or under provisions of other acts of law. The term "associated persons" in these Regulations means personnel who conduct any of the following types of business for a securities investment trust enterprise (SITE):</p> <ol style="list-style-type: none"><li>1. Handling the public offering, issuance, sale, and private placement of beneficial interest certificates.</li><li>2. Investment research and analysis.</li><li>3. Fund operation and management</li><li>4. Execution of securities trading for funds.</li><li>5. Research and analysis, investment decision-making, or trade execution for discretionary investment related business.</li><li>6. Internal auditing.</li><li>7. Legal compliance.</li><li>8. Risk management.</li><li>9. Acting as in-charge accountant.</li></ol>

10. Conducting other approved business.

Article 2-1

The chairperson of a SITE shall be of upstanding character, possess the ability to effectively lead a SITE, and also possess one of the following qualifications:

1. Has obtained qualification as a securities investment analyst in accordance with the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises, and has two years or more of relevant work experience at a qualified institutional investor(s).
2. Is a graduate of a domestic or foreign school at the level of junior college or higher recognized by the Ministry of Education or has an equivalent level of education, and also has three or more years of relevant work experience at a qualified institutional investor(s), having served there in the position of assistant general manager or in an equivalent position, with a good performance record.
3. There are other facts sufficient to demonstrate possession of professional knowledge of securities and finance, operational experience, and leadership ability.

A SITE's chairperson shall, within ten days after election, submit relevant documentary proof of qualifications to the Financial Supervisory Commission (FSC) for recognition; where the FSC does not recognize any of that person's qualifications, the FSC may order the SITE to make an adjustment within a designated time limit.

The chairman of a SITE may not concurrently serve as the general manager. However, this restriction does not apply if any of the following circumstances exists and if approval has been obtained from the FSC:

1. The SITE will cease to exist as a result of dissolution or merger, and the chairman or general manager has resigned or has been removed from his or her duties by order of the FSC.
2. The SITE's business permission was voided by the FSC, and the chairman or general manager has resigned or has been removed from his or her duties by order of the FSC.
3. Any other special cause.

Article 2-2

A SITE's board of directors is responsible for the appointment of managerial officers and shall scrupulously review to ensure that the managerial officers meet the qualification requirements. The board of directors is also responsible for overseeing the maintenance of qualifications by managerial officers and the suitability of managerial officers in their positions.

The board of directors shall scrupulously oversee the company's implementation of the accountability of managerial officers, establish related systems, and include them in the assessment of the suitability of managerial officers.

Article 3

A SITE shall have one general manager, who shall be responsible for the overall administration of the business operations of the entire company, and it may not have any other person in an equivalent position.

The general manager of a SITE shall be of upstanding character, possess leadership ability and be capable of effectively managing a SITE, and shall, unless otherwise provided by the Trust Enterprise Act or another act, possess one of the following qualifications:

1. Has obtained qualification as a securities investment analyst in accordance the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises, and also has three years or more of relevant work experience at a qualified institutional investor(s).
2. Is a graduate of a domestic or foreign school at the level of junior college or higher recognized by the Ministry of Education or has an equivalent level of education, and also has five or more years of relevant work experience at a qualified institutional investor(s), having served there in the position of assistant general manager or in an equivalent

position for one year or more, or in the position of manager or in an equivalent position for three years or more, with a good performance record.

3. Has other academic or work qualifications sufficient to demonstrate possession of professional knowledge of securities and finance, operational experience, and leadership ability.

To hire a general manager, a SITE shall submit documents verifying that the person it plans to hire meets the required qualifications to the FSC for review; the person may not assume the position until found qualified.

The general manager of a SITE may not concurrently serve in the position of chairperson, branch unit manager, securities investment trust fund manager, futures trust fund manager, discretionary investment manager, or trade decision maker in the discretionary futures trading business, of the SITE.

#### Article 4

Assistant general managers, deputy assistant general managers, and managers in a business department of a SITE shall possess leadership ability and the ability to effectively assist in the operation of a SITE, and shall possess one of the following qualifications:

1. Is qualified as a securities investment analyst in accordance with the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises, and also has work experience meeting one of the following criteria:

A. One year or more of relevant work experience at a qualified institutional investor(s).

B. Two years or more of work experience, with a good performance record, in a professional field such as information, technology, law, e-commerce, or digital economy.

2. Is a graduate of a domestic or foreign school at the level of junior college or higher recognized by the Ministry of Education or has an equivalent level of education, and also has three or more years of relevant work experience at a qualified institutional investor(s), with a good performance record.

3. Has other academic or work qualifications sufficient to demonstrate possession of professional knowledge of securities and finance, operational experience, and leadership ability.

The term "business department" in the preceding paragraph means a department conducting any of the types of business under Article 2, paragraph 2, subparagraphs 1 to 8 or 10.

A director of a SITE or any of its personnel referred to in paragraph 1 who serves or otherwise directly engages in a capacity set out in Article 2, paragraph 2, shall obtain or possess one of the qualifications set out in Article 5, 6, and 6-1 to 6-3.

A person who, before the adoption and issuance of these Regulations, was already serving in a position referred to in paragraph 1 may continue to serve in the original position or for the duration of the original term, without being subject to the restrictions of paragraph 1.

A person who is promoted or assigned to one of the positions referred to in the preceding paragraph after the adoption and issuance of these Regulations, shall possess or meet the qualifications set out in these Regulations; those who do not meet those qualifications may not serve in that position, and the Securities Investment Trust and Consulting Association of the R.O.C. (SITCA) shall void the registration of that person.

The provisions of paragraph 1 shall apply mutatis mutandis with respect to a person serving in a position equivalent to that under paragraph 1, as determined under other statutory provisions or under the provisions of a SITE's articles of incorporation.

#### Article 4-1

A department supervisor of a business department, or a branch unit manager, of a SITE shall possess leadership ability and the ability to effectively assist in the operation of a SITE, and shall possess one of the following qualifications:

1. Is qualified as a securities investment analyst in accordance with the Regulations Governing Responsible Persons and Associated Persons of

Securities Investment Consulting Enterprises, and also has work experience meeting one of the following criteria:

A. One year or more of relevant work experience at a qualified institutional investor(s).  
B. Two years or more of work experience, with a good performance record, in a professional field such as information, technology, law, e-commerce, or digital economy.

2. Has passed an examination for associated persons of securities investment trust and consulting enterprises held by an institution engaged by the SITCA, and also has work experience meeting one of the following criteria:

A. Two years or more of relevant work experience at a qualified institutional investor(s).

B. Four years or more of work experience, with a good performance record, in a professional field such as information, technology, law, e-commerce, or digital economy.

3. Has passed a senior securities specialist examination held by an institution engaged by a securities dealers association or has obtained certification of passage of such an examination issued by the former competent authority for securities, and also has work experience meeting one of the following criteria:

A. Three years or more of relevant work experience at a qualified institutional investor(s).

B. Six years or more of work experience, with a good performance record, in a professional field such as information, technology, law, e-commerce, or digital economy.

4. Has two years or more of work experience serving as a manager of domestic or foreign funds.

5. Is a graduate of a domestic or foreign school at the level of university or higher recognized by the Ministry of Education or has an equivalent level of education, and has served for four years or more as an associated person of one or more securities or futures institutions or trust enterprises.

6. Has other academic or work qualifications sufficient to demonstrate possession of professional knowledge of securities and finance, operational experience, and leadership ability.

The term "business department" in the preceding paragraph means a department conducting any of the types of business under Article 2, paragraph 2, subparagraphs 1 to 8 or 10.

A person who, before the issuance of this amendment to these Regulations, was already serving in a position referred to in paragraph 1 may continue to serve in the original position or for the duration of the original term, without being subject to the restrictions of paragraph 1.

A person who is promoted or assigned to one of the positions referred to in paragraph 1 after the issuance of these Regulations as amended, shall possess or meet the qualifications set out in these Regulations; those who do not meet those qualifications may not serve in that position, and the SITCA shall void the registration of that person.

Where a trust enterprise concurrently conducts securities investment trust business, the supervisor of the department conducting such business may not concurrently serve as a fund manager or discretionary investment manager of that company.

#### Article 5

A SITE shall for each securities investment trust fund appoint a dedicated fund manager, possessing any one of the following qualifications, to take charge of the allocation of that fund:

1. Is qualified as a securities investment analyst in accordance with the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.

2. Has passed a senior securities specialist examination held by an institution engaged by a securities dealers association or has obtained certification of passage of such an examination issued by the former competent authority for securities, and also has three years or more of work experience in securities investment analysis or in securities investment decision-making at a qualified institutional investor(s).

3. Has passed an examination for associated persons of securities investment trust and consulting enterprises held by an institution engaged by the SITCA, and also has two years or more of work experience in securities investment analysis or in securities investment decision-making at a qualified institutional investor(s).
  4. Is an incumbent fund manager who served in that position for one or more years prior to 17 October 2001 and continued to serve as a fund manager with the same SITE for a total combined period of two years or more [thereafter].
  5. Has one or more years of experience as an investment manager handling full discretionary investment business for customers with an unblemished record.
- The number, fund amount, and other qualifications of the funds that a fund manager may take charge of shall be determined by the FSC.

#### Article 6

A person who performs the internal audit, legal compliance, or risk management function of a SITE shall possess one of the following qualifications:

1. Is qualified as a securities investment analyst in accordance with the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.
2. Has passed an examination for associated persons of securities investment trust and consulting enterprises administered by an institution engaged by the SITCA, and has one year or more of securities, futures, or trust-related work experience at a qualified institutional investor(s).
3. Has passed a senior securities specialist examination held by an institution engaged by a securities dealers association or has obtained certification of passage of such an examination issued by the former competent authority for securities, and also has two years or more of securities, futures, or trust-related work experience at a qualified institutional investor(s).
4. Has one year or more of work experience serving as a manager of domestic or foreign funds.
5. Is a graduate of a domestic or foreign school at the level of university or higher recognized by the Ministry of Education or has an equivalent level of education, and has served for three years or more as an associated person of one or more securities or futures institutions or trust enterprises.
6. Is a graduate of a domestic or foreign school at the level of university or higher recognized by the Ministry of Education or has an equivalent level of education, and has two years or more of audit work experience at a joint CPA firm meeting the conditions required by the Regulations Governing Approval of Certified Public Accountants to Audit and Certify Financial Reports of Public Companies, and also has passed the examination specified in subparagraph 2 or 3.
7. Possesses the qualifications in Article 5, subparagraph 1 or 2 of the Regulations for the Senior Examination for Professional and Technical Personnel: Lawyer, and has two years or more of legal work experience in the field of securities or futures at a law firm, and also has passed the examination specified in subparagraph 2 or 3.

The definition of "qualified institutional investor" as referred to in Article 2-1 up to paragraph 1 of this article, and the scope of its work, shall be as announced by the FSC.

#### Article 6-1

Associated persons of a SITE engaged in business activities set out in Article 2, paragraph 2, subparagraphs 2 to 5 or 10 shall, except for a fund manager or a discretionary investment manager, who shall meet the qualifications set out in Article 5, possess one of the following qualifications:

1. Is qualified as a securities investment analyst in accordance with the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.
2. Has passed an examination for associated persons of securities investment trust and consulting enterprises administered by an institution

engaged by the SITCA.

3. Has passed a senior securities specialist examination held by an institution engaged by a securities dealers association or has obtained certification of passage of such an examination issued by the former competent authority for securities.

4. Has one year or more of work experience serving as a manager of domestic or foreign funds.

5. Has passed a professional examination on trust business held by a trust association or a professional financial training institute recognized by a trust association and has also passed an examination held by an institution engaged by the SITCA on laws and regulations (legal compliance) pertaining to securities investment trust and consulting.

6. Is a graduate of a domestic or foreign school at the level of college or higher recognized by the Ministry of Education or has an equivalent level of education, and has served for three years or more as an associated person of one or more securities or futures institutions or trust enterprises.

Associated persons of a SITE engaged in business activities set out in Article 2, paragraph 2, subparagraph 1 shall possess one of the following qualifications:

1. Satisfies the qualification requirement under the preceding paragraph.

2. Has passed a professional examination held by the Taiwan Insurance Institute for insurance solicitors of investment-linked insurance products and has also passed an examination held by an institution engaged by the SITCA on laws and regulations (legal compliance) pertaining to securities investment trust and consulting.

#### Article 6-2

(deleted)

#### Article 6-3

If a SITE concurrently engages in futures trust business and, without having issued a futures trust fund, uses assets of a securities investment trust fund to trade in securities-related products above the percentage set by the FSC at which an application for approval is required to be made, the supervisor of its investment research department, the manager of the fund, and at least one of its internal auditors shall possess the qualifications required by Article 5 of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants.

#### Article 6-4

A SITE, by 31 December 2022, shall allocate a sufficient number of competent risk management personnel based on its business size and business conditions.

A risk management officer or associated person who fails to meet the qualification requirements set out in Article 4, Article 4-1 or Article 6 or to comply with the restrictions on concurrent holding of positions set out in Article 8 paragraph 1, shall correct the failure by 31 December 2022, failing which, such a person may not serve in that position and the SITCA shall void the registration of that person.

#### Article 7

Unless otherwise provided by an act or regulation, the general manager of a SITE and all assistant general managers, deputy assistant general managers, and managers thereof, as well as managers, department supervisors of business departments, and associated persons of a SITE's branch unit, shall serve as full-time employees. Before such personnel begin performing their duties, they shall be registered with the SITCA by the employing SITE, and no such person may engage in business unless they have been registered. Registration under the preceding paragraph shall be prohibited under any of the following circumstances; if registration has already been made, it shall be voided:

1. Any circumstance set out in Article 68 of the SITC Act.

2. Failure to meet the qualification requirements set out hereunder.

3. Violation of Article 8.

A SITE shall register any change in personnel specified in paragraph 1 with

the SITCA within five business days from the day following such change. Before completing registration of the change, the SITE shall remain liable for the conduct of that person.

#### Article 8

An internal auditor and risk management personnel of a SITE may not engage in any business outside of the scope of his/her registered work activities. Notwithstanding the foregoing, in the case of an other-industry enterprise that concurrently operates securities investment trust business, the other-industry enterprise's registered internal auditors and risk management personnel may concurrently perform duties of the same nature for the securities investment trust business.

The legal compliance function of the SITE may not be concurrently performed by any person carrying on any of the business activities under Article 2, paragraph 2, subparagraphs 1 to 6, subparagraph 8, or subparagraph 10. SITE personnel may not concurrently serve as associated persons engaged in research and analysis or investment or trading decision-making while serving as associated persons engaged in trading execution, and vice-versa. SITE personnel may not concurrently serve as associated persons engaged in investment or trading decision-making with respect to the offering of a securities investment trust fund while serving as personnel engaged in investment or trading decision-making with respect to the private offering of a securities investment trust fund or futures trust fund, or to discretionary investment or discretionary futures trading business, and vice versa. However, if the requirements of paragraph 6 are met, such personnel may concurrently serve as associated persons engaged in investment or trading decision-making with respect to discretionary investment business and vice versa.

If the SITE currently operates securities investment consulting business, none of its associated persons may concurrently engage in investment or trading decision-making for its securities investment trust fund while serving as a securities investment analyst for the concurrently operated securities investment consulting business, and vice versa. However, if the circumstance of paragraph 6 are met, an associated person engaged in investment or trading decision-making with respect to the offering of a securities investment trust fund may concurrently serve as a securities investment analyst for the concurrently operated securities investment consulting business, and vice versa.

When a SITE meets the following requirements, the associated persons engaged in investment or trading decision-making with respect to the offering of a securities investment trust fund may concurrently serve as personnel engaged in investment or trading decision-making with respect to discretionary investment or as securities investment analysts for the concurrently operated securities investment consulting business, and vice versa.

1. The customers of the discretionary investment business or securities investment consulting business are qualified institutional investors as specified in Article 4, paragraph 2 of the Financial Consumer Protection Act.
2. The scope of investments or trading for the discretionary investment account, and the scope of analysis, opinions, or recommendations for securities investment by the concurrently operated securities investment consulting business shall be limited to the major investment targets and region of the fund that it manages, and the investment strategy shall uniformly be active management strategy or passive management strategy.
3. The internal control system of the enterprise has already adopted operational principles for effective prevention of conflict of interests in order to ensure fair treatment of all clients.

#### Article 9

The particulars to be registered with respect to the responsible persons, department supervisors of business departments, branch unit managers, and associated persons of SITES shall be prescribed by the SITCA and implemented after ratification by the FSC; the same also applies to any amendments thereto.

#### Article 10

Associated persons of a SITE shall participate in pre-job training and on-the-job training held by an institution(s) designated by the FSC or the former Securities and Futures Commission, Ministry of Finance.

#### Article 11

A newly employed associated person of a SITE, or one who has been re-employed as such after departing for two years or more, shall participate in pre-job training within one-half year of commencing work; those already on the job shall participate on-the-job training during the term of their employment.

#### Article 12

A person who fails to attend the training required under Article 10 or who fails to pass the training and undergoes the training again within one year but still fails to pass, may not act as an associated person, and the SITCA shall void his or her registration as an associated person.

#### Article 13

A responsible person, department head, branch unit managerial officer, or other associated person or employee of a SITE shall exercise the care and fiduciary duty of a good administrator, and abide by principles of good faith and integrity, in performing his or her duties.

Unless otherwise provided by an act or regulation, a person referred to in the preceding paragraph may not engage in any of the following conduct:

1. Divulging information learned on the job to any other person, or using such information for trading in securities or securities-related products.
  2. When utilizing a securities investment trust fund to trade in securities or securities-related products, purchasing or selling securities for the benefit of themselves or any other person or, without legitimate reason, engaging in cross-trading with investment funds entrusted to them.
  3. Engaging in false or deceptive conduct or other conduct sufficient to cause mistaken belief by another.
  4. When utilizing a securities investment trust fund to trade in securities or securities-related products, failing to re-allocate into the fund assets any refunds of handling fees by, or other interests/benefits paid by, securities firms, futures commission merchants, or other trading counterparties.
  5. Promoting the sale of beneficial interest certificates by agreeing upon or providing specific benefits or considerations or by bearing losses.
  6. Accepting money or other interests/benefits in exchange for transferring shareholder meeting proxies, or for exercising [in a certain manner] the voting rights of shares held by the securities investment trust fund.
  7. When utilizing a securities investment trust fund to trade in securities or securities-related products, attempting to inflate or deflate the trading price of any certain security on the securities exchange market, or engaging in any other conduct which could injure the rights or interests of the investors of the securities investment trust fund.
  8. When utilizing a securities investment trust fund to trade in securities or securities-related products, changing an executed trading order from the account of the fund to their own or another person's account or a discretionary trading account, or from their own or other person's account or a discretionary trading account to the account of the fund.
  9. Recommending trading in a particular stock or making judgments or forecasts about the future price of a particular stock in a public venue or in the [mass] media.
  10. Using non-full-time personnel to solicit customers or providing unreasonable commissions.
  11. Investing in securities or trading in securities-related products in the capacity of an agent of another person. However, this restriction does not apply to one who is the statutory agent of the principal.
  12. Any other conduct that would adversely affect rights or interests of beneficial owners or customers or the operation of the SITE.
- Unless otherwise required by law or by the FSC, personnel referred to in paragraph 1 shall maintain the confidentiality of beneficial owner and customer information, their trading histories, and other related



information.

#### Article 14

Unless otherwise provided by an act or regulation, from the time that a SITE decides to utilize a securities investment trust fund to trade in a certain corporate stock or equity derivative until such time as the securities investment trust fund no longer holds that corporate stock or equity derivative, no responsible person, department supervisor, branch unit manager, or fund manager of the SITE, or any of such person's spouse, minor child, or other person in whose name that person transacts, may trade in such corporate stock or equity derivative.

A responsible person, department supervisor, branch unit manager, or fund manager of a SITE shall report to the employing SITE on the circumstances in which, and if such a person or any related party thereof has traded in corporate stocks or equity derivatives.

The scope of information to be reported pursuant to the preceding paragraph, and of eligible investment instruments, shall be prescribed by the FSC.

The term "related party" in paragraph 2 refers to any of the following:

1. In the case of a natural person, the person's spouse, blood relatives within the second degree of kinship, or any enterprise of which the person or the person's spouse is a responsible person.
2. In the case of a juristic person, a juristic person controlled from the same source or with which the juristic person has a relationship of mutual control.

The provisions from paragraph 2 to the preceding paragraph shall apply mutatis mutandis to any of the SITE's investment managers who conduct discretionary investment business.

#### Article 15

A responsible person of a SITE, and its department supervisors, branch unit managers, or fund managers, or spouses thereof, when acting as a director, supervisor, or managerial officer of a securities issuing company, or as a shareholder holding 5 percent or more of the total issued shares of a securities issuing company, may not participate in decision making regarding trades when the SITE utilizes the securities investment trust fund to trade in the securities of such issuing company.

Unless otherwise provided by an act or regulation, a SITE's responsible person(s), department supervisors, branch unit managers, or fund managers, or the SITE's shareholder's representative in any share issuing company from which the SITE purchases stock, may not assume a position as a director, supervisor, or managerial officer of an issuing company from which the securities investment trust fund purchases stock.

Unless otherwise provided by an act or regulation, a SITE's responsible person(s), department supervisors, or branch unit managers may not invest in any other SITE or concurrently act as a director, supervisor, or managerial officer of another SITE or a SICE or a securities firm.

For the purpose of determining those holding 5 percent or more of a company's total issued shares as referred to in paragraph 1, shares held by a shareholder's spouse or minor children, or held on that shareholder's behalf under others' names, shall be included in calculation of that shareholder's holdings.

#### Article 15-1

A SITE director, supervisor, or related party thereof, who acts concurrently as a director or supervisor of another SITE or a SICE or a securities firm will be presumed to have a conflict of interest unless the SITE and that other SITE or SICE or securities firm have a controlling and subordinate relation as defined in the Company Act or such concurrent appointment is pursuant to laws and regulations.

The term "director" or "supervisor" as used in the preceding paragraph means those within the following scope:

1. A juristic person or a natural person appointed by that juristic person to exercise the duties.
2. A juristic person or an elected natural person representative who represents a juristic person.

3. An elected natural person who is neither appointed by nor a representative of the government or a juristic person.

The term "related party" of a director or supervisor as used in paragraph 1 means parties related to the same natural person or the same juristic person, within the following scope:

1. Parties related to the same natural person:

A. The spouse and lineal relatives of that natural person.

B. Any enterprise in which that natural person and natural persons referred to in the preceding item hold in aggregate more than one-third of the outstanding voting shares or capital, or any enterprise or foundation in which that natural person and natural persons referred to in the preceding item serve as the chairman or general manager or in a majority of the director positions.

2. Parties related to the same juristic person:

A. The chairman of that juristic person and his or her spouse and lineal relatives.

B. Any enterprise in which that juristic person and natural persons referred to in the preceding item hold more than one-third of the outstanding voting shares or capital, or any enterprise or foundations in which that juristic person and natural persons referred to in the preceding subparagraph serve as the chairman or general manager or in a majority of the director positions.

C. Affiliates of that juristic person. The term "affiliate" shall be as defined under Articles 369-1 to 369-3, Article 369-9, and Article 369-11 of the Company Act.

The preceding three paragraphs shall not apply to the government or to a SITE in which the government directly and/or indirectly holds 100 percent of the shares. However, the natural person appointee(s) or representative(s) of the government or SITE designated to serve in the director or supervisor capacity shall not concurrently serve in any position in another SITE or a SICE or a securities firm unless with the approval of the FSC.

If a SITE director, supervisor, or related person thereof, has a conflict of interest set out in paragraph 1 or the preceding paragraph, the FSC may order the SITE to make adjustments within a prescribed period of time; the person shall be dismissed if the SITE fails to adjust within the time period and without justifiable reason.

Those who were already serving as a director or supervisor of a SITE prior to the 1 January 2023 enforcement of the amendment to this article may continue to serve for the duration of their original term, without being subject to the restrictions in the preceding five paragraphs.

#### Article 16

Where a director or supervisor of a SITE is a corporate shareholder, the provisions of these Regulations concerning directors and supervisors shall apply mutatis mutandis to the performance of duties by its representative or designated representative.

Where a position of director or supervisor in a SITE is held by a representative of a corporate shareholder, the provisions of these Regulations concerning directors and supervisors shall apply mutatis mutandis to the corporate shareholder.

#### Article 17

In the event of leave, suspension of performance of business duties, or absence due to any other cause of a manager or associated person of a SITE, the SITE shall appoint a person with equivalent qualification to act as the deputy thereof; such person may not violate any provision of Article 3, paragraph 4 or Article 8.

With respect to deputations referred to in the preceding paragraph, the SITE shall prepare a special registry to record the reasons and periods of deputations as well as the names and duties of deputies, to be kept on file for future reference.

#### Article 18

Responsible persons, associated persons, and other employees of SITES are also prohibited from taking any act, in the course of exercising their

duties, that an enterprise is prohibited from taking under Article 19, paragraph 1, or Article 59 of the SITC Act, or under any other act, regulation, or contract.

Acts taken by responsible persons, associated persons, and other employees of SITES when conducting securities investment trust business, discretionary investment business, and other relevant business as approved by the FSC, where civil liability is involved, are presumed to be acts within the scope of the authorization by the enterprise.

#### Article 19

If a responsible person or an associated person of a SITE is suspected of violating the SITC Act or any other applicable act or regulation, or if there is any inquiry about such person's performance of duties, he/she shall appear before the FSC to give explanations or provide a written report within the period specified by the FSC.

#### Article 20

A responsible person or associated person of a SITE may not trade in any closed-end fund issued by the SITE in his or her own name or in the name of a spouse, minor son or daughter, or other person in whose name he or she transacts.

Persons under the preceding paragraph subscribing to an open-end fund issued by the employer shall be restricted from applying for redemption of [fund units] during a minimum holding period.

Unless otherwise provided by the FSC or contract, the minimum holding period referred to in the preceding paragraph is one month, counted from one of the following dates:

1. In the case of a newly offered fund, the date of establishment of the fund.
2. In the case of an existing fund, the date of the given subscription.

#### Article 21

Where any of the following applies to a responsible person or associated person of a SITE, the FSC will give the person a reward or commendation:

1. Has achieved significant accomplishments contributing toward the sound administration and development of securities investment trust business, and toward promotion of integrated management in the asset management services market.
2. Has done research writing that contributed creative ideas regarding the development of securities investment trust business or the execution of securities investment trust business, and the ideas have been adopted and implemented.
3. Has reported illegality in the market which has been proved to be true.
4. Has made concrete achievements through zealously serving public interests and exercising team spirit.
5. Other achievements that merit commendation.

#### Article 21-1

Where an other-industry enterprise concurrently conducts securities investment trust business, the supervisory and associated persons of the duly established department dedicated to such business, may not handle business beyond the scope of the dedicated department, nor may their functions be performed by any department supervisor or associated persons other than one registered as such for that dedicated department, unless the requirements of paragraph 6 are met.

The provisions of Articles 2-1, 3, 7, and 9 apply mutatis mutandis with respect to the chairperson and general manager of any other-industry enterprise, except for a trust enterprise, that concurrently conducts securities investment trust business.

Where an other-industry enterprise concurrently conducts securities investment trust business, the department supervisors and associated persons, except for the internal audit officer, of such enterprise who engage in business specified in Article 2, paragraph 2, subparagraphs 1 to 7 shall possess the qualifications set out in these Regulations.

The provisions of Articles 13 to 16, and Article 18 up to the preceding article, apply mutatis mutandis with respect to the responsible persons of

any other-industry enterprise, except for a trust enterprise, that concurrently conducts securities investment trust business. The provisions of Articles 13 to 16, and Article 18 up to the preceding article, apply mutatis mutandis with respect to the responsible persons of any other-industry enterprise, except for a trust enterprise, that concurrently conducts securities investment trust business. Where an other-industry enterprise concurrently conducts securities investment trust business, the provisions of Article 7, Article 8, paragraphs 2 to 6, Articles 9 to 15, and Article 17 up to the preceding article, apply mutatis mutandis with respect to the department supervisors and associated persons of such an enterprise that engages in business specified in Article 2, paragraph 2, subparagraphs 1 to 7.

#### Article 22

These Regulations shall enter into force from the date of issuance, with the exception of Article 15-1 issued in the 22 December 2022 amendment, which shall enter into force from 1 January 2023.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System