Content

Title： Financial-Supervisory-Securities-SITC-1120384682 **Ch**

Date： 2023.10.26

Content： Order of the Financial Supervisory Commission

Issue date: 26 October 2023
Issue no.: Financial-Supervisory-Securities-SITC-1120384682

1. Pursuant to Article 3, paragraph 3, subparagraph 3 and Article 4, paragraph 3, subparagraph 3 of the Securities Investment Trust and Consulting Act, approval is granted that securities investment trust enterprises (SITEs) and securities investment consulting enterprises (SICEs) (excluding those operated concurrently by another enterprise) may operate the following business:
A. Accept a customer's appointment to provide securities investment consulting services with the use of decision-making power.
B. Accept a customer's appointment to provide securities investment consulting services with the use of decision-making power, and to execute transactions on the customer's behalf.
C. Accept a customer's appointment to provide provides securities investment analyses and recommendations, and to execute transactions on the customer's behalf.
2. A SITE or SICE conducting business under the preceding point shall comply with the following provisions:
A. "Customers" are limited to foreign professional institutional investors. "Professional institutional investor" means a professional institutional investor conforming to Article 4 of the Financial Consumer Protection Act.
B. "Securities investment consulting services with the use of decision-making power" means a SITE or SICE accepting a customer's appointment to provide securities investment analysis and recommendations and agreeing with the customer that it will be the customer who will engage in securities investment based on the securities investment analysis and recommendations provided by the SITE or SICE.
C. "Execute transactions on the customer's behalf" means a SITE or SICE accepting a customer's appointment to engage in securities investment or trading of securities-related products on the customer's behalf.
D. A SITE or SICE conducting business under the preceding point shall enter into a securities investment consulting contract with the customer, specifying all of the rights and obligations arising between it and the customer out of the appointment, including stipulations covering at least the basic investment and trading policies, scope of investment or trading, and any changes thereto, the granting of authorization for investment or trading decision-making and any restrictions thereon, designation of the securities broker and any change in that designation, calculation of the compensation and fees for the appointed services, etc.
E. If the business that a SITE or SICE conducts for a customer under the preceding point involves executing transactions on the customer's behalf, it may be exempted from the prohibitions against the aforesaid enterprises and personnel thereof acting on another person's behalf to engage in securities investment or trading of securities-related products as set out in Article 13, paragraph 2, subparagraph 2 of the Regulations Governing Securities Investment Consulting Enterprises, Article 13, paragraph 2, subparagraph 11 of the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Trust Enterprises, and Article 15, paragraph 2, subparagraph 2 of the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Consulting Enterprises.
F. A SITE or SICE conducting business under the preceding point shall adopt in its internal control system operating principles to effectively prevent

conflicts of interest, to ensure fair treatment of all customers. Those "operating principles to effectively prevent conflicts of interest" shall be governed mutatis mutandis by the provisions of FSC Order No. Financial-Supervisory-Securities-SITC-1060041612 of 2 January 2018 regarding preventing conflicts of interest and control measures.

3. A SITE or SICE conducting the business under Point 1 shall meet the following qualifications:

A. A SITE that concurrently operates securities investment consulting business and has obtained permission from the FSC to operate discretionary investment business under Article 6 of the Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises, and furthermore has completed the procedures for issuance of a new business license under Article 7 of those Regulations.

B. A SICE that has obtained permission from the FSC to operate discretionary investment business under Article 6 of the Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises, and furthermore has completed the procedures for issuance of a new business license under Article 7 of those Regulations.

4. A SITE or SICE shall submit the following documents in an application to the FSC for approval to conduct the business under Point 1:

A. Documentation that it meets the qualifications under the preceding point.

B. The minutes of the relevant board of directors meeting.

C. Business plan: stating the specific operations and content of the services to be provided.

D. The internal control system for engaging in the relevant business.

E. Other documents as required by the FSC.

5. A SITE or SICE that already conducts business under Point 1 shall, within 6 months from the issuance of this Order, submit the relevant documents in a filing to the FSC for approval in accordance with the preceding point.

6. A SITE or SICE that has been approved to conduct the business under Point 1 shall, by the fifth business day of each month, perform information reporting in accordance with the rules of the Securities Investment Trust & Consulting Association of the R.O.C.

7. This Order is effective from this day forward.

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