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| Title : | Enforcement Rules of the Trust Enterprise Act  |
| Date : | 2008.10.15 |
| Legislative : | 1. Full text of 19 articles adopted and promulgated on 9 July 2002 per Order No. Tai-Tsai-Rong-(IV)-0910026302 of the Ministry of Finance; for enforcement from the date of promulgation 2. Amended on October, 15, 2008 |
| Content : | <p>Article 1</p> <p>These Rules are adopted pursuant to Article 62 of the Trust Enterprise Act (the "Act").</p> <p>Article 2</p> <p>The expression "persons who have power to decide how to allocate the trust assets" in Subparagraph 3 of Article 7, and Paragraph 2 of Article 24 of the Act means, in the case of a trust company, executives and personnel who have the ultimate approval authority over the allocation of trust assets, or, in the case of an institution concurrently engaging in trust business, executives and personnel of the trust department who have the ultimate approval authority over the allocation of trust assets.</p> <p>Article 3</p> <p>Trust assets shall be indicated in name as trust assets of a trust enterprise. However, where trust assets are allocated in foreign investment instruments, the stipulations of the contract between the trust enterprise and the foreign custodian institution may be followed.</p> <p>Article 4</p> <p>(deleted)</p> <p>Article 5</p> <p>The business activities that trust enterprises are permitted to engage in as set out in the subparagraphs of Article 16 of the Act shall be classified by the type of assets that are delivered, transferred, or otherwise disposed by the trustor.</p> <p>Article 6</p> <p>The business activities that trust enterprises are permitted to engage in as set out in the subparagraphs of Article 16 of the Act shall be classified as follows according to the method by which the trust assets are managed and allocated:</p> <p>1. Individually managed trust: means a trustee enters into a trust agreement with an individual trustor, and manages and allocates the trust assets of the trustor individually.</p> <p>2. Collectively managed trust: means a trustee collectively manages and allocates, as stipulated in a trust agreement, trust assets from different trust deeds but of the same investment scope or nature.</p> <p>Article 7</p> <p>The business activities that trust enterprises are permitted to engage in as set out in the subparagraphs of Article 16 of the Act shall be classified as follows according to whether or not a trustee has the power</p> |

to decide the allocation of trust assets:

1.Trust in which the trustee has the power to decide the allocation of trust assets: Further classified into the following two categories by whether or not the trustor designates the scope or method for the allocation of the trust assets:

(1) Semi-discretionary: The trustor makes a blanket designation of the scope or method for the allocation of the trust assets, and the trustee, within the scope or method so designated, has the power to decide the allocation of the trust assets.

(2) Discretionary: The trustor does not designate the scope or method for the allocation of the trust assets, and the trustee, within the scope of the purpose of the trust, has the power to decide the allocation of the trust assets.

2.Trust in which the trustee does not have the power to decide the allocation of the trust assets: The trustor retains the power to decide the allocation of the trust assets and stipulates that the trustor or a third party authorized by the trustor will, with respect to the scope or method for the allocation of the trust assets, make specific, particular allocation instructions as to investment instrument, allocation method, dollar amount, conditions, and time period, and the trustee manages or disposes of the trust assets on the basis of those allocation instructions.

Article 8

Money trusts as set forth in Article 16, subparagraph 1, of the Act shall be classified as follows in accordance with the classification methods set out in the preceding two articles:

1.Semi-discretionary individually managed money trust: The trustee and trustor enter individually into a trust agreement, in which the trustor makes a blanket designation of the scope or method for the allocation of the trust fund; the trustee, within the scope or method so designated, has the power to decide the allocation of the trust fund, and individually manages and allocates it.

2.Semi-discretionary collectively managed money trust: The trustor makes a blanket designation of the scope or method for the allocation of the trust fund, and the trustee places the trust fund in a collective management and allocation account together with other trust funds from different trust deeds but having the same scope or method of allocation; the trustee has the power to decide the allocation of funds in the collective management and allocation account.

3.Discretionary individually managed money trust: The trustor does not designate the scope or method for the allocation of the trust fund; the trustee, within the scope of the purpose of the trust, has the power to decide the allocation of the trust fund, and individually manages and allocates it.

4.Discretionary collectively managed money trust: The trustor does not designate the scope or method for the allocation of the trust fund, and the trustee places the trust fund in a collective management and allocation account together with other trust funds from different trust deeds to be allocated within the scope set out in Article 32, paragraph 1, of the Act; the trustee has the power to decide the allocation of the funds in the collective management and allocation account.

5.Non-discretionary individually managed money trust: The trustor retains the power to decide the allocation of the trust fund and stipulates that the trustor or a third party designated by the trustor will, with respect to the scope or method for the allocation of the trust fund, make specific, particular allocation instructions as to investment instrument, allocation method, dollar amount, conditions, and time period, and the trustee manages or disposes of the trust fund on the basis of those allocation instructions

6.Non-discretionary collectively managed money trust: The trustor retains the power to decide the allocation of the trust fund and stipulates that the trustor or a third party designated by the trustor will, with respect to the scope or method for the allocation of the trust fund, make specific and particular allocation instructions as to investment instrument, allocation method, dollar amount, terms, and time period, and the trustee places the trust fund in a collective management and allocation account together with other trust funds from different trust deeds but having the same specific scope or method of allocation.

Article 9

For business activities that trust enterprises are permitted to engage in as set out in the subparagraphs of Article 16 of the Act, the trust enterprise shall, by the classifications under the preceding three articles, and in a manner that complies with the provisions of Article 18, paragraph 1, thereof, submit to the competent authority for approval a business plan that complies with the requirements of the competent authority and a template trust agreement specifying the matters required by the subparagraphs of Article 19, paragraph 1 thereof.

For the purpose of granting the approval under the preceding paragraph, when necessary, the competent authority may request the Trust Association of R.O.C (the "Association") to issue opinions.

Article 10

Except as otherwise provided in the Trust Act, the Act, or any other applicable act or regulations, the provisions in the chapter on trust enterprises in the Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises shall apply to trust enterprises having been granted with an approval under Paragraph 1, Article 18 of the Act to concurrently engage in securities investment consulting business.

Article 11

With respect to the information on the method in which trust assets are managed and allocated, as required by Article 19, paragraph 1, subparagraph 5 of the Act, a trust agreement shall specify whether the trust assets are managed and allocated individually or collectively, and whether or not the trustee has the power to decide the allocation of the trust assets.

Article 12

The Association shall adopt the organization and assessment guidelines for the trust asset assessment committee set forth in Article 21 of the Act.

Article 13

(deleted)

Article 14

The term "in good faith" under Paragraph 1, Article 22 of the Act

includes confidentiality obligation of a trust enterprise to keep the customers' correspondence and transaction information confidential, unless it is otherwise provided by law or the Competent Authority.

The confidentiality obligation under the preceding paragraph shall be specified in a trust agreement in accordance with Subparagraph 13, Paragraph 1, Article 19 of the Act.

Article 15

The expression "trust funds collectively managed and allocated [or operated, together with other trustor(s)' funds]" under Article 28, paragraph 1 of the Act refers to the trusts of money under Article 8, subparagraphs 2 and 4 hereof.

Article 16

The expression "trusts of money [handled] on a discretionary basis" in Article 32 of the Act means the trusts of money specified in Article 8, subparagraphs 3 and 4, hereof.

Article 17

The filing of business reports and financial reports and the publication of balance sheets as required under Article 39 of the Act shall be made within the following time limits:

1. Within two months from the end of each half fiscal year.
2. Within four months from the end of each fiscal year.

The financial report referred to in the preceding paragraph includes the following:

1. Balance sheet;
2. Income statement;
3. Statement of changes in stockholders' equity;
4. Statement of cash flows; and
5. Other statements as required by the Competent Authority.

The balance sheet in subparagraph 1 of the preceding paragraph shall be appended with the assets and liabilities of trust accounts and an inventory of trust assets; the income statement in subparagraph 2 of the preceding paragraph shall be appended with the income statement for the trust accounts.

Article 18

The term "net worth" in Article 40, paragraphs 2 and 3, of the Act means the net worth after final accounting for the previous fiscal year.

A capital increase carried out by a trust enterprise in the middle of an accounting year may be included in the calculation of its net worth, with the day on which the capital verification certificate is obtained as the record date for the purpose of such calculation.

Article 19

These Rules shall enter into force from the date of promulgation.