

Content

| | |
|---------------|--|
| Title : | Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies Ch |
| Date : | 2020.10.26 |
| Legislative : | <ol style="list-style-type: none">1. Adopted and issued 7 July 1983 per Letter No. (72) Taiwan-Finance-Securities-I-1482 of the Securities and Exchange Commission, Ministry of Finance2. Article 5 amended and issued 30 July 1985 per Letter No. (74) Taiwan-Finance-Securities-I-1342 of the Securities and Exchange Commission, Ministry of Finance3. Amended and issued 27 September 1994 per Letter No. (83) Taiwan-Finance-Securities-VI-01876 of the Securities and Exchange Commission, Ministry of Finance4. Articles 3 and 7 amended and issued 29 June 1999 per Order No. (88) Taiwan-Finance-Securities-VI-02445 of the Securities & Futures Commission, Ministry of Finance5. Article 11 amended and issued 16 May 2008 per Order No. Financial-Supervisory-Securities-VI-09700200932 of the Financial Supervisory Commission, Executive Yuan6. Articles 3 to 5, 7, and 10, and Attachment 1 of Article 3 amended, and Attachment 2 of Article 7 added, per 26 October 2020 Order No. Financial-Supervisory-Securities-Auditing-1090364941 of the Financial Supervisory Commission |
| Content : | <p>Article 1</p> <p>These Regulations are adopted pursuant to Article 37, paragraph 1 of the Securities and Exchange Act.</p> <p>Article 2</p> <p>The financial report of a public company shall be jointly audited and attested to by two or more practicing certified public accountants (CPAs) of a joint CPA firm or incorporated CPA firm pursuant to Article 15 of the Certified Public Accountant Act.</p> <p>Article 3</p> <p>The first time a joint CPA firm or incorporated CPA firm applies to conduct the auditing and attesting business for the financial report of a public company, it shall file the application and its attachments (Attachment 1) with the Financial Supervisory Commission ("FSC") for approval.</p> <p>The application of a joint CPA firm shall be filed using that firm's name, and affixed with the signature or seal of that firm's responsible person. The application of an incorporated CPA firm shall be affixed with the seal of that firm and the signature or seal of its chairperson.</p> <p>If the application documentation of a joint CPA firm or incorporated CPA firm is incomplete and it cannot make supplementation in full by the deadline prescribed by the FSC, the FSC may reject its application.</p> <p>Article 4</p> <p>CPAs conducting business of auditing and attesting to financial reports of public companies, and the joint CPA firm or incorporated CPA firm to which they belong, shall comply with the following provisions:</p> <ol style="list-style-type: none">1. The CPA firm's CPAs conducting the business of auditing and attesting to financial reports of public companies shall have at least 5 years of practice experience in attestation to financial reports or in actually assisting in the work of attestation to financial reports, and may not number less than three persons.2. In the most recent year prior to the application date, the practicing CPAs shall have already participated in continuing professional education |

hours as specified in Article 5, paragraph 1 of the Regulations Governing CPA Continuing Professional Education.

3. There shall be no less than six audit assistants, no less than two-thirds of whom possess the qualifications set forth in Article 18, paragraph 1, subparagraph 1 of the Certified Public Accountant Act, or have graduated from the accounting, banking, insurance, commerce, public finance and taxation, economics, business administration, or international trade related department of an institution at the junior college level or higher, or have passed the senior examination for accountants or auditors; and no less than one-third of whom are graduates of an accounting institute or university accounting department or program and have passed the CPA examination or the senior examination for accountants or auditors, or have graduated from the accounting, banking, insurance, commerce, public finance and taxation, economics, business administration, or international trade related department of an institution at the junior college level or higher and engaged in auditing work at a CPA firm for two full years.

4. The practice of a practicing CPA shall not have been suspended by any disposition under the Certified Public Accountant Act, the Securities and Exchange Act, or other acts or regulations, for which the suspension period has not yet been completed.

5. The firm shall have a common office.

6. The amount of authorized capital and amount of insurance purchased by an incorporated CPA firm shall comply with the relevant provisions of the Certified Public Accountant Act.

7. The CPA firm shall adopt a quality control system in accordance with Statement of Auditing Standards No. 46.

A CPA who was approved to conduct the business of auditing and attesting to financial reports of public companies before the enforcement of the 26 October 2020 amendment to these Regulations shall be exempted from the requirement regarding experience set out in subparagraph 1 of the preceding paragraph.

Article 5

Under any of the following circumstances, the FSC may deny approval for an application to conduct the business of auditing and attesting to financial reports of public companies:

1. Non-compliance with the provisions of the preceding article.

2. It is found that the quality control system of the CPA firm is not effectively implemented, without legitimate reason.

3. A practicing CPA has violated laws or regulations, or the CPA code of professional ethics, and the circumstances are serious.

Article 6

Unless otherwise provided in the laws or regulations, a CPA shall conduct the business of auditing and attesting to financial reports of public companies in accordance with generally accepted auditing standards.

The audit report issued for auditing and attestation referred to in the preceding paragraph shall state the name, address, and telephone number of the CPA firm, the reference number of the FSC approval letter, and the name, and signature or seal, of the auditor, and the date; if the CPA firm is an incorporated CPA firm, it shall also affix its seal.

Article 7

When a CPA firm approved to conduct the business of auditing and attesting to financial reports of public companies will make any new addition to its CPAs conducting the business of auditing and attesting to financial reports of public companies, it shall comply with the requirements of Article 4, paragraph 1, subparagraphs 1, 2, and 4, and it shall file an application and attachments (Attachment 2) with the FSC for approval.

The requirements of Article 3, paragraphs 2 to 4 shall apply mutatis mutandis to the matters under the preceding paragraph.

When a CPA who, having been approved to conduct the business of auditing and attesting to financial reports of public companies, departs from the CPA firm, the FSC shall revoke the CPA's approval. The CPA firm furthermore shall report the CPA's departure to the FSC within 10 days from the date of the CPA's departure.

A joint CPA firm that submits a report pursuant to the preceding paragraph shall do so using the name of the joint CPA firm, and the responsible person of the firm shall affix his or her signature or seal.
An incorporated CPA firm that submits a report pursuant to paragraph 3 shall affix the seal of the incorporated CPA firm, and the board chairperson shall affix his or her seal.

Article 8

The joint CPA firm or incorporated CPA firm of CPAs conducting the business of auditing and attesting to financial reports of public companies shall participate in the regularly scheduled peer reviews held by the National Federation of Certified Public Accountants Association of the R.O.C. ("NFCPAA").

The method by which the peer reviews of the preceding paragraph are conducted, and any change to that method, shall be drafted by the NFCPAA and reported to the FSC for approval.

Article 9

A CPA approved to conduct the business of auditing and attesting to financial reports of public companies, and any audit assistant of that CPA's joint CPA firm or incorporated CPA firm, shall participate in continuing education on a regularly scheduled basis.

Article 10

Under any of the following circumstances, the FSC may void or revoke the approval it has given to a CPA, or to the CPA firm thereof, to conduct the business of auditing and attesting the financial report of public companies:

1. Any application item contains a false statement or violates Article 7, and the circumstances are serious.
2. The CPA firm does not meet the provisions of Article 4, paragraph 1, subparagraphs 1, 3 or 5, is required to make improvement within a specified time period, and fails to do so.
3. The CPA firm refuses to participate in the peer review, or the result of the peer review is substandard, and it is required to make improvement within a specified time period but fails to do so.
4. The CPA fails to participate in continuing education pursuant to the Certified Public Accountant Act, is reported by the NFCPAA to the FSC, and suspended from practicing CPA business.
5. The amount of the authorized capital of, or insurance purchased by, an incorporated CPA firm does not comply with the relevant provisions of the Certified Public Accountant Act.
6. The FSC conducts and examination of the CPA firm and discovers a serious deficiency or violation, and the CPA firm fails to correct the problem by the time limit set by the FSC for doing so.
7. There is any other serious violation.

After the circumstances of any of the subparagraphs of the preceding paragraph have been extinguished for one full year, a CPA firm may submit evidentiary documentation to re-apply for approval pursuant to Article 3 or Article 7, paragraphs 1 and 2.

Article 11

These Regulations shall come into force from the date of issuance.