

Content

Title :	Standards Governing the Establishment of Securities Firms <b>Ch</b>
Date :	2025.07.18
Legislative :	<p>17. Articles 11, 26, 26-1, and 41-1 and the name of Chapter IV, Section I amended and promulgated and articles 25-1 to 25-3 and 26-2 and the name of Chapter IV, Section I-1 added 31 December 2003 per Order No. Taiwan-Finance-Securities-II-0920005385 of the Securities and Futures Commission, Ministry of Finance</p> <p>18. Articles 2, 14, 17, and 33 amended and issued and Articles 16-1 and 16-2 added 2 October 2007 per Order No. Financial-Supervisory-Securities-II-0960050708 of the Financial Supervisory Commission, Executive Yuan</p> <p>19. Articles 4, 20, 25-2, 38, and 43 amended and issued per 16 June 2009 Order No. Financial-Supervisory-Securities-Firms-0980029452 of the Financial Supervisory Commission, Executive Yuan; Article 4, paragraph 1, subparagraph 6 for implementation from 23 November 2009, and the remaining Articles for implementation from the date of issuance</p> <p>20. Articles 2, 11, 14, 25-2, 29, 31, and 33 amended and Articles 10-1, 18-2, and 32-1 added per 12 November 2013 Order No. Financial-Supervisory-Securities-Firms-1020042260 of the Financial Supervisory Commission</p> <p>21. Articles 14 and 25-2 amended per 22 December 2014 Order No. Financial-Supervisory-Securities-Firms-1030049348 of the Financial Supervisory Commission</p> <p>22. Articles 3, 7, 11, and 21 amended and issued per 28 April 2015 Order No. Financial-Supervisory-Securities-Firms-1040014014 of the Financial Supervisory Commission</p> <p>23. Articles 3 and 11 amended and issued per 15 January 2020 Order No. Financial-Supervisory-Securities-Firms-1080362060 of the Financial Supervisory Commission</p> <p>24. Articles 3, 7, and 11 amended and issued and Article 10-2 added per 6 May 2021 Order No. Financial-Supervisory-Securities-Firms-1100361767 of the Financial Supervisory Commission</p> <p>25. Articles 3 and 11 amended and issued per 8 May 2025 Order No. Financial-Supervisory-Securities-Firms-1140381704 of the Financial Supervisory Commission</p> <p>26. Articles 19, 20, 21, 22, and Annex 9 of Article 24 amended and issued and Articles 20-1, 23-1, and 24-1 to 24-3 added per 18 July 2025 Order No. Financial-Supervisory-Securities-Firms-1140382994 of the Financial Supervisory Commission</p>
Content :	<p>Chapter I General Provisions</p> <p>Article 1 These Standards are prescribed pursuant to Article 44, paragraph 4 of the Securities and Exchange Act ("the Act").</p> <p>Article 2 Each type of securities business that a securities firm may operate shall be reviewed and approved separately by the Financial Supervisory Commission (FSC) under the Act and these Standards, and shall be specified on the license of each securities firm. A securities firm may not operate any type of securities business until it has been approved and specified on the business license.</p> <p>Chapter II Establishment of Securities Firms</p> <p>Article 3 A securities firm shall be established as a company limited by shares. The</p>

minimum paid-in capital for a securities firm, according to the type of business which it operates, shall be as follows:

1. A securities underwriter: NT\$400 million.
2. A securities dealer: NT\$400 million. However, if the securities dealer operates only the following business, the minimum paid-in capital shall be NT\$100 million:
  - A. Operates only the business of proprietary trading of security tokens (virtual currencies that have the nature of securities).
  - B. Operates only the business of proprietary trading of specific foreign bonds.
3. A securities broker: NT\$200 million. However, if the securities broker operates only the following business, the minimum paid-in capital shall be NT\$50 million:
  - A. Operates only equity crowdfunding business.
  - B. Operates only brokerage business for trading and exchanging beneficial certificates of funds.

The minimum paid-in capital required under the preceding paragraph shall be fully collected by the promoters at the time of incorporation.

#### Article 4

A promoter of a securities firm shall be disqualified if any of the following circumstances apply:

1. The person has been sentenced by a final and conclusive judgment for having committed an offense against the internal/external security of the state, or is at large for such an offense pending the closing of the case.
2. The person has been sentenced to imprisonment for 1 year or more for having committed fraud, breach of trust, misappropriation, or for having violated applicable laws or regulations governing the regulation of business and industry, and 2 years have not elapsed since the completion of service of the sentence.
3. The person has been sentenced by a final and conclusive judgment for having committed embezzlement during service as a government employee and 2 years have not elapsed since the completion of the sentence.
4. The person has been adjudicated bankrupt and their civil rights have not been restored; or they served as a director, supervisor, managerial officer, or other equivalent position in a juristic person at a time when it was adjudicated bankrupt, and three years have not elapsed since the close of the bankruptcy, or the reconciliation has not been performed..
5. The person has had an event of material loss of credit and the case is not yet closed or 2 years have not elapsed since the closing of the case; or within the last three years has a record with a financial institution of being refused transactions or a loss of credit.
6. The person has no legal capacity, limited legal capacity, or is placed under assistance by a declaration of a court, which has not yet been voided.
7. The person has been sentenced under the Act or the Futures Trading Act to a penalty of severity equal to or greater than a criminal fine, and 3 years have not elapsed since completion of the sentence, expiration of the suspended sentence, or pardon.
8. The person has been sanctioned by the FSC by dismissal from or replacement in their duties, and 3 years have not yet elapsed.
9. The person has, as supported by facts, engaged in or been involved in other bad faith or improper activities, demonstrating unsuitability to work in the securities industry.

Where the promoter is a juristic person, the provisions of the preceding paragraph shall apply mutatis mutandis to any representative of or any designated individual executing business for the juristic person.

#### Article 5

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#### Article 6

The business site and facilities of a securities firm shall be in accordance with the standards prescribed by the Securities Association or the Taipei Exchange (TPEX). For a securities firm that engages in brokerage or proprietary trading business on the centralized exchange market, they

shall also be in accordance with the site and facilities standards prescribed by the Taiwan Stock Exchange Corporation (TWSE).

#### Article 7

In filing an application with the FSC for permission, the promoters of a securities firm shall, according to the type of business which it operates, deposit the amount prescribed below with the bank designated by the FSC:

1. A securities underwriter: NT\$40 million.
2. A securities dealer: NT\$10 million.
3. A securities broker: NT\$50 million. However, if the securities broker will operate only the following business, the amount shall be NT\$10 million:

- A. Operates only equity crowdfunding business.
- B. Operates only brokerage business for trading and exchanging beneficial certificates of funds.

The deposit prescribed in the preceding paragraph may be substituted by government bonds or financial bonds.

The funds deposited under paragraph 1, if establishment is permitted, may be utilized only after the incorporation of the company has been registered and the operation bond has been deposited. If establishment is not permitted or the permission is voided, the FSC will give notice to withdraw the funds.

#### Article 8

Prior to filing an application with the FSC for permission to engage in brokerage or proprietary trading business on the centralized exchange market, the applicant shall receive consent for computer linkage from the securities central depository enterprise and, according to the type of business which it operates, receive consent for computer linkage from the stock exchange centralized exchange market in advance as specified below:

1. A securities dealer: linkage to the host computer or terminal.
2. A securities broker: linkage to the host computer or terminal.

Prior to filing an application with the FSC for permission for the securities firm and its additionally established branch offices to engage in brokerage or proprietary trading business on the over-the-counter market, the applicant shall receive consent from the TPEX for computer linkage for its securities trading information.

#### Article 9

In filing an application with the FSC for the permit to establish a securities firm, the promoters shall submit all of the following documentation:

1. The application form (Annex 1).
2. Articles of incorporation.
3. Business plan: specifying the principles of business operation; internal organization and division of labor; personnel recruitment; overview of the site and facilities; and financial forecasts for the next 3 years.
4. Minutes of the promoters' meeting.
5. List of promoters (Annex 2).
6. Statement from the promoters declaring that none of the circumstances in the subparagraphs of Article 4 exists (Annex 3).
7. Certification of the deposit made under Article 7.
8. Documentation affirming the availability of the computer linkage as required under Article 8.
9. Other documents as required by the FSC.

#### Article 10

Within 6 months from the date of the permit issued by the FSC for the establishment of a securities firm, the incorporation registration of the securities firm shall be completed and all of the following documentation shall be submitted to the FSC to apply for a business license:

1. The application form (Annex 4).
2. Photocopy of the company license.
3. Articles of incorporation.
4. Internal control system.
5. Balance sheet from within 1 month preceding the date of application.

6. List of shareholders.
7. List of directors and minutes of the board of directors.
8. List of supervisors.
9. List of managerial officers and associated persons with certification of their qualifications.
10. Statement declaring that none of the circumstances in Article 53 of the Act exists in respect of the directors, supervisors, and managerial officers.
11. Documentation certifying compliance with Article 6.
12. Documentation certifying the deposit of the operation bond.
13. Contract affirming the availability to utilize the computer linkage facilities under Article 8.
14. Other documents as required by the FSC.

The permit for the establishment of a securities firm shall be voided if the securities firm fails to apply for the license within the period prescribed in the preceding paragraph. The period prescribed in the preceding paragraph may be extended, however, if the securities firm applies to the FSC, with good cause, prior to the expiration of the period. Such an extension shall not exceed 6 months and may be granted only once.

#### Article 10-1

In any of the following circumstances, the FSC may deny an application for a permit to establish a securities firm:

1. Any of the circumstances in Article 4 applies with respect to a promoter.
2. Any of the circumstances in Article 53 of the Act applies with respect to a director, supervisor, or managerial officer.
3. Any misrepresentation or falsehood is found in any content or information in the application documents.
4. The business plan or the internal control system is not concrete enough, or cannot be implemented effectively.
5. Other circumstances under which denial of permission is considered necessary to protect the public interest.

If the application documents submitted under this Chapter are incomplete or otherwise contain incomplete information, and the situation cannot be corrected within a time limit designated by the FSC, the application documents will be rejected.

#### Article 10-2

An applicant that has received approval from the FSC to conduct a Financial Technology Innovative Experimentation case may apply to the FSC for a permit to convert into a securities firm if the applicant meets the following conditions:

1. The innovative experiment is innovative and has benefits such as effectively increasing the efficiency of financial services, reducing operational and use costs, or enhancing the interests of financial consumers and enterprises.
2. The applicant shall be a duly incorporated and registered company limited by shares, and may not be a close company.
3. The balance sheet audited and attested by certified public accountants (CPAs) from within one month before the application date shows net worth not less than the amount specified in Article 3, and not less than two-thirds of the company's share capital. If among the company's share capital are any shares issued for non-cash capital contributions, the number of such shares may not exceed one-fourth of the total number of the company's issued shares, and the applicant shall submit a statement, reviewed by a CPA, of the estimated value and benefits of the non-cash capital contributions.
4. The applicant does not operate any business that a securities firm is prohibited to handle.

In the case of an applicant that applies to convert into a securities firm under the preceding paragraph, the provisions of Articles 4, 7, and 9 to 10-1 shall apply *mutatis mutandis* to the applicant's qualifications, the bond the applicant is required to deposit, the permit for conversion, the documentation and procedures for issuance of the business license, and the circumstances in which the FSC may deny an application for a permit.

However, in the provisions of Articles 4 and 9 regarding the promoters and the minutes of the promoters' meeting, the promoters and minutes shall respectively be replaced by all of the company's shareholders and the minutes of the shareholders' meeting at which the resolution for conversion was passed.

When the applicant applies to the FSC for conversion into a securities firm, if its financial condition fails to meet requirements of the Regulations Governing Securities Firms, or its operation of securities firm business fails to meet requirements of securities laws or regulations or other relevant laws or regulations, it may submit a plan to make adjustments to achieve compliance with requirements and, after the plan is approved by the FSC, it shall accomplish the adjustments within 6 months from the date of issuance of the permit by the FSC. If the applicant fails to make the adjustments in accordance with the adjustment plan, the FSC may restrict its business operations.

#### Article 11

Securities firms shall establish an internal control system referred to in Article 10, paragraph 1, subparagraph 4 in accordance with the Regulations Governing Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets and the regulations for establishing internal control systems by securities firms jointly prescribed by the TWSE and other related institutions.

Securities firms operating security token proprietary trading business, equity crowdfunding business, brokerage business for trading and exchanging beneficial certificates of funds, or proprietary trading of specific foreign bonds shall handle their internal control system in accordance with applicable rules adopted by the TPEX. A securities firm that operates only security token proprietary trading business, equity crowdfunding business, brokerage business for trading and exchanging beneficial certificates of funds, or proprietary trading of specific foreign bonds is not subject to the provisions of the preceding paragraph.

#### Article 12

For a securities firm that operates two or more types of securities business, the calculation in compliance with the requirements set out in Article 3, 7, and 8 shall be that applicable to the total of the types of business that it operates.

### Chapter III Application by a Financial Institution to Concurrently Operate Securities Business

#### Article 13

A financial institution that in accordance with the Banking Act or other laws and regulations may concurrently operate securities business, when filing an application for the concurrent operation of such business, shall do so under the name of the financial institution.

#### Article 14

With the exceptions of futures commission merchants (FCM), proprietary trading of government bonds, foreign bond trading agency business, business with special approval granted by the FSC based on policy considerations, and business for which permission for concurrent operation has been obtained prior to the issuance of these Standards, a financial institution that concurrently operates securities business shall restrict such concurrent operations to only one of the following:

1. Securities underwriting.
2. Securities dealing.
3. Securities trading brokerage or intermediary services.
4. Securities underwriting and dealing.
5. Securities dealing and over-the-counter securities brokerage.

An FCM that concurrently operates securities business shall restrict such concurrent operations to only one of the following:

1. Securities dealing.
2. Securities trading brokerage or intermediary services.
3. Securities dealing and securities trading brokerage or intermediary

services.

An FCM that is concurrently operated by another business may not apply to concurrently operate securities business.

#### Article 15

A financial institution that concurrently operates securities business shall allocate the operating capital in the same amount as that required under Article 3 hereof. If the paid-in capital of the financial institution is insufficient to allocate the operating capital, it shall carry out a capital increase before applying for concurrent operation.

A financial institution that concurrently operates securities business shall allocate operating capital through funds set aside especially for this purpose and, unless doing as provided for in Article 102 of the Banking Act, may not use it for purposes other than securities business.

#### Article 16

The provisions of Article 6, 7, 8, 11, and 12 shall apply mutatis mutandis to a financial institution that applies to concurrently operate securities business. The provisions of Article 11 shall apply mutatis mutandis to a financial institution that only operates as a dealer in government bonds and the financial institution shall assign at least one full time associated person to handle such business.

#### Article 16-1

An FCM that applies to concurrently operate securities business shall meet all of the following requirements:

1. Its CPA-audited and attested financial report for the most recent period shows no accumulated deficit, is in compliance with Article 17 of the Regulations Governing Futures Commission Merchants, and is free of the circumstances specified in Article 22 of those same Regulations.
2. It has not been subject to a warning sanction by the FSC in the most recent 3 months.
3. In the most recent half-year it has not been subject to any FSC sanction under Article 66, subparagraph 2 of the Act ordering the company to dismiss any director, supervisor, or managerial officer from office, nor subject to any FSC sanction under Article 100, paragraph 1, subparagraph 2 of the Futures Trading Act ordering it to dismiss its responsible person or other relevant personnel.
4. It has not been subject to any FSC sanction suspending business operations in the most recent year.
5. It has not been subject to any FSC sanction voiding permission for any part of its business in the most recent 2 years.
6. It has not, in the most recent year, had its trading operations suspended or restricted pursuant to the bylaws of the futures exchange or a futures clearing house.
7. Other requirements as specified by the FSC.

If an FCM is not in compliance with a requirement in subparagraphs 2 to 6 of the preceding paragraph, but the circumstances have shown concrete improvement, it may be exempted from those restrictions with the approval of the FSC.

#### Article 16-2

An FCM that applies to concurrently operate securities business shall, except as otherwise provided by law, establish an independent department dedicated to handling securities business. That department's operations and accounting must be independent.

#### Article 17

In filing an application with the FSC for the permit to concurrently operate securities business, a financial institution shall submit all of the following documentation:

1. The application (Annex 6).
2. Photocopy of its business license.
3. Articles of incorporation or document equivalent to articles of incorporation.
4. Business plan: specifying the principles of business operation; internal

organization and division of labor; personnel recruitment; overview of the site and facilities; and financial forecasts for the next 3 years.

5. Meeting minutes of the board of directors or board of governors.

6. List of directors and supervisors.

7. Statement declaring that none of the circumstances in Article 53 of the Act exists in respect of its directors and supervisors (Annex 5).

8. Certification of the deposit made under Article 7.

9. Documentation affirming the availability of the computer linkage as required under Article 8.

10. Other documents as required by the FSC.

An FCM that applies to concurrently operate securities business, in addition to submitting the documentation of the preceding paragraph, shall also submit the most recent CPA-audited and attested financial report, and operating rules regarding risk segregation and conflicts of interest for securities and futures business operations.

#### Article 18

Within 6 months from the date of the permit issued by the FSC for concurrent operation of securities business by a financial institution, it shall apply to the FSC for issuance of a business license and submit all of the following documentation:

1. The application (Annex 7).

2. Internal control system for the securities business.

3. List of managerial officers and associated persons with certification of their qualifications.

4. Statement declaring that none of the circumstances in Article 53 of the Act exists in respect of its managerial officers (Annex 5) .

5. Documentation certifying compliance with Article 6.

6. Documentation certifying the deposit of the operation bond.

7. Contract affirming the availability to utilize the computer linkage facilities under Article 8.

8. Other documents as required by the FSC.

The permit for the operation of securities business shall be voided if the financial institution fails to apply for the license within the period prescribed in the preceding paragraph. The period prescribed in the preceding paragraph may be extended, however, if the financial institution applies to the FSC, with good cause, prior to the expiration of the period. Such an extension shall not exceed 6 months and may be granted only once.

#### Article 18-1

In the event that a financial institution only applies to operate as a dealer in government bonds, its application for the permit under Article 17 may be exempted from the requirement of the documentation of subparagraphs 4, 6, 7 and 8; its application for the business license under Article 18 may be exempted from the requirement of the documentation of subparagraph 5.

#### Article 18-2

In any of the following circumstances, the FSC may deny an application from a financial institution for a permit for concurrent operation of securities business:

1. Any of the circumstances in Article 53 of the Act applies with respect to a director, supervisor, or managerial officer.

2. Any misrepresentation or falsehood is found in any content or information in the application documents.

3. The business plan or the internal control system is not concrete enough, or cannot be implemented effectively.

4. Other circumstances under which denial of permission is considered necessary to protect the public interest.

If the application documents submitted under this Chapter are incomplete or otherwise contain incomplete information, and the situation is not corrected within a time limit designated by the FSC, the application documents will be rejected.

## Section I Domestic Branch Offices

### Article 19

A securities firm established under these Standards may apply for the establishment of a branch office or a simple branch office upon the completion of 1 year of operation. Such restriction does not apply, however, to the establishment of a branch office or a simple branch office as a result of merger or transfer.

### Article 20

A securities firm applying for the establishment of a branch office or a simple branch office shall meet all of the following requirements:

1. The applicant's most recent CPA audited and attested financial report indicates that the net worth per share exceeds its par value and its financial condition complies with the standards under Article 49 of the Act. However, the requirement of net worth per share exceeding par value shall not apply to a securities firm that establishes additional branch offices or simple branch offices owing to merger, or acquisition of other securities firms.
2. The applicant has not been sanctioned by the FSC with a warning under Article 66, subparagraph 1 of the Act within the most recent 3 months.
3. The applicant has not been sanctioned by the FSC with an order under Article 66, subparagraph 2 of the Act to dismiss any of its directors, supervisors, or managerial officers or with replacement of its responsible person or other related personnel under Article 100, paragraph 1, subparagraph 2 of the Futures Trading Act within the most recent half year.
4. The applicant has not been sanctioned by the FSC with suspension of operations within the most recent year.
5. The applicant has not been sanctioned by the FSC with voidance of permission for any part of its business within the most recent 2 years.
6. The applicant has not been sanctioned with suspension or restriction of trading by the TWSE, TPEX, or TAIEX pursuant to its rules or bylaws within the most recent 1 year.
7. The regulatory capital adequacy ratio of the securities firm is not lower than 150 percent.

If a securities firm does not meet a requirement set forth in any of subparagraphs 2 to 6 of the preceding paragraph, but has shown concrete improvement in the circumstances, and the FSC has recognized the improvement, the securities firm may be exempted from the relevant requirement.

For securities firms that establish additional branch offices or simple branch offices owing to merger or acquisition of the entire business, assets, or facilities of other securities firms under the approval of the FSC, the requirements of subparagraphs 2, 3, and 7 of paragraph 1 shall not apply.

### Article 20-1

A securities firm applying for conversion of a branch office into a simple branch office shall meet the requirements of subparagraphs 6 and 7 of paragraph 1 of the preceding article.

If a securities firm does not meet the requirement set forth in subparagraph 6 of paragraph 1 of the preceding paragraph, but has shown concrete improvement in the circumstances, and the FSC has recognized the improvement, the securities firm may be exempted from the relevant requirement.

### Article 21

For each branch office or simple branch office that a securities firm establishes, the minimum paid-in capital of the firm shall increase by NT\$30 million. However, for conversion of a securities firm branch office into a simple branch office, no increase in minimum paid-in capital is required.

### Article 22

The standards of the business site and facilities required under Article 6 shall apply mutatis mutandis to branch offices or simple branch offices of

securities firms.

Prior to filing an application with the FSC for permission for a branch office of a securities firm to operate brokerage business on the centralized exchange market, consent for computer linkage shall be obtained from the stock exchange centralized exchange market and the securities central depository enterprise.

Prior to filing an application with the FSC for permission for a branch office of a securities firm to operate brokerage business on the over-the-counter market, consent for computer linkage for its securities trading information shall be obtained from the TPEX.

#### Article 23

To establish a branch office, a securities firm shall submit all of the following documentation in an application to the FSC:

1. The application for establishment of a branch office (Annex 8).
2. Articles of incorporation or document equivalent to articles of incorporation.
3. Business plan: specify the principles of business operation of the branch office; internal organization and division of labor; personnel recruitment; overview of the site and facilities; and financial forecasts for the next 3 years.
4. Meeting minutes of the board of directors (or board of governors).
5. Internal control system required under Article 11 (including that of the branch office).
6. Documentation affirming the availability of the computer linkage as required under Article 22, paragraph 2 or 3.
7. Other documents as required by the FSC.

#### Article 23-1

To establish a simple branch office, a securities firm shall submit all of the following documentation in an application to the FSC for permission:

1. The application for establishment of a simple branch office (Annex 8-1).
2. Articles of incorporation or document equivalent to articles of incorporation.
3. Business plan: specify the principles of business operation of the simple branch office; internal organization and division of labor; personnel recruitment; overview of the site and facilities; and financial forecast for the next 3 years.
4. Meeting minutes of the board of directors (or board of governors).
5. Internal control system required under Article 11 (including the simple branch office).
6. Other documents as required by the FSC.

For conversion of a branch office into a simple branch office, the provisions of subparagraph 2 and subparagraphs 4 to 6 of the preceding paragraph shall apply, and the securities firm shall submit the following documentation in an application to the FSC for permission:

1. The application for conversion into a simple branch office (Annex 8-2).
2. Conversion business plan: specify the reasons for conversion (including an analysis of the operating condition of the existing branch office(s)), handling of the rights and interests of existing customers or alternative service methods, etc., and the principles of business operation of the simple branch office; internal organization and division of labor; personnel recruitment; overview of the site and facilities; and financial forecasts for the next 3 years.
3. Employee placement plan.

#### Article 24

Within 6 months after the permission has been granted for establishment of a branch office, the securities firm shall complete the incorporation registration of the branch office and submit all of the following documentation to the FSC to apply for issuance of the business license of the branch office:

1. The application for establishment of the branch office (Annex 9).
2. Photocopy of the branch office incorporation registration certificate.
3. List of managerial officers and associated persons with certification of their qualifications.

4. Documentation certifying compliance with Article 6.
5. Documentation certifying the deposit of the operation bond.
6. Contract affirming the availability to utilize the computer linkage facilities under Article 22, paragraph 2 or 3.
7. Other documents as required by the FSC.

The permit for the establishment of a branch office shall be voided if the applicant fails to apply for the license within the period prescribed in the preceding paragraph. The period prescribed in the preceding paragraph may be extended, however, if the securities firm applies to the FSC, with good cause, prior to the expiration of the period. Such an extension shall not exceed 6 months and may be granted only once.

#### Article 24-1

Within 6 months after the permission has been granted for establishment of a simple branch office or conversion of a branch office into a simple branch office, the securities firm shall complete the incorporation registration of the simple branch office and submit all of the following documentation to the FSC to apply for issuance of the business license of the simple branch office:

1. The application for establishment of the simple branch office (Annex 9-1).
2. Photocopy of the simple branch office incorporation or amendment registration certificate.
3. List of managerial officers and associated persons with certification of their qualifications.
4. Documentation certifying compliance with Article 6.
5. Documentation certifying the deposit of the operation bond.
6. Other documents as required by the FSC.

The permit for a simple branch office shall be voided if the applicant fails to apply for the license within the period prescribed in the preceding paragraph. The period prescribed in the preceding paragraph may be extended, however, if the securities firm applies to the FSC, with good cause, prior to the expiration of the period. Such an extension shall not exceed 6 months and may be granted only once.

#### Article 24-2

In each fiscal year, the total number of simplified branch offices that a securities firm applies to establish, counted in combination with branch offices to be converted to simplified branch offices, shall not exceed three.

#### Article 24-3

The business items that a simple branch office of a securities firm may handle are limited to the following:

1. Wealth management business.
2. Business solicitation and account opening preparatory operations for securities brokerage business.
3. Other business as approved by the FSC.

A securities firm simple branch office conducting wealth management business shall do so in accordance with the provisions regarding branch offices in the Directions for the Conduct of Wealth Management Business by Securities Firms.

#### Article 25

The provisions of Article 19 through 24 shall apply mutatis mutandis to a financial institutions that concurrently operates securities business and applies for concurrent operation of securities business by a branch office. The provisions of Articles 20, Article 23, subparagraphs 1, 2, 4 to 7, and Article 24, paragraph 1, subparagraphs 1 to 3 and 5 to 7 and paragraph 2 of these Standards shall apply mutatis mutandis to a financial institution that only applies to conduct proprietary trade in government bonds at its branch office. The financial institution shall assign a full time associated person to deal with such business.

#### Section I-1 Overseas Branch Offices and Representative Offices

#### Article 25-1

A securities firm established under these Standards may apply to establish an overseas branch office(s) upon the completion of 3 years of operation. Applications to establish an overseas branch office under the preceding paragraph shall be confined to locations that have a centralized securities exchange market and a dedicated competent authority, and have been publicly announced by the FSC.

#### Article 25-2

A securities firm establishing an overseas branch office(s) shall comply with the provisions of all the following subparagraphs:

1. Concurrently operate the three types of business of securities underwriting, proprietary trading, and brokerage or commission agency, and have net worth of not less than NT\$3 billion on the financial report for the most recent period audited and attested by CPAs.
2. Have net worth per share of not less than par value on the financial report for the most recent period audited and attested by CPAs and have financial condition complying with the standards prescribed in Article 49 of the Act.
3. Comply with the provisions of Article 20, paragraph 1, subparagraphs 2 through 6.
4. Have a regulatory capital adequacy ratio of not less than 200 percent and a sound financial structure, provided that this restriction does not apply if the securities firm has been granted special approval due to special needs.

If a securities firm does not meet a requirement under subparagraph 3 of the preceding paragraph, but has shown concrete improvement in the circumstances, and the FSC has recognized the improvement, the securities firm may be exempted from the relevant requirement.

The sum of the funds that a securities firm establishing an overseas branch office(s) appropriates there for local operations plus the total funds the securities firm invests in foreign and mainland enterprises shall not exceed 40 percent of the securities firm's net worth, provided that this restriction does not apply if the securities firm has been granted special approval due to special needs.

#### Article 25-3

The minimum paid-in capital of a securities firm shall be increased by NT\$30 million for each overseas branch office it establishes.

#### Article 26

A securities firm applying for a permit to establish a branch office or representative office overseas or a financial institution with approval to concurrently operate securities business applying for a permit for its overseas branch office to concurrently operate securities business shall submit all of the following documentation to the FSC:

1. Application for establishment of the branch office or representative office.
2. Articles of incorporation or document equivalent to articles of incorporation.
3. Business plan: for the establishment of a branch office, the plan shall specify the principles of business operation by the overseas branch office, internal organization and division of labor, personnel recruitment, overview of the site and facilities, and its financial forecasts for the next 3 years; for the establishment of a representative office, the plan shall specify the organization of and affairs to be dealt with by its representative office.
4. Meeting minutes of the board of directors or (board of governors).
5. Internal control system required under Article 11 (including the overseas branch office or representative office).
6. For the establishment of a branch office, a feasibility assessment report must be submitted, specifying: the factors in the choice of the location for establishment; provisions of laws and regulations regarding matters such as local restrictions applying to foreign securities firms with respect to application procedures, review standards, business operations, and whether the competent authority of the home country may

collect and inspect information on the financial and operational condition of the branch office; self-assessment describing the compliance of the application case with local laws and regulations, operational risk assessment and benefit analysis.

7. Other documents as required by the FSC.

If the business that would be handled, under local securities laws and regulations and customary business practices, by the overseas branch office that the securities firm is applying to establish extends beyond the business items of the head office, all of the following documents shall be submitted in addition to the documents in the preceding paragraph:

1. Business item particulars: including the products to be handled, types of transactions, and trading counterparts and markets.
2. Local laws and regulations that must be complied with when engaging in such business.
3. Internal control and risk management plan.
4. Legal opinion by a lawyer.

#### Article 26-1

A securities firm that has applied to establish a branch office or representative office overseas or a financial institution concurrently operating securities business that has applied for its overseas branch office to concurrently operate securities business shall, after obtaining approval for establishment from the local competent authority, submit all of the following documentation to the FSC for recordation before commencing business:

1. Photocopy of the document issued by the local competent authority to approve the establishment.
2. List of managers and associated persons or representatives.
3. Date of establishment and detailed address.
4. For establishment of a branch office, the business items the local competent authority has approved for operation shall also be submitted.

#### Article 26-2

A securities firm that has already established an overseas branch office or representative office shall still be required to file an application with the FSC in accordance with the provisions of this Section when establishing any additional branch office or representative office in the same country or region.

### Section II Foreign Securities Firms

#### Article 27

(Deleted)

#### Article 28

A foreign securities firm that intends to establish a branch office within the territory of the Republic of China (ROC), shall meet all of the following qualifications:

1. The applicant possesses sufficient international securities business experience and financial soundness for the business type being applied for.
2. The applicant has not been sanctioned by its home country's securities regulatory authorities within the most recent 2 years.

The sufficient international securities business experience referred to in subparagraph 1 of the preceding paragraph requires more than 3 years in the securities business and one of the following criteria:

1. Verification of sufficient international securities business experience through the governing institution or other organization of the firm's home country, or through any other institution recognized by the FSC.
2. Obtaining from a country other than the firm's home country a membership or trading qualification of a stock exchange.
3. Having established a place of business operation located outside of the firm's home country or business operations in overseas markets, and having overseas operating income from the same type of operations applied for.

The financial soundness referred to in paragraph 1, subparagraph 1 requires the most recent CPA audited and attested financial report to indicate that the net value of per share is not below par value.

#### Article 29

A foreign securities firm applying for the establishment of a branch office within the territory of the ROC shall deposit operating capital which shall not be less than the total amount of the increase in minimum paid-in capital required for establishment of a branch office under Article 21, and the business bond and the settlement/clearance fund required to be deposited in accordance with Articles 9 and 10 of the Regulations Governing Securities Firms, Article 6 of the Regulations Governing the Conduct of Securities Trading Margin Purchase and Short Sale Operations by Securities Firms, and the requirements of other rules and regulations. However, when subsequently further applying for the establishment of a branch office thereafter, the firm shall deposit the business bond and the settlement/clearance fund in accordance with the provisions, applied mutatis mutandis, of Articles 9 and 10 of the Regulations Governing Securities Firms regarding the amounts required to be deposited for establishment of securities firm branch offices.

A foreign securities firm applying for the establishment of a branch office shall maintain in the ROC assets which shall not be less than the amount of the special reserve required to be appropriated in accordance with Article 14 of the Regulations Governing Securities Firms and the amount of the liabilities on the balance sheet of the branch office.

#### Article 30

The provisions of Articles 6 and 8 shall apply mutatis mutandis to the establishment of branch offices within the territory of the ROC by foreign securities firms.

#### Article 31

In filing an application with the FSC for a permit to establish a branch office, a foreign securities firm shall submit all of the following documentation:

1. The application for establishment of the branch office (Annex 10).
2. Certified copy of its articles of incorporation or document equivalent to articles of incorporation.
3. Business plan: specifying the principles of business operation; internal organization and division of labor; personnel recruitment; overview of site and facilities; and financial forecasts for the next 3 years.
4. Internal control system required by Article 11.
5. Securities business license issued by the securities regulatory agency or an equivalent agency of its home country and documentation certifying compliance with the requirements under Article 28.
6. Document issued by the competent securities authority of the home country of the foreign securities firm and its parent company approving its establishment of a branch office within the territory of the ROC.
7. Documentary proof that the parent company of the foreign securities firm has approved its establishment of the branch office within the territory of the ROC and has made a commitment of financial responsibility regarding the branch office.
8. List of directors, managerial officers, and shareholders who hold five percent or more of its shares.
9. Certified copy of the minutes of the board of directors meeting at which the resolution to establish the branch office in the ROC was made.
10. Names, nationalities, and domiciles of directors and other responsible persons.
11. Names, nationalities and domiciles or residence and the power of attorney of designated agents for litigious and non-litigious matters in the ROC.
12. Balance sheets and income statements audited and attested by CPAs for the most recent 3 years.
13. Power of attorney designating the agent for the purpose of applying to the FSC for establishment of the branch office.
14. Documentation of identification for the agent for litigious and non-litigious matters in the ROC.
15. Documentation affirming the availability to the computer linkage as required under Article 8.

16. Other documents as required by the FSC.

If any of the aforesaid documentation is in a foreign language, it must be accompanied by a Chinese translation.

#### Article 32

Within 6 months from the date of the permit issued by the FSC for a foreign securities firm's application to establish a branch office, it shall complete the incorporation registration of the branch office and submit all of the following documentation to the FSC to apply for issuance of the business license of the branch office:

1. The application (Annex 11).
2. Photocopy of the branch office incorporation registration certificate.
3. List of managerial officers and associated persons with certification of their qualifications.
4. Documentation certifying compliance with Article 6.
5. Documentation certifying deposit of the business bond.
6. Contract affirming the availability to utilize the computer linkage facilities under Article 8.
7. Other documents as required by the FSC.

The permit for the establishment of a foreign securities firm's branch office shall be voided if the applicant fails to apply for the license within the period prescribed in the preceding paragraph. The period prescribed in the preceding paragraph may be extended, however, if the foreign securities firm applies to the FSC, with good cause, prior to the expiration of the period. Such an extension shall not exceed 6 months and may be granted only once.

#### Article 32-1

In any of the following circumstances, the FSC may deny an application from a foreign securities firm for permission for establishment of a branch office:

1. Any of the circumstances in Article 53 of the Act applies with respect to a managerial officer of the branch office.
2. Any misrepresentation or falsehood is found in any content or information in the application documents.
3. The business plan or the internal control system is not concrete enough, or cannot be implemented effectively.
4. Other circumstances under which denial of permission is considered necessary to protect the public interest.

If the application documents submitted under this Chapter are incomplete or otherwise contain incomplete information, and the situation is not corrected within a time limit designated by the FSC, the application documents will be rejected.

#### Article 33

A foreign financial institution, with approval from its home country government, may apply to the FSC for the establishment of a branch office for the operation of securities business.

The provisions of Articles 6, 8, 11 through 15, 19, 20, 29, 31, 32, and 32-1 shall apply mutatis mutandis to foreign financial institutions, other than FCMs, that apply for their branch offices established within the territory of the ROC to concurrently operate securities business.

The provisions of Articles 6, 8, 11 to 15, 16-1, 16-2, 19, 20, 29, 31, 32, and 32-1 shall apply mutatis mutandis to foreign FCMs that apply for their branch offices established within the territory of the ROC to concurrently operate securities business.

#### Article 33-1

A foreign securities firm intending to establish a representative office in the ROC shall meet both of the following qualifications:

1. The applicant possesses sufficient experience in international securities business.
2. The applicant has not been sanctioned by suspension of business or a more severe penalty by its home country's securities regulatory authorities within the most recent year.

The term "sufficient experience in international securities business" in

subparagraph 1 of the preceding paragraph shall be subject, mutatis mutandis, to the provisions of Article 28, subparagraph 2.

#### Article 33-2

In filing an application with the FSC for approval to establish a representative office within the territory of the ROC, a foreign securities firm shall submit all of the following documentation:

1. Application for the establishment of a representative office.
2. Securities business license issued by the securities regulatory agency or equivalent agency of the home country and documents certifying compliance with the qualification requirements under Article 33-1.
3. Certified copy of its articles of incorporation or document equivalent to articles of incorporation.
4. Certified copy of the minutes of the board of directors meeting at which the resolution to establish a representative office in the ROC was made.
5. Balance sheets audited and attested by CPAs for the most recent 3 years.
6. Certified copy of the power of attorney designating the representative.
7. Resume of the authorized representative.
8. Certified copy of the power of attorney designating the agent for the purpose of applying to the FSC for establishment of the representative office.
9. Other documents as required by the FSC.

If any of the aforesaid documentation in foreign language, it must be accompanied by a Chinese translation.

#### Article 33-3

For a foreign securities firm that establishes a representative office within the territory of the ROC, its representative office is prohibited from operating the business under Article 15 of the Securities and Exchange Act.

### Chapter V Investment in Securities Firms by Overseas Chinese and Foreign Nationals

#### Article 34

Investment in securities firms by overseas Chinese and foreign nationals shall be approved by the FSC in advance.

#### Article 35

(Deleted)

#### Article 36

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#### Article 37

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### Chapter VI Addition of Type of Business

#### Article 38

A securities firm or a financial institution concurrently operating securities business that applies for an additional type of business shall meet all of the following requirements:

1. The applicant has not been sanctioned by the FSC with a warning under Article 66, subparagraph 1 of the Act within the most recent 3 months.
2. The applicant has not been sanctioned by the FSC with an order under Article 66, subparagraph 2 of the Act to dismiss any of its directors, supervisors, or managerial officers or with replacement of its responsible person or other related personnel under Article 100, paragraph 1, subparagraph 2 of the Futures Trading Act within the most recent half year.
3. The applicant has not been sanctioned by the FSC with suspension of business operations within the most recent 1 year.
4. The applicant has not been sanctioned by the FSC with voidance of permission for any part of its business within the most recent 2 years.
5. The applicant has not been sanctioned with suspension or restriction of trading by the TWSE, TPEx, or TAIEX pursuant to its rules or bylaws within

the most recent 1 year.

6. The regulatory capital adequacy ratio of the securities firm is not lower than 150 percent.

If a securities firm does not meet a requirement set forth in any of subparagraphs 1 to 5 of the preceding paragraph, but has shown concrete improvement in the circumstances, and the FSC has recognized the improvement, the securities firm may be exempted from the relevant requirement.

#### Article 39

When a securities firm or a financial institution that concurrently operates securities business applies for an additional type of business, it shall submit all of the following documentation to the FSC to apply for permission:

1. Articles of incorporation or document equivalent to articles of incorporation.
2. Business plan: specifying the principles for the operation of the additional type of business; internal organization and division of labor; personnel recruitment; overview of the site and facilities; and financial forecasts for the next 3 years.
3. Meeting minutes of the board of directors (or board of governors).
4. Internal control system required under Article 11 (including the additional business type).
5. Documentation affirming the availability of the computer linkage as required under Article 8.
6. Other documents as required by the FSC.

#### Article 40

After a securities firm or a financial institution that concurrently operates securities business has applied for an additional type of business and obtained permission, it shall within 6 months duly carry out registration of the additional type of business, and submit the following documents to apply to the FSC for issuance of a replacement business license with the additional type of business:

1. Photocopy of the company license with the additional type of business.
2. List of managerial officers and associated persons with certification of their qualifications.
3. Documentation certifying compliance with Article 6.
4. Documentation certifying the deposit of the business bond.
5. Contract affirming the availability to utilize the computer linkage facilities under Article 8.
6. Other documents as required by the FSC.

The permit for the additional type of business shall be voided if the applicant fails to apply for the license within the period prescribed in the preceding paragraph. The period prescribed in the preceding paragraph may be extended, however, if the applicant applies to the FSC, with good cause, prior to the expiration of the period. Such an extension shall not exceed 6 months and may be granted only once.

#### Article 40-1

In the event that a securities firm or a financial institution that concurrently operates securities business only applies to add the business of proprietary trading in government bonds, its application for the permit under Article 39 may be exempted from submission of the documentation required under subparagraph 2; its application for the business license under Article 40 may be exempted from submission of the documentation required under subparagraph 3.

#### Article 41

The provisions of Article 3, 6, 8, 11, 14 and 15 shall apply mutatis mutandis to an application for an additional type of business by a securities firm or a financial institution that concurrently operates securities business. The provisions of Article 3, 11, 14 and 15 shall apply mutatis mutandis to an application thereby that is only for addition of the business of proprietary trading in government bonds, and the securities firm or financial institution shall assign at least one full time

associated person to deal with such business.

Article 41-1

Articles 38 to 40 apply mutatis mutandis to a securities firm or a financial institutions concurrently operating securities business that applies for additional business item(s). However, if this does not involve issuance of a replacement business license, the mutatis mutandis application of Article 40 is exempted.

Chapter VII Supplemental Provisions

Article 42

(Deleted)

Article 43

These Standards shall come into force from the date of issuance, with the exceptions of subparagraph 7 of Article 20 and subparagraph 6 of Article 38, as amended and issued 29 June 1998, which shall come into force from 1 January 1999, and subparagraph 6 of paragraph 1 of Article 4, as amended and issued 16 June 2009, which shall come into force from 23 November 2009.

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