

Financial Holding Company Act Article 4 、 5 、 16

Article 4 The terms as used in this Act shall have the following meanings:

1. "Controlling interest" shall mean holding twenty-five percent (25%) or more of the outstanding voting shares or capital stock of a bank, insurance company or securities firm, or otherwise having the direct or indirect power to elect or designate the majority of the directors of a bank, insurance company or securities firm.
2. "Financial holding company" shall mean a company established in accordance with this Act and having a controlling interest in a bank, insurance company and/or securities firm.
3. "Financial institution" shall mean any of the following banks, insurance companies or securities firms:
 - (1) "Bank" shall mean banks and bills finance companies as defined in the Banking Act and other entities designated by the Competent Authority;
 - (2) "Insurance company" shall mean insurance enterprises established in accordance with the Insurance Law and organized as companies limited by shares; and
 - (3) "Securities firm" shall mean securities firms engaging in securities underwriting, proprietary trade and brokering or securities finance companies engaging in the securities finance business.
4. "Subsidiaries" shall mean any of the following entities:
 - (1) "Bank subsidiary" shall mean a bank in which the financial holding company has a controlling interest;
 - (2) "Insurance subsidiary" shall mean an insurance company in which the financial holding company has a controlling interest;
 - (3) "Securities subsidiary" shall mean a securities firm in which the financial holding company has a controlling interest; and
 - (4) Any other entity in which the financial holding company holds more than fifty percent (50%) of its outstanding voting shares or capital stock, or otherwise has the direct or indirect power to elect or designate the majority of its directors.
5. "Converted" shall mean transfer of business operation or swap of shares.
6. "Foreign financial holding company" shall mean a company established under foreign law which has a controlling interest in a bank, insurance company, and/or securities firm.
7. "Same person" shall mean the same natural or juridical person.
8. "Same concerned person" shall mean persons related to the same natural or

juridical person.

9. "Affiliate" shall mean an enterprise to which Articles 369-1 through 369-3, Article 369-9 and Article 369-11 of the Company Law apply.
10. "Major shareholder" shall mean a natural or juridical person holding five percent (5%) or more of the outstanding voting shares or capital stock of a financial holding company or any of its subsidiaries; if the major shareholder is a natural person, the number of shares held by his/her spouse and children under twenty years of age shall be aggregated into the principal's share holding.

Persons related to the same natural person referred to in Subparagraph 8 of the preceding paragraph include:

- (1) The principal, his/her spouse and relatives by blood within the second degree of kinship.
- (2) An enterprise in which the persons referred to in the preceding subparagraph hold more than one third (1/3) of its outstanding voting shares or more than one third of its capital stock.
- (3) An enterprise or a foundation in which the persons referred to in Subparagraph (1) hereof act as its chairman, president or directors representing the majority of directors.

Persons related to the same juridical person referred to in Subparagraph 8 of the preceding paragraph include:

- (1) The same juridical person and its chairman and president as well as the spouse and relatives by blood within second degree of kinship of the chairman and president.
- (2) Enterprises in which the same juridical person and natural persons referred to in the preceding subparagraph hold more than one third (1/3) of their outstanding voting shares or capital stock, or enterprises or foundations in which the same juridical person and natural persons referred to in the preceding subparagraph act as their chairman, president or directors representing the majority of directors.
- (3) The affiliates of the same juridical person.

Article 5 In determining the number of shares or the amount of capital of a financial holding company, bank, insurance company or securities firm held by the same person or same concerned person, the following shares or capital shall be excluded

1. Shares acquired by a securities firm during the underwriting period of the securities and disposed of during the period prescribed by the Competent Authority.

2. Shares acquired by a financial institution under a collateral pledge or security agreement and four years have not elapsed since the date of acquisition.
3. Shares acquired by inheritance or bequest and two years have not elapsed since the date of inheritance or bequest.

Article 16 When a financial institution is converted into a financial holding company, a same person or same concerned person who singly, jointly or collectively holds more than ten percent (10%) of the financial holding company's outstanding voting shares shall report such fact to the Competent Authority.

After a financial holding company has been established, a same person or same concerned person who singly, jointly or collectively holds more than five percent (5%) of the financial holding company's outstanding voting shares shall report such fact to the Competent Authority within ten (10) days from the day of holding; the preceding provision applies to each cumulative increase or decrease in the shares of the same person or same concerned person by more than one percent (1%) thereafter.

After a financial holding company has been established, a same person or same concerned person who intends to singly, jointly or collectively acquire more than ten percent (10%), twenty-five percent (25%) or fifty percent (50%) of the financial holding company's outstanding voting shares shall apply for prior approval of the Competent Authority.

A third party who holds shares of a financial holding company on behalf of the same person or same concerned person in trust, by mandate or through other types of contract, agreement or authorization shall fall within the purview of the same concerned person.

The regulations governing the qualifications and requirements for the same person or same concerned person who applies for approval pursuant to Paragraph 3 hereof, required documentation, shares to be acquired, purpose of acquisition, sources of funding, state of pledging of shares held, existing shareholding, and the reporting and announcement of changes in other important events, and other matters to be complied with shall be prescribed by the Competent Authority.

The same person or same concerned person who holds more than ten percent (10%) of the outstanding voting shares of a financial holding company shall not pledge his or her shares to a subsidiary of the financial holding company. The preceding provision does not apply to shares of a financial holding company already pledged to a financial institution before the financial institution was converted into its subsidiary, provided the original pledge continues to be in effect. If a same person or same concerned person referred to in Paragraph 1 hereof does not meet the qualifications or requirements stipulated in the regulations as

referred to in Paragraph 5 hereof, the same person or concerned person may continue to hold shares of such companies, but may not increase his or her shareholding.

The application referred to in Paragraph 3 hereof shall be deemed approved if the Competent Authority does not object thereto within fifteen (15) business days from the next day following the receipt of such application.

The same person or same concerned person who singly, jointly or collectively holds more than five percent (5%) but less than ten percent (10%) of a financial holding company's outstanding voting shares prior to the implementation of the amendment to the Act on December 30, 2008 shall report such fact to the Competent Authority within six (6) months from the implementation date of the said amendment.

Where the same person or same concerned person who holds voting shares issued by a financial holding company without filing a report with the Competent Authority or obtaining approval from the Competent Authority in accordance with the provisions set forth in Paragraphs 2 or 3, the excess shares held by such same person or same concerned person shall not have voting rights and shall be disposed of within the given period prescribed by the Competent Authority.