

Regulations regarding the same person or the same affiliate who intends to possess more than the designated amount of total voting shares from the same FHC

According to the regulation of the Financial Supervisory Committee (FSC) letter No. 10060005190, the related sections of the Financial Holding Company Act is as follows:

- a. Under the Financial Holding Company Act Article 4, the regulations on same person, same concerned person, and affiliates are listed below:
 - (a) Same person: means the same natural or juridical person
 - (b) Same concerned person: means persons related to the same natural or juridical person, the scope including:
 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.
 4. 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.
 5. 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.
 6. The affiliates of the same juridical person
 - (c) The scope of the affiliates includes companies for which Company Act Article 369 Item 1-3, 9, and 11 apply.
- b. The regulations of Financial Holding Company Act Article 16 are listed below:

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 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 30th, 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.

- c. The FSC can use the regulation of Financial Holding Company Act, Article 16, Item 10 to limit the voting rights for the portion above the legally allowed shares, if violate the regulations of the aforementioned Item 3, where ownership of the issued voting rights is greater than 10% if not approved by the Competent Authority. The regulatory agency can order the disposal of the excess shares within a given period, and fine an amount between NT\$ 2 Million and NT\$ 10 Million according to Article 60. If chosen to serve as board director, board supervisor, or other role of responsibilities, the person is considered to be dishonest, improper, and unsuitable to serve in those roles according to Article 3, Item 3, Paragraph 13 of the "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company", and is relieved of duty according to the Article 11, Item 2 of the same act.