



Title : Regulations Regarding Authorization Provisions of the Foundations Act by the Central Bank of the Republic of China (Taiwan)

Announced Date : Promulgated on February 1, 2019

Date : Amended on March 15, 2024

〈Basis and Scope〉

Article 1

These Regulations are prescribed pursuant to Paragraph 1 of Article 9, Subparagraph 6, Paragraph 3 of Article 19, Paragraph 3 of Article 21, Paragraph 3 of Article 24, Paragraph 5 of Article 25, and Paragraph 3 of Article 63 of the Foundations Act (hereinafter referred to as “the Act”).

The authorization provisions pursuant to Paragraph 4, Article 24 of the Act shall be prescribed separately in accordance with the Regulations Governing the Accounting Treatment and Preparation of Financial Reports for Foundations Overseen by the Central Bank of the Republic of China (Taiwan).

〈Minimum Amount of Endowment Property〉

Article 2

When a foundation overseen by the Central Bank of the Republic of China (Taiwan) (hereinafter referred to as “the Bank”) is established (hereinafter referred to as the “foundation”), its endowment property shall have a minimum value of NTD1.6 billion.

〈Other Types of Investment and Investment Limits〉

Article 3

Other types of investment a foundation may make pursuant to Subparagraph 6, Paragraph 3, Article 19 of the Act include the following:

1. NTD or foreign currency denominated unsecured corporate bonds issued by a government-owned enterprise whose issuer shall have a long-term credit rating of twA+ or above issued by Taiwan Ratings Corporation or an equivalent credit rating or above by another internationally recognized credit rating agency.
2. Exchange-traded funds (ETFs) that pay average dividend yield of 3% or higher per year in the three years prior to the time of investment.

Investments made according to the preceding paragraph are subject to the following limits:

1. Unsecured corporate bonds under Subparagraph 1 of the preceding paragraph: The investment in unsecured corporate bonds issued by a single issuer shall not exceed 10% of the foundation's available funds at the time of investment, and total investment shall not exceed 35% of the foundation's available funds.
2. ETFs under Subparagraph 2 of the preceding paragraph: Total investment shall not exceed 5% of the foundation's available funds.

The term “available funds” in the preceding paragraph means the total amount of bank deposits and investments in bonds and ETFs.

〈Exceptions to Award or Donation Limits〉

Article 4

The specified amount under Subparagraph 3, Paragraph 2, Article 21 of the Act shall be NTD2 million.

〈Establishment of Internal Controls, Financial Reports and Code of Ethics in management〉

Article 5

A foundation whose total property registered with the court reaches NTD100 million or annual income reaches NTD10 million or more shall establish an internal control and audit system and report to the Bank for record; the foundation shall have its financial statements certified by an accountant and stipulate a code of ethics in management in accordance with the guidance set out in Article 6 herein.

〈Guidance for Code of Ethics in management〉

Article 6

For the purpose of fostering a culture of ethical management and sound operations, a foundation shall stipulate a code of ethics in management in accordance with the following guidance, which shall be approved by the board of directors, reported to the Bank for record before implementation, and forwarded to all supervisors:

1. When engaging in business-related activities, the directors, supervisors, managers, and employees of a foundation shall not commit any misconduct by directly or indirectly offering, promising to offer, requesting or accepting any improper benefits, or engage in other unethical or illegal acts.
2. A foundation shall, based on the nature of its business, set out the specific scope of “other unethical or illegal acts” mentioned in the preceding subparagraph.
3. A foundation shall establish or designate a dedicated unit to take charge of drawing up a concrete ethical management and misconduct prevention program, including operating procedures, conduct guide and training, and supervising the implementation of the program.
4. A foundation shall develop a whistle-blowing system for misconduct or illegal act mentioned in Subparagraph 1 hereof, including assigning a staff or unit to take charge of accepting the reporting of misconduct or illegal act and establishing relevant procedures, vigorously maintaining the confidentiality of whistleblower's identity and the content of reported case, and safeguarding the rights and interests of whistleblowers that they will not be subject to adverse measures due to whistleblowing.
5. A foundation shall develop a disciplinary and appeal system for handling violations of the code of ethics in management, and shall make prompt disclosure internally of the position and name of the violator, the date and details of the violation, and the actions taken in response.

〈Formats of Documents Submitted to the Competent Authority〉

Article 7

In accordance with Paragraph 1, Article 25 of the Act, the format, items, preparation method, and particulars required to be recorded of the work plan, budget, work report and financial statements to be submitted to the Bank for record and other matters to be complied with by a foundation under Article 5 herein shall follow the Format for Budget Proposal of Foundations Overseen by the Central Bank of the Republic of China (Taiwan) (Attachment 1) and the Format for Financial Statements of Foundations Overseen by the Central Bank of the Republic of China (Taiwan) (Attachment 2).

The provisions of Article 25 of the Act and the preceding paragraph shall apply mutatis mutandis to work plan and budget submitted by a foundation during the year

to its board of directors for approval in the name of requesting additional budget or supplementary budget.

〈Salaries〉

Article 8

For a foundation designated by the Bank pursuant to Paragraph 1, Article 63 of the Act, the remuneration paid to its chairperson and other employees shall conform to the following rules:

- 1.The salaries and bonuses for the aforementioned personnel may be set in reference to the standards of government-owned financial institutions and shall be submitted to the Bank for record.
- 2.The salaries for the aforementioned personnel shall not exceed the pay for central government ministers or commissioners.
- 3.The total bonuses allocated for the aforementioned personnel shall be capped at 4.4 months' salary per employee per year.

The part-time pay for directors and supervisors of a designated foundation under the preceding paragraph shall conform to the following rules:

- 1.For directors and supervisors who are a military, civil or teaching personnel, their part-time pay shall follow the Part-Time Payment Standards for Concurrently Serving Military, Civil and Teaching Personnel.
- 2.For directors and supervisors who are not a military, civil or teaching personnel, their part-time pay shall also follow the Payment Standards in the preceding subparagraph.

〈Effective Date〉

Article 9

These Regulations shall take effect on February 1, 2019.

The amendments to these Regulations shall come into force on the date of promulgation.