

Central Government Development Bonds and Loans Act

Amended Date : 2002-05-29

Category : Ministry of Finance (財政部)

Article 1

The central government, in support of major infrastructure and for raising construction funds, may issue central government development bonds in accordance with stipulations provided herein (hereinafter referred to as the Bond) , and/or take out loans extending more than one year (hereinafter referred to as the Loan) .

The foregoing government bond and loan are each divided into Type A and Type B, of which Type A government bonds and

Type A loans pertain to development funds that are not self-redeeming, while Type B government bonds and Type B loans pertaining to development funds of a self-redeeming feature.

The central government, in support of extraordinary needs and in accordance with stipulation under Article 75 of the Budget

Administration Act, may accrue Type A loans allocated under special budgets, as presented by the Executive Yuan and passed the resolution by Legislative Yuan.

Article 2

(Deleted)

Article 3

The Bond after reaching one year from the date of issue, may repay part or the entire obligations, and/or to issue new bonds.

Regulations concerning the repayment and/or reissuing are to be draft by the Ministry of Finance and reported to the Executive Yuan for approval.

Of the foregoing reissuing of new government bonds, the bondholder may present the previously held bond certificates to exchange for new certificates.

Article 4

The Bond may either take to tender sale or issue at the full face value; the type, serial number, method, date, amount, coupon rate, face value, and dates and methods for payment of principle and interest are to be prescribed by Ministry of Finance, taking into account the state of requirements at the time of issuing.

Where the Bond is to be issued via tender sale, the minimum bid of the tender sale is to be set by the Ministry of Finance

Article 5

The infrastructure developments of the central government are to be backed by detailed financial plans. Those require loans, and are not self-redeeming, shall take Type A government bonds or Type A loans; and that are self-redeeming shall take Type B government bonds or Type B loans.

The principal and interest payment for Type A government bonds and Type A loans are to be repaid under budgets as allocated by the Ministry of Finance; the principal and interest payment on Type B government bonds and Type B loans are to be repaid by allocations made under budgets of specific funds set up by affiliated units of competent government authorities in charge of various infrastructure developments. The principal and interest payment shall be allocated by the Ministry of Finance and/or designated funds to the specific account of managing bank as reserve readying for the payout.

Article 6

The Bond may be issued in the form of physical bond certificate or book-entry.

Article 7

The Bond issued in the form of bond certificate shall be bearer-form. However, the purchaser may file to register at the time of purchase, whereas those in the form of book-entry shall all be the registered-form.

The Bond issued in the form of book-entry, the proceedings concerning transfer, inherit or pledge, unless duly registered, shall be no recourse against third parties.

Article 8

Should the Bond lost, be stolen or disintegrated, the registered certificates may be filed with the original underwriting agency to seek reissue; bearer certificates, upon undergoing the procedure of Loss Report and Stop of Payment, public notice and securing court-decree of invalidation, may allow reissue. However, bearer bond certificates issued prior to Sept. 28, 1995 are not eligible to loss report and stop of payment.

Article 9

The Central Bank is in charge of managing the government bond flotation and redemption of principal and interest; regulations concerning the management are to be draft by the Ministry of Finance in consultation with the Central Bank.

Article 9-1

The Central Bank of China ("the Central Bank") may not assume the responsibility as issuer of the government bonds or act as lender referred herein. However, its eligibility to be the issuer and lender that are presented by the Executive Yuan and voted in favor by the Legislative Yuan shall lift the restrictions.

Article 9-2

The Central Bank may delegate the sale or safekeeping of the Bond to other institutions.

The bondholder may appoint government-designated agency to safeguard the bond certificates.

Article 10

The Bond certifications have not been redeemed within a five-year period after the end of the fiscal year, in which the final principal and interest repayment has been slated, would no longer be repaid.

Article 11

The Bond can be freely to trade, pledge, and post as guarantee in official transaction. However, the registered certificates have to complete the transfer of the title at the original underwriting agency before the foresaid transactions.

Article 12

The Act shall come into force on the date of promulgation.