

Content

Title : Central Government Development Bonds and Loans Act [Ch](#)

Date : 2002.05.29

Legislative : 1. Full text of twelve articles established and promulgated by the President on May 31, 1975.
2. Article 1 and Article 2 amended and promulgated per the Order of President-Hua-Zong-(I)-Yi-Tze No. 1924 issued on May 29, 1987.
3. Article 1, Article 2 and Articles 4 to 7 amended and promulgated, and Article 9-1 added per the Order of President-Hua-Zong-(I)-Yi-Tze No. 3835 issued on July 29, 1991.
4. Title amended and promulgated, Article 1, Article 2, and Article 5 amended, and Article 9-2 added per the Order of President-Hua-Zong-(I)-Yi-Tze No. 2081 issued on April 20, 1994.
5. Article 2 amended and promulgated per the Order of Hua-Zong-(I)-Yi-Tze No. 1782 issued on March 24, 1995.
6. Article 2 deleted, and Article 3 and Article 9-1 amended per the Order of Hua-Zong-Tze No. 8500013990 issued on January 17, 1996.
7. Articles 8 and Article 9 amended and promulgated per the Order of President-Hua-Zong-I-Yi-Tze No. 09100108350 issued on May 29, 2002.

Content : 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 one year or longer (hereinafter referred to as the Loan).

The foregoing government bond and loan are each divided into Type A and Type B. Type A government bonds and Type A loans pertain to development funds that are not self-redeeming, and Type B government bonds and Type B loans pertain 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 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

After one year passes from the date of issue, part or the entire obligations of the Bond may be repaid, and new bonds may be issued. Regulations concerning the repayment and/or reissuing are to be drafted by the Ministry of Finance (hereinafter referred to as the MOF) and reported to the Executive Yuan for approval.

After the foregoing new government bonds are issued, holders of previously issued bond certificates may present them 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 principal and interest are to be prescribed by the MOF, 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 MOF.

Article 5

The infrastructure developments of the central government are to be backed

by detailed financial plans. Those funds that require loans and are not self-redeeming, shall take Type A government bonds or Type A loans. Those funds that require loans 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 MOF; 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 MOF 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 transfer, inheritance, or pledge of the Bond issued in the form of book-entry shall not be a valid defense against any third party unless it is duly registered.

Article 8

Should the Bond be lost, 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 September 28, 1995 are not eligible for stop payment.

Article 9

The Central Bank of the Republic of China (Taiwan) (hereinafter referred to as 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 drafted by the MOF in consultation with the Central Bank.

Article 9-1

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

Article 11

The Bond can be freely traded, pledged, and posted as guarantee in official transaction. However, for registered certificates, the transfer of the title has to be completed at the original underwriting agency before theforesaid transactions.

Article 12

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

