Content

Title：	Act for the Establishment and Administration of the National Financial Stabilization Fund Ch
Date：	2016.11.09
Legislative：	1.Enacted and promulgated by President Order Hua-Tsung (1)-Yi-Tzu No.08900031620 on February 9, 2000 2.Article 8,11 were amended and promulgated on November 9,2016 by Presidential Order No.Hua-Zong-Yi-Jing-Tzu-10500136261
Content：	Article 1 The National Financial Stabilization Fund (hereinafter referred to as the Fund) is specially established and this Act is adopted for purposes of responding to significant occurrences at home or abroad so as to preserve stability in capital markets and other financial markets and guarantee national stability. Article 2 The Fund shall be established, administered, and utilized in compliance with the provisions of this Act. Where this Act is silent, the provisions of other applicable laws and regulations shall apply. Article 3 The Executive Yuan shall be the competent authority for the Fund. Article 4 The total amount of the Fund's utilizable funds shall be NT$500 billion, which shall come from the following sources: 1. Borrowings from financial institutions, collateralized by stock held by the National Treasury in public and private enterprises; the ceiling on such borrowings shall be NT$200 billion; 2. Borrowings from the Postal Deposit system, Postal Life Insurance Fund, Labor Insurance Fund, Labor Pension Fund, and Civil Servant Pension Fund of funds that are available for investment in securities but have not yet been invested; the ceiling on such borrowings shall be NT$300 billion. 3. Other funding sources approved by the competent authority. The types and quantities of stocks that may be furnished as collateral as provided in subparagraph 1 of the preceding article shall be proposed by the Ministry of Finance for approval by the competent authorities. The collateralization of such stocks shall not be subject to the restrictions in Paragraph 1, Article 7, and Article 28 of the National Property Act. Borrowings made by the fund pursuant to paragraph 1 shall not be subject to the restrictions in the Public Debt Act. Article 5 A National Stabilization Fund Management Committee (hereinafter referred to as the Committee) shall be established to handle the following matters in connection with the Fund: 1. Deliberation of Fund utilization matters; 2. Determination of Fund operational strategy and plans; 3. Deliberation of procurement and deployment matters for Fund funds; 4. Deliberation of Fund financial reports and profit and loss appropriation and reimbursement; 5. Determination of other matters relating to Fund utilization and administration or matters as publicly announced.

The Committee shall have 11 to 13 members, including 1 chairman, in which post the Vice Premier of the Executive Yuan shall concurrently serve. Also concurrently serving as Committee members shall be the Governor of the Central Bank of China, Minister of Finance, Minister of Transportation and Communications, Director General of Budget, Accounting & Statistics, Chairman of the Council of Labor Affairs, and Minister of Civil Service. The remaining members shall be selected by the Competent Authority from scholars and experts recommended by the party caucuses of the Legislative Yuan.

The number of the selected Committee members in the preceding paragraph shall be not less than one-third of the total number of Committee members. Selected members shall be appointed for a two-year term, and may be reappointed upon expiry of the term. If a member is replaced for some reason before his term has expired, the term of the replacement shall subsist only until the date of expiry of the term of the original member that he replaced.

Article 6 Meetings of the Committee shall be convened and moderated by the chairman. If the chairman is unable for some reason to perform his duties, he shall appoint one of the Committee members to do so as his proxy.

Article 7 The Committee shall have one executive secretary. The chairman shall appoint a personnel member concurrently to this post, to handle Committee affairs in accordance with the chairman's instructions. Other necessary staff positions shall be concurrently filled by current employees of the Executive Yuan and agencies within its purview. One to five such staff may be appointed depending on operational needs.

Article 8 In the event of significant occurrences at home or abroad or large-scale movements of international capital having a substantial affect on public confidence and raising concerns about loss of order in capital markets or other financial markets or impairment of national stability, utilizable funds in Paragraph 1, Article 4 may, by resolution of the Committee, be deployed to undertake the following:

1. Trade in securities on the stock exchange market or over-the-counter market;
2. Trade in futures on the futures market;
3. Other matters approved by the competent authority.

A qualified institution may be engaged to administer operational planning in connection with fund deployment referred to in the preceding paragraph. Matters related to such engagement shall be prescribed by the Committee.

After the Committee has made the resolution in Paragraph 1, a report on the decision should be submitted to the Legislative Yuan within three months.

Article 9 All profits and losses on funds borrowed by the Committee in the name of the Fund from the various funds specified in Article 4, paragraph 1, subparagraph 2 shall be attributed to the Fund. However, the various funds shall be given reasonable compensation and proceeds.

Compensation under the preceding paragraph shall be limited to compensation for losses incurred as of the time of borrowing. Proceeds shall be calculated at a rate equal to the Bank of Taiwan's two-year time deposit interest rate plus 0.625 percentage points.

Article 10 Except when deployed pursuant to Paragraph 1, Article 8, funds

in the Fund shall be kept in the following manners:

1. Cash;

2. Deposit in financial institutions with good credit;

3. Purchase of government bonds, financial bonds, and short-term notes issued by financial institutions;

4. Other means prescribed by the competent authority.

Article 11 After the Fund has accomplished the mission of stabilizing financial markets, the objects of the operations in Paragraph 1, Article 8 shall be disposed of in a timely manner.

The Fund shall submit the fund flows and the relevant evaluation report to the Legislative Yuan within three months after the mission was accomplished.

Article 12 If, when disposing of fund assets, the funds withdrawn are greater than the cost of the investment, a portion shall be set aside as special reserve against losses on Fund investments. If the funds withdrawn are less than the cost of the investment, such special reserve against investment losses shall first be offset against the difference; any remaining difference due to insufficiency of the reserve may be listed as loss.

The "cost of investment" in the preceding paragraph shall include compensation and proceeds paid to the various funds pursuant to Paragraph 1, Article 9.

Article 13 The Fund shall not be restricted by relevant provisions of the Budget Act. However, final accounting shall be carried out after the close of the fiscal year in accordance with the Financial Statement Act.

Income, expenditures, and utilization of the Fund shall be publicly announced on a quarterly basis.

Any profit of the Fund after annual closing of the books shall, in appropriate measure, be retained or delivered into the National Treasury. Any losses, including realized or unrealized losses, shall be covered by the competent authority when compiling the budget for the following fiscal year. Losses covered by the National Treasury shall subject to the restrictions in Article 4 of the Public Debt Act.

The proportion or amount of the "appropriate measure" of retained profits in the preceding paragraph shall be determined by the Committee.

Article 14 An accounting system shall be prescribed for the handling of Fund accounting matters.

Article 15 When the Fund is closed, its assets and liabilities shall be assumed in full by the National Treasury.

The restrictions in Article 4 of the Public Debt Act shall not apply to the assumption of Fund assets by the National Treasury pursuant to the preceding paragraph.

Article 16 The persons enumerated in the subparagraphs hereinbelow shall preserve the confidentiality of Committee resolutions and operational plans, and may not engage in acts of purchase or sale in the markets specified in Article 8.

1. The Management Committee members in Paragraph 2, Article 5.

2. The executive secretary and staff in Article 7.

3. Employees of a qualified institution engaged by the Committee as provided in Article 8.

4. Persons who obtain information from any of the persons enumerated in the preceding three subparagraphs.

Violations of the provisions of the preceding paragraph shall be punished by imprisonment for a period not exceeding seven years, and, in addition thereto, a fine not exceeding NT$10 million.

Article 17 This Act shall be in force from the date of its promulgation.

Data Source：Ministry of Finance, R.O.C. Laws and Regulations Retrieving System