

Annex I

Schedule of the Association of East Asian Relations

Reservations for Measures referred to in paragraph 1 of Article 8

1. This Schedule sets out with respect to the Association of East Asian Relations, pursuant to paragraph 1 of Article 8, the existing measures that are not covered by the following provisions of this Arrangement:
 - (a) Article 3 ;
 - (b) Article 4 ; or
 - (c) Article 7 .
2. Each Schedule entry sets out the following elements:
 - (a) “**Sector**” refers to the general sector for which the entry is made;
 - (b) “**Sub-Sector**” refers to the specific sector for which the entry is made;
 - (c) “**Industry Classification**” refers, where applicable, and only for transparency purposes, to the activities covered by the entry according to the relevant classification codes;
 - (d) “**Provisions Concerned**” specifies the provisions referred to in paragraph 1 for which the entry is made;
 - (e) “**Level of Authority**” indicates the level of the authorities maintaining the measure(s) for which the entry is made;
 - (f) “**Measures**” identifies the existing laws, regulations, or other measures for which the entry is made. A measure cited in the **Measures** element:
 - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Arrangement, and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
 - (g) “**Description**” illustrates, with regard to the provisions referred to in paragraph 1, the non-conforming aspects of the existing measures for which the entry is made.
3. In the interpretation of each entry, all elements of the entry shall be considered. Each entry shall be interpreted in the light of the relevant provisions of this Arrangement for

which the entry is made. The “Measures” element shall prevail over all the other elements.

1

Sector: All sectors

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Article 4

Level of Authority: Central

Measures: Article 17, 18, 19 and 20 of the Land Act of June 14, 2006

Description: . Land used for forests reserves, fisheries and aquaculture, hunting reserves, desalination fields, mineral deposits areas, water resources, military purposes, and land adjacent to the frontiers shall not be leased to and transferred to foreigners, or used as collateral to foreigners.

Japanese nationals (natural and legal persons) shall have the same rights to acquire land in Taiwan as those accorded to the citizens of Taiwan acquiring land in Japan in accordance with the applicable laws and regulations in Japan, provided that such acquisition of land in Taiwan by Japanese nationals is consistent with the purposes and uses specified in Article 19 of the Land Act and subject to the restrictions of Article 17 of the same Act.

2

Sector: Mining

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Level of Authority: Central

Measures: Article 6 of Mining Law of December 31, 2003

Description: Mining concessions are granted only to natural persons having citizenship of Taiwan or legal persons incorporated and registered with the authorities of Taiwan.

3

Sector: Construction Services

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Article 4

Level of Authority: Central and regional

Measures: Article 69 of Construction Industry Act of May 26, 2010

Description: Unless otherwise prohibited by law or any convention or treaty signed by the authorities of Taiwan, if the contract amount for a public construction project provided by the authorities of Taiwan exceeds 1 billion NT dollars, the foreign construction company shall perform the contracting project together with a local general constructor.

4

Sector: Services incidental to energy distribution

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Level of Authority: Central and regional

Measures: Article 16 of the Statute for Regulating Privately-owned Utilities of April 26, 2000

Article 4 of Nature Gas Act of February 1, 2011

Description: Privately-owned utilities companies shall not have foreign stockholders or mortgage their property to foreigners for funds unless having been approved by the Executive Yuan of Taiwan.

Foreign equity in public gas utilities should be less than 50% in total.

Any person without citizenship of Taiwan is not qualified as a promoter, director or supervisor of the company's board of directors.

Electricity transmission and distribution services are franchised only to an enterprise owned by the authorities of Taiwan.

5

Sector: Education services

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Article 7

Level of Authority: Central and regional

Measures: Article 82 of Private School Law of January 16, 2008

Article 9 of Supplementary and Continuing Education Law of June 23, 2004

Description: Foreigners or foreign legal persons recognized by Japanese law may not establish primary school and junior high school within Taiwan, in accordance with Private School Law.

The president of the institution providing adult education (CPC 924) and other education and training services (CPC929) is under the competency of the educational authorities of municipality, county or city. Some local educational authorities require that the president should be a citizen of Taiwan.

6

Sector: Transport services
Sub-Sector: Internal waterway transport, and cabotage
Industry Classification:
Provisions Concerned: Article 3
Level of Authority: Central
Measures: Article 4 of Shipping Law of January 30, 2002
Articles 8 of the Law of Ships of December 8, 2010
Description: Foreign vessels may not navigate between ports of Taiwan to transport passengers and cargos unless a franchise is granted.

Foreign vessels shall not stay in any harbor or port other than those announced by the authorities of Taiwan as international ports, unless otherwise specially approved by such authorities or for seeking shelter.

7

Sector:	Transport services
Sub-Sector:	Maritime Transportation Services and the Operation of vessels carrying the flag Taiwan
Industry Classification:	
Provisions Concerned:	Article 3 Article 7
Level of Authority:	Central
Measures:	Article 9 of Shipping Law of January 30, 2002 Article 5 of the Law of Ships of December 8, 2010 Articles 5, 25 and 25-1 of the Seafarer Law of January 30, 2002 The Regulation of Permission and Administration for Employing Foreign Seafarers of August 12, 2011
Description:	<p>The authorities of Taiwan may adopt or maintain any measure relating to the provision of maritime transportation services and the operation of its vessels, including but not limited to the following:</p> <ol style="list-style-type: none">1. Any person desiring to engage in maritime transportation services as a vessel carrier shall carry the flag of Taiwan and produce relevant documents to the authorities.2. The term “vessels carrying the flag of Taiwan” means ships which are approved by and registered in the shipping administration authority pursuant to relevant laws of Taiwan. A ship may apply for such registration if:<ol style="list-style-type: none">(a) The ship is owned by the authorities of Taiwan,(b) The ship is owned by the citizens of Taiwan, or(c) The ship is owned by any of the following companies, which are incorporated under the laws of Taiwan, with principal offices situated within Taiwan:<ol style="list-style-type: none">(1) An unlimited company, of which all shareholders are citizens of Taiwan.(2) A limited company, of which at least half of the capitals are owned by citizens of Taiwan and the director authorized to represent such company is a citizen of Taiwan. However, capitals owned by citizens of Taiwan shall exceed half of total capitals if the ships of such company are engaged in international voyages.(3) A joint company, of which all shareholders with

unlimited liabilities are citizens of Taiwan.

- (4) A company limited by shares, of which the chairman of the board and at least half of the directors are the citizens of Taiwan and at least half of the capitals are owned by citizens of Taiwan. However, in case the ships of such company are engaged in international voyages, its capitals owned by citizens of Taiwan shall exceed half of total capitals, and the number of directors who are citizens of Taiwan shall exceed half of the total number of directors.
- (5) A legal person, which is organized under the laws of Taiwan, with main office situated within Taiwan and at least two-thirds of its members and the statutory representative of such an entity being the citizens of Taiwan.

3. Requirements for hiring foreign seafarers are as follows:

- (1) A Taiwanese ship owner or operator hiring foreign seafarers shall apply to the competent authority for permission.
- (2) For Class A crewman, deck department and engineering department may each hire one foreign seafarer to take the position other than captain and chief engineer
- (3) For Class B crewman, the number of foreigners shall not exceed two thirds of the total number of Class B crewman of a ship.
- (4) Seafarers shall not be less than 18 years of age.
- (5) The employment of foreign seafarers shall be limited to one year, which may be extended once for another one year.

8

Sector: Transport services
Sub-Sector: Road transport services
Industry Classification:
Provisions Concerned: Article 3
Level of Authority: Central
Measures: Article 35 of Highway Law of January 27, 2010
Description: Foreigners or unincorporated legal entities of Taiwan may not invest in bus transportation providers, urban bus transportation providers, tour bus transportation providers and taxicab transportation providers within Taiwan.

Sector: Transport services
Sub-Sector: Air transport services
 General aviation services (specialty air services): enterprises for compensation or hire engaging in tourism, survey, photographing, fire-fighting and searching, paramedic, hauling and lifting, spraying and dusting, drone-hauling service, business charter, as well as those authorized and other than air transport of passengers, cargo and mail engaged by the civil air transport enterprises
 Airport ground handling services
 Catering services

Industry Classification:

Provisions Concerned: Article 3
 Article 7

Level of Authority: Central

Measures: Article 10, 11, 49, 65 (referring to 49), 74-1, 77 (referring to 74-1) and 81 of Civil Aviation Act of January 23, 2009

Description: Only air carriers that are registered as air carriers of Taiwan may operate aircraft in domestic air service within Taiwan (cabotage) and may provide international scheduled and non-scheduled air service as air carriers of Taiwan.

Only aircraft that is registered in Taiwan is allowed to conduct specialty air services (general aviation) within Taiwan.

Only corporations of Taiwan are allowed to provide airport ground handling services and catering services in Taiwan. However, if otherwise provided for under a treaty or other written arrangement, a foreign air carrier may self-handle its ground services and catering services in Taiwan.

An air carrier or corporation of Taiwan means:

1. an unlimited company with the entire body of its shareholders being citizens of Taiwan.
2. a limited company with over 50% of capital owned by citizens or legal persons of Taiwan and represented by directors who are citizens of Taiwan.
3. a company formed by shareholders of both limited and unlimited liabilities, whose unlimited liability shareholders are citizens of Taiwan.
4. a company limited by shares with over 50% of its total shares owned by citizens or legal persons of Taiwan, whose chairman

and over 50% of the directors are citizens of Taiwan; provided that no single foreigner may hold more than 25% of its total shares.

An aircraft that has “the registration of Taiwan” means it is owned and registered by:

1. citizens of Taiwan.
2. agencies of the authorities of Taiwan.
3. the following legal persons who have a principal office in Taiwan in accordance with laws of Taiwan:
 - (a) Unlimited company completely owned by citizens of Taiwan.
 - (b) Limited company with over 50% of capital owned by citizens or legal persons of Taiwan and represented by directors who are citizens of Taiwan.
 - (c) Company formed by shareholders of both limited and unlimited liabilities, whose unlimited liability shareholders are the citizens of Taiwan.
 - (d) Company limited by shares with over 50% of its total shares owned by citizens of Taiwan or legal persons of Taiwan, whose chairman and over 50% of the directors are citizens of Taiwan; provided that no single citizen of a foreign country may hold more than 25% of its total shares.
 - (e) Other legal persons whose representatives are citizens of Taiwan.

In addition, any foreign aircraft purchased from a foreign country on conditional terms by citizens and legal persons of Taiwan or agencies of the authorities of Taiwan pending entitlement of ownership, or any such aircraft leased from a foreign country for a period more than six months, may obtain “the registration of Taiwan” if its registration in the foreign country has been duly de-registered, provided the purchaser or lessee is responsible for operating such aircraft and employing the required personnel and equipment.

10

Sector:	Transport services
Sub-Sector:	Airfield management and operation
Industry Classification:	
Provisions Concerned:	Article 3 Article 7
Level of Authority:	Central
Measures:	Article 10 and 29 of Civil Aviation Act of January 23, 2009
Description:	<p>The airfield may be established by legal person who has a principal office in Taiwan in accordance with laws of Taiwan and comply with the following rules:</p> <ol style="list-style-type: none">1. Unlimited company with the entire body of its shareholders being citizens of Taiwan.2. Limited company with over 50% of capital owned by citizens or legal persons of Taiwan and represented by directors who are citizens of Taiwan.3. Company formed by shareholders of both limited and unlimited liabilities, whose unlimited liability shareholders are citizens of Taiwan.4. Company limited by shares with over 50% of its total shares owned by citizens or legal persons of Taiwan, whose chairman and over 50% of the directors are citizens of Taiwan; provided that no single foreigner may hold more than 25% of its total shares.5. Other legal persons whose representatives are citizens of Taiwan. <p>The operators and managers of an airfield shall be citizens of Taiwan.</p>

11

Sector: Transport services
Sub-Sector: Airport management and operation
Industry Classification:
Provisions Concerned: Article 3
Article 7
Level of Authority: Central
Measures: Article 28 of Civil Aviation Act of January 23, 2009
Description: In addition to airports owned by the authorities of Taiwan, private companies limited by shares is also allowed to establish and operate airports, provided that over 50% of its total shares shall be owned by citizens or legal persons of Taiwan, whose chairman and over 50% of the directors are citizens of Taiwan; and no single foreigner may hold more than 25% of its total shares.

12

Sector: Communications
Sub-Sector: Telecommunications Services
Industry Classification:
Provisions Concerned: Article 3
Article 7
Level of Authority: Central
Measures: Article 12 of Telecommunications Act of July 11, 2007
Article 5 of Regulations for Administration on Satellite
Communications Services of June 4, 2010
Description: The chairman of the Board of a Type I telecommunications
enterprise shall be a citizen of Taiwan.

The total direct shareholding by foreigners may not exceed 49%, and the sum of direct and indirect shareholding by foreigners may not exceed 60%.

The percentage of indirect shareholding by foreigners shall be calculated by multiplying the percentage of shareholding by legal persons of Taiwan in the Type I telecommunications enterprise by the percentage of shareholding or capital paid by foreigners in the said domestic legal persons.

A Type I telecommunications enterprise shall be a company limited by shares incorporated pursuant to the Company Law.

The total direct shareholding by foreigners in Chunghwa Telecom Co., Ltd. may not exceed 49%, and the sum of direct and indirect shareholding by foreigners in Chunghwa Telecom Co., Ltd. may not exceed 55%, which is subject to change by announcement promulgated by the authority in charge.

Foreign Mobile Satellite Service (MSS) operators shall be able to provide service by entering into a cooperation contract with a domestic satellite communication operator or International Network Business of Fixed Network Telecommunications Services. The domestic satellite communication operator or International Network Business of Fixed Network Telecommunications Service agent shall represent to promote MSS within Taiwan.

In accordance with the provision of Paragraph 1, Article 5 of Regulations for Administration on Satellite Communications Services, domestic satellite communication operators or International Network Business of Fixed Network Telecommunications Services who promote MSS in Taiwan, on

behalf of foreign MSS operators, shall provide a service contract with users, and shoulder contract obligations together with foreign MSS operators.

13

- Sector:** Communication services
- Sub-Sector:** Radio and Television Services
- Industry Classification:**
- Provisions Concerned:** Article 3
Article 7
- Level of Authority:** Central
- Measures:** Article 5 and 19 of Broadcasting and Television Act of June 14, 2006
Article 19, 20, 21 and 43 of Cable Radio and Television Act of January 29, 2007
Article 9, 10 and 15 of Satellite Broadcasting Act of December 24, 2003
- Description:**
1. Foreign investments are subject to the following restrictions:
 - (a) Foreign investment in radio broadcasting and television stations is prohibited.
 - (b) Foreign investment in cable radio and television systems shall be less than the following thresholds:
 - (1) total shares directly held by foreign shareholders: 20%.
 - (2) total direct and indirect foreign investment: 60%.
 - (c) Foreign investment in satellite broadcasting business shall be less than 50% of total shares issued.
 2. Domestically produced programs shall not be less than the following thresholds:
 - (a) Terrestrial radio and television: 70%.
 - (b) Cable radio and television: 20%.

The above-mentioned percentages shall be calculated on the basis of the total number of hours of program transmission on the activated channels of a system operator.
 3. The chairman and at least two-thirds of the board of directors of a company operating a cable radio and television system shall be citizens of Taiwan.
 4. The organization of a satellite broadcasting business shall be a company limited by shares or a foundation.
 5. The organization operating a cable radio and/or television system shall be a company limited by shares.

6. The authorities of Taiwan and political parties, as well as foundations established with their endowments, and those commissioned by them, shall not directly or indirectly invest in satellite broadcasting businesses, radio broadcasting and television, and cable radio and television systems.
7. The following shall apply to cable radio and television system operators, their affiliates, and their directly or indirectly controlled system operators: the number of subscribers shall not exceed one-third of the total number of subscribers in Taiwan; the number of system operators shall not exceed one-half of the total number of system operators in an administrative district; however, this limitation shall not apply to an administrative district where there is only one system operator; and the number of system operators shall not exceed one-third of the total number of system operators in Taiwan.
8. A foreign satellite broadcasting business that engages in service operations in Taiwan shall establish a branch office in Taiwan. A foreign satellite broadcasting business that engages in program supply operations in Taiwan shall set up a branch office or agent in Taiwan.

14

Sector: Health related and social services
Sub-Sector: Hospital services
Industry Classification:
Provisions Concerned: Article 3
Article 7
Level of Authority: Central
Measures: Article 41-3 of Physicians Act of May 13, 2009
Article 41-3 of Pharmacists Act of January 26, 2011
Article 58-2 of Physical Therapists Act of January 29, 2007
Article 58-1 of Occupational Therapists Act of January 29, 2007
Article 60-1 of Medical Laboratory Technologists Act of January 29, 2007
Article 60-1 of Medical Radiology Technologists Act of January 29, 2007
Article 55 of Dietitians Act of May 5, 2004
Article 55 of Dental Technicians Act of January 23, 2009
Article 17 and 55-3 of Nurses Act of January 29, 2007
Article 59 of Midwives Act of July 2, 2003
Article 57 of Hearing Specialists Act of January 23, 2009
Article 57 of Speech Therapists Act of July 2, 2008
Article 60 of Psychologists Act of November 21, 2011
Article 3, 4, 5, 43 and 50 of Medical Care Act of May 20, 2009

Description:

1. Medical services

Medical services should be provided by persons with medical licenses issued by the authorities of Taiwan. Only after obtaining license to practice, foreigners may only be employed in a hospital, but are not allowed to set up clinics, pharmacy, physical therapy clinic, occupational therapy clinic, clinical laboratory, medical radiation clinic, dental laboratory, nursing institution, midwifery institution, hearing therapy clinic, speech therapy clinic, psychological therapy clinic, psychological counseling clinic.

2. Hospital services

(a) Medical care corporate:

The directors of medical care corporate shall be limited to nine to fifteen persons, in which no less than one-third shall be licensed physicians or other medical personnel.

No more than one-third of the total number of directors

shall be foreigners. No more than one-third of the total number of directors shall be blood relatives or relatives by marriage of three degrees or closer of other directors.

Directors shall personally attend the board of directors meeting, and shall not authorize an agent to represent him/her.

(b) Medical care corporation:

The directors of medical care corporations shall be limited to three to nine persons, in which no less than two-thirds shall be physicians or other medical personnel.

No more than one-third of the total number of directors shall be foreigners. Furthermore, foreigners shall not be the chairperson.

Medical care corporations shall establish supervisors, the number of which shall not exceed one-third of the number of directors.

Supervisors shall not serve concurrently as a director or employee.

Directors shall personally attend the board of directors meeting, and shall not authorize an agent to represent him/her.

3. Nursing services

Foreigners and overseas Chinese who pass the nursing personnel qualification examination and acquire the nursing personnel certificate can practice the functions of nursing personnel in Taiwan.

Foreigners and overseas Chinese who pass the nursing personnel qualification examination and acquire the nursing personnel certificate and senior nurse qualification can open a nursing institution in Taiwan.

Private nursing institution subordinate to hospital should be established only by medical care corporate or medical care corporations, and at least two-thirds of the board of directors

should be the citizens of Taiwan. Foreigners shall not be the chairperson of medical care corporations.

15

Sector: Fisheries and Aquaculture

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Level of Authority: Central

Measures: Article 5 of the Fisheries Law of January 9, 2008

Description: Only the citizens of Taiwan may qualify as fishery operators (including those engaging in aquaculture business), hereunder unless a foreign national may obtain the approval from the central competent authority to operate fisheries in cooperation with any fishery operator of Taiwan.

16

Sector: Agriculture, Animal Husbandry, and Forestry

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Level of Authority: Central

Measures: Article 7 of the Statute for Investment by Foreign Nationals of November 19, 1997

Negative List for Investment by Overseas Chinese and Foreign Nationals of May 16, 2008

Description: Foreign investment is not allowed in forestry, wood logging and hunting industries.

Other industries in which foreign investment is conditionally restricted are listed below. Applications will be subject to approval by the Council of Agriculture (COA) of Taiwan, and determined on a case-by-case basis:

1. Agriculture: cultivation on rice, dry land food crops, special crops, vegetables, fruits, mushrooms, sugar-cane, flowers and other agricultural and horticultural products;
2. Animal husbandry: raising of cattle, hogs, chickens, ducks and other animal husbandry.

17

Sector: Public Welfare Lottery

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Article 4

Level of Authority: Central

Measures: Article 4 of Public Welfare Lottery Issue Act of May 28, 2008

Description: The public welfare lottery shall be issued by a bank appointed by the competent authority. The term "Bank" shall mean an organization formed and registered in accordance with the provisions of the Banking Act of Taiwan (Not including a bank organized and incorporated in accordance with the laws of a foreign country, which bank has been recognized by the authorities of Taiwan and registered for business as a branch office within Taiwan, in accordance with the Company Law and the Banking Act).

18

Sector:	Recreational, Cultural and Sporting Services
Sub-Sector:	Library, Archive, Museum and other Cultural Services
Industry Classification:	
Provisions Concerned:	Article 3 Article 7
Level of Authority:	Central
Measures:	Article 46 of Cultural Heritage Preservation Act of February 5, 2005 Article 10 of Regulation Governing the Excavation Requirements of Historic Site of December 30, 2005
Description:	<p>Foreigners may not investigate and excavate historical sites within Taiwan. Provided that with the prior approval by the authorities of Taiwan, foreigners may cooperate with domestic scientific research organizations or professional institutions to conduct such investigation and excavation.</p> <p>Upon conducting a joint excavation project carried out by foreigners and domestic scientific research organizations or professional institutions, the representative of the domestic counterpart will invariably be the designated chief coordinator of the project. All original data thereby accumulated, such as the unearthed artifacts, etc., must be well preserved. Carrying or transporting such data abroad is strictly forbidden. Provided that with the prior approval by the authorities of Taiwan, they can be carried abroad to conduct necessary scientific analyses.</p>

19

Sector: Business Services
Sub-Sector: Professional Services
Industry Classification:
Provisions Concerned: Article 3
Level of Authority: Central and regional
Measures: Articles 24 and 25 of Notary Law of December 30, 2009
Articles 4 of the Land Administration Agent Act of June 15, 2011
Description:
1. A notary public shall be a citizen of Taiwan.
2. Only citizens of Taiwan, who has obtained the certificate of
“Land Administration Agent” can act as a Land Administration
Agent.

20

Sector: Recreational, Cultural and Sporting Services
Sub-Sector: Recreational Services
Industry Classification:
Provisions Concerned: Article 3
Level of Authority: Central
Measures: Article 7 of The Statute for Investment by Foreign Nationals of November 19, 1997
Negative List for Investment by Overseas Chinese and Foreign Nationals of May 16, 2008
Description: Foreigners are not allowed to invest in entertainment establishments which offer personalized attention by a host or hostess of a sexually arousing or seductive nature. Host/hostess services in Taiwan are offered in certain types of coffee/tea shops, ballrooms, dance halls wine shops, bars, karaoke rooms, etc.

21

Sector:	Financial services
Sub-Sector:	Banking and other financial services
Industry Classification:	
Provisions Concerned:	Article 3 Article 4
Level of Authority:	Central
Measures:	Article 2, 3, 5, 14, 19-1, 19-2 and 19-3 of the Regulations Governing Foreign Bank Branches and Representative Offices of December 11, 2009 Article 4 of Standards Governing the Establishment of Commercial Banks of February 4, 2010 Article 3 of Offshore Banking Act of June 9, 2010 Article 4 and 7 of the Regulation for the Implementation of Offshore Banking Act of December 2, 2003
Description:	Foreign bank branches and offshore banking branches:

1. Establishment:

A foreign bank that meets the following criteria may apply for the approval for the establishment of a branch within Taiwan:

1. The bank is free of any major regulatory violation within the last five years;
2. The bank is ranked, by capital or assets, among the top five hundred banks in the world within one year prior to application, or has business dealings with the banks and/or enterprises in Taiwan in an aggregate amount of more than US\$1,000,000,000 in three calendar years prior to application, of which no less than US\$180,000,000 have been in the form of medium or long term credits. Where there are special provisions in an economic and trade agreement, or other written arrangement between Taiwan and the home country of the foreign bank, such special provisions shall prevail.

2. Working Capital:

A foreign bank that has been approved to establish a branch in Taiwan shall allocate a minimum operating capital of NT\$250,000,000 if the bank plans to accept deposit of less than NT\$1,500,000 from individuals and will have more than five hundred such accounts, and the total amount of deposits of less than NT\$1,500,000 from individuals exceeds 1% of total amount of New Taiwan Dollar (NTD) deposits accepted by the

bank. A foreign bank shall allocate a minimum operating capital of NT\$200,000,000 for its branch if the bank does not plan to offer retail deposit business or if its retail deposit business will not reach the thresholds set forth above.

A foreign bank stipulated in Article 3, Items 2 and 3 of the Offshore Banking Act, after having been allowed to establish an offshore banking branch, shall allocate working capital for its operation in Taiwan at a minimum amount of US\$2,000,000.

Article 3 of the Offshore Banking Act

The following types of banks may, through their head offices, apply to the competent authorities for obtaining the approval of the establishment of an offshore banking branch with a separate set of accounts to conduct international banking activities:

1. Foreign banks authorized by the CBC to engage in foreign exchange businesses within Taiwan.
2. Foreign banks authorized to have a representative office in Taiwan.
3. Reputable foreign banks approved by the competent authorities.
4. Domestic banks authorized by the CBC to engage in foreign exchange businesses.

3. NTD Credit Extension:

The NTD credit that a foreign bank branch may extend to a same legal person, same concerned party or same affiliated entity shall be limited to NT\$7,000,000,000 respectively or the amount calculated according to the restrictions set forth by the competent authority pursuant to Paragraph 1, Article 33-3 of the Banking Act, whichever is higher. The NTD credit that a foreign bank branch may extend to a same natural person shall be limited to NT\$1,500,000,000 respectively or the amount calculated according to the restrictions set forth by the competent authority pursuant to Paragraph 1, Article 33-3 of the Banking Act, whichever is higher.

The term “net worth” calculated according to the authorization provisions that apply *mutatis mutandis* to the branches of foreign banks shall mean the net worth of a foreign bank branch in the previous fiscal year following final settlement of accounts.

4. Eligible Assets:

For a foreign bank branch that accepts deposit of less than NT\$1,500,000 from individuals and has more than five hundred such accounts, and the total amount of deposits of less than NT\$1,500,000 from individuals exceeds 1% of total amount of NTD deposits accepted by the branch, such branch's total holding of eligible assets shall not be less than 40% of the total amount of NTD deposits accepted by the branch. For a foreign bank branch that does not offer retail deposit business or if its retail deposit business does not reach the thresholds set forth above, such bank's total holding of eligible assets shall not be less than 15% of the total amount of NTD deposits accepted by the branch.

5. Financial Ratios:

For a foreign bank branch that accepts deposit of less than NT\$1,500,000 from individuals and has more than five hundred such accounts, and the total amount of deposits of less than NT\$1,500,000 from individuals exceeds 1% of total amount of NTD deposits accepted by the bank, such branch's ratio of NTD deposits to outstanding NTD loans shall not be less than 50%.

For a foreign bank branch that accepts deposit of less than NT\$1,500,000 from individuals and has more than five hundred such accounts, and the total amount of deposits of less than NT\$1,500,000 from individuals exceeds 1% of total amount of NTD deposits accepted by the branch, such branch's outstanding NTD loans shall not be more than twenty times the branch's net worth in the previous fiscal year following final settlement of accounts. For a foreign bank branch that does not offer retail deposit business or if its retail deposit business does not reach the thresholds set forth above, such branch's outstanding NTD loans shall not be more than thirty times the branch's net worth in the previous fiscal year following final settlement of accounts.

For a foreign bank branch that accepts deposit of less than NT\$1,500,000 from individuals and has more than five hundred such accounts, and the total amount of deposits of less than NT\$1,500,000 from individuals exceeds 1% of total amount of NTD deposits accepted by the branch, such branch's outstanding balance of credit extensions other than loans shall not be more than fifteen times the branch's net worth in the

previous fiscal year following final settlement of accounts. For a foreign bank branch that does not offer retail deposit business or if its retail deposit business does not reach the thresholds set forth above, such branch's outstanding balance of credit extensions other than loans shall not be more than twenty times the branch's net worth in the previous fiscal year following final settlement of accounts.

Foreign bank representative offices:

A foreign bank that meets the following criteria may apply to establish a representative office in Taiwan:

1. The foreign bank is free of any major regulatory violation within the last three years;
2. The foreign bank is ranked, by capital or assets, among the top one thousand banks in the world within one year prior to application, or has business dealings with the banks and enterprises of Taiwan in an aggregate amount of more than US\$300,000,000 in three calendar years prior to application. Where there are special provisions in an economic and trade agreement, or other written arrangement between Taiwan and the home country of the foreign bank, such special provisions shall prevail.

Foreign bank subsidiaries:

A foreign financial institution that fulfills the following events, and merges or takes over generally the entire business, and assets and liabilities of a local bank may apply to establish a commercial bank:

1. The foreign financial institution is permitted by the competent authority for the establishment of a commercial bank according to Article 23 of the Financial Holding Company Act of Taiwan.
2. After the foreign financial institution merges or takes over generally the entire business, and assets and liabilities of a troubled financial institution, it shall, pursuant to laws and orders, an agreement(s), or a written arrangement(s) establish a commercial bank within a certain period of time.

The conditions provided to other WTO members as set out below are not applicable to this Arrangement:

1. Section C, List of the authorities of Taiwan, Annex VI of the FTA between the Republic of Panama and the authorities of Taiwan; and
2. Section B (the authorities of Taiwan), Specific Commitments, Annex 12.09.2 of the FTA between the Republic of Nicaragua and the authorities of Taiwan.

Sector:	Financial Services
Sub-Sector:	Securities
Industry Classification:	
Provisions Concerned:	Article 3
Level of Authority:	Central
Measures:	Article 2, 4, 10,16,17,18, 21,23 of Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals of March 23, 2006 Article35-1 of GreTai Securities Market Rules Governing Securities Trading on the GTSM of August 1, 2011
Description:	<ol style="list-style-type: none">1. Overseas Chinese and foreign nationals are only allowed to invest in offshore beneficial interest certificates, domestic securities, overseas corporate bonds, overseas depositary receipts, or overseas stocks, and are not allowed to designate (trust relationship is not included) domestic securities investment consulting enterprises or securities investment trust enterprises to conduct discretionary investment services.2. The investment scope of overseas Chinese and foreign nationals outside Taiwan shall be limited to those set forth in Article 4 of the above-mentioned Regulations. Certain industries limit the percentage of equity holdings by overseas Chinese or foreign nationals according to other applicable acts or regulations.3. Where funds have been transferred to Taiwan for the purchase of any of the securities listed in Article 4 of the above-mentioned regulations but the funds have not yet been invested, the Financial Supervisory Commission (FSC) of the authorities of Taiwan can limit the use of such funds after consultation with the competent authority for foreign exchange business. The current limitation is 30% of total amount of the funds transferred into Taiwan.4. An overseas Chinese or foreign national outside Taiwan invests in securities of Taiwan shall designate a custodian bank, which is approved by the FSC to offer custodial services, to act as its custodian institution and designate a local agent to apply for the opening of a New Taiwan Dollar account. The agent designated to open such account must be

a securities firm or financial institution of Taiwan.

5. Besides, overseas Chinese and foreign nationals invest in securities of Taiwan shall apply to the Taiwan Stock Exchange Company (TWSE) for registration.
6. Overseas Chinese or foreign nationals outside Taiwan holding shares in a public company shall appoint an local agent or representative to exercise the voting rights and shall not deliver proxies to any solicitors of proxies or proxy agents.
7. An overseas Chinese or foreign national outside Taiwan shall not engage in securities margin trading, sell securities which it does not hold, extend loans or provide collateral, or entrust custody of securities to any legal person or individual other than a custodian institution or centralized securities depository.
8. The FSC may, when necessary, require an overseas Chinese or foreign national outside Taiwan to submit a list of beneficiary of the investment capital, the amount of the capital, its source, and related information.
9. Overseas Chinese or foreign nationals invest in the OTC market, if any such securities are subject to investment holding ratio set by the respective competent authorities for the relevant industries, they shall be traded through the OTC central trading systems, instead of negotiating price privately.

23

Sector: Financial Services
Sub-Sector: Securities firms and securities services enterprises
Industry Classification:
Provisions Concerned: Article 3
Level of Authority: Central
Measures: Article 28, 29 and 33-1 of Standards Governing the Establishment of Securities Firms of June 16, 2009
Description: A foreign securities firms establishing a branch office in Taiwan shall meet the following requirements:

1. The applicant possesses sufficient international securities business experience and financial health in the business type being applied for;
2. The applicant has not been sanctioned administratively by its home country's securities regulatory authorities within the most recent two years.

A foreign securities firm applying for the establishment of a branch office within Taiwan should deposit operating capital which shall not be less than specific amount of related regulations.

A foreign securities firm intending to establish a representative office in Taiwan shall meet the following qualifications:

1. The applicant possesses sufficient experience in international securities business;
2. The applicant has not been sanctioned suspension of business or more severe penalty administratively by its home country's securities regulatory authorities within the most recent year.

Sector:	Financial Services
Sub-Sector:	Futures
Industry Classification:	
Provisions Concerned:	Article 3
Level of Authority:	Central
Measures:	Directions for Futures Trading by Overseas Chinese and Foreign Nationals of September 21, 2010
Description:	<p>An overseas Chinese or foreign national when engaging in futures trading shall:</p> <ol style="list-style-type: none">1. Apply to the Taiwan Futures Exchange (TAIFEX) or the Taiwan Stock Exchange Corporation (TWSE) of Taiwan and submit relevant documents for registration;2. Mandate an agent or representative within Taiwan to open an account, exercise rights, apply for foreign exchange settlement, file and pay taxes on his or her behalf;3. Appoint a bank approved by the FSC to provide custodial services, to act as its custodian institution, to handle matters related to futures trading, such as clearing, settlement and reporting of relevant information;4. An overseas Chinese or foreign national outside Taiwan that makes domestic futures trades shall do so in foreign currencies approved by TAIFEX of Taiwan, and may not convert the funds into New Taiwan Dollars; the balance in New Taiwan Dollars resulting from the cumulative realized New Taiwan Dollar profits gained from futures trading may not exceed NT\$300 million for any individual trader or any individual omnibus account. If the limit set forth is exceeded, the agent of the overseas Chinese or foreign national shall appoint a futures commission merchant within five business days to make a conversion into US dollars. An overseas Chinese or foreign national outside Taiwan that engages in foreign futures trades shall do so in a foreign currency and may not convert the funds into New Taiwan Dollars.

Sector:	Financial Services
Sub-Sector:	Futures commission merchants and futures services enterprises
Industry Classification:	
Provisions Concerned:	Article 3
Level of Authority:	Central
Measures:	Article 19, 20 and 40 of Standards Governing the Establishment of Futures Commission Merchants of October 2, 2007
Description:	A foreign futures commission merchant establishing a branch office in Taiwan shall meet the following requirements:

1. Qualified to be a clearing member of a foreign futures exchange that has been publicly announced by the FSC of Taiwan.
2. The applicant possesses international futures business experience in the type of business for which approval is being requested, and is of sound financial standing.
3. Within the previous year, it has not been punished in its home jurisdiction by the relevant futures regulatory authority, or by a self-regulatory organization.

A foreign futures commission merchant, a foreign securities firm or a foreign banking institution shall, in accordance with the type of business approval it is seeking, allocate the specified amount for operational use by its business office in Taiwan.

The FSC has not allowed foreign futures advisory enterprises, foreign managed futures enterprises (e.g. CTA in Japan) and foreign futures trust enterprises (e.g., CPO in Japan) or foreign futures fund management companies to establish a branch in Taiwan.

The FSC has not allowed foreign futures fund management companies to raise a futures (trust) fund in Taiwan.

26

Sector: Financial Services
Sub-Sector: Insurance and insurance related services
Industry Classification:
Provisions Concerned: Article 3
Level of Authority: Central
Measures: Article 6, 7 and 27-1 of the Regulations for Establishment and Administration of Foreign Insurance Enterprises of February 23, 2009

Description:

- branch

A foreign insurance institution applying for permission to establish a branch within Taiwan to conduct insurance business shall at least meet the following criteria:

1. Having had sound business performance and shown financial soundness in the most recent three years; and
2. Free of any record of penalty against it for material regulatory violation in the last three years as proven by a certificate issued by the competent authorities in the applicant's home country. Where the applicant has been established for less than three years, the applicant must be free of any record of penalty against it for material regulatory violation since its establishment.

Where a foreign insurance institution referred to in subparagraph 1 of the preceding paragraph has been established for less than three years, the institution must have a representative office set up within Taiwan for at least one year and meet one of the following criteria:

1. Having a paid-in capital of more than NT\$2 billion.
2. Having a credit rating of at least A- from Standard & Poor's Corp., at least A3 from Moody's Investor Service, at least A from Fitch Ratings Ltd., at least twA+ from Taiwan Ratings Corporation, or an equivalent rating or better from any other credit rating agency recognized by the competent authorities.

The head office of a foreign insurance enterprise shall set aside minimum working capital for each branch in accordance with its business plan, amounting to not less than NT\$50 million, and post

bond with the treasury authority in an amount equal to 15 percent of its working capital.

- representative office

A foreign insurance institution applying for permission to set up a representative office within Taiwan shall at least meet the following criteria:

1. Having a credit rating of at least A- from Standard & Poor's Corp., at least A3 from Moody's Investor Service, at least A from Fitch Ratings Ltd., at least twA+ from Taiwan Ratings Corporation, or an equivalent rating or better from any other credit rating agency recognized by the competent authorities; and
2. Free of any record of penalty against it for material regulatory violation in the most recent three years as proven by a certificate issued by the competent authorities in the applicant's home country. Where the applicant has been established for less than three years, the applicant must be free of any record of penalty against it for material regulatory violation since its establishment.

A foreign insurance institution may set up only one representative office in Taiwan.

Sector:	Financial Services
Sub-Sector:	Insurance Intermediation
Industry Classification:	
Provisions Concerned:	Article 3
Level of Authority:	Central
Measures:	<ol style="list-style-type: none">1. Article 40, 43 and 45 of the Regulations Governing Insurance Agents of February 25, 20112. Article 41, 44 and 46 of the Regulations Governing Insurance Brokers of February 25, 20113. Article 38, 41 and 43 of the Regulations Governing Insurance Surveyors of February 25, 2011
Description:	<ol style="list-style-type: none">1. Where necessary, the competent authorities may approve the establishment of branch offices within Taiwan by a foreign insurance agent, broker and surveyor company to operate the same kind of business operated in its home country.2. The minimum working capital of a branch office established by a foreign insurance agent, broker and surveyor company within Taiwan shall be NT\$3 million and a bond shall be posted at 15 percent of the working capital, provided, the amount posted may not be less than NT\$600,000.3. A foreign insurance agent, broker and surveyor company establishing a branch office to operate business within Taiwan shall employ at least one person holding an agent's practice license of the same type to practice the business.4. A marine insurance surveyor may employ at least one person who holds a foreign practice license of the same type or a certification document that is recognized by the competent authority to practice the business.

Annex II

Schedule of the Association of East Asian Relations

Reservations for Measures referred to in paragraph 2 of Article 8

4. This Schedule sets out with respect to the Association of East Asian Relations, pursuant to paragraph 2 of Article 8, the reservations made by the Association of East Asian Relations with respect to specific sectors, sub-sectors, or activities for which the existing measures may be maintained, or new or more restrictive measures may be adopted that do not conform with the following provisions of this Arrangement:
 - (d) Article 3;
 - (e) Article 4; or
 - (f) Article 7.
5. Each Schedule entry sets out the following elements:
 - (a) **“Sector”** refers to the general sector for which the entry is made;
 - (b) **“Sub-Sector”** refers to the specific sector for which the entry is made;
 - (c) **“Industry classification”** refers, where applicable, and only for transparency purposes, to the activities covered by the entry according to the relevant industry classification codes;
 - (d) **“Provisions Concerned”** specifies the provisions referred to in paragraph 1 for which the entry is made;
 - (e) **“Description”** illustrates the scope of the sector, sub-sector, or activities covered by the entry; and
 - (f) **“Existing Measures”** identifies, for transparency purposes, existing measures that apply to the sector, sub-sector, or activities covered by the entry.
6. In the interpretation of each entry, all elements of the entry shall be considered. The “Description” element shall prevail over all the other elements.

1

Sector: Social Services

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Article 7

Description: The authorities of Taiwan may adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: social welfare (including but not limited to social relief and assistance, welfare services, employment for citizens, social securities or insurances, medical and health care), primary education and lower secondary education.

2

Sector: Sectors related to native populations

Sub-Sector:

Industry Classification:

Provisions Concerned: Articles 3

Article 7

Description: The authorities of Taiwan may adopt or maintain any measure according rights or preferences to native populations.

3

Sector: Games of Luck and Chance

Sub-Sector:

Industry Classification:

Provisions Concerned: Articles 3

Articles 4

Article 7

Description: The authorities of Taiwan may adopt or maintain any measure relating to the operation of games of luck and chance, and of activities involving bets.

4

Sector: All sectors

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Article 7

Description: The authorities of Taiwan may adopt or maintain any measure with respect to the rights or preferences granted to minorities with social or economical disadvantages.

5

Sector: All Sectors

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 4

Description: The authorities of Taiwan may adopt or maintain measure that accords differential treatment to countries under a treaty or other written arrangement in force prior to the date of entry into force of this Arrangement.

The authorities of Taiwan may adopt or maintain any measure that accords differential treatment to countries under a treaty or other written arrangement in force after the date of entry into effect of this Arrangement, involving:

1. Aviation;
2. Fisheries;
3. Maritime matters, including salvage; or
4. Financial services.

6

Sector: Postal Services

Sub-Sector:

Industry Classification:

Provisions Concerned: Article 3

Measures: Article 6 of the Postal Act of July 10, 2002

Description: Business of delivering letters, postcards or other correspondence is reserved to the Chunghwa Post Co., Ltd., which is a company owned by the authorities of Taiwan. According to the Article 6 of the Postal Act of Taiwan, apart from Chunghwa Post and others so entrusted, no others may engage in the business of delivering letters, postcards or other correspondence.

With the exception of delivery notices connected with shipments, no forwarding agency may deliver mail as described in the preceding paragraph.

7

Sector:	The following Private Participation in Infrastructure Projects: 1. transportation facilities and common conduit; 2.environmental pollution prevention facilities; 3. sewerage, water supply and water conservancy facilities; 4. sanitation and medical facilities; 5. social and labor welfare facilities; 6. cultural and education facilities; 7. major facilities for tour-site; 8. power facilities and public gas and fuel supply facilities; 9. sport facilities; 10. parks facilities; 11. major industrial, commercial and hi-tech facilities; 12. development of new town; 13. agricultural facilities.
Sub-Sector:	
Industry Classification:	
Provisions Concerned:	Article 3 Article 4 Article 7
Level of Authority	Central and Regional
Measures	Article 3 of the Act for Promotion of Private Participation in Infrastructure Projects of October 31, 2001; Articles 2 to 19-1 of the Enforcement Rules of the Act for Promotion of Private Participation in Infrastructure Projects of June 7, 2010 .
Description:	The authorities of Taiwan may adopt or maintain any measure with respect to concessions relating to Article 3 of the Act for Promotion of Private Participation in Infrastructure Projects and Articles 2 to 19-1 of the Enforcement Rules of the Act for Promotion of Private Participation in Infrastructure Projects, as well as any renewals of re-negotiations or existing concessions relating thereto.