



Legislative History

 Print

Title	The Central Bank of the Republic of China (Taiwan) Act 
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Category	Central Bank of the Republic of China (Taiwan) (中央銀行) 1.Promulgated on May 23, 1935 2.Amended on November 8, 1979 3.Articles 23 and 44 amended on May 21,1997 4.Articles 18-1, 18-2 and 18-3 added, Articles 32 and 35 amended on June 5, 2002 5.Article 11-1 added, Articles 3, 6, 9, 11 and 38 amended on April 27, 2011 6.Article 25 amended on January 8, 2014

Chapter I General Provisions

Article 1 The Central Bank of the Republic of China (Taiwan) (hereafter called the Bank) shall be a government bank and an agency under the Executive Yuan.

The primary objectives of the Bank's operations shall be:

1. To promote financial stability;
2. To guide sound banking operations;
- Article 2 3. To maintain the stability of the internal and external value of the currency;
4. To foster economic development within the scope of the above objectives.

Article 3 The Bank shall have its Head Office at the seat of the Central Government and may establish domestic branch offices and representative offices; and, if necessary, may establish representative offices overseas. The establishment and dissolution of branch offices and representative offices shall be authorized by the Board of Directors and reported to the Executive Yuan for approval.

Article 4 The capital of the Bank shall be appropriated from the National Treasury. It shall be fully owned by the Central Government and nontransferable.

Chapter II Organization

Article 5 The Bank shall have a Board of Directors consisting of eleven to fifteen directors to be nominated by the Executive Yuan and appointed by the President. A Board of Executive Directors composed of five to seven executive directors shall be

designated among the directors.

The Governor of the Bank, the Minister of Finance and the Minister of Economic Affairs shall be ex officio directors and executive directors. Among the directors, there shall be at least one each from the agricultural, the industrial and commercial, and the banking sectors.

Except for the ex officio directors, the directors shall be appointed for a term of five years, and may be reappointed upon the expiration of such term.

The powers and functions of the Board of Directors shall be as follows:

1. To examine and approve policies concerning money, credit and foreign exchange;
2. To examine the adjustment of the Bank's capital;
3. To approve the operation plans of the Bank;
4. To examine the budget estimate and financial statements of the Bank;
5. To examine and approve major by-laws and regulations of the Bank;
6. To examine or approve the establishment, adjustment and dissolution of the Bank's administrative units, branch offices, representative offices and subsidiary institutions;
7. To approve the appointment and the removal of the heads of the Bank's administrative units, branch offices, representative offices and subsidiary institutions;
8. To examine matters proposed by the Directors.

Article 6

The Board of Directors may delegate all or part of the above powers and functions to the Board of Executive Directors. The resolution of the Board of Executive Directors shall be reported to the Board of Directors for record and approval.

The Board of Directors shall establish rules and regulations of board meetings. Such rules and regulations shall be reported to the Executive Yuan for record.

The Bank shall have a Board of Supervisors, composed of five to seven supervisors to be nominated by the Executive Yuan and appointed by the President. The Minister of Directorate-General of Budget, Accounting and Statistics of the Executive Yuan shall be an ex officio supervisor.

Article 7

Except for the ex officio supervisor, the supervisors shall be appointed for a term of three years and may be re-appointed upon the expirations of such term.

The Board of Supervisors shall have a chairman to be elected from among the supervisors.

Article 8

The powers and functions of the Board of Supervisors shall be as follows:

1. To examine the Bank's assets and liabilities;

2. To audit the Bank's accounts;
3. To examine the reserves for the issuance of currency by the Bank;
4. To examine the amount of currency issued by the Bank;
5. To examine and approve the Bank's financial statements;
6. To investigate any case involving violation of this Act and the by-laws and regulations of the Bank. The result of such investigation shall be referred to the Board of Directors for corrective action.

Article 9 The Bank shall have a Governor with the rank of special appointment and two Deputy Governors with the rank equivalent to Grade 14; all of whom shall be appointed for a term of five years and may be reappointed upon the expiration of such term.

The provision of the preceding paragraph that the rank of Deputy Governor is equivalent to Grade 14 shall apply to Deputy Governors appointed after the revision of this Act, amended on 8 April 2011, has come into force.

Article 10 The Governor shall be the chief executive in directing and supervising the operations of the Bank, shall carry out resolutions of the Board of Directors, and shall represent the Bank on all occasions. The Deputy Governors shall assist the Governor in the execution of the above duties.

The Governor shall be the chairman of the Board of Directors and the Board of Executive Directors. Whenever the Governor is unable to attend in person, the Deputy Governor designated to act for the Governor shall be the chairman.

Article 11 Administrative units established in the Head Office of the Bank shall be named as Department or Office.
The ranks and quotas of the Bank's personnel shall be tabulated separately.

Article 11-1 Except for the appointment, removal, remuneration, retirement and indemnity of the Governor and Deputy Governors as specified in this Act and other laws, the regulations for the appointment, dismissal, remuneration, bonus, welfare, performance rating, incentives and discipline, retirement, indemnity, severance and other personnel management matters related to the Bank's personnel shall be proposed by the Bank, authorized by the Board of Directors and reported to the Executive Yuan for approval.

Chapter III Operations

Article 12 Unless otherwise specified by law, the Bank's operations shall be circumscribed to business with the following organizations:
1. Government agencies.

2. Banks and other financial institutions.
3. International and foreign financial institutions.

The currency of the Republic of China (Taiwan) shall be issued by the Bank.

Article 13 The currency issued by the Bank shall be the national currency, and shall be legal tender for all payments within the territory of the Republic of China (Taiwan).

The Bank shall establish plants under its management to carry out the printing and minting of the currency.

Article 14 The Bank may, whenever necessary, delegate other government banks to issue currency in designated regions on its behalf, to be regarded as national currency. The assets and liabilities pertaining to the issuance of such currency shall be for the account of the Bank.

The basic monetary unit of the national currency is Yuan and the subsidiary currencies are Chiou and Fen. Ten Fens equal to one Chiou and ten Chious equal to one Yuan.

Article 15 The denomination, composition, form, and pattern of the notes and coins issued by the Bank shall be proposed by the Bank, for approval by the Executive Yuan.

The Bank shall make public the specifications of notes and coins prior to issuance.

Article 16 Against currency issued by the Bank and its delegated banks, reserves in full equivalent value shall be maintained in gold, silver, foreign exchange, and eligible bills and securities. The issuance of coins shall be exempt from reserves.

Article 17 The amount and reserve status of currency issued by the Bank and its delegated banks shall be made public in regular intervals.

The Bank shall exchange stained or damaged notes and coins deemed to be unfit for circulation in accordance with certain standards, and destroy them according to law.

Article 18 The Bank may redeem currency issued. Currency redeemed shall no longer be legal tender. However, the redemption period shall not be less than one year, during which time holders may exchange redeemed currency with the Bank.

Article 18-1 The maximum amount of national currency that may be carried or mailed into or out of the territory of the Republic of China (Taiwan) shall be prescribed by the Bank.

Currency in excess of the aforesaid maximum cannot be transported into or out of the territory.

Article 18-2 When financial institutions or other enterprises which are authorized to engage in foreign exchange operations receive counterfeit or falsified national currency or foreign currency, they shall retain, void and destroy those currencies, save that

suspicion of criminal involvement shall be reported to the judicial authority. Regulations on handling counterfeit or falsified currency shall be stipulated by the Bank.

Article 18-3 The Bank may issue gold and silver coins and commemorative notes and coins. Regulations governing the issuance of gold and silver coins and commemorative notes and coins shall be stipulated by the Bank.

The sale or resale price of aforesaid notes and coins may be higher than their denomination.

The Bank may provide the following accommodations to banks:

Article 19 1. Rediscounts of eligible bills, with maturity not exceeding 90 days for industrial and commercial bills, and 180 days for agricultural bills.

2. Temporary advances not exceeding 10 days.

3. Refinancing of secured loans not exceeding 360 days.

The Bank may impose limits on rediscounts or other accommodations to banks.

Article 20 The Bank, in order to assist economic development, may establish various funds, using savings deposits re-deposited by financial institutions and other special funds to refinance medium and long-term loans disbursed by banks.

Article 21 The interest rates of the Bank's rediscounts and other accommodations shall be determined by the Bank in the light of prevailing financial and economic conditions, and made public. However, a branch office of the Bank may establish its own interest rates on rediscounts and accommodations according to special local financial conditions, with prior approval by the Head Office, and make them public.

Article 22 The Bank may, at its discretion and in the light of financial and economic conditions, prescribe an upper limit for the interest rates of bank deposits, and approve the range of interest rates on bank loans as proposed by the Bankers Association.

Article 23 The Bank shall receive and keep reserves against deposits and other liabilities of financial institutions which are regulated by the Banking Act, and may, at its discretion, adjust various deposit and other liability reserve ratios under the following maximum limits in accordance with the regulation governing adjustment and audit thereof, which shall be stipulated by the Bank:

1. Checking deposits: 25%
2. Demand deposits: 25%
3. Savings deposits: 15%
4. Time deposits: 15%
5. Other liabilities: 25%

The scope of aforesaid other liabilities shall be prescribed by the Bank.

The Bank may, whenever necessary and from a specific date, impose on the increment of the checking deposits, demand deposits and other liabilities, a marginal reserve ratio which shall not be bound by the maximum limits on paragraph 1 of this Article.

The Bank may charge the financial institutions having insufficient reserves, on the portion of the shortfall, a penalty interest rate not higher than two times of that prescribed in Article 21 on unsecured temporary advances as stated in subparagraph 2, paragraph 1 of Article 19.

Article 24 The Bank shall, in conformity with law, receive and keep reserves for indemnity deposited by investment and trust companies.

Article 25 The Bank, after consulting with the Financial Supervisory Commission, may at its discretion, prescribe for banks a minimum ratio of their liquid assets to various liabilities.

Article 26 The Bank may, in the light of financial conditions, purchase and sell in the open market the bonds issued or guaranteed by the government, financial bonds issued by banks and bills accepted or guaranteed by banks.

Article 27 The Bank may, for the purpose of regulating monetary conditions, issue certificates of deposits, savings bonds and short-term bonds, and may purchase and sell them in the open market.

Article 28 The Bank may, whenever necessary, prescribe maximum loanable ratios selectively on the items used as collateral or mortgage of secured loans extended by banks.

Article 29 The Bank may, whenever necessary, prescribe and regulate the amount of down-payment and the term of credit extended by banks for the purchase or construction of buildings and the purchase of durable consumer goods.

Article 30 The Bank shall prescribe and regulate the accommodations extended by banks to securities dealers or securities finance companies.

Article 31 The Bank may, whenever it deems that the monetary and credit conditions so warrant, prescribe a limit on various kinds of credit extended by all, or any category of, financial institutions.

Article 32 The Bank shall establish clearing houses for checks and settlement of accounts among banks at the sites of Head Office or branch offices. The Bank may delegate government banks to carry out this function in places where the Bank has no branch

office. Regulations governing checks clearance and settlement of accounts among banks shall be stipulated by the Bank.

Article 33 The Bank shall hold international monetary reserves, and undertake the overall management of foreign exchange.

Article 34 The Bank may, in the light of the balance of payments situation, take measures to adjust the demand for and supply of foreign exchange with a view to maintaining an orderly foreign exchange market.

The Bank shall undertake the following foreign exchange operations:

1. To draw up plans for foreign exchange management and on anticipated receipts and payments;
 2. To authorize and supervise banks and other enterprises engaged in foreign exchange operations;
 3. To settle the purchase and sale of foreign exchange;
 4. To examine and approve private outward and inward remittances;
 5. To supervise private enterprises' foreign borrowings guaranteed by authorized banks, with reference to their management and their repayment schedule;
- Article 35
6. To purchase and sell foreign currencies, bills of exchange and securities;
 7. To calculate, compile, analyse and report the receipts and payments of foreign exchange;
 8. Other operations relating to foreign exchange.

Regulations governing requirements of application, the examination procedure, approval of authorization, the scope of operations, withdrawal of authorization, and other matters which banks and other enterprises applying to engage in foreign exchange operations must comply with, shall be stipulated by the Bank.

Article 36 The Bank shall effect the operations of the National Treasury and manage the National Treasury's cash accounts. It shall also manage the Central Governmental agencies' cash accounts, bills, securities, including receipts and payments, safekeeping and transfers, and the safekeeping of their other asset documents.

The Bank may delegate, whenever necessary, the operations mentioned above to other financial institutions in places where the Bank has no branch office.

Article 37 The Bank shall undertake the floatation and the redemption of government bonds, issued domestically or abroad, and treasury bills. The Bank may delegate, whenever necessary, the above to other financial institutions.

In conformity with the powers and functions authorized by this Act, the Bank, if necessary, may undertake the inspection of the operations of financial institutions and the targeted examination of such operations as outlined in Chapter 3 of this Act; and may direct financial institutions to prepare and submit, within a prescribed period of time, accurate financial reports, property inventories or other relevant documents and reports.

If the responsible person(s) or staff member(s) of a financial institution or its branch office commit(s) any of the following acts when the Bank dispatches officials to inspect or examine its operations, or directs the financial institution to prepare and submit accurate financial reports, property inventories or other relevant documents and reports in accordance with the

- Article 38 preceding paragraph, the financial institution or its branch office shall be liable to an administrative fine of Two Million New Taiwan Dollars (NT\$2,000,000) to Ten Million New Taiwan Dollars (NT\$10,000,000), imposed by the Bank:
1. Refusing to be inspected or examined;
 2. Concealing or destroying account books and documents related to business or financial conditions;
 3. Refusing to reply or providing false information to inquiries made by the examiner without justifiable reasons;
 4. Failure to provide accurate and complete financial reports, property inventories or other relevant documents or reports in a timely manner.

The financial institution or its branch office shall seek recourse from the responsible person(s) after paying such administrative fines.

- Article 39 The Bank shall, to coordinate the formulation of financial policies and the execution of its operations, regularly collect economic information, compile financial statistics and conduct financial and economic research.

Chapter IV Budget and Financial Statement

- Article 40 Before the beginning of each fiscal year, the Bank shall prepare a budget estimate. The budget estimate shall be examined by the Board of Directors and processed in accordance with the Budget Act.

- Article 41 After the close of each fiscal year, the Bank shall settle all accounts and prepare financial statements. The financial statements shall be examined by the Board of Directors, examined and approved by the Board of Supervisors, and processed in accordance with the Financial Statement Act.

- Article 42 At the close of each fiscal year, the Bank shall set aside fifty per cent of its net profit as legal reserve. In case the amount of

the accumulated legal reserve equals or exceeds the Bank's current capital, the percentage herein prescribed may, subject to the resolution of the Board of Directors and the concurrence of the Board of Supervisors, be reduced to a level no lower than twenty per cent.

Article 43 The gain or loss from the Bank's assets or liabilities denominated in gold, silver, foreign currencies and other forms of international reserve, resulted from changes in parity of the national currency, or changes in the value, parity or exchange rate of these assets and liabilities relative to the national currency, shall not be listed in the Bank's annual income statement.

Any gain from the above changes shall be posted in the Exchange Reserve Account, and any loss shall be offset in the balance of that Account.

Chapter V Appendix

Article 44 This Act shall become effective on the date of promulgation.

The effective date of the Article 23 amendment shall be prescribed by the Executive Yuan.