

Credit Union Act

Article 1	<p>The Credit Union Act is specified to promote sound operation and development of credit unions, to protect rights and interests of credit union members, to improve flow of mutual funds among the general public and to develop the function of a social security system.</p>
Article 2	<p>Credit unions are a legal person.</p> <p>Credit unions mentioned in this Act means a non-profit corporation, which established before the proclaimed of this Act or newly established according by this Act and organized by the natural persons and other non-profit organizations in common bond.</p> <p>The common bond means people who work in the same company, factory or a career group, who participate in the same club, religious group or aboriginal group or who live in the same country or town.</p> <p>People that join credit unions without the common bond are not qualified; however, it is not limited to those people that joined before the Act was amended.</p> <p>The membership is still valid within two years when members lose the common bond with the credit unions.</p>
Article 3	<p>Credit unions are based on the system of limited liabilities and members are liable to their own shares.</p>
Article 4	<p>The Credit Union League of the Republic of China (hereinafter called "League") in this Act refers to an association organized by all credit unions. Any established credit union ought to join and become a member of the League.</p> <p>Management and supervision of credit unions are specified and implemented by the League in accordance with the Act.</p>
Article 5	<p>The Competent authority of credit unions is the Ministry of the Interior in the central government; and in the local</p>

	government, it is their respective Government of the municipalities, counties or cities.
Article 6	“Credit Union” should be specified on the name of the corporations and forbidden to other purposes except those specified in the Act.
Article 7	The League is in charge of establishment, management, supervision, guidance and assistance of credit unions. Rules of establishment, management, supervision, guidance and assistance will be stipulated by the League and sent to the central competent authority for approval.
Article 8	Credit union organizations established in accordance with the Act will be exempted from income taxes and business taxes.
Article 9	<p>Tasks of credit unions are listed as follows:</p> <ol style="list-style-type: none"> 1. Receive money from members as the shares. 2. Offer reserve/backup account for members. 3. Provide loans for members. 4. Participate in various insurance programs run by the League. 5. Be the agent of collecting electricity and water supply fees, gas fees, tuition, telephone Charges, taxes and fines for members. 6. Participate the financing programs run by the League. 7. Participate in community building and assist the development of community industries. 8. Participate in social enterprise with cooperative business type run by the League 9. Purchase government bonds, and 10. Be the agent of government or charity organization commissioned matters. <p>Other related items approved by the central competent authority.</p>
Article 10	(Cancelled.)

Article 11	<p>The amount of loans made by a credit union to a single member shall not exceed ten percent (10%) of the total shares and reserves of the credit union.</p> <p>The amount of loans made by a credit union shall not exceed the amount of its ownership capital.</p> <p>The ownership capital of the credit union as mentioned in the previous shall be included shares, dormant account, capital reserves, reserves, special reserves, undistributed net income and net income for the year.</p>
Article 12	<p>Credit unions are not allowed to provide services to non-members for accepting shares and providing loans.</p>
Article 13	<p>Shares of a credit union shall be a value of one hundred dollars (NT\$100) each; the total value of shares held by any member shall not exceed ten percent (10%) of the total share balance of the credit union.</p> <p>Money paid in on shares is as the saving and also the obligation as a member.</p>
Article 13-1	<p>The total share of each member is not exceed one million dollars (NT\$1,000,000), his dividend shall be free of his own individual income tax.</p>
Article 14	<p>A member may withdraw from the credit union by giving a writing application to the credit union and be consented by the board of directors. The board of directors may determine to postpone the payment of the withdrawn shares in necessary, but not exceed sixty (60) days since the withdrawal is approved.</p> <p>If members withdraw their shares during a year, they shall not be entitled to the dividends of the same year.</p> <p>When a member applies his withdrawal during a critical operation crisis of a credit union, the board of directors shall suspend the withdrawal applications and convene the temporary General Meeting of members within one month.</p>
Article 15	<p>Annual surpluses of credit unions are allotted or distributed in the following order:</p> <ol style="list-style-type: none"> 1. Compensate accumulated losses. 2. Interest Refund. 3. Set aside as the Reserve more than twenty percent (20%).

	<p>4. Set aside as the Public Welfare Fund and Education Fund not less than five percent (5%).</p> <p>5. Dividends.</p> <p>There shall be reduced the percentage of the aforementioned refund carried when the reserve is equal to twenty percent (20%) of the share balance.</p>
Article 16	<p>The supreme authority in the credit union is vested in the General Meeting of members.</p> <p>There shall be one fifth of all members or a certain number of adult members to present, the General Meeting of members shall be convened.</p> <p>Every member is entitled to cast one vote and authorization of exercising such right is not allowed.</p>
Article 17	<p>There are General meeting of members and temporary General meeting of members. The General Meeting of members shall be convened in annually within 2 months after the end of the fiscal year and a written notice shall be given to members in 7 days before the meeting convened. The temporary General meeting of members shall be convened in accordance with related regulations.</p>
Article 18	<p>There shall be the board of directors in a credit union to execute the resolutions reached at the General Meeting of members and to take the joint responsibility for the credit union.</p> <p>The Board of Directors shall be consisted of seven (7) to twenty-one (21) members as the Board members who shall be elected at the General Meeting of members with a term of three years; and they may be re-elected.</p> <p>The Board members shall elect a President from them who should be re-elected once.</p>
Article 19	<p>There shall be the Supervisory Committee in a credit union which shall take the joint responsibility for the credit union.</p> <p>The Supervisory Committee shall be consisted of five (5) to fifteen (15) members as the Supervisory members who shall be elected at the General Meeting of members with a term of three years; and they may be re-elected.</p>

Article 20	The Board members and the Supervisory members are volunteers, shall not receive any salary or wages.
Article 21	All of the Board members and the Supervisory members shall take limited joint liabilities for any loss suffered by credit unions resulted from operating capital, providing loans or liquidating upon dissolution. It also applies to the loss from carrying out tasks for the League.
Article 22	<p>The Board members shall execute their duties in accordance with legal regulations, bylaws and resolutions in the General Meeting of members.</p> <p>If decisions made by the board of directors or the Supervisory Committee are against what the aforesaid rules and to let the credit union fall upon any loss, the Board members or the Supervisory members shall be liable to have the payment of compensation; however, they shall be excepted if they have shown their objection in the meeting and proven by minutes.</p> <p>If the Supervisory members neglect their supervising duties and let the credit union fall upon any loss, they shall be liable to have the payment of compensation.</p>
Article 23	<p>A credit union shall be dissolved in one of the following situations and the League should report such event to the competent authority for approval.</p> <ol style="list-style-type: none"> 1. Resolution of Dissolution in the General Meeting of members. 2. Less than fifty (50) members. 3. Declaration of bankruptcy. 4. Dissolved by the command from the League. <p>Resolution of one point of the above subparagraph shall be passed by more than two thirds of members presented who shall be more than three fourths of all members.</p>
Article 24	When a credit union is liquidated upon dissolution, the League shall conduct supervision. A liquidator shall be elected in the General Meeting of members, but, if there is no election in the General Meeting, one of the Board

	members shall be as a liquidator.
Article 25	When a credit union suffers a loss at annual final accounts or after liquidation, the credit union shall use various reserve funds and shares in order for the loss; When there is a surplus after liquidation, it shall be distributed according of the shares of members.
Article 26	Upon completion of liquidation, the liquidator shall make a report within 20 days and send it to the League, which will refer it to the competent authority. In addition, a copy ought to be delivered to each member.
Article 27	<p>Missions of the League are listed as follows:</p> <ol style="list-style-type: none"> 1. Tutor credit unions in making their own bylaws. 2. Conduct education training programs on cooperative spirit. 3. Verify the establishment of credit unions and protect their rights and interests. 4. Supervise, audit and assist all credit unions. 5. Process various mutual funds on behalf of credit unions. 6. Manage reserves funds allocated by credit unions. 7. Conduct capital financing and govern credit union surplus funds. 8. Assist credit unions to purchase national bonds. 9. Handle mutual business as child care and senior nursing home for credit union members. 10. Participate in social enterprise with cooperative business type and apply for public welfare projects. 11. Other authority-approved matters. <p>The tasks performed by the League are supervised and assisted by Ministry of the Interior and Ministry of Finance.</p>
Article 28	The League shall present related information of credit unions operating to the competent authority within three months at the end of every year.

Article 29	<p>When a credit union violates legal regulations and bylaws; or, can't operate well to harm the rights and interests of the members, the competent authority shall take the following disciplinary actions. The League shall report to the competent authority for approval before taking disciplinary measures.</p> <ol style="list-style-type: none"> 1. Cancel resolutions reached at meetings. 2. Suspend or discharge the office of the Board members and the Supervisory members. 3. Mandate credit unions to punish personnel who neglect their duties. 4. Suspend part of business activities. 5. Compulsory dissolution. 6. Other necessary dispositions. <p>For any of the above situations, the Board members and the Supervisory members may be fined a minimum of sixty thousand dollars (NT\$60,000) to a maximum of three hundred thousand dollars (NT\$ 300,000).</p>
Article 30	<p>Credit unions established prior to announcement and execution of this Act shall register to the competent authority within one year after announcement and execution of this Act.</p> <p>The land and improved buildings purchased and registered by a natural person or in the name of the credit union with their own reserves prior to the amendment and implementation of this Act, the ownership of such land and buildings shall be changed to the credit union.</p> <p>Credit unions shall apply the certificates and papers required for the title change, which referred to the above-mentioned to their respective competent authorities of municipalities, counties and cities. The central competent authority shall make the regulation of procedures related to title change.</p>
Article 31	<p>When a credit union or similar organization violates the regulation specified in Article 6 or is not established according to legal ordinances, the credit union or organization shall be fined with a maximum of three hundred thousand dollars (NT\$ 300,000) or be imprisoned for up to two years.</p>

	When a legal person commits the aforementioned, the person in charge shall take the responsibility.
Article 32	<p>The Board members, the Supervisory members and employees of credit unions shall be fined with a maximum of six hundred thousand dollars (NT\$600,000) or be imprisoned for up to one year or both for any of the following situations:</p> <ol style="list-style-type: none"> 1. Object to transfer. 2. Conceal or destroy properties or account books of credit unions. 3. Forge debts or admit untrue liabilities.
Article 33	<p>The League shall report to the competent authority and claim a fine of a minimum of sixty thousand dollars (NT\$60,000) to a maximum of three hundred thousand dollars (NT\$ 300,000) to the credit unions depending upon how seriously they meet any of the following situations:</p> <ol style="list-style-type: none"> 4. Violate the Article 9 to run the unapproved business. 5. Violate the Article 11 to grant the loans beyond limitations. 6. Violate the Article 12 to provide the services to non-members. 7. Violate the Article 13 to receive the shares over the maximum of the individual member. 8. Violate the Article 14 to withdraw inconsistent with specified regulations. 9. Violate the Article 15 to have the inappropriate distribution of surplus. 10. Violate the Article 20 to pay the salary or wages. <p>The aforesaid fines are aimed at credit unions to be punished. Upon completion of punishment, credit unions are entitled to the right of claims to the person in charge.</p>
Article 34	<p>The competent authority shall claim a fine of a minimum of sixty thousand dollars (NT\$60,000) to a maximum of three hundred thousand dollars (NT\$ 300,000) to the League depending upon how seriously the League meets any of the following situations:</p>

	<ol style="list-style-type: none">1. Violate the Article 27 to run unapproved business.2. Violate the Article 28 not to present the information or present the false one.
Article 35	This Act will be executed upon the date of announcement.