

- Approved by Notification No. 0940024644 of Executive Yuan on June 30, 2005; Promulgated of the Regulations by Order No. 0940037079 of the Council of Labor Affairs, Executive Yuan on July 1, 2005
- Approved by Notification No. 0990027141 of Executive Yuan on May 31, 2010; Amended and promulgated Articles 11, 12 and 16 of the Regulations by Order No. 0990004748 of the Council of Labor Affairs, Executive Yuan on June 17, 2010
- Approved by Notification No. 1020027964 of Executive Yuan on May 17, 2013; Amended and promulgated Articles 11, 12 of the Regulations by Order No. 10200010492 of the Council of Labor Affairs, Executive Yuan on June 10, 2013
- Approved by Notification No. 1030072316 of Executive Yuan on December 18, 2014; Amended and promulgated Articles 1-16 of the Regulations by Order No. 1030088032 of the Ministry of Labor, Executive Yuan on December 29, 2014

- Article 1 These Regulations are prescribed in accordance with Paragraph 1 of Article 33 of the Labor Pension Act (hereinafter “the Act”).
- Article 2 The competent authority of the Labor Pension Fund (hereinafter “the Fund”) under the Labor Pension Act is the Ministry of Labor, Executive Yuan.
- Article 3 Except for the late payment charge which shall be handled in accordance with Paragraph 2, the scope of expenditures of the Fund shall be as follows:
1. Pension payments or the balance payments payable to workers, their survivor(s) or designated person(s) in accordance with Paragraph 1 of Article 24, Article 24-1 and 24-2, and Article 26 of the Act;
  2. Principals and returns to be transferred to the annuity insurance in a lump sum by workers in accordance with Paragraph 1 of Article 14 of the Enforcement Rules of the Act;
  3. Administrative costs for fund investment/utilization, auditing and performance management;
  4. Other relevant and necessary expenditures.
- The scope of the expenditures of late payment charges collected by the Fund shall be as follows:
1. The difference to be covered by the national treasury in accordance with Paragraph 2 of Article 23 of the Act, shall the return of the Fund is less than the return calculated based on the average interest rate of a 2-year-term time deposit of local banks;
  2. The difference to be covered by the national treasury in accordance with Paragraph 3 of Article 11 of the Act;
  3. Other items reported to and approved by the Executive Yuan.
- Administrative costs referred to in subparagraphs 3 and 4, Paragraph 1 shall be allocated by the Bureau of Labor Funds, Ministry of Labor (hereinafter “the BLF”) based on the size and operation performance of the Fund and submitted to the competent authority for approval.
- Article 4 The scope of utilization of the Fund shall be as follows:
1. Deposits in domestic or foreign financial institutions;
  2. Loans to governments at various levels or state-owned enterprises for undertaking economic constructions or investment expenditures with compensation or allocation for repayment on a year-by-year basis;
  3. Extensions to financial institutions for offering labor housing loans;
  4. Investments in domestic or foreign listed, over-the-counter, or privately raised equity securities and their financial derivative products;
  5. Investments in domestic or foreign listed, over-the-counter or privately raised debt securities and their financial derivative products;
  6. Investments in publicly or privately raised beneficiary certificates issued by domestic securities investment trust funds, beneficiary securities issued by domestic mutual trust funds or collective trust products;

7. Investments in beneficiary certificates, fund stocks or investment unit securities issued or managed by foreign funds management institutions (hereinafter “the Off-shore Funds”);
8. Investments in domestic/foreign current commodities and their financial derivative products;
9. Investments in domestic/foreign real estate, or the beneficiary certificates of real estate investment trust or assets trust and their financial derivative products;
10. Investments in other financial derivative products;
11. Engaging in securities lending;
12. Other utilization items beneficial to the return of the Fund approved by the competent authority.

If the utilization items referred to in the preceding subparagraphs involve mainland China or Hong Kong or Macao, the relevant statutes and regulations stipulated by the competent authority of finance and other relevant agencies shall be complied with.

For the assets allocation ratio of the utilization items referred to in Paragraph 1, the BLF shall prepare and submit an annual plan for investment/utilization to the competent authority for review and record.

In relation to the investment/utilization of the Fund, the BLF shall stipulate rules for relevant utilizations and transactions and processing procedures, and submit to the competent authority for review and record.

Article 5 Investments in securities by the Fund shall comply with the following investment ratio restrictions:

1. Total cost for purchase of any single equity securities, debt securities or funds shall be no more than 2% of the net value of the Fund at the time of investment;
2. Total amount for the investment in any equity securities or debt securities shall be no more than 10% of the total issued amount of such securities;
3. Total amount for investment in any fund shall be no more than 10% of the issued and outstanding beneficiary units of such fund;
4. Investments in depositary receipts and the shares issued by the issuer of such depositary receipts held by the Fund shall be combined for the purpose of calculating the total amount or total number, and the ceiling of the investment ratio shall be calculated in accordance with subparagraph 1 and subparagraph 2. The number of depositary receipts shall be calculated on the basis of the number of shares represented by such depositary receipts.

Article 6 Investments in financial derivative products by the Fund shall be processed in accordance with the following rules:

1. Except for principal-guaranteed-typed products, investments shall in principle not increase the financial leverage of the Fund;
2. To accommodate the needs for the exchange hedge between New Taiwan Dollars and foreign currencies in relation to foreign investments, the Fund may invest in the foreign exchange financial derivative products within the amount limits and the product scopes under relevant regulations stipulated by the Central Bank;
3. Engagement in securities-related financial derivative products shall be processed through the futures firms approved by the securities and futures authorities of the countries concerned, and the scope shall be the futures contracts published or quoted by the securities and futures authorities, securities exchanges or over-the-counter market of the countries concerned.

Measures concerning trading limit, trading counterpart and risk management of investments in financial derivative products shall be drafted by the BLF and submitted to the competent authority for approval.

Article 7 The foreign currency deposits of the Fund in domestic and foreign financial institutions shall be processed as follows:

1. Deposits shall be made with banks ranked among top 300 in global bank assets or capital, or be rated with certain specific rating by internationally prestigious credit rating institutions or approved by the competent authority;
2. The amount of deposit in any single bank shall be no more than 1% of the net value of the Fund; however, the portion commissioned to foreign institutions for operation and management shall not be included in the foresaid amount.

The rank, rating and amount of deposit ceiling referred to in subparagraph 1 of the preceding Paragraph shall be stipulated by the BLF and submitted to the competent authority for review and record.

- Article 8 The standard date for profit/loss allocation of the Fund is December 31 of each year, and the Bureau of Labor Insurance, Ministry of Labor (hereinafter “the BLI”) shall process profit/loss allocation within three months after the standard date of each year.
- The profit/loss allocation referred to in the preceding Paragraph shall be made in accordance with the amount derived from multiplying the profit/loss of the Fund in the current year by the cumulative amount of the daily balance in the individual labor pension account in the current year, divided by the accumulated amount of daily balance of the Fund in the current year.
- The amount referred to in the preceding Paragraph shall be calculated by the dollar and rounded to the nearest dime.
- The BLF shall notify the BLI of the profit/loss of the Fund in the current year within two months after the standard date of each year.
- Article 9 When a worker, his/her survivor(s) or designated person(s) applies (apply) for pension in accordance with laws and regulations, if the amount distributed in accordance with the preceding Article is less than the return calculated on the basis of the average interest rate of a 2-year-term time deposit of local banks during the deposit period, payment of the return calculated on the basis of the foresaid shall be made in accordance with such average interest rate of 2-year-term time deposit.
- The return calculated on the basis of the average interest rate of a 2- year-term time deposit of local banks as referred to in the preceding Paragraph shall be based upon the average annual interest rate calculated on the basis of the minimum guaranteed monthly return published by the BLF and calculated at simple interest rate.
- The average annual interest rate referred to in the preceding Paragraph shall be calculated to the fourth decimal place.
- The return distributed as prescribed in Paragraph 1 shall be calculated by dollar and rounded to the nearest dime.
- Article 10 The accumulated amount in an individual account of labor pension and the amount calculated and distributed in accordance with Article 8 shall be disclosed in an individual account of labor pension.
- Disclosure of the amount calculated and distributed in accordance with Article 8 as prescribed in the preceding Paragraph shall be implemented on March 31, 2007.
- Article 11 Where a worker chooses to transfer in a lump sum the principal and returns accrued in his/her individual account of labor pension to the annuity insurance in accordance with Paragraph 1 of Article 14 of the Enforcement Rules of the Act, except for the return already distributed to the foresaid account, the remaining undistributed period returns shall be distributed according to the nearest monthly rate of return announced by the BLF to calculate the return up to the month when the application is submitted.
- The rate of return mentioned in the preceding Paragraph shall be calculated to the fourth decimal place.
- The return stated in Paragraph 1 shall not be less than the return calculated on the basis of the average interest rate of a 2-year-term time deposit of local banks; in the event of insufficiency, it shall be covered by the national treasury.
- Article 12 With respect to the return to be received by worker or his/her survivor(s) or designated person(s) in accordance with the Act, except for the return which has been distributed to the pension account, the remaining undistributed period returns shall be distributed according to the nearest monthly rate of return announced by the BLF to calculate the return up to the month when the application is submitted.
- The rate of return mentioned in the preceding Paragraph shall be calculated to the fourth decimal place.
- Where the return referred to in the Paragraph 1 is less than the average interest rate of a 2-year-term time deposit of local banks during the deposit period, calculation shall be made in accordance with on such average interest rate of 2-year-term time deposit.
- With respect to the return of distribution to be received by a worker or his/her survivor(s) or designated person(s) that calculated in accordance with the preceding Article and Article 34 of the Enforcement Rules of the Act, the difference calculated according to the nearest monthly rate of return announced by the BLF will not be covered or reclaimed when this Fund is handling the current distribution of return.
- Article 13 For the collection, payment and custody of the Fund, the BLI shall stipulate relevant operational regulations and submit to the competent authority for approval.
- Article 14 The BLI shall submit the amounts of collection and payment of the labor pension fund and the accumulated amount to the Supervisory Committee for examination on a monthly basis

and to the competent authority for review and record.

The BLF shall report the utilization of the Fund to the competent authority for review and record on a monthly basis.

Article 15 The BLF shall handle the budget and final financial settlement of revenues and payments for the Fund in accordance with related laws and regulations, as well as report to the competent authority for review and record.

The BLF shall establish the accounting system for processing matters concerning the accounting of the Fund.

Article 16 Unless another date of enforcement is separately stipulated, these Regulations shall become effective from the date of promulgation.