

Draft Amendments to Cross-Strait Act Article 93-1 Passed Third Reading in the Legislative Yuan

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Draft amendments to Article 93-1 of the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area (hereinafter referred to as the "Cross-Strait Act") passed the third reading in the Legislative Yuan today (April 9, 2019). The amendments raise the maximum fine for unauthorized Mainland investment from NT\$600,000 to NT\$25,000,000 and increase the maximum fine for other violations from NT\$300,000 to NT\$2,500,000. Furthermore, added provisions allow authorized agencies to exempt Mainland investors from fines if the violation is minor and the investors rectify the situation within a specified time period.

The amendments represent a comprehensive review and modification of provisions on penalties for unauthorized investment and other violations by Mainland investors. They empower authorized agencies to handle related cases in accordance with the seriousness of the violation and based on the principle of proportionality.

The government continues to welcome Mainland investment. Mainland investors who abide by the law will not be affected by these changes. However, fines will be duly increased for Mainland investors who invest illegally and impact normal business operations and stock market order in Taiwan. The higher fines aim to deter violations, improve legal regulations, and create a stable and orderly investment environment.

After the amendments are promulgated by the president and implemented, and in order to facilitate appropriate application, the Ministry of Economic Affairs and the Financial Supervisory Commission will formulate standards for penalties according to the seriousness of the violations and its impact on the country and

society. Penalties for individual cases will also be set appropriately in full consideration of the legislative intent and in accordance with the Cross-Strait Act and the established penalty standards.