

Yuanta Securities Co., Ltd.

Rules Governing Financial and Business Matters between the Company and Its Related Parties

Approved at the 39th meeting of the 6th Board of Directors on June 24, 2010
Amended at the 7th meeting of the 7th Board of Directors on December 30, 2010
Amended at the 26th meeting of the 7th Board of Directors on March 22, 2012
Amended at the 15th meeting of the 8th Board of Directors on May 8, 2014
Amended at the 31st meeting of the 8th Board of Directors on July 30, 2015
Amended at the 19th meeting of the 9th Board of Directors on November 30, 2017
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Amended at the 20th meeting of the 10th Board of Directors on November 26, 2020
Amended at the 19th meeting of the 11th Board of Directors on July 27, 2023

- Article 1 To ensure sound financial and business interactions between the Company and its related parties and to prevent non arm's-length transactions and improper channeling of interests with respect to the business transactions, the acquisition and disposal of assets, and loans of funds between the Company and its related parties, these Rules are adopted pursuant to Article 13 of the "Yuanta Securities Company Corporate Governance Best Practice Principles".
- Article 2 Except as otherwise provided by laws and regulations or by the "Articles of Incorporation of Yuanta Securities Co., Ltd.", "The Rules Governing Management of Domestic Subsidiaries", "The Rules Governing Management of Overseas Subsidiaries" (collectively, the "Rules Governing Management of Domestic and Overseas Subsidiaries"), "Operating Procedure for Acquisition and Disposal of Assets of Yuanta Securities Co., Ltd." (hereinafter referred to as the "Operating Procedure for Acquisition and Disposal"), "Rules Governing Transactions between Yuanta Securities Co., Ltd. and Related Parties", "General Authorization Measures for Transactions other than Credit Extension Between Yuanta Securities Co., Ltd. and Related Parties Defined in Article 45 of the Financial Holding Company Act"(hereinafter referred to as the "General Authorization Measures") and "Operating Procedure for Loaning of Funds and Making of Endorsements/Guarantees of Yuanta Securities Co., Ltd."(hereinafter referred to as the "Operating Procedure for Loaning of Funds and Making of Endorsements/Guarantees"), financial and business matters between the Company and any of its related parties shall be handled in accordance with the provisions of these Rules.
- Article 3 The term "related parties" referred herein shall be determined in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". The term "affiliated enterprise" as used in these Rules shall refer to the enterprises which are independent in existence but are interrelated in either of the following relations under Article 369-1 of the "Company Act":
- I. A relationship of control or subordination.
 - II. Companies having made investment in each other.
- In determining whether a relationship of control or subordination under the preceding paragraphs exists, the substance of the relationship shall be considered as well as the legal structure.

The “subsidiary” used herein refers to any other entity in which the Company holds more than 50% of its outstanding voting shares or total capital stock, or otherwise has the direct or indirect power to elect or designate a majority of its directors.

Article 4 The Company shall establish an effective internal control system designed for transactions with related parties (including affiliated enterprises) in regard to its overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system’s design and operation remain effective.

The Company shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any related parties that is not a public company, the Company shall still, in consideration of the degree of influence it has on the Company’s business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.

Article 5 In addition to implementing the “ Rules Governing Management of Domestic and Overseas Subsidiaries.” and adopted internal control system and risk management practices set forth by the Company, the Company shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:

- I. The Company shall obtain an appropriate number of the seats of director of the board and supervisor in the affiliated enterprise in accordance with the percentage of the shares it holds.
- II. A director that the Company assigns to an affiliated enterprise shall regularly attend the affiliate’s board meetings, and in order to monitor its operation, shall carefully review its corporate objectives and strategy, financial position, business performance, cash flows, and important contracts, as reported by the various members of the affiliate enterprise’s management. The director assigned to the affiliated enterprise shall ascertain the cause of any irregularity found, request corrective actions be taken, and compile a record and report the matter to the chairman or president of the Company, if the matter is considered material.
- III. A supervisor assigned to an affiliated enterprise by the Company shall supervise the affiliate company’s business operations, investigate its financial and business conditions, and review its books, records and audit reports, and may also request reports from the affiliate company’s board of directors or managerial officers. For any irregularity that may be found, the supervisor assigned to the affiliate company shall ascertain the cause, request corrective actions to be taken, and compile a record and report the matter to the chairman or president of the Company, if the matter is considered material.
- IV. The Company shall recommend or assign competent personnel to assume important positions at its subsidiary, such as the president, financial officer, accounting officer or internal audit officer or chief risk officer, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
- V. The Company, in consideration of the type of business, scale of operations, and number of personnel of each of its subsidiaries, shall instruct the subsidiary in the procedures and methods for establishing an internal audit unit or risk management unit, and for adopting internal control system self-inspection operations.

- VI. In addition to reviewing the audit reports or self-inspection reports submitted by each subsidiary, the Company's internal audit personnel must also carry out audits on the subsidiaries on a scheduled or unscheduled basis. After audit findings and recommendations have been presented, they shall instruct the audited subsidiaries to make any necessary corrections, and shall prepare follow-up reports on a regular basis to ensure that the subsidiaries have taken appropriate corrective measures in a timely manner.
- VII. The Company's subsidiaries shall regularly (e.g. before the 15th day of each month) submit monthly financial statements for the preceding month, including balance sheets, income statements, statements of expenses, statements of cash flow and cash flow forecasts, accounts receivable aging schedules and statements of delinquent accounts receivable, aging inventory analyses, and statements of loans to others and endorsements/guarantees, and other relevant statements. In the event of irregularities, analysis reports shall also be submitted to allow management and control by the Company. Meanwhile, they shall also provide the Company with the financial statements for the first half of the year and the whole year, including balance sheets and income statements, for analysis and review by the Company. The requirements defined by the subsidiary's competent authority, if any, shall apply.

Article 6 Any manager of the Company who concurrently serves as a manager of any affiliated enterprise shall not violate the "Regulations Governing Responsible Persons and Associated Persons of Securities Firms" or any other laws & regulations governing securities firms and shall not operate the same type of business as the Company, either on his/her own or with another person, unless otherwise approved by a resolution of the Board of Directors and complies with laws & regulations, or permitted by the competent authority.

The division of powers and responsibilities between the Company and its affiliated enterprises with respect to personnel management shall be clearly identified. Where personnel support or transfer is indeed necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.

Article 7 The Company shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate various risks, shall regularly conduct comprehensive risk assessments of their banks and principal clients. With respect to an affiliated enterprise with which it has financial and business interactions, the Company shall especially maintain close control over material financial and business items for the purpose of risk management.

Article 8 Any loans or endorsements/guarantees between the Company and any of its related parties shall be carefully assessed and carried out in compliance with the provisions of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and with the Company's "Operating Procedure for Loaning of Funds and Making of Endorsements/Guarantees."

Article 9 Pricing terms and payment methods shall be expressly stipulated for any business interaction between the Company and any related parties. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ evidently from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.

Transactions with related parties for business purposes shall be conducted in accordance with the provisions of the "Financial Holding Company Act" for related party transactions, the Company's "Operating Procedure for Acquisition and Disposal"

and related decrees.

For professional or technical services provided between the Company and related parties, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. All contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both the Company and related parties shall perform cross checks of the balances of accounts payable and receivable resulting from the transactions between each other for the preceding month. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.

Article 9-1 If the Company enters into a professional or technical service transaction with a related party and the transaction amount is expected to reach five percent (5%) of the Company's most recent consolidated total assets or most recent consolidated net operating revenues for the entire year, unless the Company's "Operating Procedures for Acquisition and Disposal of Assets" is applicable or the transaction is between the Company and its parent company, subsidiaries or between subsidiaries, the following information shall be submitted to the board of directors for approval before the transaction can take place:

1. Item, purpose, necessity, and expected benefits of the transaction.
2. The reasons for selecting the related party as the trading counterparty.
3. Principles for calculating the transaction price and the estimated maximum annual transaction amount.
4. A description of whether the terms of the transaction are on normal commercial terms and not detrimental to the Company's interests and shareholders' rights.
5. Restrictions and other important provisions of the transaction.

For transactions with related parties referred to in the preceding paragraph, the following items shall be reported to the most recent board of directors meeting which exercises the functional duties and powers of shareholders meeting after the end of the year:

1. Actual transaction amount and terms.
2. Whether the transaction price is calculated in accordance with the principles approved by the board of directors.
3. Whether the annual transaction limit approved by the board of directors is not exceeded. If the maximum transaction amount has been exceeded, the reason, necessity, and reasonableness shall be stated.

Article 10 Any asset transaction, derivatives trading, business merger, spin-off, acquisition, or share transfer between the Company and any of its related parties shall be conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company's "Operating Procedure for Acquisition and Disposal" and "Procedures Governing Derivatives Trading of Yuanta Securities Co., Ltd."

Article 11 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets

other than real property or right-of-use assets thereof from or to a related party in which the transaction amount reaches 20% or more of paid-in capital of the Company, 10% or more of the Company's total assets, or NT\$300 million or more, with the exception of the purchase or sale of government bonds, repo or reverse repo bond transactions, or subscription to or redemption of domestic money market funds, in accordance with the Company's "Operating Procedure for Acquisition and Disposal", the following information shall be submitted to the Audit Committee for approval by more than half of all members and approved by the Board of Directors before the Company may enter into a contract for the transaction and make payments. If there is no consent of more than one-half of all members of the Audit Committee, it may be agreed by more than two-thirds of all Directors of the Board and the resolution of the Audit Committee shall also be recorded in the Board of Directors' meeting minutes.

- I. The purpose, necessity, and projected benefits of the acquisition or disposal of real property.
- II. The reason for choosing the related party as a trading counterparty.
- III. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 20 and Article 21 of the Company's "Operating Procedure for Acquisition and Disposal."
- IV. The date and price at which the real property was originally acquired by the related party, the trading counterparty, and the trading counterparty's relationship with the Company and its related parties.
- V. Monthly cash flow forecasts for a full year commencing from the scheduled month of contract signing, and an evaluation of the necessity of the transaction and the reasonableness of the utilization of funding.
- VI. An appraisal report from a professional appraiser or a Certified Public Accountant ("CPA")'s opinion shall be obtained in accordance with Article 17 of the Company's "Operating Procedure for Acquisition and Disposal."
- VII. Any restrictions on the transaction and other important stipulations.

When the amount of the transaction of acquisition or disposal of real property, equipment or right-to-use assets under the preceding paragraph is 20 percent or more of the paid-in capital of the Company, 10 percent or more of its total assets, or NT\$300 million or more, the Company shall obtain an appraisal report issued by a professional appraiser. If the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount, the Company shall additionally request a CPA to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price, and it shall be approved by a majority of the directors in attendance at a Board of Directors meeting attended by two-thirds or more of the directors.

In an acquisition of real property or right-of-use assets from a related party, if the actual transaction price is higher than the appraised transaction cost, and no objective evidence can be presented and no concrete opinion that the transaction is reasonable can be obtained from a professional appraiser and a CPA, the Board of Directors shall thoroughly review the transaction and determine whether it may prejudice the rights and interests of the Company and its shareholders, and when necessary, shall refuse to enter into the transaction. The Audit Committee shall also exercise its powers and duties in respect of such a transaction, and when necessary shall notify the Board of Directors to stop the transaction.

When a transaction as described under the preceding paragraph has been approved by the Audit Committee and the Board of Directors, the Company shall set aside a special reserve equivalent to the amount of the difference between the transaction price and the appraised cost, and may not distribute such amount or use it for capital increase or for issuance of bonus shares. In addition, the Company shall report the handling of the above transaction to the meeting of the Board of Directors which exercises the powers on behalf of a shareholders meeting and shall disclose the details of the transaction in the annual report and any prospectus.

If the Company has a transaction described in Paragraph 1 with a related party, the actual transaction situation (including the actual transaction amount, transaction terms, and the information as stated in Paragraph 1) approved by the board of directors shall be reported to the meeting of the Board of Directors which exercises the functional duties and powers on behalf of a shareholders meeting after the end of the year, except for those transactions that shall be dealt with in accordance with Article 45 of the Financial Holding Company Act and the Company's General Authorization Measures for the Company's Transactions Other Than Credit Transactions with Stakeholders Specified in Article 45 of the Financial Holding Company Act.

Article 12 With respect to any financial or business interaction between the Company and any related party that requires a resolution of the Board of Directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the meeting minutes of Board of Directors.

When a director or an institutional investor he or she represents is an interested party with respect to a particular agenda item of the Board meeting, which may be detrimental to the interests of the Company, that director shall recuse and not participate in the discussion and vote on that item, and shall not exercise voting rights as proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.

If a director's spouse, family members and relatives of blood within the second degree, or a company with which the director has a controlling relationship has an interest in the particular agenda item of the Board meeting referred to in the preceding paragraph, the director shall be deemed to have an interest in such matter.

Upon discovering that, in the course of their duties, the Board of Directors or a director has committed a violation of laws or regulations or the Articles of Incorporation, an independent director shall immediately notify the Board of Directors or the individual director to cease the misconduct, and shall take appropriate measures to curb expansion of the misconduct. When necessary, an independent director shall also file a report with the relevant competent authority or agency.

Article 13 The Company, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for so doing, shall make timely arrangements for the provision by each subsidiary of required financial and business information, or to retain CPAs to audit or review the financial reports of each subsidiary.

The Company shall publicly disclose the consolidated balance sheets, consolidated statements of comprehensive income, and CPA review reports covering affiliated enterprises by the deadlines for the filing of the annual financial reports under applicable laws and regulations. Information on any increase, decrease, or other change in affiliated enterprises shall be filed with the Taiwan Stock Exchange

Corporation (TWSE) or Taipei Exchange (TPEX) within two (2) days of the change.

Information on any material transaction between the Company and a related party shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.

If a related party experiences financial difficulties, the Company shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of the Company, and when necessary, appropriate conservatory measures shall be adopted to safeguard the Company's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on the Company's financial position in its annual report and prospectus, the Company shall also make a timely announcement of material information on the Market Observation Post System (MOPS).

Article 14 When the provisions of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities apply to an affiliated enterprise of the Company, the Company shall provide Yuanta Financial Holding Co., Ltd. with related information and make a public disclosure and regulatory filing on its behalf.

Article 15 These Rules, and any amendments hereto, shall be implemented after adoption by the Board of Directors.

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