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| Title :       | Divestment of Shares in Terrestrial Television Act                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Date :        | 2020.05.13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Legislative : | <p>1.Promulgated on January 18, 2006 as an Act of 17 articles by Presidential Decree No. Yi Yi Zi Di 09500005881 and having taken effect from its date of announcement</p> <p>Articles 3 and Paragraph 2 of Article 7 concerning the rights and responsibilities of the Government Information Office (including those rights as supervisory office) being transferred, as of May 20, 2012, to the Ministry of Culture promulgated on May 15, 2012</p> <p>by Executive Yuan Decree No. Tai Gui Zi Di 1010131134</p> <p>Item 2 of Paragraph 2 of Article 7 concerning the rights and responsibilities of the Council of Labor Affairs being transferred, as of February 27, 2014, to the Ministry of Labor promulgated by Executive Yuan Decree No. Tai Gui Zi Di 1030124618 on February 14, 2014</p> <p>2.Amended Articles 13 and 14 , promulgated by Presidential Order Hua Zong I Yi No. 10900049821 on May 13, 2020.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Content :     | <p>Chapter I General Provisions</p> <p>Article 1 This Act is drafted to address shares of terrestrial television enterprises held by government agencies, enterprises or institutions in which the government has invested, and legal persons established with government funding in consideration of the need to protect the professional independence of the media, ensure efficient use of spectrum used by terrestrial television, and create a healthy broadcasting culture.</p> <p>Article 2 “Government stake” as defined in this act, indicates shares in terrestrial television enterprises held by the following organizations or legal persons:</p> <ol style="list-style-type: none"><li>1. Government agencies (Shares held as a result of tax deductions are exempt)</li><li>2. Enterprises or institutions in which the government has invested</li><li>3. Legal persons established with government funding.</li></ol> <p>“Government agencies” as defined in Paragraph 1 is defined as meaning those wholly invested in by the government.</p> <p>Article 3 “Supervisory agency” as used in this Act indicates the Government Information Office.</p> <p>Chapter II Procedure for purchase by the public of privately held shares of terrestrial television enterprises</p> <p>Article 4 The supervisory agency shall negotiate with shareholding government agencies, enterprises or institutions in which the government has invested, and the supervisory agency having oversight for legal persons established with government funding, and draft a plan for the divestiture of shares to the Executive Yuan. It shall do the same for revisions.</p> <p>Shareholding government agencies, enterprises or institutions in which the government has invested, and legal persons established with government funding shall divest themselves of shares in accordance with the plan approved by the Executive Yuan.</p> <p>Programming produced and broadcast by privately held terrestrial television enterprises prior to the enactment of the Radio &amp; Television Act are to be</p> |

treated as cultural assets. Regulations concerning their preservation and use, and the intellectual property rights thereof, are to be determined by the supervisory agency.

Article 5 “Divestment plans” as referred to in the previous article includes the following:

1. Shareholding government agencies, enterprises or institutions in which the government has invested, and legal persons established with government funding;
2. Name of shares held and number of shares;
3. Total number of shares to be divested and an explanation of how unallocated dividends are to be disposed of;
4. Schedule for divesting shares; where shares are to be released in blocks, the number of shares to be released each time;
5. Broker name and terms of agreement;
6. Estimated price and calculation method;
7. For government agencies: a plan for the sale of shares to the general public, and the percentage of shares to be held for priority purchase by terrestrial television enterprise employees;
8. Others.

Article 6 Shares addressed in Paragraph 7 of the preceding Article shall be capped at 10 percent of the total, while the discount on shares shall be no more than 10 percent. Employees of terrestrial television stations purchasing reduced-price shares are not to sell or pledge them for a period of two years.

Article 7 The Executive Yuan shall, within 20 days of this Act’ s enactment, establish a stock transfer task force (henceforth “the task force” ). The task force shall comprise 17 persons, of which one, the Vice Premier of the Republic of China, shall serve as convener. Other members shall include:

- a) 11 experts, recommended by political parties/groups, coming from the television, legal, accounting, finance, or securities fields
- b) One representative each from the Ministry of Finance, the Ministry of Transportation and Communications, the Labor Affairs Council, and the Government Information Office.
- c) One representative from a private terrestrial television enterprise workers’ union.

Where political parties, organizations, and unions do not recommend or select a representative within 10 days of this Act’ s promulgation, the Executive Yuan will do so within three days. While meeting, the committee shall request the attendance of representatives of government agencies, enterprises or institutions in which the government has invested, and legal persons established with government funding holding shares in terrestrial television enterprises, and other experts.

The review committee shall, in handling the divestment of shares, require of terrestrial television enterprises the following documents:

1. A financial report and related information signed off on by an accountant;
2. The firm’ s business plan and current situation;
3. The firms’ schedule of assets and audit report;
4. List and number of employees;
5. Distribution and management of employee retirement fund;
6. Key legal/tax events that have to be disclosure;
7. Other documents as directed.

Review committee members shall execute their commission

in a spirit of fairness and justice and shall show no bias. Members shall recuse themselves where the following situations arise. Where members who ought to recuse themselves do not, the convener shall order the member to be recused.

1. Where items being reviewed involve members, members' spouses, relations to the third degree of kinship by blood or by marriage, or are part of a member's household.

2. Where there is concrete evidence of favoritism.

Article 8 Excepting where otherwise noted in this Act, a quorum of two-thirds of all members shall be required. A two-thirds vote by members present shall be necessary for decisions to be adopted.

For important matters regarding the divestiture of shares, a quorum of three-quarters of all members shall be required. Where three-quarters of members present agree, the Executive Yuan shall order that government agencies, enterprises or institutions in which the government has invested, and legal persons established with government funding holding shares in terrestrial television enterprises stop executing their divestiture plans.

Article 9 Employees of terrestrial television enterprises shall, within 30 days of share divestiture, inform their employer whether or not they will remain in their current capacity. Those who do not do so by the deadline shall be deemed to desire to do so.

Employees electing to leave shall be compensated with the standard amount for severance set in the Labor Standards Act, and shall receive additional compensation depending on total years of service based on the wages they were receiving at the time of share transfer:

1. For employees with less than six years' service: One month's wages for each year of service plus one month advance notice. Fractions of a year greater than six months shall be counted as one year; fractions of a year less than six months shall not be counted.

2. For employees with at least six years' service: Six months' wages plus one month advance notice.

The original employer shall, in accordance with employees' years of service and related rights and interests, settle with employees electing to remain within 30 days of share transfer. The provisions of the previous Article shall apply to said settlement.

However, the provision for six months' severance and one month's advance notice shall not apply. Employees who are laid off within five years of the date of share divestiture shall have their severance handled in accordance with the preceding Article, and paid severance according to their wages at the time of their leaving or at the time of share transfer, whichever is greater.

Those laid off and meeting provisions for retirement shall have their retirement handled in line with relevant regulations. For those employees who quit and meet the provisions of Paragraph 2, or those who are laid off and meet the provisions of the preceding Paragraph, and therefore have lost their labor pension, compensation shall be made to them. Others whose rights and interests are negatively affected shall also be compensated.

Terrestrial television stations that are transferring their shares shall draft regulations concerning compensation and have said regulations approved of by the supervisory agency. Where regulations apply that are

- more beneficial vis-a-vis employees' rights and interests, these shall take precedence.
- Article 10 Where government agencies are divesting themselves of shares they shall, in accordance with budgetary procedures, make a conditional donation of shares and have the enterprises become publicly operated terrestrial television enterprises (henceforth "publicly operated terrestrial television enterprises").
- The supervisory agency is to work with enterprises or institutions in which the government has invested to help them make a conditional donation of terrestrial television enterprise shares to have said enterprises become publicly operated terrestrial television enterprises.
- "Conditional" as referred to in the preceding two paragraphs, indicates establishing a dedicated account for the publicly operated terrestrial television station and utilizing all funds received to purchase the shares discussed in Article 16.
- Chapter III The Handel of Shares of publicly operated terrestrial Television Enterprises
- Article 11 The supervisory agency, after determining which terrestrial television enterprises to make public, shall draw up a budget with which to purchase shares from government-invested enterprises, is not subject to the provisions of Article 5 of the Radio and Television Act. Government agencies making a conditional donation of shares in publicly operated terrestrial television enterprises to the Public Television Service Foundation (henceforth "the Public Television Service Foundation") are not subject to the provisions of Article 5 of the Radio and Television Act, Article 25 of the Budget Act, Article 28 or Article 60 of the National Property Act, or Article 413 of the Civil Code. The Public Television Service Foundation, after being invested with shares in publicly operated terrestrial television enterprises, is to hold an ad hoc meeting of shareholders to elect directors and supervisors. The directors and supervisors of the Public Television Service Foundation are to represent the foundation as well as act as directors and supervisors of the publicly operated terrestrial television enterprises, and shall not be subject to the provisions of Paragraph 3 of Article 14 the Public Television Act.
- Article 12 For government-invested enterprises other than the Public Television Service Foundation, the supervisory agency shall check whether the enterprise did indeed make a conditional donation of shares in terrestrial television enterprises to the Public Television Service Foundation. This shall not be subject to the provisions of Article 5 of the Radio and Television Act.
- Article 13 "Conditional" as used in the previous two Articles, means:
1. The Public Television Service Foundation shall integrate the resources of publicly operated terrestrial television enterprises and promote the establishment of a digital-friendly environment for terrestrial television so as to efficiently use allocated digital spectrum.
  2. The Public Television Service Foundation shall be responsible for having publicly operated terrestrial television enterprises broadcast diverse, high-quality programming that is in keeping with the public interest. It shall have as a goal ensuring that the rights and lifelong learning ability of children, women, the

elderly, people with disabilities, and other specified groups are protected, while ensuring balanced development among the nation's regions and, where necessary, will establish dedicated channels to meet these needs.

3. The Public Television Service Foundation shall be responsible for ensuring that, for publicly operated television enterprises, no advertisements are interspersed during hours set for broadcasting children's programming.

4. The Public Television Service Foundation shall ensure that programming and advertisements broadcast on publicly operated television enterprises do not serve to proselytize for religious groups or spread political parties' messages.

5. The Public Television Service Foundation may not transfer shares that have been donated to it as per the preceding two Articles; it shall donate the cash dividends and bonuses associated with shares that have been donated to it as per the preceding two Articles to the publicly operated television enterprises.

6. The Public Television Service Foundation shall not be evasive and refuse to provide information as stipulated in Article 15.

7. The Public Television Service Foundation shall be responsible for other goals that lead to the creation of an environment conducive to media professionalism and independence, a high-quality broadcasting culture, and effective operation of publicly operated terrestrial television enterprises.

The provisions of Article 9 shall apply to publicly operated terrestrial television enterprises.

#### Chapter 4 Annex

##### Article 14

The supervisory agency shall draw up a budget, such that over 50 percent of outstanding shares in publicly operated terrestrial television enterprises are donated in a conditional release to the Public Television Service Foundation, whose conditions are:

1. Publicly operated terrestrial television enterprises shall integrate the resources of the Public Television Service Foundation and promote the establishment of a digital environment for terrestrial television so as to ensure efficient use of allocated digital spectrum.

2. Publicly operated terrestrial television enterprises shall broadcast diverse, high-quality programming that is in keeping with the public interest. It shall have as a goal ensuring that the rights and lifelong learning ability of children, women, the elderly, people with disabilities, and other specified groups are protected, while ensuring balanced development among the nation's regions and, where necessary, will establish dedicated channels to meet these needs.

3. Publicly operated terrestrial television enterprises shall ensure that no advertisements are interspersed during hours set for broadcasting children's programming.

4. Publicly operated terrestrial television enterprises shall ensure that programming and advertisements broadcast do not serve to proselytize for religious groups or spread political parties' messages.

5. Publicly operated terrestrial television enterprises shall establish a dedicated account and use the donations within for the production and broadcast of diverse, high-quality programs in line with the public interest.

6. Publicly operated terrestrial television enterprises

shall not use the donations received as per this Article for bonuses, dividends, salaries, overtime pay, welfare funds, allowances, retirement funds, severance pay or any other personnel expenditures.

7. Publicly operated terrestrial television enterprises shall not be evasive and refuse to provide information as stipulated in Article 15.

8. Publicly operated terrestrial television enterprises shall meet other goals that lead to the creation of an environment conducive to media professionalism and independence, a high-quality broadcasting culture, and effective operation.

Subparagraph 6 of the preceding paragraph shall apply mutatis mutandis concerning the cash dividends and bonuses associated with shares in publicly operated terrestrial television enterprises donated under Subparagraph 5 of the previous Article.

The government shall draw up a budget and announce a tender to purchase for the production and broadcasting of a Hakka TV, Indigenous TV, and Taiwan Macroview TV. These should launch the year after this Act is promulgated and be run by the Public Television Service Fund.

Article 15 The supervisory agency shall hold reviews for which the Public Television Supervisory Fund as well as publicly operated terrestrial television enterprises shall provide the following information:

1. That the Public Television Service Foundation has complied with the provisions of Paragraph 1 of Article 13.

2. That publicly operated terrestrial television enterprises have complied with the provisions of Paragraph 3 of Article 10.

Article 16 Publicly operated terrestrial television enterprises are to report to the supervisory agency for Executive Yuan approval plans to purchase privately held shares (henceforth "the share purchase plan").

The Executive Yuan is to have the plan reviewed by the review committee. Paragraph 4 of Article 7 shall apply when the review committee is reviewing the share purchase plan.

The share purchase plan shall include the following

1. Names of holders of nonpublic shares, name of shares, and number.

2. Share purchase price and calculation method.

3. Other information.

The Executive Yuan shall send, as per Article 7, the share purchase plan to be reviewed by the review committee. During the plan's review, a representative of the publicly owned terrestrial television station union shall attend. Holders of nonpublic shares of publicly owned terrestrial television enterprises of the Public Television Service Foundation shall, within twenty days of announcement by the supervisory agency, submit written documentation of the type and number of shares, requesting that these enterprises purchase all shares, this not being subject to the provisions of Paragraph 1 of Article 167 of the Company Act.

Paragraph 2 and Paragraph 3 of Article 167 and Paragraph 2 and Paragraph 3 of Article 187, and Paragraph 2 of Article 188 of the Company Act shall apply to the purchase of shares as mentioned in the preceding Paragraph, decisions concerning the purchase, and requests for purchases beyond the stated timeframe.

The government shall draw up a budget to cover any shortfall on the part of publicly operated terrestrial

television enterprises for the purchase of nonpublic shares with donations accrued through per the provisions of Article 10.

Article 17 This Act shall take effect on its date of promulgation.

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Data Source : Ministry of Culture Laws and Regulations Retrieving System