



Taiwan: Update on convention of annual shareholders meeting in response to COVID-19

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* This article is based on the information available as of May 23, 2021.

As domestically-transmitted COVID-19 cases continue to emerge across the island, the Taiwan Central Epidemic Command Center declared on May 19, 2021 that the COVID-19 alert was raised to Level 3 (of its four-tier alert system) for the entire nation, taking effect from May 19, 2021 through May 28, 2021. Under the Level 3 alert, people are required to wear masks at all times when going out, indoor gatherings of more than 5 people are not allowed, and outdoor gatherings are limited to 10 people.

On the other hand, as a general principle, Taiwanese companies are required under relevant laws to convene an annual shareholders meeting within six months of the close of their fiscal year. As most of the companies in Taiwan adopt the calendar year as their fiscal year, usually the annual shareholders meeting is scheduled in May or June each year.¹ As a lot of companies have scheduled their annual shareholders meeting on a date falling within the above Level 3 alert period, the Level 3 alert prohibiting gatherings makes it difficult, if not impossible, for companies to convene their shareholders meetings as scheduled. For this reason, the relevant competent authority took the following ad hoc measures to address the issue:

- **Publicly Traded Company (公開發行公司)**²

The Financial Supervisory Commission (金融監督管理委員會; FSC), based on the relevant special ordinance,³ requires all publicly-traded companies to suspend the convening of any shareholders meeting scheduled to convene during the period from

¹ With regard to the relevant regulations on the convention of shareholders meeting and measures previously taken in Taiwan, please refer to our newsletter dated May 8, 2020, available at https://www.nishimura.com/ja/newsletters/asia_200508.html (Japanese only).

² “Publicly-traded companies” herein refers to companies whose shares are offered to the public and thus are subject to the Securities and Exchange Act (證券交易法). The term “publicly-traded company” primarily includes (1) companies listed on Taiwan Stock Exchange, (2) companies listed on the Mainboard of Taipei Exchange, and (3) companies registered on the Emerging Stock Board of Taipei Exchange, but are not limited to the foregoing.

³ The full name of the ordinance is the Special Ordinance for the Prevention of COVID-19 and the Measures for Financial Assistance and Economics Promotion (in Chinese: 嚴重特殊傳染性肺炎防治及紓困振興特別條例).

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May 24 to June 30, 2021, and that the date of such shareholders meetings be rescheduled to sometime in July or August. The FSC also announced relevant measures to mitigate the impact on stock-related affairs due to the postponement.

Non-Public Company (非公開發行公司)

The Ministry of Economic Affairs (經濟部; MOEA) reiterated in its newsletter on May 20, 2021 that under the Taiwan Company Act, a non-public company may, with just cause, apply with a competent authority for approval of postponement of the convention of the annual shareholders meeting. MOEA further expressed that if due to the COVID-19 outbreak, a non-public company fails to hold its annual shareholders meeting within the prescribed period or fails to file an application with a competent authority for postponement, the company may delay the convention of the annual shareholders meeting at its discretion. The competent authority will not impose an administrative fine on the company for violation of the Company Act in such case.



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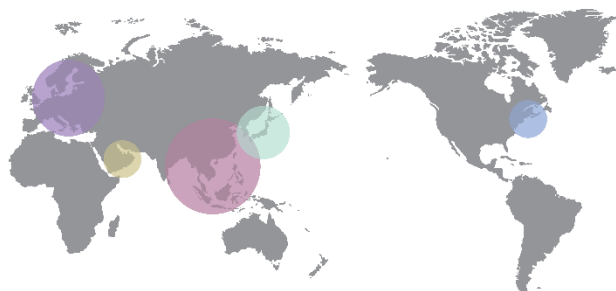
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*Please note that we are not engaged in a Gaikokuho Kyodo Jigyo (the operation of a foreign law joint enterprise).

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