

Content

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| Title :       | The Farmers Association Act <b>Ch</b>   |
| Date :        | 2014.06.04  |
| Legislative : | <ol style="list-style-type: none"><li>1.Promulgated on December 30, 1930</li><li>2.Amended on May 21, 1937</li><li>3.Amended on June 14, 1943</li><li>4.Amended on December 28, 1948</li><li>5.Amended on June 12, 1974</li><li>6.Amendment to Articles 4, 15, 25, 40 promulgated on January 28,1981</li><li>7.Amendment to Articles 15, 23 and addition of Articles 47-1, 47-2, 47-3, 47-4 promulgated on January 14, 1985</li><li>8.Amendment to Articles 5, 7, 8, 12, 15, 21, 23, 26, 35, 36, 40, 47-3, 49 and addition of Articles 15-1, 20-1, 20-2, 23-1, 25-1, 25-2, 46-1, 49-1, 49-2 promulgated on June 24, 1988</li><li>9.Amendment to Article 27 promulgated on August 2, 1991</li><li>10.Amendment to Article 13 promulgated on December 5, 1994</li><li>11.Amendment to Articles 20-2, 25-2, 46-1 promulgated on June 30, 1999</li><li>12.Amendment to Articles 3, 25, 26, 33, 50 promulgated on July 19, 2000</li><li>13.Amendment to Articles 4, 5, 12, 13, 15-1, 20-1, 23, 25, 25-2, 40, 43, 46, 46-1,47-2, 47-4, 49-1, 49-2 and addition of Articles 25-3, 27-1, 47-5 promulgated on January 20, 2001</li><li>14.Amendment to Article 20-1 promulgated on June 23, 2004</li><li>15.Amendment to Articles 25, 46-1 promulgated on June 20, 2007</li><li>16.Amendment to Article 8 promulgated on August 6, 2008</li><li>17.Amendment to Article 27 promulgated on January 23, 2009</li><li>18.Amendment to Article 16,51 promulgated on May 27,2009</li><li>19.Amendment to Articles 6, 8, 19, 25-1, 26, 33 and addition of Articles 6-1, 7-1, 11-1, 11-2, 11-3, 11-4, 11-5, 11-6 promulgated on January 30, 2012</li><li>20.Amendment to Article 15-1,16,18,20-2,25-2 promulgated on June 4 ,2014</li></ol> |
| Content :     | <p>Chapter I General provisions</p> <p>Article 1</p> <p>A farmers association shall operate for such purposes assafeguarding farmers' rights and interests, enhancing farmers' knowledge and skills, boosting the modernization of agriculture, increasing crop yields, improving farmers' livelihood and developing rural economy.</p> <p>Article 2</p> <p>A farmers association is a judicial person.</p> <p>Article 3</p> <p>The competent authorities over farmers associations are the Council of Agriculture under the Executive Yuan at the central level, municipal governments at the municipal level, and county (city) governments at the county (city) level.</p> <p>Chapter II Duties</p> <p>Article 4</p> <p>A farmers association is authorized with the following duties:</p> <ol style="list-style-type: none"><li>1. Safeguarding farmers' rights and interests, disseminating farming-</li></ol>   |

related laws and regulations and mediating farming- related disputes;

2. Rendering assistance in improvement of land and farm water conservancy, soil and water conservation and forest planting;
3. Promoting superior seeds and fertilizers;
4. Rendering instruction and demonstration of farming production, propagating superior species, and enhancing the management of professional farming zones;
5. Handling affairs regarding awards, aids and subsidies encouraging agricultural extension, training and farming production;
6. Implementing and boosting affairs regarding farming mechanization and labor efficiency;
7. Rendering guidance and assistance and implementing affairs regarding joint operations, commissioned operations, family farm development and custom farming;
8. Marketing, transporting, warehousing, processing, manufacturing, exporting and importing agricultural and livestock products, and operating and managing related wholesale and retail-sale markets;
9. Importing, exporting, processing, manufacturing, allocating and selling materials for farming production, and supplying and marketing daily necessities to member farmers;
10. Operating farm warehouses and businesses for member farmers' common utilization;
11. Operating financial businesses for member farmers;
12. Accepting commissioned requests to handle farming insurance business;
13. Accepting commissioned requests to assist farmers in insurance affairs and farm house constructions;
14. Boosting rural cooperation and social service businesses;
15. Promoting rural side lines and industries;
16. Promoting rural culture, medical and health services, welfare and relief aids;
17. Improving farmland utilization;
18. Preventing, control and remedying agricultural disasters;
19. Acting on behalf of government treasury and accept commissioned requests from government agencies or public/private groups to handle related affairs;
20. Operating agricultural travel and rural recreation businesses;
21. Handling affairs as specially approved by the competent authorities.

The tax-exemption on the above-mentioned businesses handled by a farmers association shall be subject to relevant provisions set forth in the Agriculture Development Statute and the Cooperative Law. Tax-exemption coverage in this regard shall be regulated by the Executive Yuan.

A farmers association shall enter duties as provided in Section 1 into its annual plans.

#### Article 5

Farmers associations at any level wishing to carry out any aforementioned business may, subject to approval by the competent authorities, organize a body for joint operations so as to jointly operate the business and may thereby render transactions directly with any individual member. The joint operation body is a judicial person, and the rules and regulations

governing its organization and operations shall be established by the central-level competent authorities.

A farmers association, when carrying out a financial business, shall establish a credit department. The credit department, unless provided elsewhere by this Act, shall be governed by the central-level competent authorities in accordance with related rules and regulations under the Banking Act. The credit department of a farmers association, subject to approval by the central-level target-business competent authorities, may accept deposits from non-members.

The central-level target-business competent authorities shall provide another measures to regulate affairs regarding approval of the establishment of a farmers association' s credit department and its branches, and approval of the abolition, suspension, resumption and re-organization of their operations, standards on the establishment of their equipment and personnel, professional requirements for the department head, range and limitations of the operated businesses, internal financing routines, risk control ratio and use of slack capital.

The credit department of a farmers association shall establish an internal auditing system, and the rules and regulations governing the enforcement of this system shall be established by the central-level target-business competent authorities.

The guidance and assistance in businesses operated by a farmers association' s credit department and related capital flows shall be handled by agricultural banks and treasury. Measures governing affairs in this regard shall be established by the central-level target-business competent authorities with consultations from the Central Bank.

The central-level target-business competent authorities shall also establish measures to regulate the handling of overdue loans, dunned debts and dead loans involving a farmers association' s credit department.

A farmers association, when accepting commissioned requests to handle farming insurance business and assist in affairs related to insurance for farmers, may establish an nsurance department.

A farmers association at any level, for the sake of handling businesses provided by the aforementioned Article, may ally at least five farmers associations to undertake a joint venture for the establishment of a limited-liability company. If this joint venture is an important investment, it may be exempted from the restrictions provided by Section 3 of Article 128 under the Company Act. Rules and regulations governing the reviewing of the capital establishment or investment of such joint venture shall be established by the central-level competent authorities.

Chapter III Establishment and Merger

#### Article 6

The farmers associations are divided into three levels:

1. Town (township, city or district) farmers associations;
2. County (city) and municipal farmers associations;
3. A national farmers association.

After this Act taking effect and being promulgating on January 19, 2012, the provincial farmers association, municipal farmers associations and county (city) farmers ssociations shall establish a national farmers

association under this Act as soon as possible. The provincial farmers association shall be merged into national farmer association when national farmer association is established.

Before the national farmers association being established, the superior farmer association of county (city) farmers associations is the provincial farmers association.

Article 6-1 Below the town, township (city) or district level, in consideration of actual needs, farming task forces shall be established as base-level units to handle a farmers association' s agricultural businesses. Each task force, if necessary, may be divided into several squads to carry out related work.

#### Article 7

A farmers association at any level shall take the administrative district where it resides as the organizational district. The name of each farmers association shall be prefixed with the administrative district. One same administrative district shall in principle establish only one (1) farmers association. Despite that, in consideration of actual needs, the competent authorities at the central level may either order that the district farmers associations in a special municipality or the town, township (city) or district farmers associations in a county (city) be merged into the municipal farmers association or the county (city) farmers association, respectively, or order that several town, township (city) or district farmers associations be merged to jointly organize a farmers association which shall be newly christened by the competent authorities.

Unless otherwise approved, a farmers association shall reside where the government concerned at any level and a town, township (city) or district government office are located.

#### Article 7-1

The town, township(city) or district farmers associations which have been established before December 25, 2110, the county (city) which had been promoted to municipal city or been merged with other county (city) or municipal city into one municipal city, shall proceed as following ways:

1. The county (city) promoted to municipal city: the county (city) farmers associations and the town or township (city) farmers associations which do not change their organizational district, can rename as municipal farmers associations and district farmers associations directly;
2. The county (city) been merged with other county (city) or municipal city into a municipal city: the farmers associations which take lower-level farmers associations as member shall change into municipal farmers associations; the base-level farmers associations which do not change their organizational district shall rename as district farmers associations.

The county (city) farmers associations shall be merged under Subparagraph 2 of preceding paragraph. Despite that, the competent authorities at the municipal level shall order the county (city) farmers associations be merged into one farmers association.

The elected staff of a farmers association which be mentioned in the Paragraph 1 may continue this tenure until the tenure expire.

Those farmer associations which renamed as district farmers associations

under Subparagraph 2 of Paragraph 1 may maintain the numbers of directors and supervisors as the number before the merger.

After this Act taking effect and being promulgating on January 19, 2012, the next tenure of KinMen county farmers association' s elected staff and Lienchiang county farmers association' s elected staff shall extend one(1) year.

#### Article 8

When a town (township, city or district) has up to fifty (50) individuals eligible for the membership of a farmers association, these individuals shall be organized to establish a base-level farmers association.

When three or more town (township, city, district) farmers associations are established, or consult the superior competent authorities for approval, they may be organized to establish a superior farmers association.

A national farmers association shall be co-organized and established by provincial, municipal and county (city) farmers associations.

The lower-level farmers associations shall be the member of the superior farmer association, and shall be subject to guidance and assistance from the superior farmer association, the rules and regulations of which shall be established by the central-level competent authorities.

#### Article 9

The initiative for organizing a farmers association shall be submitted to the competent authorities for permission before initiators convene a meeting to appoint members to form a preparatory committee.

During the preparatory and organization period, initiators shall apply to the competent authorities for assigning officers to guide and supervise elections and other related procedures.

#### Article 10

Within seven (7) days from the general meeting of a farmers association' s inauguration, the association shall submit to the competent authorities its charter of organization, roster of members (representatives) , resumes of board directors and supervisors for issuance of registration certificates and stamping.

#### Article 11

A farmers association' s charter of organization shall bear the following particulars:

1. Name;
2. Purposes;
3. District;
4. Address;
5. Duties;
6. Organization;
7. Entry, withdrawal or dismissal of membership;
8. Rights and obligations of members;
9. Numbers, powers, tenure of office, elections and discharge of members' representatives and board directors and supervisors;
10. Appointment, discharge and functions of the general manager;

11. Meetings;
12. Membership dues;
13. Funds and accounting;
14. Procedures for revision of the charter of organization.

#### Article 11-1

The farmers associations' merger shall apply the approval by the competent authorities at the municipal or county (city) level under the following ways:

1. Town (township, city or district) farmers associations which locate in the same municipal city or county (city) shall all be merged into the municipal farmers association or the county (city) farmers association;
2. Two or more of town (township, city or district) farmers associations which locate in the same municipal city or county (city) shall be merged into one farmers association.

Farmers associations shall complete the re-election of elected staff and re-appoint general manager within six (6) months after the approval for merger by the competent authorities at the municipal or county (city) level. The tenure and appointment shall last no longer than the expiry of this tenure.

#### Article 11-2

The farmers associations which merged together under Paragraph 1 of Article 11-1 shall co-organize a preparatory committee. This committee shall make the merger plan and agreement. After the board of directors' adoption and verification, the merger program and agreement, attached with balance sheets, profit and loss account, appropriation of profit or loss, cash flow statement and property inventory audited and certified by a CPA and checked by the board of supervisors, and submit the same to the general members (representatives) meeting for approval under Article 37.

The merger plan and agreement in the preceding paragraph shall state following particulars:

##### 1. Merger plan:

Including method of merger, evaluation of economic efficiency, general condition of organizational district after merger, business development plan, financial projection for the coming 3 years, expected progress, and feasibility analysis;

##### 2. Merger agreement:

- (1) The names of farmers associations before merged, and the name and organizational district of surviving or newly farmers associations after merged;
- (2) Valuation of Assets and liability of farmers associations;
- (3) Protection of members' rights and interests, the numbers of elected staff, and the rights and interests of appointed or employed staff.
- (4) The charter of organization of the surviving or newly farmers associations after merged.

The general meeting of members (representatives) shall carry out the resolution of Paragraph 1, and farmers associations shall make public announcement of the content of the resolution and particulars to be stated in the merger agreement within ten (10) days from the adoption of approval,

and shall be consecutively placed at all the branch offices for at least seven (7) days, and consecutively published in the newspapers and the municipal or county (city) -level competent authorities appointed websites for at least five (5) days. The said public announcement shall specify an objection period of not less than 30 days. Dissenting members shall make objection to farmers associations in writing within the specified period. When one-third or more members raise objection, the original resolution shall become void. If no objection is raised within the said period, the resolution shall be deemed agreed.

After the resolution referred to in Paragraph 1 is adopted, the farmers association shall give a written notice containing the content of the resolution and particulars to be stated in the merger agreement to creditors within 10 days. The written shall specify a period of not less than 30 days within which the creditors may raise any objection in writing that the merger of the farmers association would damage their rights and interests.

If the farmers association does not meet the requirements for period and content which are referred to in the paragraph 3 to make the public announcement, or if the farmers associations does not meet the requirements for period, method, and content which referred to in the preceding paragraph to notice the creditors, or if the farmers association fails to satisfy, or provide an appropriate security interest for, the claims of its creditors, the merger shall not be valid against such creditors.

#### Article 11-3

When farmers associations apply the merger approval to the municipal or county (city) -level competent authorities under Paragraph 1 of Article 11-1, they shall submit the following documents:

1. Merger plan and merger agreement;
2. The expressly recorded of the general meeting of members (representatives) ;
3. The evidence of public announcement, written notice, and objection procedure which from the content of the resolution and particulars to be stated in the merger agreement under Paragraph 3 and Paragraph 4 of preceding article.
4. Roster of members;
5. Balance sheets, profit and loss account, appropriation of profit or loss, cash flow statement and the Pro forma consolidated financial statements audited and certified by a CPA.
6. Other documents as required by municipal or county (city) - level competent authorities.

#### Article 11-4

The surviving or newly farmers associations after merger shall take the rights and obligations of the farmers associations which be merged; and the members of the farmers associations which are merged shall be the members of the surviving or newly farmers association.

#### Article 11-5

The farmer association shall apply for establishment or change to the

competent authorities and the competent authorities shall consider the registration of the merged farmers associations as null and void.

#### Article 11-6

When the surviving or newly farmers associations applying for amendment registration of the real estate owned by the farmers associations which be merged, its movable properties that require registration, and all encumbrances, directly process the registration by the merger approval documents issued by the competent authority, without paying registration fees and the stamp tax and deed tax incurred by the merger, and in the following manner:

1. The securities transactions tax of the transferred negotiable securities shall be exempted.
2. The transferred commodities or service not have to pay business tax.
3. If the land belongs to the farmers associations which be merged is transferred together, after the present value of the land is decided upon examination in accordance with the Land Tax Act, the registration for transfer of the title to the land shall be effected, and the payable land value increment tax may be deferred and paid by the Surviving Institution or Newly Incorporated Institution until the land is transferred again. Upon bankruptcy or dissolution, the deferred land value increment tax shall be paid on a priority basis;
4. Where the land assumed by the Extinguished Institution in accordance with Article 33 of the Agriculture Finance Act which be applied from Article 76 of the Banking Act is transferred to the Surviving Institution or Newly Incorporated Institution due to merger, the land value increment tax shall be exempted;
5. The goodwill generated due to merger may be amortized within 15 years while pay the tax;
6. Expenses incurred due to merger may be amortized within 10 years while pay the tax;
7. The losses from sale of non-performing loans by a Financial Institution due to merger may be carried forward over 15 years while pay the tax.

The municipal or district farmers associations which merged under Paragraph 1 of Article 7-1, the register fees and taxes shall be exempted according preceding paragraph.

#### Chapter IV Members

#### Article 12

An ROC citizen attaining the age of twenty (20) and residing in the organizational district of a farmers association, after passing the qualification screening, may join the base-level farmers association of that organizational district as a member if he or she is actually engaged in farming and meet any of the following requirements:

1. An owner-farmer;
2. A tenant farmer;
3. One graduated from an agricultural school or having written or invented agriculture-related works while currently engaging in agricultural extension affairs;
4. An employee currently serving with a lawfully registered farm, forest or



pastureland and actually engaging in farming.

For those who meet any of the aforementioned requirements and wish to apply for the membership of a farmers association, the central-level competent authorities shall establish measures to regulate the certification of qualified members, required application documents, screening procedures as well as other matters concerned in this regard.

Employed farmers who joined the membership of a farmers association before this revised Act comes into force may keep their membership if they still stay as farming workers.

Any farmers association member who has joined the membership for less than six (6) months is not entitled by this Act to elect or to be elected.

#### Article 13

An ROC citizen attaining the age of twenty (20) and residing in the organizational district of a farmers association but not meeting any of the requirements provided by the aforementioned Article may join a farmers association as a sponsoring member.

All lawfully registered agricultural cooperative organizations, companies, business establishments and factories may join a local farmers association as a group sponsoring member.

An individual or group sponsoring member are not entitled to elect or to be elected in any election held under this Act other than being elected a supervisor, but may enjoy all other rights same as a member.

Criteria governing the credit loans and related quotas granted to an individual or group sponsoring member by the credit department of a farmers association shall be established by the central-level target-business competent authorities.

#### Article 14

Each farm household may have only one (1) membership of a farmers association.

#### Article 15

A superior farmers association takes the subordinate farmers associations as members. The representatives of a subordinate farmers association to join the superior farmers association shall be elected in the general meeting of the subordinate farmers association members (representatives), with the number of due representatives to be determined by the competent authorities.

The board chairman of a subordinate farmers association is an ex officio deputy of its superior farmers association's general meeting of member representatives.

Of the member representatives of farmers associations at all levels, at least two-thirds (2/3) shall be owner-farmers, tenant farmers and employed farmers.

A member representative has a four-year (4) tenure of office and is eligible for re-election.

A member representative shall not concurrently serve as chief or deputy chief of a farming task force, or an appointed or employed staffer of the farmers association.

The member representatives of a farmers association at any level shall register their candidacy prior to any election and shall not join any election campaign until registered.

#### Article 15-1

A farmers association member having held membership for more than six (6) months may be registered as a candidate for member representative. A representative found running into any of the following situations shall not be entitled to such registration; if registered, the registration shall be revoked or nullified:

1. Having repeatedly failed to return borrowed belongings of the farmers association or having left unpaid membership dues, business capital, agricultural extension funds, or having had outstanding debts of any other nature overdue to the farmers association;
2. In the event of any situation provided under Article 18;
3. Having committed any crime involving rebellion or foreign intrusion, convicted after the end of the period of mobilization for the suppression of Communist rebellion;
4. Convicted to any public security penalty of forced labor or reformatory penalty on rascals, with the penalty to be enforced, or enforced but not completed, or completed within the past five (5) years, including those convicted to a public security penalty of any other nature, with the penalty to be enforced or enforced but not completed;
5. Having offended the Criminal Code or its special law involving corruption, or committed any crime involving the Organized Crime Control Act, with the irregularities convicted;
6. Having offended the Criminal Code or its special law involving such crimes as vote-buying, bribe-taking, interfering with balloting, campaign irregularities or monopolizing vote-buying, or abusing official duties as chances or means to commit such crimes as misappropriation, fraud, breach of faith or forgery of documents, and convicted of the crime and sentenced to a penal servitude for a definite period. Despite that, those who are reprieved or have completed the sentence converted into a fine are excluded from this ruling;
7. Having committed a crime other than those mentioned above in the last four (4) clauses, and convicted of the crime and sentenced to a penal servitude for a definite period while the penalty is pending enforcement or enforced but not completed. Despite that, those who are reprieved or sentenced to less than six (6) months in prison with the sentence which may be alternatively converted into a fine are excluded from this ruling;
8. Users of negotiable instruments already denied service due to bad credit standing while the denial is still pending expiration;
9. Having been deprived of civil rights which have not been restored.

#### Article 16

One shall not join a farmers association as a member in the event of any of the following situations:

1. Having been declared bankrupt and not yet restored related rights;
2. Having been become subject to the order of the commencement of guardianship not yet revoked;

3. Having been dismissed as a penalty under this Act.

Article 17 A farmers association member found committing any behavior in violation of this Act or failing to honor the charter of organization or the resolutions adopted in any association general meeting, resulting in direct jeopardy to the farmers association in a gross offense, shall be dismissed from membership.

Article 18 A farmers association member shall withdraw membership in the event of any of the following situations:

1. Dead;
2. Having run into any of the situations mentioned in the provisions of Clause 1 or 2 under Article 16;
3. Forfeiting the ROC citizenship;
4. Relocating out of the organizational district of the original farmers association;
5. Dismissed.

#### Chapter V Staff

##### Article 19

A farmers association shall have directors and supervisors to form a board of directors and that of supervisors, respectively. The directors and supervisors shall be elected by members (representatives) in the following numbers:

1. Nine (9) directors for each town, township (city) or district farmers association;
2. Nine (9) to fifteen (15) directors for each county (city) farmers association;
3. Fifteen (15) to twenty-one (21) directors for each provincial (municipal) farmers association;
4. Twenty-one (21) to twenty-seven (27) directors for the national farmers association;
5. The number of supervisors shall be one-third ( $1/3$ ) of a farmers association' s directors;
6. A farmers association shall have standby directors and supervisors the numbers of which shall not exceed one-second ( $1/2$ ) of the numbers of directors and supervisors.

At least two-thirds ( $2/3$ ) of a farmers association' s directors or supervisors shall be owner-farmers, tenant farmers and employed farmers. One board chairman and one standing supervisor shall be elected out of a farmers association' s directors and supervisors, but a director or supervisor of a superior farmers association shall not concurrently serve as a director or supervisor of a lower- level farmers association.

##### Article 20

Candidates for a farmers association' s board directors or supervisors shall come only from members of the base-level farmers association, while candidates for a superior farmers association' s board directors or supervisors shall not be limited to representatives from lower-level farmers associations.

Board directors and supervisors of a farmers association shall register their candidacy prior to elections and shall not undergo any election

campaign until registered.

#### Article 20-1

Any member of a farmers association meeting the following requirements may register candidacy for elections of directors or supervisors:

1. Having joined the membership for more than two (2) years;
2. Graduated from a junior high school or a primary school and once serving as a farmers association's board director, supervisor, member representative, general manager, or chief or deputy chief of a farming task force for a minimum of one (1) term;
3. Having engaged in agriculture hands-on and meeting the qualifications set forth by the central-level competent authorities.

Rules and regulations governing the certification and screening procedures of required qualifications as well as other matters concerned provided above by Clause 3 involving the candidates for a farmers association's directors or supervisors engaging in agriculture hands-on shall be established by the central-level competent authorities.

#### Article 20-2

Any member of a farmers association in the event of any of the following situations shall not register candidacy to run for a board director or supervisor of a farmers association and shall be revoked or nullified the candidacy or eligibility if registered or elected.

1. Having repeatedly failed to return borrowed belongings of the farmers association or having left unpaid membership dues, business capital, agricultural extension funds, or having borrowed loans from a farmers association or any other financial organization since January 1, 2001, leaving a record of unpaid principal and interest for more than one (1) year, or having had outstanding debts overdue to a farmers association and failed to repay the debts for more than one (1) year after notification of the repayment.
2. Having run into any of the situations mentioned in the provisions of Clause 2-9 under Article 15-1;
3. Having been discharged from position due to conviction of a crime during the service as elected, appointed or employed staff of the farmers association within the past four (4) years;
4. Having been declared bankrupt within the past five (5) years while serving the position responsible for the bankrupt judicial person.

#### Article 21

Board directors and supervisors of a farmers association shall serve on a non-salaried basis and shall not concurrently serve as the farmers association's appointed or employed staff, chief or deputy chief of a farming task force, or serve in any position in any other group or enterprise competing with the farmers association, nor shall they engage in any for-profit business in competition with the farmers association.

#### Article 22

A board director or supervisor of a farmers association has a four-year (4) tenure of office and is eligible for one (1) re-election, but

the number of re-elected directors or supervisors shall not exceed one-second (1/2) of the total number of directors or supervisors.

The resumes and roster of newly elected board directors and supervisors together with a roster detailing the increase or reduction of the farmers association' s members shall be submitted to the competent authorities for reference within seven (7) days after the aforementioned elections held due to expiry of a term of tenure.

#### Article 22-1

Elections of a farmers association' s elected staff shall be held and completed thirty (30) days prior to expiry of a tenure of office or on a date specified by the competent authorities.

A farmers association' s newly elected staff shall take office on a specified date. Elected staff in a renewed or supplemental election or those who fail somehow to complete election or take office by the specified deadline shall still have their tenure of office beginning to run on the specified date.

#### Article 23

A farming task force shall have one chief and one deputy chief who shall be elected by farmers association members and shall have a four-year (4) tenure of office and be eligible for re- election. In the chief' s absence, the deputy chief shall take the office for the remaining tenure till expiry of the original chief' s tenure of office.

Any farmers association member having attained membership for more than six (6) months may register candidacy for chief or deputy chief of a farming task force. Despite that, one shall not register such candidacy in the event of any of the situations mentioned in the provisions of Article 15-1, with the registration to be revoked or nullified if registered.

Candidates for the chief and deputy chief of a farming task force shall complete registration for candidacy prior to the elections and shall not participate in any election campaign until registered.

#### Article 23-1

When a farmers association holds two (2) or more elections simultaneously, the hopefuls shall register candidacy only for one (1) election, and the registration shall be null and void for one who simultaneously registers candidacy for more than two elections.

A registered candidate shall not withdraw his or her registration after the registration deadline is due. One who withdraws registration prior to the deadline shall not re-apply for candidacy registration in the same category of election.

#### Article 24

Elected staff of a farmers association in the event of violating Act s or the charter of organization or found committing any behavior jeopardizing or defaming the farmers association shall be recalled from post through a resolution adopted in a general meeting of association members (representatives) .

## Article 25

A farmers association shall have one general manager, to be appointed by the board of directors out of the qualified candidates selected by the competent authorities at the central or municipal level. Each appointment shall last no longer than the tenure of office for the incumbent board of directors. Provided that a next board of directors wants to re-appoint the same candidate as general manager, only one (1) re-appointment may be made to that candidate, but a general manager whose performance has been rated by government authorities as remarkable may be re-appointed for one (1) more term.

The appointment of a general manager shall be made within sixty (60) days after the establishment of a new board of directors. Provided that the general manager does not come out within the deadline, the superior farmers association shall appoint a qualified person to act in place. The acting general manager of a national or provincial (municipal) farmers association shall be appointed by the central-level competent authorities out of qualified candidates and shall act in place until the new general manager is duly appointed.

The appointment of a farmers association's general manager shall be made with a majority vote in a resolution adopted by more than one-second (1/2) of the total board directors while the discharge of a general manager shall call for a majority vote in a resolution adopted by more than two-thirds (2/3) of the total board directors.

## Article 25-1

An ROC citizen meeting the following requirements may register for the general manger of a farmers association:

1. The general manager of a national or municipal farmers association shall possess one of the following qualifications:

(1) Graduated from a university or independent college or with a higher education, or qualified by a senior civil service examination, and having served with a government agency or school, or an agricultural or financial organization or a farmers group in a position equivalent to recommend rank for more than three (3) years;

(2) Graduated from a junior college or with a higher education, and having served with a government agency or school, or an agricultural or financial organization or a farmers group in a position equivalent to recommend rank for more than five (5) years;

(3) Graduated from a senior high or senior vocational school, or qualified by a general civil service examination, and having served with a government agency or school, or an agricultural or financial organization or a farmers group in a position equivalent to recommend rank for more than seven (7) years.

2. The general manger of a county (city) , town (township, city or district) farmers association shall possess one of the following qualifications:

(1) Graduated from a university or independent college or with a higher education, or qualified by a senior civil service examination, and having served with a government agency or school or an agricultural or financial organization or a farmers group in a position equivalent to delegated rank

for more than two (2) years;

(2) Graduated from a junior college or with a higher education, and having served with a government agency or school, or an agricultural or financial organization or a farmers group in a position equivalent to delegated rank for more than four (4) years;

(3) Graduated from a senior high or senior vocational school, or qualified by a general civil service examination, and having served with a government agency or school, or an agricultural or financial organization or a farmers group in a position equivalent to delegated rank for more than six (6) years.

3. The new general manager of a farmers association at any level shall not be older than fifty-five (55) years in age at the time of appointment.

An incumbent general manager may be exempted from the aforementioned required qualifications. But if he/she who shall retire in one year according the restriction of age in the next tenure shall not register for the general manger.

If the candidates of general manager who qualified selected by the competent authorities at the central or municipal level be discovered that the candidates does not meet any requirements of Paragraph 1, the competent authorities at the central or municipal level shall revoke the qualification, and so shall be the appointment if appointed.

Before the provincial farmers association being merged into national farmers association, the requirements of register for the general manger of the provincial farmers association are the same with municipal farmers associations.

#### Article 25-2

One in the event of any of the following situations shall not register candidacy for appointment by a farmers association as general manager, and the registration shall be revoked or nullified if registered, and so shall be the appointment if appointed:

1. A non-ROC citizen;
2. Having repeatedly failed to return borrowed belongings of the farmers association or having left unpaid membership dues, business capital or agricultural extension funds, or having borrowed loans from a farmers association or any other financial organization since January 1, 2001, leaving a record of unpaid principal and interest for more than one (1) year, or having had outstanding debts overdue to a farmers association and failed to repay the debts for more than one (1) year after notification of the repayment.
3. Having run into any of the situations mentioned in the provisions of Clause 3-9 under Article 15-1;
4. Having run into any of the situations mentioned in the provisions of Clause 1 or 2 under Article 16;
5. Having been discharged from position due to conviction of a crime during the service as elected, appointed or employed staff of the farmers association;
6. Having been declared bankrupt within the past five (5) years while serving the position responsible for the bankrupt judicial person.

#### Article 25-3

The general manager of a farmers association shall file with the farmers association within ten (10) days starting from the date of appointment a letter of guaranty signed by at least two (2) guarantors possessing real estate, or an integrity insurance promising his or her honesty.

Quotas of the aforementioned real estate or insurance shall be established by the central-level competent authorities.

#### Article 26

The appointed or employed staff other than the general manager of a farmers association shall be appointed or employed by the general manager out of those qualified by the joint examinations of farmers associations and shall be subject to instruction and supervision by the general manager.

The aforementioned appointed or employed staff shall be qualified through the joint examinations and training courses held by the provincial or provincial (municipal) farmers association under the supervision and guidance of the central-level or municipal competent authorities. After provincial farmers association being merged into national farmers association, the examinations and training courses held by the national farmers association under the supervision and guidance of the central-level competent authorities.

#### Article 27

The general manager and other appointed or employed staff of a farmers association shall serve on a full-time basis and shall not concurrently run any other industrial or commercial business or serve any other salaried position for a public or private group or serve as elected deputies at any level. In case of running any election campaign and being elected for a government position, they shall be considered having resigned from the farmers association's position as soon as they take the new office.

#### Article 27-1

The spouses or people with relationship closer than second-level blood relatives or first-level relatives through marriage shall not serve at the same time as the board chairman, standing supervisor or general manager at the same farmers association.

In the event of any of the aforementioned situations, those who are elected, appointed or employed shall have their election, appointment or employment considered null and void.

#### Chapter VI Division of powers and responsibilities

#### Article 28

The general meeting of members (representatives) shall be the body of the supreme power of a farmers association. During its recess, the board of directors shall design and plan the association's business operations in accordance with resolutions adopted in the general meeting of member (representatives) while the board of supervisors shall control and monitor the association's business and finance

#### Article 29



The members (representatives) , board directors and supervisors of a farmers association shall exercise their powers only during a meeting.

#### Article 30

When the members (representatives) , directors and supervisors of a farmers association attend a legal meeting, each person is entitled to one (1) voting power. If a resolution adopted in the meeting is found violating Acts or the charter of organization and thus resulting in any damage to the farmers association, they shall be subject to indemnity. Despite that, those who make an objection during the resolution as expressly recorded in the minutes shall be exempted from the responsibilities.

Any resolution on major issues adopted in any meeting of a farmers association shall be kept on named record in writing.

#### Article 31

The general manager of a farmers association shall carry out duties under the resolutions adopted by the board of directors and shall be responsible to the board of directors.

#### Article 32

The general manager of a farmers association in the event of violating Acts or the charter of organization and thus resulting in any damage to the farmers association shall be subject to indemnity.

In the event of any damage to the properties received by or in the custody of a farmers association due to any cause other than an act of God, the general manager and other staff concerned shall be subject to the responsibility of joint indemnity.

#### Chapter VII Meetings

#### Article 33

The general meetings of members (representatives) shall be held on a regular or provisional basis and shall be convened by the chairman of the board of directors.

The regular meetings of farmers associations at all levels shall be held once (1) per annum. A provisional meeting shall be convened at the request made by more than one-third (1/3) of the association members (representatives) or when considered necessary by the board of directors.

Provided that the chairman of the board of directors fails to convene the aforementioned provisional meeting within ten (10) days following the request, those who originally proposed the provisional meeting may apply to the competent authorities for an order to convene the meeting.

A base-level farmers association, in consideration of difficulty in convening a general meeting of members due to the huge number of members, may have the farming task forces electing representatives to convene a general meeting of representatives and exercise the powers on behalf of the general meeting of association members, the rules and regulations of which shall be established by the central-level competent authorities.

Before provincial farmers association being merged into national farmers association, the meetings shall be held under Paragraph 1-3.

#### Article 34

The meeting of the board of directors shall be convened by the board chairman of a farmers association, and the meeting of the board of supervisors shall be convened by the standing supervisor, with the meetings to be presided over by the conveners, respectively. The number of meetings to be convened shall be provided in the charter of organization of the farmers association.

#### Article 35

The farming task force under a farmers association shall hold at least one (1) task force meeting per annum, which shall be convened and presided over by the task force chief.

#### Article 36

The general meeting of members (representatives) and the meetings of board directors or supervisors of a farmers association shall, unless otherwise provided for in this Act, call each for a forum of more than one-second ( $1/2$ ) of the total, and any resolution therein shall be adopted by a vote with endorsement from a one-second ( $1/2$ ) majority of the attendants actually present.

Except a case involving the appointment of a general manger, provided that two consecutive meetings as mentioned above are attended by less than one-second ( $1/2$ ) of the total, a third (3rd) meeting may be held if attended by more than one-third ( $1/3$ ) of the total unless the number of the required attendants is smaller than three (3) .

#### Article 37

On the issues provided in the following, resolutions shall be adopted by a two-thirds majority of the attendants in a general meeting of members (representatives) attended by more than two-thirds ( $2/3$ ) of the total members (representatives) of a farmers association:

1. Adoption or revision of the charter of organization;
2. Penalty against members;
3. Recall of elected personnel;
4. Fund-raisings;
5. Disposal of properties;
6. Other major issues related to the rights and obligations of association members.

### Chapter VIII Funds

#### Article 38

The funds of a farmers association come from the following sources:

1. Initiation fees: Payable in a lump sum upon entry of membership at the rates to be determined in a resolution adopted by the general meeting of members (representatives) and approved by the competent authorities concerned;
2. Annual membership dues: Payable annually by members at the rates to be determined in a resolution adopted by the general meeting of members (representatives) and approved by the competent authorities concerned while a sum twenty percent (20%) of the annual membership dues received by

- a lower-level farmers association shall be turned in to its superior farmers association;
3. Business funds: Exclusively for use of running businesses, with the rules and regulations governing the fund-raising to be adopted in the general meeting of members (representatives) and filed on record with the competent authorities concerned;
  4. Revenues from raised agricultural extension funds: Exclusively for use of agricultural extension business to be filed on record with the competent authorities concerned;
  5. An agricultural financial organization shall appropriate a part of the net profits made annually, or at least ten percent (10%) of the profits in this regard, as a fund for agricultural service and extension of a farmers association at any level;
  6. Government subsidies: Government authorities at central and local levels shall set aside part of their budgets for subsidization of farmers associations for agricultural extension businesses;
  7. Revenues from profits made by a farmers association from its businesses and government-commissioned businesses: Subject to the rules and regulations governing the final income statements of a farmers association' s businesses;
  8. Other revenues.

#### Article 39

The economic, financial, insurance and agricultural extension businesses of a farmers association shall hold separate accounting systems, with their budgets and final income statements prepared and reported to the general meeting of members (representatives) and submitted to the competent authorities concerned for reference.

#### Article 40

Following the annual final account, a farmers association shall count the remaining profits made from different businesses as the overall profits of the association after part of the income earned in this regard is appropriated as reserves of those businesses concerned.

The overall profits of a farmers association, except those used to make up previous losses, if any, shall be allocated at the following ratios:

1. Legal reserves: Fifteen percent (15%) ;
2. Funds for public interests: Five percent (5%) ;
3. Funds for agricultural extension, training, culture and welfare businesses: No less than sixty-two percent (62%) ;
4. Funds for inter-organizational extension, mutual aid and training services among farmers associations at all levels: Eight percent (8%) ;
5. Remunerations for board directors, supervisors and association staff: No more than ten percent (10%) .

The rules and regulations governing the custody and application of the aforementioned legal reserves as per Clause 1, funds for public interests as per Clause 2, and funds as per Clause 4 shall be established by the central-level competent authorities.

The ratio of the profits made from different businesses to be appropriated as reserves of those businesses concerned as mentioned in Paragraph 1 under

this Article shall be established by the central-level competent authorities together with the central-level target-business competent authorities.

#### Chapter IX Supervision

##### Article 41

A farmers association may receive a warning from the competent authorities in the event of neglecting duties, offending public interests or trespassing powers.

##### Article 42

The competent authorities may issue an order to revoke any resolution adopted by a farmers association which is found violating Acts, offending public interests or trespassing the association's purposes and duties.

##### Article 43

The competent authorities may disband a farmers association or abolish its registration in case the association is found violating its purposes or duties in a gross offense.

A farmers association shall be re-organized soon after the association is disbanded or its registration is abolished.

##### Article 44

The lower-level competent authorities shall consult the superior competent authorities for approval in the event of taking any action provided under Article 42 and Article 43.

##### Article 45

When a farmers association is found in mismanagement, serious losses or in other major faults, the competent authorities may suspend and then re-adjust the powers of the association's member representatives, board directors or supervisors if such suspension and re-adjustment, subject to approval from the central-level competent authorities, is considered necessary. An order for elections of new personnel in this regard shall be issued soon after completion of the re-adjustment.

##### Article 46

In case a farmers association's board directors, supervisors or general manager is found violating Acts or the charter of organization and thus critically damaging the farmers association, the competent authorities may, subject to approval from the superior competent authorities, suspend their powers or discharge them from the positions while the suspension or discharge may also be enforced directly by the superior competent authorities.

##### Article 46-1

Any elected, appointed or employed staffer of a farmers association who is detained or wanted in a criminal case shall be suspended from his or her power.

Any elected, appointed or employed staffer of a farmers association who is

sentenced to imprisonment or a more serious penalty on the second trial shall be discharged from his or her position, but those who are reprieved or sentenced to less than six (6) months in prison with the imprisonment which may be alternatively converted into a fine shall be excluded from this ruling.

Any elected, appointed or employed staffer of a farmers association who, prior to enforcement of this revised Article, has been suspended from his or her power in accordance with the ruling provided prior to the revision of this Article, shall be applicable to the provisions of the newly revised version.

Those who have been suspended from the powers in accordance with the provisions under Paragraph 1 may apply for resumption of their powers prior to expiry of their tenure of office as soon as they are no longer detained or wanted.

Any elected, appointed or employed staffer of a farmers association who loses his or her eligibility for the election or appointment candidacy during the service shall be discharged from the position by the competent authorities or the superior competent authorities.

#### Article 47

When a farmers association is disbanded, the competent authorities shall assign a liquidator empowered to exercise liquidation on behalf of the farmers association.

When a farmers association is declared bankrupt, the depositors of the credit department shall be entitled to take priority in making a claim to the assets of the credit department as compensation.

Article 47-1 One who is found committing any of the following behaviors in an election of a farmers association shall be subject to imprisonment of up to three (3) years and, in addition thereto, may be imposed a fine of up to thirty-thousand (30,000) Silver Dollars:

1. One who has the right of election and demands, agrees upon with a tacit accord or accepts properties or other unjustifiable interests in exchange of not electing or acting otherwise;
2. One who demands those having the right of election not to elect or to act otherwise by promising with a tacit accord or delivering properties or other unjustifiable interests;
3. One who demands a candidate to give up election campaign or hold certain campaign activities by promising with a tacit accord or delivering properties or other unjustifiable interests;
4. A candidate who demands, agrees upon with a tacit accord or accepts properties or other unjustifiable interests in exchange of giving up election campaign or holding certain campaign activities.

In case of any aforementioned crime committed, the properties so received shall be confiscated. If confiscation is impossible in full or in part, a demand for payment of a value equivalent to the properties concerned shall be made to the offender.

#### Article 47-2

One who is found committing any of the following behaviors in appointment of the general manager of a farmers association starting from the date for

the candidacy registration for elections of board directors shall be subject to imprisonment of up to three (3) years and, in addition thereto, may be imposed a fine of up to thirty-thousand (30,000) Silver Dollars:

1. A board director or candidate who demands, agrees upon with a tacit accord or accepts properties or other unjustifiable interests in exchange of promising to appoint or not to appoint some hopeful;
2. One who demands any board director or candidate to appoint or not to appoint some hopeful by promising with a tacit accord or delivering properties or other unjustifiable interests;
3. One who demands any qualified candidate for appointment as the general manager to give up the acceptance of appointment by promising with a tacit accord or delivering properties or other unjustifiable interests;
4. A qualified candidate for appointment as general manger who promises to give up the acceptance of appointment by demanding, agreeing upon with a tacit accord or accepting properties or other unjustifiable interests.

One who is found planning to commit any aforementioned crime shall be subject to imprisonment of up to one (1) year.

For one who is found committing any crime mentioned in Section 1 or Section 2 under this Article, the properties so prepared or demanded, promised with a with accord, delivered or accepted shall be confiscated regardless of their ownership. If confiscation is impossible in full or in part, a demand for payment of a value equivalent to the properties concerned shall be made to the offender.

#### Article 47-3

One who is found using violence, intimidation or other unlawful ways to hinder another from campaigning for an election or force another to give up election campaign or obstruct others from freely exercising the right of election shall be subject to imprisonment of up to five (5) years and, in addition hereto, may be imposed a fine of up to fifty-thousand (50,000) Silver Dollars.

The same penalty may be imposed on one who is found using violence, intimidation or other unlawful ways to hinder the registration, selection and appointment of a general manager.

Any attempt to commit an offense as mentioned above shall be subject to punishment.

#### Article 47-4

Any candidate who is found committing any crime as mentioned in Section 1 under Article 47-1 or Section 1 under Article 47-3 shall be abolished his or her candidacy; the election shall be considered null and void if elected.

A qualified candidate for appointment as general manger who is found committing any crime as mentioned in Section 1 under Article 47-2 or in Section 2 under Article 47-3 shall be abolished his or her candidacy for appointment; the appointment shall be considered null and void if appointed.

One who once committed any crime as mentioned in Section 1 under Article 47-1 or Section 2 under Article 47-2 or any crime as mentioned in Article 47-3 shall not be allowed to become a candidate for any election of a

farmers association or for the appointment as general manager.

An offender as mentioned above shall be excluded from the rulings under this Article in case of the condition for exclusion as provided in Section 2 under Article 46-1.

#### Article 47-5

A farmers association which handles affairs of the credit department and is found violating the rules and regulations related to forcible or forbidding measures or found failing to conduct a certain required behavior as provided in an order authorized in accordance with this Act by the central-level target-business competent authorities shall be imposed a fine of between six-hundred-thousand New Taiwan Dollars (NT\$600,000) and three million New Taiwan Dollars (NT\$3,000,000) by the central-level target-business competent authorities.

### Chapter X ByActs

#### Article 48

A farmers association for the sake of advice and instruction in agricultural technology and other tasks related to agricultural improvement may consult local organizations concerned for assignation of professionals in agricultural improvement, extension, finance or education to render related assistance.

#### Article 49

The share capital received by a farmers association prior to enforcement of this revised Act shall be converted as the fund for the association's businesses and shall allow for succession, the rules and regulations of which shall be established by the central-level competent authorities.

#### Article 49-1

The rules and regulations governing the management of personnel or financial affairs of a farmers association at any level and those governing the appointment, election and recall of the association's general manager and related examinations and evaluations shall be established by the central-level competent authorities. The contents and range covered in this regard are as follows:

1. Rules and regulations governing personnel management: Personnel-related evaluation and policy-making, authorized staff size, ranks and required appointment or employment qualifications, salary rates, inauguration, release, performance evaluation, reward and punishment, lay-off, retirement, pension and services as well as other duly followed matters;
2. Rules and regulations governing financial management: Accounting, budget and final account planning and review, property management, financial check and evaluation, rights and responsibilities of accounting staff as well as other duly followed matters;
3. Rules and regulations governing election and appointment of the general manager: Candidacy registration, qualifications review, election and appointment procedures, items to be reviewed and graded, grading rates as well as other duly followed matters;
4. Rules and regulations governing elections and recall: Categories of

elections and recall, candidacy registration, qualifications review procedures, election results and recall requirements as well as other duly followed matters;

5. Rules and regulations governing performance evaluation: Items for evaluation, grading rates, grade-rating judgment, reward and punishment as well as other duly followed matters.

#### Article 49-2

To the procedures of litigation resulting from an election or recall matter of a farmers association and the procedures regarding the appointment and discharge of a farmers association ' s general manager, except a case involving provisional injunction, the Code of Civil Procedure shall be mutatis mutandis applicable.

#### Article 50

The enforcement rules hereof shall be established by the central-level competent authorities.

#### Article 51

This Act takes effect upon promulgation.

The amended act promulgated on may 5,2009 shall be implemented on November 23,2009.