

BANK OF KOREA ACT

(Law No.138 Promulgated on May 5, 1950)

Wholly amended by Law No. 5491 Promulgated on Dec. 31, 1997
Amended by Law No. 6018 Promulgated on Sep. 7, 1999
(National Agricultural Cooperative Federation Act)
Law No. 6256 Promulgated on Jan. 28, 2000
(National Federation of Fisheries Cooperatives Act)
Law No. 6274 Promulgated on Oct. 23, 2000
(Financial Holding Companies Act)
Law No. 6429 Promulgated on Mar. 28, 2001
(Mutual Savings and Finance Companies Act)
Law No. 6836 Promulgated on Dec. 30, 2002
(National Treasury Management Act)
Law No. 6971 Promulgated on Sep. 3, 2003
Law No. 8050 Promulgated on Oct. 4, 2006
(National Fiscal Management Act)
Law No. 8852 Promulgated on Feb. 29, 2008
(Government Organization Act)
Law No. 8863 Promulgated on Feb. 29, 2008
(Act on the Establishment, etc. of the Financial Services Commission)
Law No.10303 Promulgated on May 17, 2010
(Banking Act)
Law No.10522 Promulgated on Mar. 31, 2011
(National Agricultural Cooperative Federation Act)
Law No.11051 Promulgated on Sep. 16, 2011
Law No.11380 Promulgated on Mar. 21, 2012

Chapter I General Provisions

Article 1 (Purpose)

- (1) The purpose of this Act shall be to establish the Bank of Korea and to contribute to the sound development of the national economy by pursuing price stability through the formulation and implementation of efficient monetary and credit policies.
- (2) The Bank of Korea shall pay attention to financial stability in carrying out its monetary and credit policies.

Article 2 (Juridical Person)

The Bank of Korea shall be a special juridical person having no capital.

Article 3 (Neutrality of the Bank of Korea)

The monetary and credit policies of the Bank of Korea shall be formulated neutrally and executed autonomously and the independence of the Bank of Korea shall be respected.

Article 4 (Harmonization with Government Policy)

- (1) The monetary and credit policies of the Bank of Korea shall be carried out in harmony with the economic policy of the Government insofar as this does not detract from price stability.
- (2) In implementing monetary and credit policies, the Bank of Korea shall emphasize the market mechanism.

Article 5 (Overtness and transparency of the Bank of Korea)

The Bank of Korea shall make efforts to secure overtness and transparency in the conduct of its business and management of its operations.

Article 6 (Setting of the Operational Direction for Monetary and Credit Policies)

- (1) The Bank of Korea shall set a price stability target in consultation with the Government.
- (2) The Bank of Korea shall set and publish the operational direction for monetary and credit policies every year.
- (3) The Bank of Korea shall do its best to achieve the price stability target as provided for in Paragraph (1).

Article 7 (Offices)

The Bank of Korea shall have its main office in Seoul Special Metropolitan City and may, when it deems necessary for the performance of its business, maintain branch offices and agencies as prescribed by its Articles of Incorporation.

Article 8 (Articles of Incorporation)

(1) The Articles of Incorporation of the Bank of Korea shall specify matters as prescribed in the following Clauses:

1. Purpose;
2. Name;
3. Matters concerning its main office, branch offices and agencies;
4. Matters concerning the executive officers and employees;
5. Matters concerning business and the conduct thereof;
6. Matters concerning the budget and accounting;
7. Methods of public announcement and publication; and
8. Matters as prescribed by the Presidential Decree.

(2) The Bank of Korea may amend its Articles of Incorporation upon the deliberation and decision of the Monetary Policy Committee in accordance with the provisions of Article 12.

Article 9 (Registration)

- (1) The Bank of Korea shall register as prescribed by the Presidential Decree.
- (2) The Bank of Korea shall be duly established upon the completion of registration at the location of the main office.
- (3) No disputes shall be entered into with third parties concerning matters which are subject to registration until after such registration.

Article 10 (Prohibition of Use of Similar Name)

No juridical or natural person other than the Bank of Korea shall use as its name, "Bank of Korea" or any other similar name.

Article 11 (Scope of Banking Institutions)

- (1) The term "banking institutions" in this Act means banks referred to in Article 2 of the Banking Act and bank holding companies referred to in the Financial Holding Companies Act.
- (2) The credit and banking sector of the National Federation of Fisheries Cooperatives shall be deemed a banking institution.

(3) Insurance companies and companies which engage exclusively in mutual savings bank business or in trust business shall not be deemed banking institutions.

Chapter II Monetary Policy Committee

Section 1 Composition of the Monetary Policy Committee

Article 12 (Establishment)

The Monetary Policy Committee shall be established in the Bank of Korea as its policy-making body.

Article 13 (Composition)

(1) The Monetary Policy Committee shall be composed of the following seven members:

1. Governor of the Bank of Korea;
2. Senior Deputy Governor of the Bank of Korea;
3. One member recommended by the Minister of Strategy and Finance;
4. One member recommended by the Governor of the Bank of Korea;
5. One member recommended by the Chairman of the Financial Services Commission;
6. One member recommended by the Chairman of the Korea Chamber of Commerce and Industry; and
7. One member recommended by the Chairman of the Korea Federation of Banks, an incorporated association.

(2) The Governor of the Bank of Korea (hereinafter referred to as the "Governor") shall concurrently serve as the Chairman of the Monetary Policy Committee (hereinafter referred to as the "Chairman").

(3) The members as prescribed by Clauses 3 through 7 of Paragraph (1) shall be appointed by the President from among persons with ample experience of, or excellent knowledge concerning, finance, economy and industry on the

recommendation of each pertinent organization in accordance with the provisions of the Presidential Decree.

(4) The members of the Monetary Policy Committee (hereinafter referred to as "Members") shall be standing members.

Article 14 (Chairman)

(1) The Chairman shall represent the Monetary Policy Committee and shall preside at meetings of the Monetary Policy Committee. The Chairman shall be in charge of affairs concerning administration of the Monetary Policy Committee.

(2) When the Chairman is unable to preside for some unavoidable reason, the Member designated in advance by the Monetary Policy Committee shall assume the duties and responsibilities of the Chairman.

Article 15 (Terms of the Members)

The Members as prescribed by Clauses 3 through 7 of Paragraph (1) of Article 13 shall have terms of four years and may be reappointed for consecutive terms.

Article 16 (Term of a Vacating Member)

Any vacancy occurring among the Members as prescribed by Clauses 3 through 7 of Paragraph (1) of Article 13 during the person's term of office shall be filled by a new Member. The term of the new Member shall, however, be for the remainder of the term of the vacating Member.

Article 17 (Disqualification for Membership)

Persons who fall under any of the following Clauses may not be Members:

1. Persons not of the nationality of the Republic of Korea; or
2. Persons who fall under any of the Clauses of Article 33 of the State Public Officials Act.

Article 18 (Guarantee of the Members' Status)

(1) No Member shall be discharged from his/her office against his/her own will unless he/she falls under any of the following Clauses:

1. In case he/she falls under any of the Clauses of Article 17;
 2. In case he/she cannot perform his/her duties on account of mental or physical disability; or
 3. In case he/she has been become inappropriate to fulfill his/her duties as a Member by violating his/her functional obligations under this Act.
- (2) Actions conducted by a disqualified Member prior to dismissal for reasons as prescribed by Paragraph (1) shall not lose their validity.

Article 19 (Prohibition of the Members' Political Activities)

In spite of the provisions of Article 6 of the Political Parties Act, a Member shall not join a political party, nor participate in any political activity.

Article 20 (Prohibition of Concurrent Holding of Offices by the Members, etc)

A Member shall not hold concurrently any of the following offices nor engage in any business for profit-making:

1. Member of the National Assembly or assemblies of local autonomous entities;
2. Public official of central or local government; or
3. Any other office that brings remuneration.

Section 2 Operations of the Monetary Policy Committee

Article 21 (Meetings)

- (1) Meetings of the Monetary Policy Committee shall be called by the Chairman when the Chairman considers it necessary to call meetings or when at least two Members so request.
- (2) The decisions of a Monetary Policy Committee meeting shall be adopted by the attendance of at least five Members and a simple majority of those present unless other provisions of this Act require a special method of decision-making.
- (3) Any Member may submit a proposal with the concurrence of at least two Members. The Chairman may, however, submit a proposal to the Monetary Policy Committee on his/her own motion.

Article 22 (Attendance for Statement of Opinions, etc)

- (1) Deputy Governors of the Bank of Korea may attend and state their opinions at meetings of the Monetary Policy Committee.
- (2) The Monetary Policy Committee may ask relevant experts to participate in its meetings and hear their opinions.

Article 23 (Abstention from the Session)

Any Member must abstain from deliberation and decision-making concerning proceedings which fall under any of the following Clauses:

1. Proceedings of the Monetary Policy Committee involving his/her personal or commercial interests; or
2. Proceedings of the Monetary Policy Committee involving the personal or commercial interests of his/her spouse or relatives within the fourth degree of consanguinity or second degree of affinity.

Article 24 (Preparation of Formal Record of Resolutions, etc)

- (1) Whenever the Monetary Policy Committee makes a decision, it shall prepare a formal record thereof and those Members party to the decision shall put down their names and affix their seal imprint or sign it.
- (2) The Monetary Policy Committee shall draw up the minutes of each Committee meeting and publish them in such manner as may be determined by the Monetary Policy Committee.
- (3) The provisions of Paragraph (2) notwithstanding, the Monetary Policy Committee shall submit the following materials without making public disclosure upon request of the relevant standing committee of the National Assembly. However submission under Clause 2 may be restricted to only after four years have passed since the date of the relevant meeting of the Monetary Policy Committee.
 1. A formal record of decisions made by the Monetary Policy Committee; or
 2. The minutes in their entirety - redacted to preserve anonymity.

Article 25 (Liability of Damages)

(1) Where the Bank of Korea suffers damage caused by the Monetary Policy Committee whether wilfully or through negligence, all Members present at the meeting involved shall be individually and jointly liable to the Bank of Korea for such damage. This shall not apply, however, to Members who clearly expressed their dissent at the meeting.

(2) The Auditor shall represent the Bank of Korea in a suit for the indemnification of the damage stipulated in Paragraph (1).

Article 26 (Immediate Action)

(1) In the event of internal disorder, an external contingency, a natural disaster or an acute financial or economic crisis which requires immediate action and when there is insufficient time to call a meeting of the Monetary Policy Committee, the Governor may take such action as may be necessary within the authority of the Monetary Policy Committee.

(2) When action as provided for in Paragraph (1) is taken, the Governor shall call a meeting of the Monetary Policy Committee as soon as possible thereafter to report on it.

(3) The Monetary Policy Committee may then confirm, modify or suspend the action provided for in Paragraph (1).

Article 27 (Operation of Meetings)

Matters concerning the operation of meetings of the Monetary Policy Committee shall be determined by the Presidential Decree.

Section 3 Powers of the Monetary Policy Committee

Article 28 (Decisions on Monetary and Credit Policies)

The Monetary Policy Committee shall deliberate and decide on matters involving the following Clauses on monetary and credit policies:

1. Basic matters concerning the issue of Bank of Korea banknotes;
2. The reserve ratio, period and method of maintaining the minimum reserves to

- be observed by each banking institution;
3. The standards for, and interest rates of, the rediscounts of bills, and other credit operations which the Bank of Korea conducts with banking institutions;
 4. Basic matters concerning emergency credit to banking institutions by the Bank of Korea;
 5. Designation of banking institutions to which the Bank of Korea may refuse to supply credit;
 6. Basic matters concerning the purchase and sale or lending and borrowing of Government bonds, securities guaranteed by the Government, and so forth in the open market;
 7. Basic matters concerning the issue, sale, repurchase and redemption of Bank of Korea Monetary Stabilization Bonds;
 8. Basic matters concerning the establishment and operation of the Bank of Korea Monetary Stabilization Account;
 9. Basic matters concerning loans to for-profit enterprises other than banking institutions when severe impediments arise to obtaining funds from financial institutions or there is a strong likelihood of their arising;
 10. Basic matters for the operation and management of the payment and settlement systems according to the provisions of Article 81;
 11. Requests to banking institutions and institutions operating payment and settlement systems for materials subject to the proviso that this is necessary for the formulation of monetary and credit policies and the smooth operation of the payment and settlement systems;
 - 11-2. Matters concerning the support to settle temporary shortages of settlement funds according to the provision of Article 81-2;
 - 11-3. Requests to the institutions listed in Article 87 for materials subject to the proviso that this is necessary for the formulation of monetary and credit policies;
 12. Requests for the Financial Supervisory Service to conduct on-site examination and joint examination with the Bank of Korea on banking institutions subject to the proviso that this is necessary for the formulation of monetary and

- credit policies;
13. Maximum rates of interest or payments of any sort which banking institutions may provide to their customers on different types of deposits or on other obligations;
 14. Maximum rates of interest or fees of any sort which banking institutions may charge on different types of loans, advances or other credit operations or for services rendered to their customers;
 15. Restriction of maximum maturities of loans and types of collateral that may be required against such loans of banking institutions;
 16. Restriction of ceilings on the volume of aggregate or individual categories of loans and investments of banking institutions, when it is necessary for the national economy, for example, in the event of severe monetary expansion;
 17. Prior approval for loans of banking institutions, when it is necessary for the national economy, for example, in the event of severe monetary expansion; and
 18. Other matters within the competence of the Monetary Policy Committee as laid down by this Act or other legislation.

Article 29 (Decisions on Operations of the Bank of Korea)

The Monetary Policy Committee shall deliberate and decide on matters set out in the following Clauses concerning the operations of the Bank of Korea:

1. Amendment of the Articles of Incorporation of the Bank of Korea;
2. Structure and organization of the Bank of Korea;
3. Budget and closing statements of the Bank of Korea;
4. Standards of remuneration of employees of the Bank of Korea; and
5. Other matters concerning the operation of the Bank of Korea within the competence of the Monetary Policy Committee as laid down by this Act or the Articles of Incorporation.

Article 30 (Establishment of Regulations)

The Monetary Policy Committee may establish regulations necessary for the

performance of its duties.

Article 31 (Assistance in Members' Business)

The Monetary Policy Committee may have employees of the Bank of Korea assist Members in their business.

Chapter III Executive Organs and Auditor

Section 1 Executive Organs

Article 32 (Executive Officers)

The Bank of Korea shall have as its executive officers one Governor, one Senior Deputy Governor, and five or fewer Deputy Governors.

Article 33 (Governor)

- (1) The Governor shall be appointed by the President following deliberation by the State Council and a Personnel Hearing in the National Assembly.
- (2) The term of the Governor shall be four years and he/she may be reappointed for a single consecutive term.

Article 34 (Powers and Duties of the Governor)

- (1) The Governor shall represent the Bank of Korea and exercise general control over its business.
- (2) The Governor shall conduct the policies formulated by the Monetary Policy Committee, and exercise such other powers as may be vested in him by this Act and the Articles of Incorporation of the Bank of Korea.
- (3) The Governor shall keep the Monetary Policy Committee currently informed concerning matters which require its attention and provide materials and advice necessary for deliberation and decision-making concerning its policies.

Article 35 (Appointment of Representatives)

(1) The Governor may appoint the Senior Deputy Governor, the Deputy Governors or other employees as representatives in all juridical or extra-judicial actions pertaining to the business of the Bank of Korea.

(2) The range of employees eligible as representatives in judicial actions as provided for in Paragraph (1) shall be determined by the Presidential Decree.

Article 36 (Senior Deputy Governor)

(1) The Senior Deputy Governor shall be appointed by the President on the recommendation of the Governor.

(2) The term of the Senior Deputy Governor shall be three years, and he/she may be reappointed for a single consecutive term.

Article 36-2 (Deputy Governors)

(1) The Deputy Governors shall be appointed by the Governor.

(2) The terms of the Deputy Governors shall be three years, and they may be reappointed for a single consecutive term.

Article 37 (Duties of the Senior Deputy Governor, etc)

The Senior Deputy Governor shall assist the Governor, and the Deputy Governors shall assist the Governor and the Senior Deputy Governor, and each shall undertake his/her respective duties in such manner as may be determined by the Articles of Incorporation of the Bank of Korea.

Article 38 (Discharge of Deputy Governors)

The Governor shall discharge a Deputy Governor under any of the following Clauses:

1. If he/she has been declared bankrupt by the Court;
2. If he/she has been sentenced to imprisonment or more severe punishment, or sentenced to a fine or more severe punishment because of a violation of this Act or other financial legislation(including foreign financial legislation);
3. If he/she is unable physically or mentally to perform his/her official

functions; or

4. If he/she has violated this Act, the Presidential Decree issued in association with this Act, or the Articles of Incorporation of the Bank of Korea.

Article 39 (Appointment and Discharge of Employees)

The Governor shall appoint and discharge employees of the Bank of Korea.

Article 40 (Responsibilities of Executive Organs)

- (1) The Governor, the Senior Deputy Governor, the Deputy Governors and employees shall faithfully carry out the policies formulated by the Monetary Policy Committee.
- (2) The Monetary Policy Committee may demand that the Governor correct his/her own conduct or that of the Senior Deputy Governor, the Deputy Governors and employees, or reprimand them where necessary.

Article 41 (Restrictions on Concurrent Holding of Offices)

The Governor, the Senior Deputy Governor, the Deputy Governors, and employees shall not engage in any business activity for profit other than their respective positions, and may not engage in any other position without the consent of those authorized to appoint them.

Article 42 (Duties of Probity and Confidentiality)

- (1) The Governor, the Senior Deputy Governor, the Deputy Governors and employees should not compel banking institutions or their staff members to provide credit, and in relation to their duties should not take money or other valuables or any benefit from banking institutions or their staff members.
- (2) The Governor, the Senior Deputy Governor, the Deputy Governors and employees, or any person who was formerly in such a position should not divulge to outsiders confidential matters which they may learn about in the course of their duties, nor should they use such information for any purpose other than their duties.

Section 2 Auditor

Article 43 (Appointment)

- (1) There shall be one Auditor in the Bank of Korea.
- (2) The Auditor shall be appointed by the President on the recommendation of the Minister of Strategy and Finance.

Article 44 (Term)

The term of the Auditor shall be three years and he/she may be reappointed for a single consecutive term.

Article 45 (Duties)

- (1) The Auditor shall constantly audit the operations of the Bank of Korea and from time to time report the results of the audit to the Monetary Policy Committee.
- (2) The Auditor shall prepare a comprehensive audit report and submit it to the Government and the Monetary Policy Committee each year.
- (3) The Governor shall consult with the Auditor about the appointment and removal of employees necessary for the Auditor to perform his/her duties. This shall not apply, however, to the appointment and removal of lower-ranking employees as determined by the Articles of Incorporation of the Bank of Korea.

Article 46 (Restrictions on Concurrent Holding of Offices of the Auditor, etc)

The provisions of Article 38, 41 and 42 shall apply in cases of discharge, restriction on concurrent holding of offices and duties of probity and confidentiality of the Auditor.

Chapter IV Operations of the Bank of Korea

Section 1 Issue of Bank of Korea Banknotes

Article 47 (Issue of Currency)

The Bank of Korea shall have the sole right to issue currency.

Article 47-2 (Currency Unit)

- (1) The currency unit of the Republic of Korea shall be the “won.”
- (2) The “won” is the unit of calculation and it is divided into 100 “jeon.”
- (3) The currency unit(원) shall be expressed in English as “won.”
- (4) The centesimal unit(전) shall be expressed in English as “jeon.”

Article 48 (Currency of Bank of Korea Banknotes)

Banknotes issued by the Bank of Korea shall be legal tender for all transactions without limitation.

Article 49 (Denomination of Bank of Korea Banknotes, etc)

The Bank of Korea may issue banknotes in any dimension, form or denomination in such manner as may be determined by the Monetary Policy Committee, subject to the approval of the Government.

Article 49-2 (Concentrated Management of Counterfeit or Altered Bank of Korea Banknotes)

- (1) The Bank of Korea may undertake the concentrated management of counterfeit or altered banknotes after the completion of investigations and legal proceedings concerning them.
- (2) Pursuant to Paragraph (1), the Bank of Korea shall determine matters necessary to the concentrated management of counterfeit or altered banknotes in consultation with the institutions concerned.

Article 50 (Banknotes in the Possession of the Bank of Korea)

Bank of Korea banknotes held by the Bank of Korea shall not form part of either the assets or liabilities of the Bank of Korea.

Article 51 (Collection of Claims of the Bank of Korea, etc)

(1) The Bank of Korea shall accept its banknotes in collection of claims and receipt of deposits. The Bank of Korea shall, however, accept deposits only from those parties entitled to hold deposits with it.

(2) The Bank of Korea shall on demand repay deposits with it immediately in its own banknotes. If there is any agreement on a time requirement governing the repayment of said deposits, however, the repayment may be made on or after the repayment date.

Article 52 (Exchange of Bank of Korea Banknotes, etc)

(1) The Bank of Korea shall exchange, on demand, Bank of Korea banknotes of any denomination for its banknotes of any other denomination requested as long as its holdings of the said banknotes permit.

(2) The Bank of Korea shall permanently withdraw from circulation any of its banknotes which because of wear and tear or dirtiness or for any other reason are unfit for circulation, and replace them with new banknotes.

Article 53 (Issue of Coins)

(1) The Bank of Korea may issue coins.

(2) The provisions of Articles 48 through 52 shall mutatis mutandis apply to coins as provided for in Paragraph (1).

Article 53-2 (Prohibition of Damaging Coins)

No person may with the intent of gain damage coins by way of melting, crushing, compressing, etc. for other usage unless having the express permission of the Bank of Korea.

Article 53-3 (Issue of Commemorative Currency)

The Bank of Korea may issue banknotes or coins to commemorate a figure deserving to be widely honored for his/her achievements, events or ceremonies which are meaningful within and without the country, cultural properties, etc.

Section 2 Deposits and Reserves of Banking Institutions

Article 54 (Acceptance of Deposits by the Bank of Korea)

The Bank of Korea may accept and hold deposits on behalf of banking institutions.

Article 55 (Deposit of Reserves)

(1) Banking institutions shall maintain a level of reserves higher than the ratio of reserves to their deposit liabilities and other liabilities defined by the Presidential Decree(hereinafter referred to as "liabilities subject to reserve requirements") as provided for in Article 56.

(2) The Bank of Korea may pay interest on the reserves as provided for in Paragraph (1) in such manner as may be determined by the Monetary Policy Committee.

Article 56 (Determination of Reserve Ratio, etc)

(1) The Monetary Policy Committee may fix and, when it deems desirable, alter the minimum reserves ratio which each banking institution must maintain(hereinafter referred to as "ratio of reserves") .

(2) The ratio of reserves, except as provided for in Article 57, shall not be more than fifty percent, and shall be applied uniformly to all banking institutions.

Article 57 (Marginal Reserves)

The Monetary Policy Committee may, in periods of pronounced monetary expansion and when it deems necessary, require banking institutions to maintain marginal minimum reserves, over and above those which correspond to the ratio of reserves to liabilities subject to reserve requirements, of up to one hundred percent against any increase in liabilities subject to reserve requirements above the amount outstanding as of the date specified by the Monetary Policy Committee.

Article 58 (Ratios of Reserves to Each Class or Size of Liabilities Subject to Reserve Requirements)

Subject to the provisions of Articles 55 and 57, the Monetary Policy Committee may, when it deems necessary, fix different ratios of reserves by class or by scale against the liabilities subject to reserve requirements.

Article 59 (Computation of Minimum Reserves)

(1) The amount of the required minimum reserves to be held by each banking institution shall be computed monthly in such manner as may be determined by the Monetary Policy Committee.

(2) In the computation of the required minimum reserves of each banking institution, its head office, branches and offices in the Republic of Korea shall be considered a single unit.

Article 60 (Imposition of Penalty, etc)

(1) Whenever the amount of the reserves held by any banking institution during a period for the maintenance of the minimum reserves set by the Monetary Policy Committee under the provisions of Clause 2 of Article 28 falls below the required minimum reserves computed according to the provisions of Article 59, the banking institution shall pay to the Bank of Korea a penalty of two percent of the amount of the average deficiency during that period.

(2) If the reserve deficiency persists for three continuing minimum reserve maintenance periods, the Monetary Policy Committee may prohibit the delinquent banking institution from making new loans and investments or from paying out dividends to its shareholders until its reserves have been maintained at the required for one minimum reserve maintenance period.

Article 61 (Increase of the Ratio of Reserves)

Whenever the Monetary Policy Committee raises the ratio of reserves, it shall do so in as gradual and orderly a manner as possible, and give all banking institutions appropriate advance notice.

Article 62 (Use of Reserves)

The reserves held by banking institutions in the Bank of Korea may be used as a fund for the settlement of balances with the Bank of Korea or other banking institutions in such manner as may be determined by the Monetary Policy Committee.

Article 63 (Reserve Assets Scheme)

The Monetary Policy Committee may, when it deems necessary, require each banking institution to hold, apart from the reserves, special reserve assets in such manner as may be determined by the Presidential Decree.

Section 3 Loans to Banking Institutions

Article 64 (Credit Operations with Banking Institutions)

(1) The Bank of Korea may conduct the following credit operations with banking institutions in such manner as may be determined by the Monetary Policy Committee:

1. The re-discounting, discounting, buying and selling of promissory notes, bills of exchange, and other credit securities which banking institutions have acquired, provided that the instruments mature within one year from the date of their acquisition by the Bank of Korea, and
2. The making of loans against the following kinds of collateral for fixed periods which shall not exceed one year:
 - (a) Credit securities specified in Clause 1;
 - (b) Negotiable securities representing obligations of, or obligations guaranteed by, the Government;
 - (c) Negotiable securities representing obligations of the Bank of Korea; or
 - (d) Other securities specified by the Monetary Policy Committee.

(2) All credit securities re-discounted, discounted, bought or accepted as collateral in accordance with the provisions of Paragraph (1) shall bear the endorsement or be accompanied by a certificate of assignment of title from the banking institution from which they are received.

Article 65 (Emergency Credit to Banking Institutions)

(1) The Bank of Korea may conduct emergency credit operations with banking institutions with at least four Members concurring in any of following cases. In these cases, the Bank of Korea may, in addition to the assets specified in Paragraph (1) of Article 64, qualify any assets of banking institutions as temporarily acceptable collateral.

1. Conducting emergency credit operations with banking institutions whose liquidity conditions have deteriorated due to imbalances between fund raising and use; or
2. Conducting credit operations temporarily with banking institutions which are expected to experience pronounced difficulty in carrying out their operations due to temporary shortages of funds for payment caused by a breakdown of an electronic information processing system or other accidental mishap.

(2) The Monetary Policy Committee may restrict loans and investments of a banking institution in receipt of credit as specified in the provisions of Clause 1 of Paragraph (1) as long as such borrowings are outstanding.

(3) The Bank of Korea may, when it deems necessary, check and confirm the operations and status of the assets of a banking institution in connection with its extension of credit as provided for in Paragraph (1).

(4) The Bank of Korea shall hear the opinions of the Government before making decisions on emergency credit as provided for in Paragraph (1).

Article 66 (Refusal of Credit by the Bank of Korea)

(1) The Bank of Korea may reject any application for credit presented to it by a banking institution if the Monetary Policy Committee deems that the applicant banking institution has had, as compared with other banking institutions, excessive recourse to the credit of the Bank of Korea or has been pursuing unsound loan and investment policies.

(2) Should the Monetary Policy Committee consent to the extension of credit to a banking institution as mentioned in Paragraph (1), it may impose higher discount and interest rates on such.

Article 67 (Restrictions on Credit of the Bank of Korea)

The Bank of Korea shall, in periods of severe monetary expansion, restrict its credit extension to banking institutions, and grant new credit only in unavoidable circumstances, while endeavoring to contract the volume of its outstanding credit to banking institutions as speedily as possible.

Section 4 Purchases and Sales of Securities in the Open Market

Article 68 (Open Market Operations)

(1) For the purpose of conducting monetary and credit policies, the Bank of Korea may, in accordance with the provisions of the Monetary Policy Committee, sell and buy or lend and borrow for its own account in the open market:

1. Government bonds of the Republic of Korea;
2. Securities whose full redemption and interest payments are guaranteed by the Government; and
3. Other securities of types specified by the Monetary Policy Committee.

(2) The securities provided for in each Clause of Paragraph (1) shall be confined to those which are freely negotiable and whose terms of issuance are being completely fulfilled.

Article 69 (Bank of Korea Monetary Stabilization Bonds)

(1) The Bank of Korea may, in accordance with the provisions of legislation and the Monetary Policy Committee, issue Bank of Korea Monetary Stabilization Bonds (hereinafter referred to as "Monetary Stabilization Bonds") in the open market.

(2) The Bank of Korea may repurchase Monetary Stabilization Bonds in the open market or redeem them at par by lot before maturity.

(3) The interest rates, maturities and repayment conditions of Monetary Stabilization Bonds shall be determined by the Monetary Policy Committee.

(4) The redemption by lot provided for in Paragraph (2) may be executed only when the Monetary Policy Committee deems it necessary.

(5) The Bank of Korea shall immediately retire and cancel Monetary Stabilization Bonds repurchased or redeemed. This shall not apply, however, to purchases under the condition of resale.

(6) The provisions of Article 50 shall apply to Monetary Stabilization Bonds held by the Bank of Korea. This shall not apply, however, to purchases under the condition of resale.

Article 70 (Establishment of the Bank of Korea Monetary Stabilization Account)

(1) The Bank of Korea may, in accordance with the provisions of the Monetary Policy Committee, establish the Bank of Korea Monetary Stabilization Account and require banking institutions to hold special deposits in it.

(2) Amounts deposited in the Bank of Korea Monetary Stabilization Account shall not be regarded as the reserves specified in Section 2 of Chapter IV.

Section 5 Business with the Government and Government Agencies

Article 71 (Depositary of the Government)

The Bank of Korea, as the depositary of the Government of the Republic of Korea, shall handle national revenue deposits in accordance with the provisions of the National Treasury Management Act.

Article 72 (Custody)

The Bank of Korea may accept custody of securities, documents or other valuable objects belonging to the Government.

Article 73 (Handling of Government Business)

The Bank of Korea may, in accordance with the provisions of legislation, assist in the collection of national revenues, and handle business related to the issue, sale, or redemption of securities representing obligations of the Government.

Article 74 (Fee)

The Bank of Korea may charge a fee or commission for the handling of

Government business within the actual cost of such services.

Article 75 (Credit to the Government, etc)

- (1) The Bank of Korea may render credit to the Government on overdrafts or in other forms, and may directly subscribe to Government bond issues.
- (2) The aggregate of all loans and direct subscriptions to Government bonds specified in Paragraph (1) shall not exceed the amount of the indebtedness which, together with any borrowing by the Government from other banking institutions and the public, has been authorized by the National Assembly.
- (3) The interest rates and other terms of the credit as provided for in Paragraph (1) shall be determined by the Monetary Policy Committee.

Article 76 (Direct Subscription to Securities Guaranteed by the Government)

- (1) The Bank of Korea may directly subscribe to securities whose redemption in full and interest payments are guaranteed by the Government.
- (2) The interest rates and other terms of the subscription to such securities as specified in Paragraph (1) shall be determined by the Monetary Policy Committee.

Article 77 (Deposits from and Loans to Government Agencies)

- (1) The Bank of Korea may accept deposits from, and make loans to, government agencies.
- (2) The term "government agencies" as used in Paragraph (1) shall be defined as juridical persons which are designated by the Government to execute on its behalf projects or functions of a public character in the fields of production, purchase, sale or distribution.
- (3) The redemption in full and interest payments of the loans stipulated in Paragraph (1) shall be guaranteed by the Government.
- (4) The Monetary Policy Committee shall determine the interest rates and other terms of loans by the Bank of Korea to government agencies.

Article 78 (Restrictions on Credit to Government Agencies)

The Bank of Korea shall, in periods of monetary expansion, endeavor to restrict its credit to government agencies and to contract the outstanding volume of such credit.

Section 6 Business with the Public

Article 79 (Restrictions on Transactions with the Public)

The Bank of Korea shall not, except as provided for in this Act, accept deposits from, make loans to, or purchase the obligations of juridical persons or individuals other than the Government, government agencies and banking institutions. It may, however, in such manner as may be determined by the Monetary Policy Committee, accept deposits from juridical persons where this is deemed necessary for the performance of its business.

Article 80 (Credit to For-profit Enterprises)

(1) When severe impediments arise to obtaining funds from financial institutions including a severe contraction of credit or when there is a strong likelihood of their arising, the Bank of Korea may, with at least four Members concurring, render credit to any for-profit enterprise such as those engaged in financing business other than banking institutions, the provisions of Article 79 notwithstanding.

(2) The credit service provided for in Paragraph (1) shall observe such terms and conditions as are stipulated by the Monetary Policy Committee.

(3) The provisions of Paragraphs (3) and (4) of Article 65 shall apply to the credit as provided for in Paragraph (1).

Section 7 Business Concerning Payment and Settlement Systems

Article 81 (Business Concerning Payment and Settlement Systems)

(1) For the purpose of promoting the safety and efficiency of the payment and settlement system as a whole, the Bank of Korea may determine all the

necessary matters concerning the payment and settlement system that it operates.

(2) Concerning the payment and settlement systems that are operated by institutions other than the Bank of Korea, the Bank of Korea may if necessary request such operating institutions or the supervisory body responsible to take measures for the improvement of the operating rules, etc.

(3) For the purpose of the smooth operation of the payment and settlement systems as a whole, the Bank of Korea may require institutions operating payment and settlement systems referred to in Paragraph (2) to provide materials related to their payment and settlement businesses. In such cases the operating institutions shall comply.

(4) The Bank of Korea may require participant institutions of payment and settlement system operated by the Bank of Korea referred to in Paragraph (1) to provide any relevant materials.

Article 81-2 (Support to Settle Temporary Shortages)

The Bank of Korea may as determined by the Monetary Policy Committee temporarily provide intraday funds to participant institutions of payment and settlement systems operated directly by the Bank of Korea to meet shortage of funds.

Section 8 Other Business

Article 82 (Foreign Exchange Business, etc)

The Bank of Korea may, subject to the authorization of the Minister of Strategy and Finance, engage in the following business:

1. Foreign exchange business operations and the holding of foreign exchange;
2. Acceptance of deposits from foreign banking institutions, international financial organizations, foreign governments and their agencies, or United Nations' organizations; and
3. Buying and selling precious metals.

Article 82-2(Management Procedures for Foreign-Currency Denominated Assets)

The Governor must hear the opinion of the Monetary Policy Committee in advance about major plans regarding the management of foreign-currency denominated assets.

Article 83 (Advice on Foreign Exchange Rate Policy, etc)

The Bank of Korea shall exercise an advisory function concerning the Government's policies on exchange rates, the foreign currency loans and deposits of banking institutions, and the setting of foreign exchange overbought and oversold position limits on them.

Article 84 (Correspondent Agreements)

The Bank of Korea may conclude correspondent agreements with banking institutions as determined by the Monetary Policy Committee.

Article 85 (Representing the Government at International Organizations)

The Bank of Korea shall, in accordance with the directions of the Government, represent the Government in all or any dealings, negotiations or transactions with international monetary or financial organizations of which the Republic of Korea is a member.

Article 86 (Collection and Compilation of Statistics, etc)

The Bank of Korea may, when necessary for the formulation of its monetary and credit policies, collect and compile statistics on money and banking, public finance, prices, wages, production, the balance of payments and other basic economic statistical series, and conduct economic research and for such purposes request any materials or information from the Government organization and any juridical or individual person.

Chapter V Requests for Examinations of Banking Institutions, etc

Article 87 (Right to Request Materials)

The Bank of Korea may, when the Monetary Policy Committee deems it necessary for the implementation of its monetary and credit policies, request institutions which fall under any of the following Clauses to submit any materials. Adequate consideration shall be given to the operational burden imposed on the requested institutions concerned by keeping the information to be supplied to the minimum required.

1. Banking institutions referred to in Article 11;
2. Institutions engaged in financing business other than banking institutions that enter into current deposit account agreements with the Bank of Korea; or,
3. Institutions not falling under either Clauses 1 or 2, as set out in the Presidential Decree considering the scale of assets of institutions from among those defined as financial institutions in Article 2 of the Act on Structural Improvement of the Financial Industry.

Article 88 (Request for Examination, Joint Examination, etc)

(1) The Bank of Korea may, when the Monetary Policy Committee deems it necessary for the implementation of its monetary and credit policies, require the Financial Supervisory Service set up under the Act on the Establishment, etc. of the Financial Services Commission (hereinafter referred to as "the Financial Supervisory Service") to examine banking institutions within a determined specific range and, when necessary, it may require the Financial Supervisory Service to have employees of the Bank of Korea participate on a joint basis in the examination of banking institutions. In such cases the Financial Supervisory Service shall comply without delay as determined by the Presidential Decree.

(2) The Bank of Korea may request the Financial Supervisory Service to submit the findings of examinations carried out in accordance with the provisions of Paragraph (1) and on the basis of these findings to take the necessary corrective measures against the banking institutions concerned. In such cases the Financial Supervisory Service shall comply.

Article 89 (Request for Reconsideration of a Decision of the Financial Services

Commission)

- (1) The Monetary Policy Committee may, when it has a different view, request the Financial Services Commission to reconsider a financial supervisory decision it has taken if it has a direct bearing on monetary and credit policies.
- (2) When the Financial Services Commission takes the same decision as its previous one on a matter whose reconsideration has been requested under the provisions of Paragraph (1) with at least two-thirds of all Members concurring, the decision mentioned in Paragraph (1) shall become effective.

Chapter VI Relationship with the Government, etc

Article 90 (Governor's Attendance at the State Council)

- (1) The Governor may attend and state his/her opinion on matters related to money and credit at the State Council.
- (2) The Government may request the Governor to attend the State Council.

Article 91 (Government Official's Presence at the Meeting of the Monetary Policy Committee)

The Vice Minister of Strategy and Finance, or the Vice Chairman of the Financial Services Commission may be present and state their opinions at meetings of the Monetary Policy Committee. However, the Vice Chairman of the Financial Services Commission may be present and state his/her opinion only on matters related to the responsibilities of the Financial Services Commission.

Article 92 (Request for Reconsideration of a Decision of the Monetary Policy Committee)

- (1) Where the Minister of Strategy and Finance considers the decisions taken by the Monetary Policy Committee in conflict with the Government's economic policy, he may request the Committee to reconsider them.

(2) When the Monetary Policy Committee takes the same decision as its previous one on a matter requested for reconsideration under the provisions of Paragraph (1) with at least five Members concurring, the final decision shall rest with the President.

(3) When the Minister of Strategy and Finance makes a request as provided for in Paragraph (1), he must at once announce this publicly according to the provisions stipulated by the Presidential Decree.

Article 93 (Government's Consultation with the Monetary Policy Committee)

The Government shall consult with the Monetary Policy Committee whenever it formulates important policies related to money and credit.

Article 94 (Exchange of Information)

The Minister of Strategy and Finance, the Monetary Policy Committee and the Financial Services Commission may, when it is deemed necessary for the formulation of policy, request materials from each other. Each authority shall comply with the request unless it has a particular reason for not doing so.

Article 95 (Audit by the Board of Audit and Inspection)

The Bank of Korea shall be audited by the Board of Audit and Inspection every year.

Article 96 (Report to the National Assembly)

(1) The Bank of Korea shall compile at least twice a year reports on the implementation of its monetary and credit policies and reports on the status of the nation's macro-financial stability, and submit them to the National Assembly.

(2) The Governor shall attend, and answer the questions of, the National Assembly or any of its Committees at the request of the National Assembly or its Committee concerning the reports provided for in Paragraph (1).

Chapter VII Accounting, etc

Section 1 Accounting

Article 97 (Fiscal Year)

The fiscal year of the Bank of Korea shall correspond to that of the Government.

Article 98 (Budget and Closing Statements)

(1) The budget of the Bank of Korea for each fiscal year shall be confirmed by a decision of the Monetary Policy Committee.

(2) In the budget in Paragraph (1), budget allocations for expenses classified as salaries under the Presidential Decree shall require the prior consent of the Minister of Strategy and Finance, upon which they shall be promptly reported to the relevant standing committee of the National Assembly.

(3) The Bank of Korea shall submit an itemized budget as provided for in Paragraph (2) to the Minister of Strategy and Finance at least sixty days before the start of each fiscal year.

(4) The Governor shall within two months of the close of each fiscal year submit a set of the Bank of Korea's externally-audited closing statements (including financial statements, supplementary schedules and audit report from an accounting corporation as stipulated in Article 23 of the Certified Public Accountant Act) for the fiscal year separately to the relevant standing committee of the National Assembly and to the Minister of Strategy and Finance.

Article 99 (Disposal of Surplus)

(1) The Bank of Korea shall allocate to the reserves annually thirty percent of any net profit after allowance has been made for the depreciation of assets.

(2) The Bank of Korea may, with the approval of the Government, establish reserve funds for specific purposes when net profit remains after compliance

with the provisions of Paragraph (1).

(3) After making allocation of its net profit in accordance with the provisions of Paragraphs (1) and (2), the Bank of Korea shall pay what remains of the net profit into the General Revenue Account of the Government.

Article 100 (Recoupment of Loss)

Any loss incurred by the Bank of Korea during any fiscal year shall be offset from the reserves and, should these be insufficient, the deficiency shall be made up by the Government in accordance with the National Fiscal Management Act.

Section 2 Balance Sheet and Annual Report, etc

Article 101 (Public Announcement of the Balance Sheet)

(1) The Bank of Korea shall publish within the first twenty days of each month a general balance sheet, showing in appropriate detail its assets and liabilities as of the last working day of the preceding month. Where the general balance sheet is as of the last working day of the fiscal year, the Bank of Korea may publish it within two months after the close of the said fiscal year.

(2) The general balance sheets referred to in Paragraph (1) shall be signed by, or bear the seal impressions of, the Governor, the Auditor and the person responsible for their preparation.

Article 102 (Publication of the Annual Report)

(1) The Bank of Korea shall, within three months after the end of each fiscal year, submit to the Government its annual report and publish it. This annual report shall outline its business status, its monetary policy and the Government's foreign exchange policy, and analyze the economic and financial situation of the country during the fiscal year.

(2) The annual report in Paragraph (1) shall be approved by a resolution of the Monetary Policy Committee.

Article 103 (Prohibition of Profit-making Activities, etc)

The Bank of Korea may not participate, directly or indirectly, in profit-making activities, or the ownership or management of any profit-making enterprise, and may not purchase or permanently own real property unless it is necessary for the conduct of its business.

Chapter VIII Supplementary Provisions

Article 104 (Penal Provision)

Any person (including the Auditor under the provisions of Article 46) who violates the provisions of Paragraph (2) of Article 42 shall be subject to a term of imprisonment not exceeding three years or to a fine not exceeding twenty million won.

Article 105 (Penal Provision)

Any person who violates the provisions of Article 10 shall be subject to a term of imprisonment not exceeding one year or to a fine not exceeding ten million won.

Article 105-2 (Penal Provision)

Any person who damaged coins violating the provisions of Article 53-2 shall be subject to a term of imprisonment not exceeding six months or to a fine not exceeding five million won.

Article 106 (Treatment as Public Officials in Application of the Punitive Provisions of Related Acts)

- (1) The Members, the Deputy Governors, the Auditor and employees of the Bank of the Korea shall be deemed public officials for the purpose of application of the punitive provisions of the Criminal Code or other laws.
- (2) The meaning of employees referred to in Paragraph (1) shall be determined by the Presidential Decree.

ADDENDA

Article 1 (Enforcement Date)

This Act shall be effective from April 1, 1998.

Article 2 (Application of Restriction on the Reappointment of the Senior Deputy Governor and the Auditor)

The revised provisions of Paragraph (2) of Article 36 and Paragraph (3) of Article 44 shall take effect from the first appointment of a Senior Deputy Governor and an Auditor in each case under this Act.

Article 3 (General Interim Measures)

(1) Authorizations, approvals, decisions, orders, dispositions and other administrative decisions made by the Monetary Board on the basis of the former provisions before the entry into effect of this Act shall be deemed granted by the Monetary Policy Committee on the basis of this Act.

(2) Applications, reports and other activities to the Monetary Board based on the former provisions before the entry into effect of this Act shall be deemed as those to the Monetary Policy Committee based on this Act.

Article 4 (Interim Measures Concerning the Members and Executive Officers, etc)

The Chairman and the Members, the Governor, the Deputy Governor, the Assistant Governors, and the Auditor of the Bank of Korea serving as of the entry into effect of this Act shall exercise their respective functions under this Act until such time as a Chairman and the Members, a Governor, a Senior Deputy Governor, Deputy Governors and an Auditor have been appointed on the basis of this Act.

Article 5 (Special Measures Concerning the Terms of Members)

Among the Members initially appointed under this Act, the terms of the Members provided for in Clauses 2 through 4 of Paragraph (1) of Article 13 shall be two years, the revised provisions of Article 15 notwithstanding.

Article 6 (Modification of Articles of Incorporation)

The Bank of Korea shall modify its Articles of Incorporation to correspond with the revisions contained in this Act and obtain authorization from the Minister of Finance and Economy concurrently with this Act's entry into effect.

Article 7 (Amendments of Other Acts) (Omitted)

Article 8 (Relation with Other Legislation)

When any legislation cites any provisions of the former Bank of Korea Act as of this Act's entry into effect, it shall be deemed as citing the relevant provisions of this Act. Citing an Assistant Governor of the Bank of Korea shall be deemed as citing a Deputy Governor of the Bank of Korea. And citing the Office of Bank Supervision or the Office of Bank Supervision of the Bank of Korea shall be deemed as citing the Financial Supervisory Service. Citing the Superintendent of Banks of the Bank of Korea or the Superintendent of Banks shall be deemed as citing the Governor of the Financial Supervisory Service.

ADDENDA <Act No. 6018, Sep. 7, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2000. (Proviso Omitted)

Articles 2 through 21 (Omitted)

ADDENDA <Act No. 6256, Jan. 28, 2000>

Article 1 (Enforcement Date)

(1) This Act shall enter into force on July 1, 2000. (Proviso Omitted)

(2) (Omitted)

Articles 2 through 14 (Omitted)

ADDENDA <Act No. 6274, Oct. 23, 2000>

Article 1 (Enforcement Date)

This Act shall enter into force one month after the date of its promulgation.

Articles 2 through 6 (Omitted)

ADDENDA <Act No. 6429, Mar. 28, 2001>

Article 1 (Enforcement Date)

This Act shall enter into force on the date as determined by the Presidential Decree within two-year period after the date of its promulgation. (Proviso Omitted)

Articles 2 through 11 (Omitted)

ADDENDA <Act No. 6836, Dec. 30, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2003.

Articles 2 through 7 (Omitted)

ADDENDA <Act No. 6971, Sep. 3, 2003>

(1) (Enforcement Date)

This Act shall enter into force on January 1, 2004.

(2) (Interim Measures Concerning the Terms of the Member and the Senior Deputy Governor)

The terms of the Member of the Monetary Policy Committee appointed under the former Clause 7 of Paragraph (1) of Article 13 and the Senior Deputy Governor appointed under the former Paragraph (1) of Article 36, as of the entry into effect of this Act, shall be until December 31, 2003, the former provisions notwithstanding.

ADDENDA <Act No. 8050, Oct. 4, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007.

Articles 2 through 12 (Omitted)

ADDENDA <Act No. 8852, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted)

Articles 2 through 7 (Omitted)

ADDENDA <Act No. 8863, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 5 (Omitted)

ADDENDA <Act No. 10303, May 17, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force 6 months after the date of its promulgation.

Articles 2 through 9 (Omitted)

ADDENDA <Act No. 10522, Mar. 31, 2011>

Article 1 (Enforcement Date)

This Act shall enter into force on March 2, 2012. (Proviso Omitted)

Articles 2 through 28 (Omitted)

ADDENDA <Act No. 11051, Sep. 16, 2011>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 (Application of the Submission of Closing Statements)

The matters concerning external-audit in the revised provision of Paragraph (4) of the Article 98 shall be applied from the closing of the fiscal year 2011.

Article 3 (Amendments of Other Acts)

(1) The Banking Act shall be amended as follows.

In Paragraph (1) of Article 30, the term "deposit liabilities" shall be replaced by "liabilities subject to reserve requirements referred to in Article 55 of the Bank of Korea Act", "reserves against deposits" by "reserves", and "reserve assets for deposits" by "reserve assets".

(2) The Industrial Bank of Korea Act shall be amended as follows.

In Article 33-4, the title and the term "reserves against deposits" shall be replaced by "reserves".

ADDENDA <Act No. 11380, Mar. 21, 2012>

Article 1 (Enforcement Date)

This Act shall enter into force one month after the date of its promulgation. However, the revised provision of Paragraph (1) of the Article 33 shall be effective from May 30, 2012.

Article 2 (Application of Personnel Hearing on the Governor by the National Assembly)

The revised provision of Paragraph (1) of Article 33 shall be applied from the first appointment of a Governor after the entry into effect of this Act.