

DEPOSITOR PROTECTION ACT

Act No. 5042, Dec. 29, 1995

Amended by Act No. 5257, Jan. 13, 1997

Act No. 5403, Aug. 30, 1997

Act No. 5421, Dec. 13, 1997

Act No. 5492, Dec. 31, 1997

Act No. 5556, Sep. 16, 1998

Act No. 5702, Jan. 29, 1999

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Act is to contribute to protecting depositors and maintaining the stability of financial system by efficiently operating a deposit insurance system in order to cope with conditions in which a financial institution is unable to pay their deposits due to its bankruptcy. *<Amended by Act No. 5492, Dec. 31, 1997>*

Article 2 (Definitions)

For the purpose of this Act, the definitions of terms shall be as follows: *<Amended by Act No. 5403, Aug. 30, 1997; Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*

1. The term “insured financial institutions” means financial institutions which are the objects of application of deposit insurance as prescribed in this Act and which fall under any of the following items:

- (a) Financial institutions authorized under Article 8 (1) of the Banking Act;
- (b) The Korea Development Bank established under the Korea Development Bank Act;
- (c) The Industrial Bank of Korea established under the Industrial Bank of Korea Act;
- (d) Deleted; *<by Act No. 5403, Aug. 30, 1997>*
- (e) The National Agricultural Cooperatives Federation as prescribed in the Agricultural Cooperatives Act;
- (f) The National Fisheries Cooperatives Federation as prescribed in the Fisheries Cooperatives Act, and fisheries cooperatives which are its members and which conduct such businesses as provided in

Article 65 (1) 4 (d) of the Fisheries Cooperatives Act;

(g) The National Livestock Cooperatives Federation as prescribed in the Livestock Industry Cooperatives Act;

(h) The Long-Term Credit Bank as prescribed in the Long-Term Credit Bank Act;

(j) Securities companies which obtain permission to conduct the securities business as provided in Article 2 (8) 2 through 4 of the Securities and Exchange Act (excluding securities companies which conduct exclusively a business of buying and selling or brokerage of securities outside the securities market);

(k) Insurers who obtain permission as provided in Article 5 (1) of the Insurance Business Act (excluding insurers who mainly conduct reinsurance or guarantee insurance business and who are prescribed by the Presidential Decree);

(l) Merchant banks as prescribed in the Merchant Banks Act;

(m) Mutual savings and finance companies as prescribed in the Mutual Savings and Finance Company Act; and

(n) Credit cooperatives as prescribed in the Credit Cooperatives Act;

2. The term “deposit” means those falling under any of the following items: Provided, That the scope may be restricted by the Presidential Decree:

(a) Money which insured financial institutions as provided in subparagraph 1 (a) through (i) (hereinafter referred to as “banks”) raise by bearing liabilities from many and unspecified persons by means of deposits, installment deposits, or installments, and money which they raise through money trusts whose principals are compensated under Article 10 (2) of the Trust Business Act;

(b) Money which any customer deposits in insured financial institutions as provided in subparagraph 1 (j) (hereinafter referred to as “securities companies”) in connection with buying and selling of securities or other transactions;

(c) Insurance premiums received by insured financial institutions as provided in subparagraph 1 (k) (hereinafter referred to as “insurers”) according to any insurance contract;

(d) Money which insured financial institutions as provided in subparagraph 1 (l) (hereinafter referred to as “merchant banks”) raise through the issuance of bills as provided in Article 7 (1) of the Merchant Banks Act, and financial goods as they raise funds from many and unspecified persons, invest such funds in securities, and pay profits therefrom;

(e) Money which insured financial institutions as provided in subparagraph 1 (m) (hereinafter referred to as “mutual savings and finance companies”) raise by means of fraternity dues, installments, deposits and installment deposits; and

(f) Money which insured financial institutions as provided in subparagraph 1 (n) (hereinafter referred to as “credit cooperatives”) raise by means of investments, deposit money and installment deposits;

3. The term “depositors” means those who have deposits or other claims against insured financial institutions;

4. The term “deposits or other claims” means the capital, principal, interest, profits, insured amount, sundry payments and other agreed pecuniary claims which depositors have against insured financial institutions through financial transactions such as deposits;
5. The term “insolvent financial institutions” means the following insured financial institutions:
- (a) Insured financial institutions the liabilities of which exceed assets as a result of an actual inspection of management situations or insured financial institutions the normal management of which is clearly difficult because their liabilities exceed assets due to an occurrence of large financial accidents or nonperformance claims, which are determined by the Financial Supervisory Commission or the Operating Committee under Article 8;
 - (b) Insured financial institutions which are in suspension of payment for claims such as deposits or redemption of borrowed money from other financial institutions; and
 - (c) Insured financial institutions for which the Financial Supervisory Commission or the Operating Committee under Article 8 deems it difficult to pay for claims such as deposits or redeem borrowed money without financial support or special borrowing (excluding borrowing incurred from ordinary financial transactions) from outside;
- 5-2. The term “insolvency-threatened financial institutions” means insured financial institutions which are concluded to have a high possibility of becoming insolvent financial institutions due to their weak financial standing by the Operation Committee under Article 8;
6. The term “financial support” means the following items which the Korea Deposit Insurance Corporation established under Article 3 provides to be borne from a deposit insurance fund under Article 24 (1):
- (a) Loaning or depositing of funds;
 - (b) Purchasing assets;
 - (c) Guaranteeing or accepting obligations; and
 - (d) Investments or contributions;
7. The term “insurance risk” means the following items:
- (a) Insured financial institutions’ payment suspension of claims such as deposits (hereinafter referred to as the “first-class insurance risk”); and
 - (b) Insured financial institutions’ cancellation of business authorization and permission, decision of dissolution or declaration of bankruptcy (hereinafter referred to as the “second-class insurance risk”).

CHAPTER II DEPOSIT INSURANCE CORPORATION

SECTION 1 Common Provisions

Article 3 (Establishment)

For the purpose of efficiently operating a deposit insurance system, the Deposit Insurance Corporation shall be established under this Act.

Article 4 (Corporate Personality)

- (1) The Deposit Insurance Corporation (hereinafter referred to as the “Corporation”) is a non-capital special corporation.
- (2) The Corporation shall be operated under this Act, orders issued under this Act, or the articles of incorporation.

Article 5 (Registration)

- (1) The Corporation shall be registered as prescribed by the Presidential Decree.
- (2) The Corporation shall be formed by registering its incorporation in the location of its main office.
- (3) For matters which require registration under the provisions of paragraph (1), the Corporation shall not set up against third parties unless those matters happen following the registration.

Article 6 (Articles of Incorporation)

- (1) In the articles of incorporation, the following matters shall be entered:
 1. Purpose;
 2. Title;
 3. Location of office;
 4. Matters relating to the deposit insurance funds;
 5. Matters relating to the Operating Committee;
 6. Matters relating to the board of directors;
 7. Matters relating to the officers and the employees;
 8. Matters relating to the business and execution thereof;
 9. Matters relating to accounting;
 10. Matters relating to changes in the articles of incorporation; and
 11. Method of public notification.
- (2) When the Corporation desires to change its articles of incorporation, it shall obtain the authorization of the Minister of Finance and Economy, after a resolution has been passed by the Operating Committee established under the provisions of Article 8. *<Amended by Act No. 5556, Sep. 16, 1998>*

Article 7 (Prohibition of Use of Similar Trade Names)

A person who is not the Corporation shall not use “Deposit Insurance Corporation” or similar trade names.

SECTION 2 Operating Committee

Article 8 (Operating Committee)

- (1) An operating committee (hereinafter referred to as the “Committee”) shall be established in the Corporation.
- (2) The Committee shall establish a basic direction relating to the operation of the Corporation, under this Act, orders issued under this Act, or the articles of incorporation, and shall deliberate upon matters such as use and purpose plans of the funds.

Article 9 (Composition of Committee)

- (1) The Committee shall be composed of members of the following subparagraphs: *<Amended by Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*
 1. President of the Corporation;
 2. Vice Minister of Finance and Economy;
 3. Vice Chairman of the Financial Supervisory Commission;
 4. Vice Governor of the Bank of Korea;
 5. Chairman of the Korea Federation of Banks;
 6. Chairman of the Korea Securities Dealers Association;
 7. Chairman of the Incorporated Life Insurance Association;
 8. Chairman of the Incorporated Korea Non-life Insurance Association;
 9. Chairman of the Incorporated Merchant Banks Association;
 10. Chairman of the Mutual Saving and Finance Company Federation;
 11. Chairman of the Credit Cooperatives Federation; and
 12. Two members commissioned by the Minister of Finance and Economy, on the recommendation of the president of the Corporation.
- (2) The qualifications for the members of paragraph (1) 12 shall be prescribed by the Presidential Decree. *<Amended by Act No. 5492, Dec. 31, 1997>*
- (3) The tenure of office of the members of paragraph (1) 12 shall be three years, and they may be re-appointed. *<Amended by Act No. 5492, Dec. 31, 1997>*

Article 10 (Operation)

- (1) The chairman of the Committee shall be the president of the Corporation.
- (2) The chairman shall represent the Committee and exercise general control over the business of the Committee.
- (3) When the chairman is unable to perform his duties for compelling reasons, the members under Article 9 (1) 2 through 4 in accordance with the order prescribed thereby shall act for the chairman. *<Amended by Act No. 5492, Dec. 31, 1997>*

- (4) The Committee shall make resolutions with the attendance of a majority of the Committee and with the affirmative vote of a majority of the members present.
- (5) Where matters to be decided by the Committee are those confined to any specific type of insured financial institution, an operating subcommittee (hereinafter referred to as the “subcommittee”) may be established and operated for the effective operation of the Committee. *<Newly Inserted by Act No. 5492, Dec, 31, 1997>*
- (6) The subcommittee shall be composed of not less than seven members, including members listed in Article 9 (1) 1 through 4 and 12. *<Newly Inserted by Act No. 5492, Dec, 31, 1997>*
- (7) The chairman of the subcommittee shall be the member as prescribed in Article 9 (1) 1. *<Newly Inserted by Act No. 5492, Dec, 31, 1997>*
- (8) The provisions of paragraphs (2) through (4) shall apply mutatis mutandis to the subcommittee. *<Newly Inserted by Act No. 5492, Dec, 31, 1997>*
- (9) Decisions taken by the subcommittee shall be deemed decisions taken by the Committee. *<Newly Inserted by Act No. 5492, Dec, 31, 1997>*
- (10) Matters necessary for the operation of the Committee and subcommittees shall be prescribed by the Presidential Decree. *<Amended by Act No. 5492, Dec, 31, 1997>*

SECTION 3 Officers and Employees

Article 11 (Officers)

- (1) The Corporation shall have one president, not more than five directors, and one auditor. *<Amended by Act No. 5492, Dec, 31, 1997>*
- (2) The president shall be appointed and dismissed by the President of the Republic of Korea upon recommendation of the Minister of Finance and Economy. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (3) The directors shall be appointed and dismissed by the Minister of Finance and Economy upon recommendation of the president of the Corporation. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (4) An auditor shall be appointed and dismissed by the Minister of Finance and Economy. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (5) The tenure of office of the president, the directors and the auditor (hereinafter referred to as “officers”) shall be three years, and they may be re-appointed.
- (6) When there is a vacancy among the officers, it shall be filled by a new appointment, and the tenure of office of the new appointee shall be reckoned from the date on which he was appointed.

Article 12 (Duties of Officers)

- (1) The president shall represent the Corporation, and exercise general control over the business of the Corporation.

- (2) The directors shall assist the president, and shall take partial charge of the business of the Corporation, under the articles of incorporation.
- (3) When the president is unable to perform his duties, an officer shall act for the president, in the order as provided for in the articles of incorporation.
- (4) The auditor shall inspect and audit the business and the accounts of the Corporation.

Article 13 (Status Guarantee of Officers)

Except in cases falling under one of the following subparagraphs, an officer shall not be removed against his will before the end of his tenure:

1. When a case falls under any of the subparagraphs of Article 16;
2. When a case is in conflict with this Act, an order under this Act or the articles of incorporation; and
3. When, due to mental or physical disability, the execution of one's duties is extremely difficult.

Article 14 (Board of Directors)

- (1) A board of directors shall be established in the Corporation.
- (2) The board of directors shall be composed of the president and directors.
- (3) The board of directors shall resolve principal matters relating to the business of the Corporation.
- (4) The president shall convene the board of directors, and shall be the chairman.
- (5) The board of directors shall make resolutions with the attendance of a majority of all the members and with the affirmative vote of a majority of the members present.
- (6) The auditor may state his views by attending the meetings of the board of directors.

Article 15 (Appointment and Dismissal of Employees)

The president shall appoint and dismiss the employees of the Corporation.

Article 16 (Disqualification for Appointment to Office)

A person who falls under any of the following subparagraphs shall not be an officer or an employee of the Corporation:

1. A person who is not a citizen of the Republic of Korea; and
2. A person falling under any of the subparagraphs of Article 33 of the State Public Officials Act.

Article 17 (Duty of Prohibition from Side Jobs)

- (1) Except for his duties, an officer shall not engage in a profitmaking business without receiving the permission of the Minister of Finance and Economy. <Amended by Act No. 5556, Sep. 16, 1998>
- (2) Except for his duties, an employee shall not engage in a profitmaking business without receiving the authorization of the president.

(3) An officer or an employee of the Corporation, or a person who held such positions in the Corporation, shall not divulge trade secrets learned from his duties.

SECTION 4 Duties

Article 18 (Scope of Duties)

(1) For the purpose of attaining the objectives of this Act, the Corporation shall carry out duties listed in the following subparagraphs: *<Amended by Act No. 5492, Dec. 31, 1997>*

1. Management and operation of the deposit insurance fund;
2. Receipt of premiums under the provisions of Article 30;
3. Payments of insurance money under the provisions of Articles 31 and 32;
4. Liquidation of insolvent financial institutions under the provisions of Articles 35-2 through 38-2;
5. Duties incidental to the duties of subparagraphs 1 through 4;
6. Duties commissioned or designated by the government for the protection of depositors; and
7. Other business as determined by other Acts and subordinate statutes.

(2) The Corporation may, after deliberation by the Committee, enact provisions necessary for the execution of its duties.

Article 19 Deleted. *<by Act No. 5492, Dec. 31, 1997>*

Article 20 (Business Agency)

(1) When necessary, the Corporation may allow part of its business to be vicariously executed by another agency (hereinafter referred to as “acting agency”). *<Amended by Act No. 5556, Sep. 16, 1998; Act No. 5702, Jan. 29, 1999>*

(2) The scope of the acting agency shall be prescribed by the Presidential Decree.

Article 21 (Request to Insured Financial Institutions for Submission of Materials)

(1) With regard to insured financial institutions, the Corporation may request the submission of materials related to the business and property of an insured bank property to the extent necessary for the establishment and receipt of premiums under the provisions of Article 30, the calculation and payment of insurance money under the provisions of Articles 31 and 32, and the liquidation of insolvent financial institutions under the provisions of Articles 35-2 through 38-2. *<Amended by Act No. 5492, Dec. 31, 1997>*

(2) On the basis of the materials submitted under the provisions of paragraph (1), the Corporation may investigate the business and the state of the property of an insured financial institution about which there is concern related to insolvency, as deemed by the Committee. *<Amended by Act No. 5492, Dec. 31, 1997>*

(3) The Corporation may ask the Governor of the Financial Supervisory Service (hereinafter referred to as “the Financial Supervisory Service Governor”) established under the Act on the Establishment of

Financial Supervisory Organizations to conduct an inspection of an insured financial institution and transmit the results of the inspection or have its staff to participate jointly in the inspection of the insured financial institution by setting the specific scope as deemed necessary for the protection of depositors and the maintenance of financial system's stability. In this case, the Financial Supervisory Service Governor shall comply with such a request unless any special cause exists. *<Amended by Act No. 5492, Dec. 31, 1997>*

(4) Where it deems necessary for the protection of depositors, the Corporation may ask the Financial Supervisory Service Governor to present data relating to an insured financial institution by setting the specific scope. In this case, the Financial Supervisory Service Governor shall comply with such asking unless any special cause exists. *<Newly Inserted by Act No. 5556, Sep. 16, 1998>*

SECTION 5 Treasury and Accounting

Article 22 (Accounting)

The fiscal year of the Corporation shall be in accordance with the fiscal year of the Government.

Article 23 (Budget and Settlement of Accounts)

The budget and settlement of accounts of the Corporation shall be approved by the Minister of Finance and Economy through a resolution of the Committee. *<Amended by Act No. 5556, Sep. 16, 1998>*

Article 24 (Setting Up of Deposit Insurance Fund)

(1) A deposit insurance fund (hereinafter referred to as "Fund") shall be established in the Corporation for the receipt of premiums under the provisions of Article 30, the payment of insurance money under the provisions of Articles 31 and 32, the purchase of claims such as deposits under Article 35-2, investments under Article 36-3 (4), supporting funds under the provisions of Articles 36-5 (3) and 38, and support for insolvency-threatened financial institutions under Article 38-2. *<Amended by Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*

(2) The following subparagraphs shall be the sources of revenue for the Fund: *<Amended by Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*

1. Contributions from insured financial institutions;
2. Contributions from the Government;
 - 2-2. Funds created from the issue of deposit insurance fund bonds;
- 2-3. State property granted by the Government to the Corporation under Article 24-2;
3. Loans under the provisions of Article 26;
4. Premiums received under the provisions of Article 30 (1);
 - 4-2. Funds collected claims such as purchased deposits under Article 35-2;
5. Funds recovered from those funds provided for the liquidation of insolvent financial institutions under the provisions of Article 36-5 (3), 38 or 38-2; and

6. Operating profits of the Fund and other revenues.

(3) The Fund shall meet its expenses for insurance money, redemption of the principal and interests of deposit insurance fund bonds, payments to depositors, etc. under Article 35-2, investments under Article 36-3 (4), funds for supporting the liquidation, etc. of insolvent financial institutions under Article 36-5 (3), 38 or 38-2, redemption of borrowed money and its interest, and transfer, etc. to accounts managing funds necessary for the operation of the Corporation under Article 24-3 (1). *<Amended by Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*

(4) The contributions under the provisions of paragraph (2) 1 shall be determined separately for each insured financial institution by taking into account the deposit balance of each insured financial institution, within the scope of not exceeding one percent (ten percent for merchant banks and mutual saving and finance companies) of its paid-in capital or contribution. The payment amount, payment time and payment method shall be prescribed by the Presidential Decree. *<Amended by Act No. 5492, Dec. 31, 1997>*

Article 24-2 (Gratuitous Transfer of State Property)

(1) If the Government deems it necessary to protect depositors and assure the stability of the order concerning credit, it may transfer the miscellaneous property under Article 4 (4) of the State Properties Act to the Corporation gratuitously, notwithstanding the provisions of Article 44 of the same Act.

(2) The transfer under paragraph (1) shall be subject to the prior consent of the National Assembly after the deliberation of the State Council and the approval of the President: Provided, That if it is deemed particularly necessary to protect depositors and assure the stability of the order concerning credit, such transfer shall only be subject to an ex post facto approval of the National Assembly.

Article 24-3 (Separate Audit of Accounts)

(1) The Fund shall be audited, independently of other accounts for funds necessary for the operation of the Corporation. *<Newly Inserted by Act No. 5556, Sep. 16, 1998>*

(2) The Fund shall be established as separate accounts and audited independently of one another by banks, securities companies, and insurers. For insurers, they shall be further separately audited as life insurance and non-life insurance.

(3) The Committee shall determine an overall transfer of assets and liabilities between accounts under paragraph (2), transactions such as loans, transaction between accounts under paragraph (2) and the Corporation, and the methods, etc. of distributing expenses for the operation of the Corporation. *<Amended by Act No. 5556, Sep. 16, 1998>*

Article 25 (Operation of Surplus Cash)

When there is a cash surplus, the Corporation may use such surplus in accordance with the methods falling under the following subparagraphs: *<Amended by Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*

1. Purchase of government bonds and public loans, or other marketable securities designated by the Committee;
2. Deposit in insured financial institutions designated by the Committee;
3. Other methods prescribed by the Minister of Finance and Economy.

Article 26 (Loan)

- (1) When deemed necessary for the execution of its duties stipulated under the provisions of Article 18 (1) 3 and 4, the Corporation, notwithstanding the provisions of Article 79 of the Bank of Korea Act, may borrow funds at the fund's account from the Government, the Bank of Korea, insured financial institutions or other institutions as determined by the Presidential Decree, as prescribed by the Presidential Decree. *<Amended by Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*
- (2) The Government may guarantee the redemption of the principal and interest of loans from the Bank of Korea under paragraph (1). *<Newly Inserted by Act No. 5492, Dec. 31, 1997>*

Article 26-2 (Issue of Deposit Insurance Fund Bonds)

- (1) The Corporation may issue deposit insurance fund bonds (hereinafter referred to as "bonds") from the account's charge through a decision by the Committee to raise funds necessary for the protection of depositors and the safety of credit system.
- (2) Where the Corporation intends to issue bonds, it shall determine the amount, terms and the methods of issue and redemption at every issue and report them to the Minister of Finance and Economy. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (3) The necessary matters for the issue of bonds shall be determined by the Committee.
- (4) The extinctive prescription of bonds shall terminate at the lapse of 5 years for principal and two years for interest.
- (5) The Government may guarantee the redemption of the principal and interest of bonds.
- (6) Bonds shall be deemed bonds under Article 2 (1) 3 of the Securities and Exchange Act.

SECTION 6 Supervision

Article 27 (Supervision)

- (1) The Minister of Finance and Economy shall guide and supervise the duties of the Corporation, and may give necessary orders. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (2) When a disposition of the Corporation under this Act is unlawful, or when deemed necessary for the protection of depositors, the Minister of Finance and Economy may cancel all or part of such disposition, or suspend the execution of such disposition.

Article 28 (Report and Inspection)

(1) When deemed necessary, the Minister of Finance and Economy may have the Corporation report matters pertaining to its duties, accounting, and properties, or have public officials under his jurisdiction investigate the state of the Corporation's business, books and records, documents, facilities, or other matters. *<Amended by Act No. 5556, Sep. 16, 1998>*

(2) Where public officials under the jurisdiction of the Minister of Finance and Economy undertake an investigation under the provisions of paragraph (1), such officials shall carry certificates indicating their authority and show the certificates to relevant personnel.

CHAPTER III DEPOSIT INSURANCE

Article 29 (Insurance Relations)

(1) Insurance relations among the Corporation, an insured financial institution, and a depositor shall be formed when a depositor holds a claim such as a deposit against an insured financial institution. *<Amended by Act No. 5492, Dec. 31, 1997>*

(2) Any insured financial institution shall indicate whether insurance relations have been created and their contents under paragraph (1) on such terms and conditions as the Corporation may determine. *<Newly Inserted by Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*

Article 30 (Payment of Premiums)

(1) Each insured financial institution shall pay to the Corporation as insurance money the amount (one hundred thousand won where the amount is less than one hundred thousand won) calculated by multiplying a balance of deposits (an amount as determined by the Presidential Decree in consideration of liability reserves under Article 98 of the Insurance Act for insurers) by the ratio as determined by the Presidential Decree not exceeding 0.005 percent. In this case, the ratios may be set differently taking into account the management and financial status by insured financial institution and accumulated amounts of accounts under Article 24-3 (2). *<Amended by Act No. 5556, Sep. 16, 1998>*

(2) Notwithstanding the provisions of paragraph (1), with regard to an insured financial institution falling under any of the following subparagraphs, the Corporation may, through a resolution of the Committee, reduce all or part of the premiums, or defer the payment of the premiums by prescribing a specified period: *<Amended by Act No. 5492, Dec. 31, 1997>*

1. An insured financial institution which is related to an insured risk; and
2. An insured financial institution about which, in view of its financial status, there is concern over the possibility of a suspension of payment of deposits, or whose normal business is extremely difficult.

(3) Where an insured financial institution does not pay the premiums referred to in paragraph (1), by the time limit of payment, such insured financial institution shall pay an arrear in addition to the premiums to the Corporation, as prescribed by the Presidential Decree. *<Amended by Act No. 5492, Dec. 31, 1997>*

(4) The method and time of payment and other necessary matters pertaining to the premiums and arrears under the provisions of paragraphs (1) and (3) shall be prescribed by the Presidential Decree.

Article 31 (Payment of Insurance Money)

(1) When an insurance risk occurs to an insured financial institution, the Corporation shall pay the insurance money, under the request of the depositors of the insured financial institution concerned: Provided, That with respect to a first-class insurance risk, there shall be a payment decision of the insurance money under the provisions of Article 34. *<Amended by Act No. 5492, Dec. 31, 1997>*

(2) In case of a first-class insurance risk, part of claims such as deposits of the depositors may be paid in advance at the request of depositors as prescribed by the Presidential Decree. *<Amended by Act No. 5492, Dec. 31, 1997>*

(3) The Corporation shall make public notification of the period and method of payment under the provisions of paragraph (1) or (2) and other necessary matters, as prescribed by the Presidential Decree, and the depositors shall request payment within the publicly announced period: Provided, That where it is deemed that there is cause for not requesting payment within such period, this shall not apply.

(4) Where a financial institution which is newly established due to a merger or conversion, a financial institution which survives after a merger, or a financial institution after a conversion under the Act on the Structural Improvement of the Financial Industry continues to conduct the business of a financial institution which no longer exists due to a merger or conversion or a financial institution before a conversion under Article 9 of the same Act, it shall be deemed to exist as an independent insured financial institution in the application the provisions of paragraph (1) for one year from the date of merger registration or the date of registration of alteration of the articles of incorporation or change in business category. *<Newly Inserted by Act No. 5556, Sep. 16, 1998>*

(5) Where a second-class insurance risk occurs after a first-class insurance risk, the second-class insurance risk shall not be deemed as an independent insurance risk in applying the provisions of paragraph (1). *<Newly Inserted by Act No. 5556, Sep. 16, 1998>*

Article 32 (Calculation of Insurance Money)

(1) The insurance money paid to each depositor by the Corporation under the provisions of Article 31 shall be the amount obtained by deducting the total amount of debts (excluding security debts) owed by each depositor to his corresponding insured financial institution from the total amount of claims such as deposits of each depositor as of the date of payment announcement of insurance money under Article 31 (3) (hereinafter referred to as “date of payment announcement of insurance money”): Provided, That this shall not apply where it is otherwise determined by the Presidential Decree. *<Amended by Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*

(2) The maximum amount of insurance money under paragraph (1) shall be determined by the Presidential Decree.

(3) Where there is an amount received in advance (hereinafter referred to as “provisionally-paid amount”) by each depositor under the provisions of Article 31 (2), the insurance money shall be the amount from which the provisional payment money is deducted under the provisions of paragraphs (1) and (2).

(4) Where the amount of the provisional payment money paid to a depositor exceeds the insurance money under the provisions of paragraphs (1) and (2), the depositor shall return such excess amount to the Corporation.

Article 33 (Notification of Insurance Risk)

(1) When an insurance risk occurs, the insured financial institution shall promptly notify the Corporation.

<Amended by Act No. 5492, Dec. 31, 1997; Act No. 5702, Jan. 29, 1999>

(2) Where one of the following events occurs, the Minister of Finance and Economy, the Financial Supervisory Commission or the Financial Supervisory Service Governor shall promptly notify the Corporation under the Presidential Decree: *<Amended by Act No. 5492, Dec. 31, 1997; Act No. 5556, Sep. 16, 1998>*

1. When a suspension of payment of claims such as deposits or suspension of business of an insured financial institution is ordered;
2. When the authorization or permission on business of an insured financial institution is cancelled, or the dissolution resolution of an insured financial institution is approved; and
3. When a notification, under the provisions of Article 115 of the Bankruptcy Act, is received from the court.

Article 34 (Payment Decision)

(1) In case of a first-class insurance risk, in accordance with a resolution of the Committee, the Corporation shall make a decision on whether or not to pay the insurance money within 2 month from the date of the receipt of the notification, under the provisions of Article 33. *<Amended by Act No. 5492, Dec. 31, 1997>*

(2) The Corporation, by obtaining the authorization of the Minister of Finance and Economy, may extend the time limit of paragraph (1) by a period not exceeding one month. *<Amended by Act No. 5556, Sep. 16, 1998>*

Article 35 (Acquisition of Claims)

Where insurance money and suspense payment is paid, the Corporation, within the scope of such payment, shall acquire the rights of the depositors related to the insured financial institution. *<Amended by Act No. 5492, Dec. 31, 1997>*

CHAPTER IV LIQUIDATION OF INSOLVENT FINANCIAL INSTITUTIONS

Article 35-2 (Purchase of Claims such as Deposits)

(1) Where the Corporation pays insurance money under Article 31 (1), it may purchase claims such as deposits related to such insurance risk.

(2) The Corporation shall, in purchasing claims such as deposits under paragraph (1), pay an amount obtained by estimating the worth of claims such as deposits (hereinafter referred to as “estimated payment”) under paragraph (3) on the request of depositors. In this case, where an amount which is calculated by deducting actually paid expenses from the realized claims such as deposits which have been purchased by the Corporation exceeds an estimated payment, it shall pay the excess amount additionally to the depositors.

(3) An estimated payment shall be the amount calculated by multiplying the value of claims such as deposits purchased by the Corporation from such depositors based on the date of payment announcement (excluding claims such as deposits equivalent to security obligations of depositors, and claims such as deposits which are the subject of mortgage rights) by estimated payment rates under Article 35-3.

<Amended by Act No. 5556, Sep. 16, 1998>

Article 35-3 (Estimated Payment Rates)

Where the Corporation purchases claims such as deposits under Article 35-2 (1), it shall determine estimated payment rates in the light of an insolvent financial institution’s financial status, taking into consideration an estimated amount to be performed for claims such as deposits relating to the insolvent financial institution if bankruptcy proceeding are initiated.

Article 35-4 (Recognition of Payment of Estimated Payment)

Where the Corporation intends to pay an estimated payment under Article 35-2 (2), it shall obtain approval from the Minister of Finance and Economy through a decision by the Committee by determining estimated payment rates, purchase period and method of claims such as deposits referred to in Article 35-3. *<Amended by Act No. 5556, Sep. 16, 1998>*

Article 35-5 (Purchase Announcement)

Where the Corporation obtains approval under Article 35-4, it shall publicly announce it, as prescribed by the Presidential Decree.

Article 35-6 (Deposit Insurance Corporation’s Right of Setoff by Subrogation)

The Corporation may, on behalf of depositors, set off claims such as deposits of respective depositors(excluding claims such as deposits offered to insured financial institutions as security by depositors) and obligations (excluding security obligations) for which depositors are liable to the insured financial institutions as of the date of payment announcement of insurance money.

Article 36 (Good Offices for Mergers)

The Corporation may offer good offices for mergers, transfer and taking over of business or assumptions by third parties between insured financial institutions and insolvent financial institutions (hereinafter referred to as “mergers between insolvent institutions”) as deemed necessary for the protection of depositors and maintenance of financial system’s stability. *<Amended by Act No. 5492, Dec. 31, 1997>*

Article 36-2 (Request for Contract Transfers)

(1) Where deemed necessary for the protection of depositors and where any insolvent financial institution falls below standards as determined by the Presidential Decree, the Corporation may request the Financial Supervisory Commission to take necessary measures against the insolvent financial institution, such as ordering the transfer of contracts and application for bankruptcy.

(2) The Financial Supervisory Commission which has been requested by the Corporation under paragraph (1) shall notify the Corporation of the results.

Article 36-3 (Establishment of Reorganizing Financial Institution)

(1) The Corporation may establish a financial institution for taking over business or contracts of insolvent financial institutions (hereinafter referred to as “reorganizing financial institution”) on approval by the Minister of Finance and Economy as deemed necessary for the protection of depositors and maintenance of the financial system’s stability. *<Amended by Act No. 5556, Sep. 16, 1998>*

(2) Reorganizing financial institutions shall be stock companies.

(3) The Corporation shall prepare the articles of incorporation of any reorganizing financial institution including the following matters: *<Newly Inserted by Act No. 5556, Sep. 16, 1998>*

1. Purpose;
2. Name;
3. Total amount of capital stock;
4. Total number of stocks issued at its incorporation;
5. Face value per stock;
6. Site of its main office; and
7. Method of public notice.

(4) The capital stock of any reorganizing financial institution shall be invested in full by the Corporation from the fund’s charge. *<Amended by Act No. 5556, Sep. 16, 1998>*

(5) Reorganizing financial institutions may use titles such as banks, securities companies, insurers, merchant banks, mutual saving and finance company or credit cooperatives, and the provisions of Articles 35 through 36, 37 through 39 shall apply as if they are insolvent financial institutions with regard to the reorganization of insolvent financial institutions.

Article 36-4 (Appointment and Powers of Officers)

- (1) Any reorganizing financial institution shall have a president, not more than two directors, and an auditor.
- (2) The president, directors, and auditor shall be appointed by the Corporation. In this case, it shall obtain approval from the Minister of Finance and Economy in appointing a president. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (3) The president shall represent the reorganizing financial institution and exercise general control over its business.
- (4) The Corporation may dismiss the president, directors, or auditor as deemed necessary. In this case, it shall obtain approval from the Minister of Finance and Economy in dismissing the president. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (5) No person who has interests in the insolvent financial institution shall be appointed as president, director, or auditor.
- (6) The provisions of Articles 12 (2) through (4), 14 and 15 shall apply mutatis mutandis to reorganizing financial institutions.

Article 36-5 (Business Scope of Reorganizing Financial Institutions)

- (1) Reorganizing financial institutions shall carry out the payment of claims such as deposits, collection of claims such as loans, or other business necessary for the effective discharge of reorganizing business by reorganizing financial institutions which is approved by the Minister of Finance and Economy. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (2) An amount of claims such as deposits paid by a reorganizing financial institution to depositors under paragraph (1) shall be limited to insurance money and an estimated payment, and the payment shall be deducted from insurance money referred to in Article 32. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (3) The Corporation may provide funds within the scope necessary for the operation of reorganizing financial institutions in accordance with a decision by the Committee.
- (4) The Corporation shall direct and supervise the affairs of reorganizing financial institutions as prescribed by the Presidential Decree.

Article 36-6 (Incorporation Registration and Announcement)

- (1) Where the Corporation establishes a reorganizing financial institution under Article 36-3, it shall register with the court having jurisdiction over the seat of the reorganizing financial institution's main office.
- (2) Where the Corporation establishes a reorganizing financial institution, it shall announce the establishment.

- (3) The necessary matters for the registration under paragraph (1) and announcement listed in paragraph (2) shall be determined by the Presidential Decree.

Article 36-7 (Business Periods of Reorganizing Financial Institutions)

- (1) The business period of reorganizing financial institutions shall be up to three years: Provided, That the business period may be extended within the scope of one year on approval by the Minister of Finance and Economy. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (2) The Corporation shall dissolve a reorganizing financial institution on approval in case of a termination of business period of the reorganizing financial institution, merger, or transfer or taking over of business between the reorganizing financial institution and an insured financial institution or the assumption of a reorganizing financial institution by a third party. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (3) Where the Corporation deems that any reorganizing financial institution's continuance of doing business is likely to damage the interests of depositors, it may dissolve the reorganizing financial institution on approval by the Minister of Finance and Economy. *<Amended by Act No. 5556, Sep. 16, 1998>*

Article 36-8 (Relation with Other Acts)

- (1) Except as otherwise provided for in this Act, the Bank of Korea Act, the Banking Act, the Securities and Exchange Act, the Insurance Act, the Merchant Banks Act, the Mutual Saving and Finance Company Act, the Credit Cooperatives Act and the provisions of Articles 288, 289 (1) and (2), 295, 297 through 299, 299-2, 300, 317, 328 through 385, 389 (1), 393, 409 through 410, and 517 through 520 of the Commercial Act shall not apply to reorganizing financial institutions. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (2) With regard to reorganizing financial institutions, except as otherwise provided for in this Act, this Act shall prevail over the Commercial Act.

Article 37 (Application for Funding Support)

Any person who intends to take over or merge an insolvent financial institution or insolvency-threatened financial institution or take over its business or contracts may apply to the Corporation for funding support. *<Amended by Act No. 5556, Sep. 16, 1998>*

Article 38 (Decision on Funding Support)

- (1) Where an application for funding support under Article 37 is made or where it is deemed necessary to ensure that a merger of insolvent financial institutions goes smoothly, the Corporation may provide funding support in accordance with a decision by the Committee. *<Amended by Act No. 5556, Sep. 16, 1998>*
- (2) The standards, methods, and conditions for financial support under paragraph (1) and other necessary matters shall be determined by the Committee. *<Newly Inserted by Act No. 5492, Dec. 31, 1997>*

Article 38-2 (Support for Insolvent-Threatened Financial Institutions)

(1) Where the Corporation deems it necessary to improve an insolvency-threatened financial institution's financial status for the protection of depositors and stabilization of the credit system, it may invest in or contribute to the insolvency-threatened financial institution or buy securities as designated by the Minister of Finance and Economy in accordance with a decision by the Committee. *<Amended by Act No. 5556, Sep. 16, 1998>*

(2) Where a request is made by the Financial Supervisory Commission under Article 12 (1) of the Act on the Structural Improvement of the Financial Industry, the Corporation may invest in the insolvent financial institution.

Article 39 (Special Case of Continuation of Business)

With regard to the business of an insured financial institution which has taken over all of the business of an insolvent financial institution under the provisions of Article 37, the provisions of Article 9 (1) of the Act on the Structural Improvement of the Financial Industry shall apply mutatis mutandis. *<Amended by Act No. 5257, Jan. 13, 1997; Act No. 5492, Dec. 31, 1997>*

CHAPTER V PENAL PROVISIONS

Article 40 (Penal Provisions)

A person who violates the provisions of Article 17 (3) shall be sentenced to imprisonment for not more than 2 years, or by a fine not exceeding 10 million won.

Article 41 (Penal Provisions)

A person who either does not respond to a request for the submission of materials under the provisions of Article 21 (1) or submits false materials, or a person who refuses, obstructs, or avoids an investigation under the provisions of Article 21 (2) shall be sentenced to imprisonment for not more than 1 year or a fine not exceeding 5 million won.

Article 42 (Presumption as Public Officials in Application of Criminal Act)

(1) The officers and employees of the Corporation, and the officers and employees of an acting institution under the provisions Article 20 shall be regarded as public officials in the application of Articles 129 through 132 of the Criminal Act.

(2) The scope of the employees under the provisions of paragraph (1) shall be prescribed by the Presidential Decree.

Article 43 (Joint Penal Provisions)

When a representative or an agent, an employee or other employed person of an insured financial institution commits an offense under Article 41 with respect to the business of the insured financial institution, the insured financial institution shall be sentenced to a fine as stated in the same Article, in addition to punishing the offender. *<Amended by Act No. 5492, Dec. 31, 1997>*

Article 44 (Fine for Negligence)

(1) A person who violates the provisions of Articles 7, 29 (2) and 33 (1) shall be sentenced to a fine for negligence not exceeding 2 million won. *<Amended by Act No. 5556, Sep. 16, 1998>*

(2) The fine for negligence under the provisions of paragraph (1) shall be levied and collected by the Minister of Finance and Economy as prescribed by the Presidential Decree. *<Amended by Act No. 5556, Sep. 16, 1998>*

(3) A person who is dissatisfied with the disposition of a fine for negligence under the provisions of paragraph (2) may file an objection with the Minister of Finance and Economy within thirty days from the date of having received the notice of such disposition. *<Amended by Act No. 5556, Sep. 16, 1998>*

(4) When a person who received a disposition of a fine for negligence under the provisions of paragraph (2) files an objection under the provisions of paragraph (3), the Minister of Finance and Economy shall, without delay, inform the competent court, and the competent court which has received such information shall render a judgement on the disposition of a fine for negligence under the Non-Contentious Case Litigation Procedure Act. *<Amended by Act No. 5556, Sep. 16, 1998>*

(5) When an objection is not filed within the period under the provisions of paragraph (3), nor is the fine for negligence paid, the Minister of Finance and Economy shall collect the fine for negligence following the example of a disposition of national taxes in arrears. *<Amended by Act No. 5556, Sep. 16, 1998>*

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 1996: Provided, That the provisions of Sections 3 and 4 shall enter into force on January 1, 1997.

Article 2 (Incorporation Committee)

(1) The Minister of Finance and Economy shall, within three months from the date of the promulgation of this Act, organize an incorporation committee by entrusting not more than ten incorporation commissioners, and have such incorporation commissioners handle business matters pertaining to the preparation for the incorporation of the Corporation.

(2) The incorporation committee shall draw up the articles of incorporation of the Corporation and receive the authorization of the Minister of Finance and Economy.

(3) When the incorporation committee receives the authorization under the provisions of paragraph (2), it shall make a registration of incorporation of the Corporation.

(4) When the incorporation committee completes the registration of incorporation under the provisions of paragraph (3), it shall transfer its duties and property to the president of the Corporation, and when the transfer is completed, the incorporation commissioners shall be regarded as decommissioned thereupon.

(5) When necessary, the incorporation committee may execute its duties with the dispatched service of officers or employees of the concerned insured banks or institutions with the consent of said insured banks or institutions.

(6) The Government may, within the limit of its budget, make contributions to the incorporation committee to defray the expenditure required in the preparation for the incorporation of the Corporation.

Article 3 Omitted.

ADDENDA <Act No. 5257, Jan. 13, 1997>

Article 1 (Enforcement Date)

This Act shall enter into force on March 1, 1997.

Articles 2 through 5 Omitted.

ADDENDA <Act No. 5403, Aug. 30, 1997>

Article 1 (Enforcement Date)

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

Articles 2 through 8 Omitted.

ADDENDUM <Act No. 5421, Dec. 13, 1997>

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

ADDENDA <Act No. 5492, Dec. 31, 1997>

Article 1 (Enforcement Date)

(1) This Act shall enter into force on April 1, 1998: Provided, That the amendments to subparagraphs 1, 5 and 5-2 of Article 2, and Articles 26 (2), 26-2 and 37 through 38-2, and the amendments to Articles 5, 6 (1) and (3), and 7 of the Addenda shall enter into force on the date of its promulgation, and the provisions of Article 7 of the Addenda shall remain in force until March 31, 1998.

(2) Until March 31, 1998, with regard to the enforcement of the provisions enumerated in the proviso of paragraph (1): for the powers of the Financial Supervisory Commission, the Monetary Board shall exercise them over insured financial institutions listed in subparagraph 1 (a) and (i) of Article 2, the

Minister of Finance and Economy over insured financial institutions listed in (b) through (h) and (k) through (m) of the same subparagraph, and the Securities and Exchange Commission over insured financial institutions listed in (j) of the same subparagraph, respectively; for the powers and operations of the Korea Deposit Insurance Corporation, the Korea Deposit Insurance Corporation shall exercise them over insured financial institutions listed in subparagraph 1 (a) through (i) of Article 2, the Securities and Exchange Commission over insured financial institutions listed in (j) (a fund management company under Article 69-2 (1) of the Securities and Exchange Act over the business of bond issue under Article 26-2), the Insurance Supervisory Board over insured financial institutions listed in (k) of the same paragraph, and the Credit Management Fund over insured financial institutions listed in (l) and (m) of the same subparagraph, respectively; for the powers and operations of the Operating Committee, the Operating Committee of the Korea Deposit Insurance Corporation shall exercise them over insured financial institutions listed in subparagraph 1 (a) through (i) of Article 2, the Securities and Exchange Commission over insured financial institutions listed in (j) of the same subparagraph, the Management Committee of the Insurance Guarantee Fund over insured financial institutions listed in (k) of the same subparagraph, and the Operating Committee of the Credit Management Fund over insured financial institutions listed in (l) and (m) of the same subparagraph, respectively; and for the deposit insurance fund, insured financial institutions listed in subparagraph 1 (a) through (i) of Article 2 shall be deemed the deposit insurance fund, insured financial institutions listed in subparagraph (j) of the same subparagraph, the Securities Investors Protection Fund, insured financial institutions listed in (k) of the same subparagraph, the Insurance Guarantee Fund, and insured financial institutions listed in (l) and (m) of the same subparagraph, the Credit Management Fund, respectively.

Article 2 (General Transitional Measures)

- (1) Any authorization, permission or other acts done by the Insurance Supervisory Board in relation to the Insurance Management Fund, by the Credit Management Fund in relation to contribution operation business accounts, or by the Credit Cooperative Federations in relation to the Credit Cooperatives Stabilization Fund under the previous provisions at the time of the entry into force of this Act shall be deemed acts done by the Korea Deposit Insurance Corporation under this Act.
- (2) Any registration, report or other acts done to the Insurance Supervisory Board in relation to the Insurance Guarantee Fund, to the Credit Management Fund in relation to contribution operation business accounts, or to the Credit Cooperatives Federation in relation to the Credit Cooperatives Stabilization Fund under the Previous provisions at the time of the entry into force of this Act shall be deemed acts done to the Korea Deposit Insurance Corporation under this Act.

Article 3 (Transitional Measures on Contributions)

- (1) Contributions which merchant banks and mutual savings and finance companies paid to the Credit Management Fund on business authorization under Article 5, and contributions which the Credit Cooperatives Stabilization Fund received under Article 83-22 of the Credit Cooperatives Act prior to

the entry into force of this Act shall be contributions made to the deposit insurance fund under this Act.

(2) Contributions which insurers paid to the Credit Guarantee Fund under Article 197-10 of the Insurance Business Act, contributions which merchant banks and mutual savings and finance companies paid to the Credit Management Fund after the closing of each business year under Article 5 of the Credit Management Fund Act, and contributions which credit cooperatives paid to the Credit Cooperatives Stabilization Fund under Article 83-22 of the Credit Cooperatives Act prior to the entry into force of this Act shall be deemed premiums under this Act.

(3) Where the Korea Deposit Insurance Corporation extends loans to the Securities Investors Protection Fund under the amendment to Article 6 of the Addenda, the rights and duties of the Securities Investors Protection Fund over the loaned money shall be succeeded to by universal title by the Korea Deposit Insurance Corporation on April 1, 1998.

Article 4 (Transitional Measures on Operating Committee Members and Officers of the Korea Deposit Insurance Corporation)

Members commissioned under Article 9 (1) 6 of the previous provisions and officers of the Korea Deposit Insurance Corporation prior to the entry into force of this Act shall discharge their functions until members or officers under this Act are commissioned or appointed.

Article 5 (Dispatch of Related Personnel)

(1) Where deemed necessary to prepare for the integration of the Securities Investors Protection Fund, the Insurance Guarantee Fund, contribution operation business accounts of the Credit Management Fund and the Credit Cooperatives Stabilization Fund, the Korea Deposit Insurance Corporation may receive a dispatch of related personnel in charge of the business and have them carry out its necessary functions.

(2) The Korea Deposit Insurance Corporation shall prepare data on business, an inventory of property, and financial status of each Fund and report them to the Minister of Finance and Economy through a decision by the Operating Committee within one month after the entry into force of this Act.

Article 6 (Special Case for Operation of Funds Created through Bond Issue)

(1) Funds which the Korea Deposit Insurance Corporation raised through the issue of bonds under Article 26-2 prior to March 31, 1998, may be extended loans to the Securities Investors Protection Fund, the Insurance Guarantee Fund, the Credit Management Fund or the Credit Cooperatives Stabilization Fund, notwithstanding the provisions of Article 25.

(2) Funds raised under paragraph (1) shall be deemed to have been issued at the relevant account of the deposit insurance fund under Article 24-3 (1) after April 1, 1998.

(3) Notwithstanding the provisions of Article 31 of the Credit Management Fund Act, funds borrowed from the Korea Deposit Insurance Corporation shall be audited separately as special accounts.

Article 7 Omitted.

Article 8 (Support for Budget of Credit Management Fund)

The Korea Deposit Insurance Corporation may contribute to the Credit Management Fund expenses required for the budget of the Credit Management Fund set under Article 4 (2) of the Addenda of the Act on the Establishment of Financial Supervisory Organizations until the Financial Supervisory Service is established after the entry into force of this Act.

ADDENDA <Act No. 5556, Sep. 16, 1998>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That amendments to subparagraph 2 (d) of Article 2 shall enter into force on October 1, 1998.

Article 2 (Examples of Application on Premiums)

The amendment to Article 30 (1) shall apply to the portion of premiums for which obligation for payment is first created after the entry into force of this Act.

Article 3 (Examples of Application on Premium Rate Ceiling)

With regard to the amendment to Article 30 (1), where the rate ceiling on the balance of deposits on which each insured financial institution must pay annual premiums is not altered through a review of the Regulatory Reform Committee, the previous provisions of Article 30 (1) 1 through 6 shall apply until August 31, 2003.

Article 4 (Examples of Application on Calculation of Premiums)

(1) The amendment to Article 32 (1) shall apply to premiums announced and paid under Article 31 (3) first after the entry into force of this Act.

(2) The amendment to Article 32-2 (3) shall apply to an estimated payment announced and paid under Article 35-5 first after the entry into force of this Act.

Article 5 (Transitional Measures on Bills Guaranteed by Merchant Banks)

Money raised by draft guarantees by merchant banks under the previous provisions at the time of entry into force of this Act shall be deemed deposits under the amendment to subparagraph 2 (d) of Article 2.

Article 6 (Special Cases on Reorganizing Financial Institutions)

(1) Financial institutions established with authorization from the Minister of Finance and Economy under Article 3 (1) of the Merchant Banks Act in order to carry out the business of reorganizing insolvent financial institutions at the time of the entry into force of this Act (hereinafter referred to as “bridge financial institutions”) shall be deemed reorganizing financial institutions established on approval by the Minister of Finance and Economy under the amendment to Article 36-3.

(2) Any authorization, permission or other acts done by bridge financial institutions and any registration, report or other acts done to bridge financial institutions prior to the entry into force of this Act shall be deemed done by or to bridge financial institutions.

(3) Any establishment registration and announcement of a bridge financial institution at the time of the entry into force of this Act shall be deemed an establishment registration and announcement of a

reorganizing financial institution.

ADDENDUM <Act No. 5702, Jan. 29, 1999>

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

Last updated : 2009-07-26

