

ENFORCEMENT DECREE OF THE FINANCIAL HOLDING COMPANIES ACT

Presidential Decree No. 17014, Dec. 20, 2000
Amended by Presidential Decree No. 17291, Jul. 7, 2001
Presidential Decree No. 17716, Aug. 21, 2002
Presidential Decree No. 17791, Dec. 5, 2002
Presidential Decree No. 18297, Feb. 28, 2004
Presidential Decree No. 18312, Mar. 17, 2004
Presidential Decree No. 18596, Dec. 3, 2004
Presidential Decree No. 18736, Mar. 8, 2005
Presidential Decree No. 18834, May 26, 2005
Presidential Decree No. 19422, Mar. 29, 2006
Presidential Decree No. 20331, Oct. 23, 2007
Presidential Decree No. 20367, Nov. 12, 2007
Presidential Decree No. 20653, Feb. 29, 2008
Presidential Decree No. 20947, Jul. 29, 2008
Presidential Decree No. 21155, Dec. 3, 2008
Presidential Decree No. 21214, Dec. 31, 2008
Presidential Decree No. 21291, Feb. 3, 2009
Presidential Decree No. 21518, May 29, 2009
Presidential Decree No. 21765, Oct. 1, 2009
Presidential Decree No. 21776, Oct. 9, 2009
Presidential Decree No. 21998, Jan. 18, 2010
Presidential Decree No. 22151, May 4, 2010
Presidential Decree No. 22467, Nov. 2, 2010
Presidential Decree No. 22493, Nov. 15, 2010
Presidential Decree No. 22509, Dec. 2, 2010
Presidential Decree No. 22577, Dec. 30, 2010
Presidential Decree No. 22637, Jan. 24, 2011
Presidential Decree No. 23488, Jan. 6, 2012
Presidential Decree No. 23644, Feb. 29, 2012
Presidential Decree No. 24659, Jul. 8, 2013

Presidential Decree No. 24697, Aug. 27, 2013
Presidential Decree No. 25177, Feb. 11, 2014
Presidential Decree No. 25279, Mar. 24, 2014
Presidential Decree No. 25777, Nov. 24, 2014
Presidential Decree No. 25945, Dec. 30, 2014
Presidential Decree No. 26038, Jan. 6, 2015
Presidential Decree No. 26600, Oct. 23, 2015
Presidential Decree No. 26816, Dec. 30, 2015
Presidential Decree No. 27205, May 31, 2016
Presidential Decree No. 27413, Jul. 28, 2016
Presidential Decree No. 27414, Jul. 28, 2016
Presidential Decree No. 28248, Aug. 16, 2017
Presidential Decree No. 28382, Oct. 17, 2017
Presidential Decree No. 29269, Oct. 30, 2018

Article 1 (Purpose)

The purpose of this Decree is to provide for matters mandated by the Financial Holding Companies Act and matters needed for the enforcement of said Act. <Amended by Presidential Decree No. 18834, May 26, 2005>

Article 2 (Scope of Financial Business)

(1) "Financial business" in Article 2 (1) 1 of the Financial Holding Companies Act (hereinafter referred to as the "Act") means financial and insurance activities in accordance with the Korean Standard Industrial Classification publicly notified by the Commissioner of the Statistics Korea under Article 22 (1) of the Statistics Act: Provided, That holding companies which are not financial holding companies shall be excluded. <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20331, Oct. 23, 2007; Presidential Decree No. 28382, Oct. 17, 2017>

(2) "Companies closely related to the operation of financial business" in Article 2 (1) 1 of the Act means companies aiming at the operation of any of the following business: <Amended by Presidential Decree No. 22509, Dec. 2, 2010; Presidential Decree No. 26600, Oct 23, 2015; Presidential Decree No. 26816, Dec. 30, 2015>

1. Provision of services, such as electronic and data processing, to companies conducting financial business (hereinafter referred to as "financial institutions");
2. Management of real estate and other assets held by financial institutions;
3. Investigation and research related to financial business;
4. Operations including asset management conducted by managing general partners of a private equity fund established under the Financial Investment Services and Capital Markets Act (hereinafter referred to as "private equity fund");

5. Other business directly related to the business affairs unique to financial institutions or business determined and publicly notified by the Financial Services Commission as necessary to efficiently carry out affairs of financial institutions.

(3) "Standards prescribed by Presidential Decree" in the part other than the items of Article 2 (1) 1 of the Act means that a company becomes the largest contributor (where the affiliated company is a private equity fund, a managing general partner of such private equity fund) to an affiliated company under subparagraph 3 of Article 2 of the Monopoly Regulation and Fair Trade Act (excluding companies which fall under any of the following; hereinafter referred to as "affiliated company"), solely or jointly with the persons referred to in subparagraphs 1 and 2 of Article 11 of the Enforcement Decree of the Monopoly Regulation and Fair Trade Act (hereafter referred to as "specially related person" in this paragraph): Provided, That cases where the number of stocks held by the company is smaller than the number of stocks held by each specially related person shall be excluded: <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 20947, Jul. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 22509, Dec. 2, 2010; Presidential Decree No. 22577, Dec. 30, 2010; Presidential Decree No. 25177, Feb. 11, 2014; Presidential Decree No. 26600, Oct 23, 2015; Presidential Decree No. 26816, Dec. 30, 2015; Presidential Decree No. 28248, Aug. 16, 2017>

1. Where a small and medium enterprise start-up investment company established under the Support for Small and Medium Enterprise Establishment Act has acquired the stocks of another domestic company with the aim to invest in its founder, such domestic company;
2. Where a venture capitalist established under the Specialized Credit Finance Business Act has acquired the stocks of another domestic company with the aim to support venture businessmen, such domestic company;
3. Where a private equity fund has acquired the stocks of another company to increase the value of the invested company in order to distribute such profits to its personnel, such company;
4. Where a first-, second-, or third-tier subsidiary (including other companies owned by a financial holding company pursuant to Articles 19-2 and 32 of the Act; hereinafter referred to as "subsidiary, etc.") of a financial holding company has acquired the stocks of a company for carrying out a potential public-private partnership project designated by the competent authority under Article 8-2 of the Act on Public-Private Partnerships in Infrastructure (limited to companies falling under Article 51-2 (1) 9 of the Corporate Tax Act), such company for carrying out a potential public-private partnership project;
5. Where an investment trader under the Financial Investment Services and Capital Markets Act has subscribed or acquired the stocks of another company under the same Act and holds them for the period of not exceeding three months from the date of acquisition, such company;
6. Where a financial institution which is a subsidiary or similar of a financial holding company acquires stocks of another company which is undergoing joint management procedures in accordance with the Corporate Restructuring Promotion Act or voluntary agreements between creditors to promote corporate restructuring (hereinafter referred to as "joint management procedures") or rehabilitation procedures in

accordance with the Debtor Rehabilitation and Bankruptcy Act (hereinafter referred to as “rehabilitation procedures”) for corporate restructuring through debt-equity swap and other means, such company: Provided, That where two years have passed for such company since joint management procedures or rehabilitation procedures were suspended or completed (where the period has been extended after obtaining approval from the Financial Services Commission under Article 33 (3) of the Corporate Restructuring Promotion Act, referring to the extended period), such company shall be excluded;

7. An investment company provided for in Article 9 (18) 2 of the Financial Investment Services and Capital Markets Act (including investment companies established pursuant to foreign statutes and regulations), which does not fall under any of the following items:

(a) An investment company which is a privately placed fund prescribed in Article 9 (19) of the Financial Investment Services and Capital Markets Act (including a privately placed fund established pursuant to foreign statutes and regulations);

(b) An investment company which controls other companies (referring to the control provided for in Article 2 (1) 1 of the Act; hereinafter the same shall apply).

(4) The primary business referred to in Article 2 (1) 1 of the Act means that the aggregate of the stock price (including shares; hereinafter the same shall apply) of a subsidiary (excluding foreign corporations) held by a company is at least 50/100 of the total amount of assets of the relevant company. In such cases, the stock price of the subsidiary and the total amount of assets of the relevant company shall be based on those shown in the balance sheet as of the date which falls under any of the following (hereinafter referred to as "base date"): *<Amended by Presidential Decree No. 20367, Nov. 12, 2007>*

1. In cases of a company which is newly established, merged or incorporated by division, merger through division or physical division in the relevant business year, the date of registration of establishment, date of registration of merger or date of registration of division, respectively;

2. In cases of companies other than those in subparagraph 1, the date of settlement of accounts of the preceding business year: Provided, That where it intends to obtain authorization under Article 3 of the Act with the total amount of stock values of a subsidiary exceeding 50/100 of the total amount of assets of the relevant company before the date of settlement of accounts of the relevant business year, the date on which such cause occurred.

(5) "Not less than the standards prescribed by Presidential Decree" in Article 2 (1) 1 (b) of the Act means that the total amount of assets indicated in the balance sheet as of the base date shall be not less than 500 billion won. *<Newly Inserted by Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 27413, Jul. 28, 2016>*

(6) "Financial institution prescribed by Presidential Decree" in Article 2 (1) 6-4 (c) of the Act means any of the following companies: *<Newly Inserted by Presidential Decree No. 21998, Jan. 18, 2010>*

1. A financial securities company under Article 9 (17) 3 of the Financial Investment Services and Capital Markets Act (hereinafter referred to as "financial securities company");

2. A merchant bank under Article 336 (1) of the Financial Investment Services and Capital Markets Act (hereinafter referred to as "merchant bank"): Provided, That cases where a financial investment business entity under the Financial Investment Services and Capital Markets Act (hereinafter referred to as "financial investment business entity") merges with a merchant bank under Article 4 (1) of the Act on the Structural Improvement of the Financial Industry are excluded.

Article 3 (Scope of Specially Related Persons)

(1) "Person in a special relationship prescribed by Presidential Decree with the principal" in Article 2 (1) 7 of the Act means any person having relationship defined in any subparagraph of Article 1-4 (1) of the Enforcement Decree of the Banking Act with the subject person (hereinafter referred to as "specially related person").

(2) Notwithstanding paragraph (1), a person falling under any of the following shall be excluded from the scope of the same person under Article 2 (1) 7 of the Act: <Amended by Presidential Decree No. 21776, Oct. 9, 2009; Presidential Decree No. 22493, Nov. 15, 2010; Presidential Decree No. 22577, Dec. 30, 2010; Presidential Decree No. 26600, Oct. 23, 2015>

1. A company conducting projects subject to private investment which are designated by the competent authority under Article 8-2 of the Act on Public-Private Partnerships in Infrastructure: Provided, if the company is not the same person including a fund under Article 5 of the National Finance Act or a corporation managing and operating such fund (including corporations managing and operating funds under Acts; hereinafter referred to as "fund, etc."), such company shall be limited to companies falling under Article 51-2 (1) 9 of the Corporate Tax Act;

2. If a bank (referring to a bank with authorization under the Banking Act; hereinafter the same shall apply) or a bank which is a subsidiary, etc. of a bank holding company acquires stocks of another company through debt-equity swap in order to conduct corporate restructuring under the Corporate Restructuring Promotion Act or the Debtor Rehabilitation and Bankruptcy Act (including cases equivalent thereto), such company;

3. If a private equity fund falling under any of the following acquires stocks of another company for the purpose of increasing the value of the company in which the private equity fund has invested and then distributing profits therefrom to its partners, such company:

(a) A private equity fund which is a subsidiary, etc. of a bank under the proviso to Article 37 (2) of the Banking Act;

(b) A private equity fund which is a subsidiary, etc. of a bank holding company.

Article 3-2 (Definition of Non-Financial Contributor)

(1) "Finance business prescribed by Presidential Decree" in Article 2 (1) 8 (a) of the Act means the types of business under Article 2 (1) or services referred to in each subparagraph of paragraph (2) of the same Article.

(2) "Amount prescribed by Presidential Decree" in Article 2 (1) 8 (b) of the Act means two trillion won.

Article 3-3 (Criteria for Exercise of De Facto Influence and Participation in Management)

(1) A person who exercises de facto influence over the major affairs of management pursuant to Article 2 (1) 10 (b) of the Act shall be any of the following persons: <Amended by Presidential Decree No. 27414, Jul. 28, 2016>

1. A stockholder who has appointed the representative or a majority of the directors of a financial holding company (referring to a bank holding company in the case of Article 2 (1) 10 (b) of the Act) by himself or herself or by means of the agreement, contract, etc. with other stockholders;
2. A person designated by the Financial Services Commission, who is recognized as exercising dominant influence over major decision-making or the execution of affairs of a financial holding company and its first and second-tier subsidiaries (in the case of Article 2 (1) 10 (b) of the Act, referring to a bank holding company and its first- and second-tier subsidiaries (hereinafter referred to as "bank holding company, etc.)), such as managerial strategy, changes of organization.

(2) Deleted. <by Presidential Decree No. 25177, Feb. 11, 2014>

Article 3-4 Deleted. <by Presidential Decree No. 21998, Jan. 18, 2010>

Article 4 (Application for Authorization)

(1) Any person who intends to obtain authorization under Article 3 (1) of the Act shall file an application, in which the following matters are stated, with the Financial Services Commission: <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

1. Trade names of the financial holding company and its subsidiaries, etc. (hereinafter referred to as "financial holding company, etc.");
2. Location of the main office of the financial holding company, etc.;
3. Name, resident registration number and address of the representative and officers of the financial holding company, etc.;
4. Matters concerning the capital of the financial holding company, etc.;
5. Matters concerning manpower and physical facilities of the financial holding company, etc.;
6. Types of business run by subsidiaries, etc.

(2) The following documents shall be attached to the application for authorization under paragraph (1), in which case the Financial Services Committee shall verify a corporation registration certificate of a subsidiary, etc. by sharing administrative information under Article 36 (1) of the Electronic Government Act: <Amended by Presidential Decree No. 18312, Mar. 17, 2004; Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21776, Oct. 9, 2009; Presidential Decree No. 22151, May 4, 2010; Presidential Decree No. 22467, Nov. 2, 2010>

1. Articles of incorporation of the financial holding company, etc.;
2. Business plans (including estimated financial statements) and estimated statement of accounts concerning earnings of the upcoming three business years of the financial holding company, etc.;
3. Documents in which the location and name of the main office, branch office, etc. of the financial holding company, etc. are entered;

4. Deleted; <by Presidential Decree No. 22467, Nov. 2, 2010>

5. Financial statements and documents attached thereto, of the financial holding company, etc.;

6. Resumes and career certificates of executive officers of the financial holding company, etc.;

7. Names or titles of stockholders holding at least 1/100 of the total number of issued stocks of the financial holding company, etc. as of the date of application for authorization and a document indicating the number of such stocks;

8. Other documents necessary for the examination of requirements for authorization under the Act or this Decree, as determined by the Financial Services Commission.

(3) Notwithstanding paragraphs (1) and (2), a person who intends to obtain authorization under paragraph (1) and whose largest stockholder is the Government or any institution falling under any of subparagraphs 1 through 3 of Article 5 (3) may choose not to provide the information required under paragraph (1) 5 or not to attach the document required under paragraph 2 (2). <Newly Inserted by Presidential Decree No. 22509, Dec. 2, 2010>

Article 5 (Detailed Criteria for Authorization)

(1) The business plan of a financial holding company, etc. under subparagraphs 1 and 2 of Article 4 (1) of the Act shall meet all of the following criteria: Provided, That the criteria set forth in subparagraph 1 may not apply to a person who intends to obtain authorization whose largest stockholder is the Government or institution prescribed in any of subparagraphs 1 through 3 of paragraph (3): <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 20947, Jul. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 22509, Dec. 2, 2010>

1. The business plan shall be appropriate for the continuous operation of the relevant business, and the estimated financial statements and earnings prospects shall have feasibility in light of the business plan;

2. The method to procure funds, such as the capital to be used for the promotion of the business plan, shall be appropriate;

3. The business plan shall not contravene statutes and regulations and shall be unlikely to undermine the sound financial practices;

4. Deleted; <by Presidential Decree No. 21998, Jan. 18, 2010>

4-2. Where a subsidiary, being a foreign corporation, intends to control a second-tier subsidiary, such second-tier subsidiary shall not be a domestic financial institution;

5. The business plan shall place no substantial restrictions on competitions in related markets.

(2) "Persons determined by Presidential Decree" in Article 4 (1) 3 of the Act means any of the following persons: <Amended by Presidential Decree No. 20367, Nov. 12, 2007>

1. The largest stockholder of a corporation which is the largest stockholder;

2. The representative of a corporation which is the largest stockholder;

3. Stockholders who exercise de facto influence over major managerial affairs of a corporation which is the largest stockholder.

(3) Large stockholders shall meet the requirements set forth in attached Table 1: Provided, That the foregoing shall not apply to any of the following persons: *<Amended by Presidential Decree No. 17716, Aug. 21, 2002; Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 21518, May 29, 2009; Presidential Decree No. 21776, Oct. 9, 2009; Presidential Decree No. 22509, Dec. 2, 2010; Presidential Decree No. 25279, Mar. 24, 2014; Presidential Decree No. 25945, Dec. 30, 2014>*

1. Deleted; *<by Presidential Decree No. 25945, Dec. 30, 2014>*

2. The Korea Deposit Insurance Corporation established under the Depositor Protection Act (hereinafter referred to as the "Korea Deposit Insurance Corporation");

3. The Korea Asset Management Corporation established under the Act on the Efficient Disposal of Non-Performing Assets of Financial Companies and the Establishment of Korea Asset Management Corporation;

4. The Korea Development Bank established under the Korea Development Bank Act (hereinafter referred to as the "Korea Development Bank");

5. A person who becomes a large stockholder by means of an all-inclusive share swap under Article 360-2 of the Commercial Act (hereinafter referred to as "share swap") or all-inclusive share transfer under Article 360-15 of the same Act (hereinafter referred to as "share transfer"): Provided, That a person who becomes the largest stockholder, holding at least 10/100 on his or her own or together with a specially related person (15/100 in cases of a local bank holding company) of the total number of issued stocks with voting rights of a financial holding company by means of share swap or share transfer, shall be excluded herefrom;

6. The largest stockholder or stockholder who is a person with a special relationship to the largest stockholder who holds less than 1/100 of the total number of issued stocks with voting rights of a financial holding company: Provided, That a person who has de facto influence on major managerial affairs and is determined and publicly notified by the Financial Services Committee shall be excluded herefrom.

(4) The detailed criteria for the financial standing and soundness of business management conditions under Article 4 (1) 4 of the Act shall be as follows: *<Amended by Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 20653, Feb. 29, 2008>*

1. The equity capital of a financial holding company, etc. shall meet the criteria for capital adequacy determined and publicly notified by the Financial Services Commission under subparagraph 1 of Article 28;

2. The results from the assessment of the soundness of the business management of subsidiaries, etc. conducted as determined and publicly notified by the Financial Services Commission shall demonstrate that such subsidiaries, etc. have sound business management.

(5) The ratio of share swap (the rate obtained by dividing the higher price by the lower price between the share swap price of the company which becomes a wholly-owned parent company and the swap price of the company which becomes a wholly-owned subsidiary) in cases of share swap or share transfer under

Article 4 (1) 5 of the Act shall be determined, based on the following prices (or the price under subparagraph 2 (b), in cases where a listed stock company under the Financial Investment Services and Capital Markets Act (hereinafter referred to as "listed stock company") is unable to calculate the price under subparagraph 1 or 2 (a)): Provided, That such ratio may be adjusted by up to 30/100 of the calculated prices as mutually agreed upon between the companies which are the relevant parties of the share swap or share transfer: <Amended by Presidential Decree No. 17291, Jul. 7, 2001; Presidential Decree No. 17716, Aug. 21, 2002; Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20947, Jul. 29, 2008; Presidential Decree No. 21291, Feb. 3, 2009; Presidential Decree No. 21998, Jan. 18, 2010>

1. The price calculated pursuant to Article 176-5 (1) 1 of the Enforcement Decree of the Financial Investment Services and Capital Markets Act in cases of share swap or share transfer between listed stock companies;
 2. The price based on the following criteria in cases of share swap or share transfer between a listed stock company and a corporation which is not a listed stock company:
 - (a) The price calculated pursuant to Article 176-5 (1) 2 (a) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act in cases of a listed stock company;
 - (b) The price calculated pursuant to Article 176-5 (1) 2 (b) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act in cases of a corporation which is not a listed stock company;
 3. The price calculated under Article 176-5 (1) 2 (b) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act in cases of share swap or share transfer between corporations which are not listed stock companies.
- (6) The price calculated under paragraph (5) 2 shall be appraised by an external appraisal organization for its adequacy under Article 176-5 (8) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act: Provided, That the foregoing shall not apply where the rate of share swap is determined based on the price calculated by a KOSDAQ-listed corporation (referring to a corporation which issues stock certificates listed on the KOSDAQ under Article 8 of the Addenda to the Enforcement Decree of the Financial Investment Services and Capital Markets Act (Presidential Decree No. 24697)) or a KONEX-listed corporation (referring to a corporation which issues stock certificates listed on the KONEX under the Article 11 (2) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act) under Article 176-5 (1) 1 of the Enforcement Decree of the Financial Investment Services and Capital Markets Act. <Amended by Presidential Decree No. 17291, Jul. 7, 2001; Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20947, Jul. 29, 2008; Presidential Decree No. 21291, Feb. 3, 2009; Presidential Decree No. 24697, Aug. 27, 2013>
- (7) The Financial Services Commission may establish the detailed criteria for the detailed requirements set forth in paragraphs (1) through (6). <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

Article 5-2 (Report of Financial Holding Company Subject to Authorization)

(1) "Unavoidable causes determined by Presidential Decree" in Article 5-2 (1) of the Act means any of the following cases: <Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 20947, Jul. 29, 2008>

1. Where the stock price of a subsidiary has increased;
2. Where the stockholders' rights of a subsidiary have changed because of reduction of capital of the subsidiary, disposal of stocks held by other stockholders, or other causes similar thereto as determined and publicly notified by the Financial Services Commission;
3. Where the total amount of assets of the financial holding company subject to authorization under Article 5-2 of the Act (hereinafter referred to as "financial holding company subject to authorization") has decreased;
4. Where a financial holding company subject to authorization has come to hold the stocks of a subsidiary because of the exercise of security right, acceptance of payment in kind, testamentary gift or other causes similar thereto as determined and publicly notified by the Financial Services Commission;
5. Where a financial holding company subject to authorization has come to hold the stocks of a subsidiary in the course of conducting the business of acquisition of securities under Article 9 (11) of the Financial Investment Services and Capital Markets Act under the permission of the Financial Services Commission;
6. Where a financial institution which amounts to a financial holding company subject to authorization comes to hold the stocks of a subsidiary within the scope of operations or asset management under the statutes and regulations applicable to such financial institution, as determined and publicly notified by the Financial Services Commission.

(2) "Period determined by Presidential Decree" in Article 5-2 (1) of the Act means four months from the base date (the base date under the proviso to Article 2 (4) 2 is not applicable; hereinafter the same shall apply). <Amended by Presidential Decree No. 21998, Jan. 18, 2010>

(3) "Period determined by Presidential Decree" in the main sentence of Article 5-2 (2) of the Act means one year from the base date. <Amended by Presidential Decree No. 21998, Jan. 18, 2010>

Article 5-3 (Control Relationship between Financial Institution and Financial Holding Company)

"Control relationship prescribed by Presidential Decree" in the main sentence of Article 7 (1) of the Act means that a financial institution actually controls the business affairs of a financial holding company according to the standards under Article 3 of the Enforcement Decree of the Monopoly Regulation and Fair Trade Act.

Article 5-4 (Requirements for Permission of Control Relationship between Financial Holding Company and Other Financial Holding Companies)

(1) Where a financial holding company intends to establish a control relationship with another financial holding company in accordance with Article 7 (1) 1 of the Act, it shall meet all of the following requirements:

1. The financial holding company is required to hold the total number of issued stocks of another financial holding company (hereinafter referred to as "intermediary holding company"), with which it intends to establish a control relationship: Provided, That the same shall not apply where a control relationship is intended to be established with an intermediary holding company to be established by means of share swap or share transfer and the following requirements are satisfied:

(a) The financial holding company is required to hold at least 95/100 of the total number of issued stocks of the intermediary holding company;

(b) The financial holding company is required to be unable to acquire the total number of issued stocks of the intermediary holding company due to unavoidable causes, such as cases where the financial holding company has requested a person to be another stockholder of the intermediary holding company (hereinafter referred to as "minority stockholder" in this item) to sell such stocks, but such minority stockholder fails to sell such stocks within two months from the date of receiving such request for sale or the whereabouts of such minority stockholder cannot be identified;

2. The subsidiaries controlled by the same intermediary holding company (excluding intermediary holding companies which control only subsidiaries which are foreign corporations) are required to operate the same type of business or operate business related to one another: Provided, That the same shall not apply for two years from the date of incorporation into an intermediary holding company if there is any subsidiary which differs in the type of business or operates business related to other subsidiaries as at the time of incorporation into an intermediary holding company;

3. The intermediary holding company is required not to control second-tier subsidiaries: Provided, That where an intermediary holding company controls only subsidiaries which are foreign corporations, it may control second-tier subsidiaries.

(2) The Financial Services Commission may determine and publicly notify detailed criteria for the requirements in each of the subparagraphs of paragraph (1). <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

Article 5-5 (Requirements for Permission of Control Relationship between Investment Companies and Financial Holding Companies)

(1) Where an investment company under the Financial Investment Services and Capital Markets Act (hereinafter referred to as "investment company"), private equity fund or special purpose company under the same Act (hereinafter referred to as "special purpose company") intends to establish a control relationship with respect to a financial holding company under Article 7 (1) 2 of the Act, the relevant investment company, private equity fund or special purpose company shall meet the requirements classified in the following: <Amended by Presidential Decree No. 20947, Jul. 29, 2008; Presidential Decree No. 26600, Oct. 23, 2015>

1. In cases of investment companies, all of the following requirements shall be satisfied:

(a) The number of stocks held by a financial institution must be under 30/100 of the total number of issued stocks of the relevant investment company;

(b) No financial institution shall exercise dominant influence over the major managerial affairs of the relevant investment company;

2. In cases of private equity funds, all of the following requirements shall be satisfied:

(a) No financial institution shall be a managing general partner of a private equity fund;

(b) The shares held by a financial institution must be under 30/100 of the total amount of investment of the relevant private equity fund;

(c) No financial institution may exercise dominant influence over the major managerial affairs of the relevant private equity fund;

3. In cases of specific purpose companies, all of the following requirements shall be satisfied:

(a) Each private equity fund which is a stockholder or partner of the relevant special purpose company must meet all of the requirements in each item of subparagraph 2;

(b) The number of stocks or shares held by a financial institution must be under 30/100 of the total number of issued stocks with voting rights or total amount of investment of the relevant special purpose company;

(c) No financial institution may exercise dominant influence over the major managerial affairs of the relevant special purpose company.

(2) The Financial Services Commission may determine and publicly notify detailed criteria for the requirements in each of the subparagraphs of paragraph (1). *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

Article 5-6 (Requirements for Foreign Financial Institutions)

(1) "Foreign financial institution prescribed by Presidential Decree" in Article 7 (1) 3 of the Act means a company and a specially related person thereto (hereinafter referred to as "foreign financial holding company") which controls a company conducting banking business, financial investment business, insurance business, and other business similar thereto determined and publicly notified by the Financial Services Commission in a foreign country (hereafter referred to as "business company" in this Article) through holding stocks or exercising a dominant influence by means of appointment and dismissal of executive officers, etc. in order to manage the operation of the business company. *<Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010>*

(2) Any company holding the stocks of a domestic financial holding company or exercising a dominant influence thereon from among foreign financial holding companies shall meet all of the following requirements: *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

1. The total amount of assets, scale of business, etc. must be appropriate for conducting international business activities and have a high international credit rating;

2. The capital adequacy ratio against risk-weighted assets in accordance with the criteria set by the Bank of International Settlements must be at least 8/100 for the last three consecutive years or cases similar thereto, which meet the criteria as determined and publicly notified by the Financial Services Commission.

(3) In the application of paragraph (2), where it is impracticable or unreasonable to apply the whole or part of the requirements referred to in the subparagraphs of the same paragraph because the relevant company is not a business company, if there exists a foreign financial holding company which is a business company (limited to a business company which actually controls the management of the relevant company or a business company of which management is actually controlled by the relevant company) satisfying the whole or part of the requirements, the relevant company shall be deemed to satisfy such requirements.

(4) The Financial Services Commission may determine and publicly notify detailed criteria for the requirements referred to in the subparagraphs of paragraph (2). *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

Article 5-7 (Requirements for Permission for Control Relationship between Foreign Financial Institutions and Financial Holding Companies)

(1) Where a foreign financial institution intends to establish a control relationship with a financial holding company under Article 7 (1) 3 of the Act, it shall satisfy the following requirements: *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

1. Any foreign financial holding company is required to hold the total number of issued stocks of a domestic financial holding company with which the foreign financial holding company intends to establish a control relationship (hereinafter referred to as "domestic holding company"): Provided, That the same shall not apply where a control relationship is established with a domestic holding company established by means of share swap or share transfer and all of the following requirements are satisfied:

(a) The foreign financial holding company is required to hold at least 95/100 of the total number of issued stocks of the domestic holding company;

(b) The foreign financial holding company is required to be unable to acquire the total number of issued stocks of the domestic holding company due to unavoidable causes, such as cases where even though the foreign financial holding company requested a person to be another stockholder of the domestic holding company (hereafter referred to as "minority stockholder" in this item) to sell such stocks, such minority stockholder fails to sell such stocks within two months from the date on which he or she received such request for sale or the whereabouts of such minority stockholder is unable to be confirmed;

2. Where there exists a domestic financial institution which is an affiliated company with a foreign financial holding company (excluding the relevant domestic holding company and the subsidiaries and second-tier subsidiaries thereof (hereafter referred to as "domestic holding company, etc." in this subparagraph); hereafter referred to as "domestic affiliated company" in this subparagraph), the requirements determined and publicly notified by the Financial Services Commission based on the matters concerning restrictions on the acts of subsidiaries, etc. under Article 48 of the Act for credit extension, asset transactions, stock holding, etc. between domestic affiliated companies and domestic holding companies, etc. are to be satisfied.

(2) The Financial Services Commission may determine and publicly notify detailed criteria for the requirements referred to in each subparagraph of paragraph (1). <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

Article 5-8 (Termination of Control Relationship with Financial Holding Companies)

(1) "Unavoidable causes prescribed by Presidential Decree" in the main sentence of Article 7 (2) of the Act means any of the following cases: <Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 20947, Jul. 29, 2008>

1. Where there is change in the stockholder's right of such company because of reduction of capital of a financial holding company, disposition of stocks held by other stockholders, or other causes similar thereto as determined and publicly notified by the Financial Services Commission;
2. Where a financial institution which has a control relationship with a financial holding company (hereafter referred to as "controlling financial institution" in this Article) has come to hold the stocks of the financial holding company because of the exercise of security rights, acceptance of payment in substitutes, testamentary gift or other grounds similar thereto as determined and publicly notified by the Financial Services Commission;
3. Where a controlling financial institution comes to hold the stocks of a financial holding company in the course of conducting the business of acquisition of securities under Article 9 (11) of the Financial Investment Services and Capital Markets Act under the permission of the Financial Services Commission;
4. Where a controlling financial institution rapidly comes to hold the stocks of a financial holding company within the scope of the operation and asset management under the statutes and regulations applicable to such financial institution as determined and publicly notified by the Financial Services Commission.

(2) "Period determined by Presidential Decree" in the main sentence of Article 7 (2) of the Act means one year from the base date. <Amended by Presidential Decree No. 21998, Jan. 18, 2010>

Article 6 Deleted. <by Presidential Decree No. 27414, Jul. 28, 2016>

Article 6-2 (Report on Status of Stock Holdings)

(1) "Those prescribed by Presidential Decree" in Article 8 (2) of the Act shall be following persons: <Amended by Presidential Decree No. 25945, Dec. 30, 2014>

1. The Government;
2. The Korea Deposit Insurance Corporation;
3. The Korea Development Bank (limited to cases where stocks are acquired using the Financial Stability Fund established under the Act on the Structural Improvement of the Financial Industry);
4. A person approved by the Financial Services Commission under Article 8 (3) of the Act, where a person who was a stockholder, etc. holding stocks in excess of the limit issued by a bank under Article 16-4 (1) of the Act with approval of the Financial Services Commission under Article 15 (3) of the Banking Act becomes stockholders, etc. holding stocks in excess of limit under Article 10-2 of the Act,

issued by a financial holding company which controls the relevant bank as a subsidiary, etc. through stock swap or stock transfer.

(2) "Matters prescribed by Presidential Decree" in Article 8 (2) of the Act shall be as follows: <Amended by Presidential Decree No. 25177, Feb. 11, 2014; Presidential Decree No. 26600, Oct. 23, 2015>

1. Matters on the same person;
2. Matters falling under the following categories in cases of a private equity fund, etc. (referring to the private equity fund under Article 8-5 (2) of the Act; hereinafter the same shall apply):
 - (a) Stockholders or partners;
 - (b) Contributions made by a limited partner or general partner of the private equity fund;
3. Matters on the current status of stock holdings or changes thereof, and the reasons therefor;
4. Matters on the purpose of stock holdings and the involvement in the management of a bank holding company, etc.;
5. Others prescribed and publicly notified by the Financial Services Commission as detailed matters necessary for the confirmation of the status of stock holdings or changes in the ratio of stock holdings.

(3) The same person who falls under any of the subparagraphs of Article 8 (2) of the Act shall report the matters stated in each subparagraph of paragraph (2) to the Financial Services Committee by the deadline specified in the following; Where the person and his or her specially related person have to report together, whoever has the largest number of stocks may be designated as a representative to make a report under joint signature: <Amended by Presidential Decree No. 22509, Dec. 2, 2010; Presidential Decree No. 28248, Aug. 16, 2017>

1. In the case of Article 8 (2) 1 and 3 of the Act: The last day of a month following a month which includes a date when a reason for reporting occurs (referring to a date on which the relevant person comes to the knowledge of his or her obligation to report if that person becomes subject to reporting without having acquired or sold stocks of a bank holding company; hereinafter the same shall apply);
2. In the case of Article 8 (2) 2, 4, and 5 of the Act: The tenth day of a month following a month in which a reason for reporting occurs.

(4) Notwithstanding paragraph (3), funds, etc. or any other person prescribed and publicly notified by the Financial Services Commission may make a report by the 10th day of the month immediately following the quarter which includes the date when a reason for reporting occurs. <Amended by Presidential Decree No. 22509, Dec. 2, 2010; Presidential Decree No. 28248, Aug. 16, 2017>

(5) Except otherwise prescribed in paragraphs (1) through (4), necessary matters on reporting on the status, etc. of stock holdings shall be prescribed and publicly notified by the Financial Services Commission.

Article 6-3 (Requirements and Procedure for Approval of Holding of Stocks in Excess of Holding Limit)

(1) A person who intends to hold the stocks of a bank holding company under Article 8 (3) of the Act shall satisfy the requirements provided for in attached Table 2: Provided, That where the Financial Services

Commission deems that there exists a special cause, such as liquidation of insolvent financial institutions under Article 2 (3) of the Act on the Structural Improvement of the Financial Industry, it may grant approval even to a person who fails to satisfy the requirements in attached Table 2. <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20653, Feb. 29, 2008>

(2) When granting approval under Article 8 (3) of the Act, the Financial Services Commission may restrict the time, method, etc. of acquisition of stocks when the Commission deems it necessary in light of the applicant's qualifications, composition of shares held by a bank holding company, etc. <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

(3) A person who intends to obtain approval under Article 8 (3) of the Act shall file an application for approval with the Financial Services Commission, stating the following matters: <Amended by Presidential Decree 21776, Oct. 9, 2009>

1. Matters on the applicant;
2. Current status of holding stocks issued by a bank holding company;
3. Plan for acquiring stocks issued by a bank holding company.

(4) The application for approval under paragraph (3) shall include the following documents: <Newly Inserted by Presidential Decree No. 21776, Oct. 9, 2009; Amended by Presidential Decree No. 29269, Oct. 30, 2018>

1. The articles of incorporation (limited to corporations);
2. Documents equivalent to the corporation registration certificate, in cases of a foreign company;
3. Financial statements as of the end of the recent business year and semi-annual financial statements after the end of the recent business year (limited to corporations);
4. Audit report and review report on the financial statements under subparagraph 3 prepared by an accounting auditor (referring to an auditor under subparagraph 7 of Article 2 of the Act on External Audit of Stock Companies; hereinafter the same shall apply);
5. Where a person intending to obtain approval is an institution subject to inspection by the Financial Supervisory Service under Article 38 of the Act on the Establishment of Financial Services Commission, financial status calculated in accordance with the standards for financial soundness applicable to such institution and review report thereof prepared by an accounting auditor;
6. Other documents prescribed and publicly notified by the Financial Services Commission as necessary for the review of requirements for approval.

(5) Upon receipt of an application under paragraph (3), the Financial Services Commission shall verify the following administrative information through joint use of administrative information under Article 36 (1) of the Electronic Government Act: Provided, that if the applicant does not consent to the verification under subparagraph 2, the application shall attach the relevant document (in cases of a certificate of business registration, referring to a copy thereof): <Newly Inserted by Presidential Decree No. 21776, Oct. 9, 2009; Presidential Decree No. 22151, May 4, 2010; Presidential Decree No. 22467, Nov. 2, 2010; Presidential Decree No. 29269, Sep. 28, 2018>

1. Corporation registration certificate (limited to domestic corporations);
2. Certified copy of individual register including resident registration number or certificate of business registration;
3. Corporation registration certificate of a bank holding company which intends to buy stocks.

(6) In addition to the matters prescribed by paragraphs (3) through (5), detailed matters necessary for the form, method of, and procedure for approval application for holding stocks issued by a bank holding company shall be prescribed and publicly notified by the Financial Services Commission. <Newly Inserted by Presidential Decree No. 21776, Oct. 9, 2009>

Article 6-4 (Processing Period of Approval for Holding of Stocks)

"Period prescribed by Presidential Decree" in Article 8 (4) of the Act means 60 days from the date of receipt of application for approval: Provided, That the period prescribed and publicly notified by the Financial Services Commission, such as period for supplementing defects of the application for approval, shall not be included in calculation of the processing period. <Amended by Presidential Decree No. 21776, Oct. 9, 2009>

Article 6-5 (Period of Time to be Considered as Non-Financial Devotee)

- (1) "Period prescribed by Presidential Decree" in Article 8-2 (1) of the Act means three months.
- (2) "Requirements, including financial soundness, etc., prescribed by Presidential Decree" in Article 8-2 (2) of the Act means the requirements in subparagraph 1 (a) and subparagraph 4 (a) through (c) of attached Table 2. <Amended by Presidential Decree No. 21776, Oct. 9, 2009; Presidential Decree No. 25177, Feb. 11, 2014>

Article 6-6 (Requirements for Approval of Conversion Plans)

(1) The conversion plan under Article 8-2 (3) 1 of the Act shall meet all of the following requirements: <Amended by Presidential Decree No. 21776, Oct. 9, 2009>

1. The assumptions on which the conversion plan is based, such as prospects on the market conditions, etc. are required to be rational;
2. The conversion plan is required to be realizable within the proposed execution period in light of the volume of issued stocks, volume of assets, etc. of a non-financial company subject to disposal;
3. Quarterly execution plan is required to be included.

(2) The Financial Services Commission shall review the status of conversion plan being executed by a person subject to conversion under Article 8-3 (2) of the Act on a quarterly basis. <Amended by Presidential Decree No. 21776, Oct. 9, 2009>

(3) The Financial Services Commission may prescribe and publicly notify the necessary matters on detailed standards for the requirements under each subparagraph of paragraph (1) and the review of the status of execution of conversion plan, such as methods of review under paragraph (2). <Amended by Presidential Decree No. 21776, Oct. 9, 2009>

Article 6-7 Deleted. <by Presidential Decree No. 21776, Oct. 9, 2009>

Article 7 (Requirements for Prevention of Conflict of Interests of Fund)

(1) "Systems prescribed by Presidential Decree" in Article 8-2 (3) 2 (a) of the Act means systems satisfying all the following requirements: <Amended by Presidential Decree No. 27414, Jul. 28, 2016>

1. The standards for exercising voting rights to prevent conflict of interests shall be established. In such cases, the standards shall include the statement that voting rights shall be exercised in a manner that does not influence any resolution made by the number of stocks calculated by subtracting the number of stocks held in excess of the limit under Article 8-2 (1) of the Act among the number of stocks held by the fund, etc. from the number of stocks held by stockholders present at the general meeting of stockholders of the bank holding company which issued the stocks held by the fund, etc. in cases where any voting rights are exercised on the matters which do not have standards for exercising voting rights, when the number of stock of a bank holding company held by the fund, etc. exceeds the limit on the number of stocks specified in Article 8-2 (1) of the Act;

2. The internal control guidelines (referring to the internal compliance guidelines pursuant to Article 24 (1) of the Act on Corporate Governance of Financial Companies; hereinafter the same shall apply) shall be established in order to verify, assess, and manage the possibility of a conflict of interests, such as where the information obtained by a stockholder of a bank holding company shall be managed in order to prevent use of such information for any purposes other than the exercise of stockholders' appraisal rights;

3. Other matters prescribed and publicly notified by the Financial Services Commission as necessary to prevent a conflict of interests.

(2) "Requirements prescribed by Presidential Decree" in Article 8-2 (3) 2 (c) of the Act means cases where the fund, etc. complies with the guidance of asset management under Article 79 of the National Finance Act.

Article 8 Deleted. <by Presidential Decree No. 25177, Feb. 11, 2014>

Article 9 (Approval on Stock Holdings of Private Equity Funds)

(1) Deleted. <by Presidential Decree No. 25177, Feb. 11, 2014>

(2) A private equity fund, etc. under Article 8-5 (2) of the Act shall have managing general partners of the private equity fund, etc. or executive officers of the managing general partners (including the persons falling under Article 401-2 (1) 3 of the Commercial Act; hereafter the same shall apply in this paragraph) who satisfy all the following requirements: <Amended by Presidential Decree No. 25177, Feb. 11, 2014; Presidential Decree No. 26600, Oct. 23, 2015; Presidential Decree No. 27414, Jul. 28, 2016>

1. The managing general partner shall be a corporation and three years have passed since the incorporation of the relevant corporation;

2. The executive officers of the managing general partner shall not fall under any of the subparagraphs of Article 5 (1) of the Act on Corporate Governance of Financial Companies;

3. The following standards shall be satisfied: Provided, That this shall not apply where the degree of violation, etc. is deemed minor:

(a) The person shall not have been subject to criminal punishment equivalent to or heavier than a sentence of fine for a violation of statutes and regulations pursuant to Article 5 of the Enforcement Decree of the Act on Corporate Governance of Financial Companies (hereinafter referred to as "finance-related statutes and regulations"), the Monopoly Regulation and Fair Trade Act, or the Punishment of Tax Offenses Act during the recent five years;

(b) The person shall not have been a majority stockholder or his or her specially related person of an institution which was designated as an insolvent financial institution under the Act on the Structural Improvement of the Financial Industry or whose permission or authorization of business was revoked pursuant to the finance-related statutes and regulations during the recent five years: Provided, That persons who, by a court ruling, are found to have no liability for insolvency or who meet the standards prescribed and publicly notified by the Financial Services Commission, such as sharing economic responsibilities resulting from insolvency, shall be excluded herefrom;

4. The private equity fund, etc., where the person works or has worked as a managing general partner shall fall under any of the following:

(a) Where the value (excluding the value of contributions by the relevant managing general partner) of contribution to one private equity fund, etc. is at least the amount prescribed and publicly notified by the Financial Services Commission, which is at least 500 billion won;

(b) Where the value (excluding the value invested out of the value contributed by the relevant managing general partner) of actual investment in at least two companies subject to investment, which is made by contributing to a private equity fund, etc. by a stockholder or partner without selecting the subject of asset management in advance with respect to one private equity fund, etc. is at least the amount prescribed and publicly notified by the Financial Services Commission, which is at least 300 billion won;

5. Other standards prescribed and publicly notified by the Financial Services Commission as necessary details with respect to capability and experience in asset management, social standings, etc.

(3) "Information or data prescribed by Presidential Decree, such as other details of contracts concluded among the stockholders or partners" in Article 8-5 (3) of the Act means the following information or data:

<Amended by Presidential Decree No. 26600, Oct. 23, 2015>

1. The articles of incorporation of the private equity fund, etc.;

2. Details of contracts concluded among the stockholders or partners of the private equity fund, etc.;

3. The list of stockholders and partners of the private equity fund, etc. (including specially-related persons of the stockholders and partners);

4. Other information or data prescribed and publicly notified by the Financial Services Commission as necessary to verify whether the requirements for approval under Article 8-5 (2) of the Act are met.

(4) "Period prescribed by Presidential Decree" in Article 8-5 (4) of the Act means 30 days from the date on which the application for approval is received: Provided, that the period prescribed and publicly notified by the Financial Services Commission, such as period for rectifying defects of the application for

approval, shall not be included in the calculation of the processing period.

(5) Article 6-3 (3) through (6) shall apply mutatis mutandis to the approval on holding stocks of financial institutions by a private equity fund, etc. <Amended by Presidential Decree No. 26600, Oct. 23, 2015>

Article 9-2 (Period of Reporting in Cases of Exceeding Stockholding Limits)

(1) "Period prescribed by Presidential Decree" in Articles 10 (2) 1 (a) and 10 (2) 2 (a) of the Act means five business days from the date of occurrence of the trigger events determined in accordance with objective and reasonable standards (hereinafter referred to as "trigger event") as at the time of the issuance of contingent convertible bonds for mandatory conversion issued under Article 15-2 (1) 3 (hereinafter referred to as "contingent convertible bonds for mandatory conversion") or contingent convertible bonds convertible into stocks of a bank holding company issued under Article 33 (1) 4 of the Banking Act (hereinafter referred to as "contingent convertible bond convertible into stocks of a bank holding company"), respectively. <Amended by Presidential Decree No. 28248, Aug. 16, 2017>

(2) "Period prescribed by Presidential Decree" in the main sentence of Article 10 (2) 1 (b) of the Act and the main sentence of Article 10 (2) 2 (b) of the Act means six months from the date of occurrence of the trigger event with respect to contingent convertible bonds for mandatory conversion and contingent convertible bonds convertible into stocks of a bank holding company, respectively. <Amended by Presidential Decree No. 28248, Aug. 16, 2017>

Article 10 (Procedures for Reviewing Eligibility of Stockholders Holding Stocks in Excess of Limit)

(1) The Financial Services Commission shall, on a semi-annual basis, review whether a stockholder holding stocks in excess of the limit meets the requirements, etc. for excess holding pursuant to Article 10-2 of the Act: Provided, that the Financial Services Commission may, if specifically deemed necessary, conduct a review at any time, such as in cases where there is any sign of illegal trading between the stockholder holding stocks in excess of the limit and a bank holding company, etc.

(2) Necessary details on the procedures for, methods, etc. of a review on suitability of stockholders holding stocks in excess of the limit shall be determined and publicly notified by the Financial Services Commission.

Article 11 (Business Affairs of Financial Holding Companies)

(1) "Business affairs prescribed by Presidential Decree" in Article 15 of the Act means the following business affairs: <Amended by presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 26816, Dec. 30, 2015>

1. Affairs concerning business administration:

- (a) Setting business goals and approving business plans with respect to subsidiaries, etc.;
- (b) Evaluation of business performance of subsidiaries, etc. and determination of remuneration;
- (c) Determination of management governance structure with respect to subsidiaries, etc.;
- (d) Inspection of business affairs and status of property of subsidiaries, etc.;
- (e) Internal control and risk management of subsidiaries, etc.;

(f) Affairs incidental to items (a) through (e);

2. Affairs incidental to business administration:

(a) Financial support to subsidiaries, etc. (including loans of money, securities, and other properties having economic value, guarantee of an obligation, and other direct and indirect transactions involving transactional credit risks; hereafter the same shall apply in this Article);

(b) Procurement of funds for investment in subsidiaries, etc. or providing financial support to subsidiaries, etc.;

(c) Provision of resources necessary for the business of subsidiaries, etc., including support for the development and sale of financial products of subsidiaries, etc.;

(d) Business entrusted by subsidiaries, etc. to support the business of the subsidiaries, etc., including computer, legal affairs, accounting, etc.;

(e) Other business affairs which do not require authorization, license or approval, etc. under statutes and regulations.

(2) Detailed matters concerning paragraph (1) 2 (c) and (d) are as prescribed in attached Table 3. <Newly Inserted by presidential Decree No. 21998, Jan. 18, 2010>

Article 11-2 (Issuance of Financial Bond)

(1) Any bank holding company may issue corporate bonds referred to in the subparagraphs of Article 15-2 (1) of the Act (hereinafter referred to as “financial bond”) in the manner of selling after setting a selling period in advance.

(2) Any trigger event referred to in Article 15-2 (1) 2 and 3 of the Act shall satisfy all the following standards:

1. An event shall satisfy the requirements determined and publicly notified by the Financial Services Commission which is highly unlikely to be changed or occur with usual efforts by a bank holding company which has issued or intends to issue corporate bonds referred to in Article 15-2 (1) 2 and 3 of the Act (hereinafter referred to as “contingent convertible bond”) (hereinafter referred to as “issuing bank holding company”) or interested persons related to the issuance of contingent convertible bonds, such as stockholders and investors of the issuing bank holding company;

2. An event shall be sufficiently notified or announced to the public under Article 176-12 (2) 2 of the Enforcement Decree of the Financial Investment Services and Capital Markets Act.

(3) “Corporate bonds prescribed by Presidential Decree” in Article 15-2 (1) 4 of the Act means corporate bonds determined and publicly notified by the Financial Services Commission which are debt securities issued by a bank holding company in accordance with the standards of the Bank for International Settlements or debt securities issued by a person running financial business in accordance with finance-related statutes and regulations or foreign statutes and regulations equivalent thereto.

(4) Contingent convertible bonds may expire when the relevant issuing bank holding company faces liquidation or bankruptcy.

(5) Necessary detailed matters related to requirements for issuing financial bonds and issuing methods therefor, other than those prescribed in paragraphs (1) through (4), shall be determined and publicly notified by the Financial Services Commission.

Article 12 (Approval for Incorporation of Company as Subsidiaries)

(1) Any person who wishes to obtain approval for incorporation of a company as a subsidiary, etc. under Article 16 (1) of the Act shall submit an application for approval in which the following matters are entered to the Financial Services Commission: *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

1. Trade name of a company which intends to be incorporated into a subsidiary, etc. (hereinafter referred to as "company subject to incorporation") and a financial holding company;
2. Location of the head office of a financial holding company and company subject to incorporation;
3. Names, resident registration numbers and addresses of the representative and executive officers of a financial holding company and company subject to incorporation;
4. Matters concerning the capital of a financial holding company and company subject to incorporation;
5. Matters concerning manpower and physical facilities of a financial holding company and company subject to incorporation;
6. Type of business to be conducted by a company subject to incorporation.

(2) The application for approval under paragraph (1) shall be accompanied by the following documents. In this case, the Financial Services Committee shall verify the corporation registration certifications of a financial holding company and a company subject to incorporation by sharing administrative information under Article 36 (1) of the Electronic Government Act: *<Amended by Presidential Decree No. 18312, Mar. 17, 2004; Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21776, Oct. 9, 2009; Presidential Decree No. 22151, May 4, 2010; Presidential Decree No. 22467, Nov. 2, 2010; Presidential Decree No. 26600, Oct. 23, 2015>*

1. Articles of incorporation of a financial holding company and company subject to incorporation;
2. Business plans (including estimated financial statements) and estimated statement of accounts concerning earnings of a financial holding company and company subject to incorporation for three business years after the company subject to incorporation is incorporated into a subsidiary, etc.;
3. Documents in which the locations and names of the main office, branch office, etc. of a financial holding company and company subject to incorporation are entered;
4. Deleted; *<by Presidential Decree No. 22467, Nov. 2, 2010>*
5. Financial statements and documents attached thereto of a financial holding company and company subject to incorporation;
6. Resumes and career certificates of executive officers of a financial holding company and company subject to incorporation;
7. Names or titles of stockholders holding 1/100 or more of the total number of issued stocks of a financial holding company and company subject to incorporation as at the date of application for approval and document showing the number of such stocks: Provided, That where a company subject to

incorporation is a private equity fund, the name and title of a limited partner which is not a subsidiary, etc. may be omitted;

8. Other documents necessary for the examination of requirements for approval under the Act and this Decree, as determined by the Financial Services Commission.

Article 13 (Detailed Requirements for Approval of Incorporation into Subsidiaries)

(1) The business plan under Article 17 (1) 1 of the Act shall meet each of the following requirements: *<Amended by Presidential Decree No. 17716, Aug. 21, 2002; Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 26816, Dec. 30, 2015>*

1. The business plan is required to be appropriate for the continuous operation of business and maintenance of sound management of a financial holding company and company subject to incorporation, and the estimated financial statements and prospects for profits are required to be feasible in light of the business plan;

2. The method of procurement of funds, such as the money needed for carrying out the business plan, is required to be appropriate;

3. The business plan must not violate statutes and regulations and nor disrupt the sound order on the financial market;

4. Deleted; *<by Presidential Decree No. 21998, Jan. 18, 2010>*

4-2. Where a foreign corporation to be incorporated into a subsidiary intends to control a second-tier subsidiary or where a subsidiary which is a foreign corporation (hereinafter referred to as “foreign subsidiary”) intends to newly incorporate a second-tier subsidiary, such second-tier subsidiary must not be a domestic financial institution;

5. The business plan must not substantially restrict competition on relevant markets.

(2) Detailed criteria for the soundness of financial standing and business management conditions under Article 17 (1) 2 of the Act shall be as follows: *<Amended by Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 20653, Feb. 29, 2008>*

1. The equity capital of a financial holding company, etc. and of a company subject to incorporation is required to meet the criteria for capital adequacy determined and publicly notified by the Financial Services Commission under subparagraph 1 of Article 28;

2. The business management conditions of a financial holding company, etc. and of a company subject to incorporation are required to be sound as a result of an assessment of soundness of business management of the financial holding company, etc. and company subject to incorporation conducted under conditions determined and publicly notified by the Financial Services Commission.

(3) The provisions of Article 5 (5) shall apply mutatis mutandis with respect to the propriety of the rate of share swap under Article 17 (1) 3 of the Act.

(4) The Financial Services Commission may set up detailed criteria for the detailed requirements in paragraphs (1) through (3). *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

Article 14 (Scope of Companies Subject to Reporting)

(1) "Company prescribed by Presidential Decree" in Article 18 (1) of the Act means any of the following financial institutions or companies: Provided, That where a first-tier subsidiary acquires a second-tier subsidiary (excluding cases where a subsidiary becomes a managing general partner of a private equity fund), if the first-tier subsidiary acquires less than 50/100 of the total number of issued stocks of the second-tier subsidiary being acquired (30/100 where such second-tier subsidiary is a listed stock company or joint stock company under Article 43-2 (1) of the Act (hereinafter referred to as "joint stock company")), such second-tier subsidiary (except for a foreign corporation in cases of subparagraph 2) shall be excluded, and where a second-tier subsidiary acquires a third-tier subsidiary, if the second-tier subsidiary acquires less than 50/100 of the total number of issued stocks of the third-tier subsidiary being acquired (30/100 where such third-tier subsidiary is a listed stock company or joint stock company), such third-tier company (except for a foreign corporation in case of subparagraph 2) shall be excluded, and the same shall apply where a third or second-tier subsidiary includes a even second-tier company as a subsidiary: <Amended by Presidential Decree No. 17716, Aug. 21, 2002; Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 20947, Jul. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 22509, Dec. 2, 2010; Presidential Decree No. 26600, Oct. 23, 2015>

1. A financial institution which does not require authorization or permission from the Financial Services Commission as at the time of the establishment of the relevant financial institution: Provided, That foreign corporations which are to be incorporated into the subsidiaries or second-tier subsidiaries (limited to companies controlled by a subsidiary which is a foreign corporation) of financial holding companies and mainly operate the same types of business as those of domestic financial institutions for which the authorization or permission of the Financial Services Commission are required shall be excluded;
2. A financial institution the total amount of assets of which is under 100 billion won as of the end of the recent business year;
3. Where a subsidiary, etc. of a financial holding company as of the time of authorization under Article 3 of the Act or a subsidiary, etc. newly acquired under Article 16 of the Act becomes a subsidiary, etc. of a financial holding company because of change in the relationship of stock holding between financial holding companies, etc., merger, division, merger through split-off, physical division between subsidiaries, etc., and other causes as determined and publicly notified by the Financial Services Commission, such subsidiaries, etc.;
4. Deleted; <by Presidential Decree No. 25177, Feb. 11, 2014>
5. A company closely related to the operation of financial business under Article 2 (2).

(2) Any financial holding company which has incorporated a company subject to reporting under Article 18 (1) of the Act into a subsidiary, etc. shall submit a written statement stating matters in each subparagraph of Article 12 (1) to the Financial Services Commission within 30 days from the date on

which the relevant company subject to reporting is incorporated into a subsidiary, etc. <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

(3) The written statement under paragraph (2) shall be accompanied by the following documents:

<Amended by Presidential Decree No. 26816, Dec. 30, 2015>

1. Articles of incorporation of a financial holding company and company subject to incorporation;
2. Business plans (including estimated financial statements) of a company subject to incorporation for three business years after the company is incorporated as a subsidiary, etc.;
3. Other documents determined and publicly notified by the Financial Services Commission.

Article 15 (Scope of Second-Tier Subsidiaries)

(1) "Financial institution prescribed by Presidential Decree" in Article 19 (1) 1 of the Act means the following financial institutions: <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 20947, Jul. 29, 2008; Presidential Decree No. 21765, Oct. 1, 2009; Presidential Decree No. 21776, Oct. 9, 2009; Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 25177, Feb. 11, 2014; Presidential Decree No. 26038, Jan. 6, 2015; Presidential Decree No. 26816, Dec. 30, 2015>

1. Financial institutions established in a foreign country;
2. Financial institutions conducting business affairs, which subsidiaries are able to conduct and which do not require authorization, permission, etc. under statutes and regulations;
3. Where a subsidiary is a bank, merchant bank, or an investment trader or investment broker under the Financial Investment Services and Capital Markets Act (hereinafter referred to as "investment trader or investment broker"), or insurance company under the Insurance Business Act (hereinafter referred to as "insurance company"), the companies are as classified in the following:

(a) Where a subsidiary is a bank or a merchant bank: Credit information companies under the Credit Information Use and Protection Act, credit card business entities under the Specialized Credit Finance Business Act; and trust business entities, investment traders (limited to investment traders dealing with no more than exchange-traded derivatives under the Financial Investment Services and Capital Markets Act), investment brokers (limited to investment brokers dealing with no more than derivatives under the Financial Investment Services and Capital Markets Act), investment advisory business entities (hereinafter referred to as "investment advisory business entities"), discretionary investment business entities (hereinafter referred to as "discretionary investment business entities"), and collective investment entities (hereinafter referred to as "collective investment entities"), under the Financial Investment Services and Capital Markets Act;

(b) Where a subsidiary is an investment trader or investment broker: Collective investment entities, investment advisory business entities, discretionary investment business entities, and investment traders or investment brokers;

(c) Where a subsidiary is an insurance company: Collective investment entities;

4. Other financial institutions closely related to the business of a subsidiary, as determined by Ordinance of the Prime Minister.

(2) "Company prescribed by Presidential Decree" in Article 19 (1) 2 of the Act means any company under Article 2 (2).

Article 16 Deleted. <by Presidential Decree No. 25777, Nov. 24, 2014>

Article 16-2 (Approval of Conversion Plans to Non-Bank Holding Company)

(1) A person who intends to obtain approval under Article 22 (1) of the Act shall submit, to the Financial Services Commission, a plan to convert into a non-bank holding company (hereafter referred to as "conversion plan" in this Article).

(2) A conversion plan under paragraph (1) shall meet all the following requirements:

1. Assumptions, etc., including the forecast, etc. on market conditions which are prerequisite to a conversion plan shall be reasonable and rational;

2. A conversion plan shall be realizable within the execution period specified in the plan, in view of investment relationship within the relevant enterprise group, shareholder composition, etc. of a company subject to conversion under Article 22 (1) of the Act (hereafter referred to as "company subject to conversion" in this Article);

3. A plan to supply resources to capital, etc. required for carrying out the plan shall be appropriate;

4. The details of a conversion plan shall not violate any statute or regulation and shall not be likely to undermine sound financial order;

5. An organizational operating system required for carrying out and managing a conversion plan shall be in place;

6. Quarterly execution plans shall be included therein;

7. It shall be possible to meet the requirements under subparagraph 1 (b) and (c) of attached Table 4 until a conversion plan is executed;

8. It shall be possible to satisfy the requirements in the provisions specified in each subparagraph of Article 22 (2) of the Act until a conversion plan is executed.

(3) A company subject to conversion which intends to have a grace period for regulations on restricted activities extended under the proviso to Article 22 (2) of the Act shall file with the Financial Services Commission an application for the extension of a grace period by 60 days prior to the date of expiration of the grace period.

(4) The Financial Services Commission shall review the execution status of a conversion plan of a company subject to conversion on a quarterly basis pursuant to Article 22 (6) of the Act.

(5) The Financial Services Commission shall, when it orders the execution of a conversion plan pursuant to Article 22 (7) of the Act, do so in writing stating matters to be executed, a period of execution, etc.

(6) The Financial Services Commission shall, when it issues an order for disposal of stocks pursuant to Article 22 (9) of the Act, do so in writing stating stocks subject to disposal, the number of such stocks, the deadline of disposal, etc.

(7) In addition to the matters provided for in paragraphs (1) through (6), necessary matters concerning the conversion plan approval application form, detailed requirements for conversion plans, methods and procedures for application for a grace period extension, quarterly review methods, and detailed methods, etc. of issuing a conversion plan execution order and an order for disposal of stocks shall be determined and publicly notified by the Financial Services Commission.

Article 16-3 (Detailed Requirements for Authorization of Insurance Holding Companies)

(1) "Requirements prescribed by Presidential Decree" in Article 23 of the Act means the authorization requirements and detailed requirements of an insurance holding company under subparagraph 1 of attached Table 4.

(2) "Requirements prescribed by Presidential Decree" in Article 24 of the Act means the approval requirements for acquisition of subsidiary, etc. by an insurance holding company and detailed requirements under subparagraph 2 of attached Table 4. *<Amended by Presidential Decree No. 25777, Nov. 24, 2014>*

(3) The Financial Services Commission may determine and publicly notify the specific contents of the detailed requirements under paragraphs (1) and (2).

Article 16-4 (Detailed Requirements for Authorization of Financial Investment Holding Companies)

(1) "Requirements prescribed by Presidential Decree" in Article 29 of the Act means the authorization requirements and detailed requirements of a financial investment holding company under subparagraph 1 of attached Table 4.

(2) "Requirements prescribed by Presidential Decree" in Article 30 of the Act means the approval requirements for acquisition of subsidiary, etc. by a financial investment holding company and detailed requirements under subparagraph 2 of attached Table 4. *<Amended by Presidential Decree No. 25777, Nov. 24, 2014>*

(3) The Financial Services Commission may determine and publicly notify the specific contents of the detailed requirements under paragraphs (1) and (2).

Article 16-5 (Restriction on Trading with Large Stockholders)

(1) "Standards prescribed by Presidential Decree" in the main sentence of Article 34 (2) of the Act means the limit under subparagraph 1 of attached Table 5.

(2) "Standards prescribed by Presidential Decree" in the former part of Article 34 (3) of the Act means the limit under subparagraph 2 of attached Table 5.

(3) Stocks acquired by a non-bank holding company and its subsidiaries, etc. (hereinafter referred to as "non-bank holding company, etc.") through a trust for which the operation method of money which is trust property is designated by a trust (including a person designated by a trustor; hereafter the same shall apply in this paragraph) shall not be construed as the acquisition of stocks (including investment shares) under Article 34 (3) of the Act: Provided, That the foregoing shall not apply where a trustor is a non-bank holding company, etc.

(4) "Period prescribed by Presidential Decree" in Article 34 (4) of the Act means one year: Provided, That the Financial Services Commission may extend the period by up to one year, if deemed unavoidable in the light of the volume of stocks held in excess of the limit by a non-bank holding company, etc., the securities exchange conditions, etc.

(5) "Above the standards prescribed by Presidential Decree" in Article 34 (5) and (6) 1 and 2 of the Act means an amount of a single transaction (in cases of acquiring bonds or stocks issued by a large stockholder prescribed in Article 34 (5) of the Act, excluding the amount of bonds or stocks acquired in an overseas market which is a securities exchange or market similar thereto under the Financial Investment Services and Capital Markets Act) equivalent to 10/10,000 of the net total of the equity capital of the relevant non-bank holding company, etc. or one billion one, whichever is smaller. In such cases, the detailed standards of computing the amount of a single transaction shall be determined and publicly notified by the Financial Services Commission.

(6) The equity capital of a non-bank holding company, etc. and its net total amount under paragraph (5) shall be computed in the manner prescribed by the following classifications:

1. Where a non-bank holding company, etc. extends credit to a large stockholder pursuant to Article 34 (5) and (6) 1 of the Act: The method prescribed in Article 24 (3) and (4);
2. Where a non-bank holding company, etc. acquires bonds or stocks issued by a large stockholder under Article 34 (5) and (6) 2 of the Act: The method prescribed in Article 24-3 (6) and (7).

(7) Pursuant to Article 34 (7) of the Act, a non-bank holding company, etc. shall report the matters as classified in the following to the Financial Services Commission within one month after the end of each quarter and shall publicly announce them via an Internet site, etc.:

1. Credit extension to a large stockholder:
 - (a) The scale of credit extension to a large stockholder as of the end of each quarter;
 - (b) The increase or decrease in credit extension during each quarter;
 - (c) Transaction terms and conditions of credit extension;
 - (d) Other matters determined and publicly notified by the Financial Services Commission;
2. Acquisition of bonds and stocks issued by a large stockholder (the following matters shall be separately labelled as bonds and stocks, respectively):
 - (a) The volume of acquired bonds or stocks issued by a large stockholder as of the end of each quarter;
 - (b) The increase or decrease in retained bonds or stocks during each quarter;
 - (c) The acquisition price of retained bonds or stocks;
 - (d) Other matters determined and publicly notified by the Financial Services Commission.

(8) Where an insurance company which is a subsidiary, etc. of a non-bank holding company intends to engage in any of the following transactions (including a transaction through the brokerage by a third party) with a large stockholder of the relevant non-bank holding company in the amount of a single transaction equivalent to the rate determined and publicly notified by the Financial Services Commission which is not

more than 2/100 of the total assets (referring to the total assets on the balance sheet as of the end of the recent business year) of the relevant insurance company pursuant to Article 34 (8) of the Act, it shall report such transaction to the Financial Services Commission 30 days prior to the date of transaction, in accordance with the methods and procedures determined and publicly notified by the Financial Services Commission. In such cases, the detailed standards of computing the amount of a single transaction shall be determined and publicly notified by the Financial Services Commission:

1. The transaction of funds, such as credit extension, etc.;
 2. The transaction of securities (including the transaction of securities issued by a large stockholder);
 3. The transaction of real estate, intangible property right, etc.;
 4. The transaction of goods, services, etc.
- (9) "Acts prescribed by Presidential Decree" in Article 34 (9) 3 of the Act means any of the following acts:
1. Exercising influence over the management of a non-bank holding company, etc., such as demanding early withdrawal of credit extension, to interfere with the business activities of a competitor;
 2. Receiving credit extension by causing a non-bank holding company, etc. to violate Article 34 (1) of the Act;
 3. Receiving credit extension from a non-bank holding company, etc. in excess of the standards prescribed in Article 34 (2) of the Act;
 4. Causing a non-bank holding company, etc. to own stocks of a large stockholder in excess of the standards prescribed in Article 34 (3) of the Act;
 5. Causing a non-bank holding company, etc. to transfer assets without consideration to, trade or exchange assets with, or extend credit to a large stockholder, in violation of Article 36 (3) of the Act.
- (10) "Cases prescribed by Presidential Decree" in Article 34 (10) of the Act means any of the following cases: <Amended by Presidential Decree No. 24697, Aug. 27, 2013>
1. Where the liabilities of a large stockholder (limited to a company) exceed its assets;
 2. Where a financial institution (excluding a financial institution, the relevant large stockholder of which is a large stockholder) which has extended the largest share of credit to the large stockholder classifies the relevant large stockholder below the criteria determined and publicly notified by the Financial Services Commission, as a result of the credit risk assessment of the relevant large stockholder according to Forward-Looking-Criteria (FLC) determined and publicly notified by the Financial Services Commission;
 3. Where at least two credit rating agencies that have obtained authorization for operating credit rating business under Article 335-3 of the Financial Investment Services and Capital Markets Act rate the relevant large stockholder as a non-investment grade.
- (11) In computing credit extension under Article 34 (2), (5) and (6) 1 of the Act, credit extended to a large stockholder of a subsidiary, etc. which does not fall under any subparagraph of Article 24 (1) shall be excluded herefrom.

(12) Credit extension under Article 34 (2), (5) and (6) 1 of the Act shall be computed according to the standards prescribed in Article 24 (2).

Article 16-6 (Limit of Credit Extension)

(1) "Standards prescribed by Presidential Decree" in the main sentence of Article 36 (1) of the Act means the limit respectively specified in subparagraphs 3 and 4 of attached Table 5.

(2) When computing credit extension under Article 36 (1) of the Act, the credit extension provided for the same borrower of a subsidiary, etc. which does not fall under any subparagraph of Article 24 (1) and the same individual or corporation shall be excluded.

(3) Credit extension under Article 36 (1) of the Act shall be computed according to the standards prescribed in Article 24 (2).

Articles 17 through 20 Deleted. <by Presidential Decree No. 27414, Jul. 28, 2016>

Articles 20-2 and 21 Deleted. <by Presidential Decree No. 21998, Jan. 18, 2010>

Article 21-2 (Special Cases concerning Standards for Large Stockholders of Subsidiaries of Financial Holding Company)

"Subsidiary, etc. prescribed by Presidential Decree" in subparagraph 3 of Article 42-2 of the Act means a subsidiary, etc. falling under Article 14 (1) 1 or 3.

Article 21-3 (Mitigation of Criteria for Holding Stocks of Foreign Subsidiaries)

(1) "De facto control prescribed by Presidential Decree" in the former part of Article 43-2 (3) of the Act means cases where all of the following requirements are satisfied: <Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 26816, Dec. 30, 2015>

1. The financial holding company must be the largest investor in a foreign subsidiary;
2. The financial holding company must not be unreasonably restricted in the exercise of stockholder's rights with respect to such foreign subsidiary in light of the stock dispersion level of the foreign subsidiary, statutes and regulations of the relevant country, etc.;
3. The financial holding company must manage the business of such foreign subsidiary by means of appointing its executive officers or employees as the executive officers of such foreign subsidiary and others as determined and publicly notified by the Financial Services Commission.

(2) Detailed matters concerning the procedure and methods for verifying that the financial holding company is able to secure de facto control over such foreign subsidiary under paragraph (1) pursuant to Article 43-2 (3) of the Act may be determined and publicly notified by the Financial Services Commission. <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

(3) When deciding an investor of a joint stock company under Article 43-2 (1) of the Act, pursuant to Article 43-2 (4) of the Act, a financial holding company, the large stockholder of the financial holding company and its specially related person shall be deemed one investor. <Newly Inserted by Presidential Decree No. 21998, Jan. 18, 2010>

Article 22 (Cause of Exceeding Limit of Credit Extension)

(1) Cases where the total amount of credit provided by a financial holding company, etc. to the same borrower may exceed 25/100 of the net total amount of the equity capital of the financial holding company, etc. due to the cause under Article 45 (1) 1 of the Act shall be as follows: <Amended by Presidential Decree No. 18736, Mar. 8, 2005; Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 19422, Mar. 29, 2006; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 28248, Aug. 16, 2017>

1. Where credit is additionally provided to a company which is undergoing the rehabilitation procedure or promoting management normalization jointly with a financial institution for corporate restructuring, etc.;
2. Where credit is additionally provided to a person who has acquired a company which falls under subparagraph 1 under the conditions as determined in the contract of acquisition;
3. Cases recognized by the Financial Services Commission as inevitable for industrial development, such as promotion of infrastructure projects or stabilization of people's livelihood.

(2) Cases where the total amount of credit provided by a financial holding company to the same borrower may exceed 25/100 of the net total amount of equity capital of the financial holding company, etc. due to a cause under Article 45 (1) 2 of the Act shall be as follows: <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

1. Where a financial holding company is newly established;
2. Where there is change in the composition of a subsidiary, etc., such as cases where a company which is not a subsidiary, etc. is newly incorporated into a subsidiary, etc.;
3. Where the equity capital of the financial holding company, etc. has decreased;
4. Where the amount converted to won currency has increased due to exchange rate fluctuations;
5. Where there is change in the composition of the same borrowers;
6. Where a merger, or transfer and takeover of business occurs between companies to which credit is provided;
7. Other cases recognized by the Financial Services Commission as having exceeded the limit of credit extension by inevitable causes not attributable to the financial holding company, etc., such as rapid changes in economic conditions.

(3) "Amount computed according to the method prescribed by Presidential Decree" in the main sentence of Article 45 (3) of the Act means the smaller amount between the amount equivalent to 25/100 of the net total amount of equity capital of the financial holding company, etc. and the amount equivalent to the rate of contribution made by the same person to the relevant financial holding company.

Article 23 (Reduction of Excess Credit Provided)

(1) Where a financial holding company, etc. exceeds the limit of credit extension in the main sentence of Article 45 (1) of the Act and the main sentence of the Article 45 (2) and (3) due to the cause under Article 45 (1) 2 of the Act, it shall take measures to meet the relevant limit on credit extension according to the order provided for in the following, within one year from the date on which it came to exceed the limit of

credit: Provided, That where a financial holding company, etc. has obtained the approval of the Financial Services Commission on a detailed plan it submitted to meet the limit of credit extension as determined by the Financial Services Commission, it shall comply with the relevant plan: <Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010>

1. Credit offered most recently;
2. In cases of credit offered on the same date, the credit the amount of which is smaller.

(2) "In cases of unavoidable causes prescribed by Presidential Decree" in the proviso to Article 45 (4) of the Act means any of the following cases: <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

1. Where the recovery of credit within a fixed period of time is impracticable because the maturity date of credit already provided has not arrived;
2. Where the causes under subparagraphs 3 and 4 of Article 22 (2) persist for a long term and it is feared that if the relevant credit is recovered, it would undermine the management stability of the recipient of such credit;
3. Other cases similar to subparagraphs 1 and 2 determined by the Financial Services Commission as not likely to undermine the soundness of assets of the relevant financial holding company even if the situation in which the limit on credit provision is exceeded persists for a certain period of time.

Article 24 (Scope of Application of Limit of Credit Extension)

(1) The scope of subsidiaries, etc. under Article 45 (5) of the Act shall include the subsidiaries, etc. of a financial holding company, which are financial institutions falling under any of the following: <Amended by Presidential Decree No. 20947, Jul. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010>

1. Banks;
2. Merchant banks;
3. Financial investment business entities;
4. Insurance companies;
5. Mutual savings banks under the Mutual Savings Banks Act (hereinafter referred to as "mutual savings bank");
6. Specialized credit financial companies under the Specialized Credit Finance Business Act (hereinafter referred to as "specialized credit financial company").

(2) Standards for extending credit under Article 45 (5) of the Act shall be classified as follows: <Amended by Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 22637, Jan. 24, 2011; Presidential Decree No. 26816, Dec. 30, 2015>

1. Where the subsidiary, etc. is a bank: Credit extension as defined in Article 2 (1) 7 of the Banking Act;
2. Where the subsidiary, etc. is a merchant bank: Credit extension as prescribed in Article 342 (1) of the Financial Investment Services and Capital Markets Act;
3. Where the subsidiary, etc. is a financial investment business entity: Lending assets having economic value, such as money and securities, guarantee of the discharge of obligation, or purchase of securities taking the character of funding, and other direct and indirect transactions determined and publicly

notified by the Financial Services Commission which accompany credit risk in transactions;

4. Where the subsidiary, etc. is an insurance company: Credit extension as defined in subparagraph 13 of Article 2 of the Insurance Business Act;

5. Where the subsidiary, etc. is a mutual savings bank: Credit extension as defined in subparagraph 6 of Article 2 of the Mutual Savings Banks Act;

6. Where the subsidiary, etc. is a specialized credit financial company: Credit extension as defined in subparagraph 18 of Article 2 of the Specialized Credit Finance Business Act.

(3) The method of calculating equity capital under Article 45 (5) of the Act shall be classified as follows:

<Amended by Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 22637, Jan. 24, 2011>

1. Where the subsidiary, etc. is a bank: Equity capital as defined in Article 2 (1) 5 of the Banking Act;

2. Where the subsidiary, etc. is a merchant bank: Equity capital as prescribed in Article 342 (1) of the Financial Investment Services and Capital Markets Act;

3. Where the subsidiary, etc. is a financial investment business entity: Equity capital as prescribed in Article 37 (3) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act;

4. Where the subsidiary, etc. is an insurance company: Equity capital as defined in subparagraph 15 of Article 2 of the Insurance Business Act;

5. Where the subsidiary, etc. is a mutual savings bank: Equity capital as defined in subparagraph 4 of Article 2 of the Mutual Savings Banks Act;

6. Where the subsidiary, etc. is a specialized credit financial company: Equity capital as defined in subparagraph 19 of Article 2 of the Specialized Credit Finance Business Act;

7. In cases of a financial holding company: Equity capital prescribed in Article 24-3 (7) 2.

(4) The net total amount of the equity capital of a financial holding company, etc. under Article 45 (5) of the Act shall be calculated by subtracting the following amounts from the total amount of equity capital of the financial holding company and subsidiaries, etc. referred to in each subparagraph of paragraph (1):

<Amended by Presidential Decree No. 17716, Aug. 21, 2002>

1. Stocks of the subsidiaries, etc. held by the financial holding company;

2. Stocks held between the subsidiaries, etc. referred to in each subparagraph of paragraph (1) and stocks of the financial holding company held by the same subsidiaries, etc.

Article 24-2 (Limit of Credit Extension to Major Investors of Bank Holding Company)

(1) "Percentage prescribed by Presidential Decree" in the main sentence of Article 45-2 (1) of the Act means 25/100.

(2) "Percentage prescribed by Presidential Decree" in Article 45-2 (2) of the Act means 25/100.

(3) "Amount prescribed by Presidential Decree" in Article 45-2 (4) and (5) of the Act means the lesser of the amount equivalent to 10/10,000 of the net total of equity capital of a financial holding company, etc. in a single transaction, or five billion won. In such cases, the detailed criteria for the calculation of a single transaction amount by type of credit extension shall be determined by the Financial Services Commission.

<Amended by Presidential Decree No. 20653, Feb. 29, 2008>

(4) "Transaction prescribed by Presidential Decree" in Article 45-2 (4) of the Act means a transaction to acquire corporate debentures issued by means of public offering or public sale under Article 9 (7) and (9) of the Financial Investment Services and Capital Markets Act. <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20947, Jul. 29, 2008>

(5) In accordance with Article 45-2 (6) of the Act, a banking holding company, etc. shall make public the size of credit extended to large stockholders as at the end of each quarter, an increase or decrease in the amount of credit extended, conditions of transaction of credit extension, and other matters determined by the Financial Services Commission within one month from the lapse of the end of each quarter. <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

(6) The provisions of Article 24 shall apply mutatis mutandis to the scope of subsidiaries, etc. criteria for credit extension, calculation method of equity capital and net total of equity capital under Article 45-2 (1) through (5) of the Act.

(7) Major investors prescribed in Article 45-2 (9) of the Act shall not include, among the specially related persons thereof, a non-profit corporation, association or organization which is a public service corporation, etc. prescribed in Article 16 (1) of the Inheritance Tax and Gift Tax Act (hereinafter referred to as "public service corporation, etc."). <Newly Inserted by Presidential Decree No. 24659, Jul. 8, 2013>

Article 24-3 (Limit on Acquisition of Stocks Issued by Major Investors)

(1) "Percentage prescribed by Presidential Decree" in Article 45-3 (1) of the Act means 1/100.

(2) Stocks acquired by a bank holding company, etc. by means of entrustment for which the operation method of money which is trust property is designated by a trustor (including a person designated by a trustor; hereafter the same shall apply in this paragraph) shall not be deemed the acquisition of stocks under Article 45-3 (1) of the Act: Provided, That the same shall not apply where the trustor is a bank holding company, etc.

(3) "Period prescribed by Presidential Decree" in Article 45-3 (2) of the Act means one year: Provided, That the Financial Services Commission may, when deemed unavoidable in light of the volume of stocks held by a bank holding company, etc. in excess of the holding limit, securities exchange conditions, etc., extend such period, fixing another period. <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

(4) "Amount prescribed by Presidential Decree" in Article 45-3 (3) and (4) of the Act means the smaller amount between the amount equivalent to 10/10000 of the net total amount of equity capital of a bank holding company, etc. as a single transaction amount (in the case of Article 45-3 (3) of the Act, excluding the amounts acquired on the securities exchange under the Financial Investment Services and Capital Markets Act or other exchanges similar thereto in foreign countries), and five billion won. <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20947, Jul. 29, 2008>

(5) In accordance with Article 45-3 (5) of the Act, a bank holding company, etc. shall make public the volume of stocks acquired, as issued by large stockholders as of the end of each quarter, increase or decrease in the amount of stocks in possession in the current quarter, acquired price of stocks in possession, and other matters determined by the Financial Service Commission within one month from the

lapse of each quarter. <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

(6) The equity capital of a bank holding company, etc. under Article 45-3 (1) of the Act and paragraph (4) of this Decree shall be calculated by subtracting, from the total amount of equity capital of the relevant bank holding company, etc., the amounts which fall under the following: <Amended by Presidential Decree No. 21998, Jan. 18, 2010>

1. Stocks of a subsidiary, etc., which are held by the bank holding company, etc.;
2. Stocks held between subsidiaries, etc. and stocks of the bank holding company, etc., which are held by subsidiaries, etc.

(7) The method of calculating equity capital under Article 45-3 (1) and paragraph (4) of this Decree shall be as classified in the following: <Amended by Presidential Decree No. 21998, Jan. 18, 2010>

1. Where the subsidiary, etc. is a financial institution under any subparagraph of Article 24 (1): Equity capital under Article 24 (3) 1 through 6;
2. Where the subsidiary, etc. is a bank holding company and company other than those in each subparagraph of Article 24 (1): An amount obtained by deducting the total amount of debts from the total amount of assets in the balance sheet as of the end of the latest quarter (referring to the balance sheet as of the end of the latest business year, in the absence of the balance sheet as of the end of the latest quarter). In such cases, the increased or decreased portion of the capital since the end of the latest quarter (referring to the balance sheet as of the end of the latest business year, in the absence of the balance sheet as of the end of the latest quarter) shall be included in the calculation.

Article 24-4 (Prohibition on Major Investors from Exercising Undue Influence)

"Conducts prescribed by Presidential Decree" in subparagraph 4 of Article 45-4 of the Act means any of the following conducts:

1. Demanding unfavorable contract conditions, such as interest rate or collateral, without justifiable grounds when extending credit to business competitors;
2. Causing a bank holding company to transfer assets without consideration to a public service corporation, etc. prescribed in Article 24-2 (7), or to trade or exchange assets with, or extend credit to a public service corporation, etc. on terms that are substantially unfavorable to the banking holding company in light of the general terms and conditions of transactions.

Article 24-5 (Restrictions on Transactions with Major Investors)

(1) "Cases prescribed by Presidential Decree" in Article 45-5 (2) of the Act means cases where a major investor (limited to companies; hereafter the same shall apply in this Article) is deemed highly likely to make illegal transactions with the relevant bank holding company, etc., falling under any of the following circumstances: <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21765, Oct. 1, 2009; Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 24697, Aug. 27, 2013>

1. Where liabilities exceed assets;

2. Where a financial institution (excluding a financial institution, the relevant major investor of which is a large stockholder) which has extended the largest share of credit to the relevant major investor classifies the relevant major investor below the criteria set by the Financial Services Commission, as a result of the credit risk assessment of the relevant major investor according to Forward-Looking-Criteria (FLC) set by the Financial Services Commission;
 3. Where at least two credit rating companies which have obtained authorization for operating credit rating business under Article 335-3 of the Financial Investment Services and Capital Markets Act have rated the large stockholder as non-investment grade.
- (2) "Measures prescribed by Presidential Decree, such as ordering a bank holding company, etc. to restrict extension of credit to a major investor" in Article 45-5 (2) of the Act means the following measures: *<Amended by Presidential Decree No. 21998, Jan. 18, 2010>*
1. Prohibition on offering new credit to the major investor;
 2. Restriction on transactions under Article 24-2 (4);
 3. Prohibition on new acquisition of stocks issued by the major investor.

Article 25 Deleted. *<by Presidential Decree No. 21998, Jan. 18, 2010>*

Article 26 (Entrustment of Business Affairs between Subsidiaries)

(1) "Business affairs prescribed by Presidential Decree" in the proviso to Article 47 (1) of the Act means the following business affairs: Provided, That the business affairs determined and publicly notified by the Financial Services Commission as unlikely to spread risk to other subsidiaries, etc., to cause conflict of interests with customers, or to undermine sound trade order shall be excluded herefrom: *<Amended by Presidential Decree No. 26816, Dec. 30, 2015; Presidential Decree No. 27414, Jul. 28, 2016>*

1. The following business affairs (only applicable to cases where the decision-making authority for the relevant business affairs is also entrusted):

- (a) Duties of compliance officers (referring to the compliance officer pursuant to Article 25 (1) of the Act on Corporate Governance of Financial Companies; hereinafter the same shall apply);
- (b) Internal audit;
- (c) Risk management;
- (d) Deleted; *<by Presidential Decree No. 26816, Dec. 30, 2015>*

2. Business affairs specified in the items of subparagraph 2 of Article 45 of the Enforcement Decree of the Financial Investment Services and Capital Markets Act.

(2) "Standards prescribed by Presidential Decree, such as the appropriateness of internal control guidelines" in the main sentence of Article 47 (2) of the Act means the following standards: *<Amended by Presidential Decree No. 27414, Jul. 28, 2016>*

1. The internal control guidelines of a financial holding company under Article 24 (1) of the Act on Corporate Governance of Financial Companies shall be established;
2. The operating standards for entrustment of business affairs of a financial holding company which contain the following shall be established:

- (a) Matters concerning risk management and rating due to the entrustment of business affairs;
- (b) Matters concerning the procedures of determining and cancelling entrustment;
- (c) Matters concerning the management and supervision of trustees;
- (d) Matters concerning the protection of customer information;
- (e) Matters concerning measures for contingencies, such as the bankruptcy, etc. of an trustee;
- (f) Matters concerning securing a means to demand data in respect of entrusted business affairs;
- (g) Other matters determined and publicly notified by the Financial Services Commission;

3. A contract for entrustment of business affairs containing the following matters shall be entered into between subsidiaries, etc. which entrust or is entrusted with, business affairs:

- (a) The scope of business affairs entrusted;
- (b) Matters concerning the restricted acts of trustees;
- (c) Matters concerning record-keeping on the handling of business affairs entrusted;
- (d) Matters concerning the termination of a contract for entrustment of business affairs;
- (e) Matters concerning the remuneration, etc. for entrustment;
- (f) Other matters determined and publicly notified by the Financial Services Commission as necessary to prevent the spread of risk to other subsidiaries, etc., to prevent conflicts of interests with customers, or to maintain sound trade order;

4. The details of a contract for entrustment of business affairs under subparagraph 3 shall meet the following requirements:

- (a) The details shall not undermine soundness in the management of financial institutions;
- (b) The details shall not cause any conflict of interests with customers;
- (c) The details shall not undermine the stability of the financial market;
- (d) The details shall not disrupt the order of financial transactions.

(3) A financial holding company shall obtain approval from the Financial Services Commission, if principal business affairs under attached Table 6 (excluding business affairs, the entrustment of which is permitted under other statutes and regulations and does not require approval from the Financial Services Commission) are entrusted between its subsidiaries, etc. *<Amended by Presidential Decree No. 26816, Dec. 30, 2015>*

(4) A financial holding company which intends to obtain approval under paragraph (3) shall submit, to the Financial Services Commission, an application for approval and accompanying documents determined and publicly notified by the Financial Services Commission.

(5) The Financial Services Commission shall, upon receipt of an application for approval under paragraph (4), decide whether to grant approval within 30 days from the date of receiving the application for approval and notify, in writing, its decision to the relevant financial holding company without delay after examining whether the standards under paragraph (2) are satisfied: Provided, That a period determined and publicly notified by the Financial Services Commission, such as a period for rectifying any defect, shall not be included in computing a handling period.

(6) A financial holding company shall, if any business affair which does not fall under paragraph (3) is entrusted between its subsidiaries, etc., report to the Financial Services Commission not later than seven days prior to the date on which the subsidiaries, etc. actually intend to conduct the entrusted business affair, with documents determined and publicly notified by the Financial Services Commission.

(7) Notwithstanding paragraphs (3) and (6), a financial holding company may report, to the Financial Services Commission, the semiannual status on entrustment of business affairs within one month after the end of each half-year term with the documents determined and publicly notified by the Financial Services Commission in cases determined and publicly notified by the Financial Services Commission, such as change, etc. to the remuneration for entrustment, in respect of the details of entrustment of business affairs already approved or reported.

(8) "Others prescribed by Presidential Decree" in Article 47 (2) 4 of the Act means any of the following matters:

1. Matters concerning the termination of a contract for entrustment of business affairs;
2. Matters concerning the remuneration, etc. for entrustment;
3. Other matters determined and publicly notified by the Financial Services Commission, such as a system, etc. to prevent any conflict of interests due to entrustment of business affairs.

(9) "Business affairs prescribed by Presidential Decree" in Article 47 (4) of the Act means those specified as principal business affairs in attached Table 6.

(10) "Requirements prescribed by Presidential Decree" in the latter part of Article 47 (4) of the Act means obtaining permission or authorization from, or filing registration, etc. with, a foreign supervisory agency in a country in which a foreign subsidiary, etc. is located and then operating financial business, or business equivalent to business closely related to an operation of financial business, with which a subsidiary, etc., intends to be entrusted.

(11) In addition to the matters prescribed in paragraphs (1) through (10), detailed matters necessary for the methods and procedures, etc. for approval and reporting of the entrustment of business affairs between the subsidiaries, etc. of a financial holding company shall be determined and publicly notified by the Financial Services Commission.

Article 27 (Restrictions on Acts of Subsidiaries)

(1) "Cases prescribed by Presidential Decree" in the proviso to Article 48 (1) of the Act means any of the following cases: *<Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 26600, Oct. 23, 2015>*

1. Where the limit on credit is exceeded by the following grounds:
 - (a) Where a financial holding company is newly established;
 - (b) Where a company which is not a subsidiary, etc. is newly incorporated into a subsidiary, etc. of a financial holding company;
 - (c) Where the equity capital of a subsidiary, etc. has decreased;

(d) Where the limit of credit extension under Article 48 (1) 3 of the Act is exceeded by the grounds in subparagraphs 4, 6, and 7 of Article 22 (2);

2. Where the stocks of another subsidiary, etc. are held by the following grounds:

(a) Where the stocks of the relevant company were already held by a subsidiary, etc. as at the time when a company which is not a subsidiary, etc. is incorporated into a subsidiary, etc.;

(b) Where a company to be incorporated into a subsidiary, etc. already holds the stocks of the other company to be incorporated into a subsidiary, etc. as at the time when it became a financial holding company;

(c) Where a subsidiary, etc. holds the stocks of the other subsidiary, etc. through the execution of security right;

(d) Cases of investing in a private equity fund.

(2) Where a subsidiary, etc. exceeds the limit on credit due to the grounds in paragraph (1) 1 and 2 (a) through (c), or has held the stocks of another subsidiary, etc., it shall collect the credit exceeding the limit or dispose of the stocks within two years from such date: Provided, That the Financial Services Commission may, in cases of unavoidable causes prescribed and publicly notified by the Financial Services Commission, extend such period. <Amended by Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21214, Dec. 31, 2008>

(3) In accordance with Article 48 (1) 2 (b) of the Act, any subsidiary, etc. may not hold the stocks of a foreign corporation controlled by another subsidiary, etc. of a financial holding company to which the relevant subsidiary, etc. belongs in excess of the limit under the following classifications: <Newly Inserted by Presidential Decree No. 21998, Jan. 18, 2010>

1. The stock price of an individual foreign corporation controlled by another subsidiary, etc.: 10/100 of the equity capital of the relevant subsidiary, etc. (referring to equity capital under the subparagraphs of Article 24-3 (7); hereafter the same shall apply in this paragraph);

2. The aggregate of the stock price of all foreign corporations controlled by another subsidiary, etc.: 20/100 of the equity capital of the relevant subsidiary, etc.

(4) Any subsidiary, etc. which falls under any of the subparagraphs of Article 24 (1) shall not offer credit (referring to credit extension as classified in each subparagraph of Article 24 (2) and investment in paragraph (1) 2 (d)) in excess of the limits as classified in the following to other subsidiaries, etc. of a financial holding company to which the relevant subsidiary belongs under Article 48 (1) 3 of the Act: <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 21998, Jan. 18, 2010>

1. Credit provided to other subsidiaries, etc.: 10/100 of the equity capital (referring to the equity capital as classified in each subparagraph of Article 24 (3); hereafter the same shall apply in this paragraph) of the relevant subsidiary, etc.;

2. Total amount of credit offered to other subsidiaries, etc.: 20/100 of the equity capital of the relevant subsidiary, etc.

(5) Where subsidiaries, etc. which belong to the same financial holding company offer credit to other subsidiaries, etc. under Article 48 (2) of the Act, a surety shall be secured at a ratio determined by the Financial Services Commission depending on the kind of surety, such as securities and real estate, within the scope of 150/100 of the amount of credit provided. <Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010>

(6) "Subsidiary, etc. prescribed by Presidential Decree" in Article 48 (3) of the Act means any of the following financial institutions: <Newly Inserted by Presidential Decree No. 21998, Jan. 18, 2010>

1. A mutual savings bank;
2. A securities finance company;
3. A merchant bank.

(7) "Distressed assets prescribed by Presidential Decree" in Article 48 (3) of the Act means assets for a debtor, etc. who has or is determined to have difficulty in the redemption of debts, considering business management conditions, financial standing, cash flow for the future, etc., as determined by the Financial Services Commission. <Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010>

(8) "Facilities prescribed by Presidential Decree" in Article 48 (4) of the Act means any of the following facilities: <Newly Inserted by Presidential Decree No. 21998, Jan. 18, 2010>

1. The storage facilities of computer data;
2. The information and communications network under subparagraph 1 of Article 2 of the Act on Promotion of Information and Communications Network Utilization and Information Protection;
3. Electronic equipment under subparagraph 8 of Article 2 of the Electronic Financial Transactions Act;
4. Facilities for answering calls from customers, etc.

(9) Under Article 48 (4) of the Act, a financial holding company, etc. shall comply with the criteria determined and publicly notified by the Financial Services Commission in respect of the following matters, when it intends to place a joint advertisement or jointly use a computer system, office space, branches and facilities under any subparagraph of paragraph (8): <Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010>

1. Matters concerning protection of depositors or investors;
2. Matters concerning the prevention of conflict of interests between financial holding companies, etc.;
3. Other matters necessary for the maintenance of sound order on the financial market, as determined by the Financial Services Commission.

(10) The scope of subsidiaries, etc. under Article 48 (8) of the Act means the subsidiaries, etc. of the relevant financial holding company. <Amended by Presidential Decree No. 21998, Jan. 18, 2010>

(11) The credit under Article 48 (1) 1 and 3 and (2) of the Act shall be offered by means of loan, guarantee of payment, purchase of securities (limited to financial support-natured purchase of securities) and other direct and indirect transactions accompanied with credit risk in financial transactions, as determined and publicly notified by the Financial Services Commission. <Amended by Presidential Decree No. 20367, Nov. 12,

2007; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010>

Article 27-2 (Provision and Management of Customer Information)

(1) “Internal business management prescribed by Presidential Decree, such as credit risk management” in Article 48-2 (1) and (2) of the Act means any of the following business affairs, other than the introduction of products and services to customers or recommendation of their purchase thereof: <Newly Inserted by Presidential Decree No. 25777, Nov. 24, 2014>

1. Risk management, such as credit risk management, and internal control;
2. Inspection of business affairs and property status;
3. Analysis of customers and development of products and services;
4. Performance management;
5. Conduct of entrusted business affairs.

(2) “Matters prescribed by Presidential Decree” in Article 48-2 (1) 6 of the Act means any of the following matters: <Newly Inserted by Presidential Decree No. 25777, Nov. 24, 2014>

1. Approval of a customer information officer under Article 48-2 (6) of the Act in requesting and providing customer information;
2. Inspection of the provision and use of customer information.

(3) Where a financial holding company, etc. provides, pursuant to Article 48-2 (1) and (2) of the Act, customer information to a financial holding company, etc. to which the financial holding company, etc. belongs, the financial holding company, etc. shall allow customers to inquire the details referred to in the subparagraphs of paragraph (4) (hereafter referred to as “matters of inquiry” in this Article) on the website in accordance with the procedures determined and publicly notified by the Financial Services Commission. In such cases, the financial holding company, etc. shall comply with the following matters: <Newly Inserted by Presidential Decree No. 26816, Dec. 30, 2015>

1. Establishing a customer information inquiry system for a customer to conveniently check the matters of inquiry and posting the method, procedures, etc. for using the customer information inquiry system on the website, etc.;
2. Verifying whether a person requesting for inquiry is the subject of such customer information related to the matters of inquiry. In such cases, a financial holding company, etc. may select and utilize the methods ensuring the safety and credibility in verifying customer identities, taking into account the types, characteristics, risks, etc. associated with financial transaction and other commercial transactions;
3. Allowing a customer who has checked the matters of inquiry to designate any of the methods specified in the subparagraphs of paragraph (5).

(4) A financial holding company, etc. shall at least once a year notify customers of the following matters in accordance with Article 48-2 (4) of the Act: Provided, That where a financial holding company, etc. has notified its customers of the fact that the company, etc. continues to provide customer information to the financial holding company, etc. for purposes of keeping customer information accurate and up-to-date while notifying customers of the following matters, such notification shall substitute the notification to be

given at least once a year: <Newly Inserted by Presidential Decree No. 25777, Nov. 24, 2014; Newly Inserted by Presidential Decree No. 26816, Dec. 30, 2015>

1. A person who provides customer information;
2. A person who is provided with customer information;
3. Purposes of the provision of customer information;
4. Items of provided customer information.

(5) The notification under Article 48-2 (4) of the Act shall be made in any of the following methods: Provided, That where a customer designates a method of notification pursuant to paragraph (3) 3, notification shall be given by the designated method, but where notification is made in a method referred to in subparagraph 3 or 4, it is limited to cases where they inform customers of the fact that customer information has been provided to a financial holding company, etc. to which they belong and the fact that customers are able to inquire the matters of inquiry using the customer information inquiry system referred to in paragraph (3) 1: <Amended by Presidential Decree No. 26816, Dec. 30, 2015; Presidential Decree No. 28248, Aug. 16, 2017>

1. Postal service;
2. Electronic mails;
3. Text messages;
4. Other media or methods to transmit signs, texts, images, or videos in an electronic form to receivers through the information and communications network.

(6) Policies on handling customer information to be established by a financial holding company, etc. under Article 48-2 (8) of the Act (hereafter referred to as "information-handling policies" in this Article) shall contain the following matters: <Amended by Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 25777, Nov. 24, 2014>

1. The kinds of customer information provided;
2. Source of providing customer information;
3. Internal policies for the protection of customer information;
4. Legal grounds for the provision of customer information;
5. Other matters deemed necessary for the strict management of customer information, as publicly notified by the Financial Services Commission.

(7) Where information-handling policies are first determined or revised, a financial holding company, etc. shall make a public announcement of existing transacting parties of such fact without delay, or publish such fact on daily newspapers and put them on the bulletin board at its business offices, such as the main office and branch office, and post it on the Internet.

(8) Where a financial holding company, etc. has commenced financial transactions, it shall deliver and explain (in cases of commencing transactions through the internet, a notice) its information-handling policies to the other party, and notify it regularly or publicly announce such on daily newspapers once a year.

(9) The notification of information-handling policies under paragraphs (7) and (8) may be given by mail or electronic mail, etc. <Amended by Presidential Decree No. 25777, Nov. 24, 2014; Presidential Decree No. 26816, Dec. 30, 2015>

(10) The Financial Services Commission may determine detailed matters concerning contents included in information-handling policies under paragraph (6). <Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 25777, Nov. 24, 2014; Presidential Decree No. 26816, Dec. 30, 2015>

(11) Subsidiaries, etc. subject to Article 48-2 (1) through (8) of the Act under paragraph (9) of the same Article shall be limited to subsidiaries, etc. of financial holding companies which are financial institutions or companies closely related to the operation of financial business under Article 2 (2). <Newly Inserted by Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 25777, Nov. 24, 2014>

Article 28 (Management Guidelines)

The management guidelines to be formulated by the Financial Services Commission under Article 50 (2) of the Act shall include the following matters: <Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010; Presidential Decree No. 25177, Feb. 11, 2014>

1. Matters concerning appropriateness of the capital of financial holding companies, etc.;
2. Matters concerning soundness of the capital of financial holding companies, etc.;
3. Matters concerning business management conditions, such as the business management execution system of a financial holding company, etc.;
4. Other matters deemed necessary for the security of sound management, such as whether a financial holding company, etc. observes statutes and regulations.

Article 29 Deleted. <by Presidential Decree No. 21998, Jan. 18, 2010>

Article 30 (Business Reports)

"Other matters prescribed by Presidential Decree" in Article 54 (1) of the Act means the following matters: <Amended by Presidential Decree No. 17716, Aug. 21, 2002>

1. Conditions of a financial holding companies in general, etc., such as the history, organization, etc. of the financial holding company, etc.;
2. Matters concerning the details of the business affairs conducted by subsidiaries, etc.;
3. Status of executive officers of financial holding companies, etc.;
4. Matters concerning the brief personal record of outside directors and compliance officers of financial holding companies, etc.;
5. Matters concerning the largest stockholder (including his or her specially related persons) and major stockholders of financial holding companies, etc.;
6. Matters concerning transactions made between financial holding companies, etc.;
7. Matters concerning stores and management of workforce of financial holding companies, etc.;
8. If a financial holding company, etc., or any executive officer or employee thereof has been subject to any measure taken by the Financial Services Commission or the Governor of the Financial Supervisory Service over the preceding five years, such fact;

9. Other matters concerning the operation or management of financial holding companies, etc., recognized and determined by the Financial Services Commission as necessary to be made known to the general public.

Article 31 (Publication of Management)

(1) A financial holding company shall publish the following matters under Article 56 of the Act: <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20653, Feb. 29, 2008>

1. Matters concerning the finances, and profits and losses of the financial holding company, etc.;
2. Matters concerning the procurement and management of funds of the financial holding company, etc.;
3. If the financial holding company has been subject to any measure taken in accordance with Article 57 of the Act, or Articles 10 and 14 of the Act on the Structural Improvement of the Financial Industry, such fact;
4. Other matters recognized as necessary for the protection of the rights and interests of depositors and investors and determined by the Financial Services Commission.

(2) The Financial Services Commission may determine detailed criteria for the matters for publication in subparagraphs 1 through 3 of paragraph (1). <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

Article 31-2 (Scope of Finance-Related Statutes and Regulations)

"Finance-related statutes and regulations prescribed by Presidential Decree" in the latter part of Article 57 (1) of the Act means the finance-related statutes and regulations. <Amended by Presidential Decree No. 27414, Jul. 28, 2016>

Article 31-3 (Sanctions for Private Equity Funds)

(1) "Measures prescribed by Presidential Decree" in Article 57-3 (3) 5 of the Act means any of the following measures:

1. Demand or recommendation to improve methods of business affairs;
2. Other measures that can be taken by the Financial Services Commission under the Act, this Decree or other relevant statutes or regulations.

(2) "Measures prescribed by Presidential Decree" in Article 57-3 (4) 1 (e) of the Act means any measure referred to in any of the subparagraphs of paragraph (1).

(3) "Measures prescribed by Presidential Decree" in Article 57-3 (4) 2 (e) of the Act means any of the following measures:

1. Caution;
2. Other measures that can be taken by the Financial Services Commission under the Act, this Decree, or other statutes or regulations.

(4) "Measures prescribed by Presidential Decree" in Article 57-3 (4) 3 (f) of the Act means any of the following measures:

1. Warning;

2. Other measures that can be taken by the Financial Services Commission under the Act, this Decree or other relevant statutes or regulations.

Article 32 (Authorization for Dissolutions and Mergers)

(1) A financial holding company shall, when it intends to obtain authorization for its dissolution under Article 60 (1) of the Act, submit an application stating the grounds for and time of dissolution to the Financial Services Commission, attaching the following documents thereto: *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

1. Minutes of the general meeting of stockholders which has passed a resolution on dissolution;
2. Register of stockholders and executive officers as at the time of dissolution;
3. Schedule for dissolution and liquidation procedures;
4. Financial statements of the recent business year;
5. Plan for disposal of assets and debts.

(2) When a financial holding company intends to obtain authorization for merger under Article 60 (1) of the Act, it shall submit an application stating the grounds for and time of merger to the Financial Services Commission, attaching the following documents thereto: *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

1. Merger contract;
2. Articles of incorporation of a company which survives merger or is established by such merger;
3. Balance sheet and list of assets of each company subject to merger.

(3) When the Financial Services Commission intends to grant authorization for dissolution or merger under Article 60 (1) of the Act, it shall examine whether the following requirements are satisfied: *<Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 27414, Jul. 28, 2016>*

1. The dissolution or merger must not restrict competition in the relevant markets or undermine the sound order of the financial market;
2. The financial holding company which remains after or is established by such merger must satisfy the management guidelines set by the Financial Services Commission under Article 50 of the Act;
3. The dissolution or merger must not unreasonably put customers at a disadvantage;
4. The procedure and details of the dissolution or merger must not have any defect in light of the Commercial Act, Monopoly Regulation and Fair Trade Act, and finance-related statutes and regulations.

(4) The Financial Services Commission may determine detailed criteria for application documents for dissolution or merger and the examination of requirements as referred to in paragraphs (1) through (3). *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

Article 33 (Matters to Be Reported)

"Cases prescribed by Presidential Decree" in subparagraph 6 of Article 61 of the Act means the following cases: *<Amended by Presidential Decree No. 20367, Nov. 12, 2007; Presidential Decree No. 28248, Aug. 16, 2017>*

1. Cases of receiving a punishment under Articles 70 and 71 of the Act;
2. Cases of becoming a party to a lawsuit which will exert substantial influence on the business affairs of a financial holding company;
3. Cases where a petition for bankruptcy is filed with respect to a financial holding company under the Debtor Rehabilitation and Bankruptcy Act;
4. Cases where an application for the commencement of rehabilitation procedures is filed under the Debtor Rehabilitation and Bankruptcy Act, cases where a court declaration on authorization of rehabilitation plan is confirmed and cases where such rehabilitation plan has become invalid;
5. Cases of being subject to a disposition of delinquency of taxes and the case of receiving a punishment in violation of tax-related statutes and regulations;
6. Cases where the requirements to be a financial holding company are not satisfied;
7. Cases where stocks of another company are acquired under Article 2 (3) 6 or where such stocks are sold or related joint management procedures or rehabilitation procedures are suspended or completed.

Article 33-2 (Calculation Method of Stock Purchase Prices)

(1) "Amount calculated by a method prescribed by Presidential Decree" in Article 62-2 (3) 1 of the Act means an amount calculated in the manner prescribed in each subparagraph of Article 176-7 (3) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act. <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 21291, Feb. 3, 2009; Presidential Decree No. 24697, Aug. 27, 2013>

(2) Where a company under Article 62-2 (3) 2 of the Act fails to reach an agreement with a stockholder on the purchase price of stocks, it shall appoint an accounting firm under the Certified Public Accountant Act, which does not fall under any of the following, as an accounting expert to calculate the purchase price of the stocks: <Amended by Presidential Decree No. 18834, May 26, 2005; Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 29269, Oct. 30, 2018>

1. An accounting firm which is placed under suspension by the Financial Services Commission under the Certified Public Accountant Act and thus being under the suspension of operation;
2. An accounting firm under the restrictions on carrying out auditing business for specific companies, as imposed by the Securities and Futures Commission under the Act on External Audit of Stock Companies;
3. Specially related persons of the relevant company;
4. An accounting firm which has conducted an audit of the relevant company for the recent two years, and an accounting firm which conducts an audit of the relevant company for the current business year.

Article 33-3 (Entrustment of Authority)

(1) The Financial Services Commission shall entrust the Governor of the Financial Supervisory Service with its authority under the subparagraphs of attached Table 7, pursuant to Article 63 of the Act.

(2) The Governor of the Financial Supervisory Service shall report the handling details of business affairs entrusted under paragraph (1) to the Financial Services Commission every six months: Provided, That the

Financial Services Commission may separately set the time of reporting for business affairs determined and publicly notified by the Financial Services Commission.

Article 33-4 (Management of Sensitive Information and Personally Identifiable Information)

Where it is essential for conducting the following, the Financial Services Commission (including any person entrusted with the authority of the Financial Services Commission under Article 33-3) and the Governor of the Financial Supervisory Service shall manage data containing the information equivalent to criminal history records referred to in subparagraph 2 of Article 18 of the Enforcement Decree of the Personal Information Protection Act, and resident registration numbers, passport numbers, license numbers of drivers' licenses, alien registration numbers, or domestic residential report numbers referred to in Article 29 of the Enforcement Decree of the Credit Information Use and Protection Act: *<Amended by Presidential Decree No. 25177, Feb. 11, 2014; Presidential Decree No. 25777, Nov. 24, 2014; Presidential Decree No. 26600, Oct. 23, 2015; Presidential Decree No. 26816, Dec. 30, 2015>*

1. Business affairs concerning authorization under Article 3 of the Act;
2. Business affairs concerning approval under the proviso to Article 5-2 (2) of the Act;
3. Business affairs concerning reporting, etc. on any change of capital and any modification to its articles of incorporation under Article 6-2 of the Act;
4. Business affairs concerning approval under the proviso to Article 7 (2) of the Act;
5. Deleted; *<by Presidential Decree No. 27414, Jul. 28, 2016>*
6. Business affairs concerning restriction, etc. on ownership of stocks of bank holding companies under Article 8 of the Act;
7. Business affairs concerning approval, etc. under Articles 8-2 and 8-5 of the Act;
8. Business affairs concerning appraisal, etc. of a conversion plan under Article 8-3 of the Act;
9. Business affairs concerning reporting by a private equity fund, etc. under Article 8-6 of the Act;
10. Business affairs concerning examination on whether a foreign bank, etc. meets the standards under Article 9 of the Act;
11. Business affairs concerning restriction, etc. on voting rights of stocks held in excess of limit under Article 10 of the Act;
12. Business affairs concerning examination on eligibility, etc. of stockholders who hold stocks in excess of holding limit, etc. under Article 10-2 of the Act;
13. Business affairs concerning approval of and reporting on the inclusion of company into subsidiary, etc. under Articles 16 and 18 of the Act;
14. Deleted; *<by Presidential Decree No. 25777, Nov. 24, 2014>*
15. Business affairs concerning approval, authorization, etc. under Articles 22 through 24, 29, and 30 of the Act;
16. Business affairs concerning restrictions, etc. on trading, etc. with large stockholders under Article 34 of the Act;

17. Deleted; <by Presidential Decree No. 25777, Nov. 24, 2014>
18. and 19. Deleted; <by Presidential Decree No. 27414, Jul. 28, 2016>
20. Business affairs concerning examination, etc. of financial holding company's obligation to own stocks of subsidiaries under Article 43-2 of the Act;
21. Business affairs concerning examination, etc. of financial holding company's obligation to own stocks of second-tier subsidiaries under Article 43-3 of the Act;
22. Affairs concerning limits on credit extension etc. under Articles 45 and 45-2 of the Act;
23. Business affairs concerning limits, etc. on acquisition of stocks issued by major investors under Article 45-3 of the Act;
24. Business affairs concerning demands, etc. to submit data to major investors under Article 45-5 of the Act;
25. Business affairs concerning entrustment of affairs among subsidiaries, etc. under Article 47 of the Act;
26. Business affairs concerning reporting, etc. under Article 48-2 (7) of the Act;
27. Business affairs concerning supervision of financial holding companies, etc. and follow-up measures, etc. under Article 49 of the Act;
28. Business affairs concerning inspections of financial holding companies, etc. and follow-up measures, etc. under Article 51 of the Act;
29. Business affairs concerning inspections of major investors, etc. and follow-up measures, etc. under Article 51-2 of the Act;
30. Business affairs concerning submission of business reports, etc. under Article 54 of the Act;
31. Business affairs concerning approval under the proviso to Article 55 of the Act;
32. Business affairs concerning submission, etc. of documents in electronic form under Article 55-2 of the Act;
33. Business affairs concerning management disclosure under Article 56 of the Act;
34. Business affairs concerning administrative dispositions under Article 57 of the Act;
35. Business affairs concerning notification under Article 57-2 of the Act;
36. Business affairs concerning sanctions, etc. against private equity funds, etc. under Article 57-3 of the Act;
37. Business affairs concerning corrective measures, etc. under Article 58 of the Act;
38. Business affairs concerning hearings under Article 59 of the Act;
39. Business affairs concerning authorization under Article 60 of the Act;
40. Business affairs concerning reporting under Article 61 of the Act;
41. Business affairs concerning imposition and collection of penalty surcharges under Articles 64 and 69 of the Act;
42. Business affairs concerning imposition, etc. of charges to compel execution under Article 69-2 of the Act.

Article 34 (Criteria for Imposition of Penalty Surcharges)

(1) "Balance sheet prescribed by Presidential Decree" in subparagraph 1 of Article 64 of the Act means the balance sheet of a financial holding company as of the end of the recent business year. *<Newly Inserted by Presidential Decree No. 21998, Jan. 18, 2010>*

(2) The standards for imposition of penalty surcharges under Article 64 of the Act shall be as specified in attached Table 7-2. *<Amended by Presidential Decree No. 28248, Aug. 16, 2017>*

(3) Deleted. *<by Presidential Decree No. 28248, Aug. 16, 2017>*

(4) When the Financial Services Commission intends to impose a penalty surcharge under Article 65 of the Act, it shall give written notice of the payment, indicating therein the type of the relevant offence and the amount of the penalty surcharge. *<Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010>*

(5) Any person in receipt of notice under paragraph (4) shall pay the penalty surcharge to the collecting agency designated by the Financial Services Commission within 60 days from the date on which the notice is issued. *<Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan. 18, 2010>*

(6) Necessary matters concerning the imposition of penalty surcharges other than those provided for in this Decree, shall be determined by the Financial Services Commission. *<Amended by Presidential Decree No. 20653, Feb. 29, 2008; Presidential Decree No. 21998, Jan 18, 2010>*

Article 35 (Extension of Payment Deadline and Installment Payments of Penalty Surcharges)

(1) The extension of deadline for payment under Article 68 (1) of the Act shall not exceed one year from the date following such time limit.

(2) Where installment payments are all permitted under Article 68 (1) of the Act, the interval between the time limits for each installment payment shall be within six months and the frequency of installment payments shall not exceed three times.

(3) Necessary matters concerning the extension of payment deadline or an application for installment payments, etc. under Article 68 (2) of the Act shall be determined by the Financial Services Commission. *<Amended by Presidential Decree No. 20653, Feb. 29, 2008>*

Article 36 (Additional Charge)

"Additional charge prescribed by Presidential Decree" in the former part of Article 69 (1) of the Act means an amount calculated by applying 6/100 to the amount of penalty surcharges in arrears on a yearly basis. *<Amended by Presidential Decree No. 28248, Aug. 16, 2017>*

Article 37 (Demand)

(1) Demand under Article 69 (2) of the Act shall be issued in writing within 15 days from the lapse of the payment deadline.

(2) Where a demand notice is issued under paragraph (1), the payment deadline of penalty surcharges in arrears shall be within ten days from the date of issue of demand notice.

Article 38 (Entrustment of Affairs of Disposition on Delinquency)

(1) Where the Financial Services Commission entrusts affairs concerning disposition on delinquency to the Commissioner of the National Tax Service under Article 69 (3) of the Act, it shall do so in writing, attaching the following documents thereto: <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

1. A written resolution made by the Financial Services Commission;
2. A written resolution made to collect revenues and notices;
3. A demand notice for payment.

(2) When entrusted with the affairs of disposition on delinquency under paragraph (1), the Commissioner of the National Tax Service shall notify the Financial Services Commission of any of the following matters in writing within 30 days from the occurrence of such cause: <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

1. In cases where the affairs concerning disposition on delinquency has been completed, the time of completion of such affairs and other necessary matters;
2. In cases of any request from the Financial Services Commission for a report on the status of progress, such status of progress.

Article 39 (Standards for Imposition of Administrative Fines)

The standards for the imposition of administrative fines under Article 72 (1) and (2) of the Act shall be as provided in attached Table 8.

ADDENDUM

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

ADDENDA <Presidential Decree No. 17291, Jul. 7, 2001>

- (1) (Enforcement Date) This Decree shall enter into force on the date of its promulgation.
- (2) through (5) Omitted.

ADDENDUM <Presidential Decree No. 17716, Aug. 21, 2002>

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

ADDENDA <Presidential Decree No. 17791, Dec. 5, 2002>

Article 1 (Enforcement Date)

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

Articles 2 and 3 Omitted.

ADDENDA <Presidential Decree No. 18297, Feb. 28, 2004>

Article 1 (Enforcement Date)

This Decree shall enter into force on March 1, 2004.

Articles 2 through 5 Omitted.

ADDENDUM <Presidential Decree No. 18312, Mar. 17, 2004>

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

ADDENDA <Presidential Decree No. 18596, Dec. 3, 2004>

Article 1 (Enforcement Date)

This Decree shall enter into force on December 6, 2004

Articles 2 through 5 Omitted.

ADDENDA <Presidential Decree No. 18736, Mar. 8, 2005>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

ADDENDUM <Presidential Decree No. 18834, May 26, 2005>

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

ADDENDA <Presidential Decree No. 19422, Mar. 29, 2006>

Article 1 (Enforcement Date)

This Decree shall enter into force on April 1, 2006.

Article 2 Omitted.

ADDENDA <Presidential Decree No. 20331, Oct. 23, 2007>

Article 1 (Enforcement Date)

This Decree shall enter into force on October 28, 2007. (Proviso Omitted.)

Articles 2 and 3 Omitted.

ADDENDUM <Presidential Decree No. 20367, Nov. 12, 2007>

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

ADDENDA <Presidential Decree No. 20653, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That among Presidential Decrees amended pursuant to Article 2 of the Addenda, the amended provisions to a Presidential Decree which is promulgated before this Decree enters into force, but the enforcement date of which has yet to

arrive, shall enter into force on the enforcement date of such Presidential Decree.

Article 2 Omitted.

ADDENDA <Presidential Decree No. 20947, Jul. 29, 2008>

Article 1 (Enforcement Date)

This Decree shall enter into force on February 4, 2009. (Proviso Omitted.)

Articles 2 through 28 Omitted.

ADDENDUM <Presidential Decree No. 21155, Dec. 3, 2008>

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

ADDENDA <Presidential Decree No. 21214, Dec. 31, 2008>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

ADDENDA <Presidential Decree No. 21291, Feb. 3, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on February 4, 2009.

Articles 2 through 4 Omitted.

ADDENDA <Presidential Decree No. 21518, May 29, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on June 1, 2009.

Articles 2 and 3 Omitted.

ADDENDA <Presidential Decree No. 21765, Oct. 1, 2009>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

ADDENDA <Presidential Decree No. 21776, Oct. 9, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on October 10, 2009.

Article 2 (Applicability)

The amended provisions of Article 6-2 (3) and (4) shall apply from the first incident falling under a ground for reporting occurs after this Decree enters into force.

ADDENDA <Presidential Decree No. 21998, Jan. 18, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 11, 18, 19-4, 19-5, 20-2, 21, 25, 26, 27 and 27-2 shall enter into force on February 1, 2010.

Article 2 (Applicability to Exclusion of Affiliated Companies)

The amended provisions of Article 2 (3) 5 shall apply, beginning with the first company of which an investment trader acquires stocks by transfer after this Decree enters into force.

Article 3 (Applicability to Reporting on Acquisition of Subsidiaries)

The amended provisions of Article 14 (1) 4 shall apply, beginning with the first case where a creditor financial institution which is a subsidiary, etc. of a financial holding company controls any other company through investment conversion, etc. of claims pursuant to Article 29 (1) of the Corporate Restructuring Promotion Act on or after December 1, 2009.

Article 4 (Applicability to Requirements for Authorization of Non-Bank Holding Companies)

The amended provisions of Articles 16-3 and 16-4 shall apply, beginning with the first application for authorization or approval made after this Decree enters into force.

Article 5 (Applicability to Qualifications of Outside Directors)

The amended provisions of Article 19 shall apply, beginning with the first outside director appointed after this Decree enters into force.

Article 6 (Transitional Measures concerning Limit of Credit Extension)

A financial holding company, etc. which exceeds the limit of credit extension provided for in Articles 45 (1) through (3), 45-2 (1) and (2), and 48 (1) 3 pursuant to the amended provisions of Article 24 (1) shall comply with the limit of credit extension within one year from the enforcement date of this Decree: Provided, That the Financial Services Commission may fix and extend the period up to one year in cases of inevitable grounds, such as a no-prepayment clause in a contract (limited to a contract for credit extension entered into before the enforcement date of this Decree).

ADDENDA <Presidential Decree No. 22151, May 4, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on May 5, 2010.

Articles 2 through 4 Omitted.

ADDENDUM <Presidential Decree No. 22467, Nov. 2, 2010>

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

ADDENDA <Presidential Decree No. 22493, Nov. 15, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on Nov. 18, 2010.

Articles 2 through 5 Omitted.

ADDENDA <Presidential Decree No. 22509, Dec. 2, 2010>

Article 1 (Enforcement Date)

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

Article 2 (Applicability to Reporting on Stock-Holding Status)

The amended provision of Article 6-2 (3) shall apply, beginning with the first cases which become subject to reporting after this Decree enters into force.

Article 3 (Applicability to Reporting on Inclusion of Subsidiaries)

The amended provisions of the proviso to Article 14 (1), and subparagraph 5 of the same paragraph shall apply, beginning with the first cases in which any subsidiary, etc. is included into a financial holding company after this Decree enters into force.

Article 4 (Applicability to Disqualification of Outside Directors)

The amended provisions of Article 19 (3) 3 and (4) 6 and 8 shall apply, beginning with the first-appointed outside director after this Decree enters into force.

ADDENDA <Presidential Decree No. 22577, Dec. 30, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2011.

Articles 2 through 21 Omitted.

ADDENDA <Presidential Decree No. 22637, Jan. 24, 2011>

Article 1 (Enforcement Date)

This Decree shall enter into force on January 24, 2011. (Proviso Omitted.)

Articles 2 through 23 Omitted.

ADDENDA <Presidential Decree No. 23488, Jan. 6, 2012>

Article 1 (Enforcement Date)

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

Article 2 Omitted.

ADDENDA <Presidential Decree No. 23644, Feb. 29, 2012>

Article 1 (Enforcement Date)

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

Articles 2 through 4 Omitted.

ADDENDUM <Presidential Decree No. 24659, Jul. 8, 2013>

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

ADDENDA <Presidential Decree No. 24697, Aug. 27, 2013>

Article 1 (Enforcement Date)

This Act shall enter into force on August 29, 2013. (Proviso Omitted.)

Articles 2 through 13 Omitted.

ADDENDA <Presidential Decree No. 25177, Feb. 11, 2014>

Article 1 (Enforcement Date)

This Decree shall enter into force on February 14, 2014: Provided, That the amended provisions of Article 2 (3) 6, Article 14 (1) 4, Article 28, and Article 34 (2) shall enter into force on the date of its promulgation.

Article 2 (Transitional Measures concerning Standards for Imposition of Penalty Surcharges)

Notwithstanding the amended provisions of Article 34 (2), the previous provisions shall apply to violations committed before the enforcement date under the proviso to Article 1 of the Addenda in application of the standards for the imposition of penalty surcharges.

ADDENDA <Presidential Decree No. 25279, Mar. 24, 2014>

Article 1 (Enforcement Date)

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

Articles 2 and 3 Omitted.

ADDENDUM <Presidential Decree No. 25777, Nov. 24, 2014>

This Decree shall enter into force on November 29, 2014: Provided, That the amended provisions of Article 27-2 (3), (4), and (8) (limited to the part regarding the notification under Article 48-2 (4) of the Act) shall enter into force on May 29, 2015.

ADDENDA <Presidential Decree No. 25945, Dec. 30, 2014>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of the registration of merger under Article 4 (6) of the Addenda to the Korea Development Bank Act (Act No. 12663).

Articles 2 through 5 Omitted.

ADDENDUM <Presidential Decree No. 26038, Jan. 6, 2015>

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

ADDENDA <Presidential Decree No. 26600, Oct. 23, 2015>

Article 1 (Enforcement Date)

This Decree shall enter into force on October 25, 2015. (Proviso Omitted.)

Articles 2 through 9 Omitted.

ADDENDUM <Presidential Decree No. 26816, Dec. 30, 2015>

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 27-2 shall enter into force on March 12, 2016.

ADDENDA <Presidential Decree No. 27205, May 31, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on September 30, 2016. (Proviso Omitted.)

Articles 2 and 3 Omitted.

ADDENDA <Presidential Decree No. 27413, Jul. 28, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 30, 2016: Provided, That the amended provisions of Article 2 (5) and subparagraph 1-2 of attached Table 7 shall enter into force on the date of its promulgation.

Article 2 (Applicability to Requirement of Total Asset of Financial Holding Companies)

The amended provision of Article 2 (5) shall also apply to a person who has reported to the Financial Services Commission before enforcement of this Decree pursuant to Article 5-2 (1) of the Act.

ADDENDA <Presidential Decree No. 27414, Jul. 28, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on August 1, 2016. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <Presidential Decree No. 28248, Aug. 16, 2017>

Article 1 (Enforcement Date)

This Decree shall enter into force on August 19, 2017: Provided, That the amended provisions of Article 34, subparagraph 53-2 of attached Table 7, and attached Tables 7-2 and 8 shall enter into force on October 19, 2017.

Article 2 (Applicability to Exclusion of Affiliates of Company under Restructuring)

The amended provisions of Article 2 (3) 6 shall also apply where stocks of another company which is undergoing joint management procedures or rehabilitation procedures for restructuring through debt-equity swap and other means before this Decree enters into force.

Article 3 (Transitional Measures concerning Report on Shareholding Status)

Notwithstanding the amended provisions of Article 6-2 (3) 1, the previous provisions shall apply where an obligation to report occurs for any reason referred to in Article 8 (2) 1 or 3 of the Act before this Decree enters into force.

Article 4 (Transitional Measures concerning Standards for Imposition of Penalty Surcharges)

Notwithstanding Article 34 (2) and attached Table 7-2, the previous provisions of Article 34 (2) and (3) shall apply where the standards for imposition of penalty surcharges are applied to violations committed before the enforcement date referred to in the proviso to Article 1 of the Addenda.

ADDENDA <Presidential Decree No. 28382, Oct. 17, 2017>

Article 1 (Enforcement Date)

This Decree shall enter into force on October 19, 2017: Provided, That Article 3 of the Addenda shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDUM <Presidential Decree No. 29194, Sep. 28, 2018>

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

ADDENDA <Presidential Decree No. 29269, Oct. 30, 2018>

Article 1 (Enforcement Date)

This Decree shall enter into force on November 1, 2018.

Articles 2 and 11 Omitted.

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