

MONOPOLY REGULATION AND FAIR TRADE ACT

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CHAPTER 1

General Provisions

Article 1. Purpose

The purpose of this Act is to encourage fair and free economic competition by prohibiting the abuse of market-dominant positions and the excessive concentration of economic power and by regulating improper concerted acts and unfair business practices, thereby stimulating creative business activities, protecting consumers, and promoting the balanced development of the national economy.

Article 2. Definition

The following definitions shall be used in Article 2.

1. "Enterprise" shall mean any person engaged in any of the businesses listed below. Any officer, employee, agent, or other person who acts for the benefit of an Enterprise for the purposes of application of the provisions concerning Trade Associations.

- a. Manufacturing
- b. Electricity, gas, and water
- c. Construction
- d. Wholesaling, retailing, and consumer goods repair
- e. Lodging and restaurants
- f. Transportation, storage, and communications
- g. Finance and insurance
- h. Real estate, rental, and business services
- i. Educational services
- j. Health and social welfare services
- k. Other public, social and individual service businesses

I. Services performed for private households

m. Other businesses specified in the Presidential Decree to this Act

2. "Business Group" shall mean a group of companies (including companies engaged in businesses other than those enumerated in Article 2.1), which is in fact controlled by a person as defined in the Presidential Decree and which falls under one of the following categories:

a. if the person is a corporation, a group of companies which consists of the person and the companies controlled by the person; and

b. if the person is not a corporation, a group of two or more companies controlled by the person.

3. "Affiliated Corporation" shall mean each of the two or more companies comprising a single Business Group.

4. "Trade Association" shall mean any combination or federation of Enterprises, regardless of the structure, formed by two or more Enterprises for the purpose of enhancing their common interests.

5. "Officer" shall mean a director, representative director, managing partner with unlimited liability, auditor or any person holding a commercial employer such as manager who is authorized to administrate the general business of the main or branch office.

6. "Resale Price Maintenance" shall mean the act whereby an Enterprise which manufactures and sells certain goods, fixes the resale price of such goods in advance, and coerces other Enterprises, which purchase and resell such goods, to resell the said goods at such fixed price, or imposes on such other Enterprises restrictions and other conditions on the transactions to achieve such end.

7. "Market-dominant Enterprise" shall mean any Enterprise which supplies the same or similar goods or services whose market share falls under one of the following categories and which meets the conditions set forth in the Presidential Decree. However, any corporation engaging in a financial or an insurance business shall be excluded.

a. one Enterprise which holds a fifty percent (50%) or greater share of the market, or

b. three or fewer Enterprises which collectively hold a seventy-five percent (75%) or greater share of the market, excluding those which hold less than ten percent (10%) share of such market.

8. "Given Area of Trade" shall mean an area of business in which a competing relationship exists or may be formed by the object, stage, or region of trade.

8-2 "An Act Substantially Restraining Competition" shall mean an act which influences or is expected to influence the price, volume, quality, and other terms of trade by the opinions of a certain Enterprise or a certain Trade Association as a result of the reduction of competition in a Given Area of Trade.

9. "Extension of Credit" shall mean the extension of a loan, guarantee, or underwriting of a corporation's liabilities provided by a domestic financial institution.

CHAPTER 2

Prohibition Against the Abuse of Market-dominant Positions

Article 3. Improvement of Monopolistic and Oligopolistic Market Structure

(1) The Fair Trade Commission shall establish and enforce measures designed to promote competition in the supply and demand markets of the products or services in which monopolistic and oligopolistic market structures remain entrenched for a long period of time.

(2) When deemed necessary for the purpose of enforcing the measures in Paragraph (1), the Fair Trade Commission may present its opinions on the need of the introduction of competition, or, the improvement of the market structures to the head of the competent administrative agency.

Article 3-2 Prohibition Against Abuse of Market-Dominant Positions

(1) No Market-Dominating Enterprise shall engage in any acts included under any of the following items (hereinafter referred to as "abusive acts"):

1. Unreasonably fix, maintain, or alter the price of a good or service fees (hereinafter referred to as "Price");
2. Unreasonably control the sale of goods or the rendering of services;
3. Unreasonably interfere with the business activities of other Enterprises;
4. Unreasonably hinder the entry of new competitors; or
5. Otherwise threaten to substantially restrain competition or harm the interests of consumers.

(2) The Fair Trade Commission may determine the Types of and Criteria for Abusive Acts and issue notification thereof.

Article 4. Designation and Notification of Market-dominant Enterprises

(1) The Fair Trade Commission shall both designate and issue a notification concerning Market-dominant Enterprises in accordance with the Presidential Decree.

(2) The Fair Trade Commission may require Enterprises to submit any documents it may need to identify and issue a notification concerning Market-dominant Enterprises as provided for in Paragraph (1) above.

Article 5. Corrective Measures

If any Market-dominant Enterprise commits any of the acts listed in Article 3-2 (Prohibition Against Abuse of Market-dominant Positions), the Fair Trade Commission may order the violating Market-dominant Enterprise to lower the Price, to suspend the said activity, publicly announce the violation of the Act or to take other necessary corrective measures with respect to the said act.

Article 6. Surcharge

Should a Market-dominant Enterprise commit an abusive act, the Fair Trade Commission may impose upon the said Market-dominant Enterprise a surcharge not exceeding three percent (3%) of the revenue set forth in the Presidential Decree (For an Enterprise provided by the Presidential Decree, it is the operational profits. Hereinafter the same shall apply); provided, however, if a revenue does not exist, or if there is difficulty in computing the revenue of the Enterprises provided by the Presidential Decree (hereinafter referred to as "where there is no revenue"), the Fair Trade Commission may impose upon the said Enterprise a surcharge not exceeding one (1) billion Won.

CHAPTER 3

Restrictions on Business Combinations and Economic Concentration

Article 7. Restrictions on Business Combinations

(1) No person shall, directly or through specially related persons provided for by the Presidential Decree (hereinafter, "Specially Related Person"), engage in any acts that fall under one of the following categories (hereinafter, "Business Combination") which substantially restricts competition in a Given Area of Trade; provided, however, that the foregoing shall not apply to business combinations which the Fair Trade Commission acknowledges as pertaining to Business Combination for the purpose of achieving industrial rationalization or strengthening international competitiveness specified in the Presidential Decree.

1. Acquire or own shares of another corporation (including interest; hereinafter the same);
2. Concurrently hold a position as an officer of a corporation while being an officer or employee of another corporation (meaning a person other than an officer who is regularly engaged in the business of the corporation) (hereinafter "Interlocking Directorate");
3. Merge with another corporation;
4. Take over or lease the whole or a substantial part of the business, undertake the management of another corporation, or take over the whole or a substantial part of the fixed assets used for the business of another corporation (hereinafter "Take-over of Business"); or

5. Participate in the establishment of a new corporation.

(2) When the Commission intends to authorize a Business Combination for the purpose of achieving industrial rationalization or strengthening international competitiveness in accordance with the proviso to Paragraph (1), it shall consult in advance with the competent Minister. In such an event, the Enterprises in question shall bear the burden of proving the need to rationalize the industry or strengthen international competitiveness.

(3) No person shall engage in a Business Combination with other companies by means of compulsion or any other unfair measures.

(4) Any Business Combination falling into one of the following categories shall be considered a combination substantially Restraining Competition in a Given Area of Trade.

1. The total market share (meaning the sum of the market shares of all affiliates) of the parties to the Business Combination meets all of the following categories :

a. The total market share meets the criteria of a Market-dominant Enterprise.

b. The total market share is the highest in the Given Area of Trade.

c. The difference between the total market share and the market share of the corporation with the second highest market share (the corporation with the highest market share, excluding the corporation that is a party to the Business Combination) is more than twenty-five percent (25%) of the said sum of market share.

2. A corporation (hereinafter referred to as the "Large-Scale Corporation") whose total amount of assets or revenues (the sum of the total amount of assets or the revenues of affiliates) is equal to the amount provided by the Presidential Decree engages in a business combination, either directly or through a Specially Related Person, that meets all of the following criteria:

a. A Business Combination in an area of trade where the market share of the Small-and-Medium Enterprises is more than two-thirds (2/3) pursuant to the Framework Act on Small and Medium Enterprises.

b. Acquire more than five percent (5%) of the market share as a result of the said Business Combination.

(5) The Fair Trade Commission may both establish and issue a notification concerning standards for Business Combinations that substantially restrain competition in a Given Area of Trade pursuant to Paragraph (1) and business combinations by means of compulsion or any other unfair measures pursuant to Paragraph (3).

Article 7-2 Standard for Acquisition or Ownership of Shares

The standard for acquisition or ownership of shares pursuant to the regulations in this Act shall depend on actual ownership, regardless of the name provisions of the acquirer or owner.

Article 8. Prohibition on the Establishment of Holding Companies

(1) No enterprise shall establish a corporation, the principal business of which is to control the business of a domestic corporation by owning shares in such domestic corporation (hereinafter, "Holding Company"), and no existing corporation in Korea shall be converted into a Holding Company.

(2) The prohibition in Paragraph (1) shall not apply where:

1. A Holding Company is established in accordance with the Laws; or,
2. A Holding Company is established to operate a foreign investment project pursuant to the Foreign Capital Inducement Act and has been approved by the Commission in accordance with the Presidential Decree.

Article 9. Prohibition on Cross-Capital Investment

(1) No corporation belonging to a Business Group which meets the criteria set forth in the Presidential Decree, including criteria concerning total assets (hereinafter referred to as "Large Business Group"), shall acquire or own any shares of any Affiliated Corporations which have, acquired or which own some of its shares; provided, however, that the foregoing shall not apply if any of the following subparagraphs apply:

1. Merger with the corporation or take-over of the whole business; or
2. Enforcement of security rights or the receipt of accord and satisfaction.

(2) A corporation which has made an investment pursuant to the proviso in Article 9 (1) shall dispose of such shares within six (6) months from the date of acquiring or owning the said shares; provided, however, that this shall not apply where the Affiliated Corporation which has acquired or owns the shares of the corporation in question disposed of such shares.

(3) No Affiliated Corporation of a Large Business Group established as a corporation for investing in Small-and-Medium Enterprises pursuant to the Support of Small-and-Medium Enterprise Start-up Act, shall acquire or own shares in a domestic Affiliated Corporation.

Article 10. Limitations on Total Amount of Capital Investment

(1) No corporation belonging to a Large Business Group (except corporations engaging in financial or insurance businesses and those investment companies which assist in the establishment of a Small-and-Medium Enterprise pursuant to the Support of Small-and-Medium Enterprise Start-up Act) shall hold shares in other domestic companies whose sum of acquisition value (hereinafter referred to as "Total Investment Amount") exceeds twenty-five percent (25%) of the net assets of the corporation (hereinafter referred to as "Investment Ceiling Amount").

1. The corporation acquires or owns shares according to a rationalization plan or rationalization criteria under the Industrial Development Act or the Tax Reduction and Exemption Control Act; provided, however, that this exception shall be limited to a period not exceeding four (4) years from the date of such acquisition or ownership,

and the Commission may, if it deems it necessary, grant an extension not exceeding three (3) years;

2. The corporation acquires or owns new shares through the allocation of newly-issued shares or stock dividends for shares which a corporation has already acquired or owns; provided, however, that this exception shall be limited to a period not exceeding two (2) years from the date of such acquisition or ownership;

3. The corporation acquires or owns shares by virtue of the enforcement of security rights or the receipt of accord and satisfaction; provided, however, that this exception shall be limited to a period not exceeding one (1) year from the date of such acquisition or ownership;

4. < Deleted >

5. The corporation acquires or owns shares in order to maintain a relationship of technical cooperation with Small-and-Medium Enterprises engaged in producing parts or in order to strengthen the international competitiveness of industries designated in the Presidential Decree, and the Fair Trade Commission has approved of such acquisition or ownership of shares; provided, however, that this exception shall be limited to a period not exceeding seven (7) years from the date of such acquisition or ownership.

(2) The prohibition in Paragraph (1) above shall not apply when a member of a Large Business Group acquires or owns shares in a corporation which is established for the purpose of engaging in a First Category Installation Business pursuant to the Private Capital Inducement for Social Overhead Capital Act, and the Fair Trade Commission has approved such acquisition or ownership of shares; provided, however, that this exception shall be limited to a period not exceeding twenty (20) years from the date of such acquisition or ownership. The Fair Trade Commission may allow an additional grace period of up to ten (10) years.

(3) The prohibition in Paragraph (1) above shall not apply to any corporation (hereinafter referred to as "Sound Ownership Deconcentration Corporation") belonging to a Large Business Group which meets the requirements for ownership deconcentration and financial structure as provided for in the Presidential Decree.

(4) The term "net assets" referred to in Paragraph (1) shall mean the total sum of assets (investment stocks shall be based on acquisition value) of a corporation as reflected in the corporation's balance sheet for the preceding business year less gross liabilities, subsidies from the national treasury, and the amount invested in the said corporation by Affiliated Corporations in the said corporation (obtained by multiplying the par value per share by the number of shares owned by such Affiliated Corporations) as of the last day of the preceding business year; provided, however, that, with respect to newly-established companies that have no balance sheets for the preceding business year, the net assets shall be the amount of paid-in capital at the time of incorporation less the amount invested in the corporation by Affiliated Corporations and, provided further, that if the net assets increase due to the issuance of new shares, merger, or conversion of convertible bonds into shares since the last day of the preceding business year or the date of incorporation, the amount of such increase less the amount of investment by Affiliated Corporations in the said corporation shall be added in computing the amount of net assets.

(5) In applying Paragraph (1), if the Total Investment Amount of a corporation exceeds the Investment Ceiling Amount due to a reduction in the net assets of that corporation, the smaller of the Total Investment Amount as of the date of the occurrence of the said excess and the Total Investment Amount right before the occurrence of the said excess shall be regarded as the Investment Ceiling Amount for a period of three (3) years from such date. The same shall apply where there is further reduction of net assets after the expiration of the period.

(6) < Deleted >

(7) If the Investment Ceiling Amount of a corporation exceeds the amount which is regarded as the Investment Ceiling Amount as provided for in Paragraph (5) due to an increase in net assets pursuant to the proviso in Paragraph (4), Paragraph (5) shall not apply.

(8) All companies belonging to Large Business Groups shall be subject to an audit by a certified public accountant, and the Fair Trade Commission shall, in calculating the amount of the net assets of such companies, use the balance sheets modified pursuant to the opinions of the certified public accountant.

(9) If a corporation belonging to a Large Business Group should request a confirmation, the Fair Trade Commission shall verify whether or not the said corporation qualifies as a Sound Ownership Deconcentration Corporation and notify the applicant corporation thereof. If deemed necessary for a verification, the Fair Trade Commission may ask the said applicant corporation to submit relevant documents and conduct an investigation as to the truth of its contents.

Article 10-2 Limitations on Debt Guarantees for Affiliated Corporations

(1) No corporation (excluding those engaging in financial or insurance businesses) belonging to a Large Business Group which meets the criteria set forth in the Presidential Decree (hereinafter referred to as "Large Business Groups Subject to Limitations on Debt Guarantees") shall cause the total balance of debt guarantees issued in favor of its domestic Affiliated Corporations (hereinafter referred to as the "Total Guarantee Amount") to exceed one hundred percent (100%) of its shareholder's equity (hereinafter referred to as the "Guarantee Ceiling Amount"); provided, however, that no guarantees falling under any of the following categories shall be included in the calculating of the Total Guarantee Amount :

1. Guarantees extended with respect to the debts of companies undertaken in accordance with rationalization plans or rationalization criteria under the Industrial Development Act or the Tax Exemption and Reduction Control Act; or

2. < Deleted >

3. Guarantees with respect to debts which are deemed necessary to enhance the international competitiveness of a corporation or which are set forth in the Presidential Decree.

(2) The term "Debt Guarantee" in Paragraph (1) above shall mean a guarantee that a corporation belonging to a Large Business Group Subject to Limitations on Debt Guarantees undertakes in favor of domestic Affiliated Corporations in connection

with Credit extended by any of the following categories of domestic financial institutions:

1. Financial institutions as defined in the Bank Act, and the Korea Development Bank, the Export-Import Bank of Korea, the Korea Long Term Credit Bank, the Industrial Bank of Korea, the Korea Housing Loan Bank and the Citizens National Bank;
2. Short-term financing companies as defined in the Short-Term Financing Business Act;
3. Insurance companies as defined in the Insurance Business Act;
4. Securities companies as defined under the Securities and Exchange Act;
5. Investment banking companies as defined under the Investment Banking Companies Act; and
6. Any other financial institutions as designated in the Presidential Decree.

(3) The term shareholder's equity shall mean the total amount of assets specified on the balance sheet of the immediately preceding business year less the total sum of liabilities; provided, however, that, with respect to newly-established companies which have no balance sheet for the immediately preceding business year, the shareholder's equity shall be the amount of paid-in capital at the time of incorporation, and provided further that if the shareholder's equity increases due to the issuance of new shares, merger, or the conversion of convertible bonds into shares since the date of incorporation or the last day of the immediately preceding business year, the amount of such increase shall be added in computing the shareholder's equity.

(4) The provisions of Article 10 (Limitations on Total Amount of Capital Investment) Paragraphs (5) through (8) shall apply to Paragraph (1). In this case, net assets shall be changed to shareholder's equity, Total Investment Amount to Total Guarantee Amount, Investment Ceiling Amount to Guarantee Ceiling Amount and Large Business Group to Large Business Group Subject to Limitations on Debt Guarantees.

Article 11. Restrictions on the Voting Rights of Finance or Insurance Companies

No finance or insurance corporation belonging to a Large Business Group shall exercise its voting rights with regard to its shares in domestic Affiliated Corporations which it has acquired or owns, unless such corporation has acquired or owns shares in domestic Affiliated Corporations for the purpose of engaging in such businesses or of effectively operating and managing its insurance assets after obtaining approval under relevant Acts and regulations.

Article 12. Filing of Report on Business Combinations

(1) Corporations whose total amount of assets or revenue (meaning the sum of the total amount of assets or revenue of affiliates) meet the criteria set forth in the

Presidential Decree (hereinafter referred to as "Corporations Subject to Reporting" in this Article) or Related Persons of Corporations Subject to Reporting that engage in Business Combinations that fall into one of the following categories shall file a report with the Fair Trade Commission pursuant to the Presidential Decree. The same shall apply when corporations other than Corporations Subject to Reporting engage in Business Combinations with Corporations Subject to Reporting that fall under one of the following categories:

1. A corporation owns more than twenty percent (20%) [more than fifteen percent (15%) for listed corporations] of the total number of shares issued by another corporation (excluding non-voting shares pursuant to Article 370 of the Commercial Code; hereinafter, the same shall apply).

2. An Officer or an Employee of a corporation concurrently holds the position of Officer of another corporation.

3. A corporation undertakes any of the acts listed in Article 7 (Restrictions on Business Combinations), Paragraph (1), Subparagraphs 3 or 4.

4. A corporation subscribes to twenty percent (20%) or more of the shares of a new corporation to be established.

(2) Regulations under Paragraph (1) shall not apply if the head of the relevant central administrative agency has already consulted with the Fair Trade Commission regarding said business combination.

(3) The rate of ownership or acquisition of shares pursuant to Subparagraphs 1 or 4 of Paragraph (1) shall be computed by a sum of the shares owned by Special Related Persons of the corporation.

(4) A report of Business Combination pursuant to Paragraph (1) shall be filed within thirty (30) days after the date of execution of a Business Combination; provided, however, that business combinations pertaining to Subparagraphs 3 or 4 of Paragraph (1), whereby one or more corporations in the combination is a large corporation or a Market-dominant Enterprise, shall file a report within thirty (30) days after the date of execution of a merger agreement or a business transfer agreement or the date of adoption of a resolution at a shareholders' meeting (or at a Board of Directors meeting which can replace it) concerning participation in the establishment of a corporation.

(5) No Enterprise which has filed a report pursuant to the proviso in Paragraph 4 shall register a merger, perform the obligations under the business transfer agreement, or subscribe to shares until thirty (30) days after filing such a report ; provided, however, that the Fair Trade Commission may, if it deems it necessary, shorten such periods or extend it by a maximum of sixty (60) days.

(6) Corporations other than Large-Scale Enterprises or Market-dominant Enterprises wishing to engage in Business Combinations pertaining to one of the Subparagraphs in Paragraph (1) may petition the Fair Trade Commission for a pre-merger examination as to whether the business combination has the effect of substantially restraining competition.

(7) The Fair Trade Commission shall notify the petitioner of the result within thirty (30) days after receiving a request for a pre-merger examination. However, the Fair Trade

Commission may, if it deems it necessary, extend this period by a maximum of sixty (60) days.

(8) When the duty to file a report pursuant to Paragraph (1) falls upon two or more companies, these companies shall file the report jointly. However the foregoing shall not apply where the Fair Trade Commission has designated one of the companies belonging to the same Business Group as the representative responsible for filing the report according to the criteria established in the Presidential Decree (hereinafter referred to as Representative), and the Representative has filed the report.

Article 13. Report on Status of Share Ownership

(1) All corporations belonging to a Large Business Group shall submit to the Fair Trade Commission on the status of its own shareholders, its financial circumstances and its ownership of shares in other domestic companies in accordance with the procedure set forth in the Presidential Decree.

(2) All corporations belonging to Large Business Groups Subject to Limitations on Debt Guarantees shall submit to the Fair Trade Commission a report on the status of debt guarantees issued in favor of domestic Affiliated Corporations after obtaining confirmation from a domestic financial institution pursuant to the Presidential Decree.

(3) The proviso to Article 12 (Filing of Report on Business Combinations), Paragraph (8) shall apply *mutatis-mutandis* to reporting in Paragraphs (1) and (2).

(4) <Deleted >

Article 14. Designation of Large Business Groups, Etc.

(1) The Fair Trade Commission shall designate corporations as belonging to Large Business Groups and to Large Business Groups Subject to Limitations on Debt Guarantees in accordance with procedures established in the Presidential Decree and shall notify such companies of having been so designated.

(2) The provisions of Articles 9 (Prohibition on Cross-capital Investment) through 11 (Restrictions on the Voting Rights of Finance or Insurance Companies) and 13 (Report on Status of Share Ownership) shall apply from the date of notification pursuant to Paragraph (1).

(3) Notwithstanding Paragraph (2), if a corporation to which was issued a notification pursuant to Paragraph (1) is in violation of the provisions in Article 9 (Prohibition on Cross-capital Investment), Paragraphs (1) and (3), Article 10 (Limitation on Total Amount of Capital Investment) Paragraph (1), or Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations) Paragraph (1) at the time of notice, the following shall apply:

1. If the corporation is in violation of Paragraphs (1) and (3) of Article 9 (Prohibition on Cross-Capital Investment), the provisions of these Paragraphs shall not apply for one (1) year from the date of notice;

2. If the corporation is in violation of Article 10 (Limitations on Total Amount of Capital Investment), Paragraph (1), the Total Investment Amount on the date of notice shall be regarded as the investment ceiling amount for one (1) year from the date of notice; provided, however, that this provision shall not apply where the Investment Ceiling Amount exceeds such deemed investment ceiling amount due to an increase in net assets.

3. If the corporation is in violation of Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations), Paragraph (1), the Total Guarantee Amount on the date of notice shall be regarded as the Guarantee Ceiling Amount for one (1) year from the date of notice; provided, however, that this provision shall not apply where the Guarantee Ceiling Amount exceeds such deemed Guarantee Ceiling Amount due to an increase in shareholder's equity.

(4) The Fair Trade Commission may, in order to determine whether a corporation should be designated as belonging to a Large Business Group, request any corporation or persons having a special relationship to the said corporation to submit necessary information.

Article 14-2. Incorporation and Exclusion of Affiliated Corporations

(1) When a corporation needs to be incorporated into or excluded from a Large Business Group, the Fair Trade Commission shall determine, upon request from the said corporation (including Specially Related Persons of the corporation) or on its own initiative, whether the said corporation meets the criteria for an Affiliated Corporation, and determine whether to incorporate it into or exclude it from Affiliate Corporations.

(2) The Fair Trade Commission may, if it deems it necessary for the examination in Paragraph (1), request that the said corporation submit the necessary documents, including those relating to composition of shareholders and officers, debt guarantee relations, financial debt relations, trade relations, etc.

(3) In receiving requests for examination pursuant to Paragraph (1), the Fair Trade Commission shall notify the outcome of the examination to the petitioner within thirty (30) days after the date of receiving the request. However the Fair Trade Commission may, if it deems it necessary, extend this period by a maximum of sixty (60) days.

Article 14-3 Request for Certification of Documents to Relevant Agencies

The Fair Trade Commission may, if it deems it necessary for the enforcement of the provisions of Articles 9 (Prohibition on Cross-capital Investment) through 11 (Restrictions on the Voting Rights of Finance and Insurance Companies) and Articles 13 (Report on Status of Share Ownership) through 14-2 (Incorporation and Exclusions of Affiliate Corporations), request one of the following agencies to certify or examine necessary documents, including documents regarding the status of share ownership among shareholders of the domestic Affiliate Corporations of Large Business Groups or Large Business Groups Subject to Limitations on Debt

Guarantees, debt guarantees, temporary payments, loans, provision of collaterals, trade or provision of real estates, etc.

1. The Bank Supervisory Board pursuant to provisions under Article 28 (Establishment and Duty of the Bank Supervisory Board) of the Bank of Korea Act.
2. The Securities Supervisory Board pursuant to provisions under Article 130 (Establishment of Securities Supervisory Board) of the Securities Transactions Act.
3. Domestic financial institutions pursuant to provisions under one of the Subparagraphs of Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations), Paragraph (2).
4. Other agencies designated by the Presidential Decree and engaging in financial or securities transactions.

Article 15. Prohibition Against Evasion of Laws

(1) No one shall commit any act which is intended to evade the provisions of Article 7 (Restrictions on Business Combinations), Paragraphs (1) and (3); Article 8 (Prohibition on the Establishment of Holding Companies), Paragraph (1), Article 9 (Prohibition on Cross-capital Investment); Article 10 (Limitations on Total Amount of Capital Investment), Paragraph (1); Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations), Paragraph (1); or Article 11 (Restrictions on the Voting Right of Finance or Insurance Companies).

(2) The types and criteria of evasions of laws in Paragraph (1) shall be determined by the Presidential Decree.

Article 16. Corrective Measures

(1) If any Enterprise has violated or is likely to violate the provisions of Article 7 (Restrictions on Business Combinations), Paragraphs (1) and (3); Article 8 (Prohibition on the Establishment of Holding Companies), Paragraph (1); Article 9 (Prohibition on Cross-capital Investment); Article 10 (Limitations on Total Amount of Capital Investment), Paragraph (1); Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations), Paragraph (1); Article 11 (Restrictions on the Voting Rights of Finance or Insurance Companies) or Article 15 (Prohibition Against of Evasions of Laws), the Fair Trade Commission may order one of the following corrective measures against such Enterprise or person. The corrective measures ordered after receipt of a report pursuant to the proviso in Article 12 (Filing of Report on Business Combinations), Paragraph (4) must be carried out within the period prescribed in the same Article, Paragraph (5).

1. Prohibition of such act.
2. Disposition of all or part of shares. When the act is in violation of Article 10 (Limitations on Total Amount of Capital Investment), Paragraph (1), the newly obtained shares can be designated and disposed of.
3. Resignation of an Officer.

4. Transfer of business.
 5. Cancellation of debt guarantees.
 6. Public announcement of the violation.
 7. Other corrective measures necessary to correct the violation of law.
- (2) If a corporation has been established or companies have been merged in violation of Article 7 (Restrictions on Business Combinations), Paragraphs (1) and (3); Article 8 (Prohibition on the Establishment of Holding Companies), Paragraph (1); or Article 12 (Filing of Report on Business Combinations), Paragraph (5), the Fair Trade Commission may file a lawsuit to nullify the establishment of the corporation or the merger.

Article 17. Surcharge

- (1) The Fair Trade Commission may impose a surcharge on any corporation which has acquired or holds shares in violation of Article 9 (Prohibition of Cross-Capital Investment) or Article 10 (Limitations on Total Amount of Capital Investment), Paragraph (1). The surcharge shall not exceed ten percent (10%) of the purchase value of shares so acquired or owned.
- (2) The Fair Trade Commission may impose a surcharge on any corporation which issues a debt guarantee in violation of Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations), Paragraph (1). The surcharge shall not exceed ten percent (10%) of the value of the debt guarantee in question.
- (3) The Fair Trade Commission may impose a surcharge on any corporation which has engaged in a business combination in violation of Article 7 (Restrictions on Business Combinations), Paragraphs (1) or (3). The surcharge shall not exceed ten percent (10%) of the following amounts; provided, however, that the surcharge with respect to corporations engaging in Business Combination pursuant to Subparagraph 2 of Article 7 (Restrictions on Business Combinations), Paragraph (1) shall not exceed five (5) billion Won.
1. For Business Combinations pertaining to Subparagraphs 1 or 5 of Article 7 (Restrictions on Business Combinations), Paragraph (1), the amount shall be a sum of the book value of the acquired or owned shares and the value of acquiring debts.
 2. For business combinations pertaining to Subparagraph 3 of Article 7 (Restrictions on Business Combinations), Paragraph (1), the amount shall be the sum of the book value of shares distributed as a result of merger and the value of the acquiring debts.
 3. For business combinations pertaining to Subparagraph 4 of Article 7 (Restrictions on Business Combinations), the amount shall be the value of the transfer of business.

Article 18. Enforcing Compliance with Corrective Measures

(1) No Enterprise which has been ordered to dispose of shares pursuant to Paragraph (1) of Article 16 (Corrective Measures) shall exercise voting rights with respect to such shares as from the date of receiving such an order.

(2) No corporation which has made a cross-capital investment in violation of Article 9 (Prohibition on Cross-capital Investment) shall exercise voting rights with respect to such shares as from the date of receiving a corrective order, until the violation has been corrected.

(3) Where a corporation has been ordered to dispose of shares acquired in violation of Paragraph (1) of Article 10 (Limitation on Total Amount of Capital Investment) but the shares cannot be identified, the corporation shall notify the Fair Trade Commission of the particulars of the shares within ten (10) days from the date of receiving the order. In such circumstances, Paragraph (1) notwithstanding, the corporation shall cease exercising its voting rights with respect to the shares so notified to the Commission ten (10) days after the date of receiving the order.

(4) If the Fair Trade Commission does not receive any notice from the corporation within ten (10) days from the date of receiving the order as provided for in Paragraph (3), the Fair Trade Commission may identify the shares with respect to which the corporation may not exercise voting rights in accordance with the procedure set forth in the Presidential Decree.

CHAPTER 4

Restrictions on Improper Concerted Acts

Article 19. Restrictions on Improper Concerted Acts

(1) No Enterprise shall agree with other Enterprises by contract, agreement, resolution, or any other means, to jointly engage in any of the acts listed in the items below which substantially restricts competition in a Given Area of Trade (hereinafter referred to as "Improper Concerted Acts").

1. Fix, maintain, or alter prices;
2. Determine the terms and conditions for trade in goods or services or for payment of prices or compensation thereof;
3. Restrict the production, shipment, transportation, or trade in goods or services;
4. Restrict the territory of trade or customers;
5. Hinder or restrict the establishment or expansion of facilities or installation of equipment necessary for the manufacturing of products or the rendering of services;
6. Restrict the types or specifications of the goods at the time of production or trade thereof;

7. Establish a corporation or the like to jointly conduct or manage important parts of businesses; or

8. Hinder or restrict the business activities or the nature of the business of other Enterprises, thereby substantially restraining competition in a relevant area of trade.

(2) The provisions in Paragraph (1) shall not apply to Improper Concerted Acts which are carried out for one of the following purposes, and which meet the criteria set forth in the Presidential Decree and are authorized by the Fair Trade Commission.

1. Industrial rationalization.

2. Promoting research and technology development.

3. Overcoming economic depression.

4. Promoting industrial restructuring.

5. Rationalizing terms of trade.

6. Strengthening the competitiveness of Small-and-Medium Enterprises.

(3) Matters necessary for the standards, methods, and procedures for authorization under the provisions of Paragraph (2) shall be determined by the Presidential Decree.

(4) Any contract which provides for Enterprises to engage in any of the Improper Concerted Acts specified in Paragraph (1) shall be null and void between the parties.

(5) When two or more Enterprises are committing any of the acts listed in Paragraph (1) which substantially restrict competition in a Given Area of Trade, the parties shall be presumed to have committed an Improper Concerted Acts despite the absence of an explicit agreement to engage in such an act.

Article 20. < Deleted >

Article 21. Corrective Measures

If an Improper Concerted Act occurs in violation of Article 19 (Restrictions on Improper Concerted Acts), the Fair Trade Commission may order the Enterprises concerned to suspend such an act, publicly announce that a violation occurred, or take other corrective measures.

Article 22. Surcharge

The Fair Trade Commission may impose a surcharge on any Enterprise which has engaged in Improper Concerted Acts in violation of the provisions of Article 19 (Restrictions on Improper Concerted Acts), which surcharge shall not exceed five percent (5%) of the turnover set forth in the Presidential Decree; provided, however, that where revenue does not exist, the Fair Trade Commission may impose a surcharge not exceeding one (1) billion Won.

Article 22-2 Immunity to Declarant Against Interest

(1) If an Enterprise that has engaged in Improper Concerted Acts voluntarily denounces to the Fair Trade Commission, declarant against interest may be subject to lighter corrective measures pursuant to Article 21 (Corrective Measures) or an immunity, or to lower surcharges pursuant to Article 22 (Surcharge) or exemption from imposition of surcharges.

(2) Matters necessary for determining the standard and extent of mitigation of punishment or immunity with respect to the declarant against interest provided for in Paragraph (1) shall be set forth in the Presidential Decree.

CHAPTER 5

Prohibition On Unfair Business Practices

Article 23. Prohibition On Unfair Business Practices

(1) No Enterprise shall engage in any act which falls under any of the following items and which is likely to impede fair trade (hereinafter referred to as "Unfair Business Practices") or cause Affiliated Corporations or other Enterprises to commit such an act:

1. Unreasonably refuse to transact with or discriminate against a certain transacting partner;
2. Unreasonably engage in activities designed to eliminate competitors;
3. Unreasonably induce or coerce customers of competitors to deal with oneself;
4. Unreasonably take advantage of one's bargaining power in transacting with others;
5. Transact with others on terms and conditions which unreasonably restrict or disrupt business activities of other enterprises;
6. Use advertisements (including the use of brand names), or make representations that are false or which may deceive or mislead consumers with respect to the Enterprise or its goods or services; and
7. Unreasonably provide Specially Related Persons or other corporations with temporary payments, loans, manpower, real estate, commercial papers, or intangible property rights, etc, or aid Specially Related Persons or other corporations by trading at extremely favorable terms.

(2) The types of and criteria for Unfair Business Practices shall be set forth in the Presidential Decree.

(3) The Fair Trade Commission may formulate and issue guidelines to be observed by Enterprises if it deems such guidelines to be necessary to prevent violations of Paragraph (1).

(4) Enterprises or Trade Associations may voluntarily establish a code (hereinafter "Fair Competition Code") for the purpose of preventing the unreasonable inducement of customers or the use of false, deceptive or misleading advertisements or representations.

(5) Enterprises or Trade Associations may request the Fair Trade Commission to examine whether any Fair Competition Code drafted pursuant to Paragraph (4) is in violation of Subparagraphs 3 or 6 of Paragraph (1).

Article 24. Corrective Measures

In the event an Enterprise engages in an act in violation of Paragraph (1) of Article 23 (Prohibition of Unfair Business Practices), the Fair Trade Commission may order the Enterprise to suspend the said act, delete the pertinent provisions from the contract, publish a corrective notice of an offensive advertisement, publicly announce that a violation occurred, or take any other necessary measures to correct such an act.

Article 24-2 Surcharge

The Fair Trade Commission may impose a surcharge on any Enterprise which has engaged in Unfair Business Practices in violation of the provisions in all the Subparagraphs of Paragraph (1) of Article 23 (Prohibition of Unfair Business Practices), which surcharge shall not exceed two percent (2%) of the revenue set forth in the Presidential Decree; provided, however, that where revenue does not exist, the Fair Trade Commission may impose a surcharge not exceeding five hundred (500) million Won.

CHAPTER 6

Trade Associations

Article 25. Filing of Report of Establishment of Trade Associations

All Trade Associations shall report on the particulars of their establishment to the Fair Trade Commission within thirty (30) days from the date of establishment in accordance with the procedure set forth in the Presidential Decree. The foregoing shall also apply to changes in the reported information or upon the dissolution of the Trade Association.

Article 26. Prohibited Activities of Trade Associations

(1) No Trade Association shall engage in any of the following acts:

1. Substantially restrict competition in a Given Area of Trade by engaging in any of the acts listed in Paragraph (1) of Article 19 (Restrictions on Improper Concerted Acts);

2. Restrict the existing or future number of Enterprises in a Given Area of Trade;

3. Unreasonably restrain the business or business-related activities of member Enterprises (Enterprises who are members of the Trade Association);

4. Cause or abet Enterprises to commit Unfair Business Practices pursuant to subparagraphs under Paragraph (1) of Article 23 (Prohibition of Unfair Business Practices) or to engage in Resale Price Maintenance pursuant to Article 29 (Restriction on Resale Price Maintenance);

5. Engage in any act set forth in Subparagraph 6 under Paragraph (1) of Article 23 (Prohibition of Unfair Business Practices).

(2) The proviso to Paragraph (3) of Article 19 (Restriction on Improper Concerted Acts) shall apply *mutatis-mutandis* to the activities referred to in the preceding Subparagraph 1 of Paragraph (1). In this case, the term "Enterprise" shall be read as "Trade Association".

(3) The Fair Trade Commission may formulate and issue guidelines to be observed by Trade Associations if it deems such guidelines necessary to prevent violations of Paragraph (1).

(4) The Fair Trade Commission shall, in formulating any guidelines pursuant to Paragraph (3), hear opinions from the heads of pertinent administrative agencies.

Article 27. Corrective Measures

In the event a Trade Association has violated Article 26 (Prohibited Activities of Trade Associations), the Fair Trade Commission may order the Trade Association (and if necessary, its member Enterprises) to suspend the said act, correct the advertisement, make a public announcement concerning the violation, or take other necessary measures to correct the said act.

Article 28. Surcharge

(1) The Fair Trade Commission may impose a surcharge on any Trade Association which has committed acts in violation of the subparagraphs under Paragraph (1) of Article 26 (Prohibited Activities of Trade Associations), which surcharge shall not exceed five hundred (500) million Won.

(2) The Fair Trade Commission may impose a surcharge on any Enterprise which has participated in acts in violation of the subparagraphs under Paragraph (1) of Article 26 (Prohibited Activities of Trade Associations), which surcharge shall not exceed five percent (5%) of revenue set forth in the Presidential Decree; provided,

however, that where revenue does not exist, the Fair Trade Commission may impose a surcharge not exceeding five hundred (500) million Won.

CHAPTER 7

Restrictions on Resale Price Maintenance

Article 29. Restrictions on Resale Price Maintenance

(1) No Enterprise that produces or sells a commodity shall engage in Resale Price Maintenance.

(2) Paragraph (1) shall not apply to publications specified in the Presidential Decree or to commodities which meet all of the following conditions and which the Fair Trade Commission has designated in advance as being eligible for Resale Price Maintenance:

1. The uniformity of the quality of the commodity is readily apparent;
2. The commodity is for daily use by consumers; and
3. Free competition exists with respect to the sale and purchase of the commodity.

(3) An Enterprise intending to apply for the designation referred to in Paragraph (2) shall apply to the Fair Trade Commission in accordance with the procedure set forth in the Presidential Decree.

(4) The Fair Trade Commission shall issue a public announcement whenever it designates a commodity as being eligible for Resale Price Maintenance under Paragraph (2).

Article 30. Report on Resale Price Maintenance Contract

(1) When an Enterprise, which produces or sells a commodity which the Fair Trade Commission has designated and publicly announced as eligible for Resale Price Maintenance under Paragraph (4) of Article 29 (Restrictions on Resale Price Maintenance), has set the resale price of the said commodity and enters into a contract for maintaining the said price, it shall report the particulars of the said contract to the Fair Trade Commission within thirty (30) days from the date of entering into the said contract in accordance with the procedure set forth in the Presidential Decree. The foregoing shall likewise apply when the particulars of a contract have been altered.

(2) If the information reported to the Fair Trade Commission markedly injures consumer welfare or goes against public interest, the Fair Trade Commission may order the Enterprises concerned to alter or amend the said matters.

Article 31. Corrective Measures

The Fair Trade Commission may, if any violation of Paragraph (1) of Article 29 (Restrictions on Resale Price Maintenance) occurs, order the Enterprise concerned to suspend the said act, make a public announcement concerning the violation, or take any other measures necessary to correct the said violation.

Article 31-2 Surcharge

The Fair Trade Commission may impose a surcharge on any Enterprise which has engaged in Resale Price Maintenance in violation of the provisions of Article 29 (Restrictions on Resale Price Maintenance), which shall not exceed two percent (2%) of the revenue set forth in the Presidential Decree; provided, however, that where the revenue does not exist, the Fair Trade Commission may impose a surcharge not exceeding five hundred (500) million Won.

CHAPTER 8

Restrictions on the Conclusion of Unreasonable International Contracts

Article 32. Restrictions on the Conclusion of Unreasonable International Agreements

(1) No Enterprise or Trade Association shall enter into an international agreement or international contract set forth in the Presidential Decree (hereinafter referred to as "International Agreements") which provides for acts that constitute Improper Concerted Acts, Unfair Business Practices, or Resale Price Maintenance; provided, however, that the foregoing shall not apply when the Fair Trade Commission deems the effect of the said agreement upon competition in a Given Area of Trade to be negligible or deems that there are other unavoidable reasons for the said Contract.

(2) The Fair Trade Commission may determine and announce the types of and criteria for Improper Concerted Acts, Unfair Business Practices, and Resale Price Maintenance as referred to in Paragraph (1).

Article 33. Request for Review of International Contracts

An Enterprise or Trade Association may, upon entering into an International Agreement, request the Fair Trade Commission to review the contract in accordance with the procedure set forth in the Presidential Decree to determine whether it violates any provisions of Article 32 (Restrictions on the Conclusion of Unreasonable International Agreements)(1).

Article 34. Corrective Measures

The Fair Trade Commission may, when an International Agreement violates or is likely to violate the provisions of Paragraph (1) of Article 32 (Restrictions on the Conclusion of Unreasonable International Agreements), order the Enterprise or the Trade Association which is party to the said agreement to cancel the contract, to amend or alter the said contract, or to take other necessary corrective measures.

Article 34-2 Surcharge

The Fair Trade Commission may impose a surcharge on any Trade Association or Enterprise which has entered into an international contract in violation of the main stipulations of Paragraph (1) of Article 32 (Restrictions on the Conclusion of Unreasonable International Agreements), which surcharges shall not exceed 500 million Won for the Trade Association and two percent (2%) of the revenue set forth in the Presidential Decree for the Enterprise; provided, however, that where revenue does not exist in the case of Enterprises, the Fair Trade Commission may impose a surcharge not exceeding five hundred (500) million Won.

CHAPTER 9

Enforcement Agency

Article 35. Establishment of the Fair Trade Commission

(1) The Fair Trade Commission shall be established under the jurisdiction of the Prime Minister for the purpose of independently achieving the purposes of this Act.

(2) The Fair Trade Commission shall execute pertinent functions as a central administrative organization pursuant to Article 2 (Establishment and Organization of Central Agency) of the Government Organization Act.

Article 36. Matters to be handled by the Fair Trade Commission

The Fair Trade Commission shall be responsible for handling the following matters:

1. Matters relating to regulating the abuse of market-dominant positions;
2. Matters relating to limiting Business Combinations and preventing the concentration of economic power;
3. Matters relating to regulating Improper Concerted Acts and anti-competitive behavior on the part of Trade Associations;
4. Matters relating to regulating Unfair Business Practices and Resale Price Maintenance;
5. Matters relating to preventing the conclusion of Unfair International Agreements;

6. Matters relating to policies to promote competition through consultation and coordination with respect to Acts, regulations, and administrative measures that suppress competition;

7. Matters provided by other Acts and regulations to be handled by the Fair Trade Commission.

Article 37. Composition of the Fair Trade Commission and Related Matters

(1) The Fair Trade Commission shall be composed of nine (9) commissioners, including a chairman, a vice-chairman, and four (4) commissioners who shall be non-standing members of the Fair Trade Commission.

(2) The standing and non-standing commissioners of the Fair Trade Commission (hereinafter referred to as the "Commissioners") shall be appointed from among those persons who meet any of the following qualifications. The President shall appoint the chairman and vice-chairman upon the recommendation of the Prime Minister and the other commissioners upon the recommendation of the chairman:

1. A public official of grade 2 or higher with experience in monopoly regulation and fair trade;

2. Judges, prosecutors, or attorneys with a minimum of fifteen (15) years experience;

3. Associate professors, professors, or the equivalent at certified research institutes, with a minimum of fifteen (15) years experience who majored in law, economics, or business administration at their respective universities;

4. Business managers or individuals engaged in consumer protection activities with a minimum of fifteen (15) years experience.

(3) The chairman and vice-chairman shall be considered political appointees, while the other standing commissioners shall be considered first-level special government officials.

(4) The chairman, vice-chairman, and the head of the Secretariat pursuant to the provisions of Article 47 (Establishment of an Administrative Office) shall be executive representatives, notwithstanding the provisions of Article 9 (Executive Representative) of the Government Organization Act.

Article 37-2 Classification of the Committee

The convocation of the Fair Trade Commission shall be distinguished between a commission composed of all commissioners (hereinafter referred to as "Full Committee") and a meeting composed of one standing commissioner and 3 commissioners (hereinafter referred to as "Subcommittee").

Article 37-3 Matters under Jurisdiction of the Full Committee and the Subcommittee

(1) The Full Committee shall deliberate on and reach final decisions on the following:

1. Modification of past decisions regarding the interpretation and application of acts, decrees, rules, and notifications;
2. Raising of objections pursuant to provisions in Article 53 (Appeal);
3. Matters which have not been finalized by the Subcommittee or matters which the Subcommittee has referred to the Full Committee for deliberation and decision;
4. Enactment and modification of rules or notifications;
5. Matters which have significant economic ramifications and other matters which the Full Committee acknowledges that it needs to handle;

(2) The Subcommittee shall deliberate and decide on matters other than what is listed above in Paragraph (1).

Article 38. Chairman

(1) The chairman shall represent the Fair Trade Commission.

(2) The chairman may attend and take the floor at Cabinet meetings.

(3) If the chairman is unable to perform his duties for any reason, the vice-chairman shall perform the duties in his place. And if both the chairman and vice-chairman are unable to carry out their duties for any reason, the standing commissioner designated by the chairman shall perform such duties.

Article 39. Term of Office of Commissioner

The term of office of the commissioners shall be three (3) years and may be renewed only once.

Article 40. Guarantee of Status of Commissioner

No commissioner shall be removed from office involuntarily except in the following cases:

1. If the commissioner has been sentenced to imprisonment without hard labor or more serious punishment;
2. If the commissioner is unable to execute his/her duties due to long-term mental or physical illness.

Article 41. Prohibition of Commissioners' Participation in Political Affairs

No Commissioner shall become a member of a political party or participate in political affairs.

Article 42. Proceedings of the Meeting and Decision Quorum

(1) The meetings of the Full Committee shall be presided over by the chairman, vice-chairman, and senior standing commissioners in such order and decisions shall be made by a concurrence of a majority of the members of the Full Committee.

(2) The meetings of the Subcommittee shall be presided over by the standing commissioner and decisions shall be made by the attendance of all members of the Subcommittee and the concurrence of all the members present.

Article 43. Disclosure of Deliberations

The deliberations of the Fair Trade Commission shall be open to the public; provided, however, that the foregoing shall not apply in cases where there is a need to protect trade secrets of Enterprises or Trade Associations.

Article 43-2 Maintenance of Order in the Trial Court

The chairperson of the Full Committee or the Subcommittee may order the implementation of necessary measures against the parties concerned, interested parties, witnesses, and observers attending the trial for purposes of maintaining order in the trial court.

Article 44 Exclusion, Challenge and Withdrawals of Commissioners

(1) Commissioners shall be excluded from deliberations and decisions of cases pertaining to the following categories:

1. Cases in which the commissioner, the commissioner's spouse or the commissioner's ex-spouse is the immediate party, co-creditor or co-debtor;
2. Cases in which the commissioner has a relationship with the immediate party or the corporation employing the commissioner consults and advises the immediate party with respect to legal and management matters;
3. Cases in which the commissioner or a corporation to which the commissioner belongs has given testimony or evidence;
4. Cases in which the commissioner or a corporation to which the commissioner belongs was or is involved as the representative of the immediate party;
5. Cases in which the commissioner or a corporation to which the commissioner belongs has been subject to administrative disposal or involved in an omission;

(2) The immediate party may file for challenge against the commissioner if the immediate party has reasons to believe that a fair deliberation and decision cannot be expected from the commissioner. With respect to this file for challenge, the

chairman may reach a decision without a deliberation and decision by the commission.

(3) If the commissioner himself/herself falls into one of the categories under Paragraphs (1) or (2), the commissioner may voluntarily refrain from involvement in the deliberation and decision of the case.

Article 45. Commissioner's Signature and Affixing a Seal

If the Fair Trade Commission is drawing a resolution in violation of the provisions of this Act, it shall submit a resolution statement, clearly stating the reason for the resolution, and the commissioners participating in the resolution shall sign their name and affix a seal on the statement.

Article 46. Presumption of Public Servant in Applying Penalty

With respect to a commissioner of the Fair Trade Commission who is not a public servant, in the application of various penalties pertaining to the Criminal Code and other laws, he/she shall be considered a public servant.

Article 47. Establishment of Secretariat

A Secretariat shall be established within the Fair Trade Commission to deal with matters of the Fair Trade Commission.

Article 48. Regulations on the Organization

(1) Matters, other than those stipulated in this Act, necessary for the organization of the Fair Trade Commission, shall be determined by the Presidential Decree.

(2) Matters not provided for in this act but which are necessary for the operation of the Fair Trade Commission shall be determined by the Rules of the Fair Trade Commission.

CHAPTER 10

Investigation Procedures and Other Matters

Article 49. Identification and Reporting of Violations

(1) The Fair Trade Commission may conduct an investigation on its own authority when it deems that a violation of this Act has occurred or is occurring.

(2) Any person who deems that a violation of the Act has occurred or is occurring may report it to the Fair Trade Commission.

(3) The Fair Trade Commission shall, upon conducting an investigation pursuant to the provisions of Paragraphs (1) and (2), notify in writing party to the case of the result (including the nature of disposition in the case of dispositions such as corrective measures as a result of investigations).

(4) The Fair Trade Commission may not order any corrective measures or impose any surcharge with respect to any violation of this Act if five

(5) years or more have passed since the completion of the violation.

Article 50. Investigation of and Hearings on Violations

(1) The Fair Trade Commission may, if it deems it necessary to enforce this Act, take the following measures in accordance with the procedures set forth in the Presidential Decree:

1. Summon the parties concerned, interested parties, or witnesses to a hearing and elicit their testimony;

2. Designate expert appraisers and procure their opinions;

3. Issue an order to the enterprise, the trade association or their officials and employees to submit reports relating to costs and business conditions or other materials or objects deemed necessary; or detain the submitted materials or objects.

(2) The Fair Trade Commission may, if it deems it necessary to enforce this Act, have the public servants belonging to it [including the public servants belong to the agency delegated in accordance with the provisions of Article 65 (Delegation and Entrustment of Powers) conduct investigations into the affairs, business conditions, books and documents, and other materials or objects at the offices or the work places of the enterprise or the trade association; and hear the testimonies of the parties concerned, the interesred parties, and the witnesses within the places set forth in the Presidential Decree.

(3) The public servant in charge of conducting investigations under the provisions of Paragraph (2) above may, according to the provisions in the Presidential Decree, issue an order to the enterprise, the trade association or their officials and employees to submit materials or objects deemed necessary to the investigations and retain the submitted materials or objects.

(4) The public servant in charge of conducting investigations under the provisions of Paragraph (2) above shall present a certificate indicating his delegated authority to the related persons

Article 51. Recommendation to Comply with a Corrective Measure

(1) When an Enterprise or a Trade Association has committed acts in violation of the provisions of this Act, the Fair Trade Commission may decide on a corrective

measure and recommend that the said Enterprise or Trade Association comply with the measure.

(2) A person subject to recommendation in accordance with the provisions of Paragraph (1) shall notify the Fair Trade Commission on whether he/she accepts the recommendation within ten (10) days from the date of notification of the recommendation.

(3) When the person subject to recommendation in accordance with the provisions of Paragraph (1) accepts the recommendation, it shall be considered that a corrective measure has been made under the provisions of this Act.

Article 52. Opportunity to State Opinion

(1) The Fair Trade Commission shall, before issuing corrective measures or levying a surcharge in response to violations of this Act, provide the parties concerned or interested parties with the opportunity to state their opinions.

(2) The parties concerned or interested parties may attend a hearing of the Fair Trade Commission to state their opinions or present necessary materials.

Article 53. Appeal

(1) Any party who is dissatisfied with any measures taken by the Fair Trade Commission pursuant to this Act may file an appeal stating the reasons thereof with the Fair Trade Commission within thirty (30) days from receiving notice of the said measure.

(2) The Fair Trade Commission shall reach a decision with respect to the objection filed within thirty (30) days after receipt of objection; provided, however, that the period may be extended upon decision thereof within thirty (30) days if a decision cannot be reached due to unavoidable circumstances.

Article 53-2. Suspension of Execution of Corrective Order

(1) The Commission may, upon request by the party concerned or upon its own authority, decide to suspend an execution of order or continuance of procedures (hereinafter referred to as "Suspension of Execution") if the person subject to a corrective order pursuant to this Act files an objection pursuant to Paragraph (1) of Article 53 (Appeal) and if the Fair Trade Commission deems it necessary to prevent irrevocable damages that may result from the execution of the order or the continuance of the procedures.

(2) Following a decision to suspend execution, the Fair Trade Commission may, upon request from the party concerned or upon its own authority, decide to cancel the decision to suspend execution if the reason for the suspension of execution ceases to exist.

Article 54. Filing of a Lawsuits

(1) Any party desiring to file a lawsuit with respect to any measure taken by the Fair Trade Commission pursuant to this Act shall do so within thirty (30) days from the date on which the party is notified of the judgement on the appeal filed.

(2) The period provided for in Paragraph (1) may not be extended.

Article 55. Exclusive Jurisdiction over Lawsuits for Appeal

The Seoul High Court having jurisdiction over the seat of the Fair Trade Commission shall have exclusive jurisdiction over any appellate cases filed pursuant to Article 54 (Institution of Lawsuits).

Article 55-2. Procedures for Processing Cases

Matters which are necessary for processing cases in violation of the provisions of this Act shall be both determined and notified by the Fair Trade Commission.

CHAPTER 10-2

Imposition and Collection of Surcharge

Article 55-3. Imposition of Surcharge

(1) The Fair Trade Commission shall take into account the following subparagraphs in imposing surcharges pursuant to the provisions in this Act:

1. Nature and extent of violation.
2. Duration and frequency of violation.
3. Scale of benefit acquired from violation.

(2) If the Enterprise violating the provisions of this Act is engaged in a merger, the Fair Trade Commission may regard the violation as having been committed by the Enterprise that continues to exist after the merger or the Enterprise that is established as a result of the merger and impose and collect surcharges thereon.

(3) Matters which are necessary for imposing surcharges shall be determined by the Presidential Decree.

Article 55-4 Extension of Surcharge Payment Period and Payment by Installment

(1) If the amount of surcharge exceeds the amount provided for in the Presidential Decree, and if for one of the following reasons the Fair Trade Commission

acknowledges that the person to whom surcharges are imposed (hereinafter referred to as "Person Subject to Pay Surcharges") is unable to pay the surcharge in lump sum amount, the Fair Trade Commission may extend the payment period or arrange payment by installment. In this case, if the Fair Trade Commission deems it necessary, it may request the furnishing of security.

1. A great property loss is incurred due to disaster or robbery.
2. The business faces a significant threat due to deterioration of business conditions.
3. A serious financial difficulty is expected due to a lump sum payment of surcharge.
4. Other reasons similar to those of Subparagraphs 1 through 3.

(2) The Person Subject to Pay Surcharges, that wishes to extend the period of surcharge payment or apply for payment by installment pursuant to the provisions of Paragraph (1), shall file such application at the Fair Trade Commission ten (10) days prior to the expiration of the period.

(3) If the Person Subject to Pay Surcharges that has been granted an extension of the surcharge payment period or payment by installment pursuant to the provisions of Paragraph (1) falls into one of the following categories, the Fair Trade Commission may cancel the decision to extend the surcharge payment period or to allow payment by installment and collect the surcharge in lump sum:

1. Failure to deliver the surcharge payment by installment within the deadline;
2. Failure to comply with the Fair Trade Commission's orders which are necessary for the change of security or preservation of security;
3. Inability to deliver the full surcharge payment or the remaining amount of surcharge due to compulsory execution, opening of auction, adjudgment of bankruptcy, dissolution of a corporation, disposition of national or local taxes in arrears, etc.

(4) Matters which are necessary for extending the surcharge payment period, allowing payment by installment or for security pursuant to Paragraphs (1) or (3) shall be determined by the Presidential Decree.

Article 55-5 Imposition of Surcharge and Disposition for Arrears

(1) If a Person Subject to Pay Surcharges fails to make a surcharge payment within the payment period, the Fair Trade Commission shall collect delinquency charges provided for by the Presidential Decree for the period between the day immediately following the deadline and the day immediately before the date on which the last payment was made.

(2) If a Person Subject to Pay Surcharges fails to pay the surcharge payment within the payment period, the Fair Trade Commission may set a certain period and dispatch a demand notice. If the Person Subject to Pay Surcharges fails to pay the delinquency charges pursuant to the provisions of Paragraph (1) within the set period, the Fair Trade Commission may collect it in accordance with the examples of disposition on the national tax in arrears.

(3) The Fair Trade Commission may entrust affairs relating to the collection of surcharges and additional dues or disposition for arrears pursuant to the provisions of Paragraphs (1) and (2) to the Head of the National Tax Administration Office.

(4) Matters which are necessary for the collection of surcharges shall be determined by the Presidential Decree.

CHAPTER 11

Damages

Article 56. Liability for Damages

(1) An Enterprise or Trade Association which violates the Act and thereby causes injury to any party shall be liable for compensating the injured injury.

(2) No Enterprise or Trade Association liable for damages under Paragraph (1) may excuse himself from such liability by proving the absence of willful intent or negligence in committing the injurious act.

Article 57. Limitations on Claims for Damages and Related Matters

(1) The right to claim damages as provided for in Article 56 (Liability for Damages) may not be exercised until the corrective measures as provided for in this Act have become final and conclusive; provided, however, that this does not restrict the litigation to claim damages pursuant to the provisions of Article 750 (Content of Unlawful Act) of the Civil Code.

(2) The right to claim damages under the text of Paragraph (1) shall expire three (3) years after the date it becomes possible to exercise the right.

CHAPTER 12

Exemptions

Article 58. Legitimate Actions Taken Pursuant to Acts

This Act shall not apply to the acts of an Enterprise or Trade Association conducted in accordance with any Act or any decree to such Act.

Article 59. Exercise of Intangible Property Rights

This Act shall not apply to any acts which are deemed as an exercise of rights under the Copyright Act, the Patent Act, the Utility Model Act, the Design Act, or the Trademark Act.

Article 60. Acts of Cooperatives

This Act shall not apply to the acts of a cooperative established in accordance with the following criteria (including federations of cooperatives); provided, however, that the foregoing shall not apply with respect to Unfair Business Practices or where competition in the Given Area of Trade is substantially restricted, thereby resulting in an undue price increase:

1. The purpose of the cooperative shall be to provide mutual aid among small-scale Enterprises or consumers;
2. The cooperative shall be established voluntarily, and its commissioners may join and withdraw from the cooperative voluntarily;
3. Each commissioner shall possess equal voting rights; and
4. If profits are distributed to commissioners, the limits on the profits that may be so distributed shall be provided for in the articles of incorporation.

Article 61. < Deleted >

CHAPTER 13

Supplementary Provisions

Article 62. Duty to Preserve Confidentiality

No commissioner or government official who engages or has engaged in the performance of duties under this Act shall divulge trade secrets of Enterprises or Trade Associations obtained in the course of carrying out their duties or make use thereof for any purpose other than to enforce this Act.

Article 63. Consultation on Enactment of Acts and Decrees Which Restrain Competition

(1) When the head of a pertinent administrative agency intends to enact or amend any acts or decrees which provide for restraints on competition, such as fixing of price or terms of trade, restrictions on market entry or business activities, Improper Concerted Acts or prohibited activities of trade associations; or issue an order or take measures against or grant authorizations to any Enterprises or Trade Associations,

which contains particulars that restrain competition as mentioned above, he/she shall consult with the Fair Trade Commission in advance.

(2) When the head of the pertinent administrative agency intends to enact or amend any rules or notifications which contain particulars that restrain competition, he/she shall notify the Fair Trade Commission of the content of such enactment or amendment in advance.

(3) When the head of the pertinent administrative agency has issued an order or taken measures against or granted authorizations which contain particulars that restrain competition as provided for in Paragraph (1), he/she shall notify the Fair Trade Commission of the content of such orders, measures, or authorizations.

(4) Upon being notified pursuant to the provisions of Paragraph (2), if the Fair Trade Commission feels that the rules and notification subject to enactment and revision contain particulars that restrain competition, it may present its opinion to the head of the pertinent administrative agency on the need to correct the particulars that restrain competition. The same shall apply to acts and decrees that have been enacted or revised without consultation pursuant to the provisions of Paragraph (1), the rules and notifications that have been enacted or revised without notification, and orders and measures that have been issued and authorizations that have been granted without notification.

Article 64. Cooperation from the Head of Related Agencies

(1) The Fair Trade Commission may seek the opinion of the heads of pertinent administrative agencies, other agencies, or groups if it is deemed necessary to enforce this Act.

(2) The Fair Trade Commission may request the heads of pertinent administrative agencies, other agencies, or groups to conduct necessary investigations or to submit information if the Commission deems such actions necessary to enforce this Act.

(3) The Fair Trade Commission may request cooperation from the heads of pertinent administrative agencies, other agencies, or groups if it deems such cooperation necessary to ensure compliance with a corrective measure issued pursuant to this Act.

Article 65. Delegation and Entrustment of Powers

The Fair Trade Commission may delegate a part of the authority vested in it under this Act to the head of any agency under its control, the Seoul Metropolitan City Mayor, the Metropolitan City Mayor, the Provincial Governor, or the head of any other administrative agency pursuant to the Presidential Decree.

Penal Provisions

Article 66. Penal Provisions

(1) The following violations shall be punishable by imprisonment of up to three (3) years or a fine of up to two hundred million (200,000,000) Won:

1. Engaging in an abusive act in violation of Article 3-2 (Prohibition of Abuse of Market-dominant Position);
 2. Taking part in a Business Combination in violation of the main provisions of Paragraphs (1) or (3) of Article 7 (Restriction on Business Combinations);
 3. Establishing or converting a corporation into a holding corporation in violation of Paragraph (1) of Article 8 (Prohibition on the Establishment of Holding Companies);
 4. Acquiring or holding shares in violation of Article 9 (Prohibition on Cross-capital Investment) or Article 10 (Limitations on Total Amount of Capital Investment) Paragraph (1);
 5. Guaranteeing debts in violation of Paragraph (1) of Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations);
 6. Exercising voting rights in violation of Article 11 (Restrictions on the Voting Rights of Finance and Insurance Companies) or Article 18 (Enforcing Compliance with Corrective Measures);
 7. Committing an act of evasion in violation of Article 15 (Prohibition Against Evasion of Laws);
 8. Engaging in Improper Concerted acts in violation of the provisions of the subparagraphs under Paragraph (1) of Article 19 (Prohibition of Improper Concerted Acts);
 9. Engaging in prohibited activities of trade associations in violation of the provisions of Paragraph (1) 1 of Article 26 (Prohibited Activities of Trade Associations).
- (2) The prison sentence and fine provided for under Paragraph (1) may be imposed concurrently.

Article 67. Penal Provisions

The following violations shall be punishable by imprisonment of up to two (2) years or a fine of up to one hundred fifty million (150,000,000) Won:

1. < Deleted >
2. Engaging in unfair business practices in violation of Paragraph (1) of Article 23 (Prohibition on Unfair Business Practices);
3. Violating Subparagraphs 2 through 5 of Article 26 (Prohibited Activities) Paragraph (1);

4. Engaging in Resale Price Maintenance in violation of Paragraph (1) of Article 29 (Restrictions on Resale Price Maintenance);
5. Entering into an international agreement in violation of Paragraph (1) of Article 32 (Restrictions on the Conclusion of Unreasonable International Agreements);
6. Failure to comply with corrective measures pursuant to Article 5 (Corrective Measures), Article 16 (Corrective Measures) Paragraph (1), Article 21 (Corrective Measures), Article 24 (Corrective Measures), Article 27 (Corrective Measures), Article 30 (Report on Resale Price Maintenance Contract) Paragraph (2), Article 31 (Corrective Measures), or Article 34 (Corrective Measures); and
7. Failure to undergo an audit by a certified public accountant in violation of Article 10 (Limitations on Total Amount of Capital Investment) Paragraph (8), [including cases in which Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations) Paragraph (4) is applied *mutatis-mutandis*].

Article 68. Penal Provisions

The following violations shall be punishable by a fine of up to one hundred million (100,000,000) Won:

1. Refusing to submit information without just cause or furnishing false information in response to a request for information pursuant to Article 4 (Designation and Notification of Market-dominant Enterprises) Paragraph (2) and Article 14 (Designation of Large Business Groups, Etc.) Paragraph (4);
2. Failure to file the report on Business Combinations as required under Paragraph (1) or (4) under Article 12 (Filing of Report on Business Combinations), or furnishing a false report with respect thereto, or violation of the same Article Paragraph (5);
3. < Deleted >
4. Failure to file a report on the status of share ownership or guarantee of debts or furnishing a false report thereto in violation of Article 13 (Report on Status of Share Ownership) Paragraphs (1) and (2);
5. Failure to file a report on the establishment of a Trade Association as required under Article 25 (Filing of Report of Establishment of Trade Association) or furnishing a false report thereto;
6. Failure to file a report regarding the content of a Resale Price Maintenance contract or its amendment contract as required in Article 30 (Report on Resale Price Maintenance Contract) Paragraph (1), or furnishing a false report thereto;
7. < Deleted >
8. Furnishing a false appraisal in violation of Subparagraph 2 of Article 50 (Investigation of and Hearing on Violation) Paragraph (1).

Article 69. Sanctions

Violations of Article 62 (Duty to Preserve Confidentiality) shall be punishable by imprisonment of up to two (2) years or a fine of up to two million (2,000,000) Won.

Article 69-2 Administrative Fines

(1) Any Enterprise or Trade Association falling under one of the following categories shall be punishable by an administrative fine of up to 100 million (100,000,000) Won; any Officer, Employee, or other Interested Parties of a corporation or a Trade Association falling under one of the following categories shall be punishable by an administrative fine of up to 10 million (10,000,000) Won.

1. Failure to submit, without just cause, reports, necessary data, or articles as required under the request for materials in Paragraph (9) of Article 10 (Limitations on Total Amount of Capital Investment); furnishing false reports, data, or articles thereto; or failure to comply with investigations for verification of the submitted reports, necessary data, and articles;

2. Failure to submit, without just cause, reports, necessary data, or articles as required under request for materials in Paragraph (2) of Article 14-2 (Incorporation and Exclusion of Affiliate Corporations), or furnishing false reports, data, or articles thereto;

3. Failure to appear without just cause in violation of Subparagraph 1 of Article 50 (Investigation of and Hearing on Violation) Paragraph (1);

4. Failure to submit reports, necessary data, or articles as required in Subparagraph 3 of Paragraph (1), or Paragraph (3) of Article 50 (Investigation of and Hearing on Violation), or furnishing false reports, data, or articles thereto;

5. Refusing to cooperate in, obstructing or evading an investigation as referred to in Article 50 (Investigation of and Hearing on Violation) Paragraph (2).

(2) Any person who fails to comply with the measure to maintain order in violation of the provisions of Article 43-2 (Maintenance of Order in the Trial Court) shall be punishable by an administrative fine of up to 1 million (1,000,000) Won.

(3) The Fair Trade Commission shall impose and collect the fine referred to in Paragraph (1) or (2) in accordance with the procedure established in the Presidential Decree.

(4) Any person who wants to contest the fine imposed pursuant to Paragraph (3) may file an objection with the Fair Trade Commission within thirty (30) days after receiving notice of the fine.

(5) In the event a person files an objection under Paragraph (4) with respect to a fine imposed pursuant to Paragraph (3), the Fair Trade Commission shall inform the competent court of such fact without delay, and the competent court receiving the notice shall decide the case under the Non-Contentious Case Procedure Act.

(6) If a person subject to a fine neither files an objection to the fine within the statutory period provided for in Paragraph (4) nor pays the fine, the fine shall be collected by following the disposal of national taxes in arrears.

Article 70. Concurrent Punishment

If the representative of a juridical person (including groups without the status of juristic person. The same shall apply in this Article.), or an agent, employee, or any other person working for a juridical person, or for an individual has committed any violation referred to in Articles 66 (Penal Provisions) through 68 (Penal Provisions) in connection with the business of the said juridical person or individual, the applicable fine shall be imposed on the said juridical person or individual as well as on the person who has actually committed the violation.

Article 71. Filing of Complaint

(1) No violation under Articles 66 (Penal Provisions) or 67 (Penal Provisions) shall be prosecuted until after the Fair Trade Commission has filed a complaint.

(2) When the acts in violation of Article 66 (Penal Provisions) and Article 67 (Penal Provisions) are clear and significant and substantially restrain competition, the Fair Trade Commission shall file a complaint to the Prosecutor General.

(3) The Prosecutor General may notify the Fair Trade Commission of the existence of acts meeting the criteria for filing of complaint provided for in Paragraph (2) and request the Fair Trade Commission to file a complaint.

(4) After the institution of a public prosecution, the Fair Trade Commission may not cancel the complaint.

ADDENDUM(Dec. 8, 1992)

Article 1. Effective Date

This Act shall take effect on April 1, 1993.

Article 2. Interim Measures with Respect to the Total Amountof Contribution

The amended provisions of Subparagraph 5 of Article 10(1) shall apply only to those shares that are acquired or owned after the Effective Date of this Act.

Article 3. Interim Measures Regarding Limitations on Debt Guarantees Among Affiliated Corporations

(1) If a corporation which belongs to a Business Group already designated as a Large Business Group Subject to Limitations on Debt Guarantees as of the Effective Date of this Act or so designated within three (3) years after the Effective Date and

which has been notified of its status as provided under Article 14(1), at the time of such designation has already exceeded the Guarantee Ceiling Amount at the time of notification, the corporation's Total Guarantee Amount (hereinafter referred to as "Special Guarantee Amount") shall be deemed to be the Guarantee Ceiling Amount for three (3) years from the Effective Date of this Act for the purposes of applying Article 10-2(1); provided, however, that this provision shall not apply if the Guarantee Ceiling Amount exceeds the Special Guarantee Amount due to an increase in net assets.

(2) The Commission may, if necessary, have any corporation which has exceeded its Special Guarantee Amount as provided for under Paragraph (1) above prepare and submit a yearly plan for resolving the problem of the excess guarantee ceiling amount through consultation with domestic financial institutions.

ADDENDUM(Dec. 22, 1994)

Article 1. Effective Date

This Act shall take effect on April 1, 1995.

Article 2. Investment Measures Regarding the Total Investment Amount

If a corporation belonging to a Business Group already designated as a Large Business Group as of the Effective Date of this Act or so designated within three (3) years from the Effective Date and which has been notified of its status as provided for under Article 14(1), at the time of such designation has already exceeded the Investment Ceiling Amount at the time of notification, the Total Investment Amount ("Special Ceiling Amount") shall be deemed to be the Investment Ceiling Amount for three (3) years from the Effective Date of this Act for the purposes of Article 10(1); provided, however, that if the Investment Ceiling Amount exceeds the Special Ceiling Amount due to an increase in net assets, this provision shall not apply, and if the period of time during which the Special Investment Amount is deemed to be the Investment Ceiling Amount is shorter than that provided for in Subparagraph (ii) of Article 14(3), the period shall be one (1) year.

Article 3. Example of the Application

The amended provisions of Article 10(2) shall apply only to those shares that are acquired or owned after the Effective Date of this Act.

ADDENDUM(Dec. 30, 1996)

Article 1. Effective Date

This Act shall take effect on April 1, 1997.

Article 2. Investment Measures Regarding the Total Investment Amount

In applying the revised provisions of Article 10 (Limitations on Total Amount of Capital Investment), if the book value of the shares acquired prior to the effective date of this Act is lower than its acquisition value, the book value shall be considered the acquisition value of said share.

Article 3. Interim Measures Regarding Debt Guarantees

With respect to a corporation which belongs to Large Business Groups Subject to Limitations on Debt Guarantees at the time of enforcement of this Act, if said corporation's total amount of debt guarantees granted to local affiliates at the time of enforcement of this Act is in excess of the ceiling amount under the revised provisions of Paragraph (1) of Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations), the total amount of debt guarantees shall be considered the ceiling amount of debt guarantees for said corporation until March 31, 1998; provided, however, that the foregoing shall not apply when the ceiling amount on debt guarantee exceeds the total amount of debt guarantee due to the increase in equity capital of said corporation.

Article 4. Interim Measures Regarding Penalty

Penalty regarding conduct prior to enforcement of this Act shall be given according to the previous provisions.