

**ENFORCEMENT DECREE OF
THE MONOPOLY REGULATION AND FAIR TRADE ACT**

Enacted by Presidential Decree No. 10267, April 1, 1981
Amended by Presidential Decree No. 11475, July 21, 1984
Amended by Presidential Decree No. 12120, April 1, 1987
Amended by Presidential Decree No. 12979, April 14, 1990
Amended by Presidential Decree No. 13842, February 20, 1993
Amended by Presidential Decree No. 14566, April 1, 1995
Amended by Presidential Decree No. 15328, March 31, 1997

CHAPTER 1

General Provisions

Article 1. Purpose

The purpose of this Decree is to elaborate on matters delegated to it by the Monopoly Regulation and Fair Trade Act (the "Act") and matters necessary for the implementation of the Act.

Article 2. Classification of Businesses, Etc.

(1) The classification of businesses under subparagraph 1 of Article 2 (Definition) of the Act shall be in accordance with the Korean Standard Industrial Classification published by the Administrator of the Office of Statistics pursuant to Paragraph (1) of Article 17 (Classification of Statistics Data) of the Statistics Act.

(2) "Other businesses specified in the Presidential Decree to this Act" provided in Subparagraph m of Article 2 (Definition) Paragraph (1) of the Act shall mean the briquet manufacturing business.

Article 3. Scope of Business Group

A company which is in fact controlled by a Person as defined in the Presidential Decree in Subparagraph 2 of Article 2 (Definition) shall mean company which falls under one of the following categories:

1. A Person, by himself or with any of the Enterprises specified in the following items (hereinafter referred to as "Related Person"), owns thirty percent (30%) or more of the total issued shares [including interests; excluding non-voting shares as provided in Article 370 (Non-voting Shares) of the Commercial Code; hereinafter the same] and is the largest shareholder:

a. A spouse, a blood relative who is in at least eight degrees of kinship, a relative by marriage who is at least a cousin in relationship (hereinafter referred to as "Relatives");

b. A non-profit juridical person or an organization (it means unincorporated association or foundation; hereinafter the same.) in which the Person, by himself or with any Related Person, becomes the largest shareholder of a company of which either the Person or the Related Person is the founder;

c. A non-profit juridical person or an organization in which the Person, directly or through the Related Person, exercises market-dominating influence on the composition of officers or the operation of business, etc;

d. A Corporation whose operation is in control of the Person per se, pursuant to the provisions in this Subparagraph 1 or those in Subparagraph 2;

e. The Person and managers (managers shall mean officers in the case of a juridical person, and commercial managers and employees under employment contracts in the case of an individual) falling into the relationship pursuant to Item b through Item d.

2. A corporation that falls under one of the following categories and which is deemed to have considerable influence on the management of said corporation.

a. A corporation in which the Person, through a contract or an agreement with another major shareholder, has appointed and dismissed the chief executive or has appointed or can appoint 50% or more of the officers.

b. A corporation in which the Person, directly or through the Related Person, exercises market-dominating influence on the major decision-makings and execution of matters, including organizational readjustment of said corporation and its investment in new businesses.

c. A corporation that engages in personnel exchanges with a corporation which is controlled by the Person (including the Person when the Person is a corporation that falls under one of the following categories):

- Interlocking directorate between the corporation controlled by the Person and said corporation;
- Officers and Employees of the corporation controlled by the Person are appointed as Officers and Employees of said corporation and re-appointed as Officers and Employees of the corporation controlled by the Person (including being re-appointed to a different corporation owned by the Person);
- Officers and Employees of said corporation are appointed as Officers and Employees of the corporation controlled by the Person and re-appointed as Officers and Employees of said corporation or an affiliate of said corporation.

d. A corporation which is engaging in trade in funds, assets, products, and services or granting or receiving debt guarantees with the Person or the Related Person in excess of ordinary scope; said corporation engages in acts of representation in sales that deems it an affiliate of the business group of the Person; corporations engaging

in other acts that are considered acts of the same economic entity by common social notion.

Article 3-2 Exemption from Business Group

(1) For a corporation whose business is not deemed to be under the Person that falls under one of the following categories, the Fair Trade Commission may, upon request from the interested party, exempt the corporation from the scope of business groups controlled by the Person, notwithstanding the provisions of Article 3 (Scope of Business Group):

1. Due to an agreement or a contract between the contributors, persons other than those falling under the following categories are deemed as being per se in charge of the management of a corporation:

a. Appointed by the Person;

b. A person in the relationship specified in Item a or Item e, Subparagraph 1 of Article 3 (Scope of Business Group) with respect to the Person.

2. A corporation meeting the following requirements (hereinafter referred to as "Criteria for Authorizing Independent Management"), is deemed as being independently managed by the Relatives of the Person.

a. The total sum of shares owned by each corporation that has asked to be exempt from the business group controlled by the Person (hereinafter referred to as "the Relatives-sided Affiliate") the Person and the Related Person [a person (hereinafter referred to as "Independent Manager") that independently manages the Relatives-sided Affiliate and a person to whom the Fair Trade Commission has granted exemption from the scope of the Related Person upon request from the Independent Manager shall be excluded] shall be less than three percent (3%) [less than ten percent (10%) for an unlisted corporation].

b. With respect to each corporation controlled by the Person (meaning all corporations within a business group controlled by the Person except the Relatives-sided Affiliate. Hereinafter referred to as "the Related Person-sided Affiliate"), the total sum of shares owned by an Independent Manager and those in the relations specified in one of the Items under Subparagraph 1 of Article 3 (Scope of Business Group) with respect to the Related Person (in the case of the Related Person, restricted to those exempt from the scope in accordance with the provisions in Item a) shall be less than three percent (3%) of the total issued shares of each corporation [less than fifteen percent (15%) for an unlisted corporation].

c. There shall be no interlocking directorate between the Related Person-sided Affiliate and the Relatives-sided Affiliate.

d. Between the Related Person-sided Affiliate and the Relatives-sided Affiliate, there shall be no debt guarantees or financial loans; provided, however, that debt guarantees and financial loans arising in the ordinary process of transaction shall be excluded.

e. Within the total amount of transaction in sales or purchase of each Related Person-sided Affiliate in the most recent one year, the share of the total amount of transaction in sales or purchase with the Relatives-sided Affiliate shall be less than fifty percent (50%) respectively. The same shall apply to the share of the total amount

of transaction in sales or purchase of each Related Person-sided Affiliate within the total amount of transaction in sales or purchase of each Relatives-sided Affiliate.

(2) Notwithstanding the provisions of Article 3 (Scope of Business Group), upon request from the interested party, the Fair Trade Commission may, as a corporation working in conjunction with national or regional autonomous bodies, exempt corporations from the scope of business groups controlled by the Person if the corporations meet the following requirements and are deemed not to pose a threat of economic concentration.

1. The state or the regional autonomous body shall own twenty percent (20%) or more of the total issued shares.
2. There shall be no cross-capital investment with other corporations.
3. The total amount of capital investment in another corporation shall be twenty-five percent (25%) or less of the net assets of the corporation.
4. There shall be no debt guarantees granted to another firm.

(3) If a corporation that has been exempt from the scope of business groups controlled by the Person pursuant to the provisions in Paragraphs (1) or (2) does not meet the requirements anymore, the Commission may, upon its direct authority or upon request from an interested party, cancel the decision to grant exemption; provided, however, that for corporations exempt from the scope of business groups controlled by the Person pursuant to the provisions in Paragraph (1) 2, the foregoing shall only apply if the corporation fails to meet the requirement within three (3) years from the date of exemption.

(4) Should an interested party request exemption from business groups controlled by the Person pursuant to Paragraph (1) 2, the party shall submit to the Fair Trade Commission an audit report prepared by an auditor appointed by the Securities and Exchange Commission (hereinafter referred to as "the Securities and Exchange Commission") prescribed in Article 118 (Establishment of the Securities and Exchange Commission) of the Security Transactions Act in accordance with the provisions of Article 4-3 (Appointment of an Auditor by the Securities and Exchange Commission, etc.) of the External Audit of Joint-Stock Corporations Act.

Article 4. Criteria, etc. for a Market-dominant Enterprise

(1) Any Enterprise which meets the conditions set forth in the Presidential Decree in the main provisions of Subparagraph 7 of Article 2 (Definition) of the Act shall mean an Enterprise which supplies its goods or services in a market where the goods or services which are the same as or similar to the goods or services (hereinafter "Goods and Services") the gross domestic supply amount of which during the most recent one-year period is one hundred (100) billion Won or more; provided, however, that the foregoing shall not apply to Enterprises which meet the requirements set forth in the following subparagraph and which the Fair Trade Commission deems do not pose a danger of engaging in abusive acts specified in Article 3-2 (Prohibition of Abuse of Market-dominant Position):

1. Supply products and services in a market which is sufficiently open with no entry barrier.

2. There should be no history of an actual price increase for two years immediately preceding the date of designation and notification of a Market-dominant Enterprise (hereinafter referred to as "Date of Designation and Notification" in this article) pursuant to the provisions of Article 7 (Designation and Notification of Market-dominant Enterprises).

3. During the two years immediately preceding the Date of Designation and Notification, there should be no history of receiving corrective orders for violations of the provisions of Article 3-2 (Prohibition of Abuse of Market-dominant Position), Article 19 (Restrictions on Improper Concerted Acts), or Article 23 (Prohibition of Unfair Business Practices) Paragraph (1) 4 of the Act.

(2) Market share in Subparagraph 7 of Article 2 (Definition) of the Act shall mean the share of the amount of products or services sold domestically by an Enterprise out of the amount of products and services supplied in the domestic market.

(3) In applying Subparagraph 7 of Article 2 (Definition) of the Act, said Enterprise and its affiliates shall be considered the same Enterprise.

CHAPTER 2

Prohibition of the Abuse of Market-Dominant Positions

Article 5. Standards for Determining Unreasonable Pricing

(1) Unreasonably fixing, maintaining, or altering the Price as provided for in Article 3-2 (Prohibition on Abuse of Market-Dominating Position) Paragraph (1) of the Act shall mean either of the following:

1. The price of a Good or Service rises significantly or drops insignificantly for a considerable time without justifiable reason relative to the supply and demand of or changes in the cost of supplying that Good or Service; or

2. Sales expenses and general overhead expenses are excessive relative to those normally incurred in the business to which a Market-dominant Enterprise belongs or a business similar thereto.

(2) The Fair Trade Commission may require a Market-dominant Enterprise which it has reasonable grounds to believe has unreasonably fixed, maintained, or altered the Price of a Good or Service to submit the following materials:

1. Profit and loss statements and balance sheets for the past two (2) years;

2. Cost analysis data for determining the Price;

3. Trends in import prices of raw materials and the Goods;

4. Trends in production, delivery, prices, and trade conditions;

5. Standards for and content of allocation of overhead costs prepared according to generally accepted accounting principles.

Article 6. Request for Price Investigation

The Fair Trade Commission may, if it has reasonable grounds to believe that a Market-dominant Enterprise has unreasonably fixed, maintained, or altered the price of a Good or Service, request the heads of the pertinent administrative agencies or public agencies responsible for investigating commodity prices to investigate the Price of the Good or Service in question.

Article 7. Designation and Notification of Market-dominant Enterprises

(1) The Fair Trade Commission shall, in accordance with Article 4 (Designation and Notification of Market-dominant Enterprises) of the Act, designate and issue a notification listing Market-dominant Enterprises every year before the beginning of the following year.

(2) The Fair Trade Commission may, following the designation and notification of the Market-dominant Enterprises pursuant to Paragraph (1), upon its own authority or upon request by the Enterprise, further designate and issue notifications of additional Enterprises that meet the criteria for Market-dominant Enterprise or de-list the designated Enterprises that no longer meet such criteria and issue notification thereof.

Article 8. Consultation on Public Announcement of Violations of the Act

The Fair Trade Commission may, in ordering an Enterprise to publicly announce the violation of the Act pursuant to Article 5 (Corrective Measures) of the Act, require the offending Enterprise to consult in advance with the Fair Trade Commission regarding the content of the public announcement.

Article 9. Method for Computing Surcharge

(1) Revenue set forth in the Presidential Decree in the main provisions of Article 6 (Surcharge), Article 22 (Surcharge), Article 28 (Surcharge) Paragraph (2), Article 31-2 (Surcharge), and Article 34-2 (Surcharge) of the Act shall mean the average revenue (hereinafter referred to as Revenue for Imposing Surcharge) during the most recent three business years of the Enterprise; provided, however, that if the Enterprise has been in business for less than three (3) years as of the first day of the current business year, it shall be the revenue between the first day of business and the last day of the immediately preceding business year converted to the average revenue; provided further that if the Enterprise began business in current business year, it shall be the revenue between the first day of business and the date of violation converted to the annual revenue.

(2) Other matters necessary for computing the Revenue for Imposing Surcharge shall be determined by the Fair Trade Commission.

Article 9-2 Scope of Enterprise which uses the Sales Revenue

Enterprise stipulated by the Presidential Decree in the main provisions of Article 6 (Surcharge) of the Act shall mean an Enterprise which records the total amount of cost for products and services as sales revenues in the financial statement.

Article 10. In the Absence of a Revenue, Etc.

If a revenue does not exist, or if there is difficulty in computing the revenue in Enterprises specified in the Presidential Decree, in the Proviso of Article 6 (Definition) of the Act, shall mean any one of the following categories:

1. There is no business record because Enterprises do not commence or suspend business.
2. The Enterprise refuses to submit data for calculating revenue or submits false documents.
3. Other matters make it difficult to compute revenue.

CHAPTER 3

Restrictions on Business Combinations and Constraints on the Concentration of Economic Power

Article 11. Scope of Specially Related Person

Specially Related Persons provided for by the Presidential Decree in Article 7 (Restrictions on Business Combinations) Paragraph (1) shall mean corporations or persons other than corporations with which it has relations pertaining to one of the following categories:

1. A person in control per se of said corporation.
2. The Related Person; provided, however, that those exempt from the scope of the Related Person, pursuant to Article 3-2 (Exemption from Business Group) Paragraph (1) shall be excluded.
3. A person who participates in the business combination for the common purpose of controlling the management of the business.

Article 12. Criteria for Total Asset or Revenue

(1) Total asset in Subparagraph 2 of Article 7 (Restriction on Business Combinations) Paragraph (4) and in Paragraph (1) of Article 12 (Filing of Report on Business Combinations) shall mean the total assets recorded in the balance sheet as of the last day (the date of the establishment of the corporation for a corporation that was established in the current business year. Hereinafter, the same shall apply) of the business year immediately preceding the business year in which the business combination occurs; provided, however, that for corporation engaging in financial businesses or insurance businesses, the greater of the the total assets recorded in the balance sheet as of the last day of the immediately preceding business year will be used.

(2) In Paragraph (1), if there has been an increase in the total assets due to the issuance of new shares or bonds or due to a merger, the total asset shall be a sum of the total assets recorded in the balance sheet as of the last day of the immediately preceding business year plus the increased amount.

(3) Revenue under Subparagraph 2 of Article 7 (Restriction on Business Combinations) Paragraph (4) and Article 12 (Filing of Report on Business Combinations) Paragraph (1) of the Act shall mean the revenue recorded in the balance sheet of the year immediately preceding the year in which the business merger occurs; provided, however, that it shall mean the sales revenue recorded in the balance sheet of the immediately preceding business year for financial businesses or insurance businesses.

Article 12-2 Criteria for Large Scale Corporations

A corporation whose total amount of assets or revenue is equal to the amount provided for in the Presidential Decree in Subparagraph 2 of Article 7 (Restriction on Business Combinations) Paragraph (4) of the Act shall mean corporations whose total amount of assets or revenue are equal to or more than 2 trillion Won.

Article 13. Criteria for Business Combinations for Industry Rationalization

Business Combinations for industry rationalization as provided for in the proviso to Article 7 (Restriction on Business Combinations) Paragraph (1) of the Act shall be permitted only when the conditions set forth in any one of the following subparagraphs are met:

1. When restructuring the industrial organization is critical for enhancing the efficiency of industrial activities and the rationalization of management;
2. Where investment in facilities and operations requires substantial funds, and procurement of such funds is impossible through normal means; or
3. Where a Business Combination is necessary for the public interest.

Article 14. Criteria for Business Combinations to Strengthen International Competitiveness

Business Combinations for strengthening international competitiveness as provided for in the proviso to Article 7 (Restriction on Business Combinations) Paragraph (1) of the Act shall be permitted only when the criteria set forth in any one of the following subparagraphs is met:

1. Where international competitiveness can be significantly improved in terms of price and quality by means of accelerating technological development, attaining optimal scales for management, and the like; or
2. Where a substantial contribution can be made to the increase of exports by accelerating business activities in overseas markets, such as collecting information, marketing, and sales.

Article 15. Scope of a Holding Company

A holding company as referred to in Article 8 (Prohibition on the Establishment of Holding Companies) of the Act shall mean a corporation which holds shares in other companies for the purpose of controlling the business of such companies, the total book value of which on its balance sheet accounts for fifty percent (50%) or more of the total assets of said corporation; provided, however, that the foregoing shall not apply to a corporation which the Fair Trade Commission has determined based on the scale, purpose and ratio of capital investment, etc. as not being a corporation whose primary business is to control the business of other companies.

Article 16. Approval for Establishing a Holding Company to Engage in a Foreign-Invested Business, etc.

(1) A person desiring to obtain approval to establish a holding company or to convert an existing corporation into a holding company pursuant to Subparagraph 2 of Article 8 (Prohibition on the Establishment of Holding Companies) Paragraph (2) of the Act shall submit to the Fair Trade Commission an application setting forth the information in the following subparagraphs before subscribing to shares in the new corporation or converting an existing corporation into a holding company; provided, however, that this provision shall not apply where a report on Business Combinations as referred to in Article 12 (Filing of Report on Business Combinations) of the Act has already been filed:

1. The nature of the foreign-invested business to be operated;
2. Name of the person planning to subscribe to the shares (in the case of conversion into a holding company, the name of the said corporation and its shareholders);
3. Subscription amounts and subscription ratio (in the case of conversion into a holding company, the shareholding ratios of the shareholders of the said corporation);
4. The nature of business in which the subscribers of the shares are engaged (in the case of conversion into a holding company, the nature of business the corporation is to be converted into);

5. The reasons for establishing the holding company (in the case of conversion into a holding company, the reasons for such conversion).

(2) If there are changes in the content of the application described in Paragraph (1), a person who has received approval for establishing or converting into a holding company shall report such changes to the Fair Trade Commission within thirty (30) days from the date of occurrence of the reason for such change.

Article 17. Scope of a Large Business Group and Large Business Groups Subject to Limitations on Debt Guarantees

(1) A Large Business Group, as referred to in Paragraph (1) of Article 9 (Prohibition on Cross-Capital Investment) of the Act, shall be defined as a Business Group of which the sum of the total assets of its local member companies (in the case of a corporation engaged in the finance or insurance business, the greater of the total amount of assets or capital, and in the case of a newly-established corporation that has no balance sheet for the immediately preceding business year, the paid-in capital as of the designated date) on the balance sheet of the immediately preceding business year before it was designated as a Large Business Group places it within the top thirty, but excluding those business groups which have a sound ownership deconcentration and financial structure (hereinafter referred to as "Sound Ownership Deconcentration Business Group"); provided further that any Business Group falling under any one of the following subparagraphs shall be excluded:

1. A Business Group that engages only in the finance or insurance business;

2. A Business Group with respect to which a corporation engaging in a finance or insurance business is the person set forth in Article 2 (Definition) Subparagraph 2 of the Act.

3. A Business Group with respect to which a government-invested Enterprise as defined in Article 2 (Scope of Application) of the Government-Invested Enterprise Management Act is the Person set forth in Article 2 (Definition) Subparagraph 2 of the Act.

4. A Business Group with respect to which a public juridical person referred to in Paragraph (2) of Article 199 (Restrictions on Inducement of Casting the Voting Right by Proxy) of the Securities Exchange Act is the person set forth in Article 2 (Definition) Subparagraph 2 of the Act.

5. A Business Group, a member corporation of which has filed an application at the court for undergoing corporate reorganization under the Corporate Reorganization Act and which the Fair Trade Commission accepts need not be designated as a Large Business Group.

(2) The Sound Ownership Deconcentration Business Group defined in Paragraph (1) shall mean a Business Group which meets each of the following conditions:

1. A Person and persons who have relationship with the Person as specified in Article 3 (Scope of Business Group) Subparagraphs 1 to 3, or 5, shall hold stocks which amount to less than five percent (5%) of the total amount of the paid-in-capital of the companies belonging to the said Business Group; provided, however, that if the Person is a corporation, the shares held by the Person shall be excluded.

1-2 A Person and the Related Person shall hold stocks which amount to less than twenty-five percent (25%) of the paid-in-capital of the companies belonging to said Business Group.

2. The aggregate amount of the equity capital of the companies belonging to said Business Group is twenty percent (20%) or more of the total aggregate assets thereof.

3. The aggregate amount of capital of the listed companies belonging to said Business Group is sixty percent (60%) or more of the aggregate amount of the capital of the companies belonging to said Business Group.

(3) A Business Group which wishes to be certified as a Sound Ownership Deconcentration Business Group shall, under conditions set by the Fair Trade Commission, submit an application to the Fair Trade Commission which contains the status of equity distribution and the financial structure of its companies together with all documents (in which an auditing result by Certified Public Accountant or accounting corporation should be prescribed pursuant to the Certified Public Accountant Act) showing financial statements including all affiliated companies as well as the financial status and transaction particulars.

(4) Large Business Groups subject to Limitations on Debt Guarantees provided in Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations) Paragraph (1) shall be defined as Large Business Groups as set forth in Paragraph (1) above.

Article 17-2 Criteria for Investment for the Enhancement of International Competitiveness

Investment to maintain a relationship of technical cooperation with small-and-medium-sized Enterprises engaged in producing parts or which is necessary to strengthen the international competitiveness of industries designated by the Presidential Decree provided in Subparagraph 5 of Article 10 (Limitations on Total Amount of Capital Investment) Paragraph (1) of the Act shall refer to a case which falls under one of the following subparagraphs:

1. The acquisition or ownership of shares of a maximum twenty percent (20%) of the total number of issued and outstanding shares of a small-and-medium-sized Enterprise which produces and supplies raw materials or parts for the purpose of maintaining technical advice or a cooperative relationship or for the purpose of transferring a part of the business to a small-and-medium-sized Enterprise, and not to an affiliate, as a means of implementing industrial restructuring.

2. The acquisition or ownership of shares of a corporation established for joint development or introduction of a technology, which is essential to strengthening the competitiveness of domestic industry but cannot be developed solely domestically and needs to be introduced from foreign countries, by a corporation which engages in businesses related to those of the aforementioned corporation; provided, however, that these cases shall be subject to the request of the relevant ministry.

3. < Deleted >

Article 17-3 Application for Authorization Related Investment for Social Overhead Capital

A corporation belonging to a Large Business Group which desires to obtain authorization for acquiring or owning shares exempted from the limitations on the total amount of capital investment as set forth in Article 10 (Limitations on Total Amount of Capital Investment) Paragraph (2) of the Act may submit to the Fair Trade Commission an application, including details of the capital investment, together with documents necessary to substantiate the application.

Article 17-4 Criteria for and Certification of a Sound Ownership Deconcentration Corporation

(1) A corporation which meets the requirements for ownership deconcentration and financial structure as provided for in the Presidential Decree in Article 10 (Limitation on Total Amount of Capital Investment) Paragraph (3) shall mean a listed company (hereinafter referred to as a "Sound Ownership Deconcentration Corporation") which meets all the criteria in the following subparagraphs:

1. A Person and persons who have a relationship with the Person as specified in Article 3 (Scope of Business Group) Subparagraphs 1 to 3, or 5 hold stocks which amount to less than five percent (5%) of the total amount of the paid-in capital of the corporation; provided, however, that if the Person is a corporation, the stocks owned by the Person shall be excluded.
2. A Person and the Related Person owns stocks which amount to less than twenty percent (20%) of the total issued stocks of the corporation.
3. Equity capital shall be no less than twenty-five percent (25%) of total assets.

(2) A person who wishes to be certified as a Sound Ownership Deconcentration Corporation shall, under conditions set forth by the Fair Trade Commission, submit an application to the Fair Trade Commission which contains the status of equity distribution and the financial structure of its companies together with an audit report prepared by an auditor appointed by the Securities and Exchange Commission pursuant to the provisions in Article 4-2 (Designation of Auditor by the Securities and Exchange Commission, etc.) of the External Audit of Joint-Stock Corporations Act.

Article 17-5 Conditions for Exemption from the Limitations on Debt Guarantees

(1) Guarantees extended with respect to the debts of companies undertaken as provided in Subparagraph 1 of Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations) Paragraph (1) of the Act shall mean any one of the following subparagraphs:

1. Guarantees by an underwriting corporation or its Affiliated Corporation of the existing debt or that to be assumed at the time of being taken over of a corporation taken over by share transfer or merger;

2. Guarantees of the debt of a corporation undertaken in installments by an Affiliated Corporation of the undertaking corporation.

(2) 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 provided in Subparagraph 3 of Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations) Paragraph (1) of the Act shall mean any one of the following subparagraphs:

1. Guarantees for loans extended by the Export-Import Bank of Korea for the purpose of financing funds required for the production of capital goods and other products for the inducement of technology under the provision of Subparagraphs 1 and 2 of Article 18 (Duties) Paragraph (1) of the Export-Import Bank of Korea Act, or loans extended by any other domestic financing institutions in conjunction therewith;

2. Guarantees with respect to bid bonds, performance bonds, advance payment refund bonds, reserve refund bonds, warranty bonds or tax payment bonds issued by a domestic financial institution in connection with the performance of overseas construction and plant construction, building of ships for export, export of services, or any export of goods acknowledged by the Fair Trade Commission;

3. Guarantees with respect to funds credited by a domestic financial institution for a technology development project including the commercialization of new proprietary technology or technology induced from a foreign country or the purchase of facilities, equipment or materials necessary for the development of technology;

4. Guarantees with respect to the purchase of bills by domestic financial institutions issued for exports on the condition of documents against payment or documents against acceptance or with respect to the opening of local letters of credit;

5. Guarantees extended by overseas branches of domestic financial institutions in relation to one of the following businesses:

a. Direct overseas investments pursuant to the provisions of the Foreign Exchange Control Act.;

b. Overseas construction and service projects executed by overseas construction and service businesses;

c. Other businesses approved by the Fair Trade Commission as overseas business; and

6. Guarantees directly relating to a third party's acquisition of a corporation that has filed an application at the court for undergoing corporate reorganization under the Corporation Reorganization Act.

Article 17-6 Scope of Domestic Financial Institutions

Any other financial institutions as designated in the Presidential Decree provided in Subparagraph 6 of Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations) Paragraph (2) of the Act shall mean a facilities leasing corporation under the Facilities Lease Act.

Article 18. Reporting, etc. of Business Combinations

(1) Corporations whose total amount of assets or revenue (referring to the sum of the total amount of assets or revenue of affiliates) meet the standard provided for in the Presidential Decree referred to in Article 12 (Filing of Report on Business Combinations) Paragraph (1) shall mean corporations with total assets or sales revenue exceeding 100 billion Won.

(2) A person who wishes to file a report pursuant to Article 12 (Filing of Report on Business Combinations) Paragraph (1) shall, according to the conditions set forth by the Fair Trade Commission, submit to the Fair Trade Commission a report stating the names of the person subject to the reporting and its counterpart corporation, the revenue, the total asset, the content of business and the nature of said business combination as well as the status of the relevant market, together with all documents necessary to substantiate the report.

(3) If the report or the documents necessary to substantiate the report submitted pursuant to the provisions of Paragraph (2) are insufficient, the Fair Trade Commission may designate a certain period of time in which the documents may be completed. The time (including the day on which the order for completion is mailed and the day on which the Fair Trade Commission receives the documents) required in completing the documents shall not be included in the period specified in Article 12 (Filing of Report on Business Combinations) Paragraphs (5) and (7) of the Act.

(4) A corporation owns more than twenty percent (20%) (more than fifteen percent (15%) for stock-listed corporations) of the total number of shares issued by another corporation in Subparagraph 1 of Article 12 (Filing of Report on Business Combinations) Paragraph (1) of the Act shall mean increasing ownership from less than twenty percent (20%) to more than twenty percent (20%) [for stock-listed corporations, fifteen percent (15%)]. Hereinafter the same shall apply in this paragraph)].

(5) The date of execution of a Business Combination in the main provisions of Article 12 (Filing of Report on Business Combinations) Paragraph (4) shall mean the following dates:

1. When acquiring the shares of another corporation, the date shall be those falling under one of the following categories:

a. When transferring the stocks of a joint-stock corporation, the date on which the share certificate is delivered; provided, however, that if the share certificate has not been issued, it shall be the date on which the share purchase price is paid.

b. When paying for the acquisition of the newly-issued shares of a joint-stock corporation, it shall be the date immediately following the day on which the share purchase price is paid.

c. When transferring the shares of a corporation other than a joint-stock corporation, it shall be the date on which the effect of equity transfer is taken place.

2. When there is interlocking directorate, it shall be the date on which officers are elected at shareholders meetings or general meetings of members.

3. When transferring business, the date on which the final payments for the business transfer are made; provided, however, that if the final payment is made after the lapse of ninety (90) days, it shall be the date on which ninety (90) days lapses.

4. When merging with another corporation, it shall be the date on which the business combination is registered.

5. When participating in the establishment of a new corporation, it shall be the day immediately following the date on which the the payment for the acquisition of the allocated shares is made.

(6) A large corporation or a Market-dominant Enterprise which has filed a report pursuant to the proviso in Article 12 (Filing of Report on Business Combinations) Paragraph (4) of the Act shall report any significant changes in the content of the report after the report was filed by the date of registration of a merger, the date of business transfer, or the date of establishment of a corporation.

(7) When a large corporation or a Market-dominant Enterprise, which has filed a report pursuant to the Proviso in Article 12 (Filing of Report on Business Combinations) Paragraph (4) of the Act, engages in a business combination registration, a business transfer, or the establishment of a corporation, it shall notify said fact to the Fair Trade Commission.

Article 19. Designation of the Representative for the Reporting of Business Combinations, etc.

(1) Any person who wishes to be designated as a representative pursuant to the provisions of Article 12 (Filing of Report on Business Combination) Paragraph (8) of the Act shall submit to the Fair Trade Commission an application form stating the name of the corporation, total assets, etc.

(2) If the Fair Trade Commission has designated a representative pursuant to Paragraph (1), it shall notify said representative of such fact.

Article 20. Report on Status of Stock Ownership, etc.

(1) Any person intending to file a report under Article 13 (Report on Status of Share Ownership) Paragraph (1) of the Act shall submit a report setting forth the following information to the Fair Trade Commission by the end of April every year; provided, however, that for a corporation belonging to a Business Group newly-designated as a Large Business Group, the report shall be submitted within thirty (30) days from the date of notice under Article 21 (Designation of Large Business Groups) Paragraph (2):

1. Outline of the corporation including the name, the amount of capital, and the total amount of assets thereof;

2. The number of shares owned by an Affiliated Corporation or persons with a special relationship with said corporation; and

3. Net assets, Investment Ceiling Amount, and Total Investment Amount of said corporation.

(2) The following documents shall be attached to the report under Paragraph (1):

1. Detailed statement of shares owned by the corporation;

2. Table on the current status of cross-capital investment with the Affiliated Corporation; and

3. Business report, balance sheet, profit-loss statement of said corporation of the immediately preceding business year and the audit opinion of a certified public accountant.

(3) If there are any changes regarding any of the following subparagraphs in a member corporation of a Large Business Group, a report containing detailed information concerning the change shall be submitted to the Fair Trade Commission within thirty (30) days of the date of the change pursuant to Article 13 (Report on Status of Share Ownership) Paragraph(1) of the Act; provided, however, in the case referred to in Subparagraph 3, only a corporation designated as a representative with respect to the report of the Business Combination pursuant to Article 19 (Designation of the Representative for the Reporting of Business Combinations, etc.) shall submit the report and provided further that a report of Business Combination that has been filed pursuant to Article 12 (Filing of Report on Business Combinations) will not be subject to this provision.

1. After one has been recognized as acquiring or owning shares in a corporation which is established for the purpose of engaging in a First Category Installation Business pursuant to Article 2 (Definition) Paragraph (2) of the Private Capital Inducement for Social Overhead Capital Act, and certain changes take place in the status of such ownership.

2. After being designated as a Sound Ownership Deconcentration Corporation, certain substantial changes take place in the requirements pursuant to Article 17-4 (Criteria for and Certification of a Sound Ownership Deconcentration Corporation) Paragraph (1) due to the acquisition of shares or a capital increase.

3. A change shall occur to the companies belonging to a Large Business Group with respect to the scope of the Business Group in light of Article 3 (Scope of Business Group) via the establishment of a new corporation or an acquisition of shares.

Article 20-2 Report of Status of Debt Guarantee

(1) Any person intending to file a report under Article 13 (Report on Status of Share Ownership) Paragraph (2) of the Act shall submit a report setting forth the following information to the Commission by the end of April every year; provided, however, that corporations which belong to a business group that has been newly designated as a Large Business Group shall submit the report, for the year in which it was designated, within thirty (30) days after notification pursuant to the provisions of Article 21 (Designation of Large Business Groups) Paragraph (2) has been made.

1. Outline of the corporation including the name, the amount of capital, and the total amount of assets of said corporation;

2. Amount of shareholder's equity, Guarantee Ceiling Amount, Total Guarantee Amount, and the total amount of debt guarantees extended for said corporation.

(2) The following documents shall be attached to the report under Paragraph (1):

1. Detailed statement of the debt guarantee for an Affiliated Corporation extended by said corporation; and

2 Detailed statement of debt guarantee for said corporation extended by the Affiliate Corporation.

(3) A domestic financial institution under Article 10-2 (Limitations on Debt Guarantees for Affiliated Corporations) Paragraph (2) of the Act shall comply with the form provided by the Fair Trade Commission when it confirms that the report in Paragraph (1) (the attached document thereof in Paragraph (1) is included) is true and correct.

Article 21. Designation of Large Business Groups

(1) Once each year, the Fair Trade Commission shall designate Business Groups which meet the criteria set forth in Article 17 (Scope of a Large Business Group and Large Business Groups Subject to Limitations on Debt Guarantees) for Large Business Groups pursuant to Article 14 (Designation of Large Business Group, etc.) Paragraph (1) of the Act, or exclude from such designation Large Business Groups which no longer meet said criteria.

(2) If the Fair Trade Commission newly designates a Large Business Group or excludes one from designation pursuant to Paragraph (1), it shall notify the member companies of said Large Business Group and the Person who in fact controls the business of the member companies, as described in Article 2 (Definition) Paragraph (2) of the Act, of such fact in writing. This provision shall apply in cases in which any change occurs with respect to a member corporation of the Large Business Group.

(3) If any change occurs with respect to a member corporation of a Large Business Group after the designation and notice pursuant to Paragraphs (1) and (2), the Fair Trade Commission shall notify the member corporation and the Person of the changes, in writing, once each month.

(4) If a person who has received a request pursuant to Article 14 (Designation of Large Business Groups, Etc.) Paragraph (4) of the Act, refuses to submit documents without any legitimate reasons or avoids being designated and notified as a corporation belonging to a Large Business Group by submitting false documents, he/she shall be regarded as a corporation designated and notified as a corporation belonging to a Large Business Group according to the respective dates in the following categories:

1. If a corporation that should have been designated as a corporation belonging to a Large Business Group on the date the Large Business Group was designated was not so designated, said corporation shall be designated as such on the date of the designation and notification of the Large Business Group.

2. If a corporation should have been designated as a corporation belonging to a Large Business Group after the date of the designation of the Large Business Group, but was not so designated, said corporation shall be designated as such on the first day of the month following the month in which the reason to be designated as such was made.

(5) The provisions of Paragraphs (1) through (4) shall apply *mutatis-mutandis* with respect to the designation and issuance of notification of Large Business Groups subject to the Limitation on Debt Guarantees pursuant to the provision of Article 14 (Designation of Large Business Groups, Etc.) Paragraph (1) of the Act. In this case a Large Business Group shall be regarded as a Large Business Group subject to the Limitation on Debt Guarantees.

Article 21-2 Scope of Relevant Agencies

Agencies designated by the Presidential Decree in Article 14-3 (Request for Certification of Documents to Relevant Agencies) Subparagraph (4) of the Act shall mean the agencies which act for the business to effect entry of a change of holders pursuant to the Security Transactions Act and the credit concentration institutions pursuant to Subparagraph 5 of Article 2 (Definition) of the Use and Protection of Credit Information Act.

Article 21-3 Types of and Criteria for Evasion

(1) Evasions prohibited under Article 15 (Prohibition of Evasion) Paragraph (1) of the Act shall mean acts falling under the following categories:

1. A large-scale corporation pursuant to the provisions of Subparagraph 2 of Article 7 (Restrictions on Business Combinations) Paragraph (4) of the Act engages in acts falling under the following categories by means other than business combinations such as using internal groups, etc. and substantially restrains competition in a certain area of trade.

a. An act as a result of which the market share of said corporation falls under one of the following categories:

- The market share of said corporation meets the qualifications of a Market-dominant Enterprise.
- The market share of said corporation is the largest in the relevant area of trade.
- The difference between the market share of said corporation and that of the corporation with the second-largest market share is more than twenty-five percent (25%) of the market share of said corporation.

b. An act as a result of which said corporation acquires a market share of five percent (5%) or more in an area of trade where small-and-medium-sized Enterprises hold two-thirds (2/3) or more of market share pursuant to the Framework Act on Small-and-Medium enterprises.

c. An act of participating in the production of products and services which are in high demand.

2. An act by a non-profit organization or an organization whose main purpose is to control the business of a domestic corporation through the acquisition of shares.

3. Other acts, similar to those specified in Subparagraphs 1 or 2, determined and notified by the Commission.

(2) If detailed criteria shall be necessary for application of the provisions of Paragraph (1) 1, the Fair Trade Commission shall determine and make notification thereof, prior to which the Fair Trade Commission shall hear the opinion of the personnel in a relevant administrative agency.

Article 22. Application of Provisions Concerning the Public Announcement of Violations of the Act

The provisions of Article 8 shall apply *mutatis-mutandis* to the public notification of violations of the Act pursuant to Article 16 (Corrective Measures) Paragraph (1) of the Act. In this case, Article 5 (Corrective Measures) of the Act shall be regarded as Article 16 (Corrective Measures) Paragraph (1) of the Act.

Article 23. < Deleted >

Article 23-2 Standards for Designation of Shares without Voting Rights

When the Fair Trade Commission intends to designate shares with respect to which the exercise of voting rights is prohibited pursuant to Article 18 (Enforcing Compliance with Corrective Measures) Paragraph (4) of the Act, it shall designate the shares in the order of priority set forth in the subparagraphs below in the total amount equivalent to that to be disposed of.

1. Shares newly acquired in violation of Article 10 (Limitation on Total Amount of Capital Investment) Paragraph (1) of the Act;

2. Shares acquired at the latest date prior to the date of violation of the Act; and

3. Shares in its Affiliated Corporations.

CHAPTER 4

Restrictions on Unfair Business Practices

Article 24. Criteria for Authorization of Concerted Acts

The criteria set force in the Presidential Decree in Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) of the Act shall mean criteria specified in the

provisions of Article 24-2 (Criteria for Concerted Acts for Rationalization of Industry) to Article 28 (Criteria for Concerted Acts for Strengthening the Competitiveness of Small-and-Medium-Sized Enterprises).

Article 24-2 Criteria for Concerted Acts for Rationalization of Industry

The authorization for Concerted Acts for the purpose of rationalizing industry in accordance with the proviso in Subparagraph 1 of Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) of the Act may be granted only when such Concerted Acts meet the criteria set forth in the following subparagraphs:

1. The effects of such Concerted Acts on technology enhancement, quality improvement, cost reduction, and efficiency increase is conspicuous;
2. The rationalization of an industry by other means than such Concerted Acts is difficult;
3. The benefits of industrial rationalization are greater than the effect of prohibiting the restraint on competition.

Article 24-3 Criteria for Concerted Acts for Research and Technology Development

The authorization for Concerted Acts for the purpose of promoting research and technology development in accordance with the proviso in Subparagraph 2 of Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) of the Act may be granted only when such Concerted Acts meet the criteria set forth in the following subparagraphs:

1. Such research and technology development is a requisite for reinforcing competitiveness and the resulting economic impact is substantial;
2. The amount of investment required for research and technology development is too large for one business Enterprise to bear alone;
3. Collaboration is necessary to limit the risk of uncertainty of the results of the research and technology development; and
4. The benefits from research and technology development are greater than the effect of prohibiting the restraints on competition.

Article 25. Criteria for Concerted Acts for Overcoming Economic Depression

The authorization for Concerted Acts for the purpose of overcoming economic depression in accordance with the proviso in Subparagraph 3 of Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) of the Act may be granted only when such Concerted Acts meet the criteria set forth in the following subparagraphs:

1. The demand for particular goods or services has been continuously decreasing for a considerable period of time, there has been continuous oversupply and it is evident that such situation will continue;
2. The price of such goods or services in the market has been lower than the average production cost for a considerable length of time;
3. There is a threat that a considerable number of companies in that Given Area of Trade will have difficulty continuing their business acts;
4. The situation referred to in Subparagraphs 1 through 3 cannot be overcome through rationalization of Enterprises.

Article 26. Criteria for Concerted Acts for Industrial Restructuring

The authorization for Concerted Acts for the purpose of promoting industrial restructuring in accordance with the proviso in Subparagraph 4 of Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) of the Act may be granted only when such Concerted Acts meet the criteria set forth in the following subparagraphs:

1. There is conspicuous excess supply capacity in a particular industry due to a change in the domestic or overseas economic environment, or the productivity or international competitiveness has substantially decreased due to the underdevelopment of production facilities and methods.
2. The situation referred to in Paragraph (1) cannot be overcome through rationalization of Enterprises;
3. The benefits of industrial restructuring are greater than the effects of prohibiting the restraints on competition.

Article 27. Criteria for Concerted Acts for Rationalization of Trade Terms

The authorization for Concerted acts for the purpose of rationalizing trade terms in accordance with the proviso in Subparagraph 5 of Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) of the Act may be granted only when such Concerted Acts meet the conditions set forth in the following subparagraphs:

1. The Concerted Acts, by rationalizing the terms of trade, contribute significantly to an increase in productivity, transactions, and consumer welfare;
2. The terms of rationalization the trade terms are feasible technically and economically for most Enterprises in the Given Area of Trade in question;
3. The benefits of rationalizing the trade terms are greater than the effect of prohibiting the restraints on competition.

Article 28. Criteria for Concerted Acts for Strengthening the Competitiveness of Small-and-Medium-Sized Enterprises

The authorization for Concerted Acts for the purpose of strengthening the competitiveness of small-and-medium-sized Enterprises in accordance with the proviso in Subparagraph 6 of Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) of the Act can be granted only when such Concerted Acts meet the conditions set forth in the following subparagraphs:

1. The effect of Concerted Acts on increasing productivity, including improvement in quality and technology or on strengthening the negotiating power of small-and-medium-sized businesses with regard to the terms of trade is evident;
2. All participating business Enterprises are small-and-medium-sized Enterprises;
3. It is difficult to compete efficiently with large-sized Enterprises by means other than such Concerted Acts.

Article 29. Limits on Authorization for Concerted Acts

Notwithstanding the provisions of Articles 24-2 (Criteria for Concerted Acts for Rationalization of Industry) through 28 (Criteria for Concerted Acts for Strengthening the Competitiveness of Small-and-Medium-Sized Enterprises), the Fair Trade Commission shall not authorize any Concerted act which meets any of the conditions set forth in the following subparagraphs:

1. If it exceeds the limits necessary for achieving the purposes thereof;
2. If there is a threat of causing unreasonable harm to the interest of consumers and other Enterprises;
3. If the nature of the Concerted Acts gives rise to unreasonable discrimination against participating Enterprises; or
4. If participation in or withdrawal from the Concerted Acts is unreasonably restricted.

Article 30. Procedures for Authorization for Collaborative Acts, Etc.

(1) Any person who wishes to obtain authorization for a collaborative act pursuant to Article 19 (Restrictions on Unfair Collaborative Acts) Paragraph (2) of the Act shall submit to the Fair Trade Commission an application describing the matters set forth in the following subparagraphs:

1. Number of participating Enterprises;
2. Names of participating Enterprises and the location of their offices;
3. Addresses and names of the representative directors and officers;
4. Reasons for and details of such collaborative act;
5. Period during which such collaborative act is to be conducted; and
6. Details of the business of the participating Enterprises.

(2) The following documents shall be attached to the application referred to in Paragraph (1):

1. The business reports, balance sheets, and profit and loss statements of the participating Enterprises for the most recent two (2) years;
 2. A copy of the agreement or resolution with respect to such collaborative act.
 3. Documents showing that the collaborative act satisfies the criteria for authorization; and
 4. Documents showing that the collaborative act satisfies the provisions of Article 29.
- (3) When the Fair Trade Commission receives an application and grants the authorization referred to in Paragraph (1), it shall deliver a certificate of authorization to the applicant.
- (4) When any person who has received authorization for a collaborative act desires to change the particulars thereof, he shall apply for authorization for such change by submitting to the Fair Trade Commission those documents referred to in Paragraphs (1) and (2) which relate to such changes together with the certificate of authorization.
- (5) When the Fair Trade Commission receives an application for authorization of Concerted Acts pursuant to the provisions of Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) of the Act, it shall reach a decision within thirty (30) days [when making a public notification pursuant to Article 31 (Public Notification of the Content of Application for Authorization of Concerted Acts) Paragraph (3), it shall be thirty (30) days plus public notification period] from the date of application; provided, however, that the when the Fair Trade Commission deems it necessary, the decision may be extended by a period of no more than thirty (30) days.

Article 31. Public Notification of the Content of Application for Authorization of Concerted Acts

- (1) When the Fair Trade Commission deems it necessary, prior to granting application, it may make a public notification of the content of the application pursuant to Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) of the Act and hear the opinions of the interested parties. The same shall apply when modifications are made to the content of the authorization.
- (2) When the Fair Trade Commission makes a public notification of the content of an application for authorization of a collaborative act or of an application for change of such authorization pursuant to the provision of Paragraph (1), it shall include the information specified in the following subparagraphs in the public notification:
1. Names and addresses of the applicant Enterprises;
 2. Nature of the collaborative act;
 3. Reasons for the collaborative act;
 4. Duration of the collaborative act; and
 5. In the case of an application for change, matters to be changed from the original authorization and the reasons thereof.

(3) The period of public notification pursuant to Paragraph (1) shall not exceed thirty (30) days.

(4) Any interested party who has an opinion with respect to the content of the public notification made under Paragraph (2) may submit to the Fair Trade Commission an opinion in writing describing the matters set forth in the following subparagraphs within the public notification period.

1. Name and address of a person stating the opinion;
2. Opinion and reasons for submitting such opinion; and
3. Other matters necessary in putting forth the opinion.

Article 32. Status Report on the Execution of Collaborative Acts

(1) Enterprises that have received authorization for a collaborative act in accordance with the provision of Article 19 (Restrictions on Improper Concerted Acts) Paragraph (2) (hereinafter, Authorized Enterprises) shall submit a written report to the Fair Trade Commission every six (6) months describing the matters set forth in the following subparagraphs, except where the Fair trade Commission deems otherwise:

1. Shipment record of each participating Enterprise;
2. Trends in prices at each level of shipment and distribution;
3. Supply and demand conditions and status of operation of facilities;
4. Other matters which the Fair Trade Commission may require as conditions attached to the authorization for such collaborative act.

(2) In the event any participating Enterprise withdraws from a collaborative act, the Authorized Enterprises shall report it to the Fair Trade Commission without delay. The same shall apply where a collaborative act has been terminated.

(3) Authorized Enterprises may through a representative selected from among participating Enterprises, submit a statement pursuant to Paragraph (1) or file a report pursuant to Paragraph (2). In this case, the Fair Trade Commission shall be notified of such fact in advance.

Article 33. Application of Provisions concerning Consultation on Public Announcement of Violations of the Act

The provisions of Article 8 (Consultation on Public Announcement of Violations of the Act) shall apply *mutatis-mutandis* to the public announcement of a violation of the Act pursuant to Article 21 (Corrective Measures) of the Act. In this case, Article 5, as referred to in Article 8 (Consultation on Public Announcement of Violations of the Act) of this Decree, shall be regarded as Article 21 of the Act.

Article 34. < Deleted >

Article 35. Mitigation of Punishment or Remission for Self-Denunciation

Mitigation of punishment or remission for self-denunciation pursuant to the provisions of Article 22-2 (Remission for Self-Denunciation) Paragraph (2) of the Act shall be granted only when it falls under one of the following categories:

1. Self-denunciation is made when the Fair Trade Commission has no data regarding the undue collaborative act or when the Fair Trade Commission does have data thereof but has insufficient evidence.
2. The first person to make a self-denunciation among persons participating in the Improper Concerted Acts and one who provides the evidence necessary for proving the Improper Concerted Acts and cooperates to the final stages of the investigation.
3. The voluntary confessor has neither played a leading role in the Improper Concerted Acts nor forced other businesses to engage in Improper Concerted Acts.

CHAPTER 5

Prohibition against Unfair Business Practices

Article 36. Designation of Unfair Business Practices

(1) The types of and criteria for Unfair Business Practices under Article 23 (Prohibition on Unfair Business Practices) Paragraph (2) of the Act are as annexed list.

(2) When the Fair Trade Commission deems it necessary, it may establish and publish detailed criteria for purposes of applying the types of and criteria for Unfair Business Practices only to a Given Area of Trade of specified acts, pursuant to Paragraph (1). In such case, it must hear the opinion of the head of the administrative agency concerned prior to establishment and notification of said detailed criteria.

Article 37. Fair Competition Code

(1) When the Fair Trade Commission has been requested to examine a fair competition code pursuant to Article 23 (Prohibition on Unfair Business Practices) Paragraph(5) of the Act, the Fair Trade Commission shall notify the applicant of the result of its examination within sixty (60) days from the date of receiving such request.

(2) The Fair Trade Commission may, when it deems it necessary, require an Enterprise or a Trade Association enforcing a Fair Competition Code to report on the status of the enforcement of the Fair Competition Code.

Article 38. Consultations on the Advertising Corrections, Etc.

Upon ordering that a correction be advertised or a public announcement of a violation of the Act be made, the Fair Trade Commission may require the Enterprise concerned to consult with the Fair Trade Commission in advance on the contents thereof.

Article 38-2 < Deleted >

CHAPTER 6

Trade Associations

Article 39. Filing of Report on the Establishment of Trade Associations

(1) A Trade Association which intends to report on its establishment in accordance with the provisions of the first sentence of Article 25 (Filing of Report on the Establishment of Trade Associations) of the Act must submit a report describing the matters set forth in the following subparagraphs to the Fair Trade Commission:

1. Name;
2. Articles of incorporation and the nature of the business;
3. Location of the Trade Association;
4. Names and addresses of representatives and officers;
5. Date of incorporation and legal grounds for incorporation; and
6. Number of member Enterprises.

(2) A certified copy of the corporate register or a copy of the association registration certificate issued by the competent government agency shall be attached to the report referred to in Paragraph (1).

(3) After having reported on its establishment as provided in Paragraph (1), a Trade Association intending to change its reported particulars or to report its dissolution in accordance with the last sentence of Article 25 (Filing of Report on the Establishment of Trade Associations) of the Act shall submit a written report of such change or dissolution to the Fair Trade Commission.

Article 40. Authorization for Trade Association Acts Restraining Competition

(1) Any Trade Association that intends to obtain authorization for an activity to restrict competition as referred to in Article 26 (Prohibited Activities of Trade Associations) Paragraph (1) of the Act in accordance with Article 26 (Prohibited Activities of Trade Associations) Paragraph (2) of the Act shall submit to the Fair Trade Commission an

application describing the matters set forth in each of the following subparagraphs, together with documents evidencing the need for such an act:

1. The reasons for and details concerning the intended act to restrict competition; and
2. The criteria for and scope of participating Enterprises.

(2) The provisions of Article 24-2 (Criteria for Collaborative Acts for Rationalization of Industry) through Article 29 (Limits on Authorization for Collaborative Acts), Article 30 (Application for Authorization for Collaborative Acts) Paragraphs (3), (4), and (5), Article 31 (Public Notification of the Content of Application for Authorization of Collaborative Acts), and Article 32 (Status Report on the Execution of Collaborative Acts) shall apply *mutatis-mutandis* with respect to the authorization of an act to restrict competition.

Article 41. Application of the Provisions regarding Consultations on Advertising Corrections

Article 38 (Consultations on the Advertising Corrections, Etc.) shall apply to an advertisement for a correction or a public announcement of a violation of the Act pursuant to Article 27 (Corrective Measures) of the Act. In this connection, Article 24 (Corrective Measures) of the Act referred to in Article 38 (Consultations on the Advertising Corrections, Etc.) shall be replaced by Article 27 (Corrective Measures) of the Act and Enterprise shall be replaced by Trade Association or member Enterprise.

Article 42. < Deleted >

CHAPTER 7

Restrictions on Resale Price Maintenance

Article 43. Publications Eligible for Resale Price Maintenance

Publications specified in the Presidential Decree referred to in Article 29 (Restrictions on Resale Price Maintenance) Paragraph (2) of the Act shall mean the publications defined in Article 2 (Definition) of the Copyright Act.

Article 44. Procedures for Designating a Commodity Eligible for Resale Price Maintenance

(1) Any Enterprise intending to have a commodity designated to be eligible for Resale Price Maintenance in accordance with the provisions of Article 29 (Restrictions on Resale Price Maintenance) Paragraph (3) of the Act shall submit to the Fair Trade

Commission an application describing the matters set forth in the following subparagraphs:

1. Details of the business;
2. Business performance for the most recent year;
3. Description of the commodity in question;
4. Distribution channels for the commodity in question and movements in the sales price at each distribution stage for the most recent year;
5. Details of the organization of sellers of the commodity in question; and
6. Reasons for applying for such designation.

(2) Each of the following documents shall be attached to the application referred to in Paragraph (1):

1. Documents showing that the Resale Price Maintenance of the commodity would not unreasonably harm the consumer's welfare; and
2. Documents showing that the application meets the conditions of Article 29 (Restrictions on Resale Price Maintenance) Paragraph (2) of the Act.

Article 45. Filing Report of a Contract for Resale Price Maintenance

(1) Any person intending to report a contract for Resale Price Maintenance or to report a change thereto pursuant to Article 30 (Report on Resale Price Maintenance Contract) Paragraph (1) of the Act shall submit to the Fair Trade Commission a report describing the matters set forth in the following subparagraphs:

1. Trade name of the other party to such a contract and the name and address of its representative;
2. Outline of the business of the other party to such contract;
3. Date of conclusion of such contract;
4. Details of such contract; and
5. Where the sales area of the commodity in question is to be restricted, the details thereof and the reasons therefor.

(2) If a person who has filed a report as provided in Paragraph (1) has concluded a contract identical to the reported contract with numerous other Enterprises, the report provided for in Paragraph (1) may be substituted by submitting the number of Enterprises and one copy of the contract to the Fair Trade Commission. In such case, the Enterprise shall report to the Fair Trade Commission the status of execution of the contract at the end of January every year.

Article 46. Application of Provisions concerning Consultation on Public Announcement of Violations of the Act

The provisions of Article 8 (Consultation on Public Announcement of Violations of the Act) shall apply *mutatis-mutandis* to the public announcement of a violation of the Act pursuant to Article 31 (Corrective Measures) of the Act. In this case, Article 5, as referred to in Article 8 (Consultation on Public Announcement of Violations of the Act) of this Decree, shall be regarded as Article 31 of the Act.

Article 46-2 < Deleted >

CHAPTER 8

Restrictions on Execution of International Contracts

Article 47. Types of International Contracts

The international agreement or international contract set forth in the Presidential Decree referred to in Article 32 (Restrictions on the Conclusion of Unreasonable International Agreements) Paragraph (1) of the Act shall mean an international agreement or contract (hereinafter, referred to as International Contract) falling under any one of the following subparagraphs:

1. Industrial Property Rights Inducement Contracts

A contract introducing the licensing right or the right to use industrial property rights, including patents, utility models, design patents, and trademarks.

2. Copyright Inducement Contracts A contract introducing the copyrights pertaining to books, phonograms, audio-visual products, or computer programs.

3. Know-how Inducement Contracts A contract introducing the licensing right or the right to use trade secrets and other similar rights pertaining to technology.

4. Franchise Inducement Contracts A contract introducing the licensing right or the right to use franchise in the form of franchise, for the purpose of providing goods or services using the business representation of the franchisor or for the purpose of supervising the operation of business.

5. Joint Research and Development Agreements

6. Import Agency Contracts Import agency contracts under which goods or services are imported or provided on a continuous basis (excluding the business of issuing offer sheets) and whose term is for one (1) year or longer.

7. Joint Venture Investment Contracts

Article 48. Request for Review of International Contracts

(1) A person intending to enter into an International Contract who wishes to request a review of the content of the International Contract pursuant to Article 33 (Request for

Review of International Contracts) of the Act shall submit to the Fair Trade Commission a request for a review in a form determined and notified by the Fair Trade Commission.

(2) A person who has already executed an International Contract and who wishes to request a review of the International Contract pursuant to Article 33 (Request for Review of International Contracts) of the Act shall submit to the Fair Trade Commission request for a review in a form determined and notified by the Fair Trade Commission and a copy of said contract (including a translation) within sixty (60) days of the execution of the contract. The same shall also apply where the content of the contract has been amended or changed.

(3) When the Fair Trade Commission has received a request for a review pursuant to Paragraphs (1) and (2), it shall notify in writing the person who requested the review of the results of the review within twenty (20) days from the date of receiving such a request unless justification otherwise exists.

(4) When a person who has requested a review receives notice from the Fair Trade Commission to the effect that the terms and conditions of the contract violate the provisions of Article 32 (Restrictions on the Conclusion of Unreasonable International Agreements) Paragraph (1) of the Act, he may request a re-examination thereof after amending the relevant terms and conditions within sixty (60) days from the date of receiving the notice.

CHAPTER 9

Operation of the Fair Trade Commission

Article 49. Composition of the Subcommittee

(1) The Fair Trade Commission shall have no more than five (5) Subcommittees pursuant to the provisions of Article 37-2 (Classification of Committee) of the Act.

(2) The chairman of the Fair Trade Commission (hereinafter referred to as the "Chairman") shall appoint the members of each Subcommittee and when necessary, he/she may change the members.

(3) The Chairman may, when a member of a Subcommittee has reasons for exclusion, challenge, or abstention from a certain case pursuant to Article 44 (Exclusion, Challenge, or Refrainment of Members) of the Act, order the case to be deliberated by another subcommittee, or appoint a member of another subcommittee as a member of said subcommittee for the purpose of deliberating said case.

Article 50. Affairs of Each Subcommittee

The Chairman shall designate the affairs of each subcommittee; when deemed necessary, he/she may change the portion of affairs each subcommittee is in charge of.

Article 51. Challenge and Refrainment of Members

(1) A member who wishes to apply for challenge pursuant to the provisions of Article 44 (Challenge and Refrainment of Members) of the Act shall make said application to the Chairman stating the reason thereof.

(2) A cause of challenge shall be made by preparing presumptive proof in writing within three (3) days from applying for challenge.

(3) A member who has received an application for challenge shall submit to the Chairman, without delay, a written opinion regarding the application for challenge.

(4) A member who wishes to refrain from a case pursuant to the provisions of Article 44 (Exclusion, Challenge, and Refrainment of Members) Paragraph (3) of the Act shall obtain authorization from the Chairman.

Article 52. Establishment of Local Administrative Organizations

The Fair Trade Commission may establish local administrative organizations as separately defined by Presidential Decree for the purpose of carrying out fair trade responsibilities at the local level.

Article 53. Allowance for Commissioners

The non-standing Commissioners of the Fair Trade Commission may be paid allowances and other necessary expenses within the limit of the Fair Trade Commission budget.

CHAPTER 10

Procedures of Investigation, etc.

Article 54. Procedures for Reporting Violations

Any person desiring to file a report as provided for in Article 49 (Identification and Reporting of Violations) Paragraph (2) of the Act shall submit a written statement describing the following matters to the Fair Trade Commission; provided, however, that if the matters to be reported are urgent or unavoidable, the reporting may be done by telephone or in person:

1. Address and name of the reporting person;

2 Address and name of the representative and nature of the business of the person whose violation is reported;

3 Details of the violation committed by the person being reported; and

4. Other matters providing for details of such violation.

Article 55. Investigation by the Fair Trade Commission

(1) When the Fair Trade Commission intends to have the party concerned summoned in order to hear its opinion pursuant to the provisions of Subparagraph 1 of Article 50 (Investigation of and Hearing on Violations) Paragraph (1) of the Act, the Fair Trade Commission shall issue a summons describing such details as the name of the case, the name of the other party and the time, date and place of the hearing.

(2) The designation of expert witnesses provided for in Subparagraph 2 of Article 50 (Investigation of and Hearing on Violations) Paragraph (1) of the Act shall be made in writing describing such details as the name of the case, the name of the expert witness, the time period of the testimony and the objective and content of the testimony.

(3) The order to submit a report concerning cost prices and business conditions as provided in Subparagraph 3 of Article 50 (Investigation of and Hearing on Violations) Paragraph (1) of the Act and other necessary materials shall be made in writing describing the name of the case, the time and date of submission, the report or materials to be submitted; provided, however, that the order for submission may be made in person to Enterprises summoned to the hearing of the Fair Trade Commission.

Article 56. Investigation of Public Officials, Etc.

(1) The designated place provided in Article 50 (Investigation of and Hearing on Violations) Paragraph (2) of the Act means the office or the place of business of the Enterprises or Trade Association or the place so designated in the summons of the Fair Trade Commission.

(2) The order to submit data or materials provided in Article 50 (Investigation of and Hearing on Violations) Paragraph (3) of the Act or the provisional holding of data by the Fair Trade Commission or materials submitted shall be limited to cases where there is a concern that evidence may be destroyed.

Article 57. Payment of Expenses

When the Fair Trade Commission hears the opinion of an interested person or a witness pursuant to Subparagraph 1 of Article 50 (Investigation of and Hearing on Violations) Paragraph (1) of the Act or commissions an expert witness pursuant to Subparagraph 2 of Article 50 (Investigation of and Hearing on Violations) Paragraph (1) of the Act, it may pay the necessary expenses to the person concerned within the

limits of the budget; provided, however, that this provision shall not apply when the Fair Trade Commission hears the opinion of an interested person or a witness in the office or place of business of the interested person or witness.

Article 58. Procedures on Recommendations for Correction

Any recommendations made regarding corrective measures in accordance with the provisions of Article 51 (Recommendation to Comply with a Corrective Measure) Paragraph (1) of the Act shall be made in writing specifying details on the following subparagraphs:

1. Nature of the violation of the Act
2. Recommendation
3. Deadline for Correction
4. Notification period for whether the recommendation regarding corrective orders will be accepted
5. Measures upon rejection of the recommendation

Article 58-2 < Deleted >

Article 59. Procedures for Filing an Appeal and Processing Period

(1) Any person who wishes to file an appeal pursuant to Article 53 (Appeal) Paragraph (1) of the Act shall submit to the Fair Trade Commission an application stating the subject and content of the objection as well as the reason thereof, together with the documents necessary to substantiate the reason and content of filing the objection.

(2) The Fair Trade Commission may, if the application and the relevant documents submitted in accordance with the provisions of Paragraph (1) are insufficient, designate a period within which the documents may be complemented. In this case, the period required for complementing documents (including the day on which the order for complementing is mailed and the day on which the complemented documents arrive at the Fair Trade Commission) shall not be included in the period specified in Article 53 (Appeal) Paragraph (2) of the Act.

(3) Unavoidable circumstances in the proviso of Article 53 (Appeal) Paragraph (2) shall mean circumstances falling under one of the following categories:

1. When additional economic analysis, including investigation and examination of the scope and structure of market, market share, or developments relating to imports and exports, is needed to determine whether a disposition is in violation of or is unreasonable;
2. When a highly accurate legalistic analysis or examination is needed in order to determine whether a disposition is in violation of or is unreasonable;

3. When additional arguments are made or when additional documents are submitted in the process of deliberating on the objection filed, requiring a long-term investigation;
4. When the immediate party or the interested party is reluctant to cooperate in the investigation by exercising the right to remain silent or by failing to submit the documents on time; and
5. When an extension of period is inevitable due to situations similar to those specified in Subparagraphs 1 through 4.

Article 60. Suspension of Execution of Corrective Order

Any person who wishes to apply for suspension of execution of a corrective order or apply for nullification of the decision to suspend execution pursuant to the provisions of Article 53-2 (Suspension of Execution of Corrective Order) of the Act, shall submit to the Commission an application stating the purpose and reason thereof, together with the documents necessary to present a minimal showing of the purpose of and reason for the application.

CHAPTER 11

Imposition and Collection of Surcharge

Article 61. Collection of Surcharge and Delinquency Charge

(1) The Fair Trade Commission shall, when it plans to levy surcharges pursuant to the provisions of Article 55-3 (Imposition of Surcharge) Paragraph (1) of the Act, make a written notification for payment specifying the type of the violation and the amount of the surcharge.

(2) The person that has been notified pursuant to the provisions of Paragraph (1) shall pay the surcharge at the recipient agency designated by the Fair Trade Commission within sixty (60) days from the date of the receipt of the notification; provided, however, that if the payment of the surcharge cannot be made within the specified period due to unavoidable circumstances, such as *force majeure*, it shall be paid within thirty (30) days from the date the unavoidable circumstance ceases to exist.

(3) When a person fails to make the full payment of surcharges within the deadline, an annual delinquency charge of six percent (6%) shall be added to the surcharge in arrears beginning on the day immediately following the deadline date.

Article 62. Extension of Payment Period and Criteria for Authorization of Payment by Installment and Limitations

(1) The amount provided for in the Presidential Decree in Article 55-4 (Extension of Surcharge Payment Period and Payment by Installment) Paragraph (1) of the Act shall mean one percent (1%) of the revenue specified in the provisions of Article 9 (Method for Computing Surcharge) or one (1) billion Won.

(2) The extension of payment period pursuant to Article 55-4 (Extension of Surcharge Payment Period and Payment by Installment) Paragraph (1) of the Act shall not exceed one year from the date immediately following the payment period.

(3) When paying by installment pursuant to the provisions of Article 55-4 (Extension of Surcharge Payment Period and Payment by Installment) Paragraph (1) of the Act, the interval between each installment payment shall not exceed six (6) months, and the number of installment payments shall not exceed three (3) times.

Article 63. Extension of Payment Period and Application for Payment by Installment

Application for extension of payment period or for payment by installment pursuant to the provisions of Article 55-4 (Extension of Surcharge Payment Period and Payment by Installment) Paragraph (2) of the Act shall be made in accordance with the written format prescribed by the Fair Trade Commission.

Article 64. Types of and Evaluation of Collateral

The provisions of Article 29 (Types of Collateral) through Article 34 (Dissolution of Collateral) of the Framework Act on National Taxes and Article 13 (Evaluation of Tax Collateral) through Article 17 (Dissolution of Tax Collateral) of the Enforcement Decree of the same Act shall apply mutatis-mutandis to the collateral in Article 55-4 (Extension of Surcharge Payment Period of Payment by Installment) of the Act.

Article 65. Imposition of Administrative Fines

(1) When the Fair Trade Commission imposes an administrative fine pursuant to the provisions of Article 69-2 (Administrative Fines) Paragraph (1) or (2) of the Act, it shall investigate and confirm the violating act and then notify the person subject to the negligence fine in writing of such fact, informing him of the procedures for objecting to the fine, the objection period, and the amount of the negligence fine.

(2) When imposing the negligence fine pursuant to the provisions of Paragraph (1), the Commission shall give the person in question an opportunity to state his defense in person or in written form within ten (10) days of the notice of the negligence fine. If the statement of defense is not submitted within the designated date, the person shall be deemed as having conceded to the fine.

(3) When determining the amount of the negligence fine, the Fair Trade Commission shall consider the motivation for and effects of the violating act.

Article 66. Enforcement Regulations

Detailed matters necessary to enforce this Decree shall be prescribed and made public by the Fair Trade Commission.

ADDENDUM

(Presidential Decree No. 12979 of April 4, 1990)

Article 1. Enforcement Date

This Decree shall take effect on the date of promulgation.

Article 2. Interim Measures with Respect to Pending Matters

Matters being investigated or under review by local heads for amendment pursuant to the provisions of Article 34 and Article 35 of the previous Decree at the time this Decree enters into force shall be handled pursuant to the provisions of the previous Decree.

ADDENDUM

(Presidential Decree No. 14566 of April 1, 1995)

Article 1. Effective Date

This Decree shall take effect on the date of promulgation.

Article 2. Interim Measures with Respect to Investments Acknowledged as Exceptions

An investment acknowledged as an exception by the Commission pursuant to the provisions of Article 17-2(3) of the previous Decree at the time this Decree enters into force shall be handled pursuant to the provisions of the previous Decree.

Article 3. Example of Application

The amended regulations of Article 17-2 (3) shall apply to new issues acquired or owned after this decree enters into force.

ADDENDUM

(Presidential Decree No. 15328 of March 31, 1997)

Article 1. Effective Date

This Decree shall take effect on April 1, 1997.

Article 2. Interim Measures with Respect to Investments Acknowledged as Exceptions

An investment acknowledged as an exception by the Commission pursuant to the provisions of Article 17-2(3) of the previous Decree at the time this Decree enters into force shall be handled pursuant to the provisions of the previous Decree.

Article 3. Example of Application

[Annexed List]

The Types of And Criteria for Determining Unfair Business Practices

(connected with Article 36 Paragraph (1))

1. Refusal to Deal

The acts in each subparagraph below constitute unreasonably refusing to transact with stipulated in the first half of Subparagraph 1 of Article 23 (Prohibition on Unfair Business Practices) Paragraph (1) of the Act.

(1) Collective refusal to deal

When without justifiable reason, in collusion with one's competitors, one refuses to initiate business with a certain new enterprise; or stops transacting with a certain enterprise; or significantly restricts the quantity or nature of the transaction in commodity or service.

(2) Other types of refusal to deal

Unreasonably, one refuses to initiate business with a certain new enterprise; or one stops transacting with a certain enterprise; or significantly restricts the quantity or

nature of transaction in the commodities or services for a certain enterprise already in business relationship with one.

2. Discriminatory Treatment

The acts in each subparagraph below constitute unreasonably discrimination against certain transacting partners stipulated in the second half of Subparagraph 1 of Article 23 (Prohibition on Unfair Business Practices) Paragraph (1) of the Act.

(1) Price Discrimination

Unreasonably, depending on the transacting partner, one transacts at a significantly advantageous or disadvantageous price.

(2) Discrimination in terms and conditions

Unreasonably, for a certain enterprise, one discriminates terms and conditions, such as number or quality, significantly advantageously or disadvantageously.

(3) Discrimination in favor of Affiliated Corporations

Favoring discrimination against certain partners with respect to trading terms and conditions, such as price, number or quality, in order to significantly advantageously or disadvantageously without a justifiable reason.

(4) Collective discrimination

A group unreasonably discriminates for or against a certain enterprise, thereby significantly harming or benefitting that enterprise.

3. Elimination of Competitors

The acts in each subparagraph below constitute unreasonably engaging in acts designed to eliminate competitors" stipulated in Subparagraph 2 of Article 23 (Prohibition on Unfair Business Practices) Paragraph (1) of the Act.

(1) Unjustifiable discount

One continues to supply one's commodities or services at a price considerably lower than the prime cost without a justifiable reason or unjustifiably to supply commodities or services, thereby threatening the viable existence of one's competitors or the competitors of its Affiliated Corporations.

(2) Unjustifiably high-priced purchase

Unjustifiably, one purchases commodities or services at a higher cost than the usual price, and may thereby threaten the viable existence of one's competitors or the competitors of its Affiliated Corporations.

4. Unfair Luring of Customers

The acts in each subparagraph below constitute unreasonably inducing customers of competitors to deal with oneself as stipulated in the first half of Subparagraph 3 of Article 23 (Prohibition on Unfair Business Practices) Paragraph (1) of the Act.

(1) Luring customers by promising unjustifiable gains

One provides or promises to provide unjust or excessive gains in light of the normal business practices and thus lures competitor's customers.

(2) Luring customers by fraudulent means

Other than through the representations or advertisements provided for in Paragraph 9, mislead competitors' customers by falsely claiming that the content, terms and conditions, or other transactional matters involving one's commodities or services are significantly superior to or much more advantageous than they are or those of competitors; or that the content, terms and conditions, or other transaction matters involving the competitor's commodities or services are significantly less advantageous than or inferior to what they actually are or those of one's own commodities or services. Thus one wrongfully lures away the customers of one's competitors.

(3) Luring customers by other methods

Hinder transactions between a competitor and its customers by impeding the execution of contracts or by encouraging such customers to breach the contracts, thereby luring away the competitors' customers.

5. Coercion in Dealing

The acts in each subparagraph below constitutes unreasonably coercing customers of competitors to deal with oneself as stipulated in the second half of Subparagraph 3 of Article 23 (Prohibition on Unfair Business Practices) Paragraph (1) of the Act.

(1) Tie-in sales

In supplying one's commodities or services to a transaction partner, one forces the partner wrongfully, in light of the normal business practice, to purchase another commodity or service from oneself or a enterprise whom one designates.

(2) Sales to employees

Wrongfully, one forces one's or one's Affiliated Corporation's officers or employees to purchase one's or the Affiliated Corporation's commodities or services.

(3) Other types of coercion

One offers one's transaction partner terms and conditions that are wrongful or disadvantageous in light of normal practice and forces the partner to transact with oneself or an enterprise whom one designates.

6. Abusing Dominant Position

The acts in each subparagraph below constitute unreasonably taking advantage of one's bargaining position in transacting with others as stipulated in Subparagraph 4 of Article 23 (Prohibition on Unfair Business Practices) Paragraph (1) of the Act.

(1) Coercion to purchase

One forces one's transacting partner to purchase commodities or services which the partner does not wish to purchase.

(2) Coercion to provide benefit

One forces one's transacting partner to provide one with economic benefits such as money, commodities or services.

(3) Coercion of sales objective

Concerning the commodities or services which one supplies, one designates to one's transacting partner an objective for their transaction and forces the partner to fulfill the objective.

(4) Offering disadvantages

By methods other than those in the above Subparagraphs 1 to 3, one establishes or alters transaction conditions to be disadvantageous to one's transacting partner, or gives the partner disadvantages in the execution process of the transaction.

(5) Interference in management

In hiring or firing officers or employees of one's transacting partner, one subjects to partner's managing activity by restricting manufacturing articles, size of facility, production amount or content of transaction.

7. Transaction Based upon Restrictive Conditions

The acts in each subparagraph below constitute transacting with others on terms and conditions which unreasonably restrict their business acts as stipulated in the first half of Subparagraph 5 of Article 23 (Prohibition on Unfair Business Practices) Paragraph(1) of the Act.

(1) Transaction of exclusionary conditions

Wrongfully, one transacts with an enterprise on the condition that the enterprise does not deal with a competitor or an Affiliated Corporation's competitors.

(2) Restriction on transacting area or partner

Transact with a partner on the condition that the partner limits its transacting area or partner(s).

8. Interference in the Partner's Business

The acts in each subparagraph below constitute transacting with others on terms and conditions which unreasonably restrict or interfere in their business activities as stipulated in the second half of Subparagraph 5 of Article 23 (Prohibition on Unfair Business Practices) Paragraph (1) of the Act.

(1) Unfair use of technology

Interfering with one's partner's business by using the partner's technology.

(2) Unfair luring or hiring of personnel

Interfering with one's partner's business by unjustifiably luring away or hiring the partner's personnel.

(3) Interference in the change of partner

Interfering with one's partner's business by unjustifiably interfering in the partner's change of counterpart in a transaction.

(4) Interference by other methods

Interfering with one's partner's business in an unjustifiable manner other than as in Subparagraphs 1 to 3 above.

9. Wrongful Representations or Advertisements

As to size, history, production facility, or other matters of an enterprise; price, quantity, raw materials, ingredients, quality, specifications, contents, origin, manufacturer, manufacturing process, efficacy, or other matters or transaction conditions of a commodity or service, acts in each subparagraph below which can potentially mislead consumers constitute representations or advertisements that are false or which may deceive or mislead customers with respect to the enterprise or its goods and services as stipulated in Subparagraph 6 of Article 23 (Prohibition on Unfair Business Practices) Paragraph (1) of the Act.

(1) False or exaggerated representations or advertisements

Concerning one's or one's competitor's commodity or service, one falsifies or exaggerates truth in representations or advertisements.

(2) Deceptive representations or advertisements

One puts up potentially misleading representations or advertisements which conceal truths from or deceive consumers.

(3) Unjustifiable comparison in representations or advertisements

Without objectively acknowledged proof, one claims one's commodity or service to be superior to or more advantageous than that of one's competitor; or in comparing one's with the competitor's, one chooses to place only the parts that are advantageous to oneself in one's representations or advertisement.

(4) Slandering representations or advertisement

In representations or advertisements, one slanders commodities or services of one's competitor without objectively acknowledged proof; or one chooses to place only the parts that are disadvantageous to the competitor in representations or advertisements.

10. Undue financial, asset, and manpower support

The acts in each subparagraph below constitute unreasonably providing Specially Related Persons or other corporations with temporary payment, loan, manpower, real estate, commercial papers, or intangible property rights, etc., or aid Special Related Person or other corporations by trading at extremely favorable terms in Subparagraph 7 of Article 23 (Prohibition on Unfair Business Practices) Paragraph (1) of the Act.

(1) Undue financial support

Aid a Specially Related Person or other corporations and grant them excessive economic benefit by providing them with funds, such as temporary payment, loan, etc., at substantially high or low costs or by providing such funds in substantially large amounts.

(2) Undue asset support

Aid a Specially Related Person or other corporations and grant them excessive economic benefit by providing them with assets, such as real estate, commercial papers, intangible property rights, etc., at substantially high or low costs or by providing such assets in substantially large amounts.

(3) Undue manpower support

Aid a Specially Related Person or other corporations and grant them excessive economic benefit by providing them with manpower at substantially high or low costs or by providing such manpower in substantially large amounts.