

# SPECIALIZED CREDIT FINANCE BUSINESS ACT

Act No. 5374, Aug. 28, 1997

Amended by Act No. 5505, Jan. 13, 1998

Act No. 5741, Feb. 1, 1999

Act No. 5819, Feb. 8, 1999

Act No. 5982, May 24, 1999

Act No. 6316, Dec. 29, 2000

Act No. 6430, Mar. 28, 2001

Act No. 6681, Mar. 30, 2002

Act No. 6705, Aug. 26, 2002

Act No. 6909, May 29, 2003

Act No. 7065, Jan. 20, 2004

Act No. 7344, Jan. 27, 2005

Act No. 7343, Jan. 27, 2005

Act No. 7428, Mar. 31, 2005

Act No. 7531, May 31, 2005

Act No. 7929, Apr. 28, 2006

Act No. 8265, Jan. 26, 2007

Act No. 8313, Mar. 29, 2007

Act No. 8356, Apr. 11, 2007

Act No. 8525, Jul. 19, 2007

Act No. 8635, Aug. 3, 2007

Act No. 8863, Feb. 29, 2008

Act No. 8852, Feb. 29, 2008

Act No. 9459, Feb. 6, 2009

Act No. 9932, Jan. 18, 2010

Act No. 10062, Mar. 12, 2010

Act No. 10564, Apr. 7, 2011

Act No. 10866, Jul. 21, 2011

Act No. 11410, Mar. 21, 2012

Act No. 11461, jun. 1, 2012

Act No. 11629, Mar. 22, 2013

Act No. 11758, Apr. 5, 2013  
Act No. 13068, Jan. 20, 2015  
Act No. 13448, Jul. 24, 2015  
Act No. 13453, Jul. 31, 2015  
Act No. 14122, Mar. 29, 2016  
Act No. 14127, Mar. 29, 2016  
Act No. 14116, Mar. 29, 2016  
Act No. 14825, Apr. 18, 2017  
Act No. 15022, Oct. 31, 2017  
Act No. 15416, Feb. 21, 2018  
Act No. 15615, Apr. 17, 2018

## CHAPTER I GENERAL PROVISIONS

### Article 1 (Purpose)

The purpose of this Act is to seek financial conveniences for the people and to contribute to the growth of the national economy by supporting sound and creative development of credit card business, facility leasing business, installment financing business, and new technology venture capital business.

### Article 2 (Definitions)

The terms used in this Act shall be defined as follows: <Amended by Act No. 10062, Mar. 12, 2010; Act No. 11410, Mar. 21, 2012; Act No. 13068, Jan. 20, 2015; Act No. 13453, Jul. 31, 2015; Act No. 14127, Mar. 29, 2016; Act No. 15416, Feb. 21, 2018>

1. The term "specialized credit finance business" means credit card business, facility leasing business, installment financing business, and new technology venture capital business;
2. The term "credit card business" means business of operating at least two business affairs, including business affairs falling under item (b), among the following business affairs:
  - (a) Issuance and management of credit cards;
  - (b) Settlement of charges for the use of credit cards;
  - (c) Solicitation and maintenance of credit card merchants;
- 2-2. The term "credit card company" means a person who has obtained a license or made a registration for credit card business under Article 3 (1): Provided, That where the person falling under Article 3 (3) 1 engages in the business affairs referred to in Article 13 (1) 2 and 3, he/she shall be deemed a credit card company only with regard to the business affairs;

3. The term "credit card" means a card issued by a credit card company (including persons who operate business equivalent to the credit card business in a foreign country), to repeatedly settle matters other than the following by presenting it to a credit card merchant:

- (a) The repayment of monetary debt;
- (b) Financial instrument prescribed by Presidential Decree, including financial investment instrument, etc. under Article 3 (1) of the Financial Investment Services and Capital Markets Act;
- (c) The payment of costs and money for using speculative games under subparagraph 1-2 of Article 2 of the Game Industry Promotion Act: Provided, That excluded herefrom shall be where a foreigner (including an emigrant to overseas under Article 2 of the Emigration Act) makes payment, at a casino permitted under the Tourism Promotion Act, by a credit card issued by a person engaging in business equivalent to the credit card business in a foreign country;
- (d) The payment of costs and money for using matters prescribed by Presidential Decree, which are detrimental to the sound living of citizens and good public morals, including other speculative business, etc.;

4. The term "credit card holder" means an individual who is issued a credit card through a contract with the credit card company;

5. The term "credit card merchant" means any of the following persons:

- (a) A person who sells goods or provides services, etc. to credit card holders, debit card holders, or pre-paid card holders (hereinafter referred to as "credit card holders, etc.") through transactions by means of a credit card, debit card, or pre-paid card (hereinafter referred to as "credit card, etc.") in compliance with the contract with a credit card company;
- (b) A person acting for the transactions by a credit card, etc. (hereinafter referred to as "agency for settlements") for persons who sell goods or provide services, etc. to credit card holders, etc. in compliance with the contract with the credit card company;

5-2. The term "acting merchant for receipt" means a credit card merchant acting for matters prescribed by Presidential Decree, which are required for transactions by a credit card, etc. for other credit card merchants in accordance with a separate contract with a credit card company;

5-3. The term "membership solicitor" means a person registered with the Financial Services Commission under Article 16-3, who acts as a broker or an agent for a credit card company in executing merchant membership and who engages in installing credit card terminals for value-added network providers;

5-4. The term "credit card point" means economic interests accumulated by a credit card company for its credit card members on the basis of the used amount, etc. of the credit card, and by means of which goods can be purchased or services can be used;

6. The term "debit card" means a card issued by the credit card company (excluding cards which enable to obtain a loan of fund) whereby settlement may be made by means of an electronic or magnetic fund transfer between the bank accounts of the debit card holders and the credit card merchants;

7. The term "debit card holder" means a person who is issued a debit card under a contract with the credit card company;
8. The term "pre-paid card" means a card issued by a credit card company upon receipt of a set amount in advance and on which the equivalent amount is recorded (referring to recorded through electronic or magnetic means) and against the presentation of which by a debit card holder makes settlement within the amount recorded on the relevant card;
- 8-2. The term "value-added network business for credit cards, etc." means business of providing telecommunications service according to contracts made with credit card companies, credit card merchants, etc. on the installation of terminals and the approval and intermediation of payments by credit cards, etc., including the verification and authorization of credit cards, etc., the purchase of sales slips, and the settlement of payments;
- 8-3. The term "value-added network provider" means a person registered with the Financial Services Commission under Article 27-2 for value-added network business for credit cards, etc.;
9. The term "facility leasing business" means business of operating facility leasing;
10. The term "facility leasing" means a financing method whereby goods prescribed by Presidential Decree (hereinafter referred to as "specified goods"), newly purchased or leased are leased to others for use for a certain period against payment therefor receivable periodically in installments. The disposal of the goods thereafter shall be decided by agreement between the parties concerned;
- 10-2. The term "lessor" means a person registered with the Financial Services Commission for facility leasing business pursuant to Article 3 (2);
11. The term "deferred payment sale" means a financing method whereby newly acquired specified goods are delivered to the other party for use, against payment of the price plus interest, etc., by periodic installments for at least the period prescribed by Presidential Decree. The period of ownership transfer and other conditions shall be decided by an agreement between the parties concerned;
12. The term "installment financing business" means business of operating installment financing;
13. The term "installment financing" means a method of financing whereby a sum of money lent to a buyer for purchase of goods or services is paid to the seller, and the principal and interest thereon are collected from the buyer in installments, by agreement between the buyer and the seller;
- 13-2. The term "installment financing business entity" means a person registered with the Financial Services Commission for installment financing business pursuant to Article 3 (2);
14. The term "new technology venture capital business" means business of operating various services referred to in each of subparagraphs of Article 41 (1);
- 14-2. The term "new technology venture entity" means a new technology venture entity referred to in subparagraph 1 of Article 2 of the Korea Technology Finance Corporation Act, a small and medium enterprise referred to in Article 2 of the Framework Act on Small and Medium Enterprises engaging in research, development, improvement, or commercialization related to technology, copyright, intellectual property right, etc. or a business of industrializing them by their application (hereinafter

referred to as "new technology business"), a medium-standing enterprise referred to in subparagraph 1 of Article 2 of the Special Act on the Promotion of Growth and the Strengthening of Competitiveness of Middle-Standing Enterprises, or a non-resident referred to in subparagraph 15 of Article 3 of the Foreign Exchange Transactions Act: Provided, That persons engaging in any of the following categories of business shall be excluded herefrom:

(a) Financial and insurance activities specified in the Korean Standard Industrial Classification publicly notified by the Commissioner of the Statistics Korea pursuant to Article 22 (1) of the Statistics Act: Provided, That categories of business prescribed by Presidential Decree among service business related to the financial and insurance activities specified in the same Classification shall be excluded herefrom;

(b) Real estate activities specified in the Korean Standard Industrial Classification publicly notified by the Commissioner of the Statistics Korea pursuant to Article 22 (1) of the Statistics Act: Provided, That categories of business prescribed by Presidential Decree among service business related to real estate activities specified in the same Classification shall be excluded herefrom;

(c) Other categories of business prescribed by Presidential Decree among categories of business little related to new technology business;

14-3. The term "new technology venture capitalist" means a person registered with the Financial Services Commission for new technology venture capital business pursuant to Article 3 (2);

14-4. The term "specialized new technology venture financing company" means a person who is a new technology venture capitalist that does not concurrently conduct credit card business, facility leasing business, installment financing business, or other financing business prescribed by Presidential Decree;

14-5. The term "new technology venture investment association" means any of the following Associations established to invest to new technology venture entities:

(a) Association established by any new technology venture capitalist through joint investment with a person other than a new technology venture capitalist;

(b) Association, the fund of which is managed and operated by a new technology venture capitalist;

15. The term "specialized credit finance business companies" means persons exclusively operating services referred to in subparagraphs of Article 46 (1), who are licensed by the Financial Services Commission or registered with the Financial Services Commission under Article 3 (1) or (2) for a specialized credit finance business;

16. The term "concurrent loan service providers" means persons other than specialized credit finance business companies, who are licensed by the Financial Services Commission or registered with the Financial Services Commission in accordance with the proviso to Article 3 (3) for a specialized credit finance business;

17. The term "major shareholder" means a shareholder referred to in subparagraph 6 of Article 2 of the Act on Corporate Governance of Financial Companies;

18. The term "extension of credit" means those prescribed by Presidential Decree, as direct or indirect transactions made by a specialized credit finance business company involving granting loans, guaranteeing payment, purchasing securities to provide funds, or other financial risks;

19. The term "equity capital" means the total amount of paid-in capitals, capital surplus, and surplus earnings, as prescribed by Presidential Decree;

20. The term "total assets" means the aggregate of current and non-current assets, etc., as prescribed by Presidential Decree.

## CHAPTER II LICENSE OR REGISTRATION

### **Article 3 (License or Registration of Business)**

(1) A person who wishes to perform a credit card business shall obtain a license from the Financial Services Commission: Provided, That persons falling under paragraph (3) 2 may operate a credit card business by registering with the Financial Services Commission.

(2) A person who is operating or wishes to operate facility leasing business, installment financing business, or new technology venture capital business, and wishes to avail himself/herself of the provisions of this Act, shall register with the Financial Services Commission according to each category of business.

(3) A person who is eligible to obtain license or make registration under paragraph (1) or (2) shall be restricted to one who is or wishes to be a specialized credit finance business company: Provided, That this shall not apply to those who fall under any of the following subparagraphs:

1. A financial institution established by the provisions of other Acts or one designated by Presidential Decree from among financial institutions with authorization or license from the Financial Services Commission;

2. Persons designated by Presidential Decree as appropriate to combine a credit card business with others in terms of the nature of business performed by them.

(4) The Financial Services Commission may attach the conditions to the license under paragraph (1).

### **Article 4 (Application for License or Registration)**

A person who wishes to obtain a license or make registration according to the provisions of Article 3 (1) or (2) shall submit to the Financial Services Commission an application for license or registration indicating the following matters, accompanied by documents prescribed by Presidential Decree:

1. Trade name and the location of main office;

2. Capital stock, and the names or titles of contributors and their respective shares (excluding minority contributors prescribed by Ordinance of the Prime Minister);

3. Names of executive officers;

4. Category of specialized credit finance business to be performed;

5. Purposes for which the person wishes to be a specialized credit finance business company;
6. Details of business being operated by the person who wishes to be a concurrent loan service provider.

## **Article 5 (Capital Stock)**

(1) A person who is eligible to be a specialized credit finance business company by being licensed or registered for specialized credit finance business, shall be restricted to a stock corporation, whose capital stock is not less than the amount of money classified in the following subparagraphs: *<Amended by Act No. 14127, Mar. 29, 2016>*

1. In cases of intending to conduct credit card business, either not concurrently with any one of facility leasing business, installment financing business, or new technology venture capital business, or concurrently with only any one business among them: 20 billion won;
  2. In cases of intending to conduct credit card business, concurrently with two or more of facility leasing business, installment financing business, or new technology venture capital business: 40 billion won;
  3. In cases of intending to conduct one or more of facility leasing business, installment financing business, or new technology venture capital business, but not concurrently with credit card business: 20 billion won;
  4. In cases of intending to conduct new technology venture capital business, and further to become a specialized new technology venture financing company: 10 billion won.
- (2) Concurrent loan service providers eligible to make a registration for the credit card business pursuant to the provisions of Article 3 (3) 2 shall be restricted to stock corporations with capital stock and equity capital not less than two billion won.

## **Article 6 (Requirements for License or Registration)**

(1) No person who falls under any of the following subparagraphs shall obtain a license or make a registration under Article 3:

1. A corporation for which three years have not passed since its registration or license was revoked or cancelled under Article 10 or Article 57 (2) and (3), or a person who has been an investor determined by Presidential Decree, of such corporation, as at the time of the revocation or cancellation and for whom three years have not passed thereafter;
2. A company for which the rehabilitation procedures under the Debtor Rehabilitation and Bankruptcy Act is underway and an investor determined by Presidential Decree among investors in such company;
3. A person who has not repaid his/her debt by the agreed date of business transactions, such as financial transactions, and is prescribed by Presidential Decree;
4. A person who has been subject to a fine or heavier punishment in violation of any finance-related statutes (hereinafter referred to as "finance-related statutes") as determined by Presidential Decree in the most recent three years on the basis of the date of application for license or registration;

5. A person who falls short of the standards for financial soundness as determined by Presidential Decree (limited to cases of license);
  6. A corporation in which a person falling under any of subparagraphs 1 through 5 is an investor thereof and which is determined by Presidential Decree;
  7. A person who fails to equip himself/herself with a system for the prevention of conflicts of interests between new technology venture capitalists and investors, and between specified investors and other investors (limited to new technology venture capitalists seeking to form a public offering new technology investment association under Article 44-2).
- (2) Any person who seeks a license for credit card business under the main sentence of Article 3 (1) shall meet the following requirements:
1. He/she shall hold the capital stock under Article 5;
  2. He/she shall be equipped with specialists and physical facilities, such as computer facilities, sufficient to protect transactors and deal with the intended business;
  3. His/her business plans shall be proper and sound;
  4. His/her major shareholders (including shareholders specially related to the largest shareholder; and where the largest shareholder is a corporation, including persons determined by Presidential Decree as shareholders who exercise de facto influence over major affairs concerning managing such corporation), shall have sufficient investment capability, sound financial status, and social credits.
- (3) through (5) Deleted. *<by Act No. 13453, Jul. 31, 2015>*
- (6) Detailed requirements for license, approval, or disposal order under paragraph (2) shall be prescribed by Presidential Decree. *<Amended by Act No. 13453, Jul. 31, 2015>*

#### **Article 6-2 (Maintaining Requirements for License)**

A person performing a credit card business after obtaining a license under the main sentence of the Article 3 (1) shall continuously meet the requirements under Article 6 (2) 2 even after obtaining a license for a credit card business: Provided, That a person performing a credit card business need not continue meeting the requirements under Article 6 (2) 2 in cases prescribed by Presidential Decree for the purposes of securing soundness in managing the relevant company and protecting the interests of traders, etc., which are approved by the Financial Services Commission.

#### **Article 7 (Administration of License or Registration)**

- (1) The Financial Services Commission shall notify the applicant within three months from the date of receipt of an application for a license under Article 4 of whether it grants the license or not.
- (2) Where the applicant for registration pursuant to Article 4 meets the requirements prescribed in Articles 5 and 6, the Financial Services Commission shall forthwith administer registration and notify the applicant thereof.



(3) Where parts of documents submitted under Article 4 are wrong or defective, the Financial Services Commission may request such documents to be supplemented within ten days from the date of receipt. In such cases, necessary period for supplementation shall not be included in the period referred to in paragraph (1).

#### **Article 8 (Preliminary License)**

(1) A person who intends to obtain a license under the main sentence of Article 3 (1) (hereafter in this Article, referred to as “formal license”) may file an application for a preliminary license in advance with the Financial Services Commission.

(2) When determining whether to grant a preliminary license under paragraph (1), the Financial Services Commission shall verify whether the person who intends to obtain a preliminary license can meet all requirements for a formal license.

(3) The Financial Services Commission may attach conditions to a preliminary license under paragraph (2).

(4) Where a person who has obtained a preliminary license files an application for a formal license, the Financial Services Commission shall determine whether to grant a formal license after verifying whether that person have complied with the conditions of a preliminary license and met all requirements for a formal license.

(5) Article 4 and Article 6 (1), (2), and (6) shall apply mutatis mutandis to a preliminary license.

#### **Article 9 Deleted.** <by Act No. 5741, Feb. 1, 1999>

#### **Article 10 (Request for Elimination of Registration)**

(1) A person who has made a registration under the proviso to Article 3 (1) or Article 3 (2) may make a request for elimination of such registration as prescribed by Presidential Decree.

(2) Upon receipt of a request under paragraph (1) above, the Financial Services Commission shall revoke the relevant registration without delay.

#### **Article 11 (Public Notice of Licenses, etc.)**

Where the cases falling under any of the following subparagraphs occur, the Financial Services Commission shall notify of such fact on the official gazette, and make it known to the public by means of the website, etc. without delay:

1. Where granting a license or registration under Article 3 (1) or (2);
2. Where revoking a registration pursuant to Article 10 (2);
3. Where ordering the business suspension or revoking a license or registration pursuant to Article 57 (1) through (3).

# CHAPTER III SPECIALIZED CREDIT FINANCE BUSINESS

## SECTION 1 Credit Card Business

### **Article 12 (Scope of Application)**

This Section shall apply to credit card business conducted by credit card companies and their incidental business in accordance with the provisions of Article 13.

### **Article 13 (Incidental Affairs of Credit Card Companies)**

(1) A credit card company may conduct incidental affairs referred to in the following subparagraphs according to the standards determined by Presidential Decree:

1. Financing to the credit card holders;
2. Issuance of debit cards and settlement of payments;
3. Issuance and sale of pre-paid cards and settlement of payments.

(2) The credit card company may allow a third party to perform the affairs referred to in paragraph (1) as prescribed by Presidential Decree.

### **Article 14 (Issuance of Credit Cards or Debit Cards)**

(1) A credit card company may issue a credit card or a debit card only upon receipt of an application: Provided, That this shall not apply where the credit card company has obtained the consent of the credit card holders or debit card holders to renew or reissue the issued credit card or debit card under conditions as prescribed by Presidential Decree.

(2) A credit card company shall verify whether or not an application for issuance under paragraph (1) satisfies the requirements falling under each of the following subparagraphs: Provided, That subparagraph 2 shall be limited to the cases of an application for the issuance of credit cards:

1. Application shall be made by the applicant himself/herself;
2. Credit card limit shall be within the personal line of credit pursuant to the standards for calculating lines of credit (including matters falling under each of the followings) set by the credit card company:
  - (a) Matters concerning the income and assets;
  - (b) Matters concerning payment guarantee to others;
  - (c) Matters concerning the ability to pay credit card bills;
  - (d) Matters concerning the amount of credit extended to an applicant by another financial institution at the time a credit card is issued to the applicant;
  - (e) Other matters prescribed by Presidential Decree, which play a pivotal role in computing the credit lines.

(3) A credit card company may issue credit cards to persons who satisfy the requirements falling under each of the following subparagraphs:

1. Persons who satisfy the requirements falling under each of paragraph (2);
2. Persons who are above the ages prescribed by Presidential Decree on the date of application for the issuance of credit cards;
3. Persons who satisfy other requirements prescribed by Presidential Decree, which play a pivotal role in determining whether to issue a credit card or not.

(4) A credit card company shall not solicit any credit card holders using the methods falling under any of the following subparagraphs:

1. Solicitations through multi-level marketing under the provisions of subparagraph 5 of Article 2 of the Act on Door-to-Door Sales, Etc.;
2. Solicitations over the Internet, which are prescribed by Presidential Decree;
3. Other solicitations prescribed by Presidential Decree.

(5) Where any credit card company issues credit cards or debit cards, it shall notify, in writing, the applicants of the matters necessary to protect the rights and interests of credit card members or debit card members, which are prescribed by Presidential Decree, along with the terms and conditions for the relevant credit cards or debit cards: Provided, That with the consent of the applicant, such notification may be sent by fax or in the form of electronic documents (referring to the electronic documents under the provisions of subparagraph 1 of Article 2 of the Framework Act on Electronic Documents and Transactions). *<Amended by Act No. 11461, Jun. 1, 2012>*

#### **Article 14-2 (Credit Card Solicitation)**

(1) Persons who are allowed to solicit credit card holders shall be those falling under any of the following subparagraphs:

1. Executive officers or employees of the relevant credit card company;
2. Persons arranging a credit card contract on behalf of the credit card company (hereinafter referred to as "solicitors");
3. Persons who have concluded with a credit card company a business partnership contract with regard to solicitation of credit card holders (excluding those who mainly engage in soliciting credit card holders), and their executive officers and employees.

(2) Matters to be observed by persons who solicit credit card holders in seeking to acquire credit card customers, and necessary matters relating to solicitation methods shall be prescribed by Presidential Decree.

#### **Article 14-3 (Registration of Solicitors)**

(1) A credit card company shall register any person who intends to work as a solicitor therefor, with the Financial Services Commission. *<Amended by Act No. 10062, Mar. 12, 2010>*

(2) None of the following persons shall be qualified as solicitors: *<Amended by Act No. 14127, Mar. 29, 2016>*

1. A person under adult guardianship or person under limited guardianship;
2. A person who has been declared bankrupt by a court and has not been reinstated;
3. A person in whose cases two years have not passed since his/her sentence of a fine or heavier punishment declared by a court under this Act was completely executed (including where such execution was deemed completed) or exempted;
4. A person in whose case two years have not passed since his/her registration as a solicitor was cancelled (excluding where his/her registration was cancelled under subparagraph 1 or 2 of this paragraph) pursuant to Article 14-4;
5. A minor who lacks business capabilities equivalent to those of an adult but whose legal representative falls under any provision of subparagraphs 1 through 4;
6. A corporation or a non-incorporated association or foundation, which has any of its executive officers or managers falls under any of subparagraphs 1 through 4.

(3) The Financial Services Commission shall entrust business affairs relating to the registration of solicitors under paragraph (1) to the head of a specialized credit finance business association prescribed in Article 62 (1) (hereinafter referred to as “specialized credit finance business association”). *<Amended by Act No. 13068, Jan. 20, 2015; Act No. 14127, Mar. 29, 2016>*

(4) The specialized credit finance business association may establish an operating council for solicitors for the registration and management thereof, maintenance of sound solicitation practices, protection of credit card holders, etc. *<Newly Inserted by Act No. 10062, Mar. 12, 2010; Act No. 14127, Mar. 29, 2016>*

#### **Article 14-4 (Revocation etc. of Registration)**

(1) Where any solicitor falls under any of the following subparagraphs, the Financial Services Commission may issue an order to suspend his/her business operations for a specified period of up to six months or revoke his/her registration:

1. When he/she has violated any order issued or dispositions made under this Act;
2. When he/she has violated any provisions of this Act relating to the solicitation.

(2) When any solicitor falls under any of the following subparagraphs, the Financial Services Commission shall revoke his/her registration: *<Amended by Act No. 10062, Mar. 12, 2010; Act No. 14127, Mar. 29, 2016>*

1. When he/she falls under any subparagraph of Article 14-3 (2);
2. When it turns out that he/she was a person falling under any subparagraph of Article 14-3 (2) as at the time of his/her registration;
3. When he/she has made a registration under the provisions of Article 14-3 (1) by fraud or other improper means;
- 3-2. When he/she violates Article 14-5 (2) 4 or 5;

4. When he/she has refused a request for an investigation under Article 14-5 (4) without just cause.
- (3) When the Financial Services Commission intends to issue an order to suspend business operations or revoke a registration under paragraph (1) or (2), it shall provide the solicitor with an opportunity to present his/her opinions for explanatory purposes.
- (4) When the Financial Services Commission has issued an order to suspend a solicitor's business operations or revoked his/her registration, it shall notify him/her without delay of the reasons therefor in writing.

#### **Article 14-5 (Maintenance of Sound Solicitation Practices)**

- (1) No credit card company shall have any person other than a person falling under any subparagraph of Article 14-2 (1), solicit credit card holders or be paid fees, rewards, or other considerations concerning the solicitation.
- (2) No solicitors shall perform any of the following acts: *<Amended by Act No. 14127, Mar. 29, 2016>*
1. Soliciting credit card holders for any person other than the credit card company for which the solicitor is working;
  2. Having other persons solicit credit card holders or entrusting other persons with the solicitation of credit card holders;
  3. Paying fees, rewards, or other considerations concerning the solicitation;
  4. Disclosing and using, for any purposes other than the purposes of his/her solicitation, such personally identifiable information (referring to information under Article 34 of the Credit Information Use and Protection Act; hereafter in this paragraph, the same shall apply) or credit information (referring to information under subparagraph 1 of Article 2 of the same Act; hereinafter the same shall apply), and personal confidential information, including privacy, of an applicant for issuance, learned in the course of soliciting credit card members;
  5. Using, for solicitation, personally identifiable information or credit information acquired or provided by fraud or other improper means or methods.
- (3) No person soliciting credit card holders shall conduct any act falling under any subparagraph of Article 14 (4) and prohibited acts falling under Article 24-2 (limited to acts relating to the solicitation of credit card holders).
- (4) If deemed necessary for establishing sound solicitation practices, the Financial Services Commission may investigate a person soliciting credit card holders, as prescribed by Presidential Decree.
- (5) If a credit card company becomes aware of the fact that any act performed by a solicitor is in violation of this Act, or orders issued or measures taken by this Act, it shall make a report thereon to the Financial Services Commission.
- (6) A credit card company shall educate solicitors about matters they shall observe when seeking to solicit credit card members.

(7) Necessary matters concerning the details and methods of education as prescribed in paragraph (6) shall be determined and publicly announced by the Financial Services Commission.

#### **Article 15 (Prohibition on Transfer, etc. of Credit Cards)**

A credit card shall not be transferred, assigned, or pledged.

#### **Article 16 (Liability to Credit Card Holders, etc.)**

(1) Where a credit card holder or a debit card holder reports to a credit card company on loss or theft of the card, from that time, the credit card company shall be liable to the credit card holder or the debit card holder for use of the credit card or the debit card.

(2) A credit card company shall assume the responsibility for using a credit card which has occurred prior to the notification under the provisions of paragraph (1), within the limit of a period prescribed by Presidential Decree.

(3) Notwithstanding paragraph (2), when a credit card company has concluded a contract to the effect that it may hold a credit card member responsible for the whole or part of loss or theft of the credit card, it may have the relevant credit card member assume the responsibility pursuant to the details of such a contract: Provided, That the same shall not apply where the credit card member has no intention nor negligence, such as a divulgence of secret number due to an irresistible violence or a danger to the life or body of himself/herself or relatives.

(4) Where a credit card company receives a report under paragraph (1), it shall forthwith notify the reporting person of information on the recipient of the report, receipt number or other matters certifying such receipt.

(5) A credit card company shall be liable to a credit card holder, etc. for the use of credit cards, etc. falling under each of the following subparagraphs:

1. Use of forged or altered credit cards, etc.;
2. Use of credit cards, etc. by utilizing the information of such credit cards, which have been obtained through illegal means including hacking, computer error, and leakage of inside information;
3. Use of credit cards, etc. issued by stealing the names of other persons (excluding where an intention or gross negligence of credit card holders, etc. is involved).

(6) Notwithstanding paragraph (5), where a credit card company enters into an agreement with a holder of credit card, etc. to the effect that if the said company provides evidences of the existence of an intent or a serious negligence on the part of such credit card holder, etc. with regard to the use of credit card, etc. under paragraph (5) 1 and 2, the whole or part of such liabilities may be attributed to the holder of credit card, etc., the said company may make the said holder to be liable for the details of such contract.

(7) Such an agreement referred to in paragraphs (3) and (6) shall be effective only where it is made in writing, and a serious negligence on the part of the credit card holder, etc. shall be restricted to what are specifically indicated in the agreement.

(8) A credit card company shall take measures including purchase of insurances or subscription to mutual associations or maintenance of reserve funds, etc. so as to bear liabilities under paragraphs (1), (2), (5) and Article 17.

(9) The scope of an intent or a serious negligence of the credit card holder, etc. under paragraph (5) 3, and paragraphs (6) and (7) shall be prescribed by Presidential Decree.

(10) Where a credit card holder raises an objection in writing against the amount of using his/her credit card, a credit card company shall be unable to receive the relevant amount from such credit card holder not later than the time when any investigation thereon is completed.

#### **Article 16-2 (Solicitation of Member Merchants)**

(1) A person qualified to solicit credit card merchants for membership shall meet either of the following requirements:

1. An executive officer or employee of the relevant credit card company;
2. A membership solicitor.

(2) The rules for compliance by every solicitor of credit card merchants and matters necessary for the methods of solicitation shall be prescribed by Presidential Decree.

(3) If the Financial Services Commission deems it necessary for establishing good order in soliciting member merchants, it may inspect solicitors of credit card merchants, as prescribed by Presidential Decree.

#### **Article 16-3 (Registration of Membership Solicitors)**

(1) A value-added network provider shall register persons who intend to serve as its membership solicitors, with the Financial Services Commission.

(2) None of the following persons shall be qualified as membership merchants: *<Amended by Act No. 15615, Apr. 17, 2018>*

1. A person under adult guardianship or person under limited guardianship;
2. A person declared bankrupt but not yet reinstated;
3. A person in whose case two years have not yet passed since a fine or heavier punishment declared by a court under this Act was completely executed (including where such execution is deemed completed) or exempted;
4. A person in whose case two years have not yet passed since his/her registration as a membership solicitor was revoked under this Act (excluding where such registration was revoked by falling under subparagraph 1 or 2);
5. A minor who lacks business capabilities equivalent to those of an adult but whose legal representative falls under any provision of subparagraphs 1 through 4;
6. A corporation or a non-incorporated association or foundation, which has any of its executive officers or managers falls under any provision of subparagraphs 1 through 4.

(3) Matters necessary for the requirements for registration of membership solicitors, operating standards for membership solicitors, etc. shall be prescribed by Presidential Decree.

(4) The Financial Services Commission shall entrust business affairs relating to the registration of membership solicitors under paragraph (1), to the head of the Specialized Credit Financial Business Association. *<Amended by Act No. 14127, Mar. 29, 2016>*

#### **Article 16-4 (Revocation, etc. of Registration)**

(1) In either of the following cases, the Financial Services Commission may issue an order against a membership solicitor to suspend his/her business operations for a specified period not exceeding six months or may revoke the registration of a membership solicitor:

1. If the membership solicitor violates an order issued or a disposition made under this Act;
2. If the membership solicitor violates any provision of this Act in connection with solicitation of member merchants.

(2) In any of the following cases, the Financial Services Commission shall revoke the registration of a membership solicitor:

1. If the membership solicitor refuses an inspection conducted under Article 16-2 (3) without just cause;
2. If the membership solicitor is found to have obtained the registration under Article 16-3 (1) by fraud or other improper means;
3. If the membership solicitor falls under Article 16-3 (2);
4. If the membership solicitor is found to have fallen under Article 16-3 (2) as at the time of registration.

(3) Article 14-4 (3) and (4) shall apply mutatis mutandis to the procedures for the revocation of registration.

#### **Article 16-5 (Return of Annual Fee upon Termination of Contract)**

(1) When a credit card holder terminates his/her contract with a credit card company, the credit card company shall return the annual fee to the credit card holder.

(2) The grounds for the return of annual fees, the amount of annual fees to be returned, and other necessary matters shall be prescribed by Presidential Decree.

#### **Article 17 (Liability against Credit Card Merchants)**

(1) A credit card company may not transfer to credit card merchants losses out of transactions falling under any of the following subparagraphs, except where a credit card company enters into an agreement with them to the effect that the latter is responsible for losses, in whole or in part, where the former provides evidences of the existence of an intent or a serious negligence on the part of the latter in respect of such transactions:

1. Transactions by lost or stolen credit cards;



2. Transactions by false or forged credit cards;
  3. Use of credit cards, etc. by utilizing the information of such credit cards, which have been obtained through illegal means including hacking, computer error, and leakage of inside information;
  4. Use of credit cards, etc. issued by stealing the names of other persons.
- (2) An agreement under the proviso of other portion than subparagraphs of paragraph (1) shall be effective only where it is made in writing, and serious negligence on the part of credit card merchants shall be restricted to what are specifically indicated in the agreement.

#### **Article 18 (Duty to Notify Transaction Conditions)**

The credit card company shall notify credit card holders, etc. and credit card merchants of the following matters by the method prescribed by Ordinance of the Prime Minister: *<Amended by Act No. 11410, Mar. 21, 2012>*

1. Various rates, such as interest rates, discount rates, overdue interest rates, merchant fee rates, and other rates set by the credit card company;
2. Settlement method of the amount of the credit card and the debit card used;
3. Liability to credit card holders, etc. referred to in Article 16;
4. Responsibility to credit card merchants and matters to be observed by credit card merchants as referred to in Articles 17 and 19;
5. Other matters prescribed by Ordinance of the Prime Minister.

#### **Article 18-2 (Establishment, etc. of Credit Card Merchants' Association)**

(1) Credit card merchants satisfying the standards prescribed by Presidential Decree, such as annual sales, etc. may establish an association to reasonably enter into and maintain a contract with a credit card company, in respect of the terms of transactions, including the merchant fees, etc. (hereafter in this Article, referred to as the "terms of transactions").

(2) The Financial Services Commission may request for the provision of necessary data to credit card companies in order to check whether a credit card company reasonably enters into and maintains a contract, in respect of the terms of transactions with credit card merchants.

(3) The Financial Services Commission may request for the provision of necessary data to State agencies and local governments, if deemed necessary for conducting its functions such as investigations, etc. into the scale of sales of a credit card merchant in checking whether a credit card company reasonably enters into and maintains a contract, in respect of the terms of transactions with credit card merchants pursuant to paragraph (2). In such cases, in receipt of a request for data, the State agencies or local governments shall not refuse such request without reasonable grounds.

#### **Article 18-3 (Prohibition, etc. of Discrimination in Merchant Fee Rates)**

(1) Each credit card company shall reach a mutually fair and reasonable agreement with credit card merchants on merchant fee rates, and shall not unfairly discriminate against any credit card merchant when setting merchant fee rates.

(2) The Financial Services Commission shall prescribe regulations with which credit card companies shall comply, in setting merchant fee rates under paragraph (1).

(3) Notwithstanding paragraph (1), each credit card company shall apply preferential fee rates prescribed by the Financial Services Commission to a petty, small and medium credit card merchant whose scale does not exceed the scale prescribed by Presidential Decree (hereinafter referred to as "petty, small and medium credit card merchant"). *<Amended by Act No. 14127, Mar. 29, 2016>*

(4) No large credit card merchant whose scale of business is at least the scale prescribed by Presidential Decree (hereinafter referred to as "large credit card merchant"), shall commit any of the following acts by taking advantage of its dominant position in transactions: *<Amended by Act No. 13068, Jan. 20, 2015>*

1. Demanding that a credit card company agree on an unfairly low merchant fee rate;
2. Unfairly demanding that a credit card company pay rewards or honorariums under whatever name or in whatsoever manner (hereinafter referred to as "rewards, etc."), in return for transactions related to credit cards, or receiving such rewards, etc.

#### **Article 18-4 (Demand for Adjustment of Merchant Fee Rates, etc.)**

If a credit card company and a credit card merchant violate Article 18-3 (1), (3), or (4), the Financial Services Commission may request them to correct such violations, notify related agencies of relevant facts, or take other necessary measures therefor.

#### **Article 19 (Matters to be Observed by Credit Card Merchants)**

(1) No credit card merchant shall refuse any payment by a credit card or treat card holders unfavorably due to a transaction by credit card. *<Amended by Act No. 10062, Mar. 12, 2010>*

(2) For each credit card transaction, a credit card merchant shall verify whether the relevant credit card is being properly used.

(3) Each credit card merchant shall install and use credit card terminals registered with the Financial Services Commission for the protection of information of credit card holders. *<Newly Inserted by Act No. 13068, Jan. 20, 2015>*

(4) No credit card merchant shall shift his/her obligation to bear merchant fees to any credit card holder. *<Amended by Act No. 13068, Jan. 20, 2015>*

(5) No credit card merchant shall engage in an act referred to in any of the following subparagraphs: Provided, That subparagraphs 1, 4 and 5 shall not apply to an agency for settlements, while subparagraphs 3 and 5 (limited to practices of acting as an agent under subparagraph 5-2 of Article 2) shall not apply to payment collection merchants: *<Amended by Act No. 10062, Mar. 12, 2010>*

1. Making a fraudulent credit card transaction without selling goods or providing services;
2. Overstating the amount of a credit card transaction, exceeding the amount of the actual sale;
3. Making a credit card transaction by using the name of another credit card merchant;
4. Lending the name of the credit card merchant to any other person;
5. Acting as an agent for a credit card transaction.

(6) Neither large credit card merchant nor its specially-related person prescribed by Presidential Decree (hereinafter referred to as “specially-related person”), shall unfairly demand any reward, etc. from a value-added network provider in return for the use of value-added network services for credit cards or receive such rewards, etc. *<Newly Inserted by Act No. 13068, Jan. 20, 2015; Act No. 14127, Mar. 29, 2016>*

(7) An agency for settlements shall observe each of the following matters: *<Amended by Act No. 13068, Jan. 20, 2015>*

1. An agency for settlements shall provide credit card companies with credit information of persons who sell goods or provide services and the details of credit cards transactions, etc. processed by the agency;
2. An agency for settlements shall make available the trade names and addresses of the persons who sell goods or provide services to credit card holders, etc. for reference;
3. An agency for settlements shall comply with requests from credit card holders, etc. to cancel a transaction or to make a refund;
4. Other matters prescribed by Presidential Decree for the protection of credit information of credit card holders, etc. and for honest credit card transactions.

#### **Article 19-2 (Matters to be Observed by Acting Merchants for Receipt)**

An acting merchant for receipt shall comply with the following matters:

1. Ensuring that credit information and other information of credit card holders, etc. is not used for purposes, other than the business or leaked to the outside;
2. Confirming that the credit card is being properly used by the principal;
3. Other matters prescribed by Presidential Decree for the protection of the credit information of credit card holders, etc. and sound transactions by credit cards.

#### **Article 20 (Prohibition on Transfer of Sales Claims)**

(1) No credit card merchant shall transfer claims (including sales claims held against a credit card company; hereafter in this paragraph, the same shall apply) generated from transactions by a credit card to any person (hereafter in this Article, referred to as “person other than a credit card company, etc.”) other than a credit card company and a bank (including the Industrial Bank of Korea established pursuant to the Industrial Bank of Korea Act and the Nonghyup Bank established pursuant to the Agricultural Cooperatives Act; hereafter in this Article, the same shall apply) established pursuant to the Banking Act; and no person other than a credit card company, etc. shall take over such claims: Provided, That where a

credit card merchant transfers the sales claims held against a credit card company for asset-backed securitization under subparagraph Article 2 of the Asset-Backed Securitization Act, it may transfer claims generated from transactions by a credit card to a person other than a card company, etc.; and a person other than a credit card company, etc. may take over such claims. <Amended by Act No. 10062, Mar. 12, 2010; Act No. 14127, Mar. 29, 2016>

(2) No person who is not a credit card merchant shall make transactions by credit cards, etc. in the name of a credit card merchant.

#### **Article 21 (Obligation of Terminating Credit Card Merchant Agreement)**

A credit card company shall terminate without delay the credit card merchant agreement when the credit card merchant falls under the causes prescribed by Presidential Decree, such as being sentenced to punishments, etc. in contravention of the provisions of Article 19 or 20 (1), or receiving a written notice from the related administrative agency of the fact of violating the said provisions, etc., except in extenuating circumstances.

**Article 22 Deleted.** <by Act No. 7929, Apr. 28, 2006>

#### **Article 23 (Restriction on Solicitation of Credit Card Merchants or Ways of Using Them)**

(1) The scope of credit card merchants which may be solicited by a concurrent loan service provider after completing a registration of credit card business pursuant to the proviso to Article 3 (1) shall be prescribed by Presidential Decree.

(2) The Financial Services Commission may order credit card companies (excluding concurrent loan services providers under paragraph (1); hereafter in this paragraph, the same shall apply) to jointly deal with other credit card merchants by way of cross-purchase of sales slips, or receipt or payment of sales slips on behalf of other credit card companies for convenient uses of credit cards and efficient services by credit card companies.

(3) Where orders are issued for joint uses of credit card merchants pursuant to paragraph (2), the Financial Services Commission shall ensure a fair competition between credit card companies by allowing member fees charged to credit card merchants to be determined freely by each credit card company, or by allowing payments made between credit card companies to be determined at a reasonable level, etc.

#### **Article 24 (Maximum Limits of Credit Cards)**

The Financial Services Commission may take necessary matters, such as setting the standard for the following subparagraphs which credit card companies shall observe, in order to maintain credit order and protect consumers:

1. Maximum limit of cash services by credit cards;

2. Maximum amount per use or per day of debit cards;
3. Gross maximum number of pre-paid cards and maximum limit of the face amount thereof;
4. Matters regarding the standard for calculation of credit limits determined by credit card companies under Article 14 (2) 2;
5. Matters that need to be observed in determining the limited amounts of credit cards;
6. Matters regarding the details of provisions determined by credit card companies;
7. Matters regarding managing credit card merchants;
8. Matters that need to be observed in collecting claims;
9. Matters that need to be observed in classifying credit card holders so as to apply the system of fees to the holders;
10. Other matters prescribed by Presidential Decree.

#### **Article 24-2 (Prohibited Acts of Credit Card Companies, etc.)**

(1) No credit card company shall engage in any of the following acts (hereinafter referred to as "prohibited acts") that may undermine the purpose of protecting consumers and sound business practices:

1. Failure to provide sufficient information on credit cards, or unreasonably infringing upon the rights and interests of credit card holders, etc. by exaggerating any fact or giving false information;
2. Undermining sound business practices relating to credit cards, etc. by providing services or soliciting credit card holders that may compromise credit card companies' management of conditions.

(2) Detailed types and standards of prohibited acts shall be prescribed by Presidential Decree.

(3) Neither credit card company nor value-added network provider shall offer rewards, etc. to a large credit card merchant and its specially-related person with an intent to entice the large credit card merchant to engage in business with the company or provider. *<Newly Inserted by Act No. 13068, Jan. 20, 2015; Act No. 14127, Mar. 29, 2016>*

#### **Article 25 (Deposit)**

(1) The Financial Services Commission may order a credit card company, who issued pre-paid cards, to deposit an amount prescribed by Presidential Decree, not exceeding 10/100 of the total pre-paid card amount issued.

(2) In accordance with paragraph (1), the deposit shall be made at a place where the main office or a principal office of the credit card company who issued pre-paid cards is located.

(3) When the entity fulfills the deposit order, in accordance with paragraph (1), it shall report without delay to the Financial Services Commission.

(4) A credit card company which made a deposit as referred to in paragraph (1) may have the deposit returned with approval from the Financial Services Commission.

(5) The types of goods to be deposited, timing thereof, and other conditions needed on the deposit referred to in paragraph (1) shall be prescribed by Ordinance of the Prime Minister.

## **Article 26 (Distribution of Deposited Articles)**

- (1) When a credit card company which made a deposit as referred to in Article 25 is not able to refund the pre-paid card payment to the credit card merchant who supplied goods and services and the unredeemed prepaid card amount, the Financial Services Commission shall designate an executor (hereinafter referred to as "rights executor") who shall withdraw the credit card company's deposit and distribute to the credit card merchants and unredeemed pre-paid card holders (hereinafter referred to as "unredeemed creditors"), and give public notice as prescribed by Ordinance of the Prime Minister.
- (2) Eligibility for a rights executor shall be prescribed by Presidential Decree.
- (3) The unredeemed creditors may receive distribution by reporting the unredeemed amount to the rights executor.
- (4) The rights executor shall give public announcement on the period, method, and location of the reporting under paragraph (3) in compliance with Ordinance of the Prime Minister.
- (5) In priority to other claims, the rights executor may withdraw the deposit with the approval of the Financial Services Commission, within the scope of the total amount reported in accordance with paragraph (3) above and the expenditures therefor.
- (6) The deposit withdrawn by the rights executor shall be distributed in compliance with the methods and procedures set by the Financial Services Commission to the unredeemed creditors.
- (7) The credit card company which made a deposit in accordance with Article 25 shall not get the deposit returned before the completion of the distribution procedures referred to in paragraphs (1) through (6).

## **Article 27 (Prohibition on Usage of Similar Names)**

An entity other than a credit card company under this Act may not use the word "credit card" or a similar designation in its trade name.

## **Article 27-2 (Registration, etc. of Value-Added Network Business for Credit Cards, etc.)**

- (1) A person who intends to engage in value-added network business for credit cards, etc. shall be equipped with facilities, equipment, and technical skills in accordance with the standards prescribed by Presidential Decree and shall be registered with the Financial Services Commission.
- (2) In order to be qualified for registration as value-added network business for credit cards, etc., a person shall be a corporation with equity capital of at least two billion won: Provided, That a person who intends to provide services to small-sized member merchants not exceeding the scale specified by Presidential Decree shall be a corporation with equity capital of at least one billion won.
- (3) None of the following persons shall be qualified for the registration under paragraph (1):
  1. A corporation in which case three years have not yet passed since its registration was cancelled under paragraph (5) or revoked under Article 27-3 or a person in whose case three years have not passed yet since the registration of the corporation in which the person was one of the investors specified by

Presidential Decree, was cancelled or revoked;

2. A company undergoing rehabilitation proceedings under the Debtor Rehabilitation and Bankruptcy Act or one of the investors specified by Presidential Decree among the investors in such company;

3. A person specified by Presidential Decree among persons with arrears with a financial or commercial transaction by the agreed due date;

4. A person who has been punished by a fine or heavier penalty for violation of any finance-related statute over the latest three years from the date of filing an application for registration;

5. A corporation specified by Presidential Decree, in which a person referred to in any provision of subparagraphs 1 through 4 is an investor.

(4) If a person intends to change any matter registered under paragraph (1), he/she shall file an application for amendment to the registration, as prescribed by Presidential Decree.

(5) A person registered under paragraph (1) may file an application for cancellation of the registration, as prescribed by Presidential Decree. In such cases, the Financial Services Commission shall cancel the registration without delay.

#### **Article 27-3 (Revocation of Registration of Value-Added Network Business for Credit Cards, etc.)**

(1) In any of the following cases, the Financial Services Commission may revoke the registration of a value-added network provider under Article 27-2:

1. If a value-added network provider is found to have obtained registration under Article 27-2 by fraud or other improper means;

2. If a value-added network provider falls under Article 27-2 (3);

3. If a value-added network provider fails to comply with a measure taken by the Financial Services Commission under Article 53 (4) without just cause;

4. If a value-added network provider ceases business operations for at least one year without just cause;

5. If a value-added network provider has actually discontinued business operations due to a merger, bankruptcy, or permanent closure.

(2) If the Financial Services Commission intends to revoke registration under paragraph (1), it shall hold a hearing.

(3) A value-added network provider may continue business for the settlement of payments made by credit cards, etc. before the revocation of registration, even after the registration is revoked under paragraph (1).

#### **Article 27-4 (Registration of Credit Card Terminals)**

(1) Each value-added network provider shall register credit card terminals, through which its telecommunications services are to be provided, with the Financial Services Commission: Provided, That a credit card terminal, through which a value-added network provider does not provide telecommunications services, shall be registered by the relevant credit card merchant with the Financial Services Commission.

- (2) A credit card terminal to be registered shall meet the technical standards prescribed by the Financial Services Commission for the protection of information of credit card holders.
- (3) Matters necessary for the requirements and procedure for the registration of credit card terminals, etc. shall be prescribed by Presidential Decree.
- (4) The Financial Services Commission shall entrust to the head of a specialized credit finance business association, business affairs related to the registration of credit card terminals and technical standards under paragraphs (1) and (2).

#### **Article 27-5 (Designation of Value-Added Network Providers Which Provide Telecommunications Services to Petty, Small and Medium Credit Card Merchants)**

- (1) The Financial Services Commission may designate value-added network providers which provide telecommunications service to petty, small and medium credit card merchants.
- (2) Value-added network providers referred to in paragraph (1) shall be designated from among any of the following persons:
  - 1. Non-profit corporation established pursuant to Article 32 of the Civil Act or other Act;
  - 2. Other corporation deemed appropriate for the performance of the business affairs prescribed by Presidential Decree, such as advice, education, etc., to be provided to petty, small and medium credit card merchants.
- (3) The value-added network providers designated pursuant to paragraph (1) may perform the business affairs prescribed by Presidential Decree, such as advice, education, etc., for petty, small and medium credit card merchants, in relation to value-added network business for credit cards, etc.
- (4) Where necessary for establishing the sound transaction order of value-added network services and protecting petty, small and medium credit card merchants, the Financial Services Commission shall request the value-added network entities designated pursuant to paragraph (1) to submit materials or state their opinion. In such cases, the value-added network business entities so requested shall comply therewith, except in extenuating circumstances.
- (5) Other matters necessary for standards, procedures, etc for designating the value-added network business entities which provide telecommunications service to petty, small and medium credit card merchants, shall be prescribed by Presidential Decree.
- (6) The Financial Services Commission shall entrust business affairs related to paragraphs (1) through (4) to the head of the specialized credit financial business association.

### **SECTION 2 Facility Leasing Business**

#### **Article 28 (Scope of Application)**

This Section shall apply to the business affairs of facility leasing business and deferred payment sale entities, which a lessor conducts. <Amended by Act No. 14127, Mar. 29, 2016>



### **Article 29 (Utilization of Various Funds)**

Where a person who has concluded a leasing or deferred payment sale contract with a lessor (hereinafter referred to as "lessee") is entitled to financing from funds being operated to support investment in facilities, the lessor may borrow from the funds concerned on behalf of the lessee to acquire or lease specified objects to execute leasing or deferred payment sale (hereinafter referred to as "leasing, etc.").

### **Article 30 (Special Cases to Foreign Trade Act)**

Where specified objects leased by a lessor are facilities or equipment to be used for the purpose of earning foreign currency, the "foreign currency corresponding to the amount of import" in the main sentence of Article 16 (3) of the Foreign Trade Act shall be earned by the lessee.

### **Article 31 (Special Cases to Medical Devices Act)**

(1) Notwithstanding Article 15 (4) of the Medical Devices Act, a lessor may import medical appliances that are specified objects imported for the purposes of leasing, etc., if the lessor tests such medical appliances by using the facilities and equipment of the person designated by the Minister of Health and Welfare. *<Amended by Act No. 9932, Jan. 18, 2010; Act No. 10564, Apr. 7, 2011>*

(2) Notwithstanding Article 17 (1) of the Medical Devices Act, a lessor may transfer medical appliances that are specified objects imported under paragraph (1) to another person without reporting the transfer. *<Amended by Act No. 10564, Apr. 7, 2011>*

### **Article 32 (Special Cases concerning Administrative Dispositions)**

Where a lessor intends to acquire, import, or lease specified objects for the purposes of leasing, etc., and a lessee satisfies the requirements for permission, approval, recommendations, and other administrative dispositions that should be met by a lessee under statutes in addition to Articles 30 and 31, the lessor shall be deemed satisfied such requirements.

### **Article 33 (Special Cases concerning Registry and Registration)**

(1) Where a lessor engages in leasing, etc. of construction machinery or vehicles, the registration may be made in the name of the lessee (in cases of deferred payment sale, the person who acquires the ownership of specified objects shall be excluded; hereinafter the same shall apply), notwithstanding the provisions of the Construction Machinery Management Act or the Motor Vehicle Management Act.

(2) Where a lessor wishes to register the ships or aircraft under his/her ownership for the purposes of leasing, etc., if the lessee satisfies the registry or registration requirements under Article 2 of the Ship Act or Article 10 of the Aviation Safety Act, the lessor shall be deemed satisfied such requirements during the period of use thereof. *<Amended by Act No. 14116, Mar. 29, 2016>*

#### **Article 34 (Special Cases concerning Performance of Duties)**

- (1) Where a lessee uses specified objects through leasing, etc., various duties regarding the maintenance, management of the objects, such as inspection of the objects imposed on the owner of the specified objects in accordance with other statutes, shall be performed by the lessee as the party concerned.
- (2) A lessor who has duties under paragraph (1) shall inform the lessee of such fact without delay.

#### **Article 35 (Liability for Indemnity for Damage Caused by Automobiles, etc.)**

Where a lessee who operates construction machinery or automobiles acquired by leasing, etc. them under this Act, causes damage to another person by an illegal act, the lessor shall not be regarded as the person who operates automobile for his/her own sake when Article 3 of the Compulsory Motor Vehicle Liability Security Act applies.

#### **Article 36 (Identification of Leasing, etc.)**

- (1) A lessor shall attach to specified objects the tags indicating that they are leased (except where the ownership of the specified objects is transferred by deferred payment sale) as prescribed by Ordinance of the Prime Minister.
- (2) Tags under paragraph (1) shall not be damaged, removed, modified or relocated by other persons than the lessor who executed leasing, etc. of such specified objects.

#### **Article 37 (Support for Small or Medium Enterprises)**

- (1) The Financial Services Commission, subject to Presidential Decree, may order the lessor to spend a certain ratio or higher of the yearly execution amount of leasing, etc. for small or medium enterprises (referring to small or medium enterprises pursuant to the provisions of Article 2 of the Framework Act on Small and Medium Enterprises).
- (2) The ratio referred to in paragraph (1) above shall not exceed 50/100.

### **SECTION 3 Installment Financing Business**

#### **Article 38 (Scope of Application)**

This Section shall apply to installment financing business in which installment financial business entities engage. <Amended by Act No. 14127, Mar. 29, 2016>

#### **Article 39 (Obligatory Notice of Terms of Transaction)**

Any installment financing company shall notify, in writing, the buyer of goods and services who has concluded an installment financing contract (hereinafter referred to as "customer of installment financing services") of the following matters: Provided, That where there exists a consent of the customer of

installment financing services, such notification may be sent by fax or electronic documents (referring to the electronic documents provided for in the provisions of subparagraph 1 of Article 2 of the Framework Act on Electronic Documents and Transactions): *<Amended by Act No. 11461, Jun. 1, 2012>*

1. Original interest rates or overdue interest rates, or other various rates determined by the installment financing company. In such cases, the various rates including service fees or in whatever title shall be calculated so as to include the amount that is paid by the customer of installment financing services to the installment financing company;
2. Ways to redeem the loan extended by the installment financing company (hereinafter referred to as "financed capital");
3. Other matters prescribed by Ordinance of the Prime Minister.

#### **Article 40 (Code of Practice of Installment Financing Company)**

- (1) No installment financing company shall be allowed to make a loan to customers of installment goods and services moneys exceeding the amount of purchase price (including incidental expenses required for such purchase) of goods and services to be financed.
- (2) The installment financing company shall make direct payment of financed capital to the seller of the goods and services to be financed.

### **SECTION 4 New Technology Venture Capital Business**

#### **Article 41 (Scope of Application)**

- (1) This Section shall apply to the following business affairs conducted by new technology venture capitalists: *<Amended by Act No. 14127, Mar. 29, 2016>*
  1. Investment in new technology business entities;
  2. Providing loans to new technology business entities;
  3. Providing managerial and technical assistance to new technology business entities;
  4. Establishing new technology business investment association;
  5. Managing or operating the funds of new technology business investment association.
- (2) and (3) Deleted. *<by Act No. 14127, Mar. 29, 2016>*

#### **Article 42 (Borrowing from Funds)**

A new technology venture capitalist may borrow money for investment in or loans to new technology business entities from the Government or the funds prescribed by Presidential Decree, notwithstanding the provisions of Article 47 (1).

#### **Article 43 (Tax Support)**

The Government may provide tax support to new technology venture capitalists or their investors, new technology business investment association and their members for developing new technology venture capital business as prescribed by the Restriction of Special Taxation Act.

#### **Article 44 (New Technology Business Investment Associations)**

(1) The bylaws of a new technology business investment association (hereafter in this Article, referred to as the "association") shall include matters falling under each of the following subparagraphs:

1. The fact that new technology venture capitalists are managing and operating funds of the association. In such cases, new technology venture capitalists may entrust all or part of the operation of funds of the association to persons other than the new technology venture capitalists, by making agreements therefor with the association;
2. The fact that funds of the association shall be invested into new technology business entities.

(2) The association may distribute a portion of returns on investment to the new technology venture capitalist who executes the business affairs of the association as set out in its bylaws, as a price for such business affairs, within the extent of 20/100 of the returns on investment generated by managing and operating funds of the association.

(3) Where there occurs a loss from the management and operation of its funds, the association may determine the loss distribution rate favorably to persons who are not new technology venture capitalists, as set out in its bylaws.

#### **Article 44-2 (Special Cases concerning Public Offering New Technology Investment Associations)**

@Articles 11 through 16, 30 through 32, 34 through 43, 48, 50 through 53, 56, 58, 60 through 65, 80 through 83, subparagraphs 2, 3, and 6 through 8 of Article 85, Articles 86 through 95, 181, 183, 184 (1), (2), and (5) through (7), Articles 185 through 187, 218 through 223, 229 through 249, 249-2 through 249-22, 250 and 251, and 415 through 425 of the Financial Investment Services and Capital Markets Act, and the Act on Corporate Governance of Financial Companies (excluding Articles 24 through 26 of that Act), shall not apply to public offering new technology investment associations (referring to a new technology investment association which do not fall under a privately placed fund prescribed in Article 9 (19) of the Financial Investment Services and Capital Markets Act) and new technology venture capitalists (excluding new technology venture capitalists who establish only new technology investment associations which are not public offering new technology investment associations, and who manage and operate the funds thereof). *<Amended by Act No. 13448, Jul. 24, 2015; Act No. 13453, Jul. 31, 2015>*

#### **Article 45 (Matters to be Observed by New Technology Venture Capitalists)**

Where new technology venture capitalists perform loan services pursuant to the provisions of Article 41 (1) 2, they shall not exceed the limit of loans as determined by Ordinance of the Prime Minister.

## CHAPTER IV SPECIALIZED CREDIT FINANCE BUSINESS COMPANY

### Article 46 (Business Affairs)

(1) Business affairs performed by a specialized credit finance business company shall be limited to the following: *<Amended by Act No. 14127, Mar. 29, 2016>*

1. Specialized credit finance business licensed or registered under the provisions of Article 3 (including the deferred payment sales business where a registration of facility leasing business has been made);
2. Business affairs of takeover, management, or collection of trade credits (including the bills) acquired by enterprises in exchange for provision of goods and services;
3. Loan business affairs (including the bill discount; hereafter in this Article, the same shall apply);
4. Incidental business affairs of the credit card company under the provisions of Article 13 (1) 2 and 3 (limited to where a license is granted for credit card business);
5. Other business affairs relating to subparagraphs 1 through 4, which are prescribed by Presidential Decree;
6. Credit investigation and incidental business affairs relating to the business affairs of subparagraphs 1 through 4;
- 6-2. Financial business affairs prescribed by Presidential Decree, which would be unlikely to impair the protection of finance users and the sound order of transactions, even if performed together;
7. Business affairs incidental to specialized credit finance business that utilize the human resources, assets, or facilities owned by the specialized credit finance business company.

(2) The amount of the claims which incur in the course of performing the loan business affairs under paragraph (1) 3 or other similar affairs prescribed by Presidential Decree, shall not exceed the proportion determined by the Financial Services Commission within the extent of 100/100 of total assets (excluding the amount of the claims which incur in the course of performing any business affairs prescribed by Presidential Decree). *<Amended by Act No. 14127, Mar. 29, 2016>*

(3) The scope, calculation method, etc. of the claims to be included in calculating the amount of claims under paragraph (2), shall be prescribed by Presidential Decree. *<Newly Inserted by Act No. 14127, Mar. 29, 2016>*

### Article 46-2 (Report of Incidental Business Affairs)

(1) When intending to perform incidental business affairs under Article 46 (1) 7, a specialized credit finance business company shall file a report on such fact with the Financial Services Commission by not later than seven days before the date it intends to commence such business affairs: Provided, That it may perform such business affairs without filing a report in any of the following cases:

1. In cases of performing business affairs determined by the Financial Services Commission, which is unlikely to impair the protection of finance users and the sound order of transactions;
  2. In cases of intending to perform incidental business affairs (excluding the incidental business affairs, for which an order of restriction or order of correction is issued pursuant to paragraph (2)) which are the same as those of any other specialized credit finance business company publicly announced pursuant to paragraph (4).
- (2) Where the content of the incidental business affairs referred to in Article 46 (1) 7 falls under any of the following, the Financial Services Commission may order any restriction or correction of the performance of such incidental business affairs:
1. In cases of impairing the soundness of managing the specialized credit finance business company;
  2. In cases of hindering the protection of finance users;
  3. In cases of impairing the stability of financial markets;
  4. In any other case prescribed by Presidential Decree, which is necessary for the protection of finance users and the maintenance of sound transaction order.
- (3) An order of restriction or order of correction referred to in paragraph (2) shall be issued in a document concretely specifying the content and ground thereof.
- (4) The Financial Services Commission shall publicly announce the incidental business affairs reported pursuant to paragraph (1), or the incidental business affair for which an order of restriction or order of correction is issued pursuant to paragraph (2), on its website, etc. in accordance with the methods and procedures prescribed by Presidential Decree.

#### **Article 46-3 (Keeping Accounts of Concurrent Business Affairs and Incidental Business Affairs)**

In conducting other financial business or incidental business pursuant to Article 46 (1) 6-2 or 7, a credit card company shall keep the accounts of such business separately from those of credit card business.

#### **Article 47 (Ways of Raising Money)**

- (1) Ways by which a specialized credit finance business company raises money shall be restricted to those prescribed in each of the following subparagraphs:
1. Borrowing from financial institutions established by the provisions of other Acts, authorized or licensed by the Financial Services Commission, or registered with the Financial Services Commission;
  2. Issuance of bonds or bills;
  3. Sales of securities held;
  4. Transfer of loaned credit held by it;
  5. Other ways prescribed by Presidential Decree.
- (2) The issuance of bonds or bills pursuant to paragraph (1) 2 and the sale of securities pursuant to subparagraph 3 of the same paragraph may be restricted in the method of issuance or sale and target persons thereof as prescribed by Presidential Decree.

#### **Article 48 (Restriction on Management Focused on Expansion of Business Scale)**

(1) Total assets of a specialized credit finance business company shall not exceed the amount equivalent to the multiple specified by the Financial Services Commission (hereinafter referred to as "limit on total assets to equity capital") within the maximum of ten times its equity capital. *<Amended by Act No. 9459, Feb. 6, 2009; Act No. 11410, Mar. 21, 2012>*

(2) The Financial Services Commission may prescribe two different limits separately applicable to specialized credit financial companies not engaging in credit card business and to specialized credit finance business companies engaging in credit card business, taking into consideration the nature, quality, etc. of assets of each type of specialized credit finance business, in prescribing the limit on total assets to equity capital. *<Amended by Act No. 9459, Feb. 6, 2009; Act No. 11410, Mar. 21, 2012>*

(3) Except as otherwise expressly provided for in paragraphs (1) and (2), necessary matters regarding the enforcement of the limits on total assets to equity capital shall be prescribed by Presidential Decree. *<Newly Inserted by Act No. 11410, Mar. 21, 2012>*

(4) Deleted. *<by Act No. 11410, Mar. 21, 2012>*

#### **Article 49 (Restriction of Acquisition of Real Estate)**

(1) Real estate used for business which a specialized credit finance business company is allowed to acquire shall be restricted to those prescribed in any of the following subparagraphs:

1. Main or branch offices, or other offices;
2. Housing or dormitories for executive officers and employees, and employees' training center;
3. Other real estate prescribed by Ordinance of the Prime Minister as needed for the business.

(2) The Financial Services Commission may restrict the total value of real estate used for business which a specialized credit finance business company is allowed to acquire pursuant to paragraph (1) to a certain ratio of 100/100 or more of its equity capital, where it is deemed necessary to restrain excessive possession of real estate.

(3) The total value of real estate used for business pursuant to the provisions of paragraph (2) shall be computed upon the basis of book value.

(4) A specialized credit finance business company may be allowed to acquire real estate falling under any of the following for the purpose of other than business use:

1. The real estate which is the object leased or subject to deferred payment sales;
2. The real estate acquired by exercise of secured rights.

#### **Article 49-2 (Limits of Extension of Credit to Major Shareholders, and Other Matters)**

(1) No aggregate amount of the extension of credit made by a specialized credit finance business company to its major shareholders (including such specially-related persons of the major shareholders as prescribed by Presidential Decree; hereafter in this Article, the same shall apply), shall exceed 50/100 of the own

equity capital of the specialized credit finance business company; no major shareholders shall obtain the extension of credit in excess of such limits from the specialized credit finance business company.

(2) Where a specialized credit finance business company intends to make to its major shareholders the extension of credit (including the transactions prescribed by Presidential Decree; hereafter in this Article, the same shall apply) of at least the amount prescribed by Presidential Decree within the extent referred to in paragraph (1), it shall refer that matter to its board of directors for decision in advance. In such cases, the decision of the board of directors shall require the concurring vote of its all members.

(3) Where a specialized credit finance business company makes the extension of credit in excess of the amount prescribed by Presidential Decree to its major shareholders pursuant to paragraph (2), it shall report such fact to the Financial Services Commission without delay, and publicly announce such fact on its website, etc.

(4) Each specified credit finance business company shall file a quarterly report combining matters prescribed by Presidential Decree among matters to be reported under paragraph (3), with the Financial Services Commission, and publicly announce such fact on its website, etc.

(5) Where the amount of the extension of credit made by a specialized credit finance business company exceeds the limits under paragraph (1) due to the change of its equity capital, change of major shareholders, etc., even though it has not made the additional extension of credit, the specialized credit finance business company shall comply with the limits referred to in paragraph (1) within the period prescribed by Presidential Decree.

(6) Notwithstanding paragraph (5), a specialized credit finance business company may extend the period of the extension of credit with the approval of the Financial Services Commission, where any extenuating circumstances exist with regard to the deadline, scale, etc. of the extension of credit.

(7) A specialized credit finance business company which intends to obtain approval under paragraph (6) shall submit a detailed plan to the Financial Services Commission so as to comply with the limit referred to in paragraph (1) by not later than three months before the expiry of the period referred to in paragraph (5); and the Financial Services Commission shall determine and notify such company of whether to grant approval within one month from the date the detailed plan is submitted.

(8) No specialized credit finance business company shall make the extension of credit for the purpose of supporting the investment of any of its major shareholders in any other company.

## **Article 50 (Limits of Ownership of Shares Issued by Major Shareholders)**

(1) No specialized credit finance business company shall hold the shares issued by its major shareholders (including such specially-related persons of the major shareholders prescribed by Presidential Decree; hereafter in this Article, the same shall apply) in excess of the amount corresponding to the proportion prescribed by Presidential Decree within the extent of 150/100 of its own equity capital. *<Amended by Act No. 14127, Mar. 29, 2016>*



(2) Where any specialized credit finance business company intends to acquire shares issued by its major shareholders, of at least the amount determined by Presidential Decree within the extent referred to in paragraph (1), such company shall refer the case to its board of directors in advance for resolution. In such cases, the board of directors shall adopt such resolution by unanimous consent of all the directors enrolled.

*<Amended by Act No. 14127, Mar. 29, 2016>*

(3) Where any specialized credit finance business company acquires shares issued by its major shareholders, of at least the amount determined by Presidential Decree pursuant to paragraph (2), it shall report such fact to the Financial Services Commission without delay, and also publicly announce such fact on its website, etc. *<Amended by Act No. 14127, Mar. 29, 2016>*

(4) A specialized credit finance business company shall file a quarterly report combining matters prescribed by Presidential Decree, among matters to be reported under paragraph (3), with the Financial Services Commission, and also publicly announce such report on its website, etc.

(5) Where a specialized credit finance business company exceeds the limit referred to in paragraph (1), as a person who is not its major shareholder becomes a new major shareholder, such company shall dispose of shares exceeding such limit within the period prescribed by Presidential Decree. *<Amended by Act No. 14127, Mar. 29, 2016>*

(6) Where extenuating circumstances exist with regard to the scale, etc. of the shares of major shareholders, owned by a specialized credit finance business company, notwithstanding paragraph (5), such company may extend the period of such disposal by obtaining approval from the Financial Services Commission. *<Amended by Act No. 14127, Mar. 29, 2016>*

(7) A specialized credit finance business company which intends to obtain approval pursuant to paragraph (6) shall file a detailed plan for meeting the extension limit under paragraph (1), with the Financial Services Commission by not later than three months before the period provided for in paragraph (5) expires; and the Financial Services Commission shall decide whether to grant such approval and notify the company of such decision within one month from the date of receiving the detailed plan.

#### **Article 50-2 (Prohibited Acts, etc. relating to Financial Support)**

(1) No specialized credit finance business companies shall perform an act falling under any of the following subparagraphs with other financial institutions (referring to the financial institutions referred to in subparagraph 1 of Article 2 of the Act on the Structural Improvement of the Financial Industry; hereafter in this Article, the same shall apply) or other companies: *<Amended by Act No. 11758, Apr. 5, 2013; Act No. 14127, Mar. 29, 2016>*

1. Act of holding the voting shares under the mutual crossing thereof or of making the extension of credit for the purpose of avoiding restrictions on the limits of the extension of credit referred to in Article 49-2 (1);

2. Act of acquiring shares under the mutual crossing thereof for the purpose of avoiding restrictions on acquiring its own shares referred to in Article 341 of the Commercial Act or Article 165-3 of the

Financial Investment Services and Capital Markets Act;

3. Other acts prescribed by Presidential Decree, which are likely to greatly harm the interests of transactors.

(2) No voting rights shall be exercised for shares acquired in violation of paragraph (1).

(3) No specialized credit finance business companies shall extend credit to other companies to purchase the shares of such specialized credit finance business companies, nor intermediate funds for the purpose of avoiding restrictions on the limits of the extension of credit referred to in Article 49-2 (1). *<Amended by Act No. 14127, Mar. 29, 2016>*

(4) The Financial Services Commission may take necessary measures, such as ordering a specialized credit finance business company which has acquired shares or extended credit in contravention of paragraph (1) or (3), to dispose of such shares or to recover the amount of the extension of credit. *<Amended by Act No. 14127, Mar. 29, 2016>*

(5) No major shareholder of a specialized credit finance business company (including his/her specially-related person: hereinafter in this paragraph, the same shall apply), shall engage in any of the following acts to benefit him/herself at the expense of the company: *<Amended by Act No. 13453, Jul. 31, 2015>*

1. Demanding that the specialized credit finance business company furnish him/her with undisclosed data or information with an intention to exercise undue influence: Provided, That this shall not apply where the major shareholder exercises his/her rights pursuant to Article 33 (6) of the Act on Corporate Governance of Financial Companies;

2. Exercising undue influence over personnel management or business administration of the specialized credit finance business company in collusion with other shareholders in exchange for economic gains and other benefits;

3. Conducting other acts prescribed by Presidential Decree, which are equivalent to those referred to in subparagraphs 1 and 2.

**Articles 50-3 through 50-7 Deleted.** *<by Act No. 13453, Jul. 31, 2015>*

**Article 50-8 (Demand for Data to Specialized Credit Finance Business Company, etc.)**

(1) Where it is allegedly deemed that any specialized credit finance business company or its major shareholder has violated the provisions of Articles 49-2 (1) through (5), 50 (1) through (5), and 50-2 (1) through (3) and (5), the Financial Services Commission may demand the specialized credit finance business company or its major shareholder to submit such data as may be necessary. *<Amended by Act No. 14127, Mar. 29, 2016>*

(2) Where it is likely that the soundness of management of a specialized credit finance business company is significantly undermined due to the bad financial structure of its major shareholders (limited to those of a company) such as his/her liabilities exceeding his/her assets, as further prescribed by Presidential Decree, the Financial Services Commission may take the following measures against the specialized credit

finance business company:

1. Placing a restriction on new extension of credit to its major shareholder;
2. Placing a restriction on new acquisition of securities issued by its major shareholder;
3. Placing a limitation on transactions with its major shareholder to supply funds, or such other measures as may be prescribed by Presidential Decree.

#### **Article 50-9 (Advertising)**

(1) When a specialized credit finance business company or concurrent loan service provider (hereinafter referred to as "specialized credit finance business company, etc.") advertises a financial product handled in connection with the business affairs specified in Articles 13 (1) 1 and 46 (1) 1 and 3 and other business affairs prescribed by Presidential Decree (hereinafter referred to as "credit financial product"), the advertisement shall include the following matters: *<Amended by Act No. 14127, Mar. 29, 2016; Act No. 15416, Feb. 21, 2018>*

1. The name of the specialized credit finance business company, etc.;
2. Interest rates and other details of the product;
3. A warning informing of the risks of excessive indebtedness or abuse of credit cards and the possibility of downgrading credit rating due to use of credit financial product (limited to products for individuals);
4. Other matters prescribed by Presidential Decree.

(2) Where a specialized credit finance business company, etc. advertises a credit financial product, it shall commit none of the following acts:

1. Making a false or exaggerated advertisement;
2. Making an advertisement by concealing or understating any fact;
3. Making an advertisement by expressing that a product is superior to a financial product offered by another finance company without presenting any specific ground and details thereof;
4. Making any other advertisement prescribed by Presidential Decree in order to protect finance users.

(3) Where advertising a credit financial product by a specialized credit finance business company, etc., constitutes the labeling or advertising defined in Article 4 (1) of the Act on Fair Labeling and Advertising, such advertising shall be governed by the provisions of the aforesaid Act.

(4) Matters necessary for the main details of the products under paragraphs (1) and (2) and the method of, and procedures for, advertising such products shall be prescribed by Presidential Decree.

#### **Article 50-10 (Autonomous Deliberation on Advertisements)**

(1) Where a specialized credit finance business company, etc. advertises any credit finance product prescribed by Presidential Decree, it shall submit a report on the advertisement plan and the content of the advertisement to the Association for deliberation.

(2) Where the content of the advertisement as a result of deliberation under paragraph (1) is inconsistent with the facts or intends to advertise in violation of Article 50-9, the Association may require the relevant specialized credit finance business company, etc. to correct the advertisement or interrupt the use of the advertisement. In such cases, the relevant specialized credit finance business company, etc. shall faithfully comply with the requirement, unless any justifiable ground exists.

(3) The Association shall file a quarterly report on the results of deliberation about advertisements, with the Financial Services Commission within one month from the last day of the relevant quarter.

#### **Article 50-11 (Duty of Explanation, etc.)**

(1) When a specialized credit finance business company, etc. and a person falling under Article 14-2 (1) 2 or 3 recommend an applicant for a credit finance product, credit card member, or other finance user prescribed by Presidential Decree (hereafter in this Article, referred to as “applicant, etc.”) to conclude a contract for the credit finance product, they shall explain the applicant, etc. to understand the content of such product such as interest rates, and other important matters prescribed by Presidential Decree.

(2) A specialized credit finance business company, etc. and a person falling under Article 14-2 (1) 2 or 3 shall verify that the applicant, etc. understands the content explained pursuant to paragraph (1), by his/her signature (including electronic signature under subparagraph 2 of Article 2 of the Digital Signature Act), his/her affixed name and seal, tape-recording, or other method prescribed by Presidential Decree.

#### **Article 50-12 (Duty of Taking Protective Measures for Employees Who Contact with Customers)**

(1) A specialized credit finance business company shall take the following measures to protect employees who contact with customers from verbal abuse, sexual harassment, assault, etc.:

1. Separating employees from the relevant customers and replacing the relevant person in charge, if requested by the relevant employees;
2. Supporting medical treatment of and counseling with the relevant employee;
3. Establishing a grievance settlement organization for employees who directly contact with customers: Provided, That, where a grievance settlement committee is established pursuant to Article 26 of the Act on the Promotion of Workers’ Participation and Cooperation, members of the grievance settlement committee for employees who directly contact with customers, shall be appointed or commissioned;
4. Other measures prescribed by Presidential Decree, such as legal measures necessary for protecting the employees.

(2) Each employee may demand a specialized credit finance business company to take measures referred to in each subparagraph of paragraph (1).

(3) No specialized credit finance business company shall give disadvantage to any employee due to his/her demand referred to in paragraph (2).

### **Article 51 (Prohibition against Use of Similar Trade Names)**

A person who is not a specialized credit finance business company under this Act may not use the same or similar indication as credit, credit card, facility leasing, lease, installment financing, or venture capital business in his/her trade name.

### **Article 52 (Relations with Other Acts)**

(1) The provisions of the Bank of Korea Act and the Banking Act shall not apply to a specialized credit finance business company and a concurrent loan service provider pursuant to the provisions of Article 3 (3) 2.

(2) Only Articles 3 through 10, 11 (1), (4), and (5), 13-2, 14, 14-2 through 14-4, 14-7, 15 through 19, 24, 24-2, 24-3, and 26 through 28 of the Act on the Structural Improvement of the Financial Industry, shall apply to a specialized credit finance business company: Provided, That Article 24 of the same Act shall not apply where a new technology venture capitalist makes an investment in a new technology venture business entity.

## **CHAPTER V SUPERVISION**

### **Article 53 (Supervision)**

(1) The Financial Services Commission shall supervise specialized credit finance business companies, value-added network providers, etc. to ensure that they comply with this Act or an order issued under this Act. *<Amended by Act No. 9459, Feb. 6, 2009; Act No. 11410, Mar. 21, 2012; Act No. 13068, Jan. 20, 2015>*

(2) If the Financial Services Commission deems it necessary for supervision referred to in paragraph (1), it may require specialized credit finance business companies, value-added network providers, etc. to submit a report on the status of business operations and financial condition. *<Amended by Act No. 9459, Feb. 6, 2009; Act No. 13068, Jan. 20, 2015>*

(3) Deleted. *<by Act No. 6430, Mar. 28, 2001>*

(4) If a specialized credit finance business company or a value-added network provider falls under any subparagraph of the attached Table, the Financial Services Commission may take any of the following measures according to the recommendation of the Governor of the Financial Supervisory Service or may require the Governor of the Financial Supervisory Service to take any of the measures specified in subparagraph 1: *<Amended by Act No. 9459, Feb. 6, 2009; Act No. 13068, Jan. 20, 2015; Act No. 14825, Apr. 18, 2017>*

1. A request to give a caution or warning to the specialized credit finance business company or value-added network provider or to give a caution, warning, or reprimand to its executive officers and employees;
2. Corrective orders against the relevant offenses;

3. Advice on the dismissal of executive officers (excluding operating officers as defined in subparagraph 5 of Article 2 of the Act on Corporate Governance of Financial Companies; hereafter the same shall apply in this Article) and suspension of their duties.

(5) Where it is deemed that a retired executive officer or employee of a specialized credit finance business company or of a value-added network provider would have been subjected to a measure taken under paragraph (4) 1 or 3 if he/she had been in service, the Financial Services Commission (including the Governor of the Financial Supervisory Service who may take such measure under paragraph (4)) may notify the head of the relevant specialized credit finance business company or value-added network provider of the details of such measure. *<Amended by Act No. 9459, Feb. 6, 2009; Act No. 13068, Jan. 20, 2015; Act No. 14825, Apr. 18, 2017>*

(6) Upon receipt of notice under paragraph (5), the head of a specialized credit finance business company or of a value-added network provider shall notify the retired executive officer or employee of the notice and keep and maintain records thereof in the personnel affairs register. *<Amended by Act No. 9459, Feb. 6, 2009; Act No. 13068, Jan. 20, 2015; Act No. 14825, Apr. 18, 2017>*

#### **Article 53-2 (Inspections)**

(1) The Governor of the Financial Supervisory Service may instruct subordinate employees to inspect the status of business operations and assets of specialized credit finance business companies, etc. and value-added network providers. *<Amended by Act No. 13068, Jan. 20, 2015>*

(2) Persons who conduct inspections under paragraph (1) shall present a certificate indicating their authority to interested persons.

(3) The Governor of the Financial Supervisory Service may request specialized credit finance business companies, etc. and value-added network providers (including persons to whom a specialized credit financial business company or value-added network provider has fully or partially entrusted the affairs of the specialized credit financial business or value-added network business for credit cards, etc. by contract) to submit accounting books, written documents, and other data, as necessary for an inspection, or may summon the persons concerned to appear and state opinions. *<Amended by Act No. 13068, Jan. 20, 2015>*

(4) The Governor of the Financial Supervisory Service may request an external auditor appointed by a specialized credit finance business company, etc. pursuant to the Act on External Audit of Stock Companies to furnish information and data relating to the soundness of management of which he/she has become aware in the course of conducting an audit of the relevant specialized credit finance business company, etc. *<Amended by Act No. 15022, Oct 31, 2017>*

#### **Article 53-3 (Guidance of Sound Management)**

(1) The Financial Services Commission may set forth the criteria for management guidance falling under any of the following subparagraphs as prescribed by Presidential Decree, in order to guide the sound management of the specialized credit finance business company and to prevent the financial troubles:

1. Matters on the adequacy of equity capital;
  2. Matters on the soundness of property;
  3. Matters on the liquidity;
  4. Other matters necessary for securing the soundness of management.
- (2) When the specialized credit finance business company is acknowledgedly apprehended to harm the soundness of management, such as failing to fulfill the criteria for management guidance pursuant to the provisions of paragraph (1), the Financial Services Commission may demand it to take necessary measures for improving its management, such as increase of capital, limit to profit sharing.

#### **Article 54 (Submission of Business Reports, etc.)**

- (1) Specialized credit finance business companies, value-added network providers, etc. shall prepare and submit reports on business operations and business performance to the Financial Services Commission, as prescribed by the Financial Services Commission. *<Amended by Act No. 13068, Jan. 20, 2015>*
- (2) In any of the following cases, a specialized credit finance business company or a value-added network provider shall report relevant facts to the Financial Services Commission, as prescribed by Presidential Decree: *<Amended by Act No. 13068, Jan. 20, 2015>*
1. Where its trade name or title is changed;
  2. Deleted; *<by Act No. 13453, Jul. 31, 2015>*
  3. Where the largest shareholder is replaced;
  4. Where the number of shares held by a major shareholder or his/her specially-related person changes by at least 1/100 of the total number of outstanding voting shares (not applicable to value-added network providers).

#### **Article 54-2 (Disclosure of Operations)**

- (1) The Financial Services Commission may have a specialized credit finance business company disclose important information and data on the conditions of operation.
- (2) The matters necessary for the kinds, scope, and methods of disclosure under paragraph (1) shall be determined by the Financial Services Commission.

#### **Article 54-3 (Amendment, etc. of Terms and Conditions)**

- (1) A specialized credit finance business company, etc. shall protect rights and benefits of finance users, and where it intends to enact or amend the terms and conditions related with financial transactions (hereinafter referred to as "financial terms and conditions"), it shall report to the Financial Services Commission in advance: Provided, That if it falls under any of the following subparagraphs, it shall report to the Financial Services Commission within ten days after financial terms and conditions are enacted or amended: *<Amended by Act No. 10062, Mar. 12, 2010; Act No. 14127, Mar. 29, 2016>*

1. Where the company amends matters that have no adverse effects on rights or duty of finance users among financial terms and conditions;
  2. Where the company uses the standardized terms and conditions under paragraph (3) without changing them;
  3. Where the details of financial terms and conditions that the company intends to enact or amend are the same as those of financial terms and conditions reported by other specialized credit finance business companies, etc. to the Financial Services Commission;
  4. Where the company amends financial or standardized terms and conditions in accordance with an order to amend under paragraph (7);
  5. Other cases determined by the Financial Services Commission, which are unlikely to impair the protection of finance users and the sound order of transactions.
- (2) Where a specialized credit finance business company, etc. enacts or amends financial terms and conditions, it shall publicly announce such enactment or amendment on its website, etc. *<Amended by Act No. 10062, Mar. 12, 2010>*
- (3) A specialized credit finance business association may enact or amend terms and conditions (hereinafter referred to as "standardized terms and conditions") that serve as a standard with regard to transactions in specialized credit finance business in order to establish the sound order of transactions and to prevent the circulation of unfair financial terms and conditions. *<Amended by Act No. 14127, Mar. 29, 2016>*
- (4) Where a specialized credit finance business association intends to enact or amend standardized terms and conditions, it shall report to the Financial Services Commission in advance.
- (5) The Financial Services Commission, to which financial terms and conditions have been reported under paragraph (1) or standardized terms and conditions have been reported under paragraph (4), shall notify the Fair Trade Commission of the details of such financial or standardized terms and conditions.
- (6) If it is recognized that the details of financial or standardized terms and conditions notified under paragraph (5) violate Articles 6 through 14 of the Act on the Regulation of Terms and Conditions, the Fair Trade Commission may report such facts to the Financial Services Commission and request it to take necessary corrective measures; and the Financial Services Commission shall comply with such request except in extenuating circumstances.
- (7) If it is recognized that financial or standardized terms and conditions violate this Act or finance-related statutes and they may undermine the interests of finance users, the Financial Services Commission may order specialized credit finance business companies, etc. or a specialized credit finance business association to amend such financial or standardized terms and conditions in written documents stating the details of such violation. The Financial Services Commission shall consult with the Fair Trade Commission before it gives an order of such amendment. *<Amended by Act No. 10062, Mar. 12, 2010>*
- (8) The period and procedure for reporting on enactment and amendment of financial terms and conditions and standardized terms and conditions under paragraphs (1) through (4), and other necessary matters, shall be prescribed by the Financial Services Commission. *<Newly Inserted by Act No. 14127, Mar. 29, 2016>*



#### **Article 54-4 (Duty to Ensure Safety)**

- (1) Every specialized credit finance business company or value-added network provider shall fulfill its fiduciary duty of care in good faith so as to ensure safety in handling financial transactions.
- (2) Every specialized credit finance business company or value-added network provider shall comply with the standards prescribed by the Financial Services Commission with respect to the information technology sector and electronic finance for human resources, facilities, electronic systems, expenses to be incurred, etc, for electronic transmission or processing so as to ensure the safety and reliability of financial transactions.
- (3) Every specialized credit finance business company and value-added network provider shall formulate a plan for the information technology sector each year, have the plan confirmed and signed by its representative, and submit it to the Financial Services Commission so as to ensure safety in financial transactions, as prescribed by Presidential Decree.

#### **Article 54-5 (Protection of Credit Information)**

- (1) Specialized credit finance business companies and value-added network providers shall take measures for the protection and management of credit information to prevent credit information from being lost, stolen, divulged, or falsified.
- (2) Specialized credit finance business companies and value-added network providers shall obtain express consent from the subject of credit information, whenever they intend to provide credit information to a third party or use credit information.
- (3) No specialized credit finance business company nor value-added network provider shall collect or use credit information for any purpose other than the business affairs specified by this Act.
- (4) Further details of the methods and procedures referred to in paragraphs (1) through (3) shall be prescribed by Presidential Decree.

#### **Article 55 (Keeping Accounts)**

A specialized credit finance business company, etc. shall keep accounting records for each kind of the specialized credit finance business for which a license is granted or registration is made to allow the analysis of its fund management and business performance, separately from those for other business affairs.

#### **Article 56 (Designation of Auditors)**

Where a specialized credit finance business company falls under any cause as determined by Presidential Decree such as the violation of this Act, the Financial Services Commission may designate an auditor of the specialized credit finance business company after deliberation by the Securities Futures Commission.

## **Article 57 (Revocation, etc. of License or Registration)**

(1) Where a specialized credit finance business company, etc. or value-added telecommunications service provider falls under any of the following, the Financial Services Commission may order a credit card company to fully or partially suspend business affairs referred to in Article 46 (1) 1 through 4 (including incidental business affairs under Article 13 (1) 1 in cases of a credit card company), or business affairs prescribed by Presidential Decree among business affairs referred to in Article 46 (1) 5, and business affairs of value-added network services for credit cards, etc., for a specified period of not more than six months: *<Amended by Act No. 11410, Mar. 21, 2012; Act No. 13068, Jan. 20, 2015; Act No. 13453, Jul. 31, 2015; Act No. 14127, Mar. 29, 2016>*

1. Where it performs incidental business affairs referred to in each subparagraph of Article 13 (1), in violation of standards prescribed by the same paragraph;
2. Where it violates Article 14, 14-2, 16, 17, 18, 21, 23 (1), 24-2, 25 (4), 46 (limited to provisions concerning business affairs provided for in the main sentence of this paragraph), 54-4 (2) or (3), or 54-5;
3. Where it fails to comply with an order issued or a measure taken by the Financial Services Commission under Article 18-4, 23 (2), 24, 25 (1), 53 (4), or 53-3 (2);
4. Where it falls under any subparagraph provided in the attached Table of the Act on Corporate Governance of Financial Companies.

(2) Where a credit card company falls under any of the following subparagraphs, the Financial Services Commission may revoke its license or registration: *<Amended by Act No. 10062, Mar. 12, 2010>*

1. Where it obtains a license or makes a registration under Article 3 (1) by fraud or other improper means;
2. Where it falls under any of Article 6 (1) 2 through 4 (limited to a specialized credit finance business company);
3. Where it fails to comply with orders for suspension of business under paragraph (1);
- 3-2. Where it violates its duty to maintain requirements for license referred to in Article 6-2;
4. Where it fails to continue to conduct its operations for at least one year without any justifiable ground;
5. Where it virtually closes out its operations due to a corporate merger, bankruptcy, or closure of its operations.

(3) Where a lessor, an installment financing company, or a new technology venture capitalist falls under any of the following subparagraphs, the Financial Services Commission may revoke its registration: *<Amended by Act No. 14127, Mar. 29, 2016>*

1. Where it registers under the provisions of Article 3 (2) by fraud or other improper means;
2. Where it falls under any of the provisions of Article 6 (1) 2 through 4 (limited to a specialized credit finance business company);

3. Where it violates orders or dispositions made by the Financial Services Commission under the provisions of Article 53 (4) or 53-3 (2);
4. Where it fails either to commence the operation of any registered business within one year from the date of registration, or to continue to conduct the operation without any justifiable ground for at least one year after commencing the operation;
5. Where it virtually closes out its operations due to a corporate merger, bankruptcy, or closure of its operations.

#### **Article 58 (Penalty Surcharges)**

(1) Where a specialized credit finance business company violates Article 46 (limited to provisions concerning the business affairs provided for in the main sentence of Article 57 (1), the Financial Services Commission may impose a penalty surcharge not exceeding 300 million won, as prescribed by Presidential Decree. *<Amended by Act No. 14127, Mar. 29, 2016; Act No. 14825, Apr. 18, 2017>*

(2) Where a credit card company falls under any of the subparagraphs of Article 57 (1), the Financial Services Commission may impose a penalty surcharge not exceeding 100 million won instead of issuing dispositions to suspend business, as prescribed by Presidential Decree.

(3) In any of the following cases, the Financial Services Commission may impose a penalty surcharge not exceeding 200 million won, as prescribed by Presidential Decree: *<Amended by Act No. 13068, Jan. 20, 2015; Act No. 14825, Apr. 18, 2017>*

1. Where a lessor fails to comply with any order made by the Financial Services Commission pursuant to Article 37;
2. Where an installment financing company violates Article 39 or 40;
3. Where a new technology venture capitalist violates Article 45;
4. Where a specialized credit finance business company, etc. (excluding credit card business) or value-added network provider violates Article 16-3, 27-4, 54-4, or 54-5.

(4) Where a specialized credit finance business company violates Article 47, 48, 49 (1) or (4), 49-2 (1) or (8), or 50 (1) or violates an order issued by the Financial Services Commission under Article 49 (2), the Financial Services Commission may impose a penalty surcharge not exceeding the following limits: *<Amended by Act No. 14127, Mar. 29, 2016; Act No. 14825, Apr. 18, 2017>*

1. Where a specialized credit finance business company raises a fund, in violation of Article 47: Not more than 30/100 of the raised fund;
2. Where the ratio of total assets to equity capital of a specialized credit finance business company exceeds the limit, in violation of Article 48;
3. Where a specialized credit finance business company acquire real estate, in violation of Article 49 (1) or (4): Not more than 30/100 of the acquisition value of real estate;
4. Where a specialized credit finance business company violates an order issued by the Financial Services Commission under Article 49 (2): Not more than 30/100 of the acquisition value of the

acquired real estate;

5. Where a specialized credit finance business company extends credit in excess of the limit on credit extension under Article 49-2 (1): Not more than 20/100 of the amount of credit extended in excess of the limit;

6. Where a specialized credit finance business company extends credit, in violation of Article 49-2 (8): Not more than the extended amount of credit;

7. Where a specialized credit finance business company holds stocks issued by its majority stockholders in excess of the limit on the holding of stocks under Article 50 (1): Not more than the total book value of stocks held in excess of the limit.

(5) The types or degrees of breaches subject to the imposition of penalty pursuant to paragraphs (1) through (4) or other necessary matters shall be prescribed by Presidential Decree.

(6) The Financial Services Commission shall collect surcharges in the same manner as delinquent national taxes are collected, where penalty surcharges imposed under paragraphs (1) through (4) are not paid within the specified deadline.

(7) The Financial Services Commission may entrust the Commissioner of the National Tax Service with the affairs relating to the collection of penalty surcharges and the disposition for arrears, as prescribed by Presidential Decree.

#### **Article 58-2 (Raising Objections)**

(1) A person who is dissatisfied with the imposition of surcharges under Article 58 may raise an objection by preparing the grounds therefor with the Financial Services Commission, within 30 days from the date the disposition is notified.

(2) The Financial Services Commission shall make a decision concerning the objection raised under paragraph (1) within 60 days: Provided, That if the Financial Services Commission is unable to make a decision within the said period due to unavoidable grounds, the period may be extended within 30 days.

(3) Where the Financial Services Commission extends a period of decision under the proviso to the paragraph (2), it shall notify, without delay, the applicant who has raised an objection under paragraph (1) that the period of decision shall be extended accordingly.

#### **Article 58-3 (Refund of Overpaid or Erroneously Paid Money)**

Where a person liable to pay surcharges requests for the refund of overpaid or erroneously paid surcharges on the grounds of the ruling on an objection, court's decision, etc., the Financial Services Commission shall refund without delay, and it shall refund overpaid or erroneously paid surcharges verified by itself, even if the person liable to pay surcharges fails to make a request.

#### **Article 58-4 (Additional Dues on Refund)**

When refunding surcharges under Article 58-3, the Financial Services Commission shall pay to the person who will receive refund, the additional dues on refund by applying the interest rate of additional dues prescribed by Presidential Decree, for the period from the date the surcharges are paid to the date refund is made.

**Article 59 Deleted.** *<by Act No. 6430, Mar. 28, 2001>*

**Article 60 (Measures after Revocation of License or Registration of Credit Card Business)**

A credit card company may continue to perform the business for settling accounts in respect of credit card transactions conducted prior to the revocation of the license or registration pursuant to the provisions of Article 57 (2).

**Article 61 (Hearings)**

The Financial Services Commission shall hold a hearing where it intends to revoke license or registration under the provisions of Article 57 (2) or (3).

## CHAPTER VI SPECIALIZED CREDIT FINANCE BUSINESS ASSOCIATION

**Article 62 (Establishment)**

(1) Specialized credit finance business companies, etc. may establish a specialized credit finance business association (hereinafter referred to as the "Association") to pursue sound development of specialized credit finance business. *<Amended by Act No. 9459, Feb. 6, 2009>*

(2) The Association shall be a corporation. *<Amended by Act No. 9459, Feb. 6, 2009>*

(3) Where specialized credit finance business companies, etc. wish to establish the Association, they shall prepare the articles of association at the inaugural general meeting and obtain a license thereon from the Financial Services Commission. *<Amended by Act No. 9459, Feb. 6, 2009>*

(4) The Association shall have a president, directors, auditors, or other executive officers according to the articles of association. *<Amended by Act No. 9459, Feb. 6, 2009>*

(5) Deleted. *<by Act No. 5741, Feb. 1, 1999>*

(6) Except as otherwise expressly provided for this Act with regard to the Association, the provisions of the Civil Act relating to an incorporated association shall apply mutatis mutandis. *<Amended by Act No. 9459, Feb. 6, 2009>*

**Article 63 (Accession)**

The Association may not refuse accession or impose unfair conditions thereto without justifiable causes, where a specialized credit finance business company, etc. intends to accede to the Association.

#### **Article 64 (Business Affairs)**

The Association shall conduct the following business affairs: *<Amended by Act No. 14127, Mar. 29, 2016>*

1. Guiding and recommending members to comply with this Act or other statutes;
2. Recommending members to maintain the sound order of operation and improve the methods of operating business for the protection of users;
3. Analyzing the financial situations of member companies;
4. Consulting with customers and dealing with their general inquiries;
5. Exchanging credit information between members;
6. Managing information on credit card merchants;
7. Surveying and researching development of specialized credit financial business and specialized credit finance business companies;
8. Enacting and amending standardized terms and conditions;
9. Affairs concerning projects for supporting credit card terminals serving petty, small and medium credit card merchants;
10. Such affairs concerning designation of value-added network services providers as are entrusted pursuant to Article 27-5;
11. Affairs concerning managing, operating, etc. of the Donations Management Foundation established pursuant to Article 67;
12. Other necessary business affairs for achieving the objectives of the Association.

#### **Article 65 (Articles of Association)**

The articles of association of the Association shall contain any of the following matters:

1. Objectives, title, and the place of office;
2. Qualification for members;
3. Matters regarding to election of executive officers;
4. Scope of business affairs;
5. Membership dues, budgets, and accounting;
6. Meetings and other matters necessary for operating the Association.

#### **Article 66 (Supervision over and Inspection of Association)**

@Articles 53 and 53-2 shall apply mutatis mutandis to the Association. In such cases, "specialized credit finance business companies, etc. and a value-added network services providers" shall be construed as the "Association."

#### **Article 67 (Establishment, etc. of Donations Management Foundation)**

(1) The Association may establish the Donations Management Foundation (hereinafter referred to as the “Foundation”) for efficiently managing, operating, etc. of society-contributing projects through donations such as amounts remaining after using prepaid cards (hereinafter referred to as “residual unused amount of prepaid cards”) and credit card points, the extinctive prescription of both of which is completed.

(2) The Foundations shall be a corporation.

(3) Except as otherwise expressly provided for in this Act with regard to the Foundation, the provisions of the Civil Act relating to incorporated foundations shall apply *mutatis mutandis*.

#### **Article 68 (Donation of Residual Unused Amount of Prepaid Cards, etc.)**

(1) A credit card company may donate residual unused amounts of prepaid cards to the Foundation.

(2) Where there is a request for the donation of credit card points from the relevant card holder, or credit card points are not used within the effective period of the credit card, the credit card company may donate the amount (limited to the amount accumulated at the expense of the credit card company) equivalent to the proprietary interests of the credit card points to the Foundation.

(3) Where a credit card company decides to donate residual unused amount of a prepaid card and credit card points (hereinafter referred to as “residual unused amount of a prepaid card, etc.”) pursuant to paragraphs (1) and (2), it shall, if the residual unused amount of a prepaid card, etc. is at least the amount prescribed by Presidential Decree, notify the original right holder of the residual unused amount of a prepaid card, etc., of the intent of such donation and obtain consent thereto from the original right holder at least one month before the donation. In such cases, methods for notification and consent and other necessary matters shall be prescribed by Presidential Decree.

#### **Article 68-2 (Financial Resources for Operating Foundation)**

The Foundation shall be operated by the following financial resources:

1. Amount equivalent to proprietary interests of the residual unused amount of prepaid cards, etc. donated pursuant to Article 68;
2. Donations;
3. Other earnings.

## **CHAPTER VII SUPPLEMENTARY PROVISIONS**

**Article 69 Deleted.** *<by Act No. 9459, Feb. 6, 2009>*

#### **Article 69-2 (Entrustment of Authority)**

(1) Where necessary for elevating the efficiency of supervision over specialized credit finance business companies or value-added network services providers, the Financial Services Commission may partially entrust authority provided for in this Act to the Governor of the Financial Supervisory Service, as

prescribed by Presidential Decree. <Amended by Act No. 14127, Mar. 29, 2016>

(2) Where deemed necessary for protecting the traders, the Financial Services Commission may partially entrust authority other than authority provided for in paragraph (1) to the president of the Association, as prescribed by Presidential Decree.

## CHAPTER VIII PENALTY PROVISIONS

### Article 70 (Penalty Provisions)

(1) Any of the following persons shall be punished by imprisonment with labor for not more than seven years or by a fine not exceeding 50 million won: <Amended by Act No. 14127, Mar. 29, 2016>

1. A person who forges or falsifies a credit card;
2. A person who sells or uses a forged or falsified credit card;
3. A person who sells or uses a lost or stolen credit card or debit card;
4. A person who sells or uses a credit card or debit card taken by force, embezzlement, deception, or threat;
5. A person who acquires a forged or falsified credit card, etc. for the purpose of use thereof;
6. A person who retains any other person's credit card information acquired by fraud and other improper means, or makes a transaction with a credit card using the information so obtained;
7. A person who operates credit card business without obtaining a license or being registered under Article 3 (1);
8. A person who obtains a license or is registered under Article 3 (1) by fraud and other improper means;
9. A specialized credit finance business company which extends credit to its major shareholder, in violation of Article 49-2 (1) or (8), and the major shareholder or his/her specially-related person who receives such credit;
- 9-2. A specialized credit finance business company which holds shares issued by its major shareholders, in violation of Article 50 (1);
10. A major shareholder or his/her specially-related person who conducts an act falling under any subparagraph of Article 50-2 (5), in violation of the same paragraph.

(2) Each person who violates Article 18-3 (4) 2, 19 (6), or 24-2 (3) shall be punished by imprisonment with labor for not more than five years or by a fine not exceeding 30 million won. <Newly Inserted by Act No. 13068, Jan. 20, 2015>

(3) Any of the following persons shall be punished by imprisonment with labor for not more than three years or by a fine not exceeding 20 million won: <Amended by Act No. 13068, Jan. 20, 2015>

1. A person who is registered under Article 3 (2) by fraud or other improper means;
2. A person who provides financing through any of the following means, or who has mediated it:



- (a) Making a credit card transaction through disguised sale of goods or provision of services, etc., or in excess of the amount of actual sales, or of performing such an act by proxy;
- (b) Buying back at a lower price the goods or services bought by a credit card member after having the credit card member purchase the goods or services with a credit card;
- (c) Having a credit card issued after having a pledge that imposes credit limits created, in violation of Article 15;

3. A person who makes a credit card transaction in the name of another credit card merchant, in violation of Article 19 (5) 3;

4. A person who makes a credit card transaction on behalf of another person, in violation of Article 19 (5) 5;

5. A person who transfers sales claims and who acquires them, in violation of Article 20 (1);

6. A person who makes a transaction by credit cards, etc. in the name of another credit card merchant, in violation of Article 20 (2);

7. A person who engages in value-added network business for credit cards, etc. without being registered under Article 27-2 (1);

8. A person who has been registered under Article 27-2 (1) by fraud or other improper means.

(4) Any of the following persons shall be punished by imprisonment with labor for not more than one year or by a fine not exceeding ten million won: <Amended by Act No. 10062, Mar. 12, 2010; Act No. 11410, Mar. 21, 2012; Act No. 13068, Jan. 20, 2015>

1. and 2. Deleted; <by Act No. 13453, Jul. 31, 2015>

2-2. A person not falling under any subparagraph of Article 14-2 (1), who solicits credit card holders;

3. A person who transfers or acquires a credit card, in violation of Article 15;

3-2. A person who violates Article 18-3 (4) 1;

4. A person who refuses to sell goods or to provide services, etc. or who treats a credit card holder unfavorably for making a transaction with a credit card, in violation of Article 19 (1);

5. A person who shifts the obligation for a merchant fee to a credit card holder, in violation of Article 19 (4);

6. A person who lends his/her credit card merchant membership to another person, in violation of Article 19 (5) 4;

7. A person who violates Article 27, 50-2 (1) or (3), or 51.

(5) Any person who violates Article 36 (2) shall be punished by a fine not exceeding five million won.

(6) An attempt to commit a crime under paragraph (1) 1 or 2 shall be punished.

(7) A person who attempts or conspires to commit the crime defined under paragraph (1) 1 shall be punished by imprisonment with labor for not more than three years or by a fine not exceeding 20 million won: Provided, That punishment of a person who voluntarily confesses him/herself before committing the intended crime may be mitigated or remitted.

(8) Imprisonment with labor and fines referred to in paragraphs (1) through (4) may be imposed concurrently. *<Amended by Act No. 13068, Jan. 20, 2015>*

#### **Article 71 (Joint Penalty Provisions)**

Where the representative of a corporation, or an agent or employee of, or any other person employed by, a corporation or an individual commits an offense described in Article 70 in connection with the business affairs of the corporation or individual, not only shall such offender be punished, but also the corporation or individual shall be punished by a fine prescribed in the relevant provisions: Provided, That this shall not apply where such corporation or individual has not been negligent in giving due attention and supervision concerning the relevant business affairs to prevent such offense.

#### **Article 72 (Administrative Fines)**

(1) Any of the following persons shall be punished by an administrative fine not exceeding 50 million won: *<Amended by Act No. 10062, Mar. 12, 2010; Act No. 11410, Mar. 21, 2012; Act No. 11629, Mar. 22, 2013; Act No. 13068, Jan. 20, 2015; Act No. 14127, Mar. 29, 2016; Act No. 14825, Apr. 18, 2017>*

1. A person who violates Article 14-5 (1) through (3);
2. A person who refuses to cooperate with investigation under Article 14-5 (4);
3. A person who fails to report a solicitor's illegal act, in violation of Article 14-5 (5);
4. A person who refuses an inspection conducted under Article 16-2 (3);
- 4-2. A person who fails to return the annual fee, in violation of Article 16-5;
5. A person who violates Article 19 (3) or (7) or 19-2;
- 5-2. A person who fails to file for an amendment to registration, in violation of Article 27-2 (4);
- 5-3. A person who fails to file a report on its incidental business affairs, in violation of Article 46-2 (1);
6. A person who fails to refer the case to the board of directors for decision, in violation of Article 49-2 (2) or 50 (2);
7. A person who fails to file a report or give public notice, in violation of Article 49-2 (3) or (4), or Article 50 (3) or (4);
8. and 9. Deleted; *<by Act No. 13453, Jul. 31, 2015>*
10. A person who fails to meet the demand to submit data, in violation of Article 50-8 (1);
- 10-2. A person who violates Article 50-9 (1) or (2);
- 10-3. A person who fails to comply with a request to submit data or a summons to appear and state opinions, in violation of Article 53-2 (3);
- 10-4. A person who fails to submit a report or report relevant facts (including a person who submits a false report or reports false information), in violation of Article 54;
11. A person who either fails to make notification under Article 54-2, or falsely make notification;
12. A person who fails to enact or amend financial terms and conditions or standard terms and conditions without reporting to the Financial Services Commission, in violation of Article 54-3;

13. A person who fails to keep accounting records separately from other business, in violation of Article 55.

(2) Any person who fails to take measures for protecting employees or imposes a disadvantage on employees, in violation of Article 50-12, shall be punished by an administrative fine not exceeding 30 million won. <Newly Inserted by Act No. 14825, Apr. 18, 2017>

(3) Any of the following persons shall be punished by an administrative fine not exceeding 10 million won: <Newly Inserted by Act No. 14127, Mar. 29, 2016>

1. A person who fails to educate solicitors, in violation of Article 14-5 (6);

2. A person who fails to verify, in violation of Article 50-11 (2);

3. and 4. Deleted. <by Act No. 14825, Apr. 18, 2017>

(4) Administrative fines under paragraphs (1) through (3) shall be imposed and collected by the Financial Services Commission, as prescribed by Presidential Decree. <Amended by Act No. 14127, Mar. 29, 2016; Act No. 14825, Apr. 18, 2017>

## ADDENDA

### Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 1998.

### Article 2 (Repeal of Acts)

The Credit Card Business Act and the Equipment Rental Business Act are hereby repealed.

### Article 3 (Applicability)

The provisions of Article 68 shall apply from the date the Association is established according to the provisions of Article 62.

### Article 4 (Transitional Measures concerning Credit Card Business)

(1) As at the time this Act enters into force, a person who is authorized to engage in credit card business pursuant to the provisions of Article 3 of the Credit Card Business Act and who obtains a license to perform all operations prescribed in subparagraphs 1 through 5 of Article 6 (2) of the same Act pursuant to the provisions of the said paragraph, shall be deemed permitted to perform credit card business as a specialized credit finance business company.

(2) As at the time this Act enters into force, a person who is authorized to engage in credit card business pursuant to the provisions of Article 3 of the Credit Card Business Act and who does not obtain a license under the provisions of Article 6 (2) of the said Act, or who does obtain a license only for business operations prescribed in subparagraph 1 from among those falling under subparagraphs 1 through 5 of the said paragraph, shall be deemed permitted to perform credit card business as a concurrent loan service provider in combination with other business.

(3) As at the time this Act enters into force, a person who is authorized to engage in installment financing business pursuant to the provisions of Article 17-2 of the Credit Card Business Act, shall be deemed to have registered installment financing business as a specialized credit finance business

company.

(4) As at the time this Act enters into force, a facility leasing service company authorized to engage in facility leasing business pursuant to the provisions of Article 3 of the Equipment Rental Business Act, shall be deemed to have registered facility leasing business as a specialized credit finance business company.

(5) As at the time this Act enters into force, a person who is authorized to engage in facility leasing business pursuant to the provisions of Article 3 of the Equipment Rental Business Act and is not a facility leasing service company, shall be deemed to have registered facility leasing business as a concurrent loan service provider.

(6) As at the time this Act enters into force, a person who is authorized to engage in new technology venture capital business pursuant to the provisions of Article 4 of the Financial Assistance to New Technology Business Act, shall be deemed to have registered new technology venture capital business and facility leasing business as a specialized credit finance business company.

(7) A person who is deemed to have obtained a license for or registered specialized credit finance business according to the provisions of paragraphs (1) through (6), shall submit to the Minister of Finance and Economy, documents prescribed by the provisions of Article 4 within a month from the date this Act enters into force.

**Article 5 Deleted. <by Act No. 5741, Feb. 1, 1999>**

**Article 6 (Transitional Measures concerning Penalties and Administrative Fines)**

The former provisions of the Credit Card Business Act and the Equipment Rental Business Act shall apply to penalties and administrative fines imposed for acts performed before this Act enters into force.

**Article 7 Omitted.**

**ADDENDA <Act No. 5505, Jan. 13, 1998>**

(1) (Enforcement Date) This Act shall enter into force on April 1, 1998. (Proviso Omitted.)

(2) (Transitional Measure concerning Disposition, etc.) Authorizations and other acts by administrative agencies, etc., or various reports and other acts toward administrative agencies, etc., which are conducted in accordance with the previous provisions at the time when this Act enters into force shall be deemed as if they were conducted by administrative agencies, etc. or toward administrative agencies, etc. in accordance with this Act.

(3) through (5) Omitted.

**ADDENDUM <Act No. 5741, Feb. 1, 1999>**

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

ADDENDA <Act No. 5819, Feb. 8, 1999>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 12 Omitted.**

ADDENDA <Act No. 5982, May 24, 1999>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 6 Omitted.**

ADDENDA <Act No. 6316, Dec. 29, 2000>

**Article 1 (Enforcement Date)**

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

**Article 2 Omitted.**

ADDENDA <Act No. 6430, Mar. 28, 2001>

**Article 1 (Enforcement Date)**

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

**Article 2 (Transitional Measures concerning Changes in Qualifications of Executive Officers)**

Where incumbent executive officers of the specialized credit finance business company at the time of enforcement of this Act have come to fall under the amendments to Article 50-3 due to the causes occurred prior to the enforcement of this Act, the previous provisions shall govern, notwithstanding the same amendments.

**Article 3 (Transitional Measures concerning Election of Outside Directors)**

The specialized credit finance business company which is to elect the outside directors under the amendments to Article 50-4 shall elect the outside directors at the regular shareholders' meeting convened for the first time after the enforcement of this Act. In such cases, a person who has been elected as an outside director at the said regular shareholders' meeting shall be deemed to have been recommended under paragraph (2) of the same Article by the committee for recommending the candidates for outside directors.

**Article 4 (Transitional Measures concerning Establishment of Audit Committee)**

The specialized credit finance business company which is to establish the audit committee under the amendments to Article 50-5 shall make that the audit committee under the same amended provisions is to be composed at the regular shareholders' meeting convened for the first time after the enforcement of this Act.

**Article 5 (Transitional Measures concerning Full-Time Auditor following Establishment of Audit Committee)**

An incumbent full-time auditor of the specialized credit finance business company which is to establish the audit committee under the amendments to Article 50-5 at the time of enforcement of this Act (where there are not less than two auditors, referring to the full-time auditor nominated in advance by the board of directors of the relevant specialized credit finance business company), shall be regarded as the member who is not an outside director from among the members of the audit committee of the relevant specialized credit finance business company until the expiry of his/her term of office, where his/her term is not expired by the date of shareholders' meeting whereat the audit committee shall be established under Article 4 of the Addenda and he/she is not dismissed at the relevant shareholders meeting. In such cases, the relevant full-time auditor shall be considered to have been elected at the shareholders' meeting under Article 382 (1) of the Commercial Act, until the expiry of his/her term of office.

**Article 6 (Transitional Measures concerning Election of Compliance Officer)**

The specialized credit finance business company which is to appoint the compliance officer under the amendments to Article 50-6 (2) shall appoint the compliance officer at the board of directors convened for the first time after the enforcement of this Act.

ADDENDA <Act No. 6681, Mar. 30, 2002>

(1) (Enforcement Date) This Act shall enter into force three months after the date of its promulgation.

(2) (Transitional Measures concerning Registration of Credit Card Business) A person who falls under previous Article 3 (2) 2 and who has obtained a license for credit card business at the time of enforcement of this Act shall be deemed to have made a registration of a credit card business under the amended provisions of the proviso of paragraph (1) of the same Article.

ADDENDA <Act No. 6705, Aug. 26, 2002>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 4 Omitted.**

ADDENDA <Act No. 6909, May 29, 2003>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 6 Omitted.**

ADDENDA <Act No. 7065, Jan. 20, 2004>

(1) (Enforcement Date) This Act shall enter into force three months after the date of its promulgation.

(2) (Applicability to Responsibility of Credit Card Members, etc.) The amended provisions of Article 16 (2) and (3) shall begin to apply from the portion of loss or theft, etc. of credit cards which occurs after the enforcement of this Act.

(3) (Applicability to Qualifications of Officers) The amended provisions of Article 50-3 shall begin to apply from the first executive officers of the specialized credit finance business companies selected after the enforcement of this Act.

ADDENDUM <Act No. 7343, Jan. 27, 2005>

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 46 (1) 7 shall enter into force three months after the date of its promulgation.

ADDENDA <Act No. 7344, Jan. 27, 2005>

**Article 1 (Enforcement Date)**

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

**Article 2 Omitted.**

ADDENDA <Act No. 7428, Mar. 31, 2005>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 6 Omitted.**

ADDENDUM <Act No. 7531, May 31, 2005>

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

ADDENDA <Act No. 7929, Apr. 28, 2006>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 4 Omitted.**

ADDENDA <Act No. 8265, Jan. 26, 2007>

**Article 1 (Enforcement Date)**

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

**Article 2 (Transitional Measures concerning Ex-post Approval for Acquisition of other Company's Shares)**

As at the time this Act enters into force, a financial institution that holds the shares of any other affiliated company in excess of the shares ownership limit provided for in subparagraphs of Article 24 (1) due to any inevitable ground prescribed by Presidential Decree, such as capital reduction by other shareholders, shall file an application for approval with the Financial Supervisory Commission pursuant to the amended provisions of Article 24 (4) within the period prescribed by Presidential Decree from the date this Act enters into force.

**Article 3 (Transitional Measures concerning Shares Ownership Limit of other Company)**

Before this Act enters into force, where a financial institution that held the shares of any other affiliated company with the approval of the Financial Supervisory Commission pursuant to the provisions of Article 24 (1), holds the shares of such affiliated company in excess of the shares ownership limit provided for in the amended provisions of Article 24 (5) as at the time this Act enters into force, it shall be deemed obtained the approval of the Financial Supervisory Commission pursuant to the amended provisions of Article 24 (5).

**Article 4 (Transitional Measures concerning Restrictions on Voting Rights)**

(1) No financial institution, which has newly acquired and held the shares of its any other affiliated company without the approval of the Financial Supervisory Commission, in violation of Article 24 (1), from the date the Act on Merger and Business Conversion of Financial Institutions as amended by Act No. 5257 enters into force, to the date this Act enters into force, may exercise voting rights in respect of the shares of such affiliated company which it holds in excess of the shares ownership limit provided for in subparagraphs of Article 24 (1).

(2) A financial institution, which has held the shares of its any other affiliated company in excess of the shares ownership limit provided for in subparagraphs of Article 24 (1), as the date the Act on Merger and Business Conversion of Financial Institutions as amended by Act No. 5257 enters into force, shall be subject to restrictions on exercising voting rights in respect of the shares of such affiliated company which it holds in excess of the shares ownership limit provided for in subparagraphs of Article 24 (1), but the application of such restrictions shall be suspended for two years, and Article 11 of the Monopoly



Regulation and Fair Trade Act shall apply to such shares from the date two years pass after this Act enters into force.

**Article 5 (Transitional Measures concerning Corrective Measures, etc.)**

(1) A financial institution, which has newly acquired and held the shares of its other affiliated company without obtaining a license from the Financial Supervisory Commission, in violation of Article 24 (1), from the date the Act on Merger and Business Conversion of Financial Institutions as amended by Act No. 5257 enters into force, to the date this Act enters into force, shall voluntarily take a measure to comply with the shares ownership limit provided for in Article 24 (1) within five years from the date this Act enters into force.

(2) Where a financial institution affiliated with any company fails to comply with paragraph (1), the Financial Supervisory Commission shall order it to dispose of the shares exceeding such limit pursuant to the amended provisions of Article 24-2 (1) 5.

**Article 6 (Transitional Measures concerning Penalties and Administrative Fines)**

The former provisions of this Act shall apply in imposing penalties and administrative fines on the acts committed before this Act enters into force: Provided, That neither penalties nor administrative fines shall be imposed, where a financial institution, which holds the shares of any other affiliated company without the approval of the Financial Supervisory Commission due to any inevitable ground referred to in the amended provisions of Article 24 (4), shall file an application for approval within the period prescribed by Presidential Decree Act pursuant to Article 2 of the attached Table.

**Article 7 Omitted.**

ADDENDA <Act No. 8313, Mar. 29, 2007>

(1) (Enforcement Date) This Act shall enter into force one month after the date of its promulgation.

(2) (Applicability to Obligation to Serve Written Notification) The amended provisions of Article 39 shall apply, starting with the installment financial contract that is first entered after the enforcement of this Act.

ADDENDA <Act No. 8356, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 8525, Jul. 19, 2007>

**Article 1 (Enforcement Date)**

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

**Article 2 (Transitional Measures concerning Members of Audit Committee)**

A specialized credit finance business company which is liable to select members of its audit committee under the amended provisions of Article 50-5 shall select such members in accordance with the requirements of the amended provisions of the same Article by not later than the date when the general meeting of stockholders convenes for the first time after the date when this Act enters into force.

**Article 3 (Transitional Measures concerning Penalty Surcharges)**

In imposing penalty surcharges, the activities committed before this Act enters into force shall be governed by the former provisions, regardless of whether such activities has been completed before this Act enters into force or the consequences ensuing from such activities continue even after this Act enters into force.

ADDENDA <Act No. 8635, Aug. 3, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force one year and six months after on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 44 Omitted.**

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

**Article 1 (Enforcement Date)**

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

**Articles 2 through 7 Omitted.**

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

**Article 1 (Enforcement Date)**

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

**Articles 2 through 5 Omitted.**

ADDENDA <Act No. 9459, Feb. 6, 2009>

**Article 1 (Enforcement Date)**

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

**Article 2 (Applicability to Responsibility for Credit Card Holders and Merchants)**

Responsibility referred to in the amended provisions of Article 16 (5) 2 and 3, and Article 17 (1) 3 and 4 shall apply where a credit card, etc. is used first and thereafter since this Act enters into force.

**Article 3 (Applicability to Qualifications for Executive Officers)**

The amended provisions of subparagraphs 10 and 11 of Article 50-3 shall begin to apply from the first executive officer of a specialized credit finance business company after this Act enters into force.

**Article 4 (Transitional Measures concerning Terms and Conditions)**

Financial terms and conditions of specialized credit finance business companies or standardized terms and conditions of the specialized credit finance business association in use as at the time this Act enters into force, shall be deemed reported to the Financial Services Commission under the amended provisions of Article 54-3.

ADDENDA <Act No. 9932, Jan. 18, 2010>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 5 Omitted.**

ADDENDUM <Act No. 10062, Mar. 12, 2010>

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

ADDENDA <Act No. 10564, Apr. 7, 2011>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 9 Omitted.**

ADDENDA <Act No. 10866, Jul. 21, 2011>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 4 Omitted.**

ADDENDA <Act No. 11410, Mar. 21, 2012>

**Article 1 (Enforcement Date)**

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

**Article 2 (Transitional Measure concerning Specialized Credit Finance Business Companies Exceeding Limit on Total Assets to Equity Capital)**

A specialized credit finance business company whose total assets exceed the limit on total assets to equity capital under the amended provisions of Article 48 at the time when this Act enters into force shall meet the limit specified in the amended provisions of Article 48 within three years from the enforcement date of this Act: Provided, That such specialized credit finance business company shall meet the limit specified in the amended provisions of Article 48 within the extended period, if a sudden change occurs in domestic and overseas financial markets or exceptional circumstances exist and the Financial Services Commission approves the extension of the period.

ADDENDA <Act No. 11461, Jun. 1, 2012>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 10 Omitted.**

ADDENDA <Act No. 11629, Mar. 22, 2013>

**Article 1 (Enforcement Date)**

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

**Article 2 (Applicability to Return of Annual Fees)**

The amended provisions of Article 16 (3) shall apply from the first case where a reason for the return arises after this Act enters into force.

ADDENDA <Act No. 11758, Apr. 5, 2013>

**Article 1 (Enforcement Date)**

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

**Articles 2 and 3 Omitted.**

ADDENDA <Act No. 13068, Jan. 20, 2015>

**Article 1 (Enforcement Date)**

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

**Article 2 (Applicability to Disqualifications of Value-Added Network Providers)**

The amended provisions of Article 27-2 (3) shall apply to the persons who falls under a ground for disqualification due to the cause or event that arises after this Act enters into force.

**Article 3 (Transitional Measure concerning Registration of Value-Added Network Businesses for Credit Cards, etc.)**

If a telecommunications work business entity prescribed in the Telecommunications Business Act engages in value-added network business for credit cards, etc. as at the time this Act enters into force, it shall be deemed registered under the amended provisions of Article 27-2: Provided, That it shall file for registration with the Financial Services Commission in accordance with the amended provisions of Article 27-2 within one year after this Act enters into force.

**Article 4 (Transitional Measure concerning Registration of Credit Card Terminals)**

Credit card terminals in operation to provide telecommunications service in connection with credit card transactions as at the time this Act enters into force, shall be deemed registered under the amended provisions of Article 27-4: Provided, That such credit card terminals shall be registered with the Financial Services Commission in accordance with the amended provisions of Article 27-4 within three years after this Act enters into force.

ADDENDA <Act No. 13448, Jul. 24, 2015>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 20 Omitted.**

ADDENDA <Act No. 13453, Jul. 31, 2015>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 18 Omitted.**

ADDENDA <Act No. 14116, Mar. 29, 2016>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 55 Omitted.**

ADDENDA <Act No. 14122, Mar. 29, 2016>

## **Article 1 (Enforcement Date)**

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

## **Articles 2 through 5 Omitted.**

ADDENDA <Act No. 14127, Mar. 29, 2016>

## **Article 1 (Enforcement Date)**

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

## **Article 2 (Applicability concerning Cancellation of Registration of Solicitors)**

The amended provisions of Article 14-4 (2) 3-2 shall begin to apply from the first case where a violation referred to in the amended provisions of Article 14-5 (2) 4 or 5 is committed after this Act enters into force.

## **Article 3 (Applicability concerning Cancellation of Registration of Lessors, Installment Financing Business Entities, and New Technology Venture Capitalists)**

The amended provisions of Article 57 (3) 4 shall begin to apply from the first person who files an application for the registration of facility leasing business, installment financing business entity, or new technology venture capitalist after this Act enters into force.

## **Article 4 (Applicability concerning Donating Residual Unused Amount of Prepaid Cards, etc.)**

The amended provisions of Article 68 shall begin to apply from the residual unused amount of a prepaid card, etc., the extinctive prescription of which is completed first after this Act enters into force.

## **Article 5 (Applicability concerning Grounds for Dispositions against Specialized Credit Finance Business Company, etc., and Executive Officers and Employees thereof)**

The amended provisions of subparagraphs 30-2 through 30-4, 35, and 43-2 of the attached Table shall begin to apply from the first case where, pursuant to Article 53 (4), the Financial Services Commission takes a measure or requires the Governor of the Financial Supervisory Service to take a measure, against a specialized credit finance business company, etc. (including executive officers and employees thereof) which commits an act falling under such amended provisions after this Act enters into force.

## **Article 6 (Transitional Measures concerning Incompetent Persons, etc.)**

Persons under adult guardianship or person under limited guardianship under the amended provisions of Article 14-3 (2) 1 shall be deemed to include persons for whom a declaration by a court of incompetence or quasi-incompetence continues to be effective pursuant to Article 2 of the attached Table of the Civil Act as amended partially by Act No. 10429.

## **Article 7 (Transitional Measures concerning Limits of Extension of Credit, etc. for Major Shareholders)**

A specialized credit finance business company which exceeds the limits referred to in the amended provisions of Article 49-2 (1) or makes the extension of credit under Article 49-2 (8) as at the time this Act enters into force, shall take measures to comply with such limits within three years from this Act

enters into force: Provided, That the Financial Services Commission may extend the period where it is deemed inevitable to do so in consideration of the scale, etc. of the extension of credit to the major shareholders of the relevant specialized credit finance business company.

**Article 8 (Transitional Measures concerning Limit of Ownership of Shares Issued by Major Shareholders)**

A specialized credit finance business company which holds the shares issued by its major shareholder in excess of the limit referred to in the amended provisions of Article 50 (1) as at the time this Act enters into force, shall take a measure to comply with such limit within two years from this Act enters into force.

**Article 9 (Transitional Measures concerning Penalty Surcharges or Administrative Fines)**

The former provisions of this Act shall apply to imposing penalty surcharges or administrative fines on acts committed before this Act enters into force.

**Article 10 (Transitional Measures concerning Penalties)**

The former provisions of this Act shall apply to imposing penalties on acts committed before this Act enters into force.

**Article 11 Omitted.**

ADDENDA <Act No. 14825, Apr. 18, 2017>

**Article 1 (Enforcement Date)**

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

**Article 2 (Applicability to Notification of Measures to Retired Executive Officers, etc.)**

The amended provisions of Article 53 (5) and (6) shall also apply to the executive officers and employees retired or resigned before this Act enters into force.

**Article 3 (Transitional Measures concerning Demand for Suspension of Duties of Executive Officers)**

Notwithstanding the amended provisions of Article 53 (4) 3 (limited to suspension of duties), former provisions shall apply to violations committed before this Act enters into force.

**Article 4 (Transitional Measures concerning Penalty Surcharges)**

Notwithstanding the amended provisions of Article 58 (1), (3), and (4), former provisions shall apply where a penalty surcharge shall be imposed for a violation committed before this Act enters into force.

ADDENDA <Act No. 15022, Oct. 31, 2017>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 15 Omitted.**

ADDENDA <Act No. 15416, Feb. 21, 2018>

**Article 1 (Enforcement Date)**

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

**Article 2 (Applicability to Advertising of Credit Financial Products)**

The amended provision of Article 50-9 (1) 3 shall begin to apply from the first case where a specialized credit finance business company, etc. places an advertisement.

ADDENDUM <Act No. 15615, Apr. 17, 2018>

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

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