ENFORCEMENT DECREE OF THE CORPORATE RESTRUCTURING INVESTMENT COMPANIES ACT

Presidential Decree No. 18994, Oct. 31, 2000
Amended by Presidential Decree No. 17791, Dec. 5, 2002
Presidential Decree No. 18297, Feb. 28, 2004
Presidential Decree No. 20947, Jul. 29, 2008
Presidential Decree No. 21480, May 6, 2009
Presidential Decree No. 21518, May 29, 2009
Presidential Decree No. 21765, Oct. 1, 2009

Article 1 (Purpose)
The purpose of this Decree is to provide for matters delegated by the Corporate Restructuring Investment Companies Act and matters necessary for the enforcement thereof.

Article 2 (Creditor Financial Institution)
The term “persons prescribed by Presidential Decree” in subparagraph 1 (n) of Article 2 of the Corporate Restructuring Investment Companies Act (hereinafter referred to as the “Act”) means the following: <Amended by Presidential Decree No. 17791, Dec. 5, 2002; Presidential Decree No. 21518, May 29, 2009>
1. Korea Deposit Insurance Corporation or resolution financial institutions under the Depositor Protection Act
2. The Credit Guarantee Fund under the Credit Guarantee Fund Act;
3. The Korea Technology Credit Guarantee Fund under the Korea Technology Credit Guarantee Fund Act;
4. Special purpose companies under Asset-Backed Securitization Act; and
5. The Korea Finance Corporation under the Korea Finance Corporation Act.

Article 3 (Scope of Financial Institutions)
The term “financial institutions prescribed by Presidential Decree” in
subparagraph 7 (b) of Article 2 of the Act means the following: <Amended by Presidential Decree No. 20947, Jul. 28, 2008; Presidential Decree No. 21518, May 29, 2009>

1. Financial institutions authorized by the Banking Act;
2. Credit departments of the National Agricultural Cooperative Federation or the National Federation of Fisheries Cooperatives, which are deemed as financial institutions under Article 5 of the Banking Act;
3. The Korea Development Bank under the Korea Development Bank Act;
4. The Korea Finance Corporation under the Korea Finance Corporation Act;
5. The Export-Import Bank of Korea under the Export-Import Bank of Korea Act;
6. Industrial Bank of Korea under the Industrial Bank of Korea Act;
8. Mutual savings banks under the Mutual Savings Banks Act; and

Article 4 (Scope of Foreign Currency Securities)
The term "matters prescribed by Presidential Decree" in subparagraph 7 (b) of Article 2 of the Act means foreign currency securities determined as the object of investment by institutional investors pursuant to the provisions relating to foreign exchange transactions, which are publicly announced by the Minister of Finance and Economy under the Foreign Exchange Transactions Act, from among foreign currency securities under the same Act.

Article 5 (Finance-related Acts, Subordinate Statutes, etc.)
(1) The term "finance-related Acts and subordinate statutes prescribed by Presidential Decree" in Article 4 (2) 3, 5 and 6 of the Act means the following: <Amended by Presidential Decree No. 17751, Dec. 5, 2002; Act No. 18297, Feb. 28, 2004; Presidential Decree No. 20947, Jul. 28, 2008; Presidential Decree No. 21518, May 29, 2009; Presidential Decree No. 21796, Oct. 1, 2009>

1. The Bank of Korea Act;
2. The Banking Act;
3. The Korea Development Bank Act;
4. The Industrial Bank of Korea Act;
5. The Korea Finance Corporation Act;
6. The Export-Import Bank of Korea Act;
8. The Insurance Business Act;
13. The Mutual Savings Banks Act;
14. The Specialized Credit Financial Business Act;
15. The Credit Guarantee Fund Act;
16. The Korea Technology Credit Guarantee Fund Act;
17. The Credit Unions Act;
18. The Community Credit Cooperatives Act;
19. The Support for Small and Medium Enterprise Establishment Act;
20. The Use and Protection of Credit Information Act;
22. The Foreign Exchange Transactions Act;
23. The Act on the Establishment, etc. of Financial Supervisory Organizations; and
24. The Asset-Backed Securitization Act;
25. The Act on the Efficient Disposal of Non-Performing Assets, etc. of Financial Institutions and the Establishment of Korea Asset Management Corporation;
26. The Act on Real Name Financial Transactions and Guarantee of Secrecy;
27. The Foreign Investment Promotion Act;
28. The Act on the Structural Improvement of the Financial Industry;
29. The Special Purpose Companies for Mortgage-Backed Bonds Act;
30. The Secured Debentures Trust Act;
31. The Korea Housing Finance Corporation Act; and
32. Other Acts or subordinate statutes prescribed and publicly announced by the Financial Services Commission, from among finance-related Acts or subordinate statutes legislated to sustain sound financial transaction systems.

(2) The term "persons prescribed by Presidential Decree" in Article 4 (2) 5 of the Act means any executive or employee, who is employed at the time when grounds for the revocation of permission, authorization, registration, etc. of business arises (for a corporation or company
permission, authorization, etc. for which is revoked under Article 14 (2) of the Act on the Structural Improvement of the Financial Industry, referring to an executive or employee who is employed at the time when grounds for prompt corrective measures as prescribed in Article 10 of the same Act arises), falling under any of the following:

1. Any auditor or member of an audit committee;

2. Any executive on whom a measure for caution, warning, reprimand, suspension, or a request for dismissal, etc. is taken, due to illegal or wrongful conduct related to the occurrence of ground for the revocation of permission, authorization or registration, etc., by the Financial Supervisory Commission or the Governor of the Financial Supervisory Service, which has been established under the Act on the Establishment, etc. of Financial Supervisory Organizations (hereinafter referred to as the "Governor of the Financial Supervisory Service");

3. Any employee in relation to whom a request for suspension is made, or a severer measure is taken, due to an illegal or wrongful act related to the ground for the revocation of permission, authorization or registration, etc., by the Financial Supervisory Commission or the Governor of the Financial Supervisory Service; and

4. Any person who is subject to a disciplinary measure under subparagraph 2 or 3 and has withdrawn or resigned from his/her office, before such disciplinary measure.

Articles 6 (Documents for Registration of Incorporation)
The term "documents prescribed by Presidential Decree" in Article 6 (3) of the Act means:

1. Articles of incorporation;

2. Documents evidencing the acquisition of securities;

3. Documents evidencing a director or auditor is acceptance of appointment;

4. Reports on conformity matters related to foundation with Acts or subordinate statutes, or the articles of incorporation, made by directors;

5. Documents evidencing entrustment of the transfer of title; and

6. Deposit receipts of the payment for subscription of stocks issued by a bank or other financial institutions, which has the custody of payment
of subscription money of stocks.

Article 7 (Minimum Capital Stock for Registration as a Corporate Restructuring Investment Company)
The term "amount prescribed by Presidential Decree" in Article 9 (1) 2 of the Act means 500 million won.

Article 8 (Scope of Responsibilities of Corporate Restructuring Investment Company)
The term "responsibility prescribed by Presidential Decree" in subparagraph 5 of Article 11 of the Act means investment in a contracting company.

Article 9 (Scope of Person with Special Interest)
The term "persons of special interest prescribed by Presidential Decree" in subparagraph 2 of Article 2 of the Act means the spouse, or a lineal ascendant or descendant of a major stockholder under subparagraph 2 of Article 12 of the Act.

Article 10 (Exercise of Voting Rights in Writing)
(1) Where a corporate restructuring company sends documents for voting rights under Article 16 (2) of the Act, it shall have the relevant director's opinion clearly stated, such as indicating "yes" or "no."
(2) In cases of paragraph (1), a corporate restructuring company shall send information to consult in exercising voting rights.
(3) Under Article 16 (3) of the Act, a corporate restructuring company shall furnish, and notify the public of documents, related to the exercise of voting rights submitted by directors, at the main office for one month from the date of the board of directors' meeting.

Article 11 (Scope of Financial Institutions to Deposit Assets)
The term "financial institution prescribed by Presidential Decree" in Article 19 (1) 4 of the Act means any financial institution that may broker assets via an asset brokerage company under Article 355 of the Capital Market and Financial Investment Business Act. <Amended by Presidential Decree No. 20947, Jul. 23, 2008>

Article 12 (Scope of Asset Management)
(1) The term "ratio prescribed by Presidential Decree" in Article 19 (2) of the Act means 50/100.
(2) Where a corporate restructuring company unavoidably fails to meet the asset management ratio pursuant to paragraph (1) due to grounds falling under any of the following subparagraphs, the ratio is deemed to
be met. In such cases, a corporate restructuring company shall meet the asset management ratio, pursuant to paragraph (1), within six months (within three months, in cases of grounds referred to in subparagraph 2):

1. Increase in assets due to the borrowing of funds or issuance of bonds under Article 20 of the Act;
2. The sale of assets under contract;
3. Paid-in capital increase; and
4. Other cases equivalent to subparagraphs 3 through 5, which are accepted by the Financial Supervisory Commission, specifying a term.

Article 13 (Registration of Investment-in-Kind or Transfer)

(1) Where a creditor financial institution intends to register an investment-in-kind or transfer as prescribed in Article 19 (3) of the Act, it shall submit a registration form, along with an investment-in-kind or transfer contract attached thereto, to the Financial Supervisory Commission.

(2) Registration forms as set forth in paragraph (1) shall include the following:

1. A list of assets under contract, which have been invested-in-kind or transferred;
2. The method of investment-in-kind or transfer, and the date and payment methods thereof;
3. If assets invested-in-kind or transferred are claims, whether requisites for counteraction for the transfer of claims are fulfilled or not;
4. Prerequisites for the revocation of an investment-in-kind or transfer contract; and
5. Other matters necessary for the protection of investors and prescribed by the Financial Supervisory Commission.

(3) Matters necessary for the format of, methods of filing in, and processing of registration forms pursuant to paragraph (2) shall be prescribed by the Financial Supervisory Commission.

Article 14 (Issuance of Bonds)

If a corporate restructuring investment company issues bonds as prescribed in Article 20 (2) of the Act, it shall notify the Financial Supervisory Commission of the amount of bonds issued, and the methods and conditions of issuance.
Article 15 (Entrustment of Setting of Accounting Standards)

Under Article 24 (5) of the Act, the Financial Supervisory Commission shall entrust the Korea Accounting Institute as prescribed in Article 7-2 (1) of the Enforcement Decree of the Act on External Audit of Stock Companies, with the setting of accounting standards for corporate restructuring investment companies.

Article 16 (Entries on Audit Reports on Settlement of Accounts)

Auditors shall affix their names and seal to each audit report as prescribed in Article 25 (1), upon entering each of the following:

1. Summary of auditing methods;
2. If there has been an omission of entry or false entry, or if accounting books match balance sheets or income statements;
3. If the settlement documents (limited only to a part relating to accounting, in cases of an asset management report) clearly states assets or current condition of profits and losses of a corporate restructuring investment company, under Acts and subordinate statutes or its articles of incorporation;
4. If the change of auditing principles for making settlement documents has been appropriate;
5. If there was any wrongful act or a violation of Acts or subordinate statutes committed by a director in the course of performing his/her duties, and, if so, such fact; and
6. If there was an impediment to examination necessary for auditing.

Article 17 (Inspection of Assets)

(1) Where a corporate restructuring investment company dissolves, the liquidator thereof shall make and submit a list of its assets and balance sheets to auditors, within 14 days upon connecting his/her role.

(2) Auditors of a corporate restructuring investment company shall affix their names and seal to an audit report as prescribed in Article 33 (2), upon making entries as set forth in subparagraphs 1, 2, 5 and 6 of Article 16.

Article 18 (Documents to be Submitted with Registration of Liquidator)

The term “documents prescribed by Presidential Decree” in Article 39 (2) of the Act means the following:

1. The Articles of incorporation, if a director becomes a liquidator;
2. Documents evidencing his acceptance of appointment, if a liquidator
is appointed by the general meeting of stockholders; or
3. Documents evidencing such appointment, if a liquidator is appointed
by the Financial Supervisory Commission.

Article 19 (Registration Forms for Asset Management Companies)
(1) If an entity intends to register as an asset management company,
as prescribed in Article 42 (1) of the Act, shall submit a registration form,
stating the following matters, to the Financial Supervisory Commission:
1. The name and location of the company;
2. Matters relating to its capital, such as paid-in capital;
3. Matters relating to the executives of the company; and
4. Matters relating to specialists in management as prescribed in Article
   20 (2).
(2) A registration form as set forth in paragraph (1) shall be accompanied
by the following:
1. The Articles of incorporation;
2. A certified transcription of corporation;
3. Documents stating the names or titles of stockholders and the number
   of stocks owned by each of them;
4. Balance sheets, income statements, and statements of disposal of
   surpluses for the latest two business years; and
5. Business plans for two business years following the start up of business.

Article 20 (Prerequisites for Registration as Asset Management Company)
(1) The term "amount prescribed by Presidential Decree" in Article 42 (2)
2 of the Act means two billion won.
(2) The term "specialists in management falling under standards prescribed
by Presidential Decree" in Article 42 (2) 4 of the Act means those who
do not fall under grounds for disqualification as set forth in any
subparagraph of Article 4 (2) of the Act, and falls under any of the following:
<Amended by Presidential Decree No. 20047, Jul. 29, 2008>
1. Any person who has been engaged in credit management, such as
non-performing loan management and credit review (hereinafter
referred to as "credit management"), for at least three years in any
financial institution as prescribed in subparagraph 1 of Article 2 of
the Structural Improvement of the Financial Industry;
2. Any person who has been engaged in extending credit as prescribed
in Article 1-3 of the Enforcement Decree of the Banking Act (hereinafter referred to as "credit extension") for at least three years;

3. Any person who has been engaged in corporate restructuring of a company under contract (hereafter referred to as "corporate restructuring" in this paragraph) for at least three years;

4. Any person who holds a master's degree, or higher, in a field related to finance, an attorney-at-law or certified public accountant (including a person holding a license of the same kind obtained under Acts and subordinate statutes of a foreign country) engaged in credit management or credit extension for at least two years, or in corporate restructuring for at least one year;

5. Any person who has been engaged in loan control, issuing of securities, etc. at an asset management entity as prescribed in Article 5 of the Enforcement Decree of the Asset-Backed Securitization Act;

6. Any person who has worked for an institution related to financial investment business (excluding an organization related to financial investment) pursuant to Article 9 (17) of the Capital Market and Financial Investment Business Act for at least three years, and has been engaged in the management or discretionary investment of property in trust for at least two years; and

7. Any person who has worked for a financial institution that manages properties in trust (including a foreign financial institution in a finance business under Acts and subordinate statutes of a foreign country) and has been engaged in the management of properties in trust in an institution that has assets equivalent to ten zillion won under its management for at least two years.

(3) The term “at least the number prescribed by Presidential Decree” in Article 42 (2) 4 of the Act means at least four persons.

(4) The term "requisite prescribed by Presidential Decree" in Article 42 (2) 5 of the Act means that assets exceed liabilities in balance sheets of the immediately preceding business year.

Article 21 (Operation of Business in Korea of Foreign Asset Management Companies)

(1) Where a foreign asset management company as prescribed in Article 42 (3) (hereinafter referred to as a “foreign asset management company”) intends to make a registration relating to the opening of a branch office
or other places of business (hereinafter referred to as “branch offices, etc.”) in order to run business as an asset management company in Korea as prescribed in the said Article and paragraph, it shall meet both of the following:

1. Prerequisites as set forth in Article 42 (2) 2 through 5 shall be fulfilled; and

2. Branch offices, etc. shall have one billion or more as operating assets.

(2) Where a foreign asset management company intends to register, under paragraph (1), it shall submit a registration form to the Financial Supervisory Commission, stating the following matters:

1. The name and location of the company;
2. Names of executives;
3. Operating assets of the relevant branch offices, etc.;
4. The name and location of the relevant branch offices, etc.; and
5. The name and domestic address of president of the relevant branch offices, etc.

(3) A registration form as set forth in paragraph (2) shall be accompanied by the following:

1. Documents to prove the establishment of a company, such as the articles of incorporation, a certified copy of register of corporation, etc.;
2. Balance sheets, income statements, and statements of surplus for the latest two business years;
3. Documents stating the names or titles of major stockholders and the number of stocks owned by each of them;
4. Minutes of the meeting for which a resolution to open the relevant branch offices, etc. was made;
5. Personal information of representatives of the relevant branch offices, and evidentiary documents therefor; and
6. Business plans of the relevant branch offices, etc. for two business years following the start up of business.

(4) A foreign asset management company without branch offices, etc. in Korea shall have an agent in Korea to contact as necessary for supervision by the Financial Supervisory Commission, if the company is entrusted with asset management as prescribed in Article 42 (6) of the Act.

Article 22 (Deposit of Securities)
An asset depository company shall immediately deposit securities
designated as securities, etc. to be deposited under Article 308 of the Capital Market and Financial Investment Business Act, from among securities for holding entrusted by a corporate restructuring company under Article 51 (4) of the Act, with the Korea Depository.  \(<\text{Amended by Presidential Decree No. 208947, Jul. 22, 2008}\>\)

Article 23 (Affairs to be Entrusted to General Trust Companies)

The term "affairs prescribed by Presidential Decree" in Article 52 (1) 5 of the Act means the following:

1. Notice and public announcement pursuant to Acts and subordinate statutes of the articles of incorporation; and
2. Affairs related to holding or administration of the board of directors or the general meeting of stockholders.

Article 24 (Details of Measures following Supervision or Examination)

The term "measures prescribed by Presidential Decree" in Article 53 (4) 4 of the Act means any of the following:

1. Order of modification on the articles of incorporation or a contract of a corporate restructuring investment company;
2. A warning or caution to the relevant company;
3. Request for suspension from performing job functions, warning or caution to executives of the relevant company;
4. Request for suspension from office, pay reduction, reprimand or caution; and
5. Corrective order or request for compensation, such as the disposal of securities held.

Article 25 (Entrustment of Rights)

Under Article 61 of the Act, the Financial Supervisory Commission shall entrust the Governor of the Financial Supervisory Service with authority for the following affairs relating to:

1. The registration of a corporation restructuring investment company under Article 8 (1);
2. The registration of changes in a corporation restructuring investment company under Article 10;
3. The registration of investment-in-kind or transfer under Article 19 (3);
4. The commissioning of registration under Article 40; and
5. The registration of an asset management company under Article 42
Article 26 (Imposition and Collection of Fines for Negligence)

(1) Where the Financial Supervisory Commission intends to impose a fine for negligence as prescribed in Article 66 (2) of the Act, it shall, upon investigating and verifying the relevant violation, notify the violator of such violation and the amount of fine for negligence in writing. In such cases, the notice of payment shall include the procedure for to raise an objection and the term thereof.

(2) Where the Financial Supervisory Commission intends to impose a fine for negligence under paragraph (1), it shall provide the person subject to such disposition of fine for negligence an opportunity to state an opinion verbally or in writing, giving a term of at least 10 days. In such cases, the said person shall be deemed to have no opinion, if no opinion is stated within such term.

(3) In determining the amount of a fine for negligence, the Financial Supervisory Commission shall, in deciding the amount of such fine for negligence, take into consideration the motive for, and the consequences of the relevant violation.

ADDENDA

(1) (Enforcement Date) This Decree shall enter into force on the date of its promulgation.

(2) Omitted.

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

Article 1 (Enforcement Date)

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

Articles 2 through 3 Omitted.

ADDENDA <Presidential Decree No. 18397, Feb. 28, 2004>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.
ADDENDA  <Presidential Decree No. 20347, Jul. 28, 2008>

Article 1 (Enforcement Date)

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

Articles 2 through 28 Omitted.

ADDENDA  <Presidential Decree No. 21490, May 6, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on May 8, 2009.

Articles 2 through 3 Omitted.

ADDENDA  <Presidential Decree No. 21518, May 28, 2009>

Article 1 (Enforcement Date)

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

Articles 2 through 3 Omitted.

ADDENDA  <Presidential Decree No. 21755, Oct. 1, 2009>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.