

ACT ON SPECIAL MEASURES FOR THE PROMOTION OF VENTURE BUSINESSES

Act No. 5381, Aug. 28, 1997

Amended by Act No. 5529, Feb. 28, 1998

Act No. 5578, Sep. 23, 1998

Act No. 5591, Dec. 28, 1998

Act No. 5607, Dec. 30, 1998

Act No. 5758, Feb. 5, 1999

Act No. 6101, Dec. 31, 1999

Act No. 6194, Jan. 21, 2000

Act No. 6195, Jan. 21, 2000

Act No. 6416, Feb. 3, 2001

Act No. 6482, May 24, 2001

Act No. 6590, Dec. 31, 2001

Act No. 6642, Jan. 26, 2002

Act No. 6705, Aug. 26, 2002

Act No. 6723, Aug. 26, 2002

Act No. 6841, Dec. 30, 2002

Act No. 6842, Dec. 30, 2002

Act No. 6891, May 29, 2003

Act No. 7091, Jan. 20, 2004

Act No. 7288, Dec. 31, 2004

Act No. 7289, Dec. 31, 2004

Act No. 7604, Jul. 21, 2005

Act No. 7633, Jul. 29, 2005

Act No. 7868, Mar. 3, 2006

Act No. 8050, Oct. 4, 2006

Act No. 8086, Dec. 26, 2006

Act No. 8284, Jan. 26, 2007

Act No. 8345, Apr. 11, 2007

Act No. 8352, Apr. 11, 2007

Act No. 8361, Apr. 11, 2007

Act No. 8362, Apr. 11, 2007
Act No. 8602, Aug. 3, 2007
Act No. 8635, Aug. 3, 2007
Act No. 8852, Feb. 29, 2008
Act No. 8863, Feb. 29, 2008
Act No. 8871, Feb. 29, 2008
Act No. 8974, Mar. 21, 2008
Act No. 9071, Mar. 28, 2008
Act No. 9367, Jan. 30, 2009
Act No. 9401, Jan. 30, 2009
Act No. 9584, Apr. 1, 2009
Act No. 9685, May 21, 2009
Act No. 9984, Jan. 27, 2010
Act No. 12237, Jan. 14, 2014
Act No. 12592, May 20, 2014
Act No. 12927, Dec. 30, 2014
Act No. 13310, May 18, 2015

Article 1 (Purpose)

The purpose of this Act is to contribute to the facilitation of the structural adjustment of the industry as well as to the enhancement of the competitiveness thereof, by promoting the conversion of existing enterprises into venture businesses and the establishment of venture businesses.

Article 2 (Definitions)

(1) The term "venture business" means the business which satisfies the requirements under Article 2-2. *<Amended by Act No. 8602, Aug. 3, 2007>*

(2) The term "investment" means the purchase of stocks, unsecured convertible bonds, or unsecured bonds with warrant, which have been issued by a stock company, or the acceptance of investments made by a limited liability company. *<Amended by Act No. 8602, Aug. 3, 2007>*

(3) Deleted. *<by Act No. 7868, Mar. 3, 2006>*

(4) The term "facilities for the collective location of venture businesses" means such buildings designated under Article 18 for the purpose of facilitating the activities of venture businesses by collectively locating such businesses and supporting installations prescribed by Presidential Decree therein. *<Amended by Act No. 8602, Aug. 3, 2007>*

(5) The term "laboratory factory" means a business place which is equipped with production facilities falling into the business categories corresponding to urban-type factories under Article 28 of the Industrial Cluster Development and Factory Establishment Act in research facilities held by a university or research

institute in order to promote the establishment of venture businesses. *<Amended by Act No. 8602, Aug. 3, 2007>*

(6) The term "venture business development and promotion zone" means an area which has the higher concentration of venture businesses than other areas and which is designated under Article 18-4 for the purpose of facilitating the activities of venture businesses by the grouping and cooperation thereof. *<Amended by Act No. 8602, Aug. 3, 2007>*

(7) The term "strategic alliance" means a formation of cooperative relationship with the stockholders of other enterprises or with other venture businesses in the fields of technology, facility, information, manpower, capital, etc., for the purpose of improving the productivity and strengthening the competitiveness, etc. *<Amended by Act No. 8602, Aug. 3, 2007>*

(8) The term "company specializing in the start-up of new technology-based businesses" means a company established mainly with the aim of industrializing technologies held by universities or research institutes and facilitating business start-up through such industrialization, which is registered pursuant to Article 11-2. *<Amended by Act No. 8602, Aug. 3, 2007>*

(9) The term "area for the collective location of new technology-based businesses" means a land held by a university or research institute, which is designated under Article 17-2 to provide business space to the founders pursuant to subparagraph 2 of Article 2 of the Support for Small and Medium Enterprise Establishment Act (hereinafter referred to as "founders"), venture businesses, etc. *<Amended by Act No. 8602, Aug. 3, 2007>*

Article 2-2 (Requirements of Venture Business)

(1) A venture business shall satisfy the following requirements: *<Amended by Act No. 8635, Aug. 3, 2007; Act No. 9685, May 21, 2009; Act No. 9984, Jan. 27, 2010; Act No. 10445, Mar. 9, 2011; Act No. 12237, Jan. 14, 2014>*

1. It shall be one of the small and medium enterprises under Article 2 of the Framework Act on Small and Medium Enterprises (hereinafter referred to as "small and medium enterprises");

2. It shall fall under any of the following:

(a) An enterprise which is up to the standards prescribed by Presidential Decree concerning the total of invested amount of any of the following persons (hereafter in this item, referred to as "total of invested amount") and the ratio occupied by the total of invested amount in its capital, respectively:

(b) An enterprise (limited to the enterprise having an affiliated research institute under Article 14 (1) 2 of the Basic Research Promotion and Technology Development Support Act) which is up to the standards prescribed by Presidential Decree concerning annual research and development expenses and the ratio occupied by the total sum of research and development expenses in annual gross turnover and which is highly appreciated in the business prospect from the agencies prescribed by Presidential Decree;

(c) An enterprise which meets each of the following requirements (in cases of a start-up enterprise, applying the requirement (iii) only):

(2) Matters necessary for the standards, methods, etc. for appraisal under the provisions of paragraph (1) 2 (b) and (c) (iii) shall be prescribed by Presidential Decree.

Article 3 (Decision on Business Type Excluded from Venture Business)

Notwithstanding Article 2 (1), enterprises operating businesses prescribed by Presidential Decree shall not be included in the category of venture business for efficacious structural arrangements in the industry and the strengthening of industrial competitiveness of the Republic of Korea. <Amended by Act No. 13310, May 18, 2015>

Article 4 (Investment of Funds in Venture Business, etc.)

(1) A person administering any Fund (hereinafter referred to as a "fund administrator") prescribed by Presidential Decree, which falls under the provisions of the National Finance Act, may invest funds into venture businesses within the ratio prescribed by Presidential Decree, or contribute them to small and medium enterprise start-up investment associations, new technology project investment associations, or the Korea Venture Fund, pursuant to the plans for operating the relevant Fund. <Amended by Act No. 8602, Aug. 3, 2007>

(2) With regard to investments in venture businesses or contributions to small and medium enterprise start-up investment associations, new technology project investment associations, or the Korea Venture Fund within the scope of plans for operating the relevant Fund, the fund administrator shall be deemed to have obtained authorization, permission, approval, etc. in compliance with the provisions of relevant Acts and subordinate statutes. <Amended by Act No. 8602, Aug. 3, 2007>

(3) Deleted. <by Act No. 5607, Dec. 30, 1998>

(4) An insurance company pursuant to subparagraph 5 of Article 2 of the Insurance Business Act may make investments in venture businesses or contributions to small and medium enterprise start-up investment associations or new technology project investment associations within the scope determined by the Financial Services Commission, notwithstanding Articles 106, 108 and 109 of the said Act. <Amended by Act No. 8602, Aug. 3, 2007; Act Nos. 8852 & 8863, Feb. 29, 2008>

(5) Any person who manages the funds for support of local small and medium enterprises established by the head of each local government under subparagraph 1 of Article 43 of the Balanced Regional Development and Support for Local Small and Medium Enterprises Act may invest in any of the following subparagraphs: <Newly Inserted by Act No. 9984, Jan. 27, 2010>

1. Small and medium business start-up investment cooperatives;
2. New technology project investment associations;
3. Fund for the Establishment and Promotion of Small and Medium Businesses under Article 4-2;
4. the Korea Venture Fund under Article 4-3.

Article 4-2 (Establishment of Fund of Funds for Small and Medium Enterprise Investments, etc.)

(1) Organizations designated by the Administrator of the Small and Medium Business Administration (hereinafter referred to as "organizations specializing in the management of investments"), from among investment management organizations prescribed by Presidential Decree including the Small Business

Corporation, may establish a fund of funds for small and medium enterprise investments (hereinafter referred to as the "Fund of Fund"), the purpose of which is to invest in an association or fund established to make investments in small and medium enterprises and venture businesses with the funds invested by the person, etc. who manages the Fund for the Establishment and Promotion of Small and Medium Businesses under Article 63 of the Small and Medium Enterprises Promotion Act (hereinafter referred to as the "Fund for the Establishment and Promotion of Small and Medium Businesses"). *<Amended by Act No. 9367, Jan. 30, 2009; Act No. 9685, May 21, 2009; Act No. 13310, May 18, 2015>*

(2) The person in charge of managing the Fund for the Establishment and Promotion of Small and Medium Businesses may make investments in the Fund of Funds, notwithstanding Article 67 of the Small and Medium Enterprises Promotion Act. *<Amended by Act No. 9367, Jan. 30, 2009; Act No. 9685, May 21, 2009; Act No. 13310, May 18, 2015>*

(3) Organizations specializing in the management of investments shall invest assets of the Fund of Funds in the following associations or funds: *<Amended by Act No. 8635, Aug. 3, 2007; Act No. 9584, Apr. 1, 2009; Act No. 13310, May 18, 2015>*

1. Small and medium enterprise start-up investment associations;
2. The Korea Venture Fund provided for in Article 4-3;
3. A corporate restructuring association registered under Article 15 of the Industrial Development Act (referring to the Act before amended by Act No. 9584) and private equity funds for improving corporate structure under Article 20 of the same Act;
4. Private equity funds under Article 9 (18) 7 of the Financial Investment Services and Capital Markets Act;
5. New technology project investment associations;
6. Private investment associations under Article 13.

(4) The organizations specializing in the management of investments shall manage and operate assets of the Fund of Funds, and other necessary matters concerning the designation, management, etc. of organizations specializing in the management of investments shall be prescribed by Presidential Decree. *<Amended by Act No. 9367, Jan. 30, 2009>*

(5) through (8) Deleted. *<by Act No. 9367, Jan. 30, 2009>*

(9) The period of existence for the Fund of Funds shall be determined by Presidential Decree within the scope of not more than 30 years, and other necessary matters concerning the management and operation of the Fund of Funds shall be prescribed by Presidential Decree. *<Amended by Act No. 9367, Jan. 30, 2009>*

Article 4-3 (Establishment, etc. of Korea Venture Fund)

(1) Any of the following persons may establish an association that is invested by the Fund of Funds with the aim of making investments in small and medium enterprises and venture businesses as well as making contributions to the investment associations provided for in paragraph (5) 3 (hereinafter referred to as the "Korea Venture Fund"). In such cases, they shall report thereon to the Administrator of the Small and Medium Business Administration as prescribed by Presidential Decree and the same shall also apply any

alteration in the reported matters: <Amended by Act No. 13310, May 18, 2015>

1. Small and medium enterprise start-up investment companies;
 2. New technology project financial business operators;
 3. Limited liability companies provided for in the Commercial Act, which meet the following requirements:
 - (a) The total amount of their investments is required to be at least one percent of the establishment amount of the Fund;
 - (b) They are required to have professional human resources in conformity with the standards set by Presidential Decree;
 4. Foreign investment companies recognized by the Administrator of the Small and Medium Business Administration as meeting the following requirements:
 - (a) They are required to meet physical and human requisites for domestic branches, professional human resources, etc., equivalent to small and medium enterprise start-up investment companies;
 - (b) They are required to have high levels of international confidence and proper operational plans.
- (2) The Korea Venture Fund shall comprised of at least one member with the unlimited liability for the debt of the Fund (hereinafter referred to as "managing member") and other members with limited liabilities within the limit of their investment amount (hereinafter referred to as "members with limited liabilities"). In such cases, the managing member shall be any of the following persons and one person among them shall be the person falling under subparagraph 1: <Amended by Act No. 9984, Jan. 27, 2010>
1. Any person falling under any subparagraph of paragraph (1);
 2. Any person who manages and operates funds under attached Table 2 of the National Finance Act as a fund managing entity under Article 8 (1) of the same Act;
 3. Any corporation which manages mutual aid business under Acts;
 4. Other persons prescribed by Presidential Decree.
- (3) Notwithstanding the former part of paragraph (2), the managing member shall be one person if the publicly placed Korea Venture Fund under Article 4-7 is formed. <Newly Inserted by Act No. 9984, Jan. 27, 2010>
- (4) Necessary matters concerning the amount of the investment of the Korea Venture Fund, the number of its members, requirements for its establishment, including the period of existence, the matters to be reported, its operation, etc. shall be prescribed by Presidential Decree. <Amended by Act No. 9984, Jan. 27, 2010>
- (5) The managing member shall use the funds of the Korea Venture Fund for the following businesses: Provided, That with respect to the business provided for in subparagraph 3, he/she may use the funds only for the associations, the main object of whose establishment is to carry on the business: <Amended by Act No. 9984, Jan. 27, 2010; Act No. 13310, May 18, 2015>
1. Investments in small and medium enterprises and venture businesses;

2. Overseas investments under Article 10 (1) 4 of the Support for Small and Medium Enterprise Establishment Act;
3. Contributions to small and medium enterprise start-up investment associations, new technology project investment associations, or private investment associations under Article 13;
4. Other businesses undertaken to strengthen the competitiveness of small and medium enterprises and venture businesses, which are recognized by the Administrator of the Small and Medium Business Administration.

(6) The managing member shall manage the assets of the Korea Venture Fund as a good manager for the interest of investors. <Amended by Act No. 9984, Jan. 27, 2010>

(7) The Korea Venture Fund may give remuneration to the managing member according to the returns from investment as provided for in the rules of the Fund, and necessary matters regarding the method of calculating returns from investment, etc. for the payment of remuneration shall be prescribed by Presidential Decree. <Amended by Act No. 9984, Jan. 27, 2010>

Article 4-4 (Business Performance, etc. of Korea Venture Fund)

(1) The managing members shall perform the business of the Korea Venture Fund.

(2) The managing members shall not do any of the following acts while performing the business of the Korea Venture Fund:

1. Using the assets of the Korea Venture Fund in the interest of him or any third party;
2. Borrowing any fund, guaranteeing any payment or offering any security;
3. Investing in any company that belongs to an enterprise group subject to the limitations on mutual investment provided for in Article 9 of the Monopoly Regulation and Fair Trade Act;
4. Acquiring or possessing stocks of financial institutions are prescribed by Presidential Decree;
5. Acquiring or possessing any real estate (hereinafter referred to as the "real estate for non-business use") with the exception of the real estate used for the business, including a business incubator, etc. provided for in Article 6 (1) of the Support for Small and Medium Enterprise Establishment Act, the scope of which is prescribed by Presidential Decree: Provided, That the same shall not apply to where any real estate for non-business use is acquired by means of the exercise of any security right;
6. Any other act prescribed by Presidential Decree as detrimental to the objectives of its establishment.

(3) Where a managing member acquires any real estate for non-business use by means of the exercise of any security right pursuant to the proviso of paragraph (2) 5, such real estate for non-business use shall be disposed of within the period prescribed by Ordinance of the Ministry of Trade, Industry and Energy within the scope of one year. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 11690, Mar. 23, 2013>

Article 4-5 (Secession of Managing Member from Korea Venture Fund)

Each managing member shall be prohibited from seceding from the Korea Venture Fund except cases falling under any of the following subparagraphs:

1. Where the registration of any small and medium enterprise startup investment company or any new technology project financial business operator is revoked or canceled;

2. Where a managing member goes bankrupt;
3. Where the consent thereof is obtained from all members.

Article 4-6 (Dissolution of Korea Venture Fund)

(1) The Korea Venture Fund shall be dissolved on the ground falling under any of the following subparagraphs: *<Amended by Act No. 9984, Jan. 27, 2010>*

1. The expiration of the period of existence;
2. The secession of all of the members with limited liabilities;
3. The secession of all managing members falling under any subparagraph of Article 4-3 (1);
4. Other cases prescribed by Presidential Decree.

(2) When the ground falling under paragraph (1) 3 accrues, the Korea Venture Fund may continue to exist by letting managing members falling under any subparagraph of Article 4-3 (1) join the Korea Venture Fund with a unanimous approval of all members with limited liabilities within three months from the date on which such ground accrues as prescribed by Presidential Decree. *<Amended by Act No. 9984, Jan. 27, 2010>*

(3) When the Korea Venture Fund is dissolved, managing members thereof shall become liquidators: Provided, That anyone other than the managing member of the Korea Venture Fund may be selected and appointed as a liquidator under the conditions as prescribed by the rules of the relevant Fund.

(4) Where the amount of debts is in excess of the amount of the investment at the time the Korea Venture Fund is dissolved, managing members of the Korea Venture Fund shall reimburse such debts.

Article 4-7 (Special Cases concerning Publicly Placed Korea Venture Fund)

(1) Articles 22 through 27, 29 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, 86 through 95, 181 through 183, 184 (1), (2), and (5) through (7), 185 through 187, 218 through 223 and 229 through 253 of the Financial Investment Services and Capital Markets Act shall not apply to the Publicly Placed Korea Venture Fund (referring to the Korea Venture Fund which does not fall under a privately placed fund under Article 9 (19) of the Financial Investment Services and Capital Markets Act; hereinafter the same shall apply) and its managing members.

(2) The Administrator of the Small and Medium Business Administration shall consult, in advance, with the Financial Services Commission when he/she registers the Publicly Placed Korea Venture Fund. *<Amended by Act No. 8863, Feb. 29, 2008>*

(3) The Financial Services Commission shall may order the Publicly Placed Korea Venture Fund to submit or report materials concerning its business and have the Governor of the Financial Supervisory Service inspect its business if necessary to protect of the public interests or members of Publicly Placed Korea Venture Fund. *<Amended by Act No. 8863, Feb. 29, 2008>*

(4) Where the Publicly Placed Korea Venture Fund violates this Act or orders or disposition under this Act or the Financial Investment Services and Capital Markets Act or orders or disposition under the same Act, the Financial Services Commission may request the Administrator of the Small and Medium Business

Administration to take measures falling any subparagraph of Article 28 and the Administrator of the Small and Medium Business Administration shall respond thereto unless any special reason exists to the contrary. In such cases, the Administrator of the Small and Medium Business Administration shall notify the Financial Services Commission of details of the measures taken. <Amended by Act Nos. 8852 & 8863, Feb. 29, 2008>

Article 4-8 (Establishment, etc. of Company in Exclusive Charge)

(1) The Government may establish a company in exclusive charge (hereinafter referred to as "company in exclusive charge") aimed at facilitating the investment, etc. for the growth and development of small and medium enterprises and venture businesses.

(2) A person, who manages the Fund for the Establishment and Promotion of Small and Medium Businesses, may invest in the company in exclusive charge, notwithstanding Article 67 of the Small and Medium Enterprises Promotion Act. <Amended by Act No. 9367, Jan. 30, 2009; Act No. 9685, May 21, 2009>

(3) The State or a local government may give tax favors to the company in exclusive charge in accordance with tax-related Acts and subordinate statutes.

Article 4-9 (Business, etc. of Company in Exclusive Charge)

(1) The company in exclusive charge shall carry on the following business: <Amended by Act No. 11660, Mar. 22, 2013>

1. Investment in the associations, etc. established with the aim of investment in small and medium enterprises and venture businesses;
2. Investment in small and medium enterprises and venture businesses;
3. Assistance to the attraction of foreign venture investment capitals;
4. Fostering of small and medium enterprise start-up investment companies;
5. Operation of investment resources funded by the Government through contributions or investments for the purpose of the fostering of related industries;
6. Business incidental to subparagraphs 1 through 5 that is entrusted by the Government.

(2) The company in exclusive charge may, if necessary to carry on its business, borrow funds from the Government, any Fund established by the Government or domestic and foreign financial institutions.

(3) The company in exclusive charge may issue bonds to the extent of ten times the total amount of its capital and reserves.

(4) Any modification of the articles of incorporation of the company in exclusive charge shall be subject to authorization by the Administrator of the Small and Medium Business Administration.

(5) Except for those provided for in this Act, the provisions concerning stock companies in the Commercial Act shall apply mutatis mutandis to the company in exclusive charge.

(6) When the company in exclusive charge is registered as a small and medium enterprise start-up investment company to carry on the business provided for in paragraph (1) 2, Article 15 (1) 4 of the Support for Small and Medium Enterprise Establishment Act and Article 16 of the said Act shall not apply.

Article 5 (Provision of Preferential Credit Guarantee)

The Korea Technology Credit Guarantee Fund shall, in guaranteeing credit, give preference to a venture business and a company specializing in the start-up of new technology-based businesses.

Article 6 (Special Cases on Contributions of Industrial Property Rights, etc.)

(1) Subjects, in respect of which contributions in kind may be made to venture businesses, shall include patent rights, utility model rights, design rights, or technologies equivalent thereto and the rights of uses thereof (hereinafter referred to as "industrial property rights, etc.").

(2) Where the value of industrial property rights, etc. is appraised by the technology appraisal institution as described by Presidential Decree, the details of appraisal shall be deemed to have been appraised by the authorized appraiser in compliance with Articles 299-2 and 422 of the Commercial Act.

Article 7 Deleted. <by Act No. 5607, Dec. 30, 1998>

Article 8 (Special Cases on Contribution by Foreigners)

Contributions made to the small and medium enterprise start-up investment association or the Korea Venture Fund by foreigners under Article 2 (1) 1 of the Foreign Investment Promotion Act shall be regarded as foreigner's investment in compliance with subparagraph 4 of the said paragraph.

Article 9 (Special Cases on Restriction on Acquisition of Stocks by Foreigners)

(1) With regard to the acquisition of stocks of a venture business by a foreigner (referring to a person who does not have domicile or temporary domicile for not less than six months in the Republic of Korea) or by a foreign corporation, etc. under Article 9 (16) of the Financial Investment Services and Capital Markets Act, Article 168 (1) through (3) of the said Act shall not apply. <Amended by Act No. 8635, Aug. 3, 2007; Act No. 9367, Jan. 30, 2009>

(2) The acquisition of stocks of a venture business by a foreigner or a foreign corporation, etc. under paragraph (1) may be restricted in accordance with the articles of incorporation of the venture business concerned.

Article 10 Deleted. <by Act No. 5591, Dec. 28, 1998>

Article 10-2 Deleted. <by Act No. 9984, Jan. 27, 2010>

Article 11 Deleted. <by Act No. 6416, Feb. 3, 2001>

Article 11-2 (Establishment, etc. of Company Specializing in Start-Up of New Technology-Based Businesses)

(1) Any of the following universities or research institutes may establish a company specializing in the start-up of new technology-based businesses (hereinafter referred to as the "specialized company"):
<Amended by Act No. 9367, Jan. 30, 2009; Act No. 10907, Jul. 25, 2011>

1. Universities (including industry-academic cooperation groups pursuant to Article 25 of the Industrial Education Enhancement and Industry-Academia-Research Cooperation Promotion Act);
2. National or public research institutes;
3. Government-invested research institutes;

4. Other research institutes prescribed by Presidential Decree in the field of science or industrial technology.

(2) In establishing a specialized company pursuant to paragraph (1), the university or research institute concerned shall register it with the Administrator of the Small and Medium Business Administration as prescribed by Presidential Decree. The same shall also apply to where any registered matter is altered.

(3) Where the application for registration is filed pursuant to paragraph (2), the Administrator of the Small and Medium Business Administration shall conduct the registration except where the application falls under any of the following: <Amended by Act No. 9367, Jan. 30, 2009; Act No. 11660, Mar. 22, 2013>

1. Where it is not a stock company pursuant to the Commercial Act;

2. Where any executive falls under any of the following:

(a) An adult ward or limited ward;

(b) A person who has been declared bankrupt, but has not yet been reinstated;

(c) A person who has been sentenced to imprisonment without prison labor or heavier punishment, and for whom five years have not yet lapsed since the execution of such sentence is terminated (including where the execution of sentence is deemed to have been terminated) or the decision to waive such sentence has been made;

(d) A person who has been sentenced to the suspension of the execution of imprisonment without prison labor or heavier punishment, and for whom two years have not yet lapsed since the period of suspension is terminated;

(e) A person who is under a grace period after having been sentenced to a suspended sentence of imprisonment without prison labor or heavier punishment;

(f) A person who is disqualified, or whose qualification is suspended according to a court ruling or other Acts;

3. Where its manpower and facilities fail to meet the standards prescribed by Presidential Decree.

(4) The specialized company shall carry on the following business: <Amended by Act No. 9984, Jan. 27, 2010; Act No. 13310, May 18, 2015>

1. Industrialization of technologies held by universities, research institutes or specialized companies;

2. Establishment of subsidiaries necessary to industrialize technologies pursuant to subparagraph 1: Provided, That the universities provided for in paragraph (1) 1 may not establish their subsidiaries;

3. Establishment and operation of the business incubators provided for in Article 6 (1) of the Support for Small and Medium Enterprise Establishment Act;

4. Investment in small and medium business start-up investment cooperatives, new technology project investment associations, the Korea Venture Fund, or private investment associations under Article 13;

4-2. Operation of assets of private investment associations under Article 13;

5. Transfer of technologies possessed by specialized companies to industrial enterprises, etc.;

6. Assistance in transferring technologies possessed by universities and research institutes to industrial enterprises, etc.;

7. Managerial and technical support for any company established by teachers, researchers, etc. of universities and research institutes;
8. Other businesses incidental to those provided for in subparagraphs 1 through 7, as determined by the Administrator of the Small and Medium Business Administration.

Article 11-3 (Operation, etc. of Specialized Company)

- (1) A university or research institute shall own stocks equivalent to at least 10/100 of the gross number of outstanding stocks of a specialized company established by itself. *<Amended by Act No. 9367, Jan. 30, 2009; Act No. 13310, May 18, 2015>*
- (2) When a university or research institute establishes a specialized company or its specialized company issues new stocks, it may make contributions in kind, such as industrial property rights, or in cash: Provided, That where the universities under Article 11-2 (1) 1 establish a specialized company by investing cash only, they shall transfer retaining technologies to the specialized company. *<Amended by Act No. 9367, Jan. 30, 2009>*
- (3) Where necessary to perform its projects, a specialized company may borrow loans from the Government, Funds established by the Government, domestic or foreign financial institutions, foreign governments or international organizations.

Article 11-4 (Preferential Support of Fund to Specialized Companies)

A person who manages the Fund for the Establishment and Promotion of Small and Medium Businesses may preferentially support its funds to specialized companies. *<Amended by Act No. 9367, Jan. 30, 2009>*

Article 11-5 (Special Cases concerning Specialized Companies, etc.)

- (1) Articles 16 and 16-2 shall apply mutatis mutandis to cases where a teacher, researcher or employee of a university or research institute is allowed a leave of absence to work as the representative, officer or employee of a specialized company or concurrently holds the post or office of such representative, officer or employee.
- (2) When a university or research institute makes contributions in kind to a specialized company pursuant to Article 11-3 (2), Article 6 (2) shall apply mutatis mutandis to the assessment and appraisal of the values of industrial property rights, etc.
- (3) When a research institute which is a public-service corporation pursuant to the Act on the Establishment and Operation of Public-Service Corporations registers its specialized company in compliance with Article 11-2 (2), it shall file a report thereon with the competent authorities within 30 days. When the report is made, it shall be deemed that approval of the competent authorities pursuant to Article 4 (3) of the same Act is obtained.
- (4) Where a university or research institute permits any specialized company to use industrial property rights, etc., it may grant an exclusive license, notwithstanding Article 24 (4) and (5) of the Technology Transfer and Commercialization Promotion Act. *<Newly Inserted by Act No. 9984, Jan. 27, 2010>*

Article 11-6 (Restriction, etc. on Activities of Specialized Companies)

(1) A specialized company shall be prohibited from performing an act falling under any of the following subparagraphs:

1. The act of recruiting any contributors or investors in contravention of Article 3 of the Act on the Regulation of Conducting Fund-Raising Business without Permission;
2. The act of having any such business relations with a subsidiary established by the specialized company as prescribed by Presidential Decree, such as debt guarantee;
3. Other acts prescribed by Presidential Decree, which are detrimental to the purposes of establishing the specialized company.

(2) A specialized company may establish its subsidiary pursuant to Article 11-2 (4) 2 only upon a special resolution of the general meeting of stockholders.

(3) A university or a research institute shall use any dividends, gains and surpluses accrued from investments in or contributions to its specialized company for the proper purpose business or research and development, industry-academic cooperation activities, etc. of the university or research institute, as prescribed by Presidential Decree.

Article 11-7 (Revocation of Registration of Specialized Companies)

Where a specialized company falls under any of the following, the Administrator of the Small and Medium Business Administration may revoke its registration: Provided, That he/she shall revoke the relevant registration, where it falls under subparagraph 1: *<Amended by Act No. 11660, Mar. 22, 2013>*

1. Where it registers by falsity or other illegal means;
2. Where it performs any act referred to in any subparagraph of Article 11-6 (1);
3. Where it falls under any of the subparagraphs of Article 11-2 (3).

Article 12 (Special Cases on Operation of Small and Medium Enterprise Start-up Investment Association)

The managing member in charge of the businesses of the small and medium enterprise start-up investment association under Articles 21 through 29 of the Support for Small and Medium Enterprise Establishment Act, may entrust all or part of those businesses to the limited liability members of the relevant association by any such contract as concluded with the small and medium enterprise start-up investment association.

Article 13 (Formation, etc. of Private Investment Association)

(1) Any association, formed by investment of any of the following persons with the aim of investment in venture businesses and founders, which seeks to obtain the supports under this Act, shall file a registration with the Administrator of the Small and Medium Business Administration as prescribed by Presidential Decree. This shall also apply to where any registered matter is altered: *<Amended by Act No. 13310, May 18, 2015>*

1. Individuals;
2. Any of the following persons who fulfill the criteria prescribed by Presidential Decree, such as the purpose and scale of investment:

- (a) Specialized companies;
 - (b) Funds of funds or the Korea Venture Fund;
 - (c) Institutions prescribed by the Administrator of the Small and Medium Business Administration, which provides start-up assistance and invests in small and medium enterprises.
- (2) The association registered under paragraph (1) (hereinafter referred to as the "private investment association") shall consist of one managing member in charge of the businesses of the private investment association and other members: Provided, That regarding commercial transactions, such as financial transactions, the managing member shall not have a debt in excess of ten million won that is overdue for not less than three months without any justifiable ground.
- (3) The managing member shall use the funds of the private investment association for the investment in venture businesses and founders. *<Newly Inserted by Act No. 11660, Mar. 22, 2013>*
- (4) The managing member shall not conduct the acts of borrowing funds, guaranteeing payment or offering security in carrying out the businesses of the private investment association, or secede or transfer his/her position, except for cases as otherwise stipulated in the rules of the relevant private investment association. *<Amended by Act No. 11660, Mar. 22, 2013>*
- (5) Every private investment association shall be dissolved where there exists any of the following grounds: *<Amended by Act No. 11660, Mar. 22, 2013>*
- 1. Expiration of its existing period;
 - 2. Secession of its entire members;
 - 3. Other reasons prescribed by Presidential Decree.
- (6) Where a private investment association is dissolved, the managing member thereof shall become a liquidator: Provided, That any other person than the managing member may be appointed as a liquidator as stipulated by the rules of the relevant association. *<Amended by Act No. 11660, Mar. 22, 2013>*
- (7) The provisions concerning associations in the Civil Act shall apply mutatis mutandis to private investment associations, except as otherwise prescribed by this Act. *<Amended by Act No. 11660, Mar. 22, 2013>*
- (8) Matters necessary for the requirements for registration of a private investment association including the amount of investment, number of members and period of duration, for the operation thereof, etc. shall be prescribed by Presidential Decree. *<Amended by Act No. 11660, Mar. 22, 2013>*
- (9) Where any person falling under the subparagraphs of paragraph (1) intends to establish an association under paragraph (1), he/she shall invite to join the association by means of private placement only under Article 9 (8) of the Financial Investment Services and Capital Markets Act. *<Newly Inserted by Act No. 8635, Aug. 3, 2007; Act No. 11660, Mar. 22, 2013; Act No. 13310, May 18, 2015>*

Article 13-2 (Operation, etc. of Private Investment Association)

- (1) The managing member of an association with the total amount of its investments at least the amount determined by the Administrator of the Small and Medium Business Administration shall manage the assets of a private investment association in compliance with the following: *<Newly Inserted by Act No.*

11660, Mar. 22, 2013>

1. The custody of the assets of the private investment association shall be entrusted to a trust business entity pursuant to the Financial Investment Services and Capital Markets Act (hereinafter referred to as “trust business entity”);
 2. The approval of the general meeting of association members shall be acquired for the change of a trust business entity.
- (2) A trust business entity entrusted with the assets of a private investment association pursuant to paragraph (1) shall perform the following duties: <Newly Inserted by Act No. 11660, Mar. 22, 2013>
1. Keeping in custody and management of the assets of the private investment association;
 2. Acquisition or disposition of assets in compliance with the instructions for the operation of the assets of the private investment association from the managing member.
- (3) The Administrator of the Small and Medium Business Administration may, in the operation of the assets of a private investment association by its managing member, lead such assets that have not been invested in venture businesses or founders to be operated by depositing in the banks under the Banking Act, or by buying the State or public bonds. <Amended by Act No. 10303, May. 17, 2010; Act No. 11660, Mar. 22, 2013>

(4) The managing member of a private investment association shall submit the settlement statement accompanied with the written opinion on audit and inspection by a certified public accountant to the Administrator of the Small and Medium Business Administration within three months from the end of each business year: Provided, That in cases of an association whose result of investment of the previous year has been unchanged, the data fixed by the public notice of the Administrator of the Small and Medium Business Administration may replace the aforementioned documents. <Amended by Act No. 11660, Mar. 22, 2013>

Article 13-3 (Revocation, etc. of Registration)

- (1) Where a private investment association falls under any of the following, the Administrator of the Small and Medium Business Administration may revoke its registration: Provided, That he/she shall revoke the relevant registration in cases falling under subparagraph 1: <Amended by Act No. 11660, Mar. 22, 2013>
1. Where it registers deceitfully or otherwise fraudulently;
 2. Where it recruits its members in contravention of Article 3 of the Act on the Regulation of Conducting Fund-Raising Business without Permission;
 3. Where it violates the proviso of Article 13 (2);
 4. Where it commits the acts of borrowing funds, guaranteeing payment or offering security in violation of Article 13 (4);
 5. Where it fails to meet the requirements for registration pursuant to Article 13 (8);
 6. Where it invites to joint an association, in violation of Article 13 (9);
 7. Where it manages assets, in violation of Article 13-2 (1);

8. Where it fails to submit the settlement statement, in violation of Article 13-2 (4);
 9. Where it rejects, interferes with, or evades the ascertainment or the inspection conducted under Article 26 (3) or files a false report;
 10. Where it fails to comply with a corrective order issued by the Administrator of the Small and Medium Business Administration under paragraph (2) 1.
- (2) Where a private investment association falls under any subparagraph of paragraph (1) (excluding subparagraphs 1 and 10 of the same paragraph), the Administrator of the Small and Medium Business Administration may take any of the following measures: *<Newly Inserted by Act No. 13310, May 18, 2015>*
1. A corrective order;
 2. A warning;
 3. Attention.
- (3) Where a private investment association falls under any subparagraph of paragraph (1) (excluding subparagraphs 1 and 10 of the same paragraph), the Administrator of the Small and Medium Business Administration may take any of the following measures against the relevant managing member: *<Newly Inserted by Act No. 13310, May 18, 2015>*
1. A warning;
 2. Attention.
- (4) In taking any measures under paragraph (3), the Administrator of the Small and Medium Business Administration may take any of the following measures against the executives and employees of the relevant managing member as well, if the managing member is a person prescribed in Article 13 (1) 2: *<Newly Inserted by Act No. 13310, May 18, 2015>*
1. A demand for dismissal;
 2. A warning;
 3. Attention.

Article 14 (Special Cases concerning Taxation)

- (1) The State or local governments may afford reduction of or exemption from income tax, corporate tax, acquisition tax, property tax, registration license tax, etc. to venture businesses, as prescribed in the Restriction of Special Taxation Act, the Restriction of Special Local Taxation Act, or other relevant Acts, so as to foster the growth of the venture businesses. *<Amended by Act No. 10220, Mar. 31, 2010>*
- (2) Where any individual or any private investment association invests in a venture business, income tax, etc. may be reduced or exempted in accordance with the Acts relating to taxation. In such cases, definite objects of investment, procedures for reduction and exemption, etc. shall be prescribed by Presidential Decree.
- (3) In any of the following cases, tax favors may be rendered as stipulated by the Acts relating to taxation. In such cases, matters necessary for a verification, etc. of those eligible for the tax favors shall be prescribed by Presidential Decree:

1. Where a venture business which is a stock company makes a stock exchange with the stockholders of another stock company, or another venture business which is a stock company;
2. Where a venture business which is a stock company and another stock company make a merger.

Article 15 (Exchange of Stocks by Venture Business)

(1) Any venture business (excluding a corporation which is listed in the securities exchange under Article 8-2 (4) 1 of the Financial Investment Services and Capital Markets Act; hereafter the same shall apply in this Article and Articles 15-2 through 15-11 and 16-3) which is a stock company may exchange the treasury stocks with stocks of principal stockholders of other stock companies (referring to stockholders retaining at least 10/100 of the gross number of issued voting stocks of the relevant corporations; hereinafter the same shall apply) or those of other venture businesses which are stock companies, for the purpose of strategic alliance, as determined by the articles of incorporation. *<Amended by Act No. 8635, Aug. 3, 2007; Act No. 9367, Jan. 30, 2009; Act No. 11845, May. 28, 2013>*

(2) Any venture business which seeks to make a stock exchange under paragraph (1) shall acquire treasury stocks necessary for stock exchange under paragraph (1) on its own account, notwithstanding Article 341 of the Commercial Act. In such cases, the amount of acquisition shall be within the limits capable of paying a dividend under Article 462 (1) of the same Act.

(3) Any venture business which seeks to make a stock exchange under paragraph (1) shall prepare a written contract for stock exchange containing the following matters, and obtain approval from the general meeting of stockholders. In such cases, Article 434 of the Commercial Act shall apply mutatis mutandis to the resolution of approval by the general meeting of stockholders:

1. Details of strategic alliance;
2. Matters related to the method, price and time of acquisition of treasury stocks;
3. Matters related to the gross amount of values, assessment, kinds and volume of the stocks to be exchanged;
4. Date of making the stock exchange;
5. Where making a stock exchange with the principal stockholders of other stock companies, the names and resident registration numbers of stockholders and the kinds and volume of stocks to be exchanged.

(4) Any venture business which seeks to make a stock exchange under paragraph (1) shall, when there exists a resolution thereon made by the board of directors, promptly notify the stockholders of the details of such resolution, and keep the written contract for stock exchange under paragraph (3) so as to make it available for a perusal.

(5) Where any venture business acquires stocks of the principal stockholders of other stock companies or those of other venture businesses pursuant to the stock exchange under paragraph (1), it shall retain them for at least one year from the date of acquisition. The same shall also apply to the principal stockholders of other stock companies who have acquired the stocks of venture businesses pursuant to the stock exchange under paragraph (1).

(6) The acquisition period of treasury stocks under paragraph (2) shall be within six months from the date of approval resolution made at the general meeting of stockholders under paragraph (3).

Article 15-2 (Appraisal Right of Opposing Stockholders)

(1) Any stockholder who has informed in writing the venture business of his/her intent to oppose the stock exchange before the approval resolution by the general meeting of stockholders under Article 15 (3), may claim in writing the relevant venture business to purchase stocks owned by him/ her within ten days from the date of approval resolution by the general meeting of stockholders.

(2) Any venture business which has received the claim under paragraph (1) shall purchase such stocks within 2 months from the date of receiving such claim. In such cases, the said stocks shall be disposed of within six months.

(3) Article 374-2 (3) through (5) of the Commercial Act shall apply mutatis mutandis to a decision of purchasing prices of stocks under paragraph (2).

Article 15-3 (Simplification, etc. of Merger Procedures)

(1) When any venture business which is a stock company has made a decision on merging with another stock company *[in cases of a small-scale merger under Article 15-9 and a short-form merger under Article 15-10, referring to the resolution of approval by the board of directors]*, it shall, within one week from the day the said merger resolution has been made, give the creditors a public notice that any objection against such merger, if any, should be raised within the period of not less than ten days, and shall make a peremptory notice on matters of the public notification to the creditors who are known to itself, notwithstanding Article 527-5 (1) of the Commercial Act.

(2) Any venture business which is a stock company may notify a convocation of the general meeting of stockholders for making a merger resolution seven days prior to the date of general meeting of stockholders, notwithstanding Article 363 (1) of the Commercial Act.

(3) Any venture business which is a stock company may, in publicly announcing a written contract for merger, etc. in order to merge with another stock company, make the period of such public announcement from seven days prior to the date of general meeting of stockholders for a merger approval to the day on which one month elapses after the date of merger, notwithstanding Article 522-2 (1) of the Commercial Act.

(4) When there exists a resolution of the board of directors relating to a merger of venture business which is a stock company, any stockholder of the venture business who is opposed to the said resolution shall, notwithstanding Article 522-3 (1) of the Commercial Act, inform the venture business in writing of his/her intention of opposing the merger prior to the general meeting of stockholders, and demand a purchase of his stocks, stating the kinds and numbers of stocks possessed by him/her.

(5) Where any venture business has received a demand under paragraph (4), it shall purchase such stocks within two months from the date of resolution by the general meeting of stockholders relating to the merger, notwithstanding Articles 374-2 (2) and 530 (2) of the Commercial Act.

(6) Article 374-2 (3) through (5) of the Commercial Act shall apply mutatis mutandis to a determination of purchase prices of stocks pursuant to paragraph (5). In such cases, the term "date of receiving a demand of

paragraph (1)" in Article 374-2 (4) of the same Act shall be read as the "date of resolution by the general meeting of stockholders relating to the merger".

Article 15-4 (Stock Exchanges, etc. by Issuing New Stocks)

(1) A venture business which is a stock company may issue new stocks and exchange them with the stocks of the principal stockholders of other stock companies or those of other venture businesses which are stock companies, for the purpose of strategic alliance as determined by the articles of incorporation. In such cases, the principal stockholders of such other stock companies or the other venture businesses which are stock companies shall become the stockholders of the relevant venture business by receiving an allotment of new stocks to be issued by the venture business for a stock exchange.

(2) A venture business seeking to make a stock exchange pursuant to paragraph (1) shall prepare a contract for stock exchange containing the matters of the following subparagraphs and obtain approval therefor from the general meeting of stockholders. In such cases, Article 434 of the Commercial Act shall apply mutatis mutandis to the resolution of approval by the general meeting of stockholders:

1. Details of the strategic alliance;
2. Matters concerning the value, gross amount, assessment, kinds, volume and allotments of new stocks to be exchanged;
3. Date of making the stock exchange;
4. Where making stock exchange with principal stockholders of other stock companies, the names and resident registration numbers of the stockholders and the kinds and volume of stocks to be exchanged.

(3) Where the principal stockholders of other stock companies or other venture businesses which are stock companies make an investment in kind in the venture business with their retained stocks through a stock exchange pursuant to paragraph (1), if a certified assessment agency prescribed by Presidential Decree has made an assessment of the price of said stocks, it shall be deemed that an inspector has made an investigation pursuant to Article 422 (1) of the Commercial Act or that a certified appraiser has made an appraisal. In such cases, Article 422 (2) and (3) of the Commercial Act shall not be applicable.

(4) Article 15 (4) and (5) shall apply mutatis mutandis to the case where a stock exchange is made pursuant to paragraph (1).

Article 15-5 (Appraisal Right by Stockholders at Time of Stock Exchange by Issuing New Stocks)

@Article 15-2 (1) through (3) shall apply mutatis mutandis to the appraisal right by the stockholders opposing stock exchanges under Article 15-4.

Article 15-6 (Special Cases for Stock Exchange)

(1) Where a venture business makes a stock exchange pursuant to Article 15 or 15-4, if the number of stocks to be exchanged does not exceed 50/100 of the gross number of issued stocks, approval of the general meeting of stockholders may be substituted by approval of the board of directors as determined by the articles of incorporation.

(2) A venture business seeking to make a stock exchange pursuant to paragraph (1) shall state on the written contract for stock exchange the purport that the stock exchange may be made without obtaining

approval of the general meeting of stockholders under Article 15 (3) or 15-4 (2).

(3) A venture business shall make a public notification of the matters referred to in the following subparagraphs or notify the stockholders thereof within two weeks from the date of preparing a written contract for stock exchange:

1. The main contents of the written contract for stock exchange;
2. The purport that the stock exchange is made without obtaining approval of the general meeting of the stockholders.

(4) When a stockholder who owns the stocks equivalent to 20/100 or more of the gross number of issued stocks of a venture business has notified in writing his/her intention of opposing the stock exchange under paragraph (1) within two weeks from the date of public notification or notice under paragraph (3), no stock exchanges under this Article shall be made.

(5) In cases of stock exchanges under paragraph (1), the provisions of Article 15-2 or 15-5 shall not be applicable.

Article 15-7 (Litigation for Invalidity of Stock Exchange)

@Article 360-14 of the Commercial Act shall apply mutatis mutandis to the litigation for invalidity of stock exchange under Article 15 or 15-4. In such cases, the term "company to become a perfect parent company" in Article 360-14 (2) of the Commercial Act shall be construed as "venture business", and the term "company which became a perfect parent company" in paragraph (3) of the same Article as "venture business", and the term "company which became a perfect subsidiary" as "other venture businesses which are stock companies."

Article 15-8 (Special Cases on Takeover of Business by Other Stock Companies)

(1) Where a venture business which is a stock company transfers the whole or part of its business to another stock company (excluding the corporations listed in the securities exchange under Article 8-2 (4) 1 of the Financial Investment Services and Capital Markets Act; hereafter in this Article and Articles 15-9 through 15-11, the same shall apply), if the transfer value does not exceed 10/100 of the amount of net assets existing on the final balance sheet of the other stock company, approval of the general meeting of stockholders of the other stock company may be substituted by approval of the board of directors as determined by the articles of incorporation. <Amended by Act No. 8635, Aug. 3, 2007; Act No. 9367, Jan. 30, 2009; Act No. 11845, May. 28, 2013>

(2) A venture business seeking to transfer the whole or part of its business pursuant to paragraph (1) shall state, on the written contract for transfer or takeover of business, the purport that another stock company may take over the whole or part of business of the venture business without obtaining approval from the general meeting of stockholders.

(3) Another stock company which seeks to take over the whole or part of business of a venture business under paragraph (1) shall make a public notification of the following matters or notify the stockholders thereof within two weeks from the date of preparing a written contract for transfer or takeover of business:

1. The main contents of the written contract for transfer or takeover of business;
 2. The purport that the business is taken over without obtaining approval from the general meeting of the stockholders.
- (4) When a stockholder who owns stocks equivalent to at least 20/100 of the gross number of issued stocks of another stock company has notified in writing his/her intention of opposing the business takeover pursuant to paragraph (1), within two weeks from the date of public notification or notice under paragraph (3), no business takeover under this Article shall be made.
- (5) In cases of business takeover under paragraph (1), Article 374-2 of the Commercial Act shall not be applicable.

Article 15-9 (Special Cases on Small-Scale Merger of Venture Businesses)

- (1) Where a venture business which is a stock company merges with another stock company, if the gross number of new stocks issued by a company remaining after the merger due to the merger is not more than 20/100 of the gross number of issued stocks of the stock company, approval of the general meeting of stockholders of the remaining company may be substituted by approval of the board of directors, notwithstanding Article 527-3 (1) of the Commercial Act: Provided, That where the amount to be paid to the stockholders of the company extinguished due to the merger is determined, if the amount exceeds 5/100 of the amount of net assets existing on the final balance sheet of the remaining company, this shall not apply. *<Amended by Act No. 12004, Aug. 6, 2013>*
- (2) The appraisal rights of the stockholders opposing the merger pursuant to paragraph (1) shall not be allowed.

Article 15-10 (Special Cases on Short-Form Merger of Venture Businesses)

- (1) Where a venture business which is a stock company merges with another stock company, if a company remaining after the merger owns at least 80/100 of the gross number of voting stocks issued by the extinguished company, approval of the general meeting of stockholders of the extinguished company may be substituted by approval of the board of directors, notwithstanding Article 527-2 (1) of the Commercial Act. *<Amended by Act No. 12004, Aug. 6, 2013>*
- (2) With respect to the appraisal rights of the stockholders opposing the merger pursuant to paragraph (1), Article 522-3 (2) of the Commercial Act shall apply.

Article 15-11 (Short-Form Transfer of Business)

- (1) Where a venture business which is a stock company transfers all or part of its business to another stock company, approval of the general meeting of stockholders of the company transferring its business may be substituted by approval of the board of directors, if all stockholders of the company transferring its business agree or another stock company possesses at least 90/100 of voting stocks out of the total number of stocks issued by the company transferring its business, notwithstanding Article 374 of the Commercial Act.
- (2) In cases falling under paragraph (1), the purport that the company transferring its business may transfer all or part of its business without obtaining approval of the general meeting of stockholders shall be stated

in the written contract for transfer or takeover.

(3) The company which intends to transfer all or part of its business under paragraph (1) shall announce or inform stockholders of the following matters within two weeks from the date when a written contract for transfer or takeover is prepared:

1. Important details of the written contract for transfer or takeover of business;

2. Its purport to transfer business without obtaining approval of the general meeting of the stockholders.

(4) Any stockholder who has informed the company, in writing, of his/her intention of opposing the transfer of business within two weeks from the date when the announcement or notification under paragraph (3) is made may request, in writing stating the kinds and number of stocks, the company to purchase stocks owned by him/her within 20 days from the date when the said two-week period has lapsed.

(5) Article 374-2 (2) through (5) of the Commercial Act shall apply mutatis mutandis to a request for purchase under paragraph (4).

Article 15-12 (Provisions to be Applicable Mutatis Mutandis)

@Articles 15, 15-2 through 15-11 and 24 (1) 4 shall apply mutatis mutandis to founders. In such cases, the term "venture business" shall be construed as "founder". <Amended by Act No. 9367, Jan. 30, 2009>

Article 15-13 (Designation of Supporting Centers for Takeover and Merger of Small and Medium Venture Businesses)

(1) The Administrator of the Small and Medium Business Administration may designate agencies or institutions relevant to support for small and medium enterprises as a supporting center for takeover and merger of small and medium venture businesses (hereinafter referred to as "supporting center") to efficiently support takeover and merger of small and medium venture businesses.

(2) The duties of supporting centers shall be as listed in the following subparagraphs:

1. Matters pertaining to support for development of takeover and merger plan of small and medium venture businesses;

2. Matters pertaining to collection and provision of information of enterprises and consulting support for takeover and merger of small and medium venture businesses;

3. Matters pertaining to development and supply of enterprise value evaluating models of small and medium venture businesses;

4. Matters pertaining to support of funds necessary for takeover and merger plan of small and medium venture businesses;

5. Matters pertaining to fostering and education of experts in takeover and merger plan of small and medium venture businesses;

6. Other matters determined by the Administrator of the Small and Medium Business Administration to promote takeover and merger of small and medium venture businesses.

(3) The Administrator of the Small and Medium Business Administration may subsidize all or part of expenses incurred in administrating a supporting center.

(4) In addition to matters prescribed in paragraphs (1) through (3), matters necessary for designation standards, procedures therefor, operation, etc. of a supporting center shall be prescribed by Presidential Decree.

Article 15-14 (Revocation of Designation as Supporting Centers)

Where each supporting center falls under any of the following subparagraphs, the Administrator of the Small and Medium Business Administration may revoke the designation thereof: Provided, That where a case falls under subparagraph 1, the designation thereof shall be revoked:

1. Where a supporting center is designated by false or other unjust means;
2. Where a supporting center fails to meet the designation standards under Article 15-13 (4);
3. Where a supporting center fails to perform the duties designated for not less than one month without any justifiable reason.

Article 16 (Grant of Leave of Absence of Public Educational Officials, etc.)

(1) Any of the following persons (hereinafter referred to as a "public educational official, etc.") may be allowed a leave of absence so as to work as a representative or executive of a venture business or founder, notwithstanding Article 44 (1) of the Public Educational Officials Act, Article 71 (2) of the State Public Officials Act, Article 63 (2) of the Local Public Officials Act, and Article 59 (1) of the Private School Act: *<Amended by Act No. 11660, Mar. 22, 2013; Act No. 13310, May 18, 2015>*

1. Teaching staff (including a researcher at a university-affiliated institute; hereinafter the same shall apply) at a university (including a university of technology and a junior college; hereinafter the same shall apply) under the Higher Education Act;
2. Researchers at a national or public research institute (including teaching staff and researchers under Article 15 of the Korea Advanced Institute of Science and Technology Act, Article 14 of the Gwangju Institute of Science and Technology Act, and Article 12-3 of the Daegu Gyeongbuk Institute of Science and Technology Act; hereinafter the same shall apply);
3. Researchers at a research institute under Article 8 (1) of the Act on the Establishment, Operation and Fostering of Government-Funded Science and Technology Research Institutes (including researchers at affiliated research institutes; hereinafter the same shall apply);
4. Researchers at a specialized manufacturing technology research institute prescribed in Article 42 of the Industrial Technology Innovation Promotion Act.

(2) A researcher at a public institution under Article 4 (1) of the Act on the Management of Public Institutions (excluding research institutes under paragraph (1) 3 of this Article) may be allowed a leave of absence so as to work as a representative or executive of a venture business or founder, with permission from the head of an institution to which he/she belongs. *<Newly Inserted by Act No. 13310, May 18, 2015>*

(3) The period of leave of absence under paragraph (1) or (2) shall not exceed five years (including six months for preparing establishment): Provided, That the period of leave of absence may be extended up to one more year if it is deemed necessary by the head of the institution whereto the public official, etc. belongs. In such cases, the period of leave of absence for teaching staff at a university may exceed the

remaining period of his/her employment, notwithstanding Article 45 (2) of the Public Educational Officials Act. <Amended by Act No. 9367, Jan. 30, 2009; Act No. 12927, Dec. 30, 2014; Act No. 13310, May 18, 2015>

(4) Where teaching staff at a university or researchers at a public research institute or public institution are awarded a leave of absence for at least six months in compliance with paragraph (1) or (2), it shall be deemed that there are a fixed number of extra regular staff which is equal to those of teaching staff or researchers who are awarded the leave of absence from the beginning date of leave of absence at the university, public research institute, or public institution. <Amended by Act No. 11660, Mar. 22, 2013; Act No. 13310, May 18, 2015>

(5) Where teaching staff at a university or researchers at a public research institute or public institution resume office after taking a leave of absence under paragraph (1) or (2), the head of an institution to which they belong shall not give them any unfavorable treatment in terms of their status or salary due to the leave of absence. <Newly Inserted by Act No. 11660, Mar. 22, 2013; Act No. 13310, May 18, 2015>

Article 16-2 (Special Cases concerning Concurrent Posts or Offices of Public Educational Officials, etc.)

(1) Where public educational officials, etc. or researchers at government-funded research institutes (excluding research institutes in the field of national defense) prescribed by Presidential Decree do not fall under any of the following, they may concurrently hold office or position as a representative, executive or employee of a venture business or a founder referred to in subparagraph 2 of Article 2 of the Support for Small and Medium Enterprise Establishment Act, with permission from the heads of institutions to which they belong: <Amended by Act No. 11660, Mar. 22, 2013>

1. Where they intend to concurrently hold office or position in the fields which have no relation to their areas of expertise, skills, work experiences, etc.;
2. Where there is a concern that the efficient performance of duties as a public official is likely to be obstructed.

(2) Permission obtained from the head of an institute under paragraph (1) shall be deemed that permission for a concurrent post or office is granted under Article 18 (1) of the Public Educational Officials Act and Article 6 (4) of the Cooperative Research and Development Promotion Act.

Article 16-3 (Stock Option of Venture Business)

(1) Any venture business which is a stock company may, when a resolution of the general meeting of stockholders exists as determined by its articles of incorporation, grant a person who has contributed, or is capable of contributing, to the establishment of the venture business or the innovation in its technology and management, etc., among the following persons, the right to purchase new stocks at a particularly advantageous price and the right to purchase existing stocks of the said business as prescribed by Presidential Decree (hereafter in this Article, referred to as a "stock option"), notwithstanding Articles 340-2 through 340-5 of the Commercial Act. In such cases, Article 434 of the Commercial Act shall apply mutatis mutandis to the resolution of the general meeting of stockholders: <Amended by Act No. 12004, Aug.

6, 2013>

1. An executive or employee of the venture business (excluding persons determined by Presidential Decree);
2. A person prescribed by Presidential Decree who has skill or managerial ability;
3. A university or a research institute determined by Presidential Decree;
4. Executives and employees of a company acquired by the venture business (limited to where at least 30/100 of the gross number of outstanding stocks is acquired).

(2) The articles of incorporation concerning the stock options under paragraph (1) shall contain the following matters:

1. Purports that stock options may be granted in a specified case;
2. Kinds and number of stocks to be delivered by the exercise of stock options;
3. Qualifications of the persons to be granted the stock options;
4. Period for exercising stock options;
5. Purports that the stock options may be revoked by a resolution of the board of directors in a specified case.

(3) In the special resolution of the general meeting of stockholders under paragraph (1), the following matters shall be determined:

1. Names or titles of the persons to be granted the stock options;
2. Methods of granting the stock options;
3. Prices and period for exercising the stock options;
4. Kinds and number of stocks to be delivered by the exercise of stock options, with respect to each individual to be granted the stock options.

(4) Where not more than 20/100 of the total number of stocks under paragraph (2) 2 are granted as stock options to other persons than the executives and employees of the venture business concerned, the matters under paragraph (3) 1 and 4 may be made, by a special resolution of the general meeting of stockholders, to be decided by the board of directors of the venture business, notwithstanding paragraph (3). In such cases, the grant of stock options shall be approved by a resolution of the general meeting of stockholders convoked for the first time after granting them. <Amended by Act No. 12927, Dec. 30, 2014>

(5) If a resolution is made under paragraphs (3) and (4), a venture business which seeks to grant stock options shall report the details to the Administrator of the Small and Medium Business Administration as prescribed by Presidential Decree.

(6) A person granted a stock option under paragraph (1) or (4) may exercise it only if he/she has served or held office for at least two years since the date the resolution under paragraph (1) was adopted or the date decided by the board of directors under paragraph (4), except for cases prescribed by Ordinance of the Ministry of Trade, Industry and Energy. <Amended by Act No. 12927, Dec. 30, 2014>

(7) No stock option shall be transferred to another person: Provided, That when a person granted a stock option is deceased, his/her inheritor shall be deemed to be granted it. <Newly Inserted by Act No. 12927, Dec.

30, 2014>

(8) Article 350 (2), the latter part of Article 350 (3), Articles 351 and 516-9 (1), (3) and (4), and the former part of Article 516-10 of the Commercial Act shall apply mutatis mutandis to where new stocks are issued by exercising stock options. <Newly Inserted by Act No. 12927, Dec. 30, 2014>

(9) Where the venture business which has granted a stock option acquires the treasury stocks for the purpose of delivering them to the person granted the stock option, they may exceed 10/100 of the gross number of its issued stocks, notwithstanding the main sentence of Article 341-2 (1) of the Commercial Act. <Amended by Act No. 12927, Dec. 30, 2014>

(10) Matters necessary for the grant limit, etc. of stock options shall be determined by Presidential Decree. <Amended by Act No. 12927, Dec. 30, 2014>

Article 16-4 (Provision of Information to Venture Business)

(1) The Government may provide a venture business with information on investments, funds, manpower, technology, markets, locations, etc. related to the establishment and business activity of the venture business, or provide other support for promoting the informatization of the venture business.

(2) The Administrator of the Small and Medium Business Administration may request that the head of a central administrative agency, local government, or public agency subject to the application of the Act on the Management of Public Institutions provide data necessary for the provision of information under paragraph (1).

(3) To promote investments in a venture business by an individual or a private investment association (hereafter in this paragraph referred to as an "individual, etc."), the Administrator of the Small and Medium Business Administration may furnish the individual, etc. with necessary information concerning the venture business such as investment value as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 11690, Mar. 23, 2013>

Article 16-5 (Special Case on Limited Liability Company Which is Venture Business)

(1) and (2) Deleted. <by Act No. 13310, May 18, 2015>

(3) A venture business which is a limited liability company may separately prescribe the standards for dividends by a resolution of the general meeting of members as determined by the articles of incorporation, notwithstanding Article 580 of the Commercial Act.

Article 16-6 Deleted. <by Act No. 13310, May 18, 2015>

Article 16-7 (Special Case on Use of Industrial Property Rights)

(1) A university or research institute may permit an exclusive license in the use of industrial property rights, etc. obtained from the invention during performing duties to a public educational official or researcher who takes a leave of absence or is permitted to concurrently hold office or position under Article 16 or 16-2, notwithstanding Article 24 (4) and (5) of the Technology Transfer and Commercialization Promotion Act: Provided, That in cases of the work-for-hire invention which is completed after taking a leave of absence or concurrently holding office or position, where the relevant public educational official or researcher wishes, an exclusive license shall be granted preferentially after

the mutual agreement on a fair consideration. <Amended by Act No. 9984, Jan. 27, 2010; Act No. 11660, Mar. 22, 2013>

(2) Paragraph (1) shall not apply where an invention is accomplished through the support of research and development costs by the Government, local governments, or public institutions. <Newly Inserted by Act No. 11660, Mar. 22, 2013>

Article 17 Deleted. <by Act No. 7868, Mar. 3, 2006>

Article 17-2 (Designation of Area for Collective Location of New Technology-Based Businesses)

(1) The head of a university or research institute may request the Administrator of the Small and Medium Business Administration to designate a specific land held by the university or research institute as an area for the collective location of new technology-based businesses (hereinafter referred to as "collective area") in which the production facilities and other support facilities of founders, venture businesses, etc. are collectively equipped.

(2) The head of a university or research institute shall, when requesting the designation of a collective area under paragraph (1), submit a plan for development of the collective area containing the matters prescribed by Presidential Decree such as the name, area of designation, etc. of the collective area.

(3) The Administrator of the Small and Medium Business Administration, who is requested to designate an area as a collective area, may designate such area as a collective area after examining whether it meets the requirements provided for in subparagraphs of Article 17-3. In such cases, he/she shall publicly announce the details of designation as prescribed by Presidential Decree.

(4) When the size of an area to be designated as a collective area pursuant to paragraph (3) is not smaller than that prescribed by Presidential Decree, the Administrator of the Small and Medium Business Administration shall consult with the Special Metropolitan City Mayor, Metropolitan City Mayor, Do Governor or the Governor of the Jeju Special Self-Governing Province (hereinafter referred to as the "Mayor/Do Governor") who has jurisdiction over such an area.

Article 17-3 (Requirements for Designation of Collective Area)

The collective area shall satisfy the following requirements:

1. The ratio of a designated area to the total floor area of the land held by the university or research institute concerned shall not exceed the ratio prescribed by Presidential Decree;
2. The area of designation shall not be less than 3,000 square meters;
3. The plan for development of the collective area shall be feasible.

Article 17-4 (Special Case, etc. on Collective Area)

(1) A collective area may be designated in an area other than those prescribed by Presidential Decree, such as green belts for preservation, among the areas provided for in Article 36 of the National Land Planning and Utilization Act, notwithstanding Article 76 of the said Act.

(2) A founder or a venture business may construct in the collective area concerned the urban-type factories (referring to only those prescribed by Presidential Decree) pursuant to Article 28 of the Industrial Cluster Development and Factory Establishment Act and other related business facilities by obtaining approval

from the head of the relevant university or research institute, to the extent that the structural safety is not threatened, notwithstanding Article 19 (1) of the Building Act and Article 76 (1) of the National Land Planning and Utilization Act. In such cases, approval for establishment, etc. of factories under Article 13 of the Industrial Cluster Development and Factory Establishment Act and approval for installation of manufacturing facilities under Article 14-3 of the same Act shall be deemed obtained. <Amended by Act No. 8974, Mar. 21, 2008; Act No. 9984, Jan. 27, 2010>

(3) The collective area, the designated area of which is not smaller than that prescribed by Presidential Decree pursuant to Article 17-2 (4) and, which is designated in an urban area shall be deemed the up-to-date city industrial complex under Article 7-2 of the Industrial Sites and Development Act.

(4) The Administrator of the Small and Medium Business Administration shall be the authorized administrator (referring to the authorized administrator under Article 30 (1) of the Industrial Cluster Development and Factory Establishment Act) of the collective area under paragraph (3).

(5) The university or research institute concerned shall be the management agency (referring to the management agency under Article 30 (2) of the Industrial Cluster Development and Factory Establishment Act) of the collective area under paragraph (3).

(6) The head of a university or research institute may lease part of the collective area concerned to a founder, a venture business or the installer or operator of support facilities who intends to construct buildings (including any factory structures) or other permanent installations in the collective area concerned, notwithstanding Articles 18 and 27 of the State Properties Act, Articles 13 and 20 of the Public Property and Commodity Management Act, the Higher Education Act, and the Private School Act. In such cases, when the period of the lease contract (including the renewed contract) expires, the installations in question shall be donated to the university or research institute concerned or the land concerned shall be restored to the original state and returned, taking into consideration the types, utilities, etc. of the installations. <Amended by Act No. 9401, Jan. 30, 2009>

(7) Matters necessary for the rental fee, lease period, etc. pursuant to paragraph (6) shall be determined by Presidential Decree.

(8) Article 22 (1) and (3) shall apply mutatis mutandis with respect to the collective areas.

(9) Where the head of each Si/Gun/Gu receives an application for registration of factories under paragraph (2) from a founder or venture business located in a collective area, he/she shall register a factory under Article 16 of the Industrial Cluster Development and Factory Establishment Act. <Newly Inserted by Act No. 9984, Jan. 27, 2010>

Article 17-5 (Guidelines for Management of Collective Areas)

The Administrator of the Small and Medium Business Administration shall establish and publicly announce the guidelines for the designation and management of collective areas.

Article 17-6 (Revocation of Designation of Collective Area)

The Administrator of the Small and Medium Business Administration may revoke the designation of a collective area pursuant to Article 17-2 (3) where it falls under any of the following subparagraphs:

1. Where it is impossible to attain the designation objectives on the grounds of business delay, poor management, etc.;
2. Where it fails to meet the requirements for designation pursuant to Article 17-3.

Article 18 (Designation, etc. of Facilities for Collective Location of Venture Businesses)

(1) A person who intends to establish the facilities for the collective location of venture businesses or use existing buildings as those facilities may obtain such designation from the Mayor/Do Governor where their total floor area exceeds that prescribed by Presidential Decree. The same shall also apply to where the designated matters are modified.

(2) The facilities for the collective location of venture businesses that have been designated under paragraph (1) shall satisfy the following requirements within one year from the date they are so designated (in cases of buildings under construction, referring to the date approval for use of the buildings is granted under Article 22 of the Building Act): *<Amended by Act No. 8974, Mar. 21, 2008; Act No. 9367, Jan. 30, 2009>*

1. The businesses prescribed by Presidential Decree, such as venture businesses, etc., shall move in, and the number of venture businesses from among enterprises located therein shall be no less than four (no less than three in cases of an area other than the Seoul Metropolitan Area under subparagraph 1 of Article 2 of the Seoul Metropolitan Area Readjustment Planning Act);

2. The businesses prescribed by Presidential Decree, such as venture businesses, shall use at least 70/100 (50/100 in cases of an area other than the Seoul Metropolitan Area under subparagraph 1 of Article 2 of the Seoul Metropolitan Area Readjustment Planning Act) of the total floor area;

3. The facilities prescribed by Presidential Decree, such as facilities for the collective location of venture businesses, shall occupy the designated area which does not fall under subparagraph 2.

(3) If deemed necessary for the support for venture businesses, the Mayor/Do Governor may establish the facilities for the collective location of venture businesses or designate existing buildings as those facilities, so that venture businesses and their supporting installations may move therein.

(4) When the facilities for the collective location of venture businesses fall under any of the following, the Mayor/Do Governor may revoke such designation: Provided, That when they fall under subparagraph 1, he/she shall revoke such designation.

1. When they have been designated deceitfully or otherwise fraudulently;

2. When they fails to satisfy the requirements for designation under paragraph (1) or (2).

(5) The Mayor/Do Governor intends to revoke the designation of the facilities for the collective location of venture businesses under paragraph (4), he/she shall hold a hearing.

(6) Application for designation under paragraph (1) and other matters necessary for such designation shall be determined by Presidential Decree.

Article 18-2 (Special Case on Laboratory Factory)

(1) Any of the following persons may establish a laboratory factory with approval from the head of an institution (referring to the head of an institution which establishes a laboratory factory, in cases falling under subparagraph 4) to which he/she belongs, notwithstanding Article 19 (1) of the Building Act, Article

76 (1) of the National Land Planning and Utilization Act, and Article 36 (1) of the Special Act on Promotion of Special Research and Development Zones, etc. The same shall also apply to where any approved matter is modified: <Amended by Act No. 8974, Mar. 21, 2008; Act No. 9984, Jan. 27, 2010; Act No. 11232, Jan. 26, 2012; Act No. 13310, May 18, 2015>

1. Teaching staff and students at a university under the Higher Education Act;
2. A researcher at a national or public research institute or a government-invested research institution;
3. A researcher at a research institute in the field of science or industrial technology as Presidential Decree may determine;
4. The founder of a venture business.

(2) If approval (including approval for modification; hereafter the same shall apply in this paragraph) of a laboratory factory is obtained under paragraph (1), approval for factory establishment, etc. under Article 13 of the Industrial Cluster Development and Factory Establishment Act or approval for the installation of manufacturing facilities under Article 14-3 of the said Act shall be deemed obtained. <Newly Inserted by Act No. 13310, May 18, 2015>

(3) The total floor area of a laboratory factory for the use of production facilities shall not exceed 3,000 square meters: Provided, That the same shall not apply where the standards for construction of buildings, etc. in special purpose areas under Article 76 (1) of the National Land Planning and Utilization Act are fulfilled. <Amended by Act No. 13310, May 18, 2015>.

(4) The total area of a laboratory factory (where there are two or more laboratory factories, referring to their total area) shall not exceed 1/2 of the total floor area of buildings in the relevant university or research institute: Provided, That the same shall not apply where the standards for construction of buildings, etc. in special purpose areas under Article 76 (1) of the National Land Planning and Utilization Act are fulfilled. <Amended by Act No. 13310, May 18, 2015>

(5) The head of a Si/Gun/Gu (referring to an autonomous Gu; hereinafter the same shall apply) shall, upon receipt of application for registration of a laboratory factory, register the factory under Article 16 of the Industrial Cluster Development and Factory Establishment Act. <Amended by Act No. 13310, May 18, 2015>

(6) The head of a university or a research institute may allow any person who has established a laboratory factory under paragraph (1), even if he/she is voluntarily retired (graduated) from his/her office, to use the factory for a fixed period not exceeding two years from the date of such retirement (graduation). <Amended by Act No. 9984, Jan. 27, 2010; Act No. 13310, May 18, 2015>

(7) Other matters necessary for the establishment, operation, etc. of a laboratory factory shall be prescribed by Presidential Decree. <Amended by Act No. 13310, May 18, 2015>

Article 18-3 (Special Cases on Venture Business and Founder Moved into Business Incubator)

(1) A venture business or founder that has moved into a business incubator established and operated at a university or research institute which falls under any of the following subparagraphs may establish a urban-type factory under Article 28 of the Industrial Cluster Development and Factory Establishment Act by obtaining approval from the head of the operating agency of a business incubator, notwithstanding

Article 19 (1) of the Building Act, Article 76 (1) of the National Land Planning and Utilization Act, and Article 36 (1) of the Special Act on Promotion of Special Research and Development Zones, etc. In such cases, approval for establishment, etc. of factories under Article 13 of the Industrial Cluster Development and Factory Establishment Act and approval for installation of manufacturing facilities under Article 14-3 of the same Act shall be deemed obtained: <Amended by Act No. 8974, Mar. 21, 2008; Act No. 9984, Jan. 27, 2010; Act No. 11232, Jan. 26, 2012>

1. A business incubator which is designated by the Administrator of the Small and Medium Business Administration under Article 6 (1) of the Support for Small and Medium Enterprise Establishment Act;
 2. A business incubator which is recognized by the head of a central administrative agency or local government.
- (2) The head of Si/Gun/Gu shall, upon receipt of application for registration of a factory from a venture business or founder that has moved into a business incubator under paragraph (1), register a factory under Article 16 of the Industrial Cluster Development and Factory Establishment Act.
- (3) The business incubator established and operated at a university or research institute shall be deemed the facility group pursuant to Article 19 (4) 2 of the Building Act. <Amended by Act No. 8974, Mar. 21, 2008>

Article 18-4 (Designation, etc. of Venture Business Development and Promotion Zone)

- (1) The Mayor/Do Governor may, if necessary for the development of venture businesses, request the Administrator of the Small and Medium Business Administration to designate any certain area in districts under his/her jurisdiction as a venture business development and promotion zone (hereinafter referred to as "promotion zone").
- (2) If the Administrator of the Small and Medium Business Administration designates the promotion zone under paragraph (1), he/she shall publicly announce the details of such designation in accordance with Presidential Decree.
- (3) If any promotion zone that is designated pursuant to paragraph (1) falls under any of the following subparagraphs, the Administrator of the Small and Medium Business Administration may cancel such designation:
1. Where the plan for developing the promotion zone is infeasible;
 2. Where it is impossible to attain the designation objectives on the grounds of business delay, poor management, etc.
- (4) Necessary matters concerning the requirements and procedures for the designation under paragraph (1), the support for the promotion zone, etc. shall be prescribed by Presidential Decree.

Article 18-5 (Support for Promotion Zone)

- (1) For the purpose of the vitalization of the promotion zone, the Administrator of the Small and Medium Business Administration may favorably support local governments, which have had the promotion zone designated in their jurisdictional districts, in supporting the raising of funds for the development of local small and medium enterprises under Article 44 (1) of the Balanced Regional Development and Support for Local Small and Medium Enterprises Act.

(2) The State or a local government may preferentially support any venture business, that is located in the promotion zone or moves therein, with funds or other necessary matters.

(3) The State or a local government may provide a person who establishes and manages the facilities for the collective location of venture businesses in the promotion zone and an operator of a business incubator with all or part of funds required by them, or may favorably support.

(4) Article 22 shall apply mutatis mutandis to any venture business and its supporting installations in the promotion zone.

Article 19 (Sale, etc. of State or Public Properties)

(1) If deemed necessary for the development, establishment and operation of the facilities for the collective location of venture businesses, the State or local governments may sell or lease, by free contract, State or public properties to a person who has established or operated the facilities for the collective location of venture businesses, notwithstanding the provisions of the State Properties Act or the Public Property and Commodity Management Act.

(2) Matters necessary for the price, rental fee, lease period, etc. of State properties, pursuant to paragraph (1), shall be determined by the Presidential Decree.

(3) The State or local governments may trust real estates that are State-owned general property or public miscellaneous property with a trust business entity, on condition that such properties shall be leased to venture businesses. In such cases, Article 58 of the State Property Act shall apply mutatis mutandis to the trust of public real estates. <Amended by Act No. 8635, Aug. 3, 2007; Act No. 9401, Jan. 30, 2009; Act No. 11660, Mar. 22, 2013>

(4) The State, local governments, or educational foundations of private schools may lease State or public lands or a part of the land of a university to a person who has established or operated the facilities for the collective location of venture businesses, and allow him/her to construct buildings or other permanent installations, notwithstanding Article 18 of the State Properties Act, Articles 13 and 20 of the Public Property and Commodity Management Act, the Higher Education Act, and the Private School Act. In such cases, lease conditions shall be defined in consideration of the types, utilities, etc. of the installations concerned to the effect that such installations shall be donated to the State, local governments, or educational foundations of private schools, or that such lands shall be restored to the original state and returned at the end of the lease period. <Amended by Act No. 9401, Jan. 30, 2009>

(5) A person who has established or operated the facilities for the collective location of venture businesses may allow other persons to use or make profits upon installations built in compliance with paragraph (4) on condition that such installations are used for the same purposes as leased, notwithstanding Article 30 (2) of the State Property Act, Article 35 of the Public Property and Commodity Management Act, the Higher Education Act, and the Private School Act. <Amended by Act No. 9401, Jan. 30, 2009>

Article 20 (Support of Installation Expenses)

The State or local governments may support the whole or part of expenses incurred in the development of areas and the installation of facilities for the collective location of venture businesses.

Article 21 (Special Cases on Prohibition, etc. from Construction)

(1) Deleted. <by Act No. 7868, Mar. 3, 2006>

(2) Facilities for the collective location of venture businesses may be built in areas provided for in Article 36 of the National Land Planning and Utilization Act (excluding those prescribed by Presidential Decree, such as green belt areas, etc.), notwithstanding Article 76 (1) of the National Land Planning and Utilization Act. <Amended by Act No. 8602, Aug. 3, 2007>

(3) A person who has moved within the facilities for the collective location of venture businesses may establish a factory prescribed by Presidential Decree to the extent that the structural safety is not threatened, notwithstanding Article 19 (1) of the Building Act, Article 76 (1) of the National Land Planning and Utilization Act, and Article 36 (1) of the Special Act on Promotion of Special Research and Development Zones, etc. In such case, approval of factory establishment, etc. under Article 13 of the Industrial Cluster Development and Factory Establishment Act or approval for the installation of manufacturing facilities under Article 14-3 of the said Act shall be deemed obtained. <Amended by Act No. 8602, Aug. 3, 2007; Act No. 8974, Mar. 21, 2008; Act No. 11232, Jan. 26, 2012>

(4) The head of a Si/Gun/Gu shall, upon receipt of application for registration of a factory under paragraph (3) from the person who has moved within the facilities for the collective location of venture businesses, make a registration of the factory under Article 16 of the Industrial Cluster Development and Factory Establishment Act. <Amended by Act No. 8602, Aug. 3, 2007>

Article 22 (Exemption, etc. from Various Charges)

(1) Facilities for the collective location of venture businesses shall be exempted from the charges provided for in the following subparagraphs: <Amended by Act No. 5578, Sep. 23, 1998; Act No. 5758, Feb. 5, 1999; Act No. 6642, Jan. 26, 2002; Act No. 6841, Dec. 30, 2002; Act No. 7604, Jul. 21, 2005; Act No. 7868, Mar. 3, 2006; Act No. 8352, Apr. 11, 2007; Act No. 8602, Aug. 3, 2007; Act No. 9071, Mar. 28, 2008>

1. Development charges under Article 5 of the Restitution of Development Gains Act;
2. Deleted; <by Act No. 8602, Aug. 3, 2007>
3. Expenses for the creation of substitute forest resources under Article 19 of the Management of Mountainous Districts Act;
4. Charges for the preservation of farmland under Article 38 of the Farmland Act;
5. Expenses for the creation of substitute grassland under Article 23 of the Grassland Act;
6. Charges for the generation of traffic under Article 18 of the Urban Traffic Improvement Promotion Act.

(2) Deleted. <by Act No. 7868, Mar. 3, 2006>

(3) A person who intends to construct facilities for collective location of venture businesses may not place artistic decoration, notwithstanding Article 9 of the Culture and Arts Promotion Act. <Amended by Act No. 8602, Aug. 3, 2007>

Article 23 Deleted. <by Act No. 8602, Aug. 3, 2007>

Article 24 (Special Cases on Issuance of Stocks, etc. by Former Venture Business)

(1) Where an enterprise used to be a venture business does not come under a venture business any more, each of the following conducts performed as at the time the relevant enterprise was a venture business shall be deemed valid: <Amended by Act No. 9367, Jan. 30, 2009>

1. Contributing industrial property rights, etc. under Article 6;
2. Acquiring stocks of the relevant enterprise by a foreigner, a foreign corporation, etc. under Article 9;
3. Deleted; <by Act No. 9984, Jan. 27, 2010>
4. Exchanging stocks, etc. under Articles 15, 15-2 through 15-11;
5. Granting a stock option under Article 16-3;
6. Establishing a venture business with employees of not less than 50 but not more than 300 under Article 16-5.

(2) Even where a venture business, which has moved into the facilities for the collective location of venture businesses, does not come under a venture business any more, it may continue to locate there.

Article 25 (Confirmation as to Whether Venture Business or Not)

(1) Any venture business which seeks to receive supports under this Act may request the head of the agency or organization prescribed by Presidential Decree (hereinafter referred to as "agency for confirming venture businesses"), such as the Korea Technology Finance Corporation, etc., to make confirmation as to whether it may be categorized as a venture business or not.

(2) The head of the agency for confirming venture businesses upon receipt of the request under paragraph (1) shall make confirmation within the deadline prescribed by Ordinance of the Ministry of Trade, Industry and Energy, and give notice on the result of confirmation to the requester. In such cases, when the relevant business falls under a venture business, the head of the agency for confirming venture businesses shall issue the certificate of venture business with a valid period fixed as prescribed by Presidential Decree. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 11690, Mar. 23, 2013>

(3) The head of the agency for confirming venture businesses may disclose information on venture businesses confirmed as prescribed by Presidential Decree to secure the transparency to confirm venture businesses: Provided, That none of the following information shall be disclosed:

1. Trade secrets under subparagraph 2 of Article 2 of the Unfair Competition Prevention and Trade Secret Protection Act;
2. Matters concerning personal information, such as the resident registration numbers of representatives.

(4) Matters necessary for the procedures for confirmation, etc. under paragraphs (1) and (2) shall be prescribed by Ordinance of the Ministry of Trade, Industry and Energy. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 11690, Mar. 23, 2013>

Article 25-2 (Revocation of Confirmation of Venture Business)

(1) Where a venture business falls under any of the following subparagraphs, the head of the agency for confirming venture businesses may revoke the confirmation under Article 25 (2): Provided, That when it fall under subparagraph 1, he/she shall revoke such designation: <Amended by Act No. 9984, Jan. 27, 2010>

1. Where it has obtained the confirmation of being a venture business by falsely and other unlawful means;
 2. Where it has failed to satisfy the requirements for a venture business under Article 2-2:
 3. Where no business activities have been performed for the period prescribed by Presidential Decree due to suspension or discontinuation of business or bankruptcy, etc.;
 4. Where the representative, largest stockholder, or largest investing member, etc. has caused damages to the stockholders, members, or interested parties, etc. in connection with the business management, such as misappropriating or concealing the business property, etc., as prescribed by Presidential Decree.
- (2) The head of the agency for confirming venture businesses shall hold a hearing when he/she intends to revoke the confirmation of being a venture business under paragraph (1).

Article 26 (Report, etc.)

- (1) If the Administrator of the Small and Medium Business Administration deems it necessary for the enforcement of this Act, he/she may ask small and medium enterprise start-up investment companies, small and medium enterprise start-up investment associations, the Korea Venture Fund, or individuals pursuant to Article 2-2 (1) 2 (a) (viii) to ascertain and inspect the status of business operation (excluding ascertainment and verification of an individual referred to in Article 2-2 (1) 2 (a) (viii)) or submit reports on actual results of investment. *<Amended by Act No. 12237, Jan. 14, 2014; Act No. 13310, May 18, 2015>*
- (2) The Administrator of the Small and Medium Business Administration may have new technology project financial business operators, new technology project investment associations, the Korea Development Bank under the Korea Development Bank Act or the Industrial Bank of Korea under the Industrial Bank of Korea Act submit the information relating to the actual results of investments in small and medium enterprises and venture businesses on a quarterly basis.
- (3) If the Administrator of the Small and Medium Business Administration deems it necessary for the enforcement of this Act, he/she may ask the individuals or the private investment associations referred to in Article 14 (2) to ascertain and inspect the status of their business operation (excluding ascertainment and verification of an individual referred to in Article 14 (2)) or submit reports on actual results of investment. *<Amended by Act No. 13310, May 18, 2015>*
- (4) If the Administrator of the Small and Medium Business Administration deems it necessary for the enforcement of this Act, he/she may ask the agency for confirming venture businesses to file a report on the actual record, etc. for the confirmation of venture businesses and the revocation of such confirmation under Articles 25 and 25-2, or have the public officials under his/her jurisdiction enter the relevant agency to inspect the books and other documents. In such cases, the public officials conducting the inspection shall carry certificates of their competence and present them to the parties concerned.
- (5) The Mayor/Do Governor may ask the person who has obtained a designation of the facilities for the collective location of venture businesses under Article 18 to submit the information on the current status of location and operational situations as to the said facilities.

(6) When the head of the agency for confirming venture businesses deems it necessary for the confirmation of a venture business, the revocation of such confirmation, etc. pursuant to Articles 25 and 25-2, he/she may ask the venture business to submit the information required for the actual status of operations.

(7) The Administrator of the Small and Medium Business Administration may have a university, research institute or public institution submit the information on the actual results of permission for the leaves of absence or concurrent posts or offices of the teachers or researchers, and of approval for establishment of laboratory factories, under Articles 16, 16-2 and 18-2. *<Amended by Act No. 13310, May 18, 2015>*

(8) The Administrator of the Small and Medium Business Administration may have a specialized company submit the materials relating to those provided for in subparagraphs of Article 11-2 (4) or its settlement statement for every fiscal year.

Article 27 (Delegation or Entrustment of Authority)

The authority of the Administrator of the Small and Medium Business Administration prescribed in this Act may, as prescribed by Presidential Decree, be partially delegated to the head of agency under his/her control or the Mayor/Do Governor, or be partially entrusted to the head of other administrative agencies, or institutions or associations relating to small and medium enterprises prescribed by Presidential Decree.

Article 28 (Administrative Disposition against the Korea Venture Fund)

(1) Where the Korea Venture Fund falls under any of the following cases, the Administrator of the Small and Medium Business Administration may order the correction thereof or suspend its assistance provided for in this Act: *<Amended by Act No. 9984, Jan. 27, 2010; Act No. 13310, May 18, 2015>*

1. Where it fails to report or to report any alteration under Article 4-3 (1) or reports any false matters;
2. Where it fails to meet the establishment requirements provided for in Article 4-3 (4);
3. Where the registration of a small and medium enterprise start-up investment company and the registration of a new technology project financial business operator are revoked or cancelled;
4. Where it uses its fund in violation of Article 4-3 (5);
5. Where it violates Article 4-4 (2);
6. Where it rejects, interferes with, or evades any ascertainment or inspection conducted under Article 26 (1), fails to file a report, or files a false report.

(2) Where the Korea Venture Fund falls under paragraph (1) 2, 4, 5 or 6, the Administrator of the Small and Medium Business Administration may take any of the following measures: *<Newly Inserted by Act No. 13310, May 18, 2015>*

1. A warning;
2. Attention.

(3) In taking any measures under paragraph (2), the Administrator of the Small and Medium Business Administration may take any of the following measures against the executives and employees of the managing member: *<Newly Inserted by Act No. 13310, May 18, 2015>*

1. A demand for dismissal;
2. A warning;
3. Attention.

Article 29 (Hearings)

When the Administrator of the Small and Medium Business Administration intends to take any of the following dispositions, he/she shall hold a hearing thereon: *<Amended by Act No. 9367, Jan. 30, 2009>*

1. The revocation of the registration of any private investment association pursuant to Article 13-3;
2. The cancelation of the designation of any promotion zone pursuant to Article 18-4;
3. The revocation of the registration of any specialized company pursuant to Article 11-7;
4. The revocation of the designation of any collective area pursuant to Article 17-6;
5. The revocation of the designation as a supporting center under Article 15-14.

Article 30 (Prohibition on Use of Similar Name)

Anyone who is not the Korea Venture Fund shall be prohibited from using the name "Korea Venture Fund" or any other similar name.

Article 30-2 (Legal Fiction of Public Officials in Application of Penal Provisions)

Officers and employees of the agency for confirming venture businesses who are engaged in the duties of confirming venture business and cancelling such confirmation under Articles 25 and 25-2 shall be deemed public officials in the application of Articles 129 through 132 of the Criminal Act.

Article 30-3 (Procedures for Dissatisfaction)

Any administrative appeal under the provisions of the Administrative Appeals Act may be raised against the confirmation of venture business or cancellation of such confirmation under Articles 25 and 25-2. In such cases, the supervisory administrative agency for confirmation and revocation of confirmation of venture business shall be the Administrator of the Small and Medium Business Administration. *<Amended by Act No. 8871, Feb. 29, 2008>*

Article 31 (Application Mutatis Mutandis of other Acts)

@Articles 23, 26, 27 and 29 of the Support for Small and Medium Enterprise Establishment Act shall apply mutatis mutandis to the performance of work of the Korea Venture Fund. In such cases, the "start-up investment association" shall be construed as "Korea Venture Fund".

Article 31-2 (Reexamination of Regulations)

The Administrator of the Small and Medium Business Administration shall examine the appropriateness of the following matters, such as the repeal, mitigation, or maintenance thereof, every three years counting from the following base dates (referring to a date before the same date as the base date of the year that comes every three years):

1. Grounds for the revocation of registration of private investment associations under Article 13-3: January 1, 2015;
2. Grounds for the revocation of designation of collective area under Article 17-6: January 1, 2015;

3. Grounds for an administrative measure against the Korea Venture Fund under Article 28: January 1, 2015

4. Grounds for the imposition of administrative fines under Article 32: January 1, 2015.

Article 32 (Administrative Fines)

(1) Any of the following persons shall be punished by an administrative fine not exceeding five million won: *<Amended by Act No. 13310, May 18, 2015>*

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

2. A person who fails to comply with any corrective order under Article 13-3 (2) 1 or 28 (1);

3. A person who uses any similar name in violation of Article 30;

4. A person who fails to submit the settlement of accounts under Article 31 or submits a falsely compiled settlement of accounts.

(2) The administrative fines referred to in paragraph (1) shall be imposed and collected by the Administrator of the Small and Medium Business Administration, as prescribed by Presidential Decree.

(3) through (5) Deleted. *<by Act No. 9367, Jan. 30, 2009>*

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on October 1, 1997.

Article 2 (Validity)

This Act shall be valid until December 31, 2017. *<Amended by Act No. 8602, Aug. 3, 2007>*

Article 3 (Special Cases as to Scope of Persons Operating Financing Business for New Technology Projects, etc.)

With regard to the application of the provisions of Article 2 (1) 1 (c) and (d) above, a person operating the Financing Business for New Technology Projects or the Venture Business Investment Association shall be treated as a company operating Financing Business for New Technology Projects or the Venture Business Investment Association under the provisions of subparagraphs 4 and 10 of Article 2 of the Financial Assistance to New Technology Businesses Act by December 31, 1997 respectively.

Article 4 (Transitional Measures as to Termination of Period of Validity)

(1) At the time when the period of validity of this Act has expired, the provisions of Article 10 or 11 above shall continue to apply to Venture Business, which has issued stock with the value of less than 5,000 won per share according to the provisions of Article 10 (1) above and been subject to the provisions of Articles 191-2 through 191-5, and 191-8 through 191-10 of the Securities and Exchange Act pursuant to the provisions of Article 11, even after the termination of the period of validity of this Act.

(2) With regard to the undergoing projects of technology development and supporting measures according to the support plans of technology development pursuant to the provisions of Article 15 at the time when the period of validity of this Act has expired, the provisions of this Act shall continue to

apply until such projects of technology development and supporting measures are finished.

(3) As for the teaching staff at a university or researchers at national or public research institutes who are on leave of absence in accordance with the provisions of Article 16 at the time when the period of validity of this Act has expired, the provisions of this Act shall continue to apply until such period of leave expires.

(4) As for an exclusive complex for venture businesses and collective complex for technology research designated as such in accordance with the provisions of Articles 17 and 18 at the time when the period of validity of this Act has expired, the provisions of this Act shall continue to apply even after the termination of the period of validity of this Act.

ADDENDA <Act No. 5529, Feb. 28, 1998>

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. 5578, Sep. 23, 1998>

Article 1 (Enforcement Date)

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

Articles 2 and 3 Omitted.

ADDENDA <Act No. 5591, Dec. 28, 1998>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

ADDENDA <Act No. 5607, Dec. 30, 1998>

Article 1 (Enforcement Date)

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

Article 2 (Transitional Measures due to Expiration of Term of Validity)

(1) With respect to a venture business which is established with capital of less than fifty million won under the amended provisions of Article 10-2, which is subject to the application of Articles 189-2 and 189-3 of the Securities and Exchange Act under the amended provisions of Article 11, or which grants a stock option under the amended provisions of Article 16-3, as of December 31, 2007 on which the term of validity of this Act expires, the amended provisions of Articles 10-2, 11, and 16-3 shall continue to apply even after January 1, 2008.

(2) A teacher at a university or a researcher at a state or public research institute who concurrently holds a position or office under the amended provisions of Article 16-2, as of December 31, 2007 on which

the term of validity of this Act expires, may continue to concurrently hold the position or office until the term of the position or office expires.

(3) Where a teacher or researcher establishes and registers a laboratory factory as factory under the amended provisions of Article 18-2, as of December 31, 2007 on which the term of validity of this Act expires, the amended provisions of Article 18-2 shall continue to apply to the laboratory factory even after January 1, 2008.

(4) Where a person who has moved into an establishment assistance center establishes and registers a municipal model factory as factory under the amended provisions of Article 18-3, as of December 31, 2007 on which the term of validity of this Act expires, the amended provisions of Article 18-3 shall continue to apply to the municipal model factory even after January 1, 2008.

ADDENDA <Act No. 5758, Feb. 5, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2000.

Articles 2 through 11 Omitted.

ADDENDA <Act No. 6101, Dec. 31, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2000. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <Act No. 6194, Jan. 21, 2000>

Article 1 (Enforcement Date)

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

Articles 2 through 4 Omitted.

ADDENDUM <Act No. 6195, Jan. 21, 2000>

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

ADDENDA <Act No. 6416, Feb. 3, 2001>

(1) (Enforcement Date) This Act shall enter into force on May 1, 2001.

(2) (Application Examples to Private Investment Association) The amendments to Article 13 shall be applicable from the private investment association to be registered to the Administrator of the Small and Medium Business Administration for the first time after the enforcement of this Act.

ADDENDA <Act No. 6482, May 24, 2001>

Article 1 (Enforcement Date)

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

Articles 2 and 3 Omitted.

ADDENDA <Act No. 6590, Dec. 31, 2001>

Article 1 (Enforcement Date)

This Act shall enter into force on March 1, 2002. (Proviso Omitted.)

Articles 2 through 6 Omitted.

ADDENDA <Act No. 6642, Jan. 26, 2002>

Article 1 (Enforcement Date)

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

Articles 2 through 8 Omitted.

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. 6723, Aug. 26, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force on November 1, 2002.

Article 2 (Transitional Measures Following Expiration of Valid Period)

With regard to the venture business which has exchanged stocks under the amendments to Article 15 as of December 31, 2007 when the valid period of this Act is expired, and the venture business incorporated by making the gross number of members not less than 50 but not more than 300 under the amendments to Article 16-5, the amendments to Articles 15 and 16-5 shall continuously apply even after January 1, 2008.

Article 3 (Transitional Measures for Confirmation of Venture Business)

(1) Any enterprise which has been confirmed as a venture business under the previous provisions of Article 25 at the time of enforcement of this Act shall be deemed to have been confirmed as a venture business under the amendments to Article 25 not later than the valid period under the previous provisions.

(2) In applying the matters as to the requirements for venture businesses under the amendments to Article 25-2 (1) 2 to the venture business for which a confirmation has been fictionalized under the provisions of paragraph (1), the previous provisions of Article 2 shall govern, notwithstanding the provisions of amendments to Article 2-2.

ADDENDA <Act No. 6842, Dec. 30, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2003.

Articles 2 through 8 Omitted.

ADDENDA <Act No. 6841, Dec. 30, 2002>

Article 1 (Enforcement Date)

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

Articles 2 through 12 Omitted.

ADDENDA <Act No. 6891, May 29, 2003>

Article 1 (Enforcement Date)

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

Articles 2 through 34 Omitted.

ADDENDA <Act No. 7091, Jan. 20, 2004>

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

(2) (Application Examples concerning Stock Exchange, Merger and Business Transfer or Takeover) The amended provisions of Articles 15, 15-3 through 15-8 shall apply from the portion of the first preparation of a written contract for stock exchange, merger and business transfer or takeover after the enforcement of this Act.

ADDENDA <Act No. 7289, Dec. 31, 2004>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

ADDENDA <Act No. 7288, Dec. 31, 2004>

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

(2) (Transitional Measures concerning Registration of Korea Venture Fund That Is Already Established) The Korea Venture Fund that is established at the time of enforcement of this Act shall be deemed registered pursuant to this Act.

(3) (Transitional Measures concerning Fund of Funds for Small and Medium Enterprise Investment upon Expiration of Effective Period) The amended provisions of Article 4-2 shall continue to apply to the Fund of Funds for Small and Medium Enterprise Investment that is established as of December 31, 2007 when the effective period of this Act expires pursuant to the amended provisions of Article 4-2 by the time when the

period of existence expires even after January 1, 2008.

ADDENDA <Act No. 7604, Jul. 21, 2005>

Article 1 (Enforcement Date)

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

Articles 2 through 7 Omitted.

ADDENDA <Act No. 7633, Jul. 29, 2005>

(1) (Enforcement Date) This Act shall enter into force three months after the date of its promulgation: Provided, That the amended provisions of Articles 2-2, 4-2, 4-3, 4-7 and 4-8 shall enter into force on the date of its promulgation.

(2) (Transitional Measures concerning Establishment, etc. of Company in Exclusive Charge) Dasan Venture, Inc. established pursuant to the previous provisions before the enforcement of this Act shall be deemed as the company in exclusive charge established pursuant to the amended provisions of Article 4-7 (1).

(3) (Applicable Example concerning Revocation of Registration of Private Investment Association) The amended provisions of subparagraph 3 of Article 13-3 shall apply to the private investment association that is first organized after the enforcement of this Act.

ADDENDA <Act No. 7868, Mar. 3, 2006>

Article 1 (Enforcement Date)

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

Article 2 (Applicable Examples)

The amended provisions of Article 2-2 (1) 3 (c) () shall apply starting from what is guaranteed or loaned first after the enforcement of this Act.

Article 3 (Transitional Measures concerning Confirmation of Venture Business)

(1) The business that is confirmed as a venture business under the former provisions of Article 25 at the time of enforcement of this Act shall be considered to have been confirmed as venture business under the amended provisions of Article 25 until its effective period.

(2) The previous provisions shall govern the application of the provisions of Article 25-2 (1) 2 to the venture businesses under the provisions of paragraph (1), notwithstanding the amended provisions of Article 2-2.

(3) For any investment by the agency under the amended provisions of Article 2-2 (1) 3 (a) () at the time of enforcement of this Act, the computation of invested amount and period under the provisions of the main sentence of the same item shall be based on the enforcement date of this Act.

ADDENDA <Act No. 8050, Oct. 4, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <Act No. 8086, Dec. 26, 2006>

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. 8284, Jan. 26, 2007>

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

(2) (Transitional Measures concerning Report on Korea Venture Fund Which has been Established and Registered) The Korea Venture Fund which has been established and registered pursuant to the previous provisions before this Act enters into force shall be deemed to have been reported pursuant to the amended provisions of Article 4-3.

ADDENDA <Act No. 8361, Apr. 11, 2007>

Article 1 (Enforcement Date)

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

Articles 2 through 10 Omitted.

ADDENDA <Act No. 8352, Apr. 11, 2007>

Article 1 (Enforcement Date)

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

Articles 2 through 16 Omitted.

ADDENDA <Act No. 8345, Apr. 11, 2007>

Article 1 (Enforcement Date)

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

Articles 2 through 10 Omitted.

ADDENDA <Act No. 8362, Apr. 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 9 (4) of the Addenda shall enter into force ...

Articles 2 through 10 Omitted.

ADDENDA <Act No. 8602, Aug. 3, 2007>

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

(2) (Applicability to Small-Scale Merger and Short-Form Merger) The amended provisions of Articles 15-9 through 15-11 shall apply to a written contract for merger which is prepared on or 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 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. 8871, 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. 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. 8974, Mar. 21, 2008>

Article 1 (Enforcement Date)

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

Articles 2 through 14 Omitted.

ADDENDA <Act No. 9071, Mar. 28, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force January 1, 2009. (Proviso Omitted.)

Articles 2 through 11 Omitted.

ADDENDUM <Act No. 9367, Jan. 30, 2009>

This Act shall enter into force three months after the date of its promulgation: Provided, That the amended provisions of Article 9 (1) shall enter into force February 4, 2009.

ADDENDA <Act No. 9401, Jan. 30, 2009>

Article 1 (Enforcement Date)

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

Articles 2 through 11 Omitted.

ADDENDA <Act No. 9584, Apr. 1, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force May 8, 2009.

Articles 2 through 6 Omitted.

ADDENDUM <Act No. 9984, Jan. 27, 2010>

This Act shall enter into force three months after the date of its promulgation: Provided, That the amended provisions of Article 10-2, 16-5 (2) and 24 (1) 3 shall enter into force on the date of its promulgation.

ADDENDA <Act No. 10303, May 17, 2010>

Article 1 (Enforcement Date)

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

Articles 2 through 10 Omitted.

ADDENDA <Act No. 10445, Mar. 9, 2011>

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. 10907, Jul. 25, 2011>

Article 1 (Enforcement Date)

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

Articles 2 and 3 Omitted.

ADDENDA <Act No. 11232, Jan. 26, 2012>

Article 1 (Enforcement Date)

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

Articles 2 through 12 Omitted.

ADDENDA <Act No. 11660, Mar. 22, 2013>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation: Provided, That the amended provisions of Articles 11-2 (excluding Article 11-2 (3) 2 (a)) and 11-7 shall enter into force on the date of its promulgation, and the amended provisions of Article 11-2 (3) 2 (a) on July 1, 2013.

Article 2 (Transitional Measure concerning Incompetent Persons, etc.)

The adult wards and limited wards pursuant to the amended provisions of Article 11-2 (3)2 (a) shall be deemed to include those for whom the declaration of incompetency or quasi-incompetency remains effective under Article 2 of the Addenda of the Civil Act amended by Act No. 10429.

ADDENDA <Act No. 11690, Mar. 23, 2013>

Article 1 (Enforcement Date)

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

(2) Omitted.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 11845, May 28, 2013>

Article 1 (Enforcement Date)

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

Articles 2 through 17 Omitted.

ADDENDUM <Act No. 12004, Aug. 6, 2013>

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

ADDENDUM <Act No. 12237, Jan. 14, 2014>

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

ADDENDA <Act No. 12592, May 20, 2014>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

ADDENDA <Act No. 12927, Dec. 30, 2014>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation: Provided, That the amended provisions of Article 16-3 shall enter into force on the date of its promulgation.

Article 2 (Applicability to Public Educational Officials, etc.)

The amended provisions of the main sentence of Article 16 (2) shall apply to a public educational official, etc. who files a leave of absence after this Act enters into force.

Article 3 (Applicability to Ex Post Facto Approval from General Meeting of Shareholders)

The amended provisions of the latter part of Article 16-3 (4) shall apply to cases of granting stock options after the amended provisions of the same Article enters into force.

Article 4 (Transitional Measures concerning Extension of Period of Leave of Absence of Public Educational Officials, etc.)

Notwithstanding the amended provisions of the proviso to Article 16 (2), the extension of the period of leave of absence of a public educational official, etc. who has been granted a leave of absence under the main sentence of the former Article 16 (2) before this Act enters into force shall be governed by the former provisions.

ADDENDA <Act No. 13310, May 18, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 3 and 13 (1) and (9) shall enter into force six months after the date of its promulgation.

Article 2 (Applicability to Administrative Dispositions against Private Investment Associations)

The amended provisions of Article 13-3 shall apply to cases where the relevant violation is committed after this Act enters into force: Provided, That the amended provisions of Article 13-3 (2) shall also apply to any violation which falls under paragraph (1) 2 through 5 of the same Article before this Act enters into force.

Article 3 (Applicability to the Korea Venture Fund)

The amended provisions of Article 28 shall apply where the relevant violation is committed after this Act enters into force.