

SPECIALIZED CREDIT FINANCIAL BUSINESS ACT

Act No. 5374, Aug. 28, 1997
Amended by Act No. 5505, Jan. 13, 1998
Act No. 5741, Feb. 1, 1999
Act No. 5819, Feb. 8, 1999
Act No. 5982, May 24, 1999
Act No. 6316, Dec. 29, 2000
Act No. 6430, Mar. 28, 2001
Act No. 6681, Mar. 30, 2002
Act No. 6705, Aug. 26, 2002
Act No. 6909, May 29, 2003
Act No. 7065, Jan. 20, 2004
Act No. 7343, Jan. 27, 2005
Act No. 7344, Jan. 27, 2005
Act No. 7428, Mar. 31, 2005
Act No. 7531, May 31, 2005
Act No. 7929, Apr. 28, 2006
Act No. 8265, Jan. 26, 2007
Act No. 8313, Mar. 29, 2007
Act No. 8356, Apr. 11, 2007
Act No. 8525, Jul. 19, 2007
Act No. 8635, Aug. 3, 2007
Act No. 8852, Feb. 29, 2008
Act No. 8863, Feb. 29, 2008
Act No. 9459, Feb. 6, 2009
Act No. 9932, Jan. 18, 2010
Act No. 10062, Mar. 12, 2010

CHAPTER I GENERAL PROVISIONS

Article 1 (Objective)

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 2 (Definitions)

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The definitions of terms used in this Act shall be as follows: *<Amended by Act No. 10062, Mar. 12, 2010>*

1. "Specialized credit financial business" means credit card business, facilities leasing business, installment financing business, and venture capital business;
2. "Credit card business" means operation as a business of two or more functions from among those falling under any of the following items, including that of item (b):
 - (a) Issuance and management of credit cards;
 - (b) Settlement of charges in respect of the use of credit cards;
 - (c) Establishment and maintenance of credit card merchants;
- 2-2. "Credit card company" means a person who has obtained a license or made a registration for credit card business under Article 3 (1): *Provided*, That where the person falling under Article 3 (3) 1 engages in the business under Article 13 (1) 2 and 3, he/she shall be deemed as a credit card company insofar as the business is concerned;
3. "Credit card" means a card issued by a credit card company (including persons who carry on a business equivalent to the credit card business in a foreign country), to settle matters excluding the following items by presenting repeatedly it to a credit card merchant:
 - (a) The repayment of monetary debt;
 - (b) Financial instrument prescribed by Presidential Decree, including financial investment instrument, etc. under Article 3 (1) of the Financial Investment Services and Capital Markets Act;
 - (c) The payment of costs and money for using speculative games under subparagraph 1-2 of Article 2 of the Game Industry Promotion Act: *Provided*, That cases where a foreigner (including an emigrant to overseas under Article 2 of the Emigration Act) makes payment, at a casino permitted under the Tourism Promotion Act, by a credit card issued by a person engaging in a business equivalent to the credit card business in a foreign country, shall be excluded;
 - (d) The payment of costs and money for using matters prescribed by Presidential Decree which are detrimental to the sound living of citizens and good public morals, including other speculative busi-

nesses, etc.;

4. “Credit card holder” means an individual who is issued a credit card through a contract with the credit card company;
5. “Credit card merchant” means a person falling under any of the following items:
 - (a) A person who sells goods or provides services, etc. to credit card holders, debit card holders, or pre-paid card holders (hereinafter referred to as the “credit card holders, etc.”) through the transactions by means of a credit card, debit card, or pre-paid card (hereinafter referred to as the “credit card, etc.”) in compliance with the contract with a credit card company;
 - (b) A person acting for the transactions by means of a credit card, etc. (hereinafter referred to as the “agency for settlements”) for the persons who sell goods or provide services, etc. to credit card holders, etc. in compliance with the contract with the credit card company;
- 5-2. “Acting merchant for receipt” means a credit card merchant acting for matters prescribed by Presidential Decree which are required for transactions by means of a credit card, etc. for other credit card merchants in accordance with a separate contract with a credit card company;
6. “Debit card” means a card issued by the credit card company (excluding the card which enables to obtain a loan of fund) whereby settlement may be made by means of an electronic or magnetic fund transfer between the bank accounts of the debit card holders and the credit card merchants;
7. “Debit card holder” means a person who is issued a debit card under a contract with the credit card company;
8. “Pre-paid card” means a card which is issued by a credit card company upon receipt of a set amount beforehand and on which the equivalent amount is recorded (referring to recorded through electronic or magnetic means) and against the presentation of which by a debit card holder makes settlement within the amount recorded on the relevant card;
9. “Facilities leasing business” means to carry on facilities leasing as a

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business;

10. "Facilities leasing" means a financing method whereby goods prescribed by Presidential Decree (hereinafter referred to as "specified goods"), newly purchased or leased are leased to others for use for a certain period against payment therefor receivable periodically in installments. The disposal of the goods at the end of that period shall be decided by an agreement between the parties concerned;
11. "Deferred payment sale" means a financing method whereby newly acquired specified goods are delivered to the other party for use, against payment of the price plus interest, etc., by periodic installments for a period equal to or more than the period prescribed by Presidential Decree. The time of ownership transfer and other conditions shall be decided by an agreement between the parties concerned;
12. "Installment financing business" means operation as a business of installment financing;
13. "Installment financing" means a method of financing whereby a sum of money lent to a buyer for purchase of goods or services is paid to the seller, and the principal and interest thereon are collected from the buyer in installments, by means of an agreement with the buyer and the seller;
14. "Venture capital business" means operation as a business of various services referred to in each of subparagraphs of Article 41 (1);
15. "Specialized credit financial business companies" means persons exclusively carrying on services referred to in subparagraphs of Article 46 (1), who are licensed by the Financial Services Commission or registered with the Financial Services Commission under Article 3 (1) or (2) for a specialized credit financial business;
16. "Concurrent loan service providers" means those other than specialized credit financial business companies, who are licensed by the Financial Services Commission or registered with the Financial Services Commission in accordance with the proviso to Article 3 (3) for a specialized credit financial business;
17. "Major shareholder" means a shareholder who falls under any of the

following items:

- (a) The largest shareholder: A person who holds the greatest number of outstanding voting stocks of a specialized credit financial business company when the number of stocks held by himself/herself as a principal and the number of stocks held by any person specially related with the principal as further prescribed by Presidential Decree (hereinafter referred to as a “specially related person”) on the principal’s account are summed up, no matter whose name the account stands in:
 - (b) Principal shareholder: A person who holds 10/100 or more of total number of outstanding voting stocks of a specialized credit financial business company on his/her account, no matter whose name the account stands in, or a shareholder who exercises *de facto* influence over important matters concerning management of the specialized credit financial business company through appointment and dismissal of officers, etc., as further specified by Presidential Decree;
18. “Credit extension” means grant of loans, guarantee of payment, purchase of securities to supply funds, or other direct or indirect transactions of a specialized credit financial business company which involve a certain amount of financial risk and which are prescribed by Presidential Decree:
19. “Equity capital” means the total amount of paid-in capitals, capital surplus and surplus earnings, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

CHAPTER II LICENSE OR REGISTRATION

Article 3 (License or Registration of Business)

- (1) A person who wishes to perform a credit card business shall obtain a license from the Financial Services Commission: *Provided*, That persons falling under paragraph (3) 2 may carry on a credit card business by registering with the Financial Services Commission.
- (2) A person who is carrying out or wishes to carry out a facilities leasing business, installment financing business or venture capital business, and

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wishes to avail himself/herself of the provisions of this Act, shall register with the Financial Services Commission according to each category of business.

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

1. A financial institution established by the provisions of other Acts or one designated by Presidential Decree from among financial institutions with authorization or license from the Financial Services Commission;
2. Persons designated by Presidential Decree as appropriate to combine a credit card business with others in terms of the nature of business performed by them.

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 4 (Application for License or Registration)

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

1. Trade name and the location of main office;
2. Capital stock, and the names or titles of contributors and their respective shares (excluding minority contributors prescribed by Ordinance of the Prime Minister);
3. Names of directors or officers;
4. Category of specialized credit financial business to be performed;
5. Purposes for which the person wishes to be a specialized credit financial business company;
6. Details of business being carried out by the person who wishes to be a concurrent loan service provider.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 5 (Capital Stock)

(1) A person who is eligible to be a specialized credit financial business company by being licensed or registered for specialized credit financial business shall be restricted to a stock corporation, whose capital stock is not less than the amount of money referred to in any of the following subparagraphs:

1. 20 billion won in cases where he/she wishes to operate two or less kinds of specialized credit financial businesses;
 2. 40 billion won in cases where he/she wishes to operate three or more kinds of specialized credit financial businesses.
- (2) Concurrent loan service providers eligible to make a registration for the credit card business pursuant to the provisions of Article 3 (3) 2 shall be restricted to stock corporations with capital stock and equity capital not less than two billion won.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 6 (Requirements for License or Registration)

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

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

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5. A person who falls short of the standards for financial soundness as determined by Presidential Decree (limited to the case of license);
 6. A corporation in which a person falling under any of subparagraphs 1 through 5 is an investor and which is determined by Presidential Decree;
 7. A person who fails to equip himself/herself with a system for the prevention of conflicts of interests between venture capitalists and investors, and specified investors and other investors (limited to venture capitalists seeking to form a public offering venture investment association under Article 44-2).
- (2) Any person who seeks a license for credit card business under the main sentence of Article 3 (1) shall meet the following requirements:
1. He shall hold the capital stock under Article 5;
 2. He shall be equipped with specialists and physical facilities such as computer facilities, etc. sufficient to protect transactors and deal with the intended business;
 3. His business plans shall be proper and sound;
 4. His major shareholders (including shareholders specially related to the largest shareholder; in cases where the largest shareholder is a corporation, shareholders, determined by Presidential Decree, who exercise *de facto* influence over major affairs concerning management of such corporation shall be included) shall have sufficient investment capability, sound financial status, and social credits.
- (3) Any person who intends to be a major shareholder of a specialized credit financial business company (limited to a company which runs the credit card business after obtaining a license pursuant to the main sentence of Article 3 (1)) by acquiring its stocks, shall meet the requirements determined by Presidential Decree for sound management, among the requirements for major shareholder under paragraphs (2) 4 and (6), and then obtain prior approval from the Financial Services Commission.
- (4) The Financial Services Commission may order the person who has acquired stocks without obtaining prior approval provided for in paragraph (3) to dispose of them by fixing a period not exceeding six months.
- (5) The person who has acquired the stocks without obtaining prior

approval under paragraph (3) shall not exercise the voting rights to such stocks.

(6) Detailed requirements for license, approval or disposal order under paragraphs (2) through (4) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 6-2 (Maintaining Requirements for License)

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

[This Article Newly Inserted by Act No. 10062, Mar. 12, 2010]

Article 7 (Administration of License or Registration)

(1) The Financial Services Commission shall notify the applicant within three months from the date of receipt of an application for a license under Article 4 of whether it grants the license or not.

(2) Where the applicant for registration pursuant to Article 4 meets the requirements prescribed in Articles 5 and 6, the Financial Services Commission shall forthwith administer registration and notify the applicant thereof.

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Articles 8 and 9 Deleted. <by Act No. 5741, Feb. 1, 1999>

Article 10 (Request for Elimination of Registration)

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

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 11 (Public Notice of Licenses, etc.)

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

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

CHAPTER III SPECIALIZED CREDIT FINANCIAL BUSINESS

SECTION 1 Credit Card Business

Article 12 (Scope of Application)

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 13 (Incidental Business of Credit Card Companies)

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

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

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 14 (Issuance of Credit Cards or Debit Cards)

(1) A credit card company may issue a credit card or a debit card only

upon application: *Provided*, That this shall not apply to the case where the credit card holders or debit card holders have consented to renew or reissue the issued credit card or debit card under the conditions as prescribed by Presidential Decree.

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

1. It shall be an application made by the principal;
2. Limited amounts of credit cards shall be within the individual credit limit pursuant to the standards for computing credit limits (including matters falling under each of the following items) set by the credit card company:
 - (a) Matters concerning the income and assets;
 - (b) Matters concerning the guarantee for payments to others;
 - (c) Matters concerning the capability to settle the amounts of using credit cards;
 - (d) Matters concerning the amount of credit offering which has been received by an applicant from another financial institution at the time of issuing a credit card;
 - (e) Other matters as prescribed by Presidential Decree, which are important matters for computing the credit limits.

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

1. Persons who satisfy the requirements falling under each of paragraph (2);
2. Persons who are above the ages as prescribed by Presidential Decree on the date of applying for the issuance of credit cards;
3. Persons who satisfy the requirements as prescribed by Presidential Decree, which are other important matters for issuing the credit cards.

(4) A credit card company shall not recruit any credit card members by the methods falling under each of the following subparagraphs:

1. Recruitments through a multi-level sale under the provisions of subparagraph 5 of Article 2 of the Door-to-Door Sales, etc. Act;

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2. Recruitments through the Internet, which are prescribed by Presidential Decree;

3. Other recruitments as prescribed by Presidential Decree.

(5) Where any credit card company issues credit cards or debit cards, it shall deliver in writing to the applicants the matters necessary for protecting the rights and benefits of credit card members or debit card members, which are prescribed by Presidential Decree, along with the terms and conditions for the relevant credit cards or debit cards: *Provided*, That where there exists a consent of the applicant, it may be delivered by fax or electronic documents (referring to the electronic documents under the provisions of subparagraph 1 of Article 2 of the Framework Act on Electronic Commerce).

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 14-2 (Recruitment of Credit Card Members)

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

1. Officers or employees of the relevant credit card company;
2. Persons making any mediation for concluding a contract for issuing credit cards for the credit card company (hereinafter referred to as the “recruiters”);
3. Persons who have concluded with a credit card company a contract for business cooperation to recruit credit card members (excluding those who recruit credit card members as its principal business), and their officers and employees.

(2) Matters to be observed by persons who recruit credit card members in recruiting credit card members and those necessary for the recruiting method shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 14-3 (Registration of Recruiters)

(1) A credit card company shall register any person who intends to become a recruiter under its control to the Financial Services Commission.
<Amended by Act No. 10062, Mar. 12, 2010>

(2) Persons falling under any of the following subparagraphs shall be prohibited from becoming the recruiters:

1. An incompetent or quasi-incompetent;

2. A person who has been declared bankrupt by a court and is not yet rehabilitated;
3. A person for whom two years have not elapsed from the day on which his/her sentence execution has been terminated (including the case where it is deemed to have been terminated) or has been exempted, after he/she was sentenced to a fine or a heavier punishment under this Act;
4. A person for whom two years have not elapsed from the day on which his/she registration of recruiter has been revoked under this Act;
5. A minor who has failed to have the ability identical with the adult pertaining to the business, and whose legal representative falls under any of subparagraphs 1 through 4;
6. A corporation or an incorporate body or foundation which is not a corporation, in which there exists a person falling under any of subparagraphs 1 through 4 among its officers or managers.

(3) The Financial Services Commission shall entrust the head of specialized credit financial business association under Article 62 (1) with the business of recruiters' registration under the provisions of paragraph (1).

(4) A specialized credit financial business association established pursuant to Article 62 may set up an operating council of recruiters for the registration and management of recruiters, maintaining sound order in recruitment, the protection of credit card holders, etc. and other relevant matters. *<Newly Inserted by Act No. 10062, Mar. 12, 2010>*

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 14-4 (Revocation etc. of Registration)

(1) When any recruiter falls under any of the following subparagraphs, the Financial Services Commission may order a suspension of his/her business with fixing the period of less than six months or revoke his/her registration:

1. When he/she has violated any orders issued or dispositions made under this Act;
2. When he/she has violated any provisions of this Act pertaining to the recruitment.

(2) When any recruiter falls under any of the following subparagraphs,

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the Financial Services Commission shall revoke his/her registration:

<Amended by Act No. 10062, Mar. 12, 2010>

1. When he/she comes to fall under any subparagraph of Article 14-3 (2);
2. When it has been found that he/she was a person falling under any subparagraph of Article 14-3 (2) at the time of registration;
3. When he/she has made a registration under the provisions of Article 14-3 (1) by falsity or other illegal means;
4. When he/she has refused an investigation under Article 14-5 (4)

(3) When the Financial Services Commission intends to order a suspension of business or revoke a registration under paragraph (1) or (2), it shall provide the recruiter with an opportunity to present his/her opinions for elucidation.

(4) When the Financial Services Commission has ordered a suspension of recruiter's business or revoked his/her registration, it shall promptly notify him/her of such purports in writing with a statement of its reasons.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 14-5 (Maintaining Sound Order in Recruitment)

(1) A credit card company shall not have a person, other than one falling under any subparagraph of Article 14-2 (1) recruit credit card members nor pay such person fees, rewards or other considerations concerning the recruitment.

(2) Recruiters shall not perform any of the following conducts:

1. Recruiting credit card members for a person, other than the credit card company to which the recruiter belongs;
2. Having other persons recruiting credit card members or entrusting other persons with the recruitment of credit card members;
3. Paying fees, rewards or other considerations concerning the recruitment.

(3) A person recruiting credit card members shall not conduct any act falling under each subparagraph of Article 14 (4) and prohibited acts under Article 24-2 (limited to acts related to the recruitment of credit card members).

(4) The Financial Services Commission may, if deemed necessary for establishing sound order in recruitment, investigate a person recruiting credit card members, as prescribed by Presidential Decree.

(5) If a credit card company becomes aware of the fact that any act performed by recruiter violates this Act, or orders issued or measures taken by this Act, it shall make a report thereon to the Financial Services Commission.

(6) A credit card company shall educate recruiters about matters to be complied with by themselves in recruiting credit card members.

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

[This Article Newly Inserted by Act No. 10062, Mar. 12, 2010]

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

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

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

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

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

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

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

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

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graphs:

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

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

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

(8) A credit card company shall take measures including purchase of insurances or subscription to mutual associations or maintenance of reserve funds, etc. so as to bear liabilities under paragraphs (1), (2), (5) and Article 17. *<Amended by Act No. 7065, Jan. 20, 2004>*

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

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 16-2 (Recruiting Credit Card Merchants)

A credit card company shall, where recruiting credit card merchants, visit the business places of persons who intend to operate such merchants,

and confirm whether or not such business is undertaken.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 17 (Liability against Credit Card Merchants)

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

1. Transactions by lost or stolen credit cards;
2. Transactions by false or forged credit cards;
3. Use of credit cards, etc. by utilizing the information of such credit cards, which have been obtained through illegal means including hacking, computer error, and leakage of inside information;
4. Use of credit cards, etc. issued by stealing the names of other persons.

(2) An agreement under the proviso of other portion than subparagraphs of paragraph (1) shall be effective only where it is made in writing, and serious negligence on the part of credit card merchants shall be restricted to what are specifically indicated in the agreement.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 18 (Duty to Notify Transaction Conditions)

The credit card company shall notify the credit card holders, etc. and credit card merchants of the following matters, by methods as prescribed by Ordinance of the Prime Minister:

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

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

(1) Credit card merchants satisfying the standards prescribed by Presidential Decree, such as annual sales, etc. may establish an associa-

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tion to reasonably enter into and maintain a contract with a credit card company, in respect of the terms of transactions, including the merchant fees, etc. (hereafter referred to as the “terms of transactions” in this Article).

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

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

[This Article Newly Inserted by Act No. 10062, Mar. 12, 2010]

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

(1) The credit card merchants shall not refuse the payment by a credit card or treat card holders unfavorably, because of transaction by credit card. *<Amended by Act No. 10062, Mar. 12, 2010>*

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

(3) The credit card merchant shall not pass the merchant fees to the credit card holder.

(4) Credit card merchants shall not engage in practices falling under any of the following subparagraphs: *Provided*, That in cases of an agency for settlements, subparagraphs 1, 4 and 5 shall not apply and in cases of an acting merchant for receipt, subparagraphs 3 and 5 (limited to conducts acted for under subparagraph 5-2 of Article 2) shall not apply: *<Amended by Act No. 10062, Mar. 12, 2010>*

1. Practices of pretending a transaction by credit cards without actual sales of goods or provision of services, etc.;
2. Practices of making a transaction by using credit cards in excess of

the actual amount of sales;

3. Practices of making a transaction by using credit cards in the name of another credit card merchant;
4. Practices of lending a credit card merchant's name to another merchant;
5. Practices of acting for a transaction by using credit cards.

(5) An agency for settlements shall observe the matters as prescribed by Presidential Decree, such as a provision, to the credit card company, of credit information on the person who sells goods or provides services, etc. and the details of acting for credit card transactions.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

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

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

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

[This Article Newly Inserted by Act No. 10062, Mar. 12, 2010]

Article 20 (Prohibition of Transfer of Sales Claims)

(1) A credit card merchant shall not transfer claims (including sales claims held against a credit card company; hereafter the same shall apply in this paragraph) generated from transactions by a credit card to any person, other than a credit card company, and a person, other than a credit card company, shall not take over such claims: *Provided*, That where a credit card merchant transfers the sales claims held against a credit card company for asset-backed securitization under subparagraph 1 of Article 2 of the Asset-Backed Securitization Act, it may transfer claims generated from transactions by a credit card to any person, other than a credit card company, and a person, other than a credit card company, may take over such claims
<Amended by Act No. 10062, Mar. 12, 2010>

(2) A person who is not a credit card merchant shall not make transactions by credit cards, etc. in the name of a credit card merchant.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

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Article 21 (Obligation of Terminating Credit Card Merchant Agreement)

A credit card company shall terminate without delay the credit card merchant agreement when the credit card merchant falls under the causes prescribed by Presidential Decree, such as being sentenced to punishments, etc. in contravention of the provisions of Article 19 or 20 (1), or receiving a written notice from the related administrative agency of the fact of violating the said provisions, etc. and if there exists no special reason to the contrary.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

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

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

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

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

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 24 (Maximum Limits of Credit Cards)

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

1. Maximum limit of cash services by credit cards;
2. Maximum amount per use or per day of debit cards;

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 24-2 (Prohibited Acts for Credit Card Companies)

(1) Credit card companies shall not commit acts (hereinafter referred to as the “prohibited acts”) falling under any of the following subparagraphs that may undermine the purpose of protecting consumers and sound business order:

1. Failing to provide sufficient information on credit cards, or unreasonably infringing rights and benefits of credit card holders, etc. by exaggerating any fact or giving false information;
2. Undermining the sound business order of credit cards, etc. by providing services or recruiting credit card holders, that may compromise the management condition of credit card companies.

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

[This Article Newly Inserted by Act No. 9459, Feb. 6, 2009]

Article 25 (Deposit)

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

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

(3) When the entity fulfills the deposit order, in accordance with para-

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graph (1), it shall report without delay to the Financial Services Commission.

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

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 26 (Distribution of Deposited Articles)

(1) When a credit card company, which made a deposit as referred to in Article 25, is not able to refund the pre-paid card payment to the credit card merchant who supplied goods and services and the unredeemed prepaid card amount, the Financial Services Commission shall designate an executor (hereinafter referred to as a "rights executor") who shall withdraw the credit card company's deposit and distribute to the credit card merchants and unredeemed pre-paid card holders (hereinafter referred to as "unredeemed creditors") and give public notice under the conditions as prescribed by Ordinance of the Prime Minister.

(2) Eligibility for a rights executor shall be prescribed by Presidential Decree.

(3) The unredeemed creditors may receive distribution by reporting the unredeemed amount to the rights executor.

(4) The rights executor shall give public announcement on the period, method, and location of the report under paragraph (3) in compliance with Ordinance of the Prime Minister.

(5) The rights executor may, in priority to other claims, withdraw the deposit with the approval of the Financial Services Commission, within the scope of the total amount reported in accordance with paragraph (3) above and the expenditures therefor.

(6) The deposit withdrawn by the rights executor shall be distributed in compliance with the methods and procedures set by the Financial Services Commission to the unredeemed creditors.

(7) The credit card company which made a deposit in accordance with Article 25 shall not be able to get the deposit returned prior to the

completion of the distribution procedures referred to in paragraphs (1) through (6).

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 27 (Prohibition on Usage of Similar Names)

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

SECTION 2 Facilities Leasing Business

Article 28 (Scope of Application)

This Section shall apply to facilities leasing businesses and deferred payment sales services provided by a person registered for carrying out a facilities leasing business (hereinafter referred to as the “lessor”) pursuant to the provisions of Article 3 (2).

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 29 (Utilization of Various Funds)

In cases where a person who has concluded a leasing or deferred payment sale contract with a lessor (hereinafter referred to as a “lessee”) is qualified to be financed with funds being provided for the purpose of support for investment in facilities, the lessor may borrow from the funds concerned on behalf of the lessee, acquire specified objects and execute leasing or deferred payment sale (hereinafter referred to as the “leasing, etc.”).

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 30 (Special Cases to Foreign Trade Act)

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 31 (Special Cases to Medical Appliances Act)

(1) Notwithstanding Article 14 (4) of the Medical Appliances Act, a lessor may import medical appliances that are specified objects imported for the purpose of leasing, etc., if they are tested by using the facilities and equipment of the person designated by the Minister of Health and Welfare. <Amended by Act No. 9932, Jan. 18, 2010>

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(2) Notwithstanding Article 16 (1) of the Medical Appliances Act, a lessor may transfer the medical appliances that are specified objects imported under paragraph (1) without reporting them.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 32 (Special Cases to Administrative Dispositions)

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 33 (Special Cases to Registry and Registration)

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

(2) In cases where a lessor wishes to register the ships or aircraft under his/her ownership for the purpose of leasing, etc., if the lessee satisfies the registration requirements under Article 2 of the Ship Act or Article 6 of the Aviation Act, the lessor shall be regarded as satisfying the requirements for such registration during the period of use thereof.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 34 (Special Cases to Performance of Duties)

(1) Where a lessee uses specified objects through leasing, various duties imposed in accordance with other Acts and subordinate statutes on the owner of the specified objects such as the maintenance, management and inspection of the objects shall be performed by the lessee as the party concerned.

(2) A lessor, on which duties are imposed under paragraph (1), shall inform the lessee of such fact without delay.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

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

(6) The presidents of specialized credit financial business companies, etc. in receipt of a notice under the provisions of paragraph (5) shall notify the relevant retired officers or employees thereof, and record them in the personnel affairs register and keep it. *<Amended by Act No. 9459, Feb. 6, 2009>*

Article 53-2 (Inspection)

(1) The Governor of Financial Supervisory Service may have the officials belonging to him/her inspect the business and asset status of the specialized credit financial business company, etc.

(2) The officials who make the inspection under paragraph (1) shall present their vouchers indicating their authority to the interested persons.

(3) The Governor of Financial Supervisory Service may request the specialized credit financial business company, etc. to furnish the books, recorded documents and other data necessary for such inspection, or to have the related persons attend to state their opinions.

(4) The Governor of Financial Supervisory Service may request the external auditor selected by the specialized credit financial business company, etc. pursuant to the Act on External Audit of Stock Companies to furnish the information and data relating to the soundness of management which have come to his/her knowledge as a result of audit of the relevant specialized credit financial business company, etc.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 53-3 (Guidance of Sound Management)

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

1. Matters on the adequacy of equity capital;
2. Matters on the soundness of property;
3. Matters on the liquidity;
4. Other matters necessary for securing the soundness of management.

(2) When the specialized credit financial business company is acknowl-

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edly apprehended to harm the soundness of management, such as failing to fulfill the criteria for management guidance pursuant to the provisions of paragraph (1), the Financial Services Commission may demand it to take necessary measures for improving its management, such as increase of capital, limit to profit sharing.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 54 (Submission of Business Reports, etc.)

(1) A specialized credit financial business company, etc. shall prepare and submit business reports and management records to the Financial Services Commission under the conditions as determined by the Financial Services Commission.

(2) Where a specialized credit financial business company falls under any of the following subparagraphs, it shall report such fact to the Financial Services Commission as prescribed by Presidential Decree:

1. When its trade name or title is changed;
2. When its executive is appointed or dismissed;
3. When its largest shareholder is changed;
4. When there is change in the number of stocks held by its major shareholder or persons specially related with its major shareholder by 1/100 or more of total number of its outstanding voting stocks.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 54-2 (Disclosure of Operations)

(1) The Financial Services Commission may have a specialized credit financial business company disclose important information and data on the conditions of operation.

(2) The matters necessary for the kinds, scope, and methods of disclosure under paragraph (1) shall be determined by the Financial Services Commission.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 54-3 (Revision, etc. of Terms and Conditions)

(1) A specialized credit financial business company, etc. shall protect rights and benefits of finance users, and where it intends to enact or revise the terms and conditions related with financial transactions (hereinafter referred to as the "financial terms and conditions"), it shall report to the Financial Services Commission in advance: *Provided*, That

if it falls under any of the following subparagraphs, it shall report to the Financial Services Commission within ten days after enactment or revision of financial terms and conditions: *<Amended by Act No. 10062, Mar. 12, 2010>*

1. Where the company revises matters that are not related with rights or duties of finance users from among financial terms and conditions;
2. Where the company uses the standardized terms and conditions under paragraph (3) without changing them;
3. Where the details of financial terms and conditions that the company intends to enact or revise are the same as those of financial terms and conditions reported by other specialized credit financial business companies, etc. to the Financial Services Commission;
4. Where the company has revised financial or standardized terms and conditions in accordance with an order to revise them under paragraph (7).

(2) A specialized credit financial business company, etc. shall, when it has enacted or revised financial terms and conditions, announce such enactment or revision by means of Internet homepages, etc. *<Amended by Act No. 10062, Mar. 12, 2010>*

(3) The specialized credit financial business association under Article 62 (1) may enact or revise terms and conditions (hereinafter referred to as the “standardized terms and conditions”) that serve as a standard with regard to transactions in specialized credit financial business in order to establish the sound order of transactions and to prevent the circulation of unfair financial terms and conditions.

(4) The specialized credit financial business association shall, when it intends to enact or revise standardized terms and conditions, report to the Financial Services Commission in advance.

(5) The Financial Services Commission, to which financial terms and conditions have been reported under paragraph (1) or standardized terms and conditions have been reported under paragraph (4), shall notify the Fair Trade Commission of the details of such financial or standardized terms and conditions.

(6) When the Fair Trade Commission recognizes that the details of finan-

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cial or standardized terms and conditions notified under paragraph (5) violate Articles 6 through 14 of the Regulation of Standardized Contracts Act, the Fair Trade Commission may report the violations to the Financial Services Commission and request it to take necessary corrective measures, and the Financial Services Commission shall comply with such request unless there is a special reason to the contrary.

(7) When the Financial Services Commission recognizes that financial or standardized terms and conditions violate this Act or finance-related Acts and subordinate statutes and they may undermine the interests of finance users, the Commission may order specialized credit financial business companies, etc. or the specialized credit financial business association to revise such financial or standardized terms and conditions with documents wherein the details are written. The Financial Services Commission shall consult with the Fair Trade Commission before it gives an order to revise them. *<Amended by Act No. 10062, Mar. 12, 2010>*

[This Article Newly Inserted by Act No. 9459, Feb. 6, 2009]

Article 55 (Accounting Administration)

A specialized credit financial business company, etc. shall administer accounting of licensed or registered specialized credit financial business separately from that of other businesses so as to analyze fund management and business performance.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 56 (Designation of Auditors)

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

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

(1) The Financial Services Commission may issue orders with the effect of suspending, in whole or in part, credit card business or the business incidental thereto under Article 13 by setting time limit not exceeding six months, where a credit card company falls under any of the following

subparagraphs:

1. Where, in violation of requirements prescribed by Article 13 (1), it performs incidental business referred to in each subparagraph of the same paragraph;
 2. Where it violates Article 14, 14-2, 16, 17, 18, 21, 23 (1), 24-2, 25 (4) or 46;
 3. Where it fails to comply with orders or measures taken by the Financial Services Commission pursuant to Article 23 (2), 24, 25 (1), 53 (4), or 53-3 (2).
- (2) Where a credit card company falls under any of the following subparagraphs, the Financial Services Commission may revoke its license or registration: *<Amended by Act No. 10062, Mar. 12, 2010>*
1. Where it obtains a license or makes a registration under Article 3 (1) by fraud or unlawful ways;
 2. Where it falls under any of Article 6 (1) 2 through 4 (limited to a specialized credit financial business company);
 3. Where it fails to comply with orders for suspension of business under paragraph (1);
 - 3-2. Where it violates its duties to maintain requirements for license under Article 6-2;
 4. Where it fails to continue to conduct its operations for one year or more without any justifiable reason;
 5. Where it closes out virtually its operations due to a corporate merger, bankruptcy, or closure of its operations.
- (3) Where a facilities leasing service company, an installment financing company, or a venture capitalist falls under any of the following subparagraphs, the Financial Services Commission may revoke its registration:
1. Where it registers under the provisions of Article 3 (2) by fraud or unlawful ways;
 2. Where it falls under any of the provisions of Article 6 (1) 2 through 4 (limited to a specialized credit financial business company);
 3. Where it fails to comply with orders or dispositions made by the Financial Services Commission under the provisions of Article 53 (4) or 53-3 (2);

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4. Where it fails to continue to conduct its operations for one year or more without any justifiable reason;
5. Where it closes out virtually its operations due to a corporate merger, bankruptcy, or closure of its operations.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 58 (Surcharge)

- (1) Where a specialized credit financial business company violates Article 46, 47, 48, or 49 (1) and (4) or fails to comply with orders made by the Financial Services Commission pursuant to Article 49 (2), the Financial Services Commission may impose a surcharge not exceeding 100 million won under the conditions prescribed by Presidential Decree.
- (2) Where a credit card company falls under any of the subparagraphs of Article 57 (1), the Financial Services Commission may impose a surcharge not exceeding 100 million won instead of taking measures of suspending business under the conditions as prescribed by Presidential Decree.
- (3) In cases falling under any of the following subparagraphs, the Financial Services Commission may impose a surcharge not exceeding 50 million won under the conditions as prescribed by Presidential Decree:
 1. Where a facilities leasing service company fails to comply with orders made by the Financial Services Commission pursuant to Article 37;
 2. Where an installment financing company violates Article 39 or 40;
 3. Where a venture capitalist violates Article 45.
- (4) Where a specialized credit financial business company makes an credit extension in violation of Article 50 (1), the Financial Services Commission may impose a surcharge on such company within 20/100 of the amount of credit extension made excessively.
- (5) The types or degrees of breaches subject to the imposition of penalty pursuant to paragraphs (1) through (4) or other necessary matters shall be prescribed by Presidential Decree.
- (6) The Financial Services Commission shall collect surcharges according to procedures for the recovery of national taxes in arrears, where surcharges imposed under paragraphs (1) through (4) are not paid within the specified time limit.

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 58-2 (Raising Objections)

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

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

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

[This Article Newly Inserted by Act No. 10062, Mar. 12, 2010]

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

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

[This Article Newly Inserted by Act No. 10062, Mar. 12, 2010]

Article 58-4 (Additional Dues on Refund)

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

[This Article Newly Inserted by Act No. 10062, Mar. 12, 2010]

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

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

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 61 (Hearing)

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

CHAPTER VI SPECIALIZED CREDIT FINANCIAL BUSINESS ASSOCIATION

Article 62 (Establishment)

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

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

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

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

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

(6) Unless there are special provisions in this Act with regard to the Association, the provisions of the Civil Act relating to an incorporated

association shall apply *mutatis mutandis*. <Amended by Act No. 9459, Feb. 6, 2009>

Article 63 (Accession)

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

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 64 (Functions)

The Association shall carry out functions falling under each of the following subparagraphs:

1. To guide and recommend members to comply with this Act or other Acts and subordinate statutes;
2. To recommend members to improve methods of carrying out a business for maintenance of the sound order of operation and protection of users;
3. To analyze the financial situations of member companies;
4. To consult with customers and deal with their general inquiries;
5. To encourage exchange of credit information between members;
6. To maintain information on credit card merchants;
7. To research and investigate for development of specialized credit financial businesses and specialized credit financial business companies;
8. To enact and revise standardized terms and conditions;
9. To carry out other functions to achieve objectives of the Association.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 65 (Articles of Association)

The articles of association of the Association shall contain matters falling under each of the following subparagraphs:

1. Objectives, designation and the place of office;
2. Qualification for members;
3. Election of directors and officers;
4. Scope of services;
5. Membership dues, budgets and accounting;
6. Meetings and other matters necessary for the operation of the Association.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

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Articles 66 through 68 Deleted. *<by Act No. 5741, Feb. 1, 1999>*

CHAPTER VII SUPPLEMENTARY PROVISIONS

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

Article 69-2 (Entrustment of Authority)

(1) The Financial Services Commission may, if necessary for elevating the efficiency of supervision against the specialized credit financial business companies, entrust a part of his/her authority under this Act to the Governor & Financial Supervisory Service under the conditions as prescribed by Presidential Decree.

(2) The Financial Services Commission may, where deemed necessary for protecting the traders, entrust a part of his/her authority other than that under paragraph (1) to the president of the Association under the conditions as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

CHAPTER VIII PENAL PROVISIONS

Article 70 (Penal Provisions)

(1) Any person who falls under any of the following subparagraphs shall be punished by imprisonment for not more than seven years or a fine not exceeding 50 million won:

1. A person who alters or forges credit cards;
2. A person who sells or uses counterfeited or altered credit cards;
3. A person who sells or uses the lost or stolen credit cards or debit cards;
4. A person who sells or uses credit cards or debit cards acquired by taking by force or embezzlement, or by deceiving or threatening a person;
5. A person who acquires the forged or altered credit cards, etc. for the purpose of using them;
6. A person who retains other persons' credit card information detected by falsity and other illegal means, or makes a transaction by credit cards by utilizing it;
7. A person who carries on a credit card business without obtaining a

- license or making a registration under Article 3 (1);
8. A person who obtains a license or makes a registration under Article 3 (1) by falsity and other illegal means;
 9. A specialized credit financial business company which grants credit extension to its major shareholder in violation of Article 50 (1) and the major shareholder or a specially related person with him/her who receives such credit extension;
 10. A major shareholder or a specially related person with him/her who conducts an act falling under each subparagraph of Article 50-2 (5) in contravention of the same paragraph.
- (2) Any person who falls under any of the following subparagraphs shall be punished by imprisonment for not more than three years or a fine not exceeding 20 million won:
1. A person who makes registration as referred to in Article 3 (2) by false or illegal means;
 2. A person who accommodates money through an act falling under any one of the following items, or who mediates it:
 - (a) Act to make a transaction by means of a credit card by disguising the sale of goods, provision of services, etc., or in excess of actual sales amount, or to have it performed by proxy;
 - (b) Act to purchase at a reduced price the goods or services procured by a credit card member after having the credit card member procure the goods or services by means of the credit card;
 - (c) Act to establish a pledge right to a credit card in violation of Article 15.
 3. A person who makes a transaction by credit cards in the name of other credit card merchants in contravention of Article 19 (4) 3;
 4. A person who makes a transaction by credit cards by proxy in contravention of Article 19 (4) 5;
 5. A person who transfers sales claims and who takes over them in contravention of Article 20 (1);
 6. A person who makes a transaction by credit cards, etc. in the name of other credit card merchants in contravention of Article 20 (2).

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(3) Any person who falls under any of the following subparagraphs shall be punished by imprisonment for not more than one year or a fine not exceeding ten million won: *<Amended by Act No. 10062, Mar. 12, 2010>*

1. A person who acquires stocks without obtaining approval therefor in violation of Article 6 (3);
2. A person who fails to dispose of stocks in violation of the disposal order provided for in Article 6 (4);
- 2-2. A person who does not fall under any subparagraph of Article 14-2 (1) but recruits credit card holders;
3. A person who transfers or acquires credit cards in violation of Article 15;
4. A person who refuses a sale of goods or a provision of services, etc. or who unfavorably treats a credit card holder for a reason of a transaction by credit cards, in contravention of Article 19 (1);
5. A person who passes the merchant fees to the credit card holders in violation of Article 19 (3);
6. A person who lends the name of credit card merchant to another person in violation of Article 19 (4) 4;
7. A person who violates the provisions of Article 27, 50-2 (1) or (3), or 51.

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

(5) An attempt of crime under paragraphs (1) 1 and 2 shall be punished.

(6) A person who prepares for or plots any crime under paragraph (1) 1 with an intention of committing it shall be punished by imprisonment for not more than three years or a fine not exceeding 20 million won: *Provided*, That with respect to a person who voluntarily surrenders before reaching to a commitment of the intended crime, his/her punishment may be mitigated or exempted.

(7) The imprisonment and the fine referred to in paragraphs (1) through (3) may be imposed concurrently.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 71 (Joint Penal Provisions)

Where a representative of a juristic person, an agent, employee or other

worker of a juristic person or an individual performs activities violating Article 70 in respect of business of such juristic person or individual, such juristic person or individual shall be subject to imposition of penalty prescribed in the respective Article in addition to the punishment of offenders themselves: *Provided*, That this shall not apply where such juristic person or individual has not been negligent in paying attention to or supervising the business so as to prevent such violations.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

Article 72 (Fine for Negligence)

(1) A person who falls under any of the following subparagraphs shall be punished by a fine for negligence not exceeding five million won:

<Amended by Act No. 10062, Mar. 12, 2010>

1. A person who violates Article 14-5 (1) through (3);
2. A person who refuses an investigation under Article 14-5 (4);
3. A person who fails to report a recruiter's illegal act, in violation of Article 14-5 (5);
4. A person who fails to educate recruiters, in violation of Article 14-5 (6);
5. A person who violates Article 19-2;
6. A person who fails to refer the case to the board of directors in violation of Article 50 (2);
7. A person who fails to file a report or make public notification in violation of Article 50 (3) and (4);
8. A person who assigns outside directors in violation of Article 50-4 (1) or organizes the committee for recommending the candidates for outside directors in violation of paragraph (2) of the said Article;
9. A person who fails to establish the audit committee in violation of Article 50-5 (1) or organizes the audit committee in violation of paragraph (2) of the said Article;
10. A person who fails to meet the demand to submit data in violation of Article 50-8 (1);
11. A person who fails to file business reports or report business records in violation of Article 54 (including a person who files a false business report or reports a false business record);

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12. A person who fails to make a disclosure to the public in violation of Article 54-2 or discloses false information and data;
 13. A person who has enacted or revised financial or standardized terms and conditions without reporting them to the Financial Services Commission in violation of Article 54-3;
 14. A person who fails to administer accounting separately from that of other businesses in violation of Article 55.
- (2) A fine for negligence referred to in paragraph (1) shall be imposed and collected by the Financial Services Commission under the conditions as determined by Presidential Decree.

[This Article Wholly Amended by Act No. 9459, Feb. 6, 2009]

ADDENDA

Article 1 (Enforcement Date)

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

Article 2 (Repeal of Enactments)

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

Article 3 (Applicability)

The provisions of Article 68 shall apply beginning with the date on which the Association is established according to the provisions of Article 62.

Article 4 (Transitional Measures concerning Credit Card Business)

(1) At the time when this Act enters into force, a person with authorization for credit card business pursuant to the provisions of Article 3 of the Credit Card Business Act and with license, subject to the provisions of Article 6 (2) of the said Act, of all the business prescribed in subparagraphs 1 through 5 of the said paragraph shall be deemed to have been licensed to perform credit card business as a specialized credit financial business company.

(2) At the time this Act enters into force, a person with authorization of credit card business pursuant to the provisions of Article 3 of the Credit Card Business Act, but without license under the provisions of Article 6 (2) of the said Act, or with license only for business prescribed in subparagraph 1 from among those falling under subparagraphs 1 through

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

Article 1 (Enforcement Date)

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

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

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

Article 3 (Applicability to Qualifications for Executive Members)

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

Article 4 (Transitional Measures concerning Terms and Conditions)

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

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

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

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

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