ACT ON ELECTRONIC REGISTRATION OF STOCKS, BONDS, ETC.

[Enforcement Date 16. Sep, 2019.] [Act No.14096, 22. Mar, 2016., New Enactment]

법무부 (상사법무과)02-2110-3256

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CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose) The purpose of this Act is to contribute to enhancing the soundness and efficiency of capital markets and developing the national economy, by establishing a system of electronically registering stocks, bonds, etc., thereby facilitating the circulation of rights thereof, and by protecting the rights and interests of issuers, right holders and other interested parties.

Article 2 (Definitions) The terms used in this Act shall be defined as follows:

1. The term "stocks, etc." means any of the following:
   (a) Stocks;
   (b) Bonds (including trust bonds prescribed in the Trust Act and contingent capital securities prescribed in the Financial Investment Services and Capital Markets Act);
   (c) State bonds;
   (d) Local government bonds;
   (e) Rights to be indicated on the debt securities issued by corporations, established directly pursuant to statutes;
   (f) Rights to be indicated on subscription right certificates or subscription warrants;
   (g) Rights to benefit acquired by beneficiaries under the Trust Act;
   (h) Beneficial interests in an investment trust under the Financial Investment Services and Capital Markets Act;
   (i) Covered bonds under the Act on the Issuance of Covered Bonds;
   (j) Rights to be indicated on mortgage-backed securities or student loan-backed securities under the Korea Housing Finance Corporation Act;
   (k) Rights that can be or are to be indicated on asset-backed securities under the Asset-Backed Securitization Act;
   (l) Rights prescribed by Presidential Decree, which can be or are to be indicated on derivatives-combined securities under the Financial Investment Services and Capital

Markets Act;

(m) Rights prescribed by Presidential Decree, which can be or are to be indicated on securities depositary receipts under the Financial Investment Services and Capital Markets Act;

(n) Rights that can be or are to be indicated on the securities or certificates issued in Korea by foreign corporations, etc. (referring to the foreign corporations, etc. defined in Article 9 (16) of the Financial Investment Services and Capital Markets Act; hereinafter the same shall apply), which fall under any of items (a) through (l);

(o) Rights prescribed by Presidential Decree as being similar to those referred to in items (a) through (n), the of which arising, modification or lapse is suitable to be electronically registered in the electronic register;

2. The term "electronic registration" means entering information on the creation, modification or lapse of a right to stocks, etc., such as types, issues, amount and right holder of stocks, etc. details of rights, etc. in the electronic register, according to an electronic method;

3. The term "electronic register" means the following books whose information on the creation, modification or lapse of a right to stocks, etc., is compiled using electronic methods:

(a) A customer account book prepared according to Article 22 (2) (hereinafter referred to as "customer account book");

(b) A proprietary account book of account management institutions, etc. prepared according to Article 23 (2) (hereinafter referred to as "proprietary account book of account management institutions, etc.);

4. The term "electronically registered stock" means a stock, etc. electronically registered in the electronic register;

5. The term "right holder" means an owner or pledgee of electronically registered stocks, etc. or other persons prescribed by Presidential Decree who have interest in the electronically registered stocks;

6. The term "electronic registry" means an entity which obtains permission pursuant to Article 5 (1) for the operation of a system for electronically registering stocks, etc.;

7. The term "account management institution" means an entity falling under any of the subparagraphs of Article 19, which manages customer accounts under Article 22 (1).

Article 3 (Relationship with other Acts) Unless otherwise expressly provided for in other Acts, this Act shall apply to the electronic registration of stocks, etc.

CHAPTER II INSTITUTIONS ADOPTING THE SYSTEM

Section 1 Electronic Registries

Article 4 (Prohibition of Electronic Registration Business Activities without Permission) No one shall operate an electronic registration business (referring to conducting a business of the duties under Article 14 (1); hereinafter the same shall apply) without obtaining permission (including permission for change) for an electronic registration business under this Act.

Article 5 (Permission for Electronic Registration Business) (1) An entity intending to operate an electronic registration business shall obtain permission for an electronic registration business, from the Financial Services Commission and the Minister of Justice after selecting all or part of the business unit prescribed by Presidential Decree (hereinafter referred to as "permitted unit of electronic registration business") from among the scope of stocks, etc. subject to electronic registration as the element of the business unit.

(2) An entity intending to obtain permission for an electronic registration business pursuant to paragraph (1) shall meet all of the following requirements:

1. It shall be a stock company prescribed in the Commercial Act;
2. It shall have equity capital of an amount prescribed by Presidential Decree for each permitted unit of electronic registration business, which is at least ten billion won;
3. Its business plan shall be reasonable and sound;
4. It can protect right holders, and has sufficient personnel, computer facilities and other material facilities, to operate an electronic registration business;
5. Its articles of incorporation and rules for electronic registration business shall comply with statutes and are suitable for conducting electronic registration business;
6. Its executives (referring to directors and auditors; hereinafter the same shall apply) shall comply with Article 5 of the Act on Corporate Governance of Financial Companies;
7. Its major stockholders (referring to the stockholders prescribed in Article 5 of the Financial Investment Services and Capital Markets Act) shall have sufficient investment capabilities and sound financial conditions and social credibility;

8. It shall have the level of social credibility prescribed by Presidential Decree;
9. It shall have a system of preventing conflicts of interest.

(3) Detailed matters of requirements for permission under paragraph (2) shall be prescribed by Presidential Decree.

Article 6 (Application for Permission and Examination) (1) A person who intends to obtain permission under Article 5 (1) shall file an application for permission with the Financial Services Commission and the Minister of Justice.

(2) Upon receipt of an application for permission submitted under paragraph (1), the Financial Services Commission and the Minister of Justice shall examine the contents, determine, within three months, whether to grant permission, and promptly notify the applicant of the result and reasons in writing. In such cases, if the application for permission is found to be defective, they may request the applicant to supplement such application.

(3) In calculating the examination period under paragraph (1), no period prescribed by Presidential Decree, such as the period to supplement the application for permission, etc. shall be included therein.

(4) Where the Financial Services Commission and the Minister of Justice grant permission pursuant to paragraph (2), they may attach conditions necessary for ensuring healthy management of an electronic registry and for protecting right holders.

(5) Upon any change in circumstances or on any other justifiable reason, the person who obtains permission with conditions pursuant to paragraph (4) may request the Financial Services Commission and the Minister of Justice to cancel or change the conditions. In such cases, the Financial Services Commission and the Minister of Justice shall determine, within two months, whether to cancel or change the condition, and promptly notify the applicant of the determination in writing.

(6) Where the Financial Services Commission and the Minister of Justice grant permission pursuant to paragraph (2), they shall announce the following matters in the Official Gazette or on the website, etc.:

1. Details of permission;
2. Conditions on permission (limited to where conditions are attached);
3. If conditions to permission are canceled or changed, details thereof (limited to where conditions are canceled or changed).

(7) Matters concerning applications for permission, such as indications in the application for permission under paragraphs (1) through (6), documents to be accompanied, etc. and methods of examining permission, procedures therefor and other necessary matters shall be prescribed by Presidential Decree.

Article 7 (Preliminary Permission) (1) A person who intends to obtain permission for an electronic registration business under paragraph (5) (hereinafter referred to as "final permission") may file an application for preliminary permission with the Financial Services Commission and the Minister of Justice.

(2) Within two months of receiving an application for preliminary permission, the Financial Services Commission and the Minister of Justice shall examine whether requirements referred to in Article 5 (2) are met, and notify the applicant of the result and grounds without delay. In such cases, if defects are found in the application for preliminary permission, they may request the applicant to supplement the application.

(3) In calculating the examination period under paragraph (2), no period prescribed by Presidential Decree, such as the period to supplement the application for preliminary permission, etc. shall be included therein.

(4) Where the Financial Services Commission and the Minister of Justice grant preliminary permission pursuant to paragraph (2), they may attach conditions necessary for securing healthy management of an electronic registry and for protecting right holders.

(5) Where a person who obtains preliminary permission files for final permission, the Financial Services Commission and the Minister of Justice shall determine whether to grant final permission after ascertaining whether he/she implements conditions to preliminary permission under paragraph (4) and meets requirements referred to in the subparagraphs of Article 5 (2).

(6) Matters concerning applications for preliminary permission, such as application forms for preliminary permission under paragraphs (1) through (5), indications, documents to be accompanied, etc. and methods of examining preliminary permission, procedures therefor, and other matters necessary for preliminary permission shall be prescribed by Presidential Decree.

Article 8 (Maintenance of Requirements for Permission) In performing duties after obtaining permission for an electronic registration business under Article 5, an electronic registry shall continue to comply with requirements for permission under the subparagraphs of

Article 5 (2) (excluding subparagraph 8).

Article 9 (Addition of Duties and Change of Permission) Where an electronic registry intends to additionally operate a permitted unit of electronic registration business, in addition to the unit of electronic registration business permitted pursuant to Article 5, it shall obtain permission for change from the Financial Services Commission and the Minister of Justice pursuant to Articles 5 and 6. In such cases, Article 7 shall apply thereto.

Article 10 (Prohibition of Use of Similar Name) No entity that is not an electronic registry shall use the term "registration of securities," "registration and settlement," or similar name.

Article 11 (Approval for Business Transfer, etc.) (1) Where an electronic registry intends to conduct a merger, spin-off, spin-off and subsequent merger, comprehensive stock swap or transfer (hereinafter referred to as "merger, etc."), it shall obtain approval from the Financial Services Commission. In such cases, if the Financial Services Commission intends to approve a merger, etc., it shall preconsult with the Minister of Justice.

(2) Where an electronic registry intends to transfer business, it shall obtain approval from the Financial Services Commission: Provided, That where the business that the electronic registry intends to transfer includes a permitted unit of electronic registration business for which permission is obtained pursuant to Article 5 or for which addition of duties or change of duties is permitted pursuant to Article 9, the Financial Services Commission shall consult with the Minister of Justice before granting approval.

Article 12 (Discontinuance, etc. of Electronic Registration Business) (1) Where an electronic registry intends to discontinue the whole or part of the electronic registration business or to dissolve the electronic registration business, it shall obtain approval from the Financial Services Commission. In such cases, if the Financial Services Commission grants approval therefor, it shall preconsult with the Minister of Justice.

(2) If the Financial Services Commission grants approval under the former part of paragraph (1), it shall announce the details in the Official Gazette, on the website, etc.

(3) Methods of granting approval under the former part of paragraph (1), procedures therefor and other matters necessary for handling duties concerning approval shall be prescribed by Presidential Decree.

Article 13 (Executives, etc.) (1) A person who is not an executive or employee of an account management institution shall be eligible to become a full-time executive of an electronic registry.

(2) Article 5 of the Act on Corporate Governance of Financial Companies shall apply mutatis mutandis to the qualifications of an executive of an electronic registry.

(3) The representative director of an electronic registry shall be appointed at a stockholders' general meeting.

(4) In cases prescribed by Presidential Decree, such as where the representative director who is appointed pursuant to paragraph (3) is deemed unfit to perform his/her duties, the Financial Services Commission may, after consultation with the Minister of Justice, request the electronic registry to dismiss him/her within one month of his/her appointment, specifying detailed reasons therefor. In such cases, the duties of the representative director whose dismissal is requested shall be suspended and the electronic registry shall appoint a replacement representative director within two months.

(5) A full-time executive or employee of an electronic registry shall not have special interest prescribed by Presidential Decree in providing funds, apportioning profits or losses, and other business matters with account management institutions and institutions related to financial investment business prescribed in Article 9 (17) of the Financial Investment Services and Capital Markets Act (excluding the Korea Securities Depository prescribed in subparagraph 2 of the same paragraph with which the full-time executive or employee is affiliated).

(6) Article 63 of the Financial Investment Services and Capital Markets Act shall apply mutatis mutandis to electronic registries. In such cases, "financial investment business entity" shall be deemed "electronic registry."

Article 14 (Duties of Electronic Registries) (1) An electronic registry shall perform the following duties as specified by its articles of incorporation:

1. Duties concerning electronically registering stocks, etc.;
2. Duties concerning establishing, repealing and managing issuer management accounts, customer management accounts, proprietary accounts of account management institutions, etc.;
3. Duties concerning preparing and managing issuer management account books, customer management account books, proprietary account books of account

management institutions, etc.;

4. Duties concerning electronic registration of stocks, etc. performed through an account established according to a contract with a foreign electronic registry (referring to an entity performing duties corresponding to the duties of an electronic registry in a foreign country under foreign statutes; hereinafter the same shall apply);
5. Duties concerning preparing particulars of stockholders under Article 37;
6. Duties concerning exercising rights to electronically registered stocks, etc. as an agent;
7. Duties concerning operating an information and communications network for the electronic registration and management of stocks, etc.;
8. Duties concerning disclosing the details of issuance of electronically registered stocks, etc.;
9. Other duties approved by the Financial Services Commission.

(2) An electronic registry shall perform any of the following duties, which are incidental to the duties under the subparagraphs of paragraph (1), as specified by its articles of incorporation:

1. Duties concerning managing security for which electronically registered stocks, etc. are held;
2. Duties concerning processing instructions, etc. on acquiring, disposing of, etc. collective investment property among collective investment business entities, discretionary investment business entities and trust business entity that keeps in custody and manages collective investment property as prescribed in Article 80 of the Financial Investment Services and Capital Markets Act;
3. Other duties approved by the Financial Services Commission.

(3) In addition to the duties under paragraphs 1 and 2, an electronic registry may perform the following duties as specified by its articles of incorporation:

1. Any of the following duties. In such cases, where authorization, permission, registration, report, etc. is required in other Acts, it shall obtain authorization or permission or obtain registration, report, etc.:
   (a) Duties of a transfer agent of stocks, etc.;
   (b) Duties of mediating and arranging lending and borrowing of stocks, etc.;
   (c) Other duties approved by the Financial Services Commission;
2. Duties prescribed as the duties of an electronic registry by other statutes;

3. Other duties approved by the Financial Services Commission.

Article 15 (Rules for Electronic Registration Duties) (1) An electronic registry shall formulate rules for electronic registration duties for the electronic registration of stocks, etc. and for the management of electronically registered stocks, etc. In such cases, when the Financial Services Commission intends to grant approval, it shall preconsult with the Minister of Justice.

(2) Rules for electronic registration duties under paragraph (1) shall include the following matters:

1. Matters concerning the new electronic registration of stocks, etc. and amending and revoking electronic registration;
2. Matters concerning establishing and closing issuer management accounts, customer accounts, customer management accounts, and proprietary accounts of account management institutions, etc.;
3. Matters concerning preparing and managing issuer management account books, customer account books, customer management account books, proprietary account books of account management institutions, etc.;
4. Matters concerning electronically registering transfers between the accounts of electronically registered stocks, etc., establishment and deletion of a rights of pledge, indication or deletion of the fact that the property in question is trust property;
5. Matters concerning preparing particulars of stockholders under Article 37 and exercising rights to electronically registered stocks, etc.;
6. Matters concerning ascertaining the amount or quantity of electronically registered stocks, etc.;
7. Matters concerning operating information and communications networks for electronically registering and managing stocks, etc.;
8. Other matters necessary for managing electronically registered stocks, etc.

Article 16 (Approval for Amendment of Articles of Incorporation) Where an electronic registry intends to amend articles of incorporation, it shall obtain approval from the Financial Services Commission. In such cases, where the Financial Services Commission intends to grant approval, it shall preconsult with the Minister of Justice.

Article 17 (Approval for Modification and Repeal of Rules for Electronic Registration Duties) Where an electronic registry intends to establish or repeal rules for electronic registration duties under Article 15 (1) (hereinafter referred to as "rules for electronic registration duties"), it shall obtain approval from the Financial Services Commission. In such cases, where the Financial Services Commission intends to grant approval, it shall preconsult with the Minister of Justice.

Article 18 (Report on Rules for Duties other than Rules for Electronic Registration Duties) Where an electronic registry establishes, modifies or repeals rules for duties other than rules for electronic registration duties, it shall promptly report to the Financial Services Commission: Provided, That where any other Act prescribes that obtaining approval from the Financial Services Commission is a requisite, the provisions of such Act shall apply.

Section 2 Account Management Institutions

Article 19 (Account Management Institutions) Any of the following entities shall be eligible to become an account management institution:

1. A financial investment business entity prescribed in the Financial Investment Services and Capital Markets Act, which falls under any of the following:
   (a) An investment transaction business entity or an investment broker with regard to securities;
   (b) A trust business entity (limited to a trust business entity that keeps in custody and manages collective investment property);
2. Any of the following entities:
   (a) A bank established with authorization obtained under the Banking Act (including an entity deemed a bank pursuant to Article 59 of the same Act);
   (b) A credit business department deemed a bank pursuant to Article 5 of the Banking Act;
   (c) The Nonghyup Bank established under the Agricultural Cooperatives Act;
   (d) The Korea Development Bank established under the Korea Development Bank Act;
   (e) The Industrial Bank of Korea established under the Industrial Bank of Korea Act;
3. The Bank of Korea established under the Bank of Korea Act (hereinafter referred to as "Bank of Korea");

4. An insurance company established under the Insurance Business Act;
5. A foreign electronic registry;
6. A transfer agent (referring to a transfer agent prescribed in the Financial Investment Services and Capital Markets Act, but limited only to where it manages special accounts established pursuant to Article 29);
7. An entity prescribed by Presidential Decree, requiring management of customer accounts to perform duties under statutes;
8. Other entities prescribed by Presidential Decree in consideration of the nature of duties, etc.

Article 20 (Duties of Account Management Institutions) (1) An account management institution shall perform the following duties:
1. Duties concerning electronically registering stocks, etc. on a customer account book;
2. Duties concerning establishing, repealing and managing customer accounts;
3. Duties concerning preparing and managing customer account books;
4. Duties incidental to the duties referred to in subparagraphs 1 through 3.

(2) No entity that is not an account management institution shall perform duties concerning electronically registering stocks, etc. by establishing customer management accounts or similar accounts in an electronic registry.

CHAPTER III ESTABLISHMENT, ETC. OF ACCOUNTS

Article 21 (Establishment, etc. of Issuer Management Accounts) (1) Any of the following entities shall establish an issuer management account in an electronic registry:
1. An entity intending to newly issue stocks, etc. by electronically registering them;
2. An entity intending to have holders of right to stocks, etc. for which stock certificates or securities or instruments prescribed by Presidential Decree (hereinafter referred to as "stock certificates, etc.") are already issued possess or acquire stocks, etc. by electronically registering them;
3. Any other entity prescribed by Presidential Decree, which corresponds to those referred to in subparagraph 1 and 2.

(2) Where an issuer management account is established pursuant to paragraph (1), an electronic registry shall record the following matters and prepare an issuer management

account book for each issuer (referring to a person falling under any subparagraph of paragraph (1) who establishes an issuer management account pursuant to the same paragraph; hereinafter the same shall apply):

1. Appellation of the issuer, business registration number and other information prescribed by Presidential Decree by which the issuer is identifiable;
2. Types and issues of electronically registered stocks, etc. and quantity or amount of each issue;
3. Other matters prescribed by Presidential Decree to be recorded in an issuer management account book.

(3) Where the quantity or amount by issue of electronically registered stocks, etc. recorded in an issuer management account book prepared pursuant to paragraph (2) is different from the quantity or amount by issue of electronically registered stocks, etc. recorded in any of the following books, the quantity or amount recorded in such book shall be the standard:

1. A stockholders' register;
2. A beneficiary list (referring to the beneficiary list prescribed in Article 79 of the Trust Act or the beneficiary list prescribed in Article 189 of the Financial Investment Services and Capital Markets Act);
3. A registration book prescribed in the State Bond Act, the Management of the National Funds Act or the Bank of Korea Monetary Stabilization Bond Act;
4. Other books prescribed by Presidential Decree concerning right holders of stocks, etc.

(4) Where any matter falling under the subparagraphs of paragraph (2) is amended, an issuer shall promptly notify an electronic registry of the details thereof, and the electronic registry shall promptly amend the record in the issuer management account book according to the details notified.

(5) Where the record in an issuer management account book is changed pursuant to paragraph (4), an electronic registry shall promptly take the following measures:

1. Notification of the details amended to an account management institution;
2. Amendment of electronic registration in a customer management account book, proprietary account book of account management institutions, etc.

(6) Where an account management institution receives notification under paragraph (5) 1, it shall promptly amend electronic registration in a customer account book according to

the details notified.

Article 22 (Establishment, etc. of Customer Accounts and Customer Management Accounts)
(1) An entity intending to be a right holder of electronically registered stocks, etc. shall establish a customer account in an account management institution.
(2) Where a customer account is established pursuant to paragraph (1), an account management institution shall electronically register the following matters and prepare a customer account book for each right holder:
1. Name or appellation and address of the right holders;
2. Appellation of the issuers;
3. Types and issues of electronically registered stocks, etc. and quantity or amount by issue;
4. Where a right of pledge is established on electronically registered stocks, etc., such fact;
5. Where electronically registered stocks, etc. are trust property, such fact;
6. Where disposal of electronically registered stocks, etc. is restricted, such fact;
7. Other matters prescribed by Presidential Decree to be registered in a customer account book.
(3) An account management institution shall establish a customer management account in an electronic registry to manage the total quantity or total amount of electronically registered stocks, etc. that are electronically registered in a customer account book under paragraph (2).
(4) Where a customer management account is established pursuant to paragraph (3), an electronic registry shall record the following matters and prepare a customer management account book by account management institution:
1. Appellation and address of account management institution;
2. Types and issues of electronically registered stocks, etc. and quantity or amount by issue;
3. Other matters prescribed by Presidential Decree to be registered in a customer management account book.

Article 23 (Establishment, etc. of Proprietary Accounts of Account Management Institutions, etc.) (1) Notwithstanding Article 22 (1), where an account management institution, a fund established under other Acts or an entity requiring electronic registration of stocks, etc.

with an electronic registry, which is prescribed by Presidential Decree, (hereinafter referred to as "account management institution, etc.") intends to be a right holder of electronically registered stocks, etc., it may establish a proprietary account of an account management institution, etc. in an electronic registry.

(2) Where a proprietary account of an account management institution, etc. is established pursuant to paragraph (1), an electronic registry shall electronically register the following matters and prepare a proprietary account book of an account management institution, etc.:

1. Name or appellation and address of the relevant account management institution, etc.;
2. Matters referred to in Article 22 (2) 2 through 6;
3. Other matters prescribed by Presidential Decree as necessary to be registered in a proprietary account book of an account management institution, etc.

CHAPTER IV ELECTRONIC REGISTRATION

Article 24 (Application, etc. for Electronic Registration) (1) Stocks, etc. shall be electronically registered upon an application being filed by an issuer or right holder, or as entrusted by a government agency: Provided, That where this Act prescribes otherwise, an electronic registry or an account management institution may make registration ex officio.

(2) Except as otherwise expressly prescribed by this Act, an issuer or right holder shall file an application directly.

(3) Where electronic registration is made as entrusted by a government agency, the provisions concerning electronic registration upon application shall apply mutatis mutandis.

Article 25 (New Electronic Registration of Stocks, etc.) (1) Where an issuer intends to newly issue stocks, etc. by electronically registering them, or to have right holders possess or acquire stocks, etc. for which certificates, etc. are already issued, it may apply for new electronic registration of stocks, etc. to an electronic registry: Provided, That regarding any of the following stocks, etc., it shall apply for new electronic registration to an electronic registry:

1. Stocks, etc. listed on the securities market defined in Article 8-2 (4) 1 of the Financial Investment Services and Capital Markets Act;

2. Beneficial interests in an investment trust prescribed in the Financial Investment Services and Capital Markets Act or stocks of an investment company;
3. Other stocks, etc. prescribed by Presidential Decree as necessary to file an application for new electronic registration to protect right holders and maintain sound business practices.

(2) Notwithstanding paragraph (1), in cases prescribed by Presidential Decree for the protection of right holders and the maintenance of sound business practices, an issuer shall apply for prior examination of the matters falling under paragraph (6) 1 to an electronic registry before applying for new electronic registration under paragraph (1).

(3) In applying for new electronic registration or prior examination pursuant to paragraph (1) or (2), an issuer shall prepare an application for electronic registration or application for prior examination by issue of the relevant stocks, etc. (hereafter in this Article, referred to as "application, etc. for electronic registration") and submit it to an electronic registry. In such cases, detailed matters, etc. concerning issues of stocks, etc. applied for shall be specified by rules for electronic registration duties.

(4) In receipt of an application for electronic registration under paragraph (3), an electronic registry shall review the details and determine whether to make new electronic registration or matters for prior examination, and promptly notify the applicant of the result and reasons thereof in writing. In such cases, if defects are found in the application, etc. for electronic registration, it may request the applicant to supplement the application.

(5) In calculating the period of review under paragraph (4), no period prescribed by Presidential Decree, such as the period to supplement defects found in an application, etc. for electronic registration, etc., shall be included therein.

(6) When an electronic registry determines whether to electronically register under paragraph (4), it shall not refuse to make new electronic registration except where any of the following grounds arises:

1. In any of the following cases:
   (a) Where transfer of the relevant stocks, etc. is prohibited, or restricted due to the nature or by statutes;
   (b) Where the substance of right to the same stocks, etc. held by right holders are different or it is impracticable to substitute the relevant stocks, etc.;

(c) Other cases prescribed by Presidential Decree where it is inappropriate to newly electronically register stocks, etc.;

2. Where issuing relevant stocks, etc. anew or having right holders possess or acquire stocks, etc. for which certificates, etc. are already issued is contrary to statutes;
3. Where an application for new electronic registration of stocks, etc. for which certificates, etc. are already issued is filed and procedures for public summons under the Civil Procedure Act are underway. In such cases, refusal of new electronic registration shall be limited to the quantity of stock certificates, etc. for which procedures for public summons are underway;
4. Where an application, etc. for new electronic registration is fraudulently prepared;
5. Where a request for supplementation under the latter part of paragraph (4) is not complied with;
6. Other cases prescribed by Presidential Decree to protect right holders and maintain sound business practices.

(7) Matters to be stated in an application for electronic registration, etc. under paragraphs (1) through (6), documents to be accompanied, other matters concerning application for electronic registration or prior examination, methods of reviewing electronic registration or prior examination, procedures therefor, and other necessary matters, shall be prescribed by Presidential Decree.

Article 26 (Measures Following New Electronic Registration of Newly Issued Stocks, etc.) (1) When an electronic registry electronically registers newly issued stocks, etc. pursuant to Article 25, it shall record the details of application under paragraph (1) of the same Article in the issuer management book and take the following measures:

1. Matters to be electronically registered with the electronic registry from among the details of application: To make electronic registration of the matters in the proprietary account book of an account management institution, etc.;
2. Matters to be electronically registered with the account management institution among the details of application: To record the matters in the customer management book and to promptly notify the account management institution in which each right holder related to the details of application has established a customer account.

(2) Where a customer management institution receives notification under paragraph (1) 2, it shall, without delay, electronically register the matters to be electronically registered in

the customer account book according to the details notified.

Article 27 (Measures, etc. Following New Electronic Registration of Stocks, etc. of which Certificates Are Already Issued) (1) Where an issuer applies for newly electronically register stocks, etc. for which certificates, etc. are already issued pursuant to Article 25 (1), it shall announce the following matters during a specified period of at least one month ending on the business day immediately before the date it intends to newly electronically register them (hereinafter referred to as "base date") and notify such matters to those recorded as a right holder in the stockholders' register or other books prescribed by Presidential Decree (hereinafter referred to as "stockholders' register, etc."):

1. That the stock certificates, etc. shall lose effect as of the base date;
2. That a right holder shall notify the issuer of customer account or proprietary account of account management institution, etc. of which stocks, etc. are electronically registered and submit stock certificates, etc. (hereinafter referred to as "electronic registration account") by the business day immediately preceding the base date;
3. That the issuer shall make an application for new electronic registration to an electronic registry according to Article 25 (1) on the base of right holders recorded in the stockholders' register as at the business day immediately preceding the base date.

(2) With regard to the stocks, etc. of which new electronic registration is refused pursuant to Article 25 (6) 3, where there exists a person who can claim right to such stocks, etc. as a judgement for nullification becomes final or due to similar reasons, an issuer shall additionally apply for new electronic registration to an electronic registry for such person who can claim the right.

(3) Where an electronic registry receives an application for new electronic registration of stocks, etc. for which certificates, etc. are already issued pursuant to Article 25 (1) or an additional application for new electronic registration under paragraph (2), Article 26 shall apply mutatis mutandis.

(4) Methods of announcement and notification under paragraph (1), detailed procedures therefor, matters to be stated in the application for new electronic registration under paragraph (2) and accompanying documents, matters concerning additional application for new electronic registration, etc. shall be prescribed by Presidential Decree.

Article 28 (Special Cases concerning Pledging, etc. of Stocks for which Certificates Are Already Issued) (1) Where an issuer electronically registers stocks for which certificates are already issued pursuant to Articles 25 through 27, a pledgee of the relevant stocks who is not registered in the stockholders' register may independently request the issuer to state the details of pledge in the stockholders' register between one month before the base date and the business date immediately preceding the base date, even if the pledger does not make a request.

(2) Where necessary to state the details of pledge under paragraph (1), a pledgee referred to in paragraph (1) may request the issuer to state the name and address of the pledger in the stockholders' register.

(3) An issuer shall comply with a request under paragraph (1) or (2), except in extenuating circumstances.

(4) Where a transfer agent states details of pledge under paragraph (1) or the name and address of the pledger under paragraph (2) on behalf of the issuer, it need not ascertain the actual name of the pledger, notwithstanding Article 3 of the Act on Real Name Financial Transactions and Confidentiality.

(5) Where a pledgee referred to in paragraph (1) makes a request under paragraph (1) or (2), the issuer shall notify the pledger of such fact.

Article 29 (Establishment and Management of Special Accounts) (1) Where an issuer electronically registers stocks, etc. for which certificates are already issued pursuant to Articles 25 through 27, he/she shall, before applying for new electronic registration under Article 25 (1), establish an electronic registration account (hereinafter referred to as "special account") in a transfer agent or an institution prescribed by Presidential Decree (hereafter referred to as "transfer agent, etc."), in the name of the holders or pledgees of the stocks, etc. entered in the stockholders' register as at the business day immediately before the base date, for the holders or pledgees of the stocks, etc. who fails to announce it under Article 27 (1) 2 or to submit stock certificates, etc.

(2) The stocks, etc. electronically registered in the electronic registration account book prepared pursuant to Article 22 (2) or 23 (2) (hereafter referred to as "special account book" in this Article) shall not be electronically registered under Articles 30 through 32 when a special account is established pursuant to paragraph (1): Provided, That in any of the following cases, this shall not apply:

1. Where a person who is not a title holder of the relevant special account already becomes a holder or pledgee of stocks, etc. before the stocks, etc. are electronically registered in the special account book, submits (referring to submission of original copy and certified copy of judgment for nullification of the relevant stocks, etc. if it is impracticable to submit stock certificates, etc.; hereafter the same shall apply in subparagraph 2 or 3) stock certificates, etc., on which right to the stocks, etc. is indicated, to the issuer and intends to make electronic registration of the stocks, etc. in an electronic registration account in his/her name by transfer between accounts pursuant to Article 30 (where a pledge is established over the relevant stocks, etc., limited to any of the following cases):
   (a) Where pledge established over the relevant stocks, etc. is canceled;
   (b) Where a pledgee of the relevant stocks, etc. agrees to the transfer of the stocks, etc. to another electronic registration account in the name of the holder other than the special account;
2. Where a holder who is the title holder of the relevant special account submits stock certificates, etc. on which a right to electronically registered stocks, etc. is indicated and intends to transfer the stocks, etc. to another electronic registration account in his/her name other than the special account pursuant to Article 30 (where pledge is established on the relevant stocks, etc., limited to cases falling under subparagraph 1);
3. Where a pledgee who is the title holder of the relevant special account submits stock certificates, etc. to the issuer, and intends to transfer the stocks, etc. to an electronic registration account in his/her name other than the special account pursuant to Article 30;
4. Other cases prescribed by Presidential Decree where no damage is likely to be inflicted on the interest of a right holder of stocks, etc. that are electronically registered in the special account.

(3) No one shall apply for electronic registration of transfer between accounts under Article 30 in order to transfer stocks, etc. to a special account: Provided, That this shall not apply where an issuer who establishes a special account pursuant to paragraph (1) files an application due to a reason prescribed by Presidential Decree.

(4) Where a transfer agent, etc. establish a special account on behalf of an issuer pursuant to paragraph (1), the transfer agent, etc. need not ascertain the real name of the person to

be electronically registered in the special account book as a holder or pledgee, notwithstanding Article 3 of the Act on Real Name Financial Transactions and Confidentiality.

Article 30 (Electronic Registration of Transfer between Accounts) (1) A person who intends to transfer between accounts for the transfer of electronically registered stocks, etc. (including any of the following cases) shall electronically register transfer between accounts with an electronic registry in which relevant stocks, etc. are electronically registered or with an account management institution:

1. Where any of Article 29 (2) 1 through 3 is applicable;
2. Where a person who comprehensively succeeds to electronically registered stocks, etc. due to inheritance, merger, etc., transfers such electronically registered stocks, etc. to his/her electronic registration account;
3. Other cases prescribed by Presidential Decree where transfer between accounts is deemed necessary.

(2) An electronic registry or account management institution in receipt of an application for electronic registration pursuant to paragraph (1) shall promptly make electronic registration of the transfer of electronically registered stocks, etc. between stocks in the electronic register.

(3) Matters necessary for applications for electronic registration of transfer between accounts and the methods of electronic registration, procedures therefor under paragraphs (1) and (2) shall be prescribed by Presidential Decree.

Article 31 (Electronically Registering Establishment and Cancelation of Rights of Pledge) (1) A person who intends to establish or cancel a right of pledge over electronically registered stocks, etc. shall file an application for electronic registration of establishment or cancelation of a right of pledge with an electronic registry where the relevant stocks, etc. are electronically registered or with an account registration institution.

(2) The electronic registry or account registration institution in receipt of an application for electronic registration pursuant to paragraph (1) shall, without delay, electronically register the fact that the relevant electronically registered stocks, etc. are a pledge and the establishment or cancellation of the rights of pledge on the relevant electronically registered stocks, etc. by electronically registering the pledgee in the electronic register of

a pledger.

(3) Matters necessary for applications for electronic registration of establishment and cancelation of pledge, methods of electronic registration, procedures therefor under paragraphs (1) and (2) shall be prescribed by Presidential Decree.

Article 32 (Electronic Registration of Trust Property and Cancelation thereof) (1) A person who intends to indicate the fact that electronically registered stocks, etc. are trust property or to cancel such indication shall file an application for indication of the fact that the electronically registered stocks, etc. are trust property or an application for cancelation with an electronic registry in which the relevant stocks, etc. are electronically registered or with an account management institution.

(2) An electronic registry or account registration institution in receipt of an application for electronic registration pursuant to paragraph (1) shall, without delay, electronically register the fact that the relevant electronically registered stocks, etc. are trust property or cancel the electronic registration in the electronic register.

(3) Matters necessary for application for electronic registration of indication of the fact of trust property or cancelation, methods of electronic registration and procedures therefor under paragraphs (1) and (2) shall be prescribed by Presidential Decree.

Article 33 (Electronic Registration of Change or Cancelation Following Termination, etc. of Right) (1) A person who intends to change or cancel new electronic registration under Articles 25 through 27 on any of the following grounds shall file an application for the change or cancelation of new electronic registration with an electronic registry in which the relevant stocks, etc. are electronically registered or with an account management institution:

1. Fully or partially terminated right of electronically registered stocks, etc. due to payment of principal and interest, repayment, etc.;
2. Conversion of electronically registered stocks, etc. to stock certificates, etc. due to amendment of the articles of incorporation of the company that is the issuer;
3. Merger or spin-off (including spin-off and subsequent merger) of the company that is the issuer;
4. Consolidation, split or retirement of electronically registered stocks, etc. of the company who is the issuer and conversion between par value stocks and no par value stocks;

5. Other cases prescribed by Presidential Decree where a right to stocks, etc. is changed or terminated.

(2) An electronic registry or account registration institution in receipt of an application for electronic registration under paragraph (1) shall, without delay, electronically register the change or cancellation of the details of the right to electronically registered stocks, etc.

(3) In any of the following cases, an electronic registry or account registration institution may, ex officio, change or cancel the right to electronically registered stocks, etc., notwithstanding paragraphs (1) and (2);

1. Where a cause falling under paragraph (1) 1 occurs due to the exercise of right through an electronic registry under Article 38;
2. Where an issuer is dissolved or liquidated under the Commercial Act or other Acts;
3. Other cases prescribed by Presidential Decree where a right to stocks, etc. is changed or terminated.

(4) Application for electronic registration of change or cancelation; methods of electronic registration, procedures therefor under paragraphs (1) through (3); and other matters necessary for the change or cancelation of electronic registration shall be prescribed by Presidential Decree.

Article 34 (Special Cases concerning Merger, etc.) Where a holder of stocks, etc. not electronically registered acquires electronically registered stocks, etc. of another company on any of the following grounds, Articles 25 (6) 3, 26, 27 (1) and (2), 28 through 30, and 36 (3) shall apply mutatis mutandis. In such cases, "base date" shall be deemed "day on which merger, etc. becomes effective":

1. Merger and spin-off (including spin-off and subsequent merger) of companies;
2. Comprehensive exchange of stocks;
3. Comprehensive transfer of stocks.

Article 35 (Effect of Electronic Registration) (1) A person electronically registered in an electronic registration account book shall be presumed to have a legal right to the relevant electronically registered stocks, etc.

(2) Where electronically registered stocks, etc. are transferred, the transfer shall be effective after transfer between accounts under Article 30 is electronically registered.

(3) Where electronically registered stocks, etc. are subject to a pledge, the establishment of the pledge shall take effect after the establishment of the pledge is electronically registered under Article 31. In cases of registered pledge of shares under Article 340 (1) of the Commercial Act, a pledgee's name shall electronically register in the electronic registration account book in lieu of indicating a pledgee's name in the stock certificates.

(4) The effect of trust over electronically registered stocks, etc. may be asserted against a third party when the fact that the relevant electronically registered stocks, etc. are trust property is electronically registered pursuant to Article 32.

(5) A person who relies on the details of a right in the electronic registration account book in good faith and without gross negligence and is electronically registered as a holder or pledgee shall legally acquire the right to the relevant electronically registered stocks, etc.

Article 36 (Effect, etc. of Securities or Certificates for Electronically Registered Stocks, etc.) (1) No issuer shall issue securities or certificates with regard to electronically registered stocks, etc.

(2) Securities or certificates issued in violation of paragraph (1) shall not have effect.

(3) Where stocks, etc. of which stock certificates are already issued are electronically registered anew pursuant to Articles 25 through 27, the stock certificates, etc. for electronically registered stocks shall lose effect on the base date: Provided, That stocks, etc. for which procedures of public summons under Civil Procedure Act as at the base date are pending shall lose effect on the date nullification judgment becomes final or on the date any other similar reason occurs.

CHAPTER V EXERCISE OF RIGHT TO ELECTRONICALLY REGISTERED STOCKS, ETC.

Article 37 (Register of Holders) (1) Where an issuer of electronically registered and inscribed stocks, etc. sets a certain date pursuant to Article 354 (1) of the Commercial Act (including where such provision applies mutatis mutandis in other Acts), it shall request an electronic registry to prepare particulars in which the names and addresses of stockholders of the relevant stocks, etc., and the types, issues, quantity, etc. of stocks, etc. possessed by the holders are recorded (hereinafter referred to as "register of holders"): Provided, That this shall not apply to other cases prescribed by Presidential Decree where a collective investment business entity that operates property of an investment trust pursuant to the

Financial Investment Services and Capital Markets Act, distributes dividends accruing at the settlement of accounts of a collective investment scheme or right holders' interest is unlikely to be harmed.

(2) In any of the following cases, an issuer of electronically registered and inscribed stocks, etc. may request an electronic registry to prepare the register of holders:

1. Where the issuer must identify the holders of the relevant electronically registered stocks, etc. according to statutes, court rulings, etc.;
2. Where the issuer intends to identify the holders of the relevant electronically registered stocks, etc. periodically as prescribed by Presidential Decree;
3. Where the issuer (referring to a person prescribed by Presidential Decree in cases of a right indicated on the depository certificates related to the electronically registered stocks, etc. and other stocks, etc. prescribed by Presidential Decree; hereafter in this paragraph the same shall apply) of electronically registered stocks, etc. for which a tender offer statement is submitted pursuant to Article 134 of the Financial Investment Services and Capital Markets Act requests an electronic registry to notify him/her of the matters relating to stockholders in order to ascertaining the status of possession of stocks, etc. on a specified date;
4. Other cases prescribed by Presidential Decree where the issuer requires identifying holders of the relevant electronically registered stocks, etc.

(3) If the issuer of bearer and electronically registered stocks, etc. needs to prepare the register of holders when contingent capital securities prescribed in Article 165-11 of the Financial Investment Services and Capital Markets Act are converted to stocks, when the relevant stocks, etc. are converted to other stocks, etc., or when other cases are prescribed in Presidential Decree, he/she may request an electronic registry to prepare particulars of stockholders.

(4) An electronic registry in receipt of a request under paragraphs (1) through (3) shall prepare the register of holders and promptly notify the issuer of the stocks, etc. thereof. In such cases, the electronic registry may request an account management institution to notify matters necessary for preparing the register of holders, and the account management institution in receipt of such request shall promptly notify the electronic registry thereof.

(5) Where an electronic registry notifies the issuer of the details of pledge according to the request made by the pledge of electronically registered and inscribed stocks, etc., it shall include such details in the register of holders prescribed in paragraph (4). In such cases, the pledgee of inscribed stocks, etc. electronically registered with an account management institution shall make a request through the relevant account management institution.

(6) An issuer in receipt of notification under the former part of paragraph (4) shall prepare and keep the register of stockholders in which the matters notified and the date of notification are recorded: Provided, That this shall not apply where the relevant stocks, etc. are in bearer form.

(7) An electronic registry shall prepare particulars in which the names, addresses, details of right, etc. of right holders who have been electronically registered in an electronic registration account book as at the date cancelation of electronic registration under Article 33 (2) or (3) is electronically registered due to any of the following reasons, and promptly notify the issuer of the relevant stocks, etc. of such particulars:

1. Reasons referred to in Article 33 (1) 2;
2. Reasons referred to in Article 33 (3) 2;
3. Other cases prescribed by Presidential Decree where it is deemed impracticable for an electronic registry to manage right to stocks, etc.

(8) The latter part of paragraph (4) and paragraph (6) shall apply mutatis mutandis to the preparation, etc. of particulars under paragraph (7).

Article 38 (Exercise of Right through Electronic Registries) (1) A right holder of electronically registered stocks, etc. may receive dividends, principal, interest, repayments, etc.; or exercise other rights to stocks, etc. through an electronic registry.

(2) A right holder of electronically registered stocks, etc. who intends to exercise his/her right pursuant to paragraph (1) shall file an application with an electronic registry by indicating his/her intention to exercise the right through the electronic registry and the details of the exercise of right. In such cases, a right holder electronically registered in the customer account book shall file an application through an account management institution.

(3) An issuer of electronically registered stocks, etc. shall promptly notify an electronic registry of the matters prescribed by Presidential Decree, in order to exercise his/her right through an electronic registry under paragraph (1).

(4) Matters necessary for a holder of right to contingent capital securities prescribed in Article 165-11 (1) of the Financial Investment Services and Capital Markets Act, to exercise his/her right through an electronic registry shall be prescribed by Presidential Decree.

Article 39 (Certificate of Ownership) (1) Where a holder of electronically registered stocks, etc. applies for the issuance of a certificate proving electronic registration of the relevant electronically registered stocks, etc. to exercise his/her right (hereinafter referred to as "certificate of ownership"), an electronic registry shall issue such certificate as prescribed by Presidential Decree. In such cases, a holder of electronically registered stocks, etc. who establishes a customer account in an account management institution shall file an application through the account management institution.

(2) An account management institution in receipt of an application under the latter part of paragraph (1) shall promptly notify an electronic registry of the details of electronically registered stocks, etc. held by a stockholder, the details of the right to be exercised by him/her and other matters prescribed by Presidential Decree.

(3) When an electronic registry issues a holder's certificate pursuant to paragraph (1), it shall promptly notify the issuer and persons prescribed by Presidential Decree (hereinafter referred to as "issuer et al.") of such fact.

(4) When an electronic registry issues a certificate of ownership pursuant to paragraph (1), the electronic registry in which relevant stocks, etc. are electronically registered or account management institution shall electronically register in the electronic registration account book that disposal of electronically registered stocks, etc., being the grounds for issuing a certificate of ownership, is prevented; when the certificate of ownership is returned, it shall cancel the electronic registration that prevents such disposal.

(5) Where a holder of electronically registered stocks, etc. submits a certificate of ownership issued under paragraph (1) to the issuer or a person prescribed by Presidential Decree, he/she may exercise his/her right against them as a stockholder.

Article 40 (Notification of Details of Possession) (1) Where a holder of electronically registered stocks, etc. requests an electronic registry to notify the issuer, etc. of the details of his/her possession, the electronic registry shall notify the details according to the methods prescribed by Presidential Decree. In such cases, a holder of electronically registered stocks, etc. who establishes a customer account in an account management institution shall make a request through the account management institution.

(2) An account management institution in receipt of a request under the latter part of paragraph (1) shall promptly notify an electronic registry of the details of possession of electronically registered stocks, etc., details of notification and other matters prescribed by Presidential Decree.

(3) When an electronic registry notifies the details of possession pursuant to paragraph (1), an electronic registry in which relevant stocks, etc. are electronically registered or account management institution shall electronically register in the electronic registration account book that disposal of the electronically registered stocks, etc., being the grounds for the notification, is prevented. In such cases, when the valid period specified by the notification expires, it shall cancel the electronic registration that prevents such disposal.

(4) With regard to the notification under paragraph (1), a holder of electronically registered stocks, etc. may exercise his/her right as stockholder against an issuer of the electronically registered stocks, etc.

Article 41 (Perusal, etc. of Details of Right) (1) An electronic registry or account management institution shall allow a holder of right to electronically registered stocks, etc. who establishes an electronic registration account in the relevant institution to peruse, print or duplicate the details of his/her right through an information and communications network, etc. for electronically registering and managing stocks, etc.

(2) An electronic registry shall allow an issuer who establishes an issuer management account to peruse, print or duplicate the details of his/her issuance through an information and communications network, etc.

CHAPTER VI SECURING SAFETY FOR ELECTRONIC REGISTRATION

Article 42 (Duty, etc. to Dispose of Excess) (1) Where the total quantity or total amount under subparagraph 1 exceeds the total quantity or total amount under subparagraph 2, an account management institution shall promptly dispose of such excess as prescribed by Presidential Decree:

1. Total quantity or total amount by issue of stocks, etc. electronically registered in a customer account book;

2. Total quantity or total amount by issue of electronically registered stocks, etc. recorded in a customer management account book.

(2) Where the total quantity or total amount under subparagraph 1 exceeds the total quantity or total amount under subparagraph 2, an electronic registry shall promptly dispose of such excess as prescribed by Presidential Decree:

1. Sum of the total quantity or total amount by issue of electronically registered stocks, etc. recorded in the proprietary account book of account management institutions, etc. and the total quantity or total amount by issue of electronically registered stocks, etc. recorded in a customer management account book;
2. Total quantity or total amount by issue of electronically registered stocks, etc. recorded in an issuer management account book.

(3) Where an account management institution or electronic registry fully or partially fails to perform the duty to dispose of the excess under paragraph (1) or (2), it shall eliminate the excess in accordance with the methods and procedures prescribed by Presidential Decree.

(4) Where an account management institution or electronic registry fully or partially fails to perform the duty to dispose of the excess under paragraphs (1) through (3), the account management institution or electronic registry having the duty to dispose of the excess pursuant to paragraph (1) or (2) shall have the duty to pay the principal, interest, dividend or an amount prescribed by Presidential Decree to be paid for the excess that is not disposed of, as prescribed by Presidential Decree.

(5) An account management institution or electronic registry that performs the duties under paragraphs (1) through (4) may exercise the right to indemnification over those liable for causing the excess, respectively.

(6) Even after an account management institution closes an account established in an electronic registry, it shall have the duty to dispose of the excess under paragraph (3): Provided, That where five years pass since an account is closed, such duty shall terminate.

Article 43 (Restrictions on Exercising Right over Excess) (1) Where any excess referred to in Article 42 (1) occurs, a person prescribed by Presidential Decree from among persons electronically registered as a holder of a right to the relevant electronically registered stocks, etc. in the customer account book of an account management institution that has the duty to dispose of the excess shall not assert a right to the quantity or amount calculated as prescribed by Presidential Decree to the issuer until the duty under the same paragraph is performed.

(2) Where any excess referred to in Article 42 (2) arises, a person prescribed by Presidential Decree among persons electronically registered as right holder of the relevant electronically registered stocks, etc. shall not assert a right to the quantity or amount calculated as prescribed by Presidential Decree to the issuer until the duty under the same paragraph is performed.

(3) Where any loss is inflicted to a right holder of the electronically registered stocks, etc. due to prevention on the exercise of the right under paragraph (1) or (2), a person who undertakes the duty to dispose of the excess under Article 42 (1) or (2) shall indemnify for the loss.

(4) Where the duty to indemnify for loss under paragraph (3) is fully or partially not performed, an account management institution and electronic registry shall be jointly and severally liable to indemnify for the loss. In such cases, Article 42 (5) and (6) shall apply mutatis mutandis.

Article 44 (Security of Electronically Registered Information, etc.) (1) No one shall input any false information or unjust order in the information and communications network (including an information processing device; hereafter the same shall apply in this Article) for the electronic registration and management of stocks, etc. of an electronic registry or account management institution, or input or change any information without authority.

(2) No one shall destroy or corrupt electronically registered information or record information kept by an electronic registry or account management institution.

(3) No one shall infiltrate the information and communications network for the electronic registration or management of stocks of electronic registries or account management institutions without lawful access authority or in excess of the permitted access authority.

Article 45 (Prohibition of Use of Information Related to Duties) (1) An electronic registry or account management institution shall not use information of which they become aware in the course of performing duties under this Act and is not disclosed externally, for personal interest or a third party without justifiable reasons.

(2) Paragraph (1) shall apply mutatis mutandis to the current or former executives and employees of an electronic registry or account management institution.

Article 46 (Submission, etc. of Data by Account Management Institutions) (1) An electronic registry may request an account management institution to report on the status of performing the electronic registration duties, to submit data, to allow perusal of related documents, etc. In such cases, the account management institution shall comply with such request of the electronic registry, except in extenuating circumstances.

(2) In any of the following cases, an account management institution shall promptly notify an electronic registry thereof:

1. Where excess under Article 42 (1) is verified;
2. Where business is suspended, authorization or permission is cancelled, or bankruptcy or dissolution occurs, or where a cause arises by which electronic registration duties are not performed normally.

(3) In any of the following cases, an electronic registry shall promptly report the fact to the Financial Services Commission:

1. Where excess under Article 42 (2) is verified;
2. Where notification under paragraph (2) is received;
3. Other cases where it is deemed that the duties of electronic registration of stocks, etc. are not performed normally and where grounds prescribed by Presidential Decree occurs.

Article 47 (Restrictions on Electronic Registration of Transfer between Accounts) Where an account management institution is bankrupt or dissolved or a cause prescribed by Presidential Decree occurs, an electronic registry may restrict electronic registration of transfer between accounts of stocks, etc. electronically registered in a customer account book according to the standards and methods prescribed by Presidential Decree.

Article 48 (Preservation of Electronic Registration Information, etc.) (1) An electronic registry and an account management institution shall preserve electronic registration information or record information.

(2) The types of electronic registration information or record information to be preserved by an electronic registry and an account management institution pursuant to paragraph (1), methods of preservation and preservation period shall be prescribed by Presidential Decree.

Article 49 (Measures to be Taken in Emergencies) (1) Where it is deemed that electronic registration of stocks, etc. is not made normally due to natural disasters, war, incidents,

abrupt changes in economic situation, serious obstacles to the information and communications networks for electronically registering and managing stocks, etc., or other situations corresponding thereto, the Financial Services Commission may order an electronic registry and an account management institution to halt electronic registration, or to take other necessary measures.
(2) Where the Financial Services Commission takes emergency measures under paragraph (1), it shall promptly notify the Minister of Justice thereof.

Article 50 (Provisions to Apply Mutatis Mutandis) @Article 4 of the Act on Real Name Financial Transactions and Confidentiality shall apply mutatis mutandis to the electronic registration and management by electronic registries and account management institutions.

CHAPTER VII EXAMINATION AND SUPERVISION

Article 51 (Reporting and Examination) (1) Where necessary to achieve the purpose of this Act, the Financial Services Commission may request an electronic registry to report or to submit data, or have affiliated public officials examine the business status of the electronic registry or books, documents or other necessary articles.
(2) The Financial Services Commission may entrust the examination under paragraph (1) to the Governor of the Financial Supervisory Service established pursuant to the Act on the Establishment, etc. of Financial Services Commission (hereinafter referred to as the "Governor of the Financial Supervisory Service").
(3) Where it is deemed necessary to examine matters under paragraph (1), the Financial Services Commission may request electronic registries to report on the duties under this Act or property, to submit data, or to have witnesses attend and give testimony or state their opinions.
(4) A person examining matters under paragraph (1) shall carry a certificate indicating his/her authority and present it to interested parties.
(5) Where the Governor of the Financial Supervisory Service conducts an examination under paragraph (1) as he/she is entrusted therewith by the Financial Services Commission, he/she shall submit a report to the Financial Services Commission. In such cases, if any violation of this Act or orders or disposition issued under this Act is found, he/she shall

attach his/her opinion on handling such violation to the report.

Article 52 (Request, etc. of Minister of Justice for Examination) (1) Where necessary to achieve the purpose of this Act, the Minister of Justice may request electronic registries to report or to submit data, or request the Financial Services Commission to examine electronic registries; and have public officials affiliated with the Ministry of Justice participate in the examination.

(2) Upon receipt of a request from the Minister of Justice for examination under paragraph (1), the Financial Services Commission may entrust the Governor of the Financial Supervisory Service with such examination.

(3) Where the Governor of the Financial Supervisory Service conducts an examination as entrusted by the Financial Services Commission pursuant to paragraph (2), he/she shall submit a report to the Minister of Justice. In such cases, the contents of the examination report shall be limited to the matters concerning duties referred to in the subparagraphs of Article 14 (1), duties referred to in paragraph (2) of the same Article and examination of property relating to the duties, and where an electronic registry has violated this Act, or an order or disposition issued under this Act, he/she shall attach an opinion as to how to handle the case to the report.

(4) Where necessary to achieve the purpose of this Act, the Minister of Justice may request the Financial Services Commission to send an examination report (including an opinion under the latter part of Article 51 (5)) under the former part of the same paragraph.

Article 53 (Measures against Electronic Registries) (1) Where an electronic registry falls under any of the following cases, the Financial Services Commission may revoke permission under Article 5. In such cases, if the Financial Services Commission intends to revoke permission, it shall preconsult with the Minister of Justice:

1. Where it obtains permission under Article 5 deceitfully or otherwise fraudulently;
2. Where it violates any condition for permission;
3. Where it violates a duty to maintain requirements for permission under Article 8;
4. Where it performs business while its business is suspended;
5. Where it fails to comply with a corrective order or order to suspend issued by the Financial Services Commission;

6. Where any of the subparagraphs of attached Table 1 applies, which is prescribed by Presidential Decree;
7. Where finance-related statutes, etc. prescribed by Presidential Decree are violated, which is prescribed by Presidential Decree;
8. Where duties are suspended without justifiable reasons;
9. Where measures prescribed in paragraphs (3) through (6) or orders to transfer duties prescribed in Article 57 (1) are not performed without justifiable reasons;
10. Where an electronic registry is actually unable to perform electronic registration duties due to merger, bankruptcy, closure of business, etc.;
11. Other cases prescribed by Presidential Decree where a right holder's interests are likely to be significantly harmed or performing electronic registration duties is deemed impracticable.

(2) Even when permission is revoked, an electronic registry may continue the business of electronic registration of stocks, etc. that are electronically registered before permission is revoked, until the transfer of business is completed according to a business transfer order under Article 57 (1).

(3) Where an electronic registry falls under any of the subparagraphs (excluding subparagraph 6) of paragraph (1) or under any of the subparagraphs of attached Table 1, the Financial Services Commission may take any of the following measures. In such cases, if the Financial Services Commission intends to take a measure, it shall preconsult with the Minister of Justice:

1. To fully or partially suspend its duties relating to this Act for a period of up to six months;
2. To issue an order to transfer contracts relating to the duties prescribed in this Act;
3. To issue an order to rectify or cease a violation;
4. To issue an order to announce or to post the fact that it has been subject to a measure due to its violation;
5. Issuing a warning to the electronic registry;
6. Issuing a caution to the electronic registry;
7. Other measures prescribed by Presidential Decree as necessary for rectifying or preventing the relevant violation.

(4) Where an executive of an electronic registry falls under any of the subparagraphs (excluding subparagraph 6) of paragraph (1) or under any of the subparagraphs of attached Table 1, the Financial Services Commission may take any of the following measures. In such cases, if the Financial Services Commission intends to take a measure, it shall preconsult with the Minister of Justice:

1. To request the electronic registry to dismiss the executive;
2. To suspend his/her duties for not more than six months;
3. To issue a reprimand;
4. To issue a warning;
5. To caution the executive;
6. Other measures prescribed by Presidential Decree as necessary for rectifying or preventing the relevant violation.

(5) Where an employee of an electronic registry falls under any of the subparagraphs (excluding subparagraph 6) of paragraph (1) or under any of the subparagraphs of attached Table 1, the Financial Services Commission may request the electronic registry to take any of the following measures. In such cases, if the Financial Services Commission intends to request a measure, it shall preconsult with the Minister of Justice:

1. To remove the employee;
2. To suspend his/her duties for not more than six months;
3. To curtail his/her salary;
4. To issue a reprimand;
5. To issue a warning;
6. To caution him/her;
7. Other measures prescribed by Presidential Decree as necessary for correcting or preventing the relevant violation.

(6) Where the Financial Services Commission takes a measure against an executive or employee of an electronic registry or request the electronic registry to take a measure thereagainst, it may concurrently take a measure against an executive or employee responsible for managing or supervising such executive or employee, or request the electronic registry to take a measure thereagainst: Provided, That where an executive or employee responsible for managing or supervising such executive or employee has proactively managed or supervised such executive or employee, a measure against him/her

may be exempted or reduced.

Article 54 (Hearings) Where the Financial Services Commission intends to take any of the following dispositions or measures, it shall hold a hearing:

1. To revoke permission for an electronic registry under Article 53 (1);
2. To request dismissal of an executive of an electronic registry under Article 53 (4) 1;
3. To request removal of an employee of an electronic registry from position under Article 53 (5) 1.

Article 55 (Recording, Announcing, etc. of Measures, etc.) (1) Where the Financial Services Commission takes measures or requests to take a measure pursuant to Article 53, it shall record, maintain and manage records of the details.

(2) Where the Financial Services Commission takes a measure pursuant to Article 53 (1) or (3), it shall announce the same in the Official Gazette or on the website, etc.

(3) Where a retired executive or employee of an electronic registry is deemed to receive a measure or request for a measure under Article 53 (4) 1 or (5) 1 if he/she still holds the position, the Financial Services Commission shall notify the electronic registry of the measure that he/she is deemed to receive or of the details of a request for measure. In such cases, the electronic registry in receipt of such notification shall notify the retired executive or employee of the measure or the details of the request for measure.

(4) Where an electronic registry takes a measure against a relevant executive or employee according to a request for measure or receives notification pursuant to paragraph (3), it shall record, maintain and manage records of the details.

(5) An electronic registry or an executive or employee thereof (including the former executive or employee thereof) may inquire into whether a measure or a request for measure under Article 53 exists and the details thereof.

(6) Upon receipt of a request for inquiry under paragraph (5), the Financial Services Commission shall notify the person who requests an inquiry into whether a measure or a request for measure exists and the details thereof.

Article 56 (Objections) (1) A person who objects a measure under Article 53 (1) or (3), 53 (4) 2 through 6, or 53 (6) (limited to measures falling under any of Article 53 (4) 2 through 6) may raise an objection to the Financial Services Commission accompanied by grounds therefor within, 30 days from the date he/she is notified of the measure.

(2) The Financial Services Commission shall make a determination on the objection raised pursuant to paragraph (1) within 60 days: Provided, That where it is impracticable to make a determination within such period, it may extend the period by up to 30 days.

Article 57 (Business Transfer Orders) (1) Where an electronic registry falls under any of the following cases, the Financial Services Commission may order it to fully or partially transfer electronic registration business, to another electronic registry. In such cases, when the Financial Services Commission intends to order to transfer business, it shall preconsult with the Minister of Justice:

1. Where an electronic registry fully or partially closes an electronic registration business, or dissolves electronic registration business pursuant to Article 12 (1);
2. Where permission for an electronic registration business is revoked pursuant to Article 53 (1).

(2) Where an account management institution falls under any of the following cases, the Financial Services Commission may order it to fully or partially transfer duties referred to in under the subparagraphs of Article 20 (1) to another account management institution:

1. Where it ceases to perform or suspends all or part of the duties referred to in under Article 20 (1), without justifiable reasons;
2. Where it is actually unable to perform electronic registration duties due to merger, bankruptcy, closure of business, etc.

Article 58 (Examination of Account Management Institutions and Measures thereagainst) (1) With regard to the performance of duties referred to in the subparagraphs of Article 20 (1), an account management institution (excluding the Bank of Korea and the institutions prescribed by Presidential Decree in consideration of the nature of duties, necessity of examination, etc.) shall undergo an examination of its performance of duties and property by the Governor of the Financial Supervisory Service. In such cases, Article 51 (3) through (5) shall apply mutatis mutandis.

(2) Where an account management institution falls under any of the subparagraphs of attached Table 2, the Financial Services Commission may take a measure prescribed in any of the subparagraphs of Article 53 (3).

(3) Where an executive of an account management institution falls under any of the subparagraphs of attached Table 2, the Financial Services Commission may take a measure

prescribed in Article 53 (4).

(4) Where an employee of an account management institution falls under any of the subparagraphs of attached Table 2, the Financial Services Commission may take a measure prescribed in any of the subparagraphs of Article 53 (5).

(5) Article 53 (6) and Articles 54 through 56 (excluding revocation of permission) shall apply mutatis mutandis to the measures, etc. under paragraphs (2) through (4) against account management institutions and the executives and employees thereof.

CHAPTER VIII SPECIAL CASES CONCERNING SHORT-TERM BONDS, ETC.

Article 59 (Special Cases concerning Procedures for Issuance and Issuance Ceiling) Notwithstanding Article 469 (4) of the Commercial Act (including cases in which such provision applies mutatis mutandis in other Acts), an entity intending to grant a right defined in subparagraph 1 (b) or (e) of Article 2 (hereafter referred to as "bonds, etc." in this Article), meets all of the following requirements and is electronically registered may delegate the representative director with the authority of issuing short-term bonds, etc. within the issuance ceiling (based on the amount of outstanding short-term bonds, etc. that have not been repaid) determined by the board of directors. In such cases, where the relevant issuer has a separate division, etc. performing the functions of the board of directors or the representative director, such division, etc. shall be deemed the board of directors or the representative director under this Act, irrespective of how named:

1. That the value of each bond, etc. shall be at least 100 million won;
2. That the maturity shall be less than one year;
3. That the price of bonds, etc. shall be paid in lump sum;
4. That the intent of paying the whole of principal and interest in one lot on maturity shall be predetermined;
5. That the bonds, etc. shall not be attributed conversion right, preemptive right or a right enabling conversion to other rights or acquisition of other rights;
6. That physical collateral prescribed in Article 4 of the Secured Bond Trust Act is not attached to the bonds, etc.

Article 60 (Special Cases concerning Preparation of Bond Ledger) Notwithstanding Article 488 of the Commercial Act (including cases in which such provision applies mutatis mutandis in other Acts), a bond ledger for short-term bonds, etc. shall not be prepared.

Article 61 (Special Cases concerning Meetings of Bond Holders) With regard to short-term bonds, etc., Articles 439 (3) (including cases in which such provision applies mutatis mutandis pursuant to Articles 530 (2), 530-9 (4) and 530-11 (2) of the Commercial Act), 481 through 484, 484-2 (limited to bondholders' meetings), 490, 491, 491-2, 492 through 504, 508 through 510 and 512 of the Commercial Act shall not apply or apply mutatis mutandis thereto.

CHAPTER IX SUPPLEMENTARY PROVISIONS

Article 62 (Disclosure of Details of Issuance) (1) Where an issuer electronically registers stocks, etc. pursuant to Articles 25 through 27, an electronic registry shall disclose the types and issues of the relevant electronically registered stocks, etc., terms of issuance, and other details of issuance prescribed by Presidential Decree, on the website of the relevant electronic registry, and shall promptly notify an electronic registry separately designated by the Financial Services Commission of the fact.

(2) An electronic registry separately designated by the Financial Services Commission in receipt of notification under paragraph (1) shall promptly disclose it on the website, as prescribed by Presidential Decree.

Article 63 (Electronic Registration Certificate) (1) Where a holder of electronically registered stocks, etc. requests an electronic registry to issue a document proving electronic registration of the relevant electronically registered stocks, etc. (hereafter in this Article, referred to as "electronic registration certificate") in order to pay a deposit pursuant to the Deposit Act, or to make an alternative payment for security money or deposit money pursuant to Article 171 of the Financial Investment Services and Capital Markets Act, the electronic registry shall issue it following as prescribed by Presidential Decree. In such cases, a holder of stocks, etc. electronically registered with an account management institution shall make a request through the account management institution.

(2) When an electronic registry issues an electronic registration certificate pursuant to paragraph (1), the electronic registry or account management institution with which the relevant electronically registered stocks, etc. are electronically registered shall electronically

register notation that disposal of electronically registered stocks, etc. being the grounds for issuing the electronic registration certificate is prevented; where the electronic registration certificate is returned, electronic registration that prevents such disposal shall be cancelled.
(3) No one shall offset the electronically registered stocks, etc. the disposal of which is restricted pursuant to paragraph (2) with his/her claim; where he/she intends to seize (including temporarily seizing) the stocks, etc., he/she shall comply with the methods and procedures prescribed by Presidential Decree.

Article 64 (Special Cases concerning Conversion of Different Classes of Stocks) (1) Where a company intends to convert a class of electronically registered stocks to another class of stocks pursuant to Article 346 (2) of the Commercial Act, the board of directors shall publicly announce that a class of electronically registered stocks is converted to another class of stocks on the date determined by the company (hereafter in this Article referred to as "conversion base date") replacing the matters prescribed in paragraph (3) 2 and 3 of the same Article, and notify stockholders, pledgees and other interested parties recorded in the stockholders' register of such fact.
(2) Notwithstanding Article 350 (1) of the Commercial Act, where a company converts a class of electronically registered stocks to another class of stocks, the conversion shall take effect as of the base date of conversion.
(3) Notwithstanding Article 351 of the Commercial Act, registration of change in cases where a company converts a class of electronically registered stocks to another class of stocks shall be made at the seat of its main office within two weeks from the last day of the month to which the base date of conversion belongs.

Article 65 (Special Cases concerning Consolidation of Stocks) (1) Where a company intends to consolidate electronically registered stocks, notwithstanding Article 440 of the Commercial Act, it shall publicly announce the effect that stocks are consolidated on the date determined by the company (hereafter referred to as "base date of consolidation" in this Article) by not later than two weeks before such date, and individually notify stockholders and pledgees in the stockholders' register, of such fact.
(2) Notwithstanding the main sentence of Article 441 of the Commercial Act, consolidation of electronically registered stocks shall take effect as of the base date of consolidation: Provided, That where procedures prescribed in Article 232 of the Commercial Act are not

completed, the consolidation shall take effect as of the time the procedures are completed.
(3) Notwithstanding Articles 329 (5), 329-2 (3), 343 (2), 530 (3) and 530-11 (1) of the Commercial Act, paragraphs (1) and (2) shall apply mutatis mutandis to the new electronic registration of electronically registered stocks due to the following reasons, and to the electronic registration of change and deletion of new electronic registration:
1. Merger and spin-off of companies (including spin-offs and subsequent mergers);
2. Stock split;
3. Stock retirement;
4. Conversion between par value stocks and no-par value stocks.

Article 66 (Special Cases concerning Stockholders' Register, etc.) Where an issuer of electronically registered stocks, etc. fails to request an electronic registry to prepare the register of holders pursuant to the proviso to Article 37 (1), it shall regard a right holder of electronically registered stocks, etc. who is electronically registered in the electronic registration account book as at a specified date under the main sentence of Article 37 (1) as a person who is to exercise the right, notwithstanding Article 354 (1) of the Commercial Act (including where such provision applies mutatis mutandis in other Acts).

Article 67 (Special Cases concerning Foreign Electronic Registries, etc.) (1) Where a foreign electronic registry performs duties of an account management institution prescribed in this Act, Articles 20 (1) 3, 37, 39, 40, 41 (1), 42, 43 (3) and (4), 48 and 63 shall not apply thereto: Provided, That where a foreign electronic registry requests that such provisions be applied to itself, such provisions shall so apply.
(2) Notwithstanding Article 36 (1), a foreign corporation, etc. shall be allowed to issue securities or certificates for electronically registered stocks, etc. In such cases, electronic registration of rights that can be or are to be indicated on the securities or certificates may be made only if the securities or certificates are kept in a foreign electronic registry located in the country of the foreign corporation, etc. or in a depository determined and notified by the Financial Services Commission.

Article 68 (Civil Execution, etc.) Matters necessary for compulsory execution, temporary seizure, execution of temporary disposition, auction or deposit with regard to electronically registered stocks, etc. shall be prescribed by the Supreme Court Rules.

Article 69 (Entrustment of Authority) The Financial Services Commission may partially entrust its authority prescribed in this Act to the Governor of the Financial Supervisory Service.

Article 70 (Handling of Personally Identifiable Information) Where essential for performing duties prescribed by Presidential Decree under this Act, an electronic registry may handle data including information prescribed by Presidential Decree as personally identifiable information prescribed in Article 24 (1) of the Personal Information Protection Act.

Article 71 (Change of Electronic Registry) (1) Where an issuer intends to transfer stocks, etc. electronically registered with an electronic registry to another electronic registry and requests for electronic registration, the original electronic registry shall, without delay, notify the issuer of the matters prescribed by Presidential Decree, such as the details of right to the electronically registered stocks, etc.

(2) An issuer in receipt of notification under paragraph (1) shall promptly notify the electronic registry in which an issuer management account is newly established ,of such fact.

(3) Methods of notification under paragraphs (1) and (2), procedures, and other matters necessary for changing electronic registry shall be prescribed by Presidential Decree.

Article 72 (Special Cases concerning Bank of Korea) (1) Where a person intending to hold any of the following (hereafter referred to as "state bonds, etc.") requests state bonds, etc. to be issued, the Bank of Korea may make registration (referring to the registration under the State Bond Act, the Management of the National Funds Act or the Bank of Korea Monetary Stabilization Bond Act) of state bonds, etc. in the name of an electronic registry in place of the person intending to hold the state bonds, etc. at his/her request:

1. National Treasury bonds defined in the State Bond Act;
2. Treasury bills defined in the Management of the National Funds Act;
3. Monetary stabilization bonds defined in the Bank of Korea Monetary Stabilization Bond Act.

(2) The Bank of Korea shall notify an electronic registry of the details of registration under paragraph (1) so that state bonds, etc. registered in the name of the electronic registry pursuant to paragraph (1) may be registered in the name of the holder pursuant to this Act. In such cases, Articles 25 and 26 shall apply mutatis mutandis.

CHAPTER X PENAL PROVISIONS

Article 73 (Penal Provisions) (1) Any of the following persons shall be punished by imprisonment for not more than seven years or by a fine not exceeding 200 million won:

1. A person who inputs false information or a fraudulent order in the information and communications network (including an information processing device; hereafter the same shall apply in this paragraph) of an electronic registry or account management institution for the electronic registration and management of stocks, etc., or inputs or changes any information without authority, in violation of Article 44 (1);
2. A person who infiltrates an information and communications network of an electronic registry or account management institution for the electronic registration and management of stocks, etc., in violation of Article 44 (3).

(2) Any of the following persons shall be punished by imprisonment for not more than five years or by a fine not exceeding 100 million won:

1. A person who operates electronic registration business without permission for an electronic registration business (including permission for change), in violation of Article 4;
2. A person who obtains permission for an electronic registration business (including permission for change) under Article 5 deceitfully or otherwise fraudulently;
3. A person who destroys or damages electronic registration information or record information, in violation of Article 44 (2);
4. A person who uses information that he/she learns in the course of duties and is not disclosed externally for his/her or a third party's interest without justifiable reasons, in violation of Article 45 (1) (including cases in which such provision applies mutatis mutandis pursuant to paragraph (2) of the same Article);
5. A person who provides a third party with transaction information, etc., or discloses such information to a third party, in violation of Article 4 (1) or (3) through (5) of the Act on Real Name Financial Transactions and Confidentiality, which applies mutatis mutandis pursuant to Article 50.

(3) Any of the following persons shall be punished by imprisonment for not more than three years or by a fine not exceeding 50 million won:

1. A person who has a special interest in the provision of funds, distribution of loss or profits; and any other matters relating to business, in violation of Article 13 (5);
2. A person who sells or buys financial investment products in breach of any of the methods prescribed in Article 63 (1) 1 of the Financial Investment Services and Capital Markets Act, which applies mutatis mutandis pursuant to Article 13 (6), in violation of the same subparagraph;
3. A person who performs duites to electronically register stocks, etc., in violation of Article 20 (2);
4. A person who issues securities or certificates, in violation of Article 36 (1).

(4) Any of the following persons shall be punished by imprisonment for not more than one year or by a fine not exceeding 30 million won:

1. A person who fails to prepare an issuer management account book or prepares a false one, in violation of Article 21 (2);
2. A person who fails to prepare a customer account book or prepares a false one, in violation of Article 22 (2);
3. A person who fails to establish a customer management account in an electronic registry, in violation of Article 22 (3);
4. A person who fails to prepare a customer management account book or prepares a false one, in violation of Article 22 (4);
5. A person who fails to prepare an proprietary account book of an account management institution, etc., in violation of Article 23 (2).

(5) Where crimes prescribed in Articles 214 through 217 of the Criminal Act are applicable, electronically registered stocks, etc. shall be deemed securities and violations thereof shall be punishable under respective provisions relating to securities.

Article 74 (Joint Penal Provisions) If the representative of a corporation (including an organization; hereafter the same shall apply in this Article) or an agent, servant or employee of a corporation or individual commits any violation under Article 73 (1) through (4) in connection with the duties of the corporation or individual, not only shall such violator be punished but the corporation or individual also shall be punished by a fine under the relevant provisions: Provided, That where such corporation or individual has not been negligent in giving due attention and supervision over such duties to prevent such violation, this shall not apply.

Article 75 (Administrative Fines) (1) Any of the following persons shall be punished by an administrative fine not exceeding 50 million won:

1. A person who uses a name, in violation of Article 10;
2. A person who sells and buys financial investment products on his/her own account, in breach of the methods referred to in Article 63 (1) 2 through 4 of the Financial Investment Services and Capital Markets Act, which applies mutatis mutandis pursuant to Article 13 (6), in violation of the same paragraph;
3. A person who fails to make new electronic registration with an electronic registry, in violation of the proviso to Article 25 (1);
4. A person who electronically register stocks, etc. that are electronically registered in a special account book under Articles 30 through 32, in violation of the main sentence of Article 29 (2);
5. A person who fails to issue a certificate of ownership or issues a false one, in violation of the former part of Article 39 (1);
6. A person who fails to notify or falsely notify to an electronic registry, in violation of Article 39 (2);
7. A person who fails to notify to an issuer, etc. or falsely notify, in violation of the former part of Article 40 (1);
8. A person who fails to notify or falsely notify to an electronic registry, in violation of Article 40 (2);
9. A person who fails to take measures necessary for perusal, print, or duplication, in violation of Article 41;
10. A person who fails to preserve electronic registration information or record information, in violation of Article 48 (1);
11. A person who refuses, obstructs or evades an examination under Article 51 (1) or 58 (1).

(2) Any of the following persons shall be punished by an administrative fine not exceeding ten million won:

1. A person who fails to notify or falsely notify to an electronic registry, in violation of Article 21 (4);
2. A person who fails to make announcement or notification or makes false announcement or notification, in violation of Article 27 (1);

3. A person who fails to make an additional application or makes a false application for new electronic registration to an electronic registry, in violation of Article 27 (2);
4. A person who fails to comply with a pledgee's request, in violation of Article 28 (3);
5. A person who fails to notify or falsely notify to a pledger, in violation of Article 28 (5);
6. A person who fails to establish a special account, in violation of Article 29 (1);
7. A person who fails to request an electronic registry to prepare particulars of stockholders, in violation of the main sentence of Article 37 (1);
8. A person who fails to notify an issuer of particulars of stockholders, in violation of the former part of Article 37 (4);
9. A person who fails to notify an issuer of stocks, etc. of the matters that he/she is requested or notifies false ones, in violation of the latter part of Article 37 (4) (including where such provision applies mutatis mutandis pursuant to paragraph (8) of the same Article);
10. A person who fails to prepare and keep a stockholders' register, in violation of the main sentence of Article 37 (6) (including cases in which such provision applies mutatis mutandis pursuant to paragraph (8) of the same Article);
11. A person who fails to notify particulars to an issuer, in violation of Article 37 (7);
12. A person who fails to make notification or makes a false notification to an electronic registry, in violation of Article 38 (3);
13. A person who fails tot comply with an electronic registry's request, in violation of the latter part of Article 46 (1);
14. A person who fails to make notification or makes false notification to an electronic registry, in violation of Article 46 (2);
15. A person who fails to comply with a request to make a report, to submit data, or to cause witnesses to attend and give testimony or state their opinions, in violation of Article 51 (3) (including where such provision applies mutatis mutandis pursuant to the latter part of Article 58 (1));

(3) Administrative fines under paragraphs (1) and (2) shall be imposed and collected by the Financial Services Commission, as prescribed by Presidential Decree.