KIM & CHANG

Newsletter

A Quarterly Update of Legal Developments in Korea

April 2017, Issue 1

UPDATES

ANTITRUST & COMPETITION

KFTC Announces Its Enforcement Plan Detailing Its Focus Areas for 2017

ENVIRONMENT

Ministry of Environment (i) Strengthens Safety/ Labeling Standards for Potentially Risky Products and (ii) Introduces Biocides Act Modeled After EU's Similar Regulation

TAX

Korean Supreme Court Issues Several Rulings on Whether a Foreign Company Doing Business in Korea May Be Found to Have a Permanent Establishment

TAX

Lawmakers Pass Tax Law Changes for 2017

TECHNOLOGY, MEDIA & TELECOMMUNICATIONS

Korea's Ministry of Science, ICT and Future Planning Amends the Telecommunications Business Act Regarding Value-Added Telecom Service Provider Registration Requirements

CORPORATE

External Audit Act Amended to Cover Limited Liability Companies

BANKING

Korean Lawmakers Pass the Liberalized Foreign Exchange Transactions Law to Permit Non-Financial Institutions to Conduct Foreign Exchange Business

NEWS

SELECTED REPRESENTATIONS

Two SPCs Acquire Hyundai Capital Through the ABS Structure from GE

Kim & Chang Obtains Favorable Judgments in Price Fixing Cases for Several Insurance Companies in Their Appeal of the KFTC's Decision

Korea's Top Financial Watchdog Grants Final Approval for Korea's First Internet-Only Bank

AWARDS & RANKINGS

Kim & Chang Again Wins Top Rankings for All 7 Practice Categories, and 26 Leading Individuals Are Recognized in Chambers Global 2017

Kim & Chang Receives Highest Ranking Among South Korean Law Firms in the 2017 Edition of Chambers Asia-Pacific

Kim & Chang Wins "National Law Firm of the Year: Korea" for the 15th Consecutive Year at the IFLR Asia Awards 2017

Kim & Chang Awarded "Compliance/Investigations Firm of the Year" at the Asia Legal Awards 2017

UPDATES (Continued)

SECURITIES

Korea's Top Financial Regulator Expands the Scope of Investors Eligible to Invest in Offshore Funds

To Attract Growing High-Tech Companies, the FSC Reforms the Korea Stock Exchange KOSDAQ Listing and Public Offering Rules

INSURANCE

Korea's Top Financial Regulator Reports Its 2017 Work Plan to the Acting President of South Korea

REAL ESTATE

Asset Management Companies of REITs Now Allowed to Engage in Collective Investment Business

LABOR & EMPLOYMENT

Key 2017 Changes in Employment and Labor Law Favor Employees

Former Fixed-Term Employees May Challenge Their Former Employers' Discriminatory Practices Before the Labor Relations Commission

INTELLECTUAL PROPERTY

Income Tax Law Amended, Setting Clear Non-Tax Limits for Employee-Inventor Remuneration

Korean Supreme Court Reverses a 12-year Precedent: Technology Described as Background or in a Claim Preamble is Not Necessarily Prior Art

NEWS (Continued)

"Korea Firm of the Year 2016" in 19 Practice Areas Surveyed - Asian-MENA Counsel Magazine

Kim & Chang Named No.1 M&A Advisor in Korea - Bloomberg Asia Pacific Legal Advisory M&A Rankings 2016

Kim & Chang Recognized as the No. 1 M&A Advisor in Korea - Mergermarket M&A League Tables of Legal Advisors 2016

SEMINARS & ANNOUNCEMENTS

Seminar on Outcome and Improvement Plan for Special Act on the Corporate Revitalization

Kim & Chang Senior Attorneys Present on Cross-Border M&A, Risk Management, and Outbound Investments at the Thomson Reuters Annual Brief 2016

Kim & Chang Senior Attorney Debates Legal & Policy Issues Relating to Self-Driving Cars at the National Assembly Advanced Mobility Forum

Kim & Chang Senior Attorney Provides Instruction on Anti-Graft Law at the Korean Fair Competition Federation's Workshop on Certified Compliance Professionals

UPDATES

ANTITRUST & COMPETITION

By Sung Eyup Park (separk@kimchang.com) and Jong-Guk Pak (jongguk.pak@kimchang.com)

KFTC Announces Its Enforcement Plan Detailing Its Focus Areas for 2017

On January 5, 2017, the Korea Fair Trade Commission ("KFTC") announced its enforcement plan for 2017 (the "Plan"), and set out detailed policies to: (1) monitor and remedy anti-competitive structure and behavior; (2) establish a healthy business system among large conglomerates and small and medium-sized enterprises ("SMEs"); and (3) build a consumer-friendly environment promoting consumers' rights.

Details:

1. Promote Competition on Innovation in Knowledge - based Industries

   The KFTC plans to focus their investigative authority on the exclusionary conducts and behaviors that restrain competition on R&D and innovation in industries where standard technologies are widely used (e.g., semiconductor, telecommunications and media industries).

   Additionally, in the pharmaceutical industry, the KFTC plans to investigate reverse payments, which limit the release of generic drugs, and therefore increase drug prices. The KFTC will also monitor drugs subject to patent lawsuits in Korea and in other countries, as well as drugs subject to sales prohibition under the Pharmaceutical Affairs Law

   Further, the KFTC plans to investigate unfair trade practices by mobile device manufacturers, which have superior bargaining positions and abuse such positions to the distributors' disadvantage.

2. Prevent Formation of Monopolistic/Oligopolistic Markets

   The KFTC plans to aggressively regulate M&A deals that are expected to have substantial effect on the Korean market and those that may establish or strengthen monopoly or oligopoly. Specifically, the KFTC will actively respond to global M&A by strengthening coordination with other competition agencies.

   Further, through pre-monitoring and preliminary review, the KFTC plans to promptly review M&A deals that involve restructuring and business reorganization, and may have substantial social impact.

   Through specific analysis, the KFTC plans to prepare measures to promote competition in markets, where monopolistic or oligopolistic conditions and their harmful effects have lasted for a long time (e.g., railways, mobile communication, and movie markets).

   Additionally, the KFTC plans to improve competition-restraining conditions in public procurement bidding regulations, entry barrier regulations in the leisure industry, and regulations that restrict business territories.

3. Closely Monitor Cartels and Unfair Trade Practices

   The KFTC plans to focus its enforcement action on the eradication of cartels in those sectors that directly affect people's daily lives, such as medical services. Further, the KFTC plans to aggressively investigate international cartels in industries where there is a heavy reliance on foreign businesses, or those closely related to export/import, such as electronic parts, auto parts, and transportation services.

   Moreover, the KFTC plans to enhance the deterrent effect of enforcement actions by strengthening

post-monitoring of compliance with corrective measures, improving systems that incentivize cartels, and supporting private claims for damages. When reviewing cases to support future private lawsuits for damages, the KFTC plans to collect price information before and after the collusion.
Through its press releases, the KFTC plans to actively promote the possibility of private actions.

Finally, the KFTC will closely monitor unfair trade practices in sectors that are significantly harmed by unfair trade practices, such as restriction of online sales, interference with direct overseas purchase or parallel imports, and restraint on competition in the pets sector.

4. Improve Unfair Subcontracting Trade Practices between Large Conglomerates and SMEs

The KFTC plans to closely check the three major unfair subcontracting trade practices (i.e., unfair determination/reduction of price, unfair cancellation, and unfair return) in the machinery, electronics, and pharmaceutical manufacturing industries. Moreover, to systematically monitor and remedy unfair subcontracting trade practices in the process of commissioning and distributing software development, the KFTC will check the software developers' practice of not providing written contracts or orders in the first half of the year.

In the second half of the year, the KFTC will conduct on-site inspections on the common difficulties faced by small and medium software developers, such as unfair special terms in contracts and nonpayment of delay interest or fees for using payment methods other than promissory notes.

5. Prevent and Proactively Respond to Heighten Consumer Protection

The KFTC plans to strengthen regulations on products that may harm consumers by aggressively monitoring unfair advertisements on the safety of the products closely related to the daily lives of people (e.g., consumer chemical products and children's products). Also, the KFTC plans to introduce punitive damages to product liability cases to enhance damages, and impose treble damages to companies that intentionally cause serious harm to consumer's life or body. To reduce the burden of proof for plaintiffs for product defect cases, the KFTC plans to amend the Product Liability Act.

6. Strengthen Consumer Protection in ICT Technology - Based Transactions

To strengthen consumer protection, the KFTC plans to conduct market survey of digital contents, mobile reservation services, random products, and mobile, Internet, and other ICT technology companies.

7. Focus on Unfair Standardized Contracts in Platform Businesses and Sharing Services

The KFTC plans to check online platform services and their terms of use in shopping, real estate, delivery, lodging, and dating industries. Specifically, the KFTC will focus on whether the terms of use include waiver of liability for the business, lowest price guarantee, and discretionary use of the information on the listed property.

ENVIRONMENT

By Yoon Jeong Lee (yjlee@kimchang.com) and In Hwan Jun (inhwan.jun@kimchang.com)

Ministry of Environment (i) Strengthens Safety/Labeling Standards for Potentially Risky Products and (ii) Introduces Biocides Act Modeled After EU's Similar Regulation

On December 30, 2016, Korea's Ministry of Environment ("MOE") announced an amendment to the "Potentially Risky Product Designation & Safety/Labeling Standards" ("MOE's Notice"), which strengthens the safety and labeling standards relating to potentially risky products, as well as the "Act on the Safe Control of Household Chemical Products & Biocides" ("Biocides Act") modeled after the EU BPR (Biocidal Products Regulation) to regulate active substances and biocidal products.

The MOE's Notice and the Biocides Act were introduced as a result of the MOE's comprehensive survey of household chemical products following the humidifier sterilizer incident. The primary objective of the MOE's Notice and the Biocides Act is to strengthen the regulation of chemical substances, particularly biocides.

1. Key Requirements under MOE's Notice

- Printer inks/toners, ironing aids, and algicides have been designated as potentially risky products.
  - Safety and labeling standards have been established for each of the above product types, and they have been added to the potentially risky product list.

- Safety standards strengthened (effective March 30, 2017)
  - Use of CMIT/MIT (biocides at issue in the humidifier sterilizer incident) is prohibited in all spray-type potentially risky products and air fresheners.
  - Use of PHMG, PGH and PHMB is prohibited in air fresheners, and regarding spray-type deodorizing agents and coating agents, prohibited substances have been added, and new content limitations for permitted substances have been established.

- Labeling standards strengthened (effective June 30, 2018)
  - If a potentially risky product contains a hazardous substance (including a biocide, toxic chemical, restricted chemical or prohibited chemical), the product must affix a label describing the substance name, function (i.e., reason for adding the substance), and content, regardless of the content.
  - For products that contain a biocide, the product label cannot use potentially misleading language, such as "low risk," "non-toxic," "harmless," "environmentally friendly," or the like.

- Sanctions
  - In the event a non-compliant potentially risky product is sold, or provided, or is imported, displayed, preserved, or stored for the purpose of sale or provision, such conduct may result in criminal liability, namely, imprisonment of seven years or less, or a criminal fine of up to KRW 200 million, as well as administrative measures, including recall, sales ban, and destruction orders relating to the product at issue.

2. Key Requirements under the Biocides Act

- Active substance approval system introduced
  - An "active substance" is a substance or microorganism that has the effect or property

of eliminating, controlling, rendering harmless or deterring harmful organisms. The Biocides Act prohibits the use of active substances that have not undergone MOE's approval in biocidal products.
  - Substances already in market circulation as of December 31, 2018 must be declared to the MOE by March 31, 2019, and those existing substances will be granted a grace period of up to 10 years.
  - Anyone that has obtained approval under the Biocides Act (or holds a "consent to use data" from someone who has obtained approval) is deemed to have registered that same substance under K-REACH.

- Biocidal product authorization system introduced
  - A "biocidal product" refers to either: (i) a substance, mixture, or product consisting of, or containing one or more active substances, and having the primary purpose of eliminating harmful organisms; or (ii) a substance, mixture, or product that generates active substances from a substance or mixture, and having the primary purpose of eliminating harmful organisms. This definition excludes products that eliminate harmful organisms by mere physical or mechanical action.
  - The Biocides Act requires manufacturers or importers of biocidal products to obtain prior MOE authorization, and sets forth criminal sanctions for manufacturing or selling biocidal products without having obtained such authorization.

- Safety standards established for treated articles
  - A "treated article" means any substance, mixture, or article, which has been treated with, or intentionally incorporates, one or more biocidal products for the purpose of eliminating harmful organisms (a treated article that has a biocidal function as its primary function is considered a biocidal product).
  - The Biocides Act requires treated articles to use only authorized biocidal products, and requires compliance with the applicable safety standards. The manufacture or sale of non-compliant treated articles is subject to criminal sanctions.
  - The Biocides Act also allows downstream buyers to request information on biocides used on the treated articles, and requires manufacturers or importers to provide the relevant information upon buyer's request.

- Legislative timeline established
  - The Korean government plans to enforce the above Biocides Act starting January 1, 2019, and will establish further details through lower regulations prior to the effective date.

Significance / Potential Impact:

As the MOE's Notice and the Biocides Act could apply to industries across the board, we expect these legal developments to potentially impact the entire product supply chain from product manufacture or import, all the way through sale. The draft law has not yet been finalized, and companies are well advised to continue to monitor developments in this area.

TAX

By Woo Hyun Baik (whbaik@kimchang.com), Christopher Sung (chrissung@kimchang.com), and Hyung Woo Song (hyungwoo.song@kimchang.com)

Korean Supreme Court Issues Several Rulings on Whether a Foreign Company Doing Business in Korea May Be Found to Have a Permanent Establishment

In 2016, the Korean Supreme Court issued several rulings shedding light on its approach when analyzing whether a foreign company conducting business in Korea may be found to have a permanent establishment ("PE").

These recent cases highlight some of the PE issues on which the Korean tax authorities are currently focusing.

1. In one recent case, a Canadian company provided project management services to a Korean subsidiary, a project owner for the building of a bridge in Korea. Employees of the Canadian company performed their services at the office of the subsidiary. The Supreme Court, affirming the lower court's decision, held that such space should be regarded as a PE of the Canadian company, citing the "6-month rule" and the "2-year rule" under the Korean corporate income tax law.[1] Accordingly, the Court effectively found that the 6-month rule and the 2-year rule under the Korean tax law can be applied in the context of a tax treaty.

2. On the same day, the Supreme Court also rendered a decision in another, but related case.[2] A U.K. affiliate of the Canadian company subsequently took over the above project management services under separate agreements for onshore and offshore services. The U.K. company registered a branch (PE) in Korea, and complied with income taxes and VAT on the onshore services portion. However, the Korean tax authority challenged and also assessed corporate income tax and VAT on the offshore portion. The Supreme Court found that the onshore and offshore services were by nature a combined provision of one service. Since the onshore services were important and essential to the provision of the entire services, the offshore services were effectively also provided through the PE and subject to the Korean tax.

   This case appears to depart from the "attribution principle" for a PE under domestic law as well as treaties, taxing income from services not performed in Korea. The Supreme Court appears to have applied a substance-over-form principle, determining that form did not agree with substance, and that there was no justifiable reason to split the contract into two.

3. In another case, a Korean casino paid commission to a service provider based in the Philippines to solicit foreign customers pursuant to a services agreement.[3] Under the agreement, the foreign service provider had the right to use a certain area within the casino's office, provided rent-free by the casino. Employees of the service provider carried out: (i) hotel, airport, and casino business-related services to foreign customers; and (ii) casino chip exchange services to foreign gamblers at the casino site.

   The Supreme Court ultimately ruled that the provided space constituted a PE of the foreign service provider on the ground that the services provided at that space were essential and important parts of the foreign company's business. Thus, the space provided at the casino constituted a PE of the Philippines-based company.

[1] Supreme Court Decision 2014Du13812, February 18, 2016
[2] Supreme Court Decision 2014Du13829, February 18, 2016
[3] Supreme Court Decision 2015Du51415, July 14, 2016

Significance / Potential Impact:

In recent years, the Korean tax authorities have again focused their attention on whether a foreign company's operations in Korea should give rise to a PE. This trend is noteworthy in light of the OECD's BEPS Action 7, which strengthens taxation of PEs. Once a foreign company is regarded as having a PE in Korea, such a finding potentially triggers the imposition of corporate income taxes and VAT. Further, since the statute of limitations in case of non-filing of returns is extended to seven years, finding a PE can result in significant amount of taxes, penalties, and interest. While not common and depending on the facts, criminal tax charges can be made as well.

Considerations:

Accordingly, it is important for foreign companies conducting business activities in Korea without or with any registered presence to analyze potential PE risks. This should be done by closely examining all facts and circumstances, including the roles and functions of all parties involved, to develop and establish a persuasive defense against a possible future PE challenge. In addition, when employees of a Korean subsidiary of a multinational enterprise ("MNE") visit foreign affiliates to provide services, there may be a PE risk in the foreign country. This overseas PE risk of a Korean subsidiary of an MNE is particularly notable in China, where the Chinese tax authorities have aggressively raised PE issues.

Lawmakers Pass Tax Law Changes for 2017

In December of 2016, the Korean National Assembly passed amendments to the tax laws. Following procedures for public notification and rulemaking, the amendments to the corresponding Presidential Decrees were also approved, and were promulgated in February 2017.

Key Amendments:

Although most amendments to the Presidential Decrees are supplementary to the amendment of tax laws, we highlight below significant amendments that may affect your business or that may be of interest to you.

1. Mileage tax clarified

   - Before the amendment, if a business operator provided mileage, points, or gift certificates (collectively, "mileage") to customers upon the purchase of goods or services, customers could use "mileage" to purchase goods or services. When these business operators provided goods or services in return for "mileage," the price of the goods or services provided was included in the VAT base.
   - After the amendment, the price of goods or services provided in return for "mileage" can be excluded from the VAT base to the extent classified as "supplier granted" mileage. If the mileage is not such a supplier granted mileage, it will continue to be included in the VAT base. For this purpose, "supplier granted" mileage refers to mileage, which is provided by a business operator to its customer at the time of the sale of its goods or services to the customer, and is subsequently used by the customer to purchase goods or services from the same business operator (not its related parties).
   - Effective date: This amendment applies to goods or services supplied on or after April 1, 2017.

2. Case criteria for the Tax Tribunal's en banc session expanded

   - Before the amendment, when a taxpayer appealed a case to the Tax Tribunal, one chief judge and at least two judges were assigned to the case. Cases at the Tax Tribunal are heard by

at least three judges. In certain situations, Tax Tribunal cases may be reviewed en banc.

- After the amendment, the Commissioner of the National Tax Service ("NTS") may request an en banc session, and the head of the Tax Tribunal may allow it. As such, the Commissioner of the NTS may influence the Tax Tribunal's decisions.

- Under the new amendment, en banc sessions are also allowed in the following cases:

  1) When the Commissioner of the NTS requests an en banc session, because the case may have a significant impact on the tax administration.
  2) When the result is expected to significantly impact taxpayers' rights or duties.

- Effective date: The amendment will apply to appeals filed on or after the effective date of the relevant presidential decree (February 7, 2017).

TECHNOLOGY, MEDIA & TELECOMMUNICATIONS

By Dong-Shik Choi (dschoi@kimchang.com) and Hyun-Kyu Lee (hyunkyu.lee1@kimchang.com)

Korea's Ministry of Science, ICT and Future Planning Amends the Telecommunications Business Act Regarding Value-Added Telecom Service Provider Registration Requirements

On December 15, 2016, the Ministry of Science, ICT and Future Planning (the "MSIP") amended the Enforcement Regulations (the "Regulations") of the Telecommunications Business Act (the "TBA").

Background:

While the TBA is the general law governing the operations of Value-added Telecommunications Service Providers ("VSPs", which typically includes online service providers) in Korea, and the licenses required thereby, the Regulations dictate the documentation actually required for a company to register as a VSP in Korea.

Although the TBA itself does not expressly require that a VSP applicant be a corporate entity, the current Regulations had required such applicants to submit a Korean certificate of corporate registration to the MSIP. This caused administrative difficulties in registering as a VSP in Korea for business operators with no form of corporate entity, and for foreign companies without the ability to issue a Korean certificate of corporate registration.

Significance:

In order to mitigate these difficulties, the MSIP proposed to amend the Regulations, so that certificates of corporate registration will only be required if the applicant is in fact a corporate entity. Particularly in the case of a foreign company applicant, the new regulations permit such a foreign company to submit a certificate in accordance with the Apostille Convention, in lieu of a Korean certificate of corporate registration, or other documents that have a similar effect.

By Jong Koo Park (jkpark@kimchang.com) and Sang Taek Park (sangtaek.park@kimchang.com)

External Audit Act Amended to Cover Limited Liability Companies

On January 12, 2017, the proposed amendment ("Proposed Amendment") to the Act on External Audit of Stock Companies ("External Audit Act") covering limited liability companies ("LLCs") was submitted to the National Assembly. If passed, LLCs – including foreign enterprises in South Korea that have the form of LLCs – will be subject to mandatory external audits.

Key Aspects:

Under the current External Audit Act, the companies subject to a mandatory external audit are only stock companies.[4] Under to the Proposed Amendment, an LLC having a similar economic substantive form of a stock company will be subject to a mandatory external audit. However the Enforcement Decree of the External Audit ("Enforcement Decree") provides for an exemption from the external audit requirement if there is little benefit to be gained from an external audit.

Also, similar to the current law, although an LLC is subject to mandatory external audit after the passage of the External Audit Act by the National Assembly, an LLC will not be obligated to disclose its auditor report.

Currently, the Enforcement Decree provides for determining whether a company is subject to a mandatory external audit by considering several factors, including assets or liabilities and number of employees. Under the Proposed Amendment, an additional factor has been incorporated – the revenue standard. The details of revenue standard will be determined by the revised Enforcement Decree following the passage of the Proposed Amendment by the National Assembly.

Taking into account the necessity to strengthen protection of interested parties for the large sized non-listed stock companies, the accounting rule applicable to listed companies with respect to eligibility requirement and designation of an auditor will also apply to an LLC. In addition, the appointment of external auditors is to be conducted by the internal auditors or the internal audit committee of companies, not the "management." Further, the deadline for the appointment is to be shortened, which will ensure the autonomy of external audits.

Potential Impact:

If the Proposed Amendment is passed, it will be implemented on the day one year passes after the promulgation of the amendment.

Also, the provisions relating to external auditing of LLCs will become applicable at the beginning of the next fiscal year – i.e., when one year has passed since the enforcement date of the External Audit Act.

[4] Refers to listed companies and non-listed companies with asset worth KRW 12 billion or more, etc.

BANKING

By Sang Hwan Lee (shlee@kimchang.com) and Keun-Chul Song (keunchul.song@kimchang.com)

Korean Lawmakers Pass the Liberalized Foreign Exchange Transactions Law to Permit Non-Financial Institutions to Conduct Foreign Exchange Business

As part of an effort to deregulate the foreign exchange market in Korea, on December 29, 2016, the National Assembly passed an amendment to the Foreign Exchange Transactions Law (the "FETL"). The amendment is slated to take effect on July 18, 2017. In addition, the draft amendment to the Enforcement Decree of the FETL was announced on February 23, 2017 (covering the specific conditions that a non-financial institution must meet to register as a specialized foreign exchange business operator).

Key Changes:

The two key elements are: (i) non-financial institutions are now allowed to engage in certain foreign exchange businesses upon registration with the Korean government (specifically, the Ministry of Strategy and Finance (the "MOSF")); and (ii) offshore debt collection requirement for Korean residents has now been abolished (previously, Korean residents were required to collect certain claims against offshore debtors within a certain period of time).

Framework for Registering Non-Financial Institution as a Specialized Forex Business Operator

A noteworthy element of the amendment is the introduction of a framework for registering a non-financial institution as a specialized foreign exchange business operator. In the past, only "financial institutions" (as defined in the FETL) were permitted to engage in the foreign exchange business. As a result, non-financial institutions, including Fintech companies, could not engage in any foreign exchange business (e.g., cross-border wire transfer business) even though they had innovative technology to facilitate cross-border wire transfer transactions.

Under the amendment, even non-financial institutions can now engage in foreign exchange business if they register with the MOSF as specialized foreign exchange business operator. This registration will enable the registered non-financial institution to perform various foreign exchange services, such as transferring or receiving foreign currency-denominated funds on a cross-border basis and converting the foreign currencies.

Offshore Debt Collection Requirement for Korean Residents Abolished

The amendment also abolished the offshore debt collection requirement for Korean residents. In the past, if a Korean resident had a claim of more than USD 500,000 against a non-resident, the Korean resident was required to collect the amount of the claim from the non-resident and repatriate it to Korea within three years.

Following the FETL amendment, Korean companies will no longer be burdened by this requirement to collect their offshore claims within three years.

The Korean government will retain the power to invoke the collection requirement in the event of extraordinary events with a materially adverse impact on the national economy, such as natural disaster. The amendment stipulates a severe penalty (imprisonment up to five years or criminal fine up to KRW 500 million) for failing to comply with the collection requirement in such circumstances.

SECURITIES

By Sun Hun Song (shsong@kimchang.com), Tae Han Yoon (thyoon@kimchang.com), and Soobin Ahn (soobin.ahn@kimchang.com)

Korea's Top Financial Regulator Expands the Scope of Investors Eligible to Invest in Offshore Funds

On August 27, 2016, the Financial Services Commission (the "FSC") issued an interpretive ruling on the scope of investors eligible to invest in a domestic privately placed fund established and managed by a domestic asset manager for making a specialized investment (the "Domestic Private Feeder Fund") (the "Qualified Investors"). This interpretive ruling clarifies who can invest in such a Domestic Private Feeder Fund.

The Domestic Private Feeder Fund, which receives investment funds from the Qualified Investors, can now invest in an offshore fund, which was previously open only to Qualified Professional Investors (as defined below) (the "Professional Offshore Fund").

Previously:

Under the current regulation, the scope of the Qualified Investors is larger than that of investors eligible to invest in the Professional Offshore Fund (the "Qualified Professional Investors"). Given this difference in the investor scope between the Domestic Feeder Private Fund and the Professional Offshore Fund, the regulators were concerned about the possibility of investors unduly taking advantage of the difference to circumvent the investor eligibility restriction on the Professional Offshore Fund. To address this, the regulators used to take the view that the Domestic Private Feeder Fund and the Professional Offshore Fund should have the same scope of eligible investors.

Currently:

However, through the interpretive ruling, the FSC has articulated in a way different from its earlier view that the Domestic Private Feeder Fund and the Professional Offshore Fund can continue to have their different investor scopes.

Specifically, according to the interpretive ruling, even if the Domestic Private Feeder Fund intends to invest in the Professional Offshore Fund, its Qualified Investors can be the same as those of other Domestic Private Feeder Funds, which do not invest in the Professional Offshore Fund. Based on the interpretive ruling, some Qualified Investors, such as general corporate entities should now be able to do so. Due to the regulatory uncertainty, these Qualified Investors could not invest in the Professional Offshore Fund indirectly through the Domestic Private Feeder Fund, because they were not Qualified Professional Investors.

Separately, this interpretive ruling makes it clear that if an investor is not a Professional Qualified Investor, the investor still cannot utilize a trust instrument to invest in the Domestic Private Feeder Fund.

Significance / Potential Impact:

This change in the regulators' stance is expected to: (i) increase the Qualified Investors' investments in offshore funds; and (ii) promote the domestic market for setting up funds that invest in offshore funds. Additionally, regulators may hope to see a greater interest from offshore funds in entering the Korean market.

To Attract Growing High-Tech Companies, the FSC Reforms the Korea Stock Exchange KOSDAQ Listing and Public Offering Rules

On October 5, 2016, the FSC announced measures to reform the listing and public offering systems, to make it easy for companies with high growth potential to meet their funding needs through the KRX KOSDAQ market. To reflect these measures, the KRX KOSDAQ Listing Rules have been amended as of January 1, 2017. In the first quarter of 2017, the FSC, in order to accommodate the new KRX KOSDAQ Listing Rules, plans to amend the Enforcement Decree of the Financial Investment Services and Capital Markets Act.

Details:

Under the reform measures, a company is allowed to apply for preliminary listing assessment if its initial public offering advisor (the "IPO Advisor") recognizes its growth potential and recommends it for listing. However, to hold the IPO Advisor accountable for such a recommendation, the company must grant put-back options to general investors, who subscribe for its shares through the listing. The put-back options must be exercisable for six months following the listing.

Also, these reform measures make it possible for a company to be listed on the KOSDAQ market even if it earns no net income yet, so long as it has a sufficient growth potential, and has market capitalization above a specific threshold (i.e., meeting the so-called "Tesla listing conditions"). If a company is listed as such, it can be exempt from the minimum revenue and ongoing business loss requirements for five years from the date of the listing, with which listed companies must comply to remain listed.

To strengthen its IPO Advisor's accountability, however, the reform measures also require the company to grant put-back options to general investors, who subscribe for its shares, and the put-back options must be exercisable for three months following its listing.

Additionally, if a company applying for listing is large and has outstanding management performance, the reform measures allow a fast-track process by shortening the period of reviewing its listing application to 30 days (from 45 days).

Significance / Potential Impact:

The reform measures and related amendments are expected to increase IPO's of companies with sound business ideas and technologies during their early growth stages. However, as their IPO Adviser and accounting firms will need to assume higher accountability than in the past, it would be worthwhile to monitor practical impacts of these reform measures and the related amendments may have on the market.

By Jae-hong Ahn (jhahn@kimchagn.com), Hyun Wook Shin (hwshin@kimchang.com), and Ilsuk Lee (ilsuk.lee@kimchang.com)

Korea's Top Financial Regulator Reports Its 2017 Work Plan to the Acting President of South Korea

On January 5, 2017, the Financial Services Commission ("FSC") reported to the Acting President its 2017 work plan for the financial service industry including insurance industry covering the following: (i) thorough regulatory measures against risk factors in the financial services market, (ii) enhanced protections for consumers of financial services, and (iii) reinforcement of the role of financial services in revitalizing the flat Korean economy.

1. Measures against Risk Factors in the Financial Services Market

   In order to take appropriate and thorough measures against certain risk factors in the financial services market, the FSC plans to closely examine whether the financial services sector is capable of absorbing any unanticipated shocks in the event certain risks materialize pursuant to such risk factors. A task force within the Financial Supervisory Service ("FSS") will be formed, which will conduct stress tests with strict standards for different businesses within the financial services industry.

   Further, the FSS has decided to prepare a multi-phased plan to minimize the impact of the newly adopted International Financial Reporting Standards known as "IFRS17" (which now replaces IFRS4). IFRS 17 is scheduled to take effect in 2021 for insurers.

2. Enhanced Protection for Financial Services Consumers

   Prior to the end of the first quarter of 2017, the FSC said it will prepare and submit a draft proposal of the Financial Consumer Protection Act to the National Assembly. The draft includes aspects on: (i) strengthening consumers' choices through re-classification and systemization of financial services products, along with sales and the provision of expertise; and (ii) implementing a comprehensive consulting business for financial services products (including deposit, loans, guarantee and surety products, in addition to investment products) for the use of professional and unbiased consulting services by the public.

   Moreover, during the second half of 2017, the FSC will promote its plan to improve the system with greater transparency to require disclosure of total commissions borne and paid by consumers. The plan will require the disclosure of the amounts and payment structures of sales commissions for distribution channels of financial services products as they are received from financial institutions, and require an explanation to be provided to consumers.

3. Strengthen the Financial Services Sector to Invigorate the Korean Economy

   The FSC plans to implement changes that will have immediate impact on the industry by improving communications with financial institutions and consumers. Specifically, the FSC plans to: (i) improve the user experience of the financial regulator's online portal used by consumers to file complaints or request "Authoritative Interpretations" on financial services related regulations; (ii) revitalize the private letter ruling system by collecting requests from industry associations bi-annually, and provide prompt responses to requests; (iii) maintain and operate the Ombudsman's Blog beginning in the 1st quarter of 2017; and (iv) organize a quarterly Task Force and site inspection teams for foreign-based financial services companies.

Additionally, the FSC is determined to improve the regulatory environment to increase the competitiveness of the insurance industry and to promote the autonomy of insurers.

For instance, the FSC is planning to: (i) sponsor legislation that allows the private sector (e.g., insurance associations on behalf of insurers) to draft/modify standard policy forms (i.e., the association can prepare the policy form for comment, revisions and approval by the FSS); (ii) submit an amendment to the Insurance Business Law to the National Assembly relaxing ex-ante regulations (e.g., investment caps or restrictions on financial solvency ratios) on an insurer's investment in real property, foreign assets, and derivative products (during the 1st quarter of 2017); (iii) relax the rules on the permitted marketing methods and product explanations to promote the sales of "single-type policies" (during the 1st half of 2017); (iv) revise the standards for payment of insurance benefits to improve the quality of auto insurance products, and prepare for technological advances (e.g., electric cars and self-driving cars); and (v) switch to a post-facto reporting regime regarding an insurer's officer holding concurrent positions in the insurer's financial holding company, and delegation of particular business functions to the insurer's financial holding company and expand the scope of information sharing among the subsidiaries of the insurer's financial holding company.

REAL ESTATE

By Yon Kyun Oh (ykoh@kimchang.com) and Ilhae Choi (ilhae.choi@kimchang.com)

Asset Management Companies of REITs Now Allowed to Engage in Collective Investment Business

On December 30, 2016, certain amendments to the Enforcement Decree of the Real Estate Investment Company Act (the "REIT Act", and such amendments, the "Amendments") became effective.[5] These amendments, among others, allow an asset management company under the REIT Act to engage in collective investment business.

Certain amendments to the Financial Investment Services and Capital Markets Act (the "Capital Markets Act") eased the requirement for a "jusik-hoesa" type real estate funds to invest up to 70% of its total assets in real estate. In practice, there is no difference between investment assets, which may be managed by REITs, and those that may be managed by real estate funds. Accordingly, an asset management company under the REIT Act is now allowed to engage in collective investment business of real estate funds under the Capital Markets Act.

[5] The Amendments deleted the proviso of Article 21 paragraph 3 of the Enforcement Decree of the REIT Act.

By Weon Jung Kim (wjkim@kimchang.com) and Sung Wook Jung (sungwook.jung@kimchang.com)

Key 2017 Changes in Employment and Labor Law Favor Employees

Below we highlight some key changes in Korean employment and labor law, which may be of relevance to your organization:

1. **Minimum retirement age of 60 is now applicable to all companies**[6]

   On May 22, 2013, to better reflect the change in demographics (i.e., the aging workforce) and the social and economic circumstances in Korea, the "Act on Prohibition of Age Discrimination in Employment and Elderly Employment Promotion" was amended to establish a minimum retirement age of 60.

   While this minimum retirement age previously applied only to companies with 300 or more employees, as of January 1, 2017, it applies to all companies in Korea.

2. **Smaller companies also required to maintain and (upon request,) return a job applicant's hiring documents**[7]

   Under the Fair Hiring Procedure Act (which came into effect on January 1, 2015), a company is required to: (i) maintain an applicant's hiring documents for a certain period of time; and (ii) when a job applicant (who has been turned down) requests the return of his/her hiring documents, the company must return those documents. Failure to do so may result in the company being issued a corrective order by the Ministry of Employment and Labor ("MOEL") or an administrative fine of up to KRW 3 million.

   While the above requirement previously applied only to companies with 100 or more employees, as of January 1, 2017, it applies to companies with 30 or more employees.

3. **Maximum amount of maternity leave compensation increased**[8]

   Under the Labor Standards Act, a pregnant employee is entitled to 90 days (or 120 days, in case of multiple births during the same pregnancy) of maternity leave before or after childbirth.

   Further, the pregnant employee will receive from the Employment Insurance Agency 90 days' ordinary wage (or 120 days' ordinary wage, in case of multiple births during the same pregnancy) if she works at a "priority company" (which means mid-size companies with certain employee headcounts), or 30 days' worth of ordinary wage (or 45 days' ordinary wage, in case of multiple births during the same pregnancy), if she does not work at a "priority company."

   Until 2016, the maximum amount for maternity leave compensation was KRW 1,350,000. As of January 1, 2017, however, the maximum amount has been increased to KRW 1,500,000.

   To receive the maternity leave compensation, the employee must apply for compensation after 60 days (or after one month, if she works for a "priority company") of maternity leave, but before 12 months have passed since the end of her maternity leave.

4. **Minimum wage increased**[9]

   As of January 1, 2017, minimum wage has increased by 7.3% (by KRW 440) to KRW 6,470 per hour.

[6] Article 19 of the Act on Prohibition of Age Discrimination in Employment and Elderly Employment Promotion
[7] Article 11 and 12 of the Fair Hiring Procedure Act
[8] Article 76(2) of the Employment Insurance Act and Article 101(1) of its Enforcement Decree, the MOEL Notice 2016-55
[9] Article 10(1) of the Minimum Wage Act, the MOEL Notice 2016-37

Former Fixed-Term Employees May Challenge Their Former Employers' Discriminatory Practices Before the Labor Relations Commission

The Protection of Fixed-Term and Part-Time Employees Act (the "PFPEA") allows a fixed-term or part-time employee to file a request with the Labor Relations Commission for relief from discriminatory treatment.[10] On December 1, 2016, the Supreme Court of Korea held that even former fixed-term employees may file requests with the Labor Relations Commission seeking corrective orders against their previous employers for discriminatory practices.[11]

Case Details:

The above-referenced Supreme Court case involved fixed-term instructors (the "Fixed-Term Employees") at a privately-operated driving school (the "Employer"). The Fixed-Term Employees alleged that they were discriminated against as compared to regular employees regarding salary and other benefits.

Labor Relations Commissions' Rulings:

The Fixed-Term Employees filed a claim with the Regional Labor Relations Commission ("RLRC") seeking a corrective order against the Employer. The RLRC ruled in favor of the Fixed-Term Employees. Subsequently, on appeal, the Central Labor Relations Commission ("CLRC") confirmed the RLRC decision. However, prior to the CLRC's decision, the Fixed-Term Employees' employment with the driving school expired.

First Appeal to the Trial Court:

The Employer disagreed with the CLRC's corrective order that required it to provide monetary compensation to the Fixed-Term Employees due to its discriminatory practices. The Employer then appealed the decision to the trial court (Seoul Administrative Court). The Seoul Administrative Court held for the Employer, stating that the Fixed-Term Employees' standing to seek relief for discriminatory practices had been extinguished, because the employment relationship had terminated during the RLRC and CLRC dispute process.

On Second Appeal & Korean Supreme Court's Confirmation:

On appeal, the Seoul High Court emphasized the legislative intent of the PFPEA: to clear and correct employee disadvantages from an employer's discriminatory practices, and to strengthen the protection of such employees' working conditions.

Further, the Court stated that since the PFPEA is not intended to reinstate an employee to employment or to guarantee him/her a fixed-term contract , the expiration of the fixed-term employment has no direct bearing to review and correct an employer's discriminatory practices.

Therefore, the Seoul High Court overturned the trial court's decision, and the Supreme Court of Korea subsequently confirmed the Seoul High Court's ruling.

Significance:

A fixed-term employee who is engaged in identical or similar tasks to those performed by regular employees may file a claim with the RLRC to seek a corrective order. This includes an order requiring the employer to pay monetary compensation, where fixed-term employees are discriminated against without any reasonable basis with respect to salary, bonus, incentives, welfare, benefits, and other key working terms and conditions.

[10] Article 9, Paragraph 1
[11] Supreme Court Decision 2014Du43288

However, realistically, it is not easy for fixed-term employees to challenge their employer's discriminatory practices, considering the employees' likely desire to have their contracts renewed. Thus, this holding may provide another avenue for employees to challenge such practices, that is, after the end of their employment.

As such, we believe more claims are likely to be filed by former fixed-term employees with the RLRC against their former employers alleging discriminatory employment practices.

Considerations:

In light of the above, we believe it would be prudent for employers who employ fixed-term employees to check for the following:

1. Whether fixed-term employees and regular employees are co-mingled to carry out identical or similar job-tasks.

2. If so, identify whether any differences exist in monetary compensation, as well as welfare and benefits between fixed-term employees and regular employees.

3. To the extent required, improve the company's internal HR system, revise relevant rules and policies, and align company practices with the PFPEA requirements accordingly.

INTELLECTUAL PROPERTY

By Jay (Young-June) Yang (yjyang@kimchang.com), Duck-Soon Chang (ducksoon.chang@kimchang.com), and Seung-Chan Eom (seungchan.eom@kimchang.com)

Income Tax Law Amended, Setting Clear Non-Tax Limits for Employee-Inventor Remuneration

On December 20, 2016, the Income Tax Law was newly amended. On February 3, 2017, its Presidential Decree was also amended to set clear guidelines for the tax treatment of employee-inventor remuneration, and to define the scope of non-taxation. This amendment applies retroactively to any and all in-service invention remunerations paid since January 1, 2017.

Summary:

Paid DURING Employment	Paid AFTER Termination of Employment
▪ Earned income; ▪ Non-taxable up to KRW 3 million per year	▪ Other income; ▪ Non-taxable up to KRW 3 million per year

Key Aspects of the Changes:

The newly amended Income Tax Law now classifies in-service invention remunerations paid to an inventor-employee under the Invention Promotion Act ("IPA") according to whether it was paid during or after the term of employment.

Remuneration paid during the term of employment is now treated as earned income, while remuneration paid after the term of employment is other income. The Presidential Decree sets a limit for either type of income that may be treated as non-taxable in the amount of KRW 3 million per year.

Background:

Under the old Income Tax Law, in-service invention remuneration paid to an inventor-employee in accordance with the IPA was theoretically treated as non-taxable other income to the employee. Initially, however, the Korean tax authorities narrowly interpreted this provision to cover only remuneration paid specifically for patent registration, while treating other related remuneration (e.g., for patent filing, or the use, sale and licensing of the invention) as taxable income.

It was only after the Supreme Court's decisions[12] – holding that all in-service invention remuneration (including remuneration for reservation of patent filing) was non-taxable – that the tax authorities changed their practice to exempt all remunerations paid pursuant to the IPA as non-taxable other income.

Korean Supreme Court Reverses a 12-year Precedent: Technology Described as Background or in a Claim Preamble is Not Necessarily Prior Art

On January 19, 2017, in an en banc decision[13], the Korean Supreme Court ruled in a review of a patent invalidation trial that the mere fact that technology is described in the patent specification as background technology or in a claim preamble does not mean that such technology was prior art disclosed to the public prior to the filing date of the patent. This ruling affirmed the previous Patent Court decision.[14]

Background:

A patent claim that recites a preamble, and identifies one or more inventive elements as a point of novelty distinguishable over the content of the preamble, is often referred to as a "Jepson-type" claim. Further, patent specifications usually include a description of the background technology in the invention field. In Korea, courts and examiners have often treated the subject matter described in a claim preamble or in the specification as admitted prior art. An earlier Supreme Court decision[15] supported this interpretation.

Case Details:

In the present case, in response to a preliminary rejection for lack of inventiveness, the patent applicant amended the subject claim during prosecution into a Jepson-type claim. The applicant submitted the amendment together with an opinion stating that the elements described in the preamble were prior art. However, it appears the applicant mistakenly believed that the background technology described in the patent was already known to the public.

[12] Supreme Court Decision 2014Du15559, April 23, 2015; and Supreme Court Decision 2014Du15542, April 9, 2015
[13] Supreme Court en banc Decision 2013Hu37
[14] Patent Court Decision 2012Heo7123
[15] Supreme Court Decision 2004Hu2031, December 23, 2005

The Supreme Court held that the presumption that technology described in a claim preamble or as background in the specification should only apply in limited cases, where the description was clearly intended to describe the prior art in view of the specification and prosecution history as whole. Further, the Court held that if the applicant presents evidence that the description as prior art was made in error, the presumption can be rebutted.

Accordingly, the Court reversed its earlier precedent.

Significance / Potential Impact:

As a result of the new Supreme Court decision, certain confusing practices in patent and utility model examinations have now been resolved. Also, a new claim interpretation principle has been established – technology described as background in a patent specification or in a claim preamble is not necessarily prior art to the claimed invention.

SELECTED REPRESENTATIONS

CORPORATE

Two SPCs Acquire Hyundai Capital Through the ABS Structure from GE

Elysia the 6th Co. Ltd., and Jace C the 3rd, Co. Ltd., two special purpose companies ("SPCs") solely established for the purpose of the transaction, acquired 20% of the issued and outstanding shares of Hyundai Capital Services, Inc. ("Hyundai Capital") from General Electric Company ("GE") through asset-backed securitizations ("ABS").

Our team advised IBK Securities Co., Ltd., the lead arranger of the financing transaction, in exploring various financing alternatives, and in structuring the ABS financing for the transaction.

Details:

SPCs financed the transaction through ABS structure. Further, SPCs made a Total Return Swap[16](or "TRS") agreement with Hyundai Motor Company ("HMC"), and received fixed income from HMC. In return, HMC took over the risks inherent in the shares of Hyundai Capital. Due to the complexity of the financing structure, the transaction required thorough exploration of all applicable business and legal issues.

VIG Partners Purchases 84% in Joeun Life, Allowing It to Take Top Position in the Industry

On November 3, 2016, VIG Partners LLC ("VIG Partners") acquired an 84% stake in Joeun Life Co, Ltd. (formerly known as Joeun Sangjo Co.) ("Joeun Life") for KRW 63 billion. This was done through G-Plus Investment Inc., an SPC established for this deal. Through this transaction, Joeun Life takes top position in terms of equity capital among companies within the same industry.

As such, VIG Partners became a shareholder, owning 84% stake in Joeun Life through two steps. First, VIG Partners acquired shares from the existing shareholders. Thereafter, VIG Partners subscribed for newly issued shares.

Our Representation:

Our team provided VIG Partners with comprehensive legal advice to successfully close the transaction, including due diligence, review of underlying contracts, deal negotiation, report filing, and closing-related matters. In particular, we performed an in-depth analysis on the funeral service industry, focusing on various elements such as peculiar industry regulation under the Installment Transactions Act, consumer protection guarantee, and legal compliance by the funeral service product distributors.

Hahn & Company Sells 100% Stake in Korean Online Marketing Consulting Firm and Former Naver Subsidiary, N Search Marketing

On October 10, 2016, Hahn & Company sold 100% of the outstanding shares of N Search Marketing to Nasmedia and KT Corporation ("KT") for KRW 60 billion.

Hahn & Company sold the shares of N Search Marketing to KOSDAQ-listed Nasmedia and to KOSPI-listed KT, and Nasmedia and KT issued new shares simultaneously.

Our Representation:

Due to the complexity of the transaction structure, this required careful management and comprehensive legal analysis. Our team successfully advised Hahn & Company in its due diligence of N Search Marketing, negotiation and finalization of the definitive agreements, obtaining all required governmental approvals for the closing, and other closing-related matters.

[16] Total return swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without actually owning it. The two parties involved in a total return swap are known as the total return payer and the total return receiver.

LITIGATION

Courts Rule in Favor of Banks Seeking Payment under K-SURE Export Insurance Policies in the Moneual Case

Recently, two Korean banks – including Nonghyup Bank – obtained favorable decisions regarding their claims for insurance proceeds against the Korea Trade Insurance Corporation ("K-SURE"), in the widely reported export financing fraud case involving Moneual Inc. ("Moneual"), now a defunct exporter of consumer electronics.

Details:

Six Korean banks purchased Moneual's export receivables that were insured by short-term export policies (export financing facilities or "EFFs") issued by K-SURE. However, it turned out that the transactions underlying the export receivables were fraudulent, and it became impossible for the banks to recover on such false/fictitious export receivables. Subsequently, each of the six banks filed a separate action against K-SURE in the Korean courts seeking payment under their EFFs. Total claims amounted to approximately KRW 360 billion.

Although the claims made by the six banks in each case have involved substantially the same issues, the outcomes for the banks have been different. In the first of the six lower court decisions,[17] the court rejected all of the plaintiff bank's claims on the grounds that: (i) a false/fictitious export transaction is not an "insured transaction" under the meaning of the general terms and conditions of the EFF; (ii) risks arising from false export transactions are not "insured risks"; and (iii) if the court were to accept the bank's arguments, it would create moral hazard on the part of the exporters and financial institutions, potentially resulting in even more false/fictitious transactions.

However, in two consecutive decisions issued by the courts between December 2016 and February 2017, including in the case filed by Nonghyup Bank, the courts accepted the bank's claims and ruled in favor of the banks. The courts reasoned that:

(1) the general terms and conditions of the EFF cannot be interpreted as limiting "insured" transactions to only "true" export transaction, or as excluding risks arising from false/fictitious transactions as "insured risks";

(2) applying the principle of interpreting contractual terms against the drafter, the insurance contracts were validly effectuated and the risks arising from false export transactions should be covered as insured risks;

(3) while it is true that recognizing the bank's claims could create moral hazard on part of the banks, such a risk can be managed by requiring the banks to fulfill their duty of due care when reviewing export documents;

(4) on the other hand, there would be no way of controlling K-SURE if its business practices are carried out in an inappropriate manner; for example, by setting the limit for total policies written at a level that is too high, or conducting credit review in an inadequate manner; and

(5) ultimately, it was up to K-SURE to conduct its business in a diligent manner, and moral hazard could be avoided by K-SURE's own efforts; furthermore, imposing excessive burden on the banks goes against the purpose of the Trade Insurance Act (under which K-SURE was created), which was enacted to promote export trades.

The courts also noted that although it would be reasonable to hold the banks accountable for their failure to fulfill their duty of due care if there had been irregularities or abnormalities in the forms and appearances of the export documents, this was not the case for the Moneual export receivables, and as a result, it would be difficult to conclude that the banks had breached such duty of due care.

Meanwhile, in another recent decision rendered in February 2017, the court sided with K-SURE and dismissed the bank's claims, stating that risks associated with false/fictitious export transactions are not covered as an insured risk.

[17] Rendered in November 2016.

Potential Impact / Significance:

Despite the earlier November 2016 court decision that rejected all of the bank's claims (in which Kim & Chang did not play a role), we were successful in persuading the other two courts to recognize the bank's export insurance claims against K-SURE. We focused on the policy reason for the existence of the trade insurance system in the first place, the background and purpose of the EFF as in insurance product, and the impact of this case to the export insurance system as a whole. Meanwhile, the most recent decision that rejected the bank's claims in favor of K-SURE has increased interest regarding the outcome of the appellate level proceeding, which is expected to commence in the near future.

ANTITRUST & COMPETITION

KFTC Dismisses Charges in Restriction of Distributor's Business Territory Case

On October 13, 2016, the KFTC ruled in favor of our client, a commercial vehicle business, and dismissed charges on whether our client's setting business territory of a sales agent[18] violates the Monopoly Regulation and Fair Trade Act ("Fair Trade Law" or "FTL") as an unfair trade practice (unfair restriction of business territory).

Our Representation:

In this case, Kim & Chang represented the commercial vehicle business during KFTC investigations. We successfully argued that: (i) our client set up a "responsible territory" to allow the sales agent to closely manage local clients from sale to after services, because freight commercial vehicles, unlike general passenger cars, require regular and continuous safety inspection, exchange of parts, and repairs; (ii) such a policy focusing on customers in the responsible territory effectively promotes competition among brands by improving the quality and quantity of client service, since it is impossible to generate new customers in the freight commercial vehicle market due to the government's decision not to issue new shipping licenses for launch of freight commercial vehicle businesses; and (iii) while the Commercial Act differentiates sales agents from commission agents[19] only based on the structure of transaction, the transactions of distributors and commissioned agents do not actually differ. So the KFTC Review Guidelines on Unfair Trade Practices ("Guidelines") – which permit restricting commission agents' business territory – may be applied to sales agents as it applies to contractors, and therefore, restricting the distributor's business territory will likely not have anti-competitive effect.

Significance:

The KFTC has yet to establish whether restriction of sales agents' business territory should be prohibited under the FTL. Therefore, this dismissal of charge is meaningful to companies that hire sales agents.

Seoul High Court Reverses KFTC's Decision Against Golfzon on the Alleged Unfair Trade Behaviors Including Tying Arrangements

On November 23, 2016, the Seoul High Court reversed a decision by the KFTC fining and imposing corrective measures on Golfzon Co., Ltd. ("Golfzon") regarding its alleged tie-in sales.

Background:

Golfzon is a developer and supplier of screen-golf software programs, such as Golf Simulation System ("GS System").

The KFTC previously found that Golfzon violated Korea's antitrust law, the FTL, based on five grounds, including: (i) tying arrangements under which Golfzon allegedly forced its buyers to buy two or three types of projectors in combination with the GS System; and (ii) compensation terms disadvantageous to buyers regarding disruption to the GS System.[20]

[18] Refers to a commercial agent not employed by the commercial vehicle business, who mediates or conducts the transaction on behalf of the commercial vehicle business.
[19] Commission agents are sales agents that sell products under their own name.
[20] For example: (i) compensation is awarded only if a disruption is clearly due to fault attributable to Golfzon; (ii) a buyer provides objective proof for such disruption; or (iii) settlement must be reached within three rounds of settlement discussions

As a result, on August 11, 2014, the KFTC imposed Golfzon a correction order and an administrative surcharge.

Seoul High Court Proceeding / Our Representation:

During the proceedings before the Seoul High Court, Kim & Chang's team successfully defended Golfzon.

Our defense arguments primarily pointed to: (i) the inseparable nature of a projector, which would display enlarged images for full-featured screen simulation for the GS System; (ii) voluntary decisions made by the buyers to purchase a projector together for higher quality screen simulation, despite being able to freely select to purchase GS System only; and (iii) the customary practice of bundling screen-golf software and a projector, employed by multiple suppliers other than Golfzon, based on their general perception that a projector is a necessary component in the bundle.

As for the alleged disadvantage conferred on the buyers, the Seoul High Court decided that the KFTC failed to establish the existence or scope of such a disadvantage, noting a May 2002 Supreme Court case. In rendering its decision, the Supreme Court articulated the requirement that the substance of the disadvantage and the amount for compensation must be clearly determined for an administrative sanction to be imposed on the offender who acted to the disadvantage of its transacting party.[21]

In addition, the Seoul High Court found that there was no disadvantage, because the buyers still had remedies to seek compensation, including civil lawsuits, in case they did not reach an amicable resolution with Golfzon.

Kim & Chang Obtains Favorable Judgments in Price Fixing Cases for Several Insurance Companies in Their Appeal of the KFTC's Decision

Kim & Chang successfully represented several insurance companies seeking to appeal and overturn the KFTC's corrective orders and sanctions for an alleged conspiracy to fix commission rates of "guaranteed minimum death benefits," "guaranteed minimum accumulation benefits," and "special account management" for variable annuities.

During the appeal process, the Seoul High Court decided to overturn the KFTC's findings, building on the groundwork laid down by the Supreme Court's landmark 2014 decision. In it, the Supreme Court held that the mere exchange of pricing information among competitors is insufficient to establish an "agreement" to restrain competition.

Further, the Seoul High Court's ruling acknowledged the potential credibility issues regarding evidence gathered from leniency applicants. The Court did so by finding that it could not "discount the possibility" that the statement relied on by the KFTC had become "exaggerated" during the course of the leniency process.

This Seoul High Court ruling became final when the Supreme Court dismissed the KFTC's appeal to overturn the Seoul High Court's ruling.

BANKING

Korea's Top Financial Watchdog Grants Final Approval for Korea's First Internet-Only Bank

On December 14, 2016, FSC, the Korea's top financial regulator, granted the final approval to K-Bank consortium to establish Korea's first internet-only bank.

This was a follow-up to the preliminary approvals that were granted to the Korea Kakao Bank consortium and K-Bank consortium in November 2015.[22] This K-Bank approval was the first approval granted for banking business in 24 years.

Significance:

Previous efforts to introduce internet-only banks[23] were not successful, in part, due to the regulator's concern regarding the implication of online banking on the real name financial system.

[21] Supreme Court Decision 2000Du6213, May 31, 2002
[22] The Kakao Bank consortium applied for the final approval on January 9, 2017 and the application is currently under review.
[23] In 2001, and again, in 2008.

This K-Bank final approval is an indication of the regulator's confidence in addressing consumer protection and other regulatory concerns through enhanced technology, and an acknowledgment of the role that Fintech and online banking will be playing going forward.

Our Representation:

We advised K-Bank consortium and provided comprehensive advisory services throughout the business license approval process, including the scope of concurrent businesses permitted for an Internet-only bank, and regulations on partnership arrangements with shareholding companies.

SECURITIES

South Korean Rising Star Biotech Firm, SillaJen, Lists Shares on the KOSDAQ

On December 6, 2016, SillaJen, Inc. ("SillaJen") undertook its initial public offering (the "IPO") on the KRX KOSDAQ market. Its listing, which was valued at KRW 150 billion, involved the IPO of 10 million new shares at KRW 15,000 per share.

SillaJen is a biotech company focusing on developing anti-cancer virus technology. Its IPO represents a significant milestone for the listing of a technology-driven venture on the KRX KOSDAQ market.

Kim & Chang successfully advised SillaJen on all aspects of the listing process. Our team assisted the company in completing its listing by: (i) reviewing various contracts necessary for the IPO and listing procedures; (ii) preparing the company for future compliance issues applicable to a listed company; (iii) advising on the lock-up process involving a unique situation; (iv) reviewing issues relevant to allocating shares to an employee stock owner program; (v) conducting due diligence for the listing; and (vi) advising on various other legal matters concerning the IPO and the listing of the company.

INSURANCE

Allianz Global Corporate & Specialty SE Secures a Preliminary License as a Non-Life Insurer Bringing a Shift in a Decade-Long Regulatory Policy to Open the Insurance Market

On December 28, 2016, the Korean financial regulatory authorities granted a Preliminary License to Allianz Global Corporate & Specialty SE ("AGCS") to conduct its planned non-life commercial insurance business.

Background:

With its head office in Munich, Germany, AGCS is a subsidiary of the Allianz Group specializing in the non-life insurance business as well as in other related services. AGCS operates non-life insurance businesses in various countries including China, Japan, Hong Kong, India, and Singapore.

The entry by AGCS into the Korean non-life insurance market comes at a time in spite of the recent decision to sell Allianz Life, its life insurance business operations in Korea. At the same time, AGCS is entering the Korean non-life insurance market. AGCS is being organized as a branch office that will focus mainly on providing commercial lines insurance, such as property and casualty insurance.

Our Representation:

Our team represented AGCS in the application process to obtain the Preliminary License for its insurance branch. It is notable that we could bring about a significant policy change by successfully obtaining a preliminary approval for a non-life insurance business on a comprehensive basis, as opposed to a limited or mono-line insurance basis. For more than 10 years, only limited or mono-line insurance business licenses were granted by the regulatory authorities. As a next step, AGCS is expected to apply for the final license in order to provide various non-life products to corporate and business clients in Korea.

Chinese Insurance Group Anbang Acquires Allianz Life

On December 30, 2016, Anbang Group Holdings Co., Ltd. ("Anbang Group") acquired Allianz Life Insurance Co., Ltd. ("Allianz Life"). With this transaction, Anbang Group improved its ranking in terms of market share in Korea to fifth place, and now has total assets worth KRW 43 billion.

Background:

Anbang Group is a Chinese insurance group that has expanded in China since 2004 through various insurance businesses, including life insurance, property insurance, health insurance, annuities, finance leasing, and commercial banking. Currently, Anbang Group has assets of approximately CNY 1.97 billion (approximately KRW 350 trillion); and is currently ranked as the 9th largest in the Chinese insurance market. Anbang Group's acquisition of Allianz Life follows its initial entry to the Korean insurance market when it acquired a 63% stake in Tong Yang Life Insurance Co., Ltd. in 2015.

Significance / Our Representation:

We advised Anbang Group on the M&A transaction and assisted our client in obtaining the necessary licenses and permits. This transaction is significant in that Anbang Group was able to ultimately have ownership as the largest shareholder in two life insurance companies as a result of the recent acquisition.

INTERNATIONAL ARBITRATION & CROSS-BORDER LITIGATION

Kim & Chang Successfully Defends Client in ICC Emergency Arbitration

Kim & Chang's International Arbitration and Cross Border Litigation Practice successfully defended its client in an emergency arbitration proceeding conducted under the rules of the International Chamber of Commerce (the "ICC"). Emergency arbitration proceedings are intended to provide rapid relief to the requesting party in certain urgent situations, and are becoming more prevalent in international arbitration practice.

Details:

This case involved a product supply contract between the parties, where a dispute arose on whether the contract had expired or remained in effect. Approximately one month after our client commenced the arbitration proceeding, the other party submitted a request for emergency arbitration, seeking interim relief to keep the contract in place until the tribunal deciding the main part of the arbitration proceeding has had a chance to decide on the issue.

The ICC arbitration rules require the emergency arbitrator to render a decision (in principle) within just 15 days of receiving the case files. In order to comply with such a schedule, the emergency arbitrator was appointed by the ICC within 2 days of the request for emergency arbitration filing, and the next day, the parties and the emergency arbitrator held a procedural conference. Thereafter, our team submitted the client's answer to the request for emergency arbitration within one week. The hearing was held 3 days later, followed by the parties' cost submissions (filed 2 days later), and the emergency arbitrator rendered his decision 3 days thereafter.

Our Representation:

With the rapid increase in the number of emergency arbitration applications filed, it has become more important to be mindful of the possibility that the opposing party in a dispute may file an application for emergency arbitration for strategic purposes. That is, due to the very demanding schedule for the emergency arbitrator to render his/her decision once the proceeding commences, the applicant in an emergency arbitration often enjoys significant strategic advantages by virtue of having had time to prepare its claim, whereas the respondent has very little time to deal with the claim.

Based on our prior experiences in emergency arbitrations, our attorneys were able to advise our client from the outset regarding the risk of an emergency arbitration commenced by the other side, and were able to prepare

for the case with such a possibility in mind. As a result, our client was well prepared when the request for emergency arbitration actually came in, which was an important factor in the successful dismissal of the request in favor of the client. Also, the emergency arbitrator ordered the other party to pay for all of the emergency arbitration administrative costs, as well as a portion of the legal fees incurred in the emergency arbitration.

REAL ESTATE

Global Alternative Asset Manager, Brookfield, Acquires Owner Corporations of Yeouido's IFC from AIG in Korea's Largest Real Estate Transaction in 2016

In November 2016, Brookfield Asset Management ("Brookfield"), a global alternative asset management company, indirectly acquired the International Finance Center (IFC) in Yeouido by purchasing all shares of the owner entities (i.e., 5 LLCs) from AIG, the shareholder of such owner entities. This transaction was the largest real estate transaction in the Korean real estate market in 2016.

Kim & Chang contributed to the successful completion of the acquisition of shares of the five owner entities of the IFC, a large complex consisting of office buildings, a retail mall, and a hotel in Yeouido, Seoul's main finance and investment banking district.

Our team provided comprehensive legal advice to the buyer. We advised on real estate-specific matters (such as legal analysis on the ground lease executed between AIG and Seoul Metropolitan Government, and the strata ownership structure involving five different LLCs), but also advised on other various issues relating to the transaction structure. This included M&A, finance, and tax advisory, as well as issues pertaining to lease agreements, licenses, and human resources with different implications for each building, depending on the different characteristics of the businesses carried out on each property.

Blackstone, One of the World's Leading Investment Firms Acquires Seoul's Capital Tower from Korean Life Insurance Company

On September 13, 2016, funds managed by Blackstone (the "Funds") executed a purchase and sale agreement (the "PSA"), under which the Funds agreed to acquire Capital Tower building from NongHyup Life Insurance Co., Ltd.[24] The Capital Tower is located in Seoul's busy business district (Yeoksam-dong). And on November 22, 2016, the transaction successfully closed.

Our Representation

One key point is that the above transaction was uniquely structured in a way that the beneficiary certificates of a fund were acquired by the Funds instead of the generally used asset deal under which the underlying real properties are directly acquired.

This was Blackstone's first real estate investment in Korea.

In order to meet the demands and needs of Blackstone, Kim & Chang advised Blackstone to complete the transaction by using unprecedented investment methods. For instance, we used conversion of the fund established under the Indirect Investment Asset Management Business Act to a private qualified investors fund under the Financial Investment Services and Capital Markets Act to maximize Blackstone's benefits.

Our comprehensive legal advisory services included conducting legal due diligence, drafting and negotiating on the terms and conditions of the transactional documents (including, but not limited to, the PSA and the facility agreement), and assisting with executions of such transactional documents to Blackstone to minimize investment risks, contributing to the successful completion of the transaction.

[24] Specifically, under the PSA, the Funds agreed to acquire beneficiary certificates of a trust-type fund, which owned the Capital Tower building. With the successful closing, the Funds acquired the beneficiary certificates.

INTERNATIONAL TRADE & CUSTOMS

US Government Initiates Anti-Dumping and Countervailing Investigation on Korean Steel Products

In June 2015, the U.S Department of Commerce initiated an anti-dumping and countervailing duty investigation of imports of certain corrosion-resistant steel products from five countries, including Korea. The U.S. petitioner alleged an 80.06% dumping margin against Korean producers, including Dongkuk Steel Mill ("DSM"), which relies heavily on its export sales to the U.S.

Result / Our Representation:

By providing comprehensive responses and leading a successful on-site verification, Kim & Chang's assistance led to a reduction in the dumping margin against DSM to 8.75%, which was significantly lower compared to the margins found against other Korean producers (e.g., 47.80%).

In addition, while DSM's competitors received imposed countervailing duties at 1.19%, only a de minimis rate was applied to DSM.

Based on the successful outcome of the investigation, DSM was able to maintain its competitive edge in exporting its products to the U.S.

During the investigation, Kim & Chang submitted a total of 9 detailed responses to the U.S. authority's questions. Also, we assisted at a 3-week on-site verification, during which various issues were raised and successfully defended (e.g., complex export routes, arm's length pricing of materials purchased from affiliated companies, resale of processed products, credit expenses, inland freight expenses, and warranty expenses).

FIRM NEWS

AWARDS & RANKINGS

Kim & Chang Again Wins Top Rankings for All 7 Practice Categories, and 26 Leading Individuals Are Recognized in Chambers Global 2017

In the 2017 edition of Chambers Global – a global-wide leading law firm directory, published by Chambers & Partners – Kim & Chang received top rankings ("Band 1") in all 7 practice areas surveyed.

Most notably, the firm was again ranked the highest among South Korean law firms, and also received top ranking in General Business Law in North Korea. Regionally, the firm ranked "Band 4" in International Arbitration in Asia-Pacific region, and awarded "Expertise Based Abroad" recognition in Corporate/M&A in China.

Separately, 26 professionals were selected as "Leading Individuals" in their respective practice areas, while 4 additional professionals received "Other Noted Practitioners" recognition in their respective fields.

About Chambers Global & Ranking Methodology

Chambers Global covers over 190 countries across the world. It is the only Chambers guide to cover jurisdictions such as Canada, Africa and the Middle East. It ranks both lawyers and law firms covering over 190 countries across the world, and does so via independent research (i.e., assessment of law firms' submissions, and interviews with both clients and lawyers.

Our Winning Details

Practice Areas

South Korea

- Banking & Finance (Domestic Firms): Band 1
- Capital Markets (Domestic Firms): Band 1
- Corporate/M&A: Band 1
- Corporate/M&A: Foreign Expertise for China

- Corporate/M&A: Foreign Expertise for North Korea
- Dispute Resolution-Arbitration: Band 1
- Dispute Resolution-Litigation: Band 1
- Intellectual Property: Band 1
- International Trade: Band 1

Asia Pacific
- Arbitration (International): Band 4

China
- Corporate/M&A (International Firms): Expertise Based Abroad

North Korea
- General Business Law (Expertise based Abroad): Band 1

Leading Individuals

South Korea
- Banking & Finance: Young Kyun Cho, Hi Sun Yoon, Young Min Kim
- Capital Markets: Chang Hyeon Ko, Young Man Huh, Myoung Jae Chung, Hoin Lee
- Corporate/M&A: Kyung Taek Jung, Young Jay Ro, Jong Koo Park, Young Man Huh, Bo Yong Ahn, Jong Hyun Park**, Sun Yul Lee**
- Dispute Resolution - Arbitration: Byung Chol Yoon*, Eun Young Park, Liz Kyo-Hwa Chung, Kay-Jannes Wegner, Richard Menard, Joel E. Richardson
- Dispute Resolution - Litigation: Jin Yeong Chung, Jung Keol Suh
- Intellectual Property: Young June Yang, Duck Soon Chang, Chun Y. Yang, Young Kim, Sang-Wook Han, Ann Nam-Yeon Kwon**
- International Trade: Ju-Hong Kim*

Japan
- Young Hoon Byun (Expertise Based Abroad)

North Korea
- Eun Min Kwon (Expertise Based Abroad)

Kim & Chang Receives Highest Ranking Among South Korean Law Firms in the 2017 Edition of Chambers Asia-Pacific

Kim & Chang was top ranked ("Band 1") in all 18 practice areas surveyed in the 2017 edition of Chambers Asia-Pacific, a leading law firm directory of Asia-Pacific region, published by Chambers & Partners.

Our firm had the highest ranking among law firms in South Korea. We were also ranked "Band 1" in General Business Law in North Korea category, and received a "Band 4" recognition in International Arbitration in the Asia-Pacific region.

Separately, 55 professionals were selected as "Leading Individuals" in their respective practice areas, while 6 more professionals were recognized as "Other Noted Practitioners" in their fields.

Our Winning Details

Practice Areas

South Korea
- Banking & Finance: Band 1
- Capital Markets: Band 1
- Competition/Antitrust: Band 1
- Corporate/M&A: Band 1
- Dispute Resolution - Arbitration: Band 1
- Dispute Resolution - Litigation: Band 1
- Dispute Resolution - White-Collar Crime: Band 1
- Employment: Band 1
- Insurance: Band 1
- Intellectual Property: Band 1
- International Trade: Band 1
- Projects & Energy: Band 1
- Real Estate: Band 1
- Restructuring/Insolvency: Band 1
- Shipping: Band 1
- Shipping - Finance: Band 1
- Tax: Band 1
- Technology, Media, Telecoms (TMT): Band 1

North Korea
- General Business Law: Band 1

Asia-Pacific

- Arbitration (International): Band 4

Leading Individuals

South Korea

- Banking & Finance: Young Kyun Cho, Hi Sun Yoon, Young Min Kim
- Capital Markets: Chang Hyeon Ko, Young Man Huh, Myoung Jae Chung, Hoin Lee
- Competition/Antitrust: Kyung Taek Jung, Sung Eyup Park, Jae Hong Ahn, Youngjin Jung, Gene-Oh (Gene) Kim
- Corporate/M&A: Kyung Taek Jung, Young Jay Ro, Jong Koo Park, Young Man Huh, Bo Yong Ahn, Jong Hyun Park**, Sun Yul Lee**
- Dispute Resolution - Arbitration: Byung Chol Yoon*, Eun Young Park, Liz Kyo-Hwa Chung, Kay-Jannes Wegner, Richard Menard, Joel E. Richardson
- Dispute Resolution - Litigation: Jin Yeong Chung, Jung Keol Suh
- Dispute Resolution - White-Collar Crime: Kook Hyun Yoo, Myungsuk Choi, Seung-Ho Lee, Byung-Suk Lee, Michael H. Yu**
- Employment: Chun Wook Hyun, Weon Jung Kim, Wan Joo, Deok-Il Seo, Jung Taek Park
- Insurance: Jae Hong Ahn, Woong Park, Jae Ho Baek**, Hyun Wook Shin
- Intellectual Property: Young June Yang, Duck Soon Chang, Chun Y. Yang, Young Kim, Sang-Wook Han, Ann Nam-Yeon Kwon**
- International Trade: Ju-Hong Kim**
- Projects & Energy: Young-Kyun Cho
- Real Estate: Yon-Kyun Oh, Kwan-Sik Yu, Keun-Ah Cho
- Restructuring/Insolvency: Jin-Yeong Chung, Chiyong Rim
- Shipping: Byung-Suk Chung, Jin-Hong Lee
- Shipping - Finance: Hi-Sun Yoon
- Tax: Je-Heum Baik, Woo-Hyun Baik, Dong-Jun Yeo, Dong-So Kim, Im Jung Choi, Tae-Yeon Nam, Stefan L. Moller
- Technology, Media, Telecoms (TMT): Dong-Shik Choi, Min-Chul Park

North Korea

- General Business Law: Eun Min Kwon

Kim & Chang Wins "National Law Firm of the Year: Korea" for the 15th Consecutive Year at the IFLR Asia Awards 2017

For the 15th consecutive year, Kim & Chang was recognized as the "National Law Firm of the Year: Korea" at the IFLR Asia Awards 2017.

International Financial Law Review ("IFLR") is the industry leader for rewarding legal innovation. Each year, IFLR hosts ceremonies in Hong Kong, London, New York, and Dubai, recognizing the best work in both private practice and in-house departments. IFLR is published by Euromoney, one of the world's leading media groups. On March 2, IFLR hosted the 2017 awards ceremony at Hong Kong's Island Shangri-La Hotel, to honor Asia's most innovative legal deals and the firms that completed them.

Kim & Chang Awarded "Compliance/ Investigations Firm of the Year" at the Asia Legal Awards 2017

For the second consecutive year, Kim & Chang was recognized as the "Compliance/Investigations Firm of the Year" at the Asia Legal Awards 2017. On February 22nd, "The Asian Lawyer" – an affiliate of ALM, a world-renowned legal media group – hosted the awards ceremony at Hong Kong's Four Seasons Hotel, to honor Asia's top lawyers, law firms, and in-house teams.

Our Anti-Corruption & Corporate Compliance Practice was commended by our clients as "the only one that has in-house capabilities both in the area of forensic accounting provided by certified accountants and in digital forensics by IT specialists with career experience within cyber investigation agencies."

* Star Individual: A lawyer with exceptional recommendations in his field.
** Other Noted Practitioner: An individual who handles notable matters and / or has received some recommendation during the course of our research.

Kim & Chang's Anti-Corruption & Corporate Compliance Practice regularly advises multinational and domestic companies on various anti-corruption and corporate compliance-related matters. These range from general compliance advice to serious crisis management situations involving various issues, including labor and employment, civil and criminal litigations, internal investigations, as well as management of internal documents and other related matters.

"Korea Firm of the Year 2016" in 19 Practice Areas Surveyed – Asian-MENA Counsel Magazine

Kim & Chang was named as "Korea Firm of the Year" in 19 practice areas in the 10th annual "Representing Corporate Asia & Middle East Survey," which was conducted and announced by Asian-MENA Counsel magazine.

Over 1,000 in-house counsels participated in the survey, focusing on each firm's quality and value of service, as well as responsiveness to clients' needs.

Our firm was also named as the "Most Responsive Domestic Firms of the Year: South Korea" and "Top Multiple Category Winners: South Korea" lists. Also, we received the most nominations among Korean law firms.

The related article can be found at Asian-MENA Counsel, Volume 14 Issue 4, 2016.

Winning Categories

- Alternative Investment Funds (including private equity)
- Anti-Trust/Competition
- Banking and Finance
- Capital Markets
- Compliance/Regulatory
- Corporate and M&A
- Employment
- Energy & Natural Resources
- Environmental
- Insurance
- Intellectual Property
- International Arbitration
- Litigation and Dispute Resolution
- Maritime & Shipping
- Real Estate/Construction
- Restructuring & Insolvency
- Taxation
- Telecommunications, Media & Technology

Honourable Mention

- Project and Project Financing

Kim & Chang Named No. 1 M&A Advisor in Korea – Bloomberg Asia Pacific Legal Advisory M&A Rankings 2016

Kim & Chang was ranked as the No. 1 M&A advisor in Korea – both by volume and deal count – with 110 deals worth USD 27.565 billion in the Bloomberg Asia-Pacific Legal Advisory M&A Rankings 2016.

Kim & Chang Recognized as the No. 1 M&A Advisor in Korea – Mergermarket M&A League Tables of Legal Advisors 2016

According to the "Mergermarket M&A League Tables of Legal Advisors 2016," Kim & Chang ranks as the No. 1 M&A advisor in South Korea by deal value and count (USD 22.994 billion and 80 counts).

SEMINARS & ANNOUNCEMENTS

Seminar on Outcome and Improvement Plan for Special Act on the Corporate Revitalization

On December 20, 2016, Mr. Jong Hyun Park, one of our senior attorneys, spoke in a seminar on the outcome and improvement plan for the Special Act on Corporate Revitalization.

The seminar was hosted by the Korean Ministry of Trade, Industry and Energy ("MOTIE"), Korea Chamber of Commerce and Industry, Korea Federation of Small and Medium-sized Enterprises, and various economic organizations. During his speech, Mr. Park emphasized the efficiency of the Act for supporting corporate restructuring, and described specific supporting plans for businesses.

Kim & Chang Senior Attorneys Present on Cross-Border M&A, Risk Management, and Outbound Investments at the Thomson Reuters Annual Brief 2016

Mr. Kyung Yoon Lee and Mr. Sun Yul Lee presented at the Thomson Reuters Annual Brief 2016.

Thomson Reuters hosted this conference, which was held at the JW Marriott Seoul on December 7, 2016. The two senior attorneys separately gave a presentation on "Cross Border M&A Process and Risk Management," and on "Issues and Prospects of Investments Abroad."

Kim & Chang Senior Attorney Debates Legal & Policy Issues Relating to Self-Driving Cars at the National Assembly Advanced Mobility Forum

Mr. Jae Ho Baek participated as a debater National Assembly Advanced Mobility Forum.

The forum was convened to discuss legal and policy improvements necessary to solve ethical dilemmas of self-driving cars. In the forum, Mr. Baek noted: "Trusted trip log recording device is essential for minimizing legal disputes concerning responsibility when self-driving car accidents occur."

Kim & Chang Senior Attorney Provides Instruction on Anti-Graft Law at the Korean Fair Competition Federation's Workshop on Certified Compliance Professionals

On December 9, 2016, Mr. Dong Kun Kang participated at the 2nd workshop on Certified Compliance Professionals ("CCP") as an instructor.

The Korean Fair Competition Federation hosted the workshop, during which Mr. Kang gave a lecture entitled "Q&A on Improper Solicitation Act and Cases in Business Industries."

KIM & CHANG 39, Sajik-ro 8-gil, Jongno-gu, Seoul 03170, Korea
Tel: +82-2-3703-1114 Fax: +82-2-737-9091/ 9092 E-mail: lawkim@kimchang.com www.kimchang.com