KIM & CHANG

Newsletter

A Quarterly Update of Legal Developments in Korea

July 2017, Issue 2

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ANTITRUST & COMPETITION

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

KFTC Announces Standard Distribution Agreement for F&B Businesses

On February 15, 2017, the Korea Fair Trade Commission ("KFTC") announced the Standard Distribution Agreement for transactions between suppliers and distributors in the food & beverage ("F&B") industry.

Why significant:

While currently limited to the F&B industry, the publication of the Standard Distribution Agreement is meaningful, because it is the first standard distribution agreement announced by the KFTC since the enactment of the Fairness in Distributor Transactions Act (the "FDTA") in December 2016.

This provides a standard for what should be deemed fair terms of a distribution agreement and how the FDTA will be enforced in the future. A prudent exercise may be to compare the terms of the Standard Distribution Agreement with the distribution agreement used by your company in preparation for potential future enforcement of the FDTA and other relevant laws.

Main contents of the Standard Distribution Agreement:

Item	Standard Distribution Agreement	Existing Industry Practice (according to the KFTC's press release)
Penalty Interest for Delay	6% per annum (interest rate provided in the Korean Commercial Code)	Approx. 15-25% per annum
Real Estate Mortgage Expense	Borne either (i) equally by the supplier and the distributor, or (ii) solely by the supplier	Borne solely by the distributor
Product Returns	Provide permissible reasons for return and return period (minimum one day)	Allowed only for very specific reasons and limited time periods
Sales Incentives	Provide conditions for, and time and method of sales incentive payment Prohibits changes unfavorable to the distributor without legitimate grounds	Condition for sales incentive payment is not expressly provided or is subject to frequent change
Grounds for Termination	Restricts grounds for termination (e.g., objective difficulty in continuing the transactions, uncured material breach following cure request) Termination allowed for unavoidable grounds with three month prior written notice	Termination possible based on unclear grounds, such as change in supplier's policy
Transfer of Distributor Rights	Money receivables transferable with prior notice	Transferable only with prior approval of the supplier

KFTC's industry seminars:

The KFTC announced that it plans to hold industry seminars to actively promote the use of the Standard Distribution Agreement. Although the Standard Distribution Agreement does not have legal effect as a law, it serves as a reference in assessing whether a distributorship agreement is in breach of any unfair trade practice related laws.

LABOR & EMPLOYMENT

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

Supreme Court Rules that Distributor's Sales Agents Are Distributor's Employees, Entitling Them to Severance Payment from the Distributor

In a recent decision, the Supreme Court held that although a company (the "Distributor") executed service agreements with its sales agents (the "Sales Agents") who worked in the Distributor's retail space at a department store, the Sales Agents were the Distributor's "employees" as defined under the Labor Standards Act and entitled to statutory severance from the Distributor. Although the Sales Agents were subcontracted to the Distributor and received a sales commission for selling products on its behalf to customers, the Supreme Court ruled in favor of the Sales Agents.

Factors considered:

Despite the Distributor and the Sales Agents' contractual arrangement, the Sales Agents were "employees" of the Distributor, since the Sales Agents were in a superior-subordinate relationship with the Distributor to receive wages.

The following factors ("Factors") were considered in reaching the decision: (i) the Distributor gave work orders to the Sales Agents through the Distributor's internal computer network; (ii) there was a cap on the sales commissions that could be earned, and the Sales Agents received a certain amount of compensation, even in cases of poor sales; (iii) employees from the Distributor's headquarters regularly examined how the Sales Agents performed their work; and (iv) the Distributor documented and managed the Sales Agents' attendance, such as tracking sick days and maternity leave.

Potential impact:

The Supreme Court's decision is expected to have a significant impact since many department stores and supermarkets similarly delegate and outsource certain tasks.

However, a court determination on whether or not an employment relationship exists is based on a number of factors, the most important factors being the scope and degree of supervision and control exercised. Therefore, this Supreme Court ruling is not dispositive, and does not mean that agents subcontracted to sell a product on a company's behalf in exchange for compensation will necessarily be classified as "employees" of that company.

On the other hand, this ruling does provide further guidance on the factors considered by the Court (and the degree thereof) in determining whether or not an employment relationship exists. Around the same time as this decision, the Supreme Court also reviewed similar cases involving subcontracted workers, and held that water cooler installation workers and credit card telemarketers are "employees" of the companies with which the individuals had executed service agreements. However, the Supreme Court held that Yakult sales agents (sales ladies who go door-to-door selling Yakult products, such as yogurt and dairy products) are not "employees" of the Yakult Company.

Based on these recent rulings, it appears that the Supreme Court is moving towards a broader interpretation of employment relationships, and stronger legal protection of individuals who perform certain functions for companies under a service agreement.

Concluding thoughts:

Given this trend, companies that delegate or outsource functions to individuals may wish to consider examining whether any of the Factors discussed above are present in their service agreements and/or practices, and if so, consider taking necessary measures to minimize the risk of a finding of an employment relationship.

ENVIRONMENT

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

Korean Government Adds Stronger Regulatory Measures for Potentially Risky Products and Reporting of Occupational Accidents

The Ministry of Environment ("MOE") recently added certain designated products to the list of potentially risky products ("PRP"), intending to apply stringent standards to the PRP by issuing an administrative notice on the draft amendments to the PRP Designation & Safety/Labeling Standards (the "PRP Standards"). Accordingly, the MOE is pushing to amend the PRP Standards.

In addition, the Occupational Safety and Health Act ("OSHA"), which was amended on April 18, 2017, aims to strengthen the reporting obligations for occupational accidents.

Details on the strengthened requirements & potential sanctions:

The draft amendments to the PRP Standards prescribe that, in case of outsourcing the manufacturing of PRP through an original equipment manufacturer ("OEM") or an original design manufacturer ("ODM"), the primary contractor (i.e., the business which commissions an OEM or an ODM to manufacture PRP) must conduct a self-inspection of the manufactured PRP to confirm whether it satisfies the safety standards of the PRP Standards, and that the primary contractor must be indicated as the manufacturer on the PRP label.

The amended OSHA prescribes that an employer is required to ensure that it will not cover up occupational accidents, in order to prevent the employer from hiding facts regarding occupational accidents to avoid: (i) increase of occupational accident insurance fee; (ii) occupational safety and health audit from the relevant government authority; or (iii) disadvantage on the public bidding offered by a public agency.

Failure to comply with this requirement will be criminally sanctioned under the amended OSHA. This is construed as being a much more stringent measure, considering that a failure to report occupational accidents under the previous OSHA was subject to only an administrative fine of up to KRW 10 million. The amended OSHA will take effect on October 19, 2017.

For your consideration:

With these expected amendments to the PRP Standards, businesses that manufacture PRP by way of an OEM/ODM may wish to consider inspecting and confirming whether the partnered OEM/ODM is complying with the relevant standards.

Meanwhile, regarding the amended OSHA, worksites may need to inspect the relevant personnel and work process so as to facilitate the reporting of occupational accidents.

MOE Moves to Further Stringently Regulate Hazardous Chemical Substances

The Amendment to the Chemicals Control Act ("CCA"), as proposed by the MOE and promulgated on December 27, 2016, is scheduled to take effect on December 28, 2017 (the "Amendment").

Through the Amendment, the MOE appears to strengthen the control of hazardous chemical substances marketed as chemical reagents by requiring a person or company engaged in the sale of chemical reagents, but exempted from obtaining the relevant business permit, to report the business of selling chemical reagents.

Also, the Amendment requires distributors to verify the buyer's identity when engaging in an online sale of hazardous chemical substances, aiming to efficiently cope with the ever-diversifying distribution structure.

Further, in the event of a chemical accident, the Amendment allows an order to suspend all work directly at the site of the accident to strengthen control over chemical handling facilities.

Key aspects of the Amendment:

1) **Obligation to report the business of selling chemical reagents, and potential criminal sanctions**

   A person or company engaged in the sale, retention/storage, shipping or use of a chemical reagent, which corresponds to hazardous chemical substances, for its intended purpose of testing, research or inspection, is currently exempted from obtaining the relevant business permit under the CCA.

   However, the Amendment requires a person or company intending to sell a chemical reagent for its intended purpose of testing, research or inspection to report the business of selling chemical reagents to the MOE.

   Failure to report will be subject to an imprisonment of up to one year or a criminal fine of up to KRW 30 million.

In addition, the Amendment requires the person or company selling a chemical reagent for testing, research or inspection to notify the buyer that the given chemical reagent must be used for the intended purpose only, and that the relevant hazardous chemical substance handling standards must be complied to when handling it. A violation of this notification requirement shall be subject to an administrative fine of up to KRW 3 million.

2) **Obligation to self-certify when purchasing hazardous chemical substances online, and potential criminal sanctions**

Currently, the CCA does not regulate identification verification process when purchasing hazardous chemical substance online.

However, the Amendment obliges a distributor who sells hazardous chemical substances online to check the real name and age of the buyer, and to verify the buyer's identification.

A violation of this obligation shall be subject to a criminal fine of up to KRW 5 million.

3) **Official's authority to issue work suspension order against chemical handling facilities on-site in the event of a chemical accident, and potential criminal sanctions**

The Amendment provides that, if deemed necessary to dispatch an on-site emergency response coordinator (i.e., an MOE official with the requisite qualifications) to a chemical accident site, such on-site emergency response coordinator may order work suspension against the relevant chemical substance handling facilities.

A failure to follow such order shall be subject to an imprisonment of up to three years or a criminal fine of up to KRW 50 million.

Potential impact:

Since the Amendment is expected to be materialized in further detail through the lower regulations to the CCA, you may wish to continuously monitor the relevant legislative developments.

TAX

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Notice on Introduction of Country-by-Country Reporting Requirements and Scope of Reports

On March 21, 2017, the Ministry of Strategy and Finance ("MOSF") issued a notice introducing Country-by-Country Reporting ("CbCR") requirements (the "Notice"). This is in accordance with the amendment to the "Law for the Coordination of International Tax Affairs" (2016), which obligated multinational enterprises ("MNEs") to submit the CbCR.

Overall, the Notice specifies the scope of taxpayers subject to the reporting requirements and other aspects of the reporting process.

Background:

Base Erosion and Profit Shifting ("BEPS") refers to tax avoidance strategies that artificially shift profits to low (or no) tax locations by exploiting gaps and mismatches in bilateral tax treaties or tax rules among countries.

In order to prevent BEPS, it is important that as many countries as possible participate. Currently, over 100 countries and jurisdictions are collaborating to tackle BEPS under an inclusive framework. OECD launched the BEPS project, formulating anti-BEPS models and implementing anti-BEPS measures. OECD recommends that each country follow such measures.

Korean government's initial anti-BEPS measures:

The Korean government, in order to comply with OECD's anti-BEPS measures, has revised its tax laws, and our understanding is that it will continue to do so. However, there are substantial amounts of OECD anti-BEPS measures, and therefore, it is impractical to introduce all measures at once. One by one, the Korean government is gradually adopting those measures.

One of the first anti-BEPS measures that the Korean government adopted is "review of transfer pricing documents." This measure requires a taxpayer to submit a more detailed transfer pricing report than before, allowing Korean tax authorities and foreign counterparts to collect relevant data to prevent MNEs from engaging in BEPS.

CbCR submission requirement:

According to anti-BEPS measures, Master File, Local File, and CbCR are required of taxpayers. Since the 2015 tax law amendment, the Master File and Local File submissions have been in force. However, after the Law for the Coordination of International Tax Affairs was revised at the end of 2016, the CbCR was added as an additional requirement.

CbCR contains information on economic activities of MNEs, including allocation of income, global distribution of tax, breakdown of revenues, pre-tax profits and loss by country (in which the MNE and its affiliated companies operate), and primary businesses.

The types of taxpayers required to submit CbCR, contents of CbCR, due date, form of CbCR, and the timeline on exchange of CbCR among countries are:[1]

1) Taxpayers required to submit the CbCR:

- Ultimate (Korean) parent company of MNE whose prior year consolidated revenue exceeds KRW 1 trillion.
- Korean subsidiary or branch of MNE, where the parent company of a foreign MNE: (1) is not required to file the CbCR under the law of its resident country; or (2) is a resident of a country which does not have an agreement for the exchange of CbCR with Korea.[2]

2) Obligation to provide information on the entity that will file the CbCR on behalf of the MNE group

- A parent company or subsidiary/branch belonging to an MNE group with consolidated revenue exceeding KRW 1 trillion must notify the local tax office within six months of the fiscal year-end which entity will file the CbCR on behalf of the MNE group. Failure to submit this information within the deadline will result in each of the above taxpayer being required to file the CbCR.

- If a taxpayer fails to declare the entity that will file the CbCR on behalf of the MNE group, taxpayer must submit the CbCR within 12 months of the fiscal year-end date.

- However, (i) if the taxpayer belonging to an MNE group notified the local tax office within six months of fiscal year-end of the entity that will file the CbCR on behalf of the MNE group; and (ii) satisfies one of the following conditions, that taxpayer is exempt from the CbCR requirements:
  - If another Korean subsidiary within the same MNE submits the CbCR on behalf of the taxpayer; or
  - If the ultimate parent company that has its subsidiary in a different country submits the CbCR on behalf of the Korean subsidiary, and that country and South Korea exchange the CbCR.

[1] Excerpted from "National Tax Service Notice on Introduction of Country-by-Country Reporting Requirements and Scope of Reports" (Dated March 21, 2017).

[2] This applies only to MNEs, whose revenue exceeds the minimum amount for CbCR requirement in the country where the shareholder is located. If the country's tax laws do not have a CbCR requirement, the Korean subsidiary must submit CbCR, if the MNE's consolidated revenue for the prior year exceeds EUR 750 million.

3) CbCR contents:

- Information set out in the ministerial decree includes breakdown of primary businesses by country in which the MNE operates, allocation of income, profit or loss before tax, tax payments, and capital, among others.

4) Filing due date:

- Filing of the CbCR must be made within 12 months of the fiscal year-end for the parent company. Along with the CbCR, the due date for filing the local file and master file has been extended from the current corporate tax return filing due date to within 12 months of the fiscal year-end, and can be further extended (i.e., up to one year) by obtaining approval from the relevant tax office.

5) CbCR form:

- Both Korean and English language reports should be filed manually or electronically with the local tax office.

6) Exchange of the CbCRs:

- CbCRs received through the end of 2017 are expected to be exchanged with other tax authorities throughout 2018 pursuant to the CbC Multi-Competent Authority Agreement ("MCAA"). As of May 2017, 57 countries (including Korea, but excluding Turkey and the United States) are signatories to the MCAA.

7) Timeline:

- Applies to taxpayers submitting the CbCR starting January 1, 2017.

- Taxpayers with fiscal years ending on December 31, 2016 must file the CbCR for 2016 by December 31, 2017.

What this means:

The Korean government and other countries share the concern that MNEs are involved in tax avoidance. Beginning in 2017, as a first step towards successfully preventing BEPS, the Korean government is requiring taxpayers to submit more detailed information on their transfer pricing reports. Taxpayers will have to prepare requisite transfer pricing documents in advance and submit them before the deadline imposed by the tax authorities.

TECHNOLOGY, MEDIA & TELECOMMUNICATIONS

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

KFTC Prepares Standard Agreements for the Online Shopping Industry

On January 4, 2017, in an effort to promote fair trade practices and mitigate potential disputes, the KFTC issued its standard agreements for consignment and direct purchasing transactions between online shopping companies and small and medium-sized sellers and suppliers.

Details:

For consignment transactions, the KFTC's standard agreement reinforces the online shopping company's obligation to provide certain information to the seller, and includes more balanced terms and conditions.

Among others, the standard agreement reflects the following principles:

1) The online shopping company should not: (i) shift liability for delayed shipments when the seller is not at fault; or (ii) impose an advance refund system, where the online shopping company refunds the customer prior to the seller receiving the returned product.

2) The online shopping company should disclose and provide the seller with detailed statements of expenses and other deductions from the sales payments.

3) The online shopping company should compensate the seller for damages if the customer cancels an order due to the online shopping company's delayed order to the seller.

4) The online shopping company should establish and disclose its standards and policies on advertising commissions.

5) The online shopping company should separately stipulate the commission rates applicable during discount events.

6) The online shopping company should not compel or coerce the seller to provide discounts.

7) The online shopping company should not obligate the seller to cover transportation fees for refunds or exchanges that were originally assumed by the customer.

<u>What this may mean:</u>

The KFTC intends to actively recommend that large online shopping companies with annual retail sales of KRW 100 billion or more adopt and use the KFTC's standard agreements.

Although there is no legal obligation to use the KFTC's standard agreements, they may serve as a benchmark when determining whether or not any particular terms may be unfair or unreasonable under the Korean fair trade laws and regulations.

Amended Enforcement Decree of the Telecommunications Business Act Now Effective, Specifically Classifying and Regulating Certain Prohibited Acts of Telecom Service Providers

The Enforcement Decree of the Telecommunications Business Act (the "Enforcement Decree"), which was partially amended on December 30, 2016, went into effect on January 31, 2017.

<u>Summary of newly-created prohibited acts that apply specifically to online service providers:</u>

The Enforcement Decree specifically classifies and regulates certain prohibited acts of telecommunications service providers pursuant to Article 50 of the Telecommunications Business Act.

Among the many newly-created prohibited acts under the amendment, the following summarizes those that specifically apply to online service providers.

1) **Installation of software that is not critical to the primary functions of telecom equipment (e.g., smartphones)**

   The amended Enforcement Decree prohibits the installation – and even the recommendation – of software that is not critical to the primary functions of telecom equipment, such as smartphones. It further prohibits any unfair limitations on the ability to uninstall such software or to install other software.

The purpose of this restriction is to prevent any software (including pre-installed applications) that is not critical to the primary functions of smartphones from unfairly limiting the ability of consumers to delete such software, and to prevent pre-installed software from unfairly limiting the ability of consumers to install other software.

We anticipate greater scrutiny over pre-installed applications in the near future.

2) Imposing unfair terms or limitations on service providers seeking to use another telecom service provider

The amended Enforcement Decree also prohibits unfair terms or limitations on service providers that desire to use another company's telecom services, such as mobile communications networks and platforms, to provide their own service.

The purpose of this restriction is to prevent telecom service providers, such as mobile communications network providers and platform providers, from discriminating against, or unfairly limiting the services of, other telecom service providers that are seeking to use their telecom services to provide consumers with a different service.

The specific types of prohibited acts under this regulation will be separately announced by the Korea Communications Commission, and unlike other restrictions under the amended Enforcement Decree, this regulation went into effect as of July 1, 2017. We believe that regulators may now focus on issues, such as net neutrality, disparate treatment by platform providers, and how search service providers rank their search results.

3) Misleading consumers by unfairly commingling advertisements with other information

Misleading consumers by unfairly posting advertisements embedded within other information without clearly distinguishing between the two types of information is also prohibited under the amended Enforcement Decree.

The purpose of this new restriction is to prevent consumer confusion when advertisements and other content and information are combined with one another.

Please note that this regulation only prevents the commingling of advertisements with other types of information in order to avoid misleading consumers, while other acts of deceptive or false advertising will continue to be subject to other laws, such as the Fair Labeling and Advertising Act.

4) Unfairly limiting the ability to delete certain advertisements

A new restriction has been included to prevent measures that unfairly limit the ability to delete advertisements from the screen, which obstruct or hide other information when the advertisement is distributed, posted or sent to the consumer.

There are many instances when online service providers, while distributing, posting or sending advertisements together with other information, post the advertisement in a manner that hides the other user-requested information.

The purpose of this regulation is to prevent acts that unfairly limit the ability to delete advertisements on the screen that hides such user-requested information.

In light of this new restriction, online service providers should ensure that users should have a means to delete the advertisement from the screen when the advertisement is rendered together with other types of information.

Amendments to the Enforcement Decree of the Network Act Provide Rules on Mobile Apps' Access to User Information

On March 23, 2017, the amendments to the Enforcement Decree (the "Enforcement Decree") of the Act on Promotion of Information and Communication Network Utilization and Information Protection ("Act") took effect. They provide detailed rules on mobile apps' access to user information.

Background:

There have been growing complaints about some mobile apps' excessive (and often undisclosed) access to user information. For example, a flashlight app inexplicably collected the location information stored in a mobile device.

To address these concerns, the Act was amended to require online service providers ("OSP"s) to: (i) distinguish between mandatory and optional access rights; (ii) disclose the information and/or function in the device to be accessed and the reasons for the access; and (iii) obtain the user's consent.

As the Act defers detailed requirements of the Enforcement Decree, the Korea Communications Commission prepared corresponding amendments to the Enforcement Decree, which also became effective on March 23, 2017.

Key features of the amendments:

1) Disclosure and consent requirements

Under the amended Enforcement Decree, an OSP must comply with the disclosure and consent requirements to access: (i) user-stored information (e.g., contacts, schedule, videos, communications, bio information); (ii) information automatically saved by the device during use (e.g., location information, communication record); (iii) unique identification information (e.g., the device's Internal Mobile Equipment Identity ("IMEI") number; or (iv) input/output functions (e.g., photographing, voice recognition, bio information, and health information sensors).

However, the amended Enforcement Decree provides an exemption for apps or software installed during mobile device manufacturing and supply process to perform fundamental or core functions of the mobile device, such as making calls, texting, photo-taking, and playing music or videos.

2) Ways to obtain user's consent

Before or when the user installs or activates the app, the OSP must: (i) clearly disclose to the user of the information and/or function to be accessed and the reasons for the access; and (ii) obtain the user's consent.

The user's consent must be obtained in one of the following two ways, depending on the type of OSP.

- If the OSP allows users to give individual consent to access rights, the OSP must notify the user of the mandatory and optional access rights, and allow the user to give consent when he/she first accesses the information and/or function to be accessed.
- If the OSP does not allow users to give individual consent, the OSP must first establish and notify access rights that are required for the service, and allow the user to give consent when the user installs the mobile app.

If the OSP falls under one of the two types above, but the aforementioned methods of obtaining consent are not possible, the OSP must, in a way that is most similar to the aforementioned methods, clearly disclose to the user of the information and/or function to be accessed, and allow the user to give consent.

3) Different consumer safeguards for each OSP type

The amended Enforcement Decree requires different consumer safeguards for each OSP type.

For example, OS developers must implement a system that has a function allowing users to freely provide and withdraw consent to access rights.

Also, OS developers must disclose their operating standards for access rights in a way that app developers can easily understand. On the other hand, mobile device manufacturers must install an OS that has implemented a system that allows users to freely provide and withdraw consent to access rights.

4) Mandatory vs. optional access rights

As mentioned, the amended Enforcement Decree distinguishes between mandatory and optional access rights. For the latter, the user must be free to deny access rights. Whether access rights are mandatory must be determined by totality of circumstances, including the scope of service to be provided (as explained through the terms of use, privacy policy, or other documents), whether the service is actually provided, whether the user may reasonably foresee such service being provided, and technical relevance between the service and the requested access rights.

Applicability:

The amended Enforcement Decree took effect on March 23, 2017, and these rules apply to all mobile apps supplied or renewed after this date.

The provision on different consumer safeguards for each OSP type apply when the mobile app is supplied or renewed after March 23, 2017, or if the mobile device is manufactured after March 23, 2017, except when the mobile device was under production when the amended Enforcement Decree took effect, but the OS was installed before that date.

CORPORATE

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The Supreme Court Overturns Precedents and Sets New Guidelines Affecting Shareholders' Registry

In a March 2017 case, the Supreme Court overturned precedents and set new guidelines on: (i) the legal impact of a Shareholders' registry; and (ii) from a legal perspective, as between the actual shareholder and the person/entity listed as a shareholder on the shareholders' registry, which one should be considered a shareholder of the corporation.

Until the recent decision, the Supreme Court precedents indicated that the actual shareholder should be considered as a shareholder of a corporation from the legal perspective, even if such a shareholder is not listed as a shareholder on the shareholders' registry of the company, applying the "substance over form" principle.

Case details:

However, in a case decided by the Supreme Court earlier this year,[3] a shareholder of a listed corporation named in the beneficial Shareholders' registry sought cancellation of a resolution made at a general Shareholders' meeting.

The Supreme Court, en banc, ruled that only the person who is listed as a shareholder in a Shareholders' registry (or a beneficial Shareholders' registry, to which the same principle would apply) may exercise a shareholder's rights in relation to that corporation.

Also, the Supreme Court ruled that, unless there is a special circumstance (limited to exceptional cases, e.g., when a request for entry into or modification of a Shareholders' registry is unduly delayed or rejected), a corporation cannot refuse exercise of shareholder rights by a person who is listed as a shareholder in the Shareholders' registry.

Supreme Court's rationale:

1) In the context of a M&A transaction, from a legal perspective, if the purchaser has paid the full consideration and has received the share certificates, but is not yet listed on the Shareholders' registry, because the company has not completed the process of updating the Shareholders' registry (for the purpose of the Korean Commercial Code) to include the purchaser's name, the seller (and not the purchaser) will be deemed to be the shareholder vis-à-vis the corporation.

2) In the event a person acquires shares under a third party's name, and pays the consideration for such shares (i.e., purchase of the shares via a nominal trust), the third party that is listed in the Shareholders' registry (and not the actual shareholder who paid the consideration), will be considered the shareholder.

3) A corporation itself may not accept an actual shareholder as a shareholder unless the Shareholders' registry is updated to reflect the share transfer.

Potential impact of this decision:

This Supreme Court decision mainly applies to cases where the legal question concerns whether a resolution made at a general Shareholders' meeting is valid.

However, we anticipate that this decision will also apply to other related issues, including:
(i) nominal trusts of shares (and related tax issues);
(ii) due diligence procedures for M&A and investments in corporations whose shares are held in a nominal trust;
(iii) who has rights to vote and distribution regarding so-called "lagged shares" (for which the change in the share ownership fail to be updated in a Shareholders' registry);
(iv) who the corporation should consider as shareholders concerning the shares that are subject to a dispute in share sale and purchase transactions, or a dispute over management control; and
(v) the qualification to be satisfied in order for a person to exercise a minority shareholder's rights.

[3] Supreme Court Decision 2015Da248342, March 23, 2017

BANKING

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FSC Proposes Amendment to the Enforcement Decree to the Act on Corporate Governance of Financial Companies to Allow "Dual Hatting" and Clarifies Rate of Deferred Payment for Performance-Based Compensation

On February 24, 2017, the Financial Services Commission (the "FSC") proposed an amendment to the Enforcement Decree of the Act on Corporate Governance of Financial Companies (the "Corporate Governance Act").

The proposed amendment will allow dual hatting by an individual officer concurrently serving as both a compliance officer and a risk management officer in small branch offices of foreign banks. It also clarifies the rate of deferred payment for performance-based compensation.

In so doing, the FSC is addressing existing concerns that the Enforcement Decree does not fully take the operational size and customary practices of financial companies into consideration, and that it currently lacks clear standards for interpreting certain provisions.

Key changes:

1) **Reduced scope of "responsible officers for key business functions"**

   Currently, the Corporate Governance Act defines "all" officers in charge of business strategy, financial management and risk management as "Responsible Officers in charge of Key Business Functions," and requires them to be appointed by way of a board resolution.

   The proposed amendment reduces the scope of these key officers, and thereby minimizes this board resolution requirement, which would only apply to a single chief officer in charge of each of these areas.

2) **Dual hatting of compliance officer and risk management officer in small branches of foreign banks allowed**

   Currently, dual hatting of compliance officer and risk management officer is allowed for financial investment companies and insurance companies if their asset size is below certain threshold amount, while dual hatting is not allowed for branches of foreign banks regardless of their asset size.

   The proposed amendment will allow such dual hatting for branch offices of foreign banks whose total asset size is less than KRW 700 billion, if they do not engage in any derivatives sales and trading.

3) **Tightening of rules on deferred payment of performance-based compensation**

   Currently, financial companies are not required to specify the scope of employees who are subject to deferred payment of performance-based compensation or applicable deferral rates, and can use their own discretion to make those determinations.

   The proposed amendment specifies the scope of employees subject to such deferred payment (i.e., those who are responsible for certain listed job functions, such as lending and payment guarantees, and receive performance payments based on business income generated from such line of work) sets a clear floor rate of minimum 40% for executive officers and those officers engaging in financial investment services.

Next steps:

The proposed amendment will be reviewed at a Cabinet Meeting before it is announced and becomes effective.

Once it takes effect, it is expected that the scope of responsible officers for key business functions will be reduced, and the dual hatting of compliance officer and risk management officer will be allowed for small branch offices of foreign banks, resulting in less administrative costs for small foreign bank branches. Based on these impacts, we should see less regulatory uncertainties around performance-based compensation.

SECURITIES

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FSS Announces Its 2017 Business Plan

On February 8, 2017, the Financial Supervisory Service (the "FSS") announced its business plan for 2017.

The business plan centers around efficiently managing risks given increased uncertainties in domestic and overseas markets, and showings of risks that have begun materializing in the markets.

Major aspects of the business plan affecting the securities & asset management sectors:

1) **Risk-focused supervision and inspection systems concerning financial investment companies and financial markets**

   The FSS has emphasized the need to: (i) strengthen planned or themed inspections of potential risk factors in the financial market; (ii) inspect disturbances affecting the orderly functioning of the financial market; and (iii) strengthen the regular ongoing monitoring system as the main elements of the risk-based supervision and inspection systems.

   Regarding financial investment firms, the FSS will focus on examining the risk management of their vulnerable businesses, which pose a relatively high level of risk compared to profitability, as one of major potential risk factors.

   Further, the FSS has listed the following as examples of major disturbances affecting the orderly functioning of the financial market: (i) illegal self-trading by employees of the financial investment firms; and (ii) illegal practices in selling financial products, experiencing a sudden increase in sales.

2) **Strengthening planned investigation for politically-themed stocks and market surveillance by establishing a special investigation group**

   The FSS will conduct a swift investigation of politically-themed stocks by establishing a special investigation group and strengthening joint actions with other government agencies.

   Also, the FSS will strengthen its planned surveillance of unfair transactions using a securities broadcasting line or the Internet, non-cash M&A transactions, and of short sales using undisclosed information and information gathered through cyber media (e.g., internet cafes), as well as conducting an analysis of reports submitted to its market protection hotline concerning quasi-investment advisory services.

   In addition, the FSS announced that it plans to establish standards for imposing a penalty levy against violations of the restriction on short sellers participating in a rights offering, and separate standards for imposing an administrative fine against violation of short-selling regulations.

Moreover, the FSS will make a public disclosure of unfair trading practices and violations, so that investors can promptly become aware of such occurrences and the resulting damages, and then seek civil remedies (i.e., compensation).

3) Major plans related to funds

- Plan to implement institutional reforms for the introduction of the Asian Funds Passport

  The Asian Funds Passport system allows cross-selling of funds across countries through simplified procedures by establishing common norms for the entry and management of the funds.

  On April 28, 2016, Korea signed a Memorandum of Understanding ("MOU") on the Asia Fund Passport with Australia, New Zealand and Japan. Other Asian countries, such as Singapore, Thailand, and the Philippines, are also expected to sign the MOU in the future.

  Additionally, the FSS announced that in 2017, it plans to implement systematic reforms and lay out an infrastructure to smoothly introduce the Asian Funds Passport.

- Establish standards to examine new types of fund products

  In recent years, various new fund products, such as private equity funds, multi-level mutual funds, performance-based funds, and active ETFs, have been introduced into the market. Accordingly, the FSS will prepare fund registration screening standards, considering the unique characteristics of each new fund type.

- Review measures for receiving fund sales fees

  There is a statutory limit on the amount of fund sales fees and expenses that can be charged for public funds. To manage fund sales company receiving fees or expenses exceeding the statutory limit in some cases, the FSS will review a plan to improve the system (including a study of foreign cases and related matters).

Korean Lawmakers Pass 11 Major Banking & Finance Law Amendments to Reform Financial Industry Sanction System

On March 30, 2017, the National Assembly passed 11 major amendments to banking and finance laws to reform the sanction system in the finance industry.

As expected, the amendments were promulgated on April 18, 2017, and will be effective from October 19, 2017.

<u>Key parts of the amendment to the Capital Market and Financial Investment Business Act and the Act on the Governance of Financial Institutions (the "Governance Act"):</u>

1) Realization of fines and penalties

Under the current finance law, the maximum limit on an administrative fine is KRW 50 million. This is generally insufficient when sanctioning or controlling violations committed by large financial companies. Similarly, the existing maximum penalty levy is too small compared to the unfair benefits gained by large financial companies through violations.

Thus, the maximum limit on an administrative fine will increase by an average of two to three times the prior amount, and the maximum penalty levy will be increased by three times (on average).

First, regarding the administrative fines, the maximum limit will be raised to KRW 100 million from the current KRW 50 million for institutions, and to KRW 20 million from the current KRW 10 million for individuals.

In addition, since the Governance Act is widely applied to major financial sectors, the maximum amount of administrative fine imposed under the law will be raised from KRW 10 million to KRW 20 million to KRW 50 million to KRW 100 million. The actual imposition amount will vary depending on the asset size of the concerned violator.

As for penalty levies, the imposition rate will be increased by a factor of three to raise the statutory ceiling limit by three times, and the maximum penalty levy for breaching a transaction limit on a major shareholder (such as credit grant and securities acquisition) will be raised from 40% to 100% of the violated amount.

2) Sanctioning former officers or employees

Under the current law, whether the regulators have the authority to impose sanctions on former officers or employees is uncertain, resulting in confusion in its application.

To address this situation, just as imposing sanctions on current officers or employees, there will be a clear legal basis for delegating the authority for imposing sanctions on former officers or employees to the Financial Supervisory Service, and relevant sanction regulations will be streamlined.

Enforcement Decree of Foreign Exchange Transactions Act Amended, Seeking Registration and Minimum Capital Requirements

An amendment to the Enforcement Decree of the Foreign Exchange Transactions Act (the “Amendment”), which was announced on February 22, 2017, took effect on July 18, 2017.

Among the several changes, there is an amendment for the on-going obligation of a financial investment business operator who registered as a foreign exchange business operator. While the foreign exchange laws and regulations are applicable to all parties, below is a summary of the changes concerning financial institutions, which offer foreign exchange brokerage services as part of their business.

Key Changes:

1) Registration-related requirements

A financial investment business operator, which intends to perform foreign exchange business, must register itself as a foreign exchange business operator in accordance with the Foreign Exchange Transaction Act and with the Financial Investment Business Regulations. It must satisfy the minimum capital of KRW 2 billion and other requirements.

The Amendment to the Enforcement Decree of the Foreign Exchange Transactions Act requires the foreign exchange business operators to meet the registration requirements on an ongoing basis. Those foreign exchange business operators, which were registered under the old Enforcement Decree, but do not meet the registration requirements as of the effective date of the Amendment, must adjust themselves to comply with the registration requirements by December 31, 2017.

2) **Expanded scope of small transactions exempt from an FX confirmation requirement**

Separately, the FSS has expanded the scope of small transactions exempt from a foreign exchange confirmation requirement applicable to a foreign exchange business operator. The threshold amount for the exemption will be raised from USD 2,000 or less to USD 3,000 or less.

<u>Important deadline to keep in mind:</u>

As the Enforcement Decree of the Foreign Exchange Transactions Act clearly stipulates the requirement for maintaining the foreign exchange business operator status on an ongoing basis, if there is a financial investment business operator that is already registered as a foreign exchange business operator, but does not meet the registration requirements, including the KRW 2 billion capital requirement, such financial investment business operator must begin satisfying those requirements by December 31, 2017.

INSURANCE

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Korean Lawmakers Pass Amendments to the Insurance Business Act, Increasing Sanctions on Insurance Companies

On March 30, 2017, significant changes to 11 financial services-related laws were passed at a plenary session of the National Assembly, including amendments to the Insurance Business Act (the "IBA") with respect to sanctions reform in the financial services sector.

The amendments to the IBA reinforce sanctions for violations of the IBA, such as increasing the amount for administrative fines and penalties that can be imposed on an insurer for certain violations.

The amendments will become effective on October 19, 2017.

In order to improve and reinforce the sanctions regime on insurance companies and their directors and officers, the amendments to the IBA intend to increase the current limits on fines and penalties for regulatory non-compliance.

Major details:

1) **Enhancements to sanctions for directors and officers**

   Previously, the FSC could demand that insurance companies suspend directors and officers for regulatory violations, but the FSC is now empowered to directly suspend such directors and officers pursuant to its regulatory oversight authority.

2) **Increases and introduction of new administrative fines**

   The maximum amount for administrative fines against insurance companies that refuse, interfere with or evade FSC inspections, fail to submit or fraudulently submit a business report to the FSC, or breach the duty to disclose business performance, will be increased from KRW 50 million to KRW 100 million per violation.

   Also, administrative fines (of up to KRW 100 million) will be introduced for a failure to report ancillary businesses conducted by insurance companies to the FSC, as well as for a failure to adopt resolutions and give public notice on affiliate transactions by the board of directors of insurance companies.

3) **Increases and introduction of new surcharges**

   The upper limit for surcharges will be raised from 20% to 100% of the amount in excess of the limit when exceeding the limit on credit extensions or on ownership of bonds and stocks of affiliated companies of the insurance company.

   Regarding violations where the credit extensions to the same person or ownership of bonds and stocks in the same corporation have exceeded the statutory limits, the upper limit of surcharges will be increased from 10% to 30% of the amount in excess of the stated limit.

   The upper limit of surcharges for violations related to (i) product advertisement regulations, (ii) prohibition of delegation of solicitation activities or paying commissions to unauthorized persons, (iii) duty to report basic documents, (iv) duty to comply with matters to be specified in basic documents, and (v) prohibited acts in relation to the execution or solicitation of insurance contracts will be increased from 20% to 50% of the annual premium revenue derived from the underlying insurance contracts.

   In the case where special benefits have been provided (e.g., rebates) to policyholders, the upper limit of surcharges will also be increased from 50% to 100% of the annual premium revenue derived from the underlying insurance contracts.

   Also, new surcharge will be implemented for violations related to restrictions on the acquisition of real property (other than for facilities for the operation of business or permitted investments) of up to 30% of the acquisition price of the real property that is in excess of the statutory limit.

The FSS Holds Its Annual Financial Supervision Briefing, Seeking to Share Industry Opinion on Its Transition to the IFRS17

On February 21, 2017, the FSS held its 2017 Financial Supervision Briefing, announcing that it will seek to make a smooth transition to the IFRS17 with a focus on the Risk Assessment Application System ("RAAS").

The purpose of the briefing was to invite and share opinions with the financial services industry on the IFRS17, and how it will be adopted by the Korean insurance industry in relation to the Liability Adequacy Test ("LAT") and Risk Based Capital ("RBC"), which will be fully implemented in 2021.

<u>Key points specifically relating to the insurance industry:</u>

1) Supervision

- Promotion of autonomy and innovation
  - Encourage development of various insurance products: (i) streamline advance notification requirements for niche-market products; and (ii) encourage development of online insurance products.
  - Remove regulatory obstacles and improve the regulatory environment so that the insurance industry can adapt to the "FinTech" era.
- Preparation for "soft landing" of IFRS17
  - Improve the LAT regime in line with the IFRS17 Frame: (i) gradual adjustment of discount rate used for valuation of liabilities; and (ii) temporary recognition of certain proportion of increased liabilities as available capital for calculation of solvency margin ratio.
  - Expand the insurance liability duration in relation to the solvency margin ratio on a step-by-step progression.
  - Improve the calculation formula of risk amounts associated with minimum guarantees for variable insurance policies.
  - Adjust the financial soundness supervisory system based on the mark-to-market of insurance liabilities, while applying the system in a more flexible manner and taking into account industry circumstances.
- Boost consumer trust
  - Implement a system that enables consumers to carefully consider their decisions before insurance subscription.
  - Expand the scope of products subject to the suitability principle.
  - Improve the Key Performance Index System which may lead to non-payment of insurance proceeds.
- Improving the assessment system
  - Improve the verification process for the calculation of insurance premiums by reviewing the adequacy of cash flow pricing.
  - Establish a "fast-track" surveillance system for suspected defects in insurance products, including requests for clarification, consultation with the management, and/or recommendation for product modifications.
  - Inspect compliance with internal control standards and consumer protection procedures in relation to product development.

2) Audit

- Risk Assessment and Application System ("RAAS")
  - Improve the RAAS
  - Implement ad hoc evaluation of the RAAS for companies vulnerable to risks.
  - Strengthen the planned/themed inspection on potential risk factors.
- Improve responsiveness to risk factors
  - Encourage and strengthen management of financial soundness through implementation of stress tests.

- Inspect adequacy of policy reserves in preparation for the enforcement of IFRS17.
- Review adequacy of investments in high-risk assets, such as alternative investments

- Enhanced monitoring
  - Closely monitor financially vulnerable companies: (i) analyze the risk factors; and (ii) conduct assessment of the RAAS to such companies on a priority basis.
  - Conduct regular reviews and monitor transactions with controlling shareholders and affiliates.

- Inspect potential causes of consumer losses
  - Perform inspections on potential causes of consumer losses jointly with other government agencies concerned.
  - Conduct focused inspections for practices related to the payment of insurance proceeds to establish fair and prompt practice for the payment of insurance proceeds.

In summary:

The position of the regulatory authority is to induce incremental increases in capital of insurers while introducing a phased RBC regime to reflect the market value of the liabilities for an insurance company. In this regard, each insurance company may continue to interface with the FSS so that a more accurate and actual standard reflecting the financial condition can be determined.

REAL ESTATE

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REIT Act Amended, Relaxing Certain Restrictions While Increasing Max Shareholding Cap Per Shareholder

On March 21, 2017, certain amendments (the "Amendments") to the Real Estate Investment Company Act ("REIT Act") were promulgated, and the changes will take effect as of September 22, 2017.

In short, under the Amendments, in order to promote the establishment of real estate investment companies ("REITs") and investments, the Korean government has relaxed the required period within which the minimum capital must be obtained, while increasing the maximum shareholding cap per shareholder.

Details:

1) **The required period within which the minimum capital must be obtained is relaxed.**

   Currently, under the REIT Act, a REIT is required to procure the minimum capital within six months of obtaining its business license or registration.

   Under the Amendments, the time period necessary for the REIT and other interested persons to follow the procedures required under applicable laws recognized by the Ministry of Land, Infrastructure and Transport will not be required to procure the minimum capital within six months of obtaining business license or registration.

2) **The maximum shareholding cap per shareholder is increased.**

   Under the Amendments, both of the 40% maximum shareholding cap per shareholder applicable to a third party-managed REIT, and the 30% maximum shareholding cap per shareholder applicable to a self-managed REIT will be increased to 50%.

3) **The restriction concerning transactions with major shareholders is relaxed for listed REITs.**

Under the current REIT Act, a REIT may not engage in transactions with its officers, employees, major shareholders (holding 10% or more equity), or their related parties, except with a resolution adopted at the board of directors' meeting, and a special resolution adopted at the Shareholders' meeting.

However, under the Amendments, for listed REITs, a resolution adopted at the board of directors' meeting and an ordinary resolution adopted at the Shareholders' meeting will suffice to the extent that the sell price or purchase price of a real property is determined based on the appraisal values made by two or more appraisal firms.

LABOR & EMPLOYMENT

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The New Administration's Labor Policies

Following the May 9 presidential election in 2017, President Moon Jae-in took office as the 19th President of the Republic of Korea.

During his election campaign, President Moon stated that "respect for labor" will be a key pillar of his administration's policies, and declared on several occasions that the new government "will not compel sacrifice on the part of the workers for economic growth, and will seek to build a nation where workers will be accorded due respect."

We set out below the likely direction of the new administration's labor policies based on public announcements made by President Moon during his election campaign. President Moon mentioned that, among OECD member states, Korea has the fifth highest number of non-regular workers, the fourth lowest unionization rate, the third longest working hours, the biggest wage disparity between male and female workers, and the largest number of deaths caused by industrial accidents.

Four major labor policy initiatives:

1) "A society that is owned by workers"

- Increase the unionization rate, which currently stands at approximately 10%.
- Establish a "Chamber of Labor" that can function as a de facto union for workers that are not unionized, but have been paying unemployment insurance.

2) "A society where people who work need not worry about poverty"

- Increase the minimum hourly wage to KRW 10,000 by the year 2020.
- Introduce a minimum wage regime as a mandatory provision in franchise agreements and subcontract agreements.
- Lengthen the statute of limitations for wage claims from three years to five years.

3) "A society, where the non-regular work force is reduced, and the disparity and discrimination between regular and non-regular workers are eliminated"

- Introduce a new regulatory regime, which limits the grounds for using non-regular workers.
- Promulgate a new law implementing "equal pay for equal work" to eliminate compensatory discrimination between regular and non-regular workers.
- Impose a special levy on large companies, which engage in excessive use of non-regular workers.
- Eliminate illegal dispatch by implementing clear standards for distinguishing between subcontracting and dispatch.

4) "A society where workers do not suffer fatalities in the workplace"

- Promulgate a new law prohibiting the practice of subcontracting dangerous tasks in the workplace.
- Impose strict penalties on employers that conceal industrial accidents.
- Implement stronger health and safety protections for subcontractor workers.

Potential areas for labor-related policy reform:

- Impose a 52-hour ceiling on the number of working hours per week
- Establish an annual working hour limit of 1,800 hours during his term
- Significantly reduce the categories of work where extended working hours are permitted
- Enhance the police powers of labor inspectors

Other things to watch for:

Moreover, President Moon indicated his intention to abolish the performance-based pay regime, which the previous administration sought to implement, as well as his desire to increase the general wage scale of small- and medium-sized enterprises in Korea to 80% of that paid by large conglomerates.

In addition to the efforts to create new jobs, we anticipate that the new administration will focus on implementing the above policy measures to "realize the dignity of workers and the value of labor" and "make workers happy," which were key statements made by President Moon during his campaign.

The implementation of such policy measures could result in changes to the business environment, including increased labor costs. The tax regime may be impacted as well because the government may have to increase corporate income tax rates or reduce existing tax exemptions to find the necessary resources to support these labor policies.

It will be important to closely monitor the new administration's roll-out of its labor policies.

INTELLECTUAL PROPERTY

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New Patent Cancellation System Enacted for Patents Registered on or After March 1

A new patent cancellation system has been enacted for patents registered on or after March 1, 2017.

Previously, non-interested parties were permitted to file an invalidation action against a patent only within three months of the patent being registered (while interested parties may file an invalidation action at any time). Now, non-interested parties may no longer file invalidation actions, but any person may request a cancellation of a granted patent within six months from the date of the patent publication.

Grounds for cancellation vs. invalidation:

The grounds for cancellation are limited to: (i) lack of novelty or inventive step in view of "written" publications; and (ii) violation of the first-to-file rule (e.g., the claimed invention being also claimed in an earlier-filed patent application).

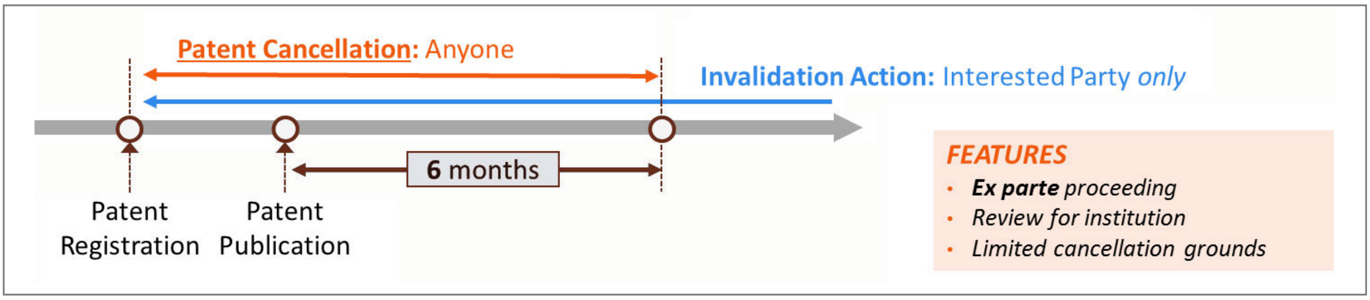
At least one new prior art reference (not cited during the prosecution of the patent) is needed to request cancellation based on prior art. Other grounds for invalidation, such as violation of patentable subject matter, are not available in cancellation actions.

Procedures:

Unlike an invalidation action, a petition for patent cancellation will be an *ex parte* proceeding, and may be submitted within six months from the publication of the patent. In contrast, an invalidation action may be initiated at any time after a patent is registered, even after the patent has expired.

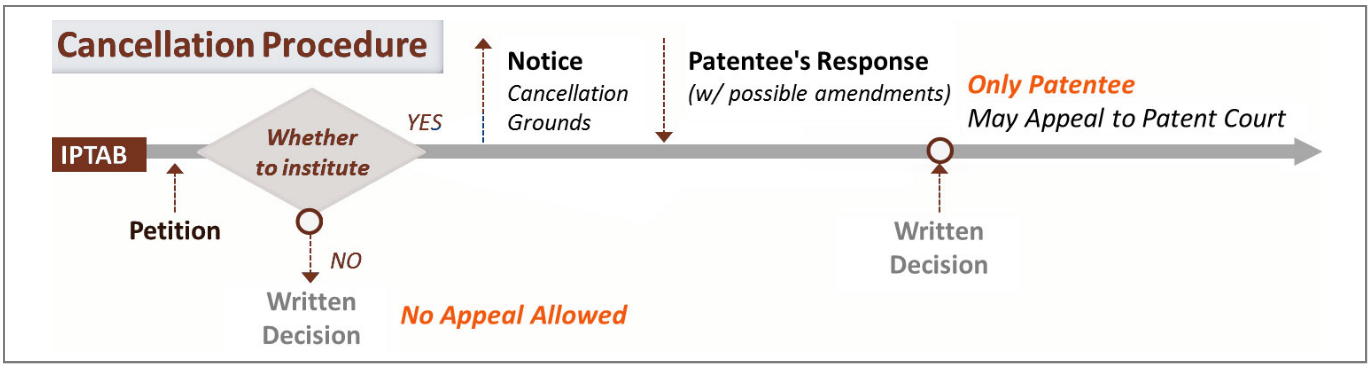
After a petition has been submitted, the Intellectual Property Trial and Appeal Board ("IPTAB") of the Korean Intellectual Property Office ("KIPO") will decide whether to institute substantive proceedings after six months have passed from the patent publication date.

Further, the IPTAB will decide whether to institute proceedings only after reviewing all petitions filed against the patent at issue, and will issue one written decision for all petitions by a consolidated proceeding.



Appeal:

If the IPTAB finds that at least one claim of the patent should be cancelled, then the patentee may appeal to the Patent Court within 30 days from the receipt of the official copy of the decision. However, the petitioner is not allowed to appeal if the IPTAB finds the patent valid.



Effects of the decision:

The IPTAB renders a written decision on a claim-by-claim basis (i.e., finding one claim invalid does not mean that the patent as a whole is canceled).

If a decision to cancel any patent claims becomes final and conclusive, then the cancelled patent claims are deemed never to have existed. In other words, the cancelled patent claims are retroactively invalid.

INTERNATIONAL ARBITRATION & CROSS-BORDER LITIGATION

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The ICC Amends Arbitration Rules to Adopt Expedited Procedures

Effective March 1, 2017, the International Chamber of Commerce ("ICC") has amended its Arbitration Rules ("Rules") and "Note to Parties and Arbitral Tribunals on the Conduct of Arbitration."

The new Rules will apply to arbitration agreements concluded on or after March 1, 2017, unless parties expressly opt-in to have the new Rules apply to their arbitration.

What's included in the new Rules?

Included in the new Rules are various measures to enhance the efficiency and transparency of the ICC arbitration proceedings. The most notable change is the adoption of the so-called "expedited proceedings," which apply on a mandatory basis to smaller cases, and are designed to speed up the proceeding (the "Expedited Procedures").

Why the change?

Although many arbitration institutions and practitioners have emphasized speed as one of the main advantages of resolving a dispute through arbitration (owing to the fact that arbitral awards are generally not subject to further appeal on the merits), there has been continued criticism that procedures unique to arbitration are delaying the process unnecessarily, such as the make-up of the arbitral tribunal, and the need to agree on procedures among the parties and the tribunal (e.g., the Terms of Reference in ICC arbitrations). In particular, in cases where the disputed amount is relatively small, such procedural delays were criticized as imposing an undue burden on the parties' legal costs.

In response, the ICC has adopted the Expedited Procedures with a view to promoting a speedier and more efficient proceeding.

Notable details of the Expedited Procedures under the Rules:

1) Scope of application

- Expedited Procedures automatically apply to cases where the disputed amount is USD 2 million or less.

- Expedited Procedures can apply upon agreement of the parties for cases, where the disputed amount exceeds USD 2 million.

2) Towards a more efficient process

- Under the normal ICC proceedings, parties are required to agree on the Terms of Reference regarding procedural matters that govern the conduct of the arbitration, and the issues at dispute in the arbitration to be reviewed by the tribunal. Such Terms (as agreed to by the parties) are issued by the tribunal in the form of an order. Although the process is considered to have been effective in promoting a more orderly and smoother proceeding for the tribunal, there has been criticism that it also unnecessarily delays the proceedings. In the new Expedited Procedures, it is possible to conduct the arbitration without the Terms of Reference process.

- In the Expedited Procedures, a dispute will be heard by a sole arbitrator appointed by the ICC court, even if the parties already agreed to have three arbitrators in an arbitration agreement.

- Under the normal ICC proceedings, the parties are free to introduce new arguments up to the point the Terms of Reference are issued. However, under the Expedited Procedures, the period for parties to raise new arguments has been shortened, and parties can raise new arguments until the constitution of the arbitral tribunal.

- In Expedited Procedures, it is possible for the arbitral tribunal to issue an award solely based on written submissions of the parties (i.e., without holding a hearing or conducting witness examinations).

3) Arbitration costs

- Arbitrator fees for Expedited Procedures have been set around 20% lower than the fees for normal ICC arbitration proceedings. This allows parties to conduct arbitration at reasonable costs for cases with lower amounts in dispute.

Expected impact:

The ICC is the arbitral institution which administers the largest numbers of cases worldwide. Adoption of the Expedited Procedures by the ICC is expected to have significant impact on other arbitral institutions, which have yet to amend their arbitration rules.

ANTITRUST & COMPETITION

BMW Cleared of Allegation of Unfair Advertising

On January 26, 2017, the KFTC cleared BMW Korea Co., Ltd. ("BMW") of its allegedly unfair advertising activities regarding the application of the individual consumption tax rate ("Tax Rate"). In so doing, the KFTC declared that with respect to the allegation that BMW's advertising is false or exaggerated, BMW did not violate the Fair Labeling and Advertising Act (the "FLAA").

<u>Case details:</u>

In 2016, in its press releases and on its websites, BMW indicated or posted that "a maximum discount of up to KRW 2.1 million will be offered to all types of BMW and MINI throughout January, as a lowered Tax Rate was taken into consideration," "a special discount program has been prepared for support with the raised Tax Rate[,]" and "special discounts [will] be provided, including the support of up to KRW 2.1 million, rates which may vary by vehicle type" (the "Advertising").

BMW's vehicles in question were imported from September 2015 to December 2015, when the Tax Rate was temporarily lowered to 3.5%. BMW published the Advertising when selling the above vehicles in January 2016, when the Tax Rate was restored to 5%.

In February 2016, the Korean government decided to ease the Tax Rate on vehicles again, hoping to stimulate consumer spending to boost the economy. Accordingly, the lower rate of 3.5% was applied to the vehicles imported in January 2016.

<u>KFTC investigation & hearing:</u>

The KFTC opened its investigation on the grounds that: the Advertising is false, because it may or could deceive consumers into believing that BMW assumed costs associated with the raised Tax Rate in its special discount program, although it was actually selling the vehicles on which the lowered Tax Rate had been imposed; and such incorrect advertising could go against the principle of fair trade in the market.

At the KFTC hearing, the KFTC eventually found that the Advertising is not false or exaggerated, because: (i) the reading of the expressions in the Advertising does not indicate that BMW itself assumed the costs associated with the Tax Rate; and (ii) whether to impose the raised or lowered Tax Rate on sale prices is up to BMW, and BMW did apply the lower rate of 3.5% despite being able to choose to apply the raised 5% in deciding its sales prices.

<u>Our representation:</u>

Kim & Chang successfully secured a clearance of the false/exaggerated advertising allegation from the KFTC for BMW. In so doing, the Tax Rate issue was highly critical due to its large ramifications, such as direct impact on BMW's reputation as well as legal implications on potential civil and criminal litigations involving BMW.

On behalf of BMW, we successfully established that the Advertising is not false or exaggerated. Our team based our analyses and arguments on the connection between the individual consumption tax and the sales prices, reasoning that BMW did actually assume the costs associated with the raised Tax Rate; and that the Advertising does not deceive consumers or interfere with fair trade, because whether or not to assume such costs does not affect consumers' purchasing decisions.

INSURANCE

ING Life Insurance Company Listed on the KOSPI Market

On May 11, 2017, ING Life Insurance Korea, Ltd. launched its initial public offering (the "IPO") of 33.5 million shares held by its existing shareholders at KRW 33,000 per share on the KOSPI Market. The IPO was valued at over KRW 1 trillion.

<u>Our representation in this first-of-its-kind IPO:</u>

ING Life Insurance Korea's IPO marks a significant milestone for the Korean capital market as it is the first-of-its-kind case in South Korea, where a 100% majority shareholder collaborated with a private equity fund ("PEF") to undertake the IPO (allowing the PEF to retrieve its investment through the same vehicle).

Kim & Chang successfully advised ING Life Insurance Korea on all aspects of the listing process, including review of all required documents for the IPO, advice on the lock-up process involving unique IPO arrangement, advice relating to employee-owned stock program, and due diligence.

CORPORATE

GE Sells Entire Stake in South Korea's Hyundai Card to a Consortium

Earlier this year, Kim & Chang advised the consortium consisting of Affinity Equity Partners ("AEP") and AlpInvest Partners ("Alp"), among others, which was formed to acquire the equity interests in Hyundai Card Corp. (the "Transaction") for KRW 376 billion.

Four acquisition vehicles[4] were established in connection with the Transaction, with each receiving loan financing from domestic syndicate banks.

Our representation:

Kim & Chang provided comprehensive legal advice and services, including deal structure (e.g., establishing multiple vehicles and debt financing from Korean financial institutions), legal analysis (e.g., governing laws of multiple jurisdictions), review and negotiation of the terms of the various financing documents, and all closing-related matters.

In addition, since the acquisition vehicles were located in Malta and in the Netherlands, our deal team coordinated the work of local counsel on the review of financial documents and other matters in accordance with the Maltese and Dutch laws.

Hankook Tire Acquires JAX Tyres, Australia's Largest Tire Dealer

Hankook Tire acquired a 100% equity stake in JAX Tyres Group, Australia's largest tire retailer, from Ian Fred Hurrell, Chairman of JAX Tyres, and certain other shareholders for USD 77 million. According to Hankook Tire, which is Korea's largest tire manufacturer and one of the world's largest of its kind, the company plans to strengthen its global distribution business through this acquisition, and thereby diversify its business in the auto sector.

Our representation:

Kim & Chang advised on all aspects of the transaction, including deal structure, due diligence, negotiation, documentations, regulatory filings, and all closing-related matters. Our team worked closely with local Australian counsel to meet the client's Australian legal needs.

This transaction required detailed legal analysis and advice from an Australian law perspective, especially in relation to the implementation of the escrow account and establishment of a new company in Australia.

In a Complicated Transaction Structure, Goldman Sachs Consortium Sells Daesung Industrial Gases, Korea's Largest and Only Nationwide Industrial Gas Supplier

Korea Industrial Gas Holdings, a Korean asset management company, acquired 100% of the issued and outstanding shares of Daesung Industrial Gases Co., Ltd. (the "Company") from Daesung Group Partners Co., Ltd., a consortium of private equity funds and financial investors led by the Goldman Sachs Group, and certain other shareholders of the Company for KRW 1.2 billion.

[4] The four acquirers were Affinity Equity Partners, AlpInvest, GIC, and Hyundai Commercial Inc.

Kim & Chang advised on all aspects of the transaction, including deal structure, due diligence, negotiation, financing, and all closing-related matters. This was a particularly challenging project that involved multiple sellers, requiring detailed legal analysis and advice.

Hyundai Department Store Group-Owned Fashion Company "Handsome" Acquires SK Networks' Fashion Division

Handsome Corporation ("Handsome"), an affiliated company of Hyundai Department Store Group Co. Ltd. ("Hyundai Department Store Group"), established Handsome Global Co., Ltd. and Hyundai G&F Co., Ltd. On February 28, 2017, through these subsidiaries, Handsome purchased the Fashion Business Division of SK Networks Co., Ltd. for KRW 300 billion.

Kim & Chang represented Hyundai Department Store Group, advising them to successfully complete the transaction by providing comprehensive legal advice and services, including deal structure, contract drafting and negotiation, and all closing-related matters.

This transaction was a business transfer, requiring a detailed legal analysis on the transfer of each asset type, and also involved a detailed legal analysis and review of the transaction structure relating to the transfer of the interests in the foreign subsidiaries.

SECURITIES

Samsung Asset Management Split into Two to Enhance Expertise and Efficiency of Its Fund Management

On January 2, 2017, Samsung Asset Management Co., Ltd. ("SAM") established Samsung Active Asset Management Co., Ltd. ("Samsung Active") and Samsung Hedge Asset Management Co., Ltd. ("Samsung Hedge"), as wholly-owned subsidiaries. As a result of this, Samsung Asset Management is now able to enhance the expertise in and efficiency of its fund management.

<u>Details:</u>

The FSC announced in May 2016 that it would release a Management Plan for Approval of Asset Management Company (the "Plan").

Prior to the Plan, a given enterprise group was allowed to have only one asset management company, except when establishing an asset management company for a separate approval unit. The FSC has abolished its Plan, thereby expanding the business specialization scope of an asset management company managing public funds.

<u>Our representation & significance of this first-of-its-kind transaction:</u>

In line with the changes implemented by the FSC, SAM has newly established Samsung Active, which mainly manages active funds, and Samsung Hedge, which primarily manages hedge funds. This represents the first case in the asset management industry taking advantage of the abolishment of the "single asset management company for one group" policy.

Kim & Chang advised on the transaction, including deal structure, due diligence, documentation (e.g., asset management licenses), and all closing-related matters.

REAL ESTATE

South Korea's Top Mutual Fund Manager, Mirae Asset, Acquires Office Building in Canberra, Australia

Mirae Asset Global Investments, one of South Korea's top mutual fund managers, established MAPS AUS Real Estate Investment Trust 2 (the "REF"), which is an open-end real estate investment fund. In turn, the REF established MAPS Australia 50 MC ("Singapore SPC").

The REF acquired 95% and the Singapore SPC acquired 5% of the units issued by a managed investment trust ("MIT") established in Australia.

Thereafter, MIT purchased an office building located in Canberra, Australia (the "Property"). The key anchor tenant for the Property is the Commonwealth of Australia.

Our representation:

Kim & Chang's real estate team (in cooperation with local law firms in Singapore and Australia) provided comprehensive legal advisory services during all phases of the transaction, including: (i) analyzing all relevant laws and regulations regarding an open-end collective investment vehicle; (ii) conducting due diligence on the Property; (iii) reviewing and negotiating all relevant documentations, including sale and purchase agreement for the Property, financing documents for funding the purchase of the Property, and lease agreements with the Commonwealth of Australia; and (iv) providing strategic advice on the optimal transaction structure from legal and tax perspectives.

TAX

Recent Supreme Court Decision Sets Important Precedent on Classification of Income Derived from Retirement of Stocks and Its Calculation

Recently, the Korean Supreme Court ruled that when a company retires stocks with its profit in accordance with the Korean Commercial Code (pre-revised version), the compensation provided to a shareholder should be deemed as a dividend distribution for "Income Tax Act" purposes, and the original acquisition cost must be deducted when calculating the income amount.

As the current Korean Commercial Code does not provide any guideline regarding shared retirement with a company's profit, this Supreme Court decision sets an important precedent that can potentially influence other cases where a company retires the treasury stocks which it owns as a result of a board resolution.

Case details:

Here, the company retired stocks uniformly with retained earnings, and paid its foreign corporate shareholder compensation for the retirement, which was a smaller amount than the original acquisition cost. Accordingly, the company thought there was no taxable income based on the deemed dividend regulations, and did not withhold any tax.

However, the Korean tax authorities argued the compensation should be treated as a deemed dividend, and should not be allowed a deduction of the original acquisition cost when calculating the deemed dividend income amount. The tax authorities based their argument on the fact that: (i) retirement of stocks was financed by retained earnings; and (ii) the proportionate retirement of shares did not cause any change in the shareholder's interest (i.e., economic position) in the company. Therefore, the tax authorities assessed tax on the entire amount paid to the shareholder.

The trial court ruled that while the compensation paid to the shareholder was in fact deemed dividend income, not allowing any deduction on the original acquisition cost was proper, since the shareholder still retained their investments intact (i.e., shares) as long as there was no change in the company capital. However, this decision has been overruled by both the appellate court and the Supreme Court.

Our representation:

Kim & Chang's tax team successfully appealed the trial court decision, arguing that: (i) the language of the Korean Commercial Code and the Income Tax Act specifies that retirement of stocks that is not accompanied by a decrease in capital is considered as a deemed dividend; (ii) it is difficult to sustain the position that, in the case of profit retirement, there is no material change in shareholder's assets; and (iii) an unjust outcome may occur if the original acquisition cost cannot be deducted.

The Seoul High Court agreed with our reasoning and sustained the plaintiff's claim.[5]

The defendant appealed to the Supreme Court to review the appellate court's ruling. However, the Supreme Court dismissed the defendant's petition to hear the case and affirmed the appellate court's ruling.[6]

[5] Seoul High Court Decision 2015Nu67472, October 5, 2016
[6] Supreme Court Decision 2016Du56998, February 23, 2017

INTELLECTUAL PROPERTY

In a First-of-Its-Kind Decision, the Korean Patent Court Dismisses Generic Companies' Challenges to PTE Terms

In a recent decision announced on March 16, 2017, for the first time, the Korean Patent Court addressed the propriety of existing patent term extensions ("PTEs") for pharmaceutical patents in Korea. In so doing, the Patent Court emphatically rejected the challenges raised by generics against the granted PTE periods according to KIPO's current methods, and affirmed the validity of the full term of extended patent rights. Kim & Chang's Intellectual Property Practice represented the patentee in the case.

Background:

Article 89 of the Korean Patent Act provides that a PTE should be the equivalent to the length of time a patented invention cannot be worked on after the grant due to regulatory approvals or registrations under other statutes required to practice the invention.

Article 89 also states that any period of delay attributable to the patentee should not be included as part of the PTE term.

Numerous PTE invalidation actions were filed in Korea by generic companies challenging the PTE practice of the KIPO in the last two years.

In light of the potential impact of this challenge on KIPO's practice, the Patent Court arranged special panels of judges, including the Chief Justice of the Patent Court, to hear two cases involving the most commonly-asserted PTE invalidity arguments.

The Patent Court's ruling regarding PTE periods:

The Patent Court emphasized the following two points as fundamental principles:

1) "Time period during which the patented invention could not have been worked" (referred to as "Total Delay") begins on the day when the test for safety and efficacy is initiated, or on the day when the patent is registered (whichever is later), and ends on the date when the regulatory approval is "delivered" to the applicant (rather than "issued").

2) "Time period of delay attributable to the patentee" (referred to as "Patentee Delay") should be construed to mean the time that is the responsibility of the patentee, and the time that can reasonably be said to have caused delay in the regulatory approval.

While the Court appears to recognize the propriety of the granted PTE periods according to KIPO's current methods, it appears that the Court is suggesting different standards:

PTE period - Patent Court	= Total Delay – Patentee Delay
PTE Period - KIPO	= Domestic clinical trial period + Ministry of Food and Drug Safety's review period – Patentee Delay

Implications of the Patent Court's decisions:

Based on the Court's rulings, if a patentee proves that certain document supplementations are not attributable to the patentee, or that there is no delay in the regulatory approval that can be reasonably found to be caused by such supplementations, the periods of these supplementations should also be eligible to be included in the PTE term.

Further, since the Court did not limit the test for drug approval to domestic clinical trials, it is possible that other test periods (e.g., clinical trials conducted in foreign countries after the patent registration and reviewed by the Ministry of Food Drug and Safety for approval of the drug) may be requested to be calculated as part of the PTE term.

However, KIPO has tended to be very conservative about granting PTE terms, and the Patent Court's decisions do not explicitly state that clinical trials conducted in foreign countries are also eligible for PTE term inclusion. Thus, it is possible that KIPO may continue to exclude such period from PTEs regardless of whether the Patent Court's decisions can reasonably be read to allow them.

It is likely that further guidance will be needed from the Patent Court to resolve future cases involving these specific issues.

LITIGATION

Seoul Administrative Court Rules in Favor of E-Commerce Service Provider in a Challenge Against the Administrative Decisions of the National Health Insurance Service and KCOMWEL

Recently, the Seoul Administrative Court (the "Court") rendered a significant decision upholding a challenge brought by the plaintiff, an e-commerce service provider, against the administrative decisions made by the Korea Workers' Compensation & Welfare Service (the "KCOMWEL") and the National Health Insurance Service (the "NHIS"). The Court ruled that KCOMWEL wrongfully re-categorized the plaintiff's business type, and as a result, the NHIS had incorrectly assessed additional industrial accident insurance premium.

Background:

Under Article 13, Paragraph (5) of the Act on the Collection of Insurance Premiums, etc. for Employment Insurance and Industrial Accident Compensation Insurance (the "Act"), the amount of premium that an employer is required to pay towards the national Industrial Accident Compensation Insurance is determined based on: (i) the total wages payable to its employees; and (ii) the premium applicable to the particular type of business in which the employer is engaged, as fixed by KCOMWEL.

Here, KCOMWEL unilaterally re-designated the plaintiff service provider's business category from "wholeseller/retailer (e-commerce transaction business)" to a "small-sized freight transportation business." KCOMWEL relied on the fact that the service provider maintained a separate site for packaging and shipping its goods to customers, which KCOMWEL concluded was an "independent business site." The service provider objected to such re-categorization, and filed suit challenging KCOMWEL's decision, and the subsequent NHIS decision to assess higher premiums.

In response, KCOMWEL and the NHIS argued that their administrative measures were valid, because: (i) the change in business type was appropriate, given the higher risk of industrial accidents related to product transportation; and (ii) in any event, the plaintiff was precluded from challenging the change in business type in an administrative lawsuit, based on previous Supreme Court decisions.

Our representation:

Kim & Chang represented the e-commerce service provider (plaintiff) to successfully obtain the Court's favorable ruling that: (i) the categorization of business type prior to actual assessment of the premium can properly be challenged in an administrative action; and (ii) transportation at the separate place of business was merely an extension of the customer sales services conducted at the company's headquarters, and thus, the service provider should not be deemed a "small-sized freight transportation business."

Why this decision is important:

This decision has expanded the scope of remedies available to individuals against arbitrary administrative decisions. The previous cases cited by KCOMWEL and NHIS are older cases from the days when the Korean courts adopted a very restrictive position on the scope of justiciable actions. Here, the Seoul Administrative Court was able to reach a different result based on a re-assessment of the cases in light of modern administrative law principles, resulting in a widening of the scope of remedial actions available to individuals.

Additionally, the case is significant in that the Court provided much-needed clarity on the issue of whether a separate business site operated by the same business owner constitutes an "independent business site" for the purposes of the Act. On this issue, the Court ruled that the question should not be decided based solely on the activities carried out at the separate site, but should be considered taking into account how such activities relate to the overall business purpose of the employer, and whether there is a common level of risk of industrial accidents at the separate site.

FIRM NEWS

AWARDS & RANKINGS

For the 12th Consecutive Year, Who's Who Legal Names Kim & Chang as "Korea Law Firm of the Year"

On May 15, 2017, Who's Who Legal awarded Kim & Chang "Country and State Awards 2017: Korea." This is the twelfth consecutive year that the firm has received this recognition.

About "Who's Who Legal's Country & State Awards"

Based on its independent research, Who's Who Legal annually selects individuals and firms in 70 jurisdictions that have performed exceptionally well. At an annual awards ceremony, Who's Who Legal names firms of the year for each respective jurisdiction, and also recognizes top practice areas with awards. This year, the ceremony was held on at London's Plaisterers' Hall on May 15.

Who's Who Legal Names Kim & Chang as the "Pro Bono Firm of the Year" in Global Survey

Kim & Chang is pleased to announce that it was named as "Pro Bono Law Firm of the Year" by Who's Who Legal for our firm's steadfast commitment to pro bono work and for providing phenomenal services in 2016. Also, Kim & Chang is the only Asian law firm to be recognized as one of the top 10 leading law firms in the world for its pro bono services for four consecutive years.

On May 15, 2017, at London's Plaisterers' Hall, Who's Who Legal presented "Pro Bono Firm of the Year" Award to Kim & Chang. This is the first time an Asian law firm has received such recognition.

In awarding Kim & Chang the prestigious award, Who's Who Legal highlighted our firm's dedication to help support and advance our communities and our nation. Some of the highlighted projects included our work for the Overseas Korea Cultural Heritage Foundation, which helped them locate and preserve Korean artifacts found overseas and of international interest. Also mentioned was our work with the Korea Differently Abled Federation, where our professionals carried out comparative analysis on the regulation of care for the disabled across numerous jurisdictions, as well as analyzing the relevant legislation for the benefit of the Federation's work.

"It's a great honor for our firm to have been named as the 'Pro Bono Law Firm of the Year,' but it also carries with it a heavy responsibility," said Dr. Young Joon Mok, former Constitutional Court justice and current chairman of the Kim & Chang Committee for Social Contribution. "Going forward, we will keep focusing on what we believe are the focal points of social contribution – being authentic and being consistent, and on being beneficiary-centered in all of our pro bono activities."

About Who's Who Legal

Who's Who Legal, an international legal media affiliated with Law Business Research, has been conducting global surveys on law firms' pro bono services since 2013.

Kim & Chang Again Recognized As One of the Most Valuable Law Firm Brands in Asia - Acritas "Asia Pacific Law Firm Brand Index 2017"

In the recently announced Acritas "Asia Pacific Law Firm Brand Index 2017," Kim & Chang was again recognized as a top 5 law firm brand in the AP region. Our fourth ranking is the highest distinction earned by a local firm. The top 3 firms are global firms with regional offices worldwide.

This is the second year in a row in which our firm has been ranked in the top 5, placing fourth behind global giants such as Baker & McKenzie and King & Wood Mallesons. The 2017 ranking makes us the only Korean firm to be ranked in the top 10 for four consecutive years, helping to establish Kim & Chang as one of the leading law firms in Asia.

About Acritas & "Asia Pacific Law Firm Brand Index"

Acritas is an international legal market research organization based in the UK. The "Asia Pacific Law Firm Brand Index" is part of the "Law Firm Brand Index" series (1 of 5) that it annually announces, analyzing law firms' brand power. Results are based on the feedback of legal service users in the AP region. Specifically, for the 2017 AP Index, Acritas surveyed 491 senior in-house lawyers of major organizations in the AP region, using the following criteria: "top of mind awareness, favorability, consideration for domestic and multi-jurisdictional top-level deals and litigation, usage for high value work by Asia Pacific clients, and inbound usage for such work among international clients."

Kim & Chang Wins "Best Asian Law Firm 2017: Gold Award" at the 10th Annual International Legal Alliance Summit & Awards

On June 15, 2017, at *The International Legal Alliance Summit & Awards 2017*, Kim & Chang received the Gold Award – the highest recognition – in the "Best Asian Law Firm 2017" category.

These awards are presented by the Leaders League, a global French media group that publishes *Decideurs*, a leading French magazine specializing in strategy, finance and law. Since 2008, the world's best law firms and top in-house counsels in Latin America, Asia, Europe, Canada, and the United States have been recognized. Winners are selected by a jury of more than 120 General Counsels of Fortune 500 companies and their industry peers. This year, the ceremony was held in New York on June 15.

Kim & Chang Recognized by the International Tax Review as "South Korea Tax Firm of the Year" and "Asia Tax Transactions Firm of the Year" at the 2017 Asia Tax Awards

On May 4, 2017, Kim & Chang was named "South Korea Tax Firm of the Year" and "Asia Tax Transactions Firm of the Year" at the *2017 Asia Tax Awards.*

International Tax Review ("ITR"), the world's premier publication for tax professionals, hosted the 2017 awards ceremony at the Goodwood Park Hotel in Singapore.

Kim & Chang is the only Korean firm to have received awards in two categories, further solidifying our market-leading position not only in Korea, but also in Asia. Our tax practice continues to rank among the top in its field.

More about ITR

ITR, a tax specialty publication affiliated with Euromoney, hosts this award event annually. ITR selects recipients among law firms and accounting firms across 18 countries in the Asia-Pacific region based on performance, professional influence, and reputation.

Winner of Asian-MENA Counsel Deals of the Year 2016

"Hyundai Merchant Marine Restructuring," one of Kim & Chang's 2016 representations, was among the 38 "Winning Deals" chosen by Asian-MENA Counsel for its annual "Deals of the Year" awards.

Asian-MENA Counsel, published by Pacific Business Press, is one of Asia's most renowned legal magazines. The magazine selected 38 deals among those completed between December 2015 and November 2016. Evaluation criteria included deal size, uniqueness, complexity, and originality.

Full coverage of the winning deals and honorable mentions are included in *Asian-MENA Counsel Magazine's* Volume 14 Issue 8, 2017 edition.

SEMINARS & ANNOUNCEMENTS

Kim & Chang's International Arbitrator Wins Award at KCAB's 51st Ceremony & International Arbitration Conference

On March 22, 2017, Kay-Jannes Wegner, a member of Kim & Chang's International Arbitration & Cross-Border Litigation Practice, won the Korean Minister of Justice citation, and gave a speech on "disclosure in international arbitration seated in Asian countries."

The seminar was hosted by the Korean Commercial Arbitration Board ("KCAB"), and the event was the KCAB's 51st Ceremony & International Arbitration Conference.

Attendees included arbitration practitioners and professionals from arbitration institutions in Asia.

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