

## **Annex III**

### **Schedule of Korea with Respect to Financial Services**

#### **Introductory Note for the Schedule of Korea**

1. The Schedule of Korea to this Annex sets out:
  - (a) headnotes that limit or clarify the commitments of Korea with respect to the obligations described in subparagraph (b)(i) through (v) and in subparagraph (c);
  - (b) in Section A, pursuant to Article 10.9 (Non-Conforming Measures), the existing measures of Korea that do not conform with some or all of the obligations imposed by:
    - (i) Article 10.2 (National Treatment);
    - (ii) Article 10.3 (Most-Favored-Nation Treatment);
    - (iii) Article 10.4 (Market Access for Financial Institutions);
    - (iv) Article 10.5 (Cross-Border Trade); or
    - (v) Article 10.8 (Senior Management and Boards of Directors); and
  - (c) in Section B, pursuant to Article 10.9 (Non-conforming Measures), the specific sectors, subsectors, or activities for which Korea may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Articles 10.2 (National Treatment), 10.3 (Most-Favored-Nation Treatment), 10.4 (Market Access for Financial Institutions), 10.5 (Cross-Border Trade), or 10.8 (Senior Management and Boards of Directors).
2. Each entry in Section A sets out the following elements:
  - (a) **Sector** refers to the general sector for which the entry is made;
  - (b) **Sub-sector** refers to the specific sector for which the entry is made;
  - (c) **Obligations Concerned** specifies the article(s) referred to in paragraph 1 (b) that, pursuant to Article 10.9.1(a), do not apply to the non-conforming aspects of the law, regulation, or other

measure, as set out in paragraph 4;

- (d) **Measures** identify the laws, regulations, or other measures for which the entry is made. A measure cited in the **Measures** element:
  - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement; and
  - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (e) **Description** provides a general, non-binding description of the measure for which the entry is made.

3. Each entry in Section B sets out the following elements:

- (a) **Sector** refers to the general sector for which the entry is made;
- (b) **Sub-sector** refers to the specific sector for which the entry is made;
- (c) **Obligations Concerned** specifies the article(s) referred to in paragraph 1(c) that, pursuant to Article 10.9.2, do not apply to the sectors, subsectors, or activities scheduled in the entry;
- (d) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry.

4. For entries in Section A, in accordance with Article 10.9.1(a), and subject to Article 10.9.1(c), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the **Measures** element of that entry, except to the extent that such non-conforming aspects are inconsistent with a Specific Commitment in Annex 10-B.

5. For entries in Section B, in accordance with Article 10.9.2, the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.

6. Appendix III-1 lists certain measures that the Parties consider to be not inconsistent with Article 10.2 (National Treatment), or 10.4 (Market Access for Financial Institutions) or subject to Article 10.10.1.

7. An entry in Annex I or Annex II specifying that Article 8.2 (National Treatment) does not apply to the non-conforming aspects of a law, regulation, or other measure, shall not be construed as limiting a Party's obligation under Article 10.5.1 to accord national treatment with respect to the supply of services specified in Annex 10-A to cross-border financial service suppliers of the other Party.

## **Headnotes**

1. Commitments in these subsectors under this Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedules below.
2. To clarify the commitment of Korea with respect to Article 10.4 (Market Access for Financial Institutions), juridical persons supplying financial services and constituted under the law of Korea are subject to non-discriminatory limitations on juridical form.<sup>1</sup>
3. The commitments of Korea under Articles 10.2 (National Treatment) and 10.4 (Market Access for Financial Institutions) are subject to the limitation that in order to establish or acquire a controlling interest in a financial institution in Korea, a foreign investor must own or control a financial institution that engages in supplying financial services within the same financial services subsector in its home country.
4. Korea limits its commitments under Article 10.9.1(c) with respect to Article 10.4 (Market Access for Financial Institutions) in the following manner: Article 10.9.1(c) shall apply only to non-conforming measures relating to 10.4(a) and not to those non-conforming measures relating to Article 10.4(b).<sup>2</sup>

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<sup>1</sup> For example, partnerships and sole proprietorship are generally not acceptable juridical forms for depository financial institutions in Korea. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of the other Party between branches or subsidiaries.

<sup>2</sup> For greater certainty, Article 10.3 (Most-Favored-Nation Treatment) shall not apply with regard to the limitation in the application of Article 10.9.1(c) described above in paragraph 4.

## Section A

<b>1. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Insurance
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 10.4)
<b>Measures:</b>	<p>Articles 91 and 100 of the <i>Insurance Business Act</i> (Law No.19211, December 31, 2022)</p> <p>Article 40 of the <i>Enforcement Decree of the Insurance Business Act</i> (Presidential Decree No.33604, June 27, 2023)</p> <p>Article 20 of the <i>Act on the Protection of Financial Consumers</i> (Law No.17799, December 29, 2020)</p>
<b>Description:</b>	<p>Only two employees of a commercial bank, mutual saving bank, or an investment trader or investment broker may sell insurance products at any one time at a single location.</p> <p>For transparency purposes, Korea notes that it restricts the manner of sales of insurance products such as the number of windows in a single bank location devoted to the sale of insurance, limitations on the percentage of insurance sold by a bank that may be underwritten by a single insurer, the type of insurance products which may be sold by a bank, and unfair business practices such as compelling the purchase of insurance products in return for a loan.</p>

<b>2. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Insurance
<b>Obligations Concerned:</b>	Cross-Border Trade (Article 10.5)
<b>Measures:</b>	<p><i>Guarantee of Automobile Accident Compensation Act</i> (Law No.19055, November 15, 2022)</p> <p><i>Act on the Indemnification for Fire-Caused Loss and the Purchase of Insurance Policies</i> (Law No.16272, January 15, 2019)</p> <p><i>High-Pressure Gas Safety Control Act</i> (Law No.18269, June 15, 2021)</p> <p><i>Safety Control and Business of Liquefied Petroleum Gas Act</i> (Law No.18818, February 3, 2022)</p> <p><i>Urban Gas Business Act</i> (Law No.18814, February 3, 2022)</p> <p><i>Seafarers Act</i> (Law No.19415, May 16, 2023)</p> <p><i>Installation and Utilization of Sports Facilities Act</i> (Law No.19592, August 8, 2023)</p> <p><i>Excursion Ship and Ferry Business Act</i> (Law No.18683, January 4, 2022)</p> <p><i>Elevator Safety Management Act</i> (Law No.17894, January 12, 2021)</p> <p><i>Water-Related Leisure Activities Safety Act</i> (Law No.18958, June 10, 2022)</p> <p><i>Youth Activity Promotion Act</i> (Law No.18958, June 10, 2022)</p> <p><i>Compensation for Oil Pollution Damage Guarantee Act</i> (Law No.17051, February 18, 2020)</p>

*Aviation Business Act* (Law No.18565, December 7, 2021)

*Road Traffic Act* (Law No.19158, January 3, 2023)

*Wildlife Protection and Management Act* (Law No.18908, June 10, 2022)

*Trucking Transport Business Act* (Law No.18568, December 7, 2021)

*Industrial Accident Compensation Insurance Act* (Law No.18928, June 10, 2022)

*Construction Technology Promotion Act* (Law No.18933, June 10, 2022)

*Nuclear Damage Compensation Act* (Law No.18143, April 20, 2021)

*Framework Act on Logistics Policies* (Law No.18945, June 10, 2022)

*Enforcement Decree of The Framework Act on Logistics Policies* (Presidential Decree No.33434, April 25, 2023)

*Social Welfare Services Act* (Law No.19453, June 13, 2023)

*Fishing Management and Promotion Act* (Law No.18755, January 11, 2022)

*Electronic Financial Transactions Act* (Law No.17354, June 9, 2020)

*Digital Signature Act* (Law No.18479, October 19, 2021)

*Attorney-at-Law Act* (Law No.17828, January 5, 2021)

*Act on the Establishment of Safe Laboratory Environment* (Law No.17350, June 9, 2020)

*Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons* (Law No.19347, April 18, 2023)

*Safety Management Act on Amusement Facilities for Children* (Law No.17695, December 22, 2020)

*Marriage Brokers Business Management Act* (Law No.16413, April 30, 2019)

*Licensed Real Estate Agents Act* (Law No.19423, June 1, 2023)

*Certified Public Accountant Act* (Law No.18114, April 20, 2021)

*Tourism Promotion Act* (Law No.19592, August 8, 2023)

*Tramway Transportation Act* (Law No.18185, May 18, 2021)

*Enforcement Decree of the Road Traffic Act* (Presidential Decree No.33547, June 20, 2023)

*Act on Door-To-Door Sales* (Law No.19531, July 11, 2023)

*Act on Appraisal and Certified Appraisers* (Law No.18309, January 21, 2022)

*Certified Tax Accountant Act* (Law No.18521, November 23, 2021)

*Engineering Industry Promotion Act* (Law No.17344, June 9, 2020)

*Act on the Employment of Foreign Workers* (Law No.18929, June 10, 2022)

*Act on Compensation for Damage Caused by Space Objects* (Law No.14839, July 26, 2017)

*Rules on the Designation and Management of Leisure Fishing Grounds* (Ordinance of the



Ministry of Oceans and Fisheries No.581,  
February 3, 2023)

*Enforcement Decree of the Certification of Seal  
Imprint Act* (Presidential Decree No.32790, July  
11, 2022)

*Standing Timber Act* (Law No.11303, February  
10, 2012)

*Framework Act on Electronic Documents and  
Transactions* (Law No.18478, October 19, 2021)

*Act on the Consumer Protection in Electronic  
Commerce, ETC* (Law No.17799, December 29,  
2020)

*Act on Promotion of Information and  
Communications Network Utilization and  
Information Protection* (Law No.19154, January  
3, 2023)

*Act on External Audit of Stock Companies* (Law  
No.19217, January 17, 2023)

*Multi-Family Housing Management Act* (Law  
No.18937, June 10, 2022)

*Maritime Transportation Act* (Law No.19415,  
May 16, 2023)

*Special Act on the Safety Control of Publicly  
Used Establishments* (Law No.19157, January 3,  
2023)

**Description:**

In determining whether a natural person resident in Korea or juridical persons established in Korea has satisfied a legal obligation to purchase “compulsory” insurance services not listed in Annex 10-A, any such service supplied in the territory of a foreign country to such person is not considered.

However services supplied outside the territory of Korea may be considered in satisfaction of the legal obligation if the required insurance

cannot be purchased from an insurer established in Korea.

<b>3. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Measures:</b>	<p>Articles 15 and 16-2 of the <i>Banking Act</i> (Law No.18573, December 7, 2021)</p> <p>Article 5 and Annex of the <i>Enforcement Decree of the Banking Act</i> (Presidential Decree No.33474, May 16, 2023)</p> <p>Articles 8 and 8-2 of the <i>Financial Holding Company Act</i> (Law No.19211, December 31, 2022)</p> <p>Article 6-3 and Annex of the <i>Enforcement Decree of the Financial Holding Company Act</i> (Presidential Decree No.33604, June 27, 2023)</p> <p>Article 5 and Annex of the <i>Act on Special Cases Concerning Establishment and Operation of Internet-Only Banks</i> (Law No.17294, May 19, 2020)</p>
<b>Description:</b>	<p>1. A financial institution constituted under the laws of another country may own more than 10 percent of the shares of a commercial bank or bank holding company constituted under the law of Korea only if that institution is an “internationally recognized financial institution.”<sup>3</sup></p> <p>2. For purposes of transparency:</p> <p>(a) the Financial Services Commission applies additional criteria for approval that are not inconsistent with this Agreement to approval of ownership by an internationally recognized</p>

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<sup>3</sup> An “internationally recognized financial institution” includes any financial institution that has been rated by an international rating organization at a level acceptable to the relevant Korean regulator or a financial institution that has demonstrated by alternative means acceptable to the relevant Korean regulator that it has an equivalent status

financial institution as described in paragraph 1.

(b) a natural person may not own more than 10 percent of the shares of a commercial bank or bank holding company constituted under the law of Korea.

(c) a corporate entity other than a financial institution, the main business of which is not financial services, may not own more than 4 percent of the shares of a commercial bank or bank holding company constituted under the law of Korea. The ownership percentage can be increased to 10 percent if the corporate entity waives its ability to exercise voting rights relating to the shares in excess of 4 percent.

(d) Notwithstanding subparagraph (c), a corporate entity other than a financial institution, the main business of which is not financial services, may not own more than 34 percent of the shares of a bank constituted under the *Act on Special Cases Concerning Establishment and Operation of Internet-only Banks*.

<b>4. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Measures:</b>	<p>Article 58 of the <i>Banking Act</i> (Law No.18573, December 7, 2021)</p> <p>Article 24-10 of the <i>Enforcement Decree of the Banking Act</i> (Presidential Decree No.33474, May 16, 2023)</p> <p>Articles 5-4, 11 and Annex of the <i>Regulation on Supervision of Banking Business</i> (Financial Services Commission Notification No.2023-37, July 5, 2023)</p>
<b>Description:</b>	Each branch location in Korea of a bank constituted under the laws of another country requires a separate license. A branch of a banking subsidiary, including one owned or controlled by investors of another country does not require such a license.

<b>5. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 10.4)
<b>Measures:</b>	Articles 78, 373, 379 and 386 of the <i>Financial Investment Services and Capital Markets Act</i> (Law No. 19211, December 31, 2022)
<b>Description:</b>	Only the Korea Exchange and any other alternative trading systems licensed under the <i>Financial Investment Services and Capital Markets Act</i> of Korea may operate a securities or derivatives market in Korea.

<b>6. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 10.4)
<b>Measures:</b>	Articles 166 and 294 to 323 of the <i>Financial Investment Services and Capital Markets Act</i> (Law No. 19211, December 31, 2022)
<b>Description:</b>	Only the Korea Securities Depository may serve as the depository for listed and unlisted securities issued in Korea or as the intermediary for transfer of those securities between accounts of depositors in Korea.

<b>7. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 10.4)
<b>Measures:</b>	Articles 323-2, 323-3, 323-10 and 378 of the <i>Financial Investment Services and Capital Markets Act</i> (Law No. 19211, December 31, 2022)
<b>Description:</b>	<p>Only the Korea Securities Depository and the Korea Exchange may perform clearing and settlement of securities and derivatives listed or traded on the Korea Exchange.</p> <p>Only central counter parties licensed under the <i>Financial Investment Services and Capital Markets Act</i> of Korea may perform clearing and settlement of financial investment services including securities and derivatives.</p>



<b>8. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Cross-Border Trade (Article 10.5)
<b>Measures:</b>	<p>Article 166 of the <i>Financial Investment Services and Capital Markets Act</i> (Law No. 19211, December 31, 2022)</p> <p>Article 184 of the <i>Enforcement Decree of the Financial Investment Services and Capital Markets Act</i> (Presidential Decree No. 33542, June 13, 2023)</p>
<b>Description:</b>	A non-professional investor (including some professional investors <sup>4</sup> ) shall make transactions through an investment broker licensed in Korea when the investor intends to trade securities denominated in foreign currencies and exchange-traded derivatives on foreign securities markets or foreign derivatives markets.

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<sup>4</sup> Institutional investors by Article 1-2 of the *Foreign Exchange Transaction Regulation* (Notification of the Ministry of Strategy and Finance No. 2023-26, July 4, 2023) are excluded.

<b>9. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Measures:</b>	<p>Articles 62 and 63 of the <i>Banking Act</i> (Law No.18573, December 7, 2021)</p> <p>Articles 25 and 26 of the <i>Enforcement Decree of the Banking Act</i> (Presidential Decree No. 33474, May 16, 2023)</p> <p>Article 65 of the <i>Financial Investment Services and Capital Markets Act</i> (Law No. 19211, December 31, 2022)</p> <p>Article 65 of the <i>Enforcement Decree of the Financial Investment Services and Capital Markets Act</i> (Presidential Decree No. 33542, June 13, 2023)</p>
<b>Description:</b>	<p>A branch in Korea of a bank or a securities company constituted under the laws of another country must bring and maintain operating funds within Korea, which shall be used for purposes of determining the amount of funds to be raised or loans to be extended by such local branch.</p> <p>For purposes of the <i>Banking Act</i> and the <i>Financial Investment Services and Capital Markets Act</i>, such a branch is considered a separate legal entity from the bank or the financial investment business entity constituted under the laws of another country.</p>

<b>10. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 10.4)
<b>Measures:</b>	<p>Article 7 of the <i>Credit Unions Act</i> (Law No. 18714, January 4, 2022)</p> <p>Article 7 of the <i>Mutual Savings Banks Act</i> (Law No. 19564, July 18, 2023)</p> <p>Article 5 of the <i>Specialized Credit Finance Business Act</i> (Law No. 19260, March 21, 2023)</p> <p>Article 5 of the <i>Credit Information Use and Protection Act</i> (Law No. 17799, December 29, 2020)</p> <p>Article 9 of the <i>Foreign Exchange Transactions Act</i> (Law No. 18244, June 15, 2021)</p> <p>Articles 254, 258, 263, and 355 of the <i>Financial Investment Services and Capital Markets Act</i> (Law No. 19211, December 31, 2022)</p>
<b>Description:</b>	<p>The following types of business may not be conducted by a branch of a financial institution constituted under the laws of another country:</p> <ul style="list-style-type: none"> <li>(a) credit unions;</li> <li>(b) mutual savings banks;</li> <li>(c) specialized credit finance business companies;</li> <li>(d) foreign and won currency capital brokerage firms;</li> <li>(e) credit information companies;</li> <li>(f) general fund administration firms;</li> <li>(g) collective investment vehicle appraisal companies; and</li> <li>(h) bond appraisal companies</li> </ul>

<b>11. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 10.4)
<b>Measures:</b>	Article 30 of the <i>Electronic Financial Transaction Act</i> (Law No. 17354, June 9, 2020)
<b>Description:</b>	A non-financial institution that seeks to offer certain electronic financial services in Korea may establish only as a subsidiary.

<b>12. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article X.2)
<b>Measures:</b>	<p>The <i>Korea Development Bank Act</i> (Law No. 18682, January 4, 2022)</p> <p>The <i>Industrial Bank of Korea Act</i> (Law No. 17112, March 24, 2020)</p> <p>The <i>Korea Housing Finance Corporation Act</i> (Law No. 18574, December 7, 2021)</p> <p>The <i>Agricultural Cooperative Federation Act</i> (Law No. 19085, December 13, 2022)</p> <p>The <i>National Federation of Fisheries Cooperatives Act</i> (Law No. 19135, December 27, 2022)</p>
<b>Description:</b>	<p>Korea may grant</p> <p>(a) to one or more of the following financial institutions (collectively, Government-Sponsored Institutions or GSIs):</p> <ul style="list-style-type: none"> <li>- The Korea Development Bank;</li> <li>- Industrial Bank of Korea;</li> <li>- Korea Housing Finance Corporation;</li> <li>- The National Agricultural Bank; and</li> <li>- The National Federation of Fisheries Cooperatives</li> </ul> <p>(b) special treatment, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>- Guarantees of loans to or bonds issued by the GSIs;</li> <li>- Permission to issue more bonds per capital than similarly-situated non-GSIs;</li> <li>- Reimbursement of losses incurred by GSIs;</li> </ul>

- Exemption from certain taxes on capital, surplus, profit, or assets

<b>13. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 10.4)
<b>Measures:</b>	Article 9 of the <i>Foreign Exchange Transactions Act</i> (Law No. 18244, June 15, 2021)
<b>Description:</b>	Interbank Brokerage of KRW (Korean won) spot transactions is limited to the two existing brokerage companies in the business.

## **Section B**

<b>1. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Insurance
<b>Obligations Concerned:</b>	Cross-Border Trade (Article 10.5)
<b>Measures:</b>	None
<b>Description:</b>	<p>Korea reserves the right not to consider any "compulsory" third-party insurance service supplied in the territory of a foreign country to a natural person in Korea or juridical person established therein, in determining whether such natural or juridical person has satisfied a legal obligation to purchase such "compulsory" third party insurance service not listed in Annex 10-A.</p> <p>However, services supplied outside the territory of Korea may be considered in satisfaction of the legal obligation if the required insurance cannot be purchased from an insurer established in Korea.</p>



<b>2. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Measures:</b>	None
<b>Description:</b>	Korea reserves the right to adopt or maintain any measure with respect to the guarantee by government of government-owned or government-controlled entities that supply financial services, including continued guarantee or time-limited additional guarantee of the obligations and liabilities of these entities related to their privatization.

<b>3. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Measures:</b>	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 19211, December 31, 2022)
<b>Description:</b>	Korea reserves the right to limit ownership by foreign investors of the Korea Exchange and the Korea Securities Depository. In the event of public offering of shares of the Korea Exchange or the Korea Securities Depository, Korea reserves the right to limit shareholding by foreign persons in the relevant institution, provided that Korea shall ensure that (1) any shareholding interests held by foreign persons at the time of the public offering shall be preserved, and (2) following the public offering, the Korea Exchange or Korea Securities Depository shall assure access for financial institutions of Ecuador on the terms no less favorable than those it accords to financial institutions of Korea in like circumstances.

<b>4. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3) Market Access for Financial Institutions (Article 10.4) Cross-Border Trade (Article 10.5) Senior Management and Boards of Directors (Article 10.8)
<b>Measures:</b>	<i>Korea Housing Finance Corporation Act</i> (Law No. 18574, December 7, 2021)  <i>Housing Act</i> (Law No. 19117, December 27, 2022)
<b>Description:</b>	Korea may limit the number of financial institutions designated to hold housing accounts, such as the National Housing Subscription Deposit Accounts.

**Appendix III-1**  
**Certain Measures Not Inconsistent with Article 10.2 (National Treatment)**  
**or 10.4 (Market Access for Financial Institutions) or Subject to 10.10.1**

The following measures are not inconsistent with Article 10.4 (Market Access for Financial Institutions). Any revision, amendment or modification of the following measures or related laws will not be construed to be inconsistent with Article 10.4 (Market Access for Financial Institutions) to the extent that it does not conflict with the spirit of the original measure:

- (1) An insurance company constituted in Korea may engage only in activities permitted by the relevant laws. (Articles 10, 11, 11-2 and 11-3 of the *Insurance Business Act* and Articles 15 and 16 of the *Enforcement Decree of the Insurance Business Act*);
- (2) Residents of Korea are not permitted to settle payment in KRW (Korean won) for cross-border financial services supplied to them by residents of foreign countries. (Articles 5-11 and 7-8 to 7-10 of the *Foreign Exchange Transactions Regulation*);
- (3) Banks and mutual savings banks in Korea are required to extend loans to small- or medium-sized companies. (Article 2 of the *Bank of Korea's Regulations on Credit Extension*; and Article 11 of the *Mutual Savings Bank Act* and Article 8-2 of the *Enforcement Decree of the Mutual Savings Banks Act*);
- (4) The overall net open position of foreign exchange banks, measured by the sum of the net short position or the sum of the net long positions, whichever is greater (short-hand method), is limited to 50 percent of the total equity capital at the end of the previous month. (Article 11-2 of the *Foreign Exchange Transactions Act*; and Article 2-9-2 of the *Foreign Exchange Transactions Regulation*);
- (5) Securities credit extensions are subject to restrictions on the maximum credit amount and use of proceeds. An investment trader or investment broker is only permitted to extend credit for purposes related to the sale and purchase of securities. (Article 72 of the *Financial Investment Services and Capital Markets Act*; Article 69 of the *Enforcement Decree of the Financial Investment Services and Capital Markets Act*);
- (6) The value of lending to an individual credit card holder may be capped. (Article 24 of the *Specialized Credit Financing Business Act*);

- (7) A bank, financial investment business entity or other financial institution constituted in Korea may only engage in activities permitted by the relevant laws. (Articles 27, 27-2 and 28 of the *Banking Act*; and Articles 40 and 41 of the *Financial Investment Services and Capital Markets Act* and Articles 43 and 44 of the *Enforcement Decree of the Financial Investment Services and Capital Markets Act*);
- (8) A financial institution is prohibited from acquiring real estate for non-business purposes. (Article 38 of the *Banking Act*; and Article 105 of the *Insurance Business Act*);
- (9) Non-resident of Korea may convert foreign currency into KRW (Korean won) only for actual use in Korea. (Articles 7-8 to 7-10 and Articles 7-36 to 7-39 of the *Foreign Exchange Transaction Regulations*);
- (10) Korea may restrict deposit interest rates, loan interest rates, other interest rates, maturity of deposit and related fees. (Article 30 of the *Banking Act*, the *Regulation on Financial Institutions' Loans and Deposit Rates*, Articles 8, 11 and Article 15 of the *Act on Registration of Credit Business, ETC. and Protection of Finance Users*, and Article 5 and Article 9 of the *Enforcement Decree of the Act on Registration of Credit Business, ETC. and Protection of Finance Users*).

The following measures fall within Article 10.10.1 and, therefore, Article 10.2 (National Treatment) does not prevent Korea from maintaining them. Any revision, amendment or modification of the following measures or related laws will also fall within the ambit of Article 10.10.1.:

- (1) The operating fund of a branch of a foreign insurance company will be considered as capital and the head office's capital will not be taken into consideration for purposes of determining the amount of funds to be raised or loans to be extended by such local branch (Article 9-3 of the *Insurance Business Act* and Article 14 of the *Enforcement Decree of the Insurance Business Act*);
- (2) A branch in Korea of a foreign insurance company must maintain in the territory of Korea assets equal to the aggregate of the reserve for performance of liability and the reserve for emergency relating to the insurance contracts executed in Korea (Article 75 of the *Insurance Business Act* and Article 25-2 of the *Enforcement Decree of the Insurance Business Act*).