

BANK OF KOREA ACT

Wholly Amended by Act No. 5491, Dec. 31, 1997

Amended by Act No. 6018, Sep. 7, 1999

Act No. 6256, Jan. 28, 2000

Act No. 6274, Oct. 23, 2000

Act No. 6429, Mar. 28, 2001

Act No. 6836, Dec. 30, 2002

Act No. 6971, Sep. 3, 2003

Act No. 8050, Oct. 4, 2006

Act No. 8863, Feb. 29, 2008

Act No. 8852, Feb. 29, 2008

Act No. 10303, May 17, 2010

Act No. 10522, Mar. 31, 2011

Act No. 11051, Sep. 16, 2011

Act No. 11380, Mar. 21, 2012

Act No. 14101, Mar. 29, 2016

Act No. 14242, May 29, 2016

Act No. 15427, Mar. 13, 2018

Article 1 (Purpose)

(1) The purpose of this Act is to contribute to the sound development of national economy by establishing the Bank of Korea and seeking the price stabilization through the establishment and execution of efficient monetary and credit policies.

(2) The Bank of Korea shall take heed of financial stability in performing its monetary and credit policies.

Article 2 (Juristic Personality)

The Bank of Korea shall be a special juristic person without capital.

Article 3 (Neutrality of Bank of Korea)

The monetary and credit policies of the Bank of Korea shall be established neutrally and executed independently, and the autonomy of the Bank of Korea shall be respected.

Article 4 (Harmony, etc. with Government Policies)

(1) The monetary and credit policies of the Bank of Korea shall be in harmony with the Government's economic policy to the extent of not impeding the price stabilization.

(2) The Bank of Korea shall value the market mechanism in performing its monetary and credit policies.

Article 5 (Public Character and Transparency of Bank of Korea)

The Bank of Korea shall make efforts to secure the public character and transparency in executing its business and operating its organization.

Article 6 (Direction-Setting, etc. for Operating Monetary and Credit Policies)

(1) The Bank of Korea shall determine the price stabilization target, in consultation with the Government.

(2) The Bank of Korea shall annually establish and publicize the operational directions for its monetary and credit policies.

(3) The Bank of Korea shall do its best to achieve the price stabilization target referred to in paragraph (1).

Article 7 (Offices)

The Bank of Korea shall have its main office in Seoul Special Metropolitan City; and if deemed necessary to perform its business, it may have its branch offices and agencies, as prescribed by its Articles of Incorporation.

Article 8 (Articles of Incorporation)

(1) The Articles of Incorporation of the Bank of Korea shall contain the following:

1. Purpose;
2. Name;
3. Matters regarding offices, branch offices, and agencies;
4. Matters regarding executives and the staff;
5. Matters regarding the business and its execution;
6. Matters regarding budget and accounting;
7. Methods of public announcement and publication;
8. Other matters prescribed by Presidential Decree.

(2) The Bank of Korea may amend the article of incorporation through the deliberation and resolution by the Monetary Policy Committee referred to in Article 12.

Article 9 (Registration)

(1) The Bank of Korea shall register as prescribed by Presidential Decree.

(2) The Bank of Korea shall come into existence upon registration at the seat of its main office.

(3) The Bank of Korea shall not set against a third party with respect to matters to be registered unless they are registered.

Article 10 (Ban on Use of Similar Names)

No person other than the Bank of Korea shall use the name “Bank of Korea” or any other similar name.

Article 11 (Scope of Financial Institutions)

(1) For the purpose of this Act, “financial institution” means banks referred to in Article 2 of the Banking Act and bank holding companies referred to in the Financial Holding Companies Act.

(2) Deleted. <by Act No. 14101, Mar. 29, 2016>

(3) Insurers and companies engaged exclusively in mutual savings bank business or trust business shall not be deemed as financial institutions.

Article 12 (Establishment)

The Monetary Policy Committee as a policy-making body shall be established at the Bank of Korea.

Article 13 (Composition)

(1) The Monetary Policy Committee shall consist of the following seven members:

1. Governor of the Bank of Korea;
2. Senior Deputy Governor of the Bank of Korea;
3. One member recommended by the Minister of Strategy and Finance;
4. One member recommended by the Governor of the Bank of Korea;
5. One member recommended by the Chairperson of the Financial Services Commission;
6. One member recommended by the Chairperson of the Korea Chamber of Commerce and Industry;
7. One member recommended by the Chairperson of the Korea Federation of Bank, an incorporated association.

(2) The Governor of the Bank of Korea (hereinafter referred to as the “Governor”) shall concurrently hold the office of the Chairperson of the Monetary Policy Committee (hereinafter referred to as the “Chairperson”).

(3) The members listed in paragraph (1) 3 through 7 shall have abundant experience or outstanding knowledge in finance, economy, or industry, and shall be appointed by the President upon the recommendation by the recommending institutions, as prescribed by Presidential Decree.

(4) The members of the Monetary Policy Committee (hereinafter referred to as “member”) shall be standing members.

Article 14 (Chairperson)

(1) The Chairperson shall represent the Monetary Policy Committee, preside over the meetings of the Monetary Policy Committee, and exercise general control over its affairs.

(2) Where the Chairperson is unable to perform his/her duties due to any extenuating circumstance, a member designated by the Monetary Policy Committee beforehand shall act on behalf of the Chairperson.

Article 15 (Terms of Office of Members)

(1) The members listed in Article 13 (1) 3 through 7 shall hold office for a term of four years, and may be reappointed.

(2) A member who fails to be appointed immediately after the expiration of the term of office his/her predecessor, among the members referred to in Article 13 (1) 3 through 7, the term of office under paragraph (1) shall be deemed to have started immediately after the expiration of the term of office of the former member. <Newly Inserted by Act No. 15427, Mar. 13, 2018>

Article 16 (Terms of Substitute Members)

Where any vacancy arises in the members referred to in Article 13 (1) 3 through 7, a new member shall be appointed; and any newly appointed member shall hold office for the remainder of his/her predecessor.

Article 17 (Disqualification for Members)

Neither of the following persons shall be a member:

1. A person who is not a national of the Republic of Korea;
2. A person falling under any subparagraph of Article 33 of the State Public Officials Act.

Article 18 (Guarantee of Members' Status, etc.)

(1) No member shall be dismissed against his/her will during his/her term of office, except in any of the following cases:

1. Where he/she falls under any subparagraph of Article 17;
2. Where he/she is unable to discharge his/her duties due to mental disorder or physical disability;
3. Where it is improper for him/her to discharge his/her duties as a member as he/she violates official duties under this Act.

(2) Where any member is dismissed due to any ground listed in paragraph (1), no act performed before dismissal shall lose its validity.

Article 19 (Prohibition of Political Activities)

Notwithstanding Article 22 of the Political Parties Act, no member shall join a political party or participate in political movements.

Article 20 (Prohibition of Holding Concurrent Office)

No member shall hold any of the following positions or be engaged in any for-profit business during his/her term of office:

1. Any position as a member of the National Assembly or local councillor;
2. Any position as a state public official or local public official;
3. Any other position for which remuneration is paid.

Article 21 (Meetings)

(1) Any meeting of the Monetary Policy Committee shall be convened by the Chairperson when the chairperson deems it necessary or when at least two members request.

(2) Except as otherwise provided for in this Act, decisions of the meetings of the Monetary Policy Committee shall be taken with the attendance of not less than five members and by affirmative votes of a majority of members present.

(3) Any member may propose a bill by affirmative votes of two persons or more: Provided, That the Chairperson may propose a bill by himself/herself.

Article 22 (Attendance and Voice, etc.)

(1) The deputy governors of the Bank of Korea are entitled to attend and speak at the meetings of the Monetary Policy Committee.

(2) The Monetary Policy Committee may have relevant experts, etc. attend the meetings and seek opinions from them as necessary.

Article 23 (Exclusion of Members)

Any member shall be excluded from deliberating and deciding on any of the following matters:

1. Any matter in which he/she has direct interests;
2. Any matter in which his/her spouse, relative by blood within the fourth degree, or relative by marriage within the second degree has direct interests.

Article 24 (Preparation, etc. of Formal Record of Decisions)

(1) Where the Monetary Policy Committee makes a decision, it shall prepare a formal record of decisions and have the members involved in the decision enter their names therein, sign the formal record of resolutions or affix their seals thereto.

(2) The Monetary Policy Committee shall produce the minutes of each meeting, and publish them, as determined by the Monetary Policy Committee.

(3) Notwithstanding paragraph (2), the Monetary Policy Committee shall submit either of the following in confidence upon request of the relevant standing committee of the National Assembly: Provided, That in the case of the minutes referred to in subparagraph 2, only after four years have elapsed since the date of the relevant Monetary Policy Committee meeting will they be so submitted:

1. Formal record of decisions of the Monetary Policy Committee;
2. The Monetary Policy Committee minutes in their entirety redacted to preserve the anonymity.

Article 25 (Damage Liability)

(1) Where the Monetary Policy Committee causes damage to the Bank of Korea due to any intention or gross negligence, all the members present at the relevant meeting shall be jointly liable to the Bank of Korea: Provided, That this shall not apply to any member who has clearly expressed his/her dissenting opinion at the meeting.

(2) For a lawsuit for damages referred to in paragraph (1), the auditor shall represent the Bank of Korea.

Article 26 (Emergency Measures)

(1) Where there is not enough time to convene the Monetary Policy Committee as necessary to take emergency measures on the monetary and credit policies due to any troubles both at home and abroad, disaster or act of God or grave financial and economic crisis, the Governor may take necessary measures within the Monetary Policy Committee's authority.

(2) Where the Governor takes measures pursuant to paragraph (1), he/she shall promptly convene a meeting of the Monetary Policy Committee and report the contents to it.

(3) The Monetary Policy Committee may confirm, modify, or suspend the measures referred to in paragraph (1).

Article 27 (Operation of Meetings)

Matters necessary to operate meetings of the Monetary Policy Committee shall be determined by Presidential Decree.

Article 28 (Decision on Monetary and Credit Policies)

The Monetary Policy Committee shall deliberate and decide on matters involving the following on monetary and credit policies:

1. Basic matters regarding the issuance of the Bank of Korea notes;
2. Reserve requirement ratio for financial institutions and the period and method of holding minimum reserve requirements;
3. Rediscount rate for the financial institutions by the Bank of Korea, other standards for credit business and interest rate;
4. Basic matters on emergency credit extended to financial institutions by the Bank of Korea;
5. Designation of financial institutions which can be denied credit by the Bank of Korea;
6. Basic matters regarding the sale, purchase, borrowing, and lending of the Bank of Korea's national bonds or government-guaranteed bonds in the open markets;
7. Basic matters regarding the issuance, selling, repurchase or redemption, etc. of the Bank of Korea's currency stabilization bonds;
8. Basic matters regarding the establishment and operation of the Bank of Korea's currency stabilization accounts;
9. When severe impediments to obtaining funds from financial institutions occur or when there is a strong likelihood of their occurrence, basic matters concerning extension of credit to profit-making enterprises other than financial institutions;
10. Basic matters regarding the operation and management of payment and settlement systems under Article 81;
11. Request for submission of materials to the financial institutions and the institutions operating payment and settlement systems: Provided, That the foregoing shall be limited to being necessary for establishing the monetary and credit policies and facilitating the smooth operation of payment and settlement systems;
12. Matters regarding support to settle temporary shortages under Article 81-2;
13. Request for submission of materials to financial institutions, etc. referred to in Article 87: Provided, That the foregoing shall be limited to cases as necessary in order to formulate monetary and credit policies;
14. Request for inspection and joint inspection of financial institutions to the Financial Supervisory Service: Provided, That the foregoing shall be limited to cases as necessary in order to formulate monetary and credit policies;
15. Highest rate of interests on various kinds of deposits or other payments by financial institutions;
16. Highest rate of interests on credit business such as various kinds of loans or other charges by financial institutions;
17. Restrictions on the longest time limit of loans extended by financial institutions and kinds of securities;
18. Restrictions on the ceiling or sector ceiling on loans and investments by financial institutions within a fixed period in urgent need for the sake of the national economy such as hyperinflation;

19. Prior approval on loan by financial institutions in urgent need for the sake of the national economy such as hyperinflation;
20. Other matters provided for by the powers of the Monetary Policy Committee under this Act or other Acts.

Article 29 (Decisions on Operation of Bank of Korea)

The Monetary Policy Committee shall deliberate and decide on the following matters with respect to the operation of the Bank of Korea:

1. Matters regarding the amendment of the Articles of Incorporation of the Bank of Korea;
2. Matters regarding the organization and system of the Bank of Korea;
3. Matters regarding the budget and settlement of accounts of the Bank of Korea;
4. Matters regarding the remuneration base of the staff belonging to the Bank of Korea;
5. Other matters provided for as the powers of the Monetary Policy Committee under this Act or the Articles of Incorporation in connection with the operation of the Bank of Korea.

Article 30 (Establishment of Regulations)

The Monetary Policy Committee may establish regulations as necessary to discharge its duties.

Article 31 (Assistance to Members' Duties)

The Monetary Policy Committee may require any staff belonging to the Bank of Korea to assist members in the discharge of their duties.

Article 32 (Executives)

The Bank of Korea shall have one Governor, one Senior Deputy Governor, and up to five deputy governors.

Article 33 (Governor)

- (1) The Governor shall be appointed by the President after deliberation by the State Council and a confirmation hearing at the National Assembly.
- (2) The term of the Governor shall be four years, and he/she may be reappointed only once.

Article 34 (Powers and Obligations of Governor)

- (1) The Governor shall represent the Bank of Korea and exercise general control over its business.
- (2) The Governor shall perform policies formulated by the Monetary Policy Committee, and exercise other powers granted under this Act and the Articles of Incorporation.
- (3) The Governor shall frequently give notice of matters which the Monetary Policy Committee shall pay attention to, and is obliged to provide materials and opinions necessary for deliberation and decision by the Monetary Policy Committee.

Article 35 (Appointment of Representatives)

- (1) The Governor may appoint representatives entitled to all judicial or extrajudicial acts with respect to the affairs of the Bank of Korea from among its Senior Deputy Governor, deputy governors, and staff.
- (2) The scope of the staff eligible to be elected as legal representatives pursuant to paragraph (1) shall be determined by Presidential Decree.

Article 36 (Senior Deputy Governor)

- (1) The Senior Deputy Governor shall be appointed by the President upon recommendation by the Governor.
- (2) The Senior Deputy Governor shall have office for a term of three years, and may be reappointed only once.

Article 36-2 (Deputy Governor)

- (1) The deputy governors shall be appointed by the Governor.
- (2) The deputy governors shall have office for a term of three years, respectively, and may be reappointed only once.

Article 37 (Functions of Senior Deputy Governor, etc.)

The Senior Deputy Governor shall assist the Governor, and deputy governors shall assist the Governor and the Senior Deputy Governor, each taking partial charge of the affairs, as prescribed by the Articles of Incorporation.

Article 38 (Dismissal of Deputy Governor)

The Governor may dismiss a deputy governor if he/she falls under any of the following:

1. Where he/she is declared bankrupt;
2. Where he/she is sentenced to any punishment not lighter than imprisonment without prison labor or any punishment not lighter than a fine under this Act or other finance-related statutes (including foreign finance-related statutes);
3. Where he/she is unable to discharge his/her duties due to mental disorder or physical disability;
4. Where he/she violates this Act, an order under this Act, or the Articles of Incorporation.

Article 39 (Appointment and Dismissal of Staff)

The staff of the Bank of Korea shall be appointed and dismissed by the Governor.

Article 40 (Obligations of Executive Organs)

- (1) The Governor, Deputy Governor, deputy governors, and the staff shall execute in good faith the monetary and credit policies established by the Monetary Policy Committee.
- (2) If necessary for the discharge of the duties of the Governor, the Vice Governor, deputy governors, and the staff, the Monetary Policy Committee may request the Governor to take corrective measures or take disciplinary action.

Article 41 (Restriction on Holding Concurrent Office)

The Governor, Senior Deputy Governor, deputy governors, and the staff shall not be engaged in any for-profit business other than their duties, and shall not hold other duties concurrently unless approved by the relevant appointer.

Article 42 (Duty of Integrity and Confidentiality)

- (1) The Governor, Senior Deputy Governor, deputy governors, and the staff shall not extort credit or receive money and other valuables or other benefits from any financial institution or its executive officer and/or employee.

(2) The Governor, the Senior Deputy Governor, deputy governors, the staff, or any person who was in such position shall not reveal any information learned with respect to their duties to any third party or use it for non-official purposes.

Article 43 (Appointment)

(1) The Bank of Korea shall have an auditor.

(2) The auditor shall be appointed by the President on the recommendation by the Minister of Strategy and Finance.

Article 44 (Term of Office)

The term of office of the auditor shall be three years, and he/she may be reappointed only once.

Article 45 (Functions)

(1) The auditor shall ordinarily audit the affairs of the Bank of Korea, and shall report the results to the Monetary Policy Committee at any time.

(2) The auditor shall prepare and submit an annual comprehensive audit reports to the Government and the Monetary Policy Committee.

(3) The Governor shall consult with the auditor on the appointment and dismissal of the staff necessary for the discharge of auditor's duties: Provided, That this shall not apply to appointment or dismissal of low-ranking staff prescribed by the Articles of Incorporation.

Article 46 (Restriction on Holding Concurrent Office)

@Articles 38, 41, and 42 shall apply mutatis mutandis to the dismissal, restriction on holding concurrent office, and the duties of integrity and confidentiality of the auditor.

Article 47 (Issue of Currency)

The Bank of Korea shall have the exclusive right to issue currency within the territory of the Republic of Korea.

Article 47-2 (Unit of Currency)

(1) The monetary unit of the Republic of Korea shall be won.

(2) Won shall be a unit of calculation and a single won shall be divided into 100 jeon.

(3) Won shall be marked as WON in English.

(4) Jeon shall be marked as JEON in English.

Article 48 (Circulation of Bank of Korea Notes)

The Bank of Korea notes issued by the Bank of Korea shall pass as legal tender current freely for all transactions.

Article 49 (Denominations, etc. of Bank of Korea Notes)

Upon approval of the Government, the Bank of Korea may issue the Bank of Korea notes of any size, pattern, and denomination, as determined by the Monetary Policy Committee.

Article 49-2 (Centralized Management of Counterfeit or Altered Bank of Korea Notes)

(1) After the investigation or trial on counterfeit or altered notes is completed, the Bank of Korea may centralize the management of the relevant counterfeit or altered notes.

(2) Matters necessary for the centralized management of the forged or altered notes referred to in paragraph (1) shall be determined by the Bank of Korea after consultation with the relevant agencies.

Article 50 (Bank of Korea Notes Held by Bank of Korea)

The Bank of Korea notes held by the Bank of Korea shall not be the assets or liabilities of the Bank of Korea.

Article 51 (Collection of Claims by Bank of Korea)

(1) The Bank of Korea shall collect claims and receive deposits in the Bank of Korea notes: Provided, That deposit transactions shall be limited to those entitled to make a deposit in the Bank of Korea.

(2) The Bank of Korea shall refund a deposit immediately on the request of a depositor: Provided, That if an agreement is made on the date of refund, the deposit shall be refunded after it comes due.

Article 52 (Exchange, etc. of Bank of Korea Notes)

(1) The Bank of Korea shall meet the demand for exchange between denominations as far as circumstances in the Bank of Korea notes permit.

(2) The Bank of Korea shall exchange any Bank of Korea note unsuitable for circulation due to damage, contamination, or any other cause with a new note.

Article 53 (Mintage of Coins)

(1) The Bank of Korea may mint coins.

(2) Articles 48, 49, 49-2, and 50 through 52 shall apply mutatis mutandis to coins referred to in paragraph (1).

Article 53-2 (Prohibition of Damage to Coins)

No person shall damage coins by melting, pulverizing, or compressing them or by any other means without permission by the Bank of Korea, in order to use coins for other purposes in the pursuit of making profit.

Article 53-3 (Issuance of Commemorative Notes)

The Bank of Korea may issue commemorative notes or coins in order to commemorate figures whose achievements need to be honored widely, incidents or events which are meaningful both domestically and abroad, cultural properties, etc.

Article 54 (Bank of Korea's Receipt of Deposits)

The Bank of Korea may receive deposits from financial institutions.

Article 55 (Deposit, etc. of Reserve Requirements)

(1) Any financial institution shall hold as reserve requirements an amount larger than that equivalent to reserve requirement ratio referred to in Article 56 in proportion to deposit liabilities and other liabilities determined by Presidential Decree (hereinafter referred to as "liabilities subject to accumulation of reserve requirements").

(2) Interest on reserve requirements referred to in paragraph (1) may be paid as determined by the Monetary Policy Committee.

Article 56 (Determination of Reserve Requirement Ratio)

(1) The Monetary Policy Committee shall determine the minimum ratio of reserve requirements (hereinafter referred to as "reserve requirement ratio") that each financial institution must hold as reserves and may change them as necessary.

(2) Except as otherwise provided for in Article 57, the reserve requirement ratio shall not exceed 50/100 and shall indiscriminately apply to all financial institutions.

Article 57 (Marginal Reserve Requirements)

If deemed necessary during periods of galloping inflation, the Monetary Policy Committee may request financial institutions to additionally hold the full amount in excess of the amount equivalent to the reserve requirement ratio as minimum reserve requirements to any increase exceeding the amount of liabilities subject to accumulation of reserve requirements as of the date designated by the Monetary Policy Committee.

Article 58 (Reserve Requirement Ratio of Liabilities Subject to Accumulation of Reserve Requirements by Type and Size)

The Monetary Policy Committee may, if deemed necessary, determine the reserves requirement ratio differently for each type and size of liabilities subject to accumulation of reserve requirements, within the scope referred to in Articles 55 and 57.

Article 59 (Calculation of Minimum Reserve Requirements)

(1) The minimum reserve requirements that each financial institution must hold shall be calculated on a monthly basis as determined by the Monetary Policy Committee.

(2) The minimum reserve requirements of each financial institution shall be calculated by aggregating them held by its head office, branches, and sub-branches within the Republic of Korea.

Article 60 (Imposition, etc. of Administrative Fines)

(1) Where reserve requirements held by any financial institution during the holding period of minimum reserve requirements determined by the Monetary Policy Committee pursuant to subparagraph 2 of Article 28 fall short of minimum reserve requirements calculated pursuant to Article 59, the financial institution shall pay to the Bank of Korea an administrative fine equivalent to 1/50 of the average shortfall during the relevant holding period of minimum reserve requirements.

(2) Where the minimum reserves continue to fall short of the minimum reserve requirements for the three consecutive periods for holding the minimum reserves, the Monetary Policy Committee may prohibit the relevant financial institution from extending new loans and investments or paying dividends to stockholders until it holds the minimum reserves for at least one holding period of the minimum reserves.

Article 61 (Raise in Reserve Requirements Ratio)

Where the Monetary Policy Committee raises the reserve requirement ratio, it shall do so in a gradual manner, and give prior notice thereof to all financial institutions.

Article 62 (Use of Reserve Requirements)

Reserve requirements held in the Bank of Korea may be used for the settlement funds for the Bank of Korea or other financial institutions, as determined by the Monetary Policy Committee.

Article 63 (Reserve Requirement Assets System)

If deemed necessary, the Monetary Policy Committee may request financial institutions to hold reserve assets for payment aside from reserve requirements, as prescribed by Presidential Decree.

Article 64 (Credit Business for Financial Institutions)

(1) The Bank of Korea may engage in the following credit business for financial institutions as determined by the Monetary Policy Committee:

1. Rediscount, discount, and selling and buying of promissory notes, bills of exchange and other credit instruments received by financial institutions: Provided, That they shall be limited to instruments which become due within a year from the date the Bank of Korea acquires;
2. Term loans within a year with the following instruments offered as security:
 - (a) Credit instruments listed in subparagraph 1;
 - (b) Negotiable instruments representing obligations of, or guaranteed by the Government;
 - (c) Negotiable instruments representing obligations of the Bank of Korea;
 - (d) Other instruments determined by the Monetary Policy Committee.

(2) The credit instruments rediscounted, discounted, bought, or acquired as security pursuant to paragraph (1) shall be endorsed thereon by or accompanied by a deed of transfer by any financial institution which offers them.

Article 65 (Emergency Credit to Financial Institutions)

(1) In any of the following cases, the Bank of Korea may extend emergency credit to any financial institution with the consent of at least four members. In such cases, assets which have been granted temporary eligibility may be adopted as security in addition to those referred to in Article 64 (1):

1. Where it extends emergency credit to any financial institution whose liquidity deteriorates due to imbalances between financing and use of funds, etc;
2. Where it extends temporary credit based on the recognition that severe impediments are likely to occur in discharging its duties due to the occurrence of a temporary deficiency in payment funds to financial institutions caused by disorder in computer data processing system or any other contingency.

(2) With regard to any financial institution which has received credit extended pursuant to paragraph (1) 1, the Monetary Policy Committee may impose limitations on loans and investments to the financial institution until it redeems them.

(3) The Bank of Korea may investigate and confirm the business and the status of property of the relevant financial institution if deemed necessary in connection with the credit referred to in paragraph (1).

(4) Where the Monetary Policy Committee intends to decide on extension of such credit referred to in paragraph (1), it shall hear the opinion of the Government.

Article 66 (Bank of Korea's Denial of Loans)

(1) Where the Monetary Policy Committee deems that any financial institution which has applied to the Bank of Korea for loans has been relied heavily on credit extended by the Bank of Korea or maintained unsound loan or investment directions, the Bank of Korea may deny the financial institution loans.

(2) The Monetary Policy Committee may, where it grants extension of credit to any financial institution falling under paragraph (1), raise discount rates or interest rates applied to credit to the financial institution.

Article 67 (Restriction on Bank of Korea's Credit)

The Bank of Korea shall restrict credit to financial institutions in hyperinflation, and shall extend new credit only under inevitable circumstances and make efforts to reduce credit amount as soon as possible.

Article 68 (Open Market Operations)

(1) The Bank of Korea may sell, buy, lend, and borrow the following bonds in open markets on its own account in order to implement monetary and credit policies as determined by the Monetary Policy Committee:

1. State bonds;
2. Marketable securities which the Government guarantees the redemption of their principal and interests;
3. Other marketable securities determined by the Monetary Policy Committee.

(2) Marketable securities listed in any subparagraph of paragraph (1) shall be limited to those which are freely negotiated and the issue condition of which are fully fulfilled.

Article 69 (Bank of Korea Currency Stabilization Bonds)

(1) The Bank of Korea may issue Bank of Korea currency stabilization bonds (hereinafter referred to as "currency stabilization bonds") in open markets, as prescribed by Acts and the Monetary Policy Committee.

(2) The Bank of Korea may repurchase currency stabilization bonds or redeem by drawing them at par value prior to the date of maturity.

(3) The matters regarding interest rates, date of maturity and redemption conditions of currency stabilization bonds shall be determined by the Monetary Policy Committee.

(4) Redemptions by drawing referred to in paragraph (2) may be made only where the Monetary Policy Committee deems necessary.

(5) The Bank of Korea shall collect and discard without delay currency stabilization bonds repurchased or redeemed: Provided, That this shall not apply where it buys them on conditions of repurchase and sale.

(6) Article 50 shall apply mutatis mutandis to currency stabilization bonds held by the Bank of Korea: Provided, That this shall not apply where it buys them on conditions of repurchase and sale.

Article 70 (Establishment of Bank of Korea Monetary Stabilization Account)

(1) The Bank of Korea may establish the Bank of Korea monetary stabilization account and have financial institutions deposit currency stabilization bonds in the account as determined by the Monetary Policy Committee.

(2) No money deposited in the Bank of Korea monetary stabilization account shall be construed as reserve requirements under the provisions of Section 2 of Chapter IV.

Article 71 (Deposit-Receiving Agency)

The Bank of Korea shall handle government money as an agency receiving Republic of Korea government money, as prescribed by the Management of the National Funds Act.

Article 72 (Safe Deposit-Receiving Business)

The Bank of Korea may accept bonds, documents, or other valuables which belong to the Government, on safe deposit.

Article 73 (Handling of State Affairs)

The Bank of Korea may assist the State with collecting revenues and handle the issue, sale, redemption of state bonds, or other affairs as prescribed by the relevant statutes.

Article 74 (Commission)

The Bank of Korea may charge rates or commissions within the scope of actual costs for handling government's affairs.

Article 75 (Credit for Government)

(1) The Bank of Korea may extend overdrafts or another form of credit to the Government and accept government bonds directly from the Government.

(2) The total amount of credit and directly accepted government bonds referred to in paragraph (1) shall not exceed the debt limit decided by the National Assembly putting all debts together borne by the Government to financial institutions and the general public.

(3) Interest rates or other conditions on credit referred to in paragraph (1) shall be determined by the Monetary Policy Committee.

Article 76 (Direct Acceptance of Government-Guaranteed Claims)

(1) The Bank of Korea may accept bonds directly which the Government guarantees their principal and interests.

(2) Interest rates or other conditions on the accepted bonds referred to in paragraph (1) shall be determined by the Monetary Policy Committee.

Article 77 (Extending Loans to and Accepting Deposits from Government Agencies)

(1) The Bank of Korea may accept deposits from, and extend loans to government agencies.

(2) "Government agencies" under paragraph (1) means legal persons discharging public projects or functions for the Government in producing, purchasing, selling or distributing, which are designated by the Government.

(3) The loans referred to in paragraph (1) shall be extended only where the Government guarantees the redemption of their principal and interests.

(4) The Monetary Policy Committee shall determine the Bank of Korea lending rates or other terms on government agencies.

Article 78 (Restriction on Credit to Government Agencies)

The Bank of Korea shall make efforts to restrain credit to government agencies and to reduce the amount of credit in inflation.

Article 79 (Transaction Restrictions with Private Individuals)

Except as otherwise provided for in this Act, the Bank of Korea shall not do deposit or loan transactions with legal persons or individuals other than the Government, government agencies or financial institutions, or buy bonds representing the obligations of any legal person or individual other than the Government, government agencies or financial institutions: Provided, That the Bank of Korea may do deposit transactions with legal persons as are deemed necessary for the discharge of its business as determined by the Monetary Policy Committee.

Article 80 (Credit to For-Profit Enterprises)

(1) When severe impediments to obtaining funds from financial institutions occur or when there is a strong likelihood of their occurrence such as periods of severe monetary and credit contraction, the Bank of Korea may extend credit to for-profit enterprises, such as those engaged in financial business other than financial institutions, with the consent of at least four members, notwithstanding Article 79.

(2) With regard to credit referred to in paragraph (1), such terms and conditions determined by the Monetary Policy Committee shall be obeyed.

(3) Article 65 (3) and (4) shall apply mutatis mutandis to extension of credit under paragraph (1).

Article 81 (Payment and Settlement Business)

(1) In order to promote the security and efficiency of payment and settlement systems, the Bank of Korea may determine necessary matters with respect to the payment and settlement systems operated by the Bank of Korea.

(2) If necessary for the payment and settlement systems operated by any entity other than the Bank of Korea, the Bank of Korea may request the relevant operating entity or supervisory agency to improve the operating standards, etc.

(3) In order to facilitate the smooth operation of the payment and settlement systems, the Bank of Korea may request any entity operating the payment and settlement systems referred to in paragraph (2) to furnish materials related to payment and settlement. In such cases, the entity shall, upon receipt of such request, comply therewith.

(4) The Bank of Korea may request any institution involved in such payment and settlement systems under paragraph (1) to submit necessary materials.

Article 81-2 (Support to Settle Temporary Shortages)

As determined by the Monetary Policy Committee, the Bank of Korea may provide any institution involved in the payment and settlement systems operated directly by the Bank of Korea with financial support to settle temporary shortages, should they appear temporarily short of intraday funds for settlement purposes.

Article 82 (Foreign Exchange Business, etc.)

The Bank of Korea may perform the following business after obtaining authorization from the Minister of Strategy and Finance:

1. Foreign exchange business and foreign currency holdings;
2. Receiving deposits from foreign financial institutions, international financial organizations, foreign governments and their agencies, or the United Nations;
3. Selling and buying precious metals.

Article 82-2 (Operation Procedures for Foreign Currency-Denominated Assets)

The Governor of the Bank of Korea shall hear the opinion of the Monetary Policy Committee in advance with regard to major plans related to the operation of foreign currency-denominated assets.

Article 83 (Consultation on Exchange Rate Policy)

The Bank of Korea shall perform consultative functions on the Government exchange rate policy, foreign exchange banks' receiving and crediting foreign currencies, and policy on setting a ceiling on excess for purchase and sale of foreign currency.

Article 84 (Exchange Transaction Agreement)

The Bank of Korea may make exchange transaction agreements with financial institutions, as determined by the Monetary Policy Committee.

Article 85 (Government Representatives in International Organizations)

The Bank of Korea shall represent the Government in its business, negotiations and transactions with the International Monetary Fund or financial organizations in which the Republic of Korea has joined as members according to the instruction of the Government.

Article 86 (Collection and Compilation of Statistical Data)

The Bank of Korea may collect and compile the statistical data on currency, banking business, finance, prices, wages, production, balance of international payments, and other economy in general necessary for the establishment of monetary and credit policies, perform some research on the economy, and request any government agency, local government, legal person, or individual to submit data and information necessary therefor. *<Amended by Act No. 15427, Mar. 13, 2018>*

Article 87 (Right to Request Materials)

If deemed necessary by the Monetary Policy Committee to implement monetary and credit policies, the Bank of Korea may request any of the following persons to submit materials. In such cases, materials to be submitted under such request shall be confined to the least necessary scope, after due consideration of the work burden of a person who has been requested to submit materials.

1. A financial institution;
2. Any person engaging in financial business, other than financial institutions, who has concluded a current deposit transaction agreement with the Bank of Korea;
3. Any entity which does not fall under subparagraph 1 or 2, which is determined by Presidential Decree in consideration of the scale, etc. of assets from among the financial institutions referred to in Article 2

of the Act on the Structural Improvement of the Financial Industry.

Article 88 (Request for Inspection and Joint Examinations, etc.)

(1) The Bank of Korea may request the Financial Supervisory Service established under the Act on the Establishment, etc. of Financial Services Commission (hereinafter referred to as the "Financial Supervisory Service") to inspect any financial institution by setting the specific scope as the Monetary Policy Committee deems necessary for the conduct of monetary and credit policies; and may request, if necessary, the staff belonging to the Bank of Korea to take part jointly in the inspection of a financial institution by the Financial Supervisory Service. In such cases, the Financial Supervisory Service shall immediately comply with such request, as prescribed by Presidential Decree.

(2) The Bank of Korea may request the Financial Supervisory Service to send the inspection results referred to in paragraph (1) or to take necessary corrective measures against a financial institution depending on the inspection results. In such cases, the Financial Supervisory Service shall comply with such request.

Article 89 (Right to Request Reconsideration)

(1) Where the Monetary Policy Committee is dissatisfied with the supervisory measures directly related to monetary and credit policies which are taken by the Financial Services Commission, it may request the Commission to reconsider them.

(2) Where a request for reconsideration referred to in paragraph (1) is made, the measures listed in paragraph (1) shall become definite if the Financial Services Commission takes the same decision as the previous one with the consent of two-thirds of all members.

Article 90 (Governor's Attendance at State Council)

(1) The Governor may attend and speak at the State Council on the matters on finance and currency.

(2) The Government may request the Governor to attend at the State Council.

Article 91 (Presence and Speaking)

The Vice Minister of Strategy and Finance or the Vice Chairman of the Financial Services Commission may be present and speak at a meeting of the Monetary Policy Committee: Provided, That the Vice Chairman of the Financial Services Commission may be present and speak at the meeting to the extent necessary for the matters under the jurisdiction of the Financial Services Commission.

Article 92 (Request for Reconsideration)

(1) Where any decision taken by the Monetary Policy Committee is judged to contradict the government economic policy, the Minister of Strategy and Finance may request the Board to reconsider it.

(2) Where a request for reconsideration referred to in paragraph (1) is made, the President shall take the final decision if the Monetary Policy Committee takes the same decision as the previous one with the consent of five or more members.

(3) Where the Minister of Strategy and Finance makes a request referred to in paragraph (1), he/she shall publish it promptly, as prescribed by Presidential Decree.

Article 93 (Advice at Policy-Making)

The Government shall seek advice from the Monetary Policy Committee in establishing important policies on finance and currency.

Article 94 (Cooperation on Data)

The Minister of Strategy and Finance, the Monetary Policy Committee, and the Financial Services Commission may request data each other as necessary to establish policies. In such cases, each shall comply with such request unless in extenuating circumstances.

Article 95 (Audit by Board of Audit and Inspection of Korea)

The Bank of Korea shall be audited annually by the Board of Audit and Inspection of Korea.

Article 96 (Reporting, etc. to National Assembly)

(1) The Bank of Korea shall prepare an assessment report on progress in implementing monetary and credit policies and macro-financial stability conditions at least twice every year, and submit it to the National Assembly.

(2) The Governor shall attend a meeting and answer questions, when the National Assembly or any of its committees requests him/her to attend the meeting in connection with the report submitted pursuant to paragraph (1).

Article 97 (Fiscal Year)

The fiscal year of the Bank of Korea shall correspond to that of the Government.

Article 98 (Budgets and Settlement of Accounts)

(1) Any budget of each fiscal year of the Bank of Korea shall be finalized through a decision of the Monetary Policy Committee.

(2) The Bank of Korea shall obtain prior approval of the budget prescribed by Presidential Decree from the Minister of Strategy and Finance, including an appropriation for pay of the budget listed in paragraph (1). In such cases, it shall report it to the competent standing committee of the National Assembly without delay.

(3) The Bank of Korea shall submit a budget statement for the budget referred to in paragraph (2) to the Minister of Strategy and Finance 60 days prior to the commencement of the fiscal year concerned.

(4) The Governor shall submit the statement of accounts for the corresponding year which underwent an external audit (including financial statements, specifications attached thereto, and an audit report by an accounting corporation referred to in Article 23 of the Certified Public Accountant Act) to the competent standing committee of the National Assembly and the Minister of Strategy and Finance, respectively, within two months after the end of the fiscal year concerned.

Article 99 (Disposal of Profits)

(1) Where a balance remains after appropriating net profits at closing accounts for depreciating assets every fiscal year, the Bank of Korea shall accumulate 30/100 of net profits at closing accounts every year.

(2) Where a balance remains after accumulating net profits at closing accounts pursuant to paragraph (1), the Bank of Korea may accumulate the balance as special purpose reserves on approval of the

Government.

(3) Where a balance remains after disposing of net profits at closing accounts pursuant to paragraphs (1) and (2), the Bank of Korea shall pay it as revenues to the Government.

Article 100 (Compensation for Losses)

Losses accruing during a fiscal year of the Bank of Korea shall be compensated from reserves, and if reserves are insufficient, they shall be compensated by the Government, as prescribed by the National Finance Act.

Article 101 (Announcement of Balance Sheet)

(1) The Bank of Korea shall announce a balance sheet which itemizes assets and liabilities as of the last working day of the previous month not later than the 20th day of every month. In such cases, the balance sheet as of the last working day of every fiscal year may be announced within two months after the end of the fiscal year.

(2) The Governor, the auditor, and the person in charge of preparing a balance sheet referred to in paragraph (1) shall print their names and affix their signature or seal in the balance sheet.

Article 102 (Publication of Annual Report)

(1) The Bank of Korea shall submit to the Government and publish an annual report which outlines the business status of the Bank of Korea and policies on the currency and foreign exchange of the Government during the fiscal year and analyzes financial and economic conditions within three months after the end of every fiscal year.

(2) An annual report referred to in paragraph (1) shall be subject to a decision by the Monetary Policy Committee.

Article 103 (Ban on Profit-Making Activities)

The Bank of Korea shall not, whether directly or indirectly, engage in profit-making activities or own or operate any for-profit enterprise, and it shall not buy or own real estate unless necessary to execute its business.

Article 104 (Penal Provisions)

Any person who violates Article 42 (2) (including the application mutatis mutandis under Article 46) shall be punished by imprisonment for not more than three years or by a fine not exceeding 20 million won.

Article 105 (Penal Provisions)

Any person who violates Article 10 shall be punished by imprisonment for not more than one year or by a fine not exceeding 10 million won.

Article 105-2 (Penal Provisions)

Any person who causes a damage to coins, in violation of Article 53-2 shall be punished by imprisonment for not more than one year or by a fine not exceeding 10 million won.

Article 106 (Fiction as Public Officials in Application of Penal Provisions)

(1) The members of the Monetary Policy Committee, and the deputy governors, the auditor, and the staff of the Bank of Korea shall be deemed public officials in the application of penal provisions under the

Criminal Act or other Acts.

(2) The scope of the staff to be deemed public officials pursuant to paragraph (1) shall be determined by Presidential Decree.

ADDENDA

Article 1 (Enforcement Date)

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

Article 2 (Examples of Application to Restriction on Reappointment of Senior Deputy Governor and Auditor)

Amendments to Articles 36 (2) and 44 shall apply starting from a Senior Deputy Governor and an Auditor first appointed under this Act.

Article 3 (General Transitional Measures)

(1) Any authorization, approval, decision, order, disposition or other acts done by the Monetary Operating Board pursuant to the previous provisions prior to the entry into force of this Act shall be deemed acts done by the Monetary Policy Committee under this Act.

(2) Any application, report or other acts done to the Monetary Operating Board pursuant to the previous provisions prior to the entry into force of this Act shall be deemed acts done to the Monetary Policy Committee under this Act.

Article 4 (Transitional Measures on Members and Executives, etc.)

At the time of the enforcement of this Act, the Chairman and members of the Monetary Operating Board, and the Governor, Senior Deputy Governor, directors and Auditor of the Bank of Korea shall discharge the functions of the Chairman and members of the Monetary Policy Committee, and the Governor, Senior Deputy Governor, deputy governors and Auditor of the Bank of Korea under this Act until they are newly appointed under this Act.

Article 5 (Special Cases for Terms of Members)

The terms of members referred to in Article 13 (1) 2 through 4 from among members first appointed under this Act shall be two years, notwithstanding the amendment to Article 15 (2).

Article 6 (Amendment to Articles of Incorporation)

The Bank of Korea shall have the Articles of Incorporation amended to bring into consistency with the amendment to this Act and obtain authorization from the Minister of Finance and Economy simultaneously with the enforcement of this Act.

Article 7 Omitted.

Article 8 (Relations with Other Statutes)

Where other statutes cite the provisions of the former Bank of Korea Act at the time of the enforcement of this Act, the clauses corresponding to this Act shall be deemed to have been cited if this Act includes the provisions corresponding to them; the directors of the Bank of Korea shall be deemed to cite the deputy governors of the Bank of Korea; the Office of Banking Supervision at the Bank of Korea or the

Office of Banking Supervision shall be deemed to cite the Financial Supervisory Service; and the Director of the Office of Banking Supervision at the Bank of Korea or the Director of the Office of Banking Supervision shall be deemed to cite the Director of the Financial Supervisory Service.

ADDENDA <Act No. 6018, Sep. 7, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2000. (Proviso Omitted.)

Articles 2 through 21 Omitted.

ADDENDA <Act No. 6256, Jan. 28, 2000>

Article 1 (Enforcement Date)

(1) This Act shall enter into force on July 1, 2000. (Proviso Omitted.)

(2) Omitted.

Articles 2 through 14 Omitted.

ADDENDA <Act No. 6274, Oct. 23, 2000>

Article 1 (Enforcement Date)

This Act shall enter into force one month after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <Act No. 6429, Mar. 28, 2001>

Article 1 (Enforcement Date)

This Act shall enter into force on the date as prescribed by Presidential Decree within the limit not exceeding 2 years from the promulgation date of this Act. (Proviso Omitted.)

Articles 2 through 11 Omitted.

ADDENDA <Act No. 6836, Dec. 30, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2003.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 6971, Sep. 3, 2003>

(1) (Enforcement Date) This Act shall enter into force on January 1, 2004.

(2) (Transitional Measures on Terms of Members and Vice-Governor) At the time of the entry into force of this Act, the terms of office of the members of the Monetary Policy Committee appointed under the previous provisions of Article 13 (1) 7 and of the Senior Deputy Governor appointed under the previous provisions of Article 36 (1) shall be until December 31, 2003, notwithstanding the previous provisions.

ADDENDA <Act No. 8050, Oct. 4, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <Act No. 8852, Feb. 29, 2008>

Article 1 (Enforcement Date)

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

Articles 2 through 7 Omitted.

ADDENDA <Act No. 8863, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <Act No. 10303, May 17, 2010>

Article 1 (Enforcement Date)

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

Articles 2 through 10 Omitted.

ADDENDA <Act No. 10522, Mar. 31, 2011>

Article 1 (Enforcement Date)

This Act shall enter into force on March 2, 2012. (Proviso Omitted.)

Articles 2 through 28 Omitted.

ADDENDA <Act No. 11051, Sep. 16, 2011>

Article 1 (Enforcement Date)

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

Article 2 (Applicability concerning Submission of Statement of Accounts)

Matters on external audits in the amended provisions of Article 98 (4) shall apply, starting from the settlement for the fiscal year of 2011.

Article 3 Omitted.

ADDENDA <Act No. 11380, Mar. 21, 2012>

Article 1 (Enforcement Date)

This Act shall enter into force one month after the date of its promulgation: Provided, That the amended provisions of Article 33 (1) shall enter into force on May 30, 2012.

Article 2 (Applicability concerning National Assembly Confirmation Hearing for Governor)

The amended provisions of Article 33 (1) shall apply to the first Governor who is appointed after the enforcement date of this Act.

ADDENDUM <Act No. 14101, Mar. 29, 2016>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 14242, May 29, 2016>

Article 1 (Enforcement Date)

This Act shall enter into force on December 1, 2016. (Proviso Omitted.)

Articles 2 through 22 Omitted.

ADDENDA <Act No. 15427, Mar. 13, 2018>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Special Cases concerning the Term of Office of Members)

Where a member referred to in Article 13 (1) and 5 (excluding a substitute member referred to in Article 16) is appointed for the first time after this Act enters into force, the term of office of such member shall be three years, notwithstanding the amended provisions of Article 15 (1).

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