

BANK OF KOREA ACT

Act No. 138, May. 5, 1950

Amended by Act No. 1074, May. 24, 1962

Act No. 1556, Dec. 16, 1963

Act No. 2042, Jul. 25, 1968

Act No. 3035, Dec. 30, 1977

Act No. 3624, Dec. 31, 1982

Act No. 4541, Mar. 6, 1993

Act No. 5153, Aug. 8, 1996

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CHAPTER I ESTABLISHMENT AND PURPOSE

Article 1

(1) The Bank of Korea, as a juristic person, may be established under this Act. <Amended by Act No. 2042, Jul. 25, 1968>

(2) The Bank of Korea, as a juristic person, may exercise all the rights and assume all the obligations.

(3) The Bank of Korea shall be operated according to this Act, its articles of incorporation and the Acts and subordinate statutes including duly ratified international conventions or agreements relating to financial and monetary matters. <Amended by Act No. 2042, Jul. 25, 1968>

Article 2

The Bank of Korea shall have its head office in the Seoul Special Metropolitan City and may, if it is deemed necessary for the operation of its business, have branches, sub-branches and agencies domestically and abroad or enter into a contract for transactions of foreign exchange with other banks. <Amended by Act No. 3624, Dec. 31, 1982>

Article 3

The primary purposes of the Bank of Korea shall be as follows: <Amended by Act No. 1074, May 24, 1962>

1. To maintain the stability of the value of money for the development of the national economy; and
2. To ensure the economic development and efficient utilization of national resources by operating the nation's banking and credit system in a sound manner and improving the functions thereof.

CHAPTER II CAPITAL, PROFITS, AND RESERVE FUND

Article 4

The Bank of Korea shall be a special juristic person having no capital.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 5

The net annual profit accruing to the Bank of Korea shall, after sufficient allowances have been appropriated for the depreciation cost of assets, be used in the following manner: <Amended by Act No. 2042, Jul. 25, 1968; Act No. 3035, Dec. 30, 1977>

1. Ten percent of the net profit shall be appropriated for the reserve fund annually;
2. The Bank of Korea may, with the approval of the Government, maintain the reserve fund for specific purposes other than the reserve fund as provided in subparagraph 1; and
3. The remainder of the net profit after making appropriations for the reserve funds as provided in subparagraphs 1 and 2 shall be paid into the general revenue account of the Government.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 6

Any loss incurred by the Bank of Korea during any fiscal year shall be covered by the reserve fund and, if the fund is insufficient, the shortage shall be made up for by the Government under the conditions as prescribed by Acts.

CHAPTER III ORGANIZATION AND ADMINISTRATION

SECTION 1 Monetary Board Operating Committee

Article 7

- (1) The Monetary Board Operating Committee shall be established in the Bank of Korea.
- (2) The Monetary Board Operating Committee shall, within the purview of the provisions of this Act, formulate policies for monetary and credit operation and management, exercise other functions and powers explicitly assigned to it, and be responsible for the general direction and supervision of business, the operation, and management of the Bank of Korea. <Amended by Act No. 1074, May 24, 1962; Act No. 2042, Jul. 25, 1968>
- (3) The Monetary Board Operating Committee may issue all regulations and instructions necessary for the performance of its duties as provided for in paragraph (2).
- (4) The Monetary Board Operating Committee shall appoint or dismiss any officer or employee of the Bank of Korea upon the recommendation of the Governor of the bank of Korea and shall determine standards for their remunerations: Provided, That the appointment or dismissal of subordinate employees other than officers and determination of standards for their remunerations may be delegated to the Governor of the bank of Korea. <Amended by Act No. 1074, May 24, 1962; Act No. 2042, Jul. 25, 1968>
- (5) The Monetary Board Operating Committee shall establish the articles of incorporation of the Bank of Korea, and approve the budget and settlement of accounts thereof every year, and the Governor of the Bank of Korea shall present the document of the settlement of accounts to the Government within two months following the end of each fiscal year. <Amended by Act No. 1074, May 24, 1962; Act No. 1556, Dec. 16, 1963; Act No. 3624, Dec. 31, 1982>
- (6) A revision of the articles of incorporation of the Bank of Korea shall be approved by the Government.

Article 8

- (1) The Monetary Board Operating Committee shall be composed of the following nine members:
<Amended by Act No. 2042, Jul. 25, 1968; Act No. 4541, Mar. 6, 1993; Act No. 5153, Aug. 8, 1996>
 1. The Minister of Finance and Economy, or the Vice-Minister of Finance and Economy, if the Minister of Finance and Economy is prevented from performing his duties;
 2. The Governor of the Bank of Korea, or the Vice-Governor of the Bank of Korea, if the Governor is prevented from performing his duties;
 3. One member recommended by the Minister of the Finance and Economy;
 4. Two members recommended by banking institutions;
 5. Two members recommended by the Minister of Agriculture and Forestry; and
 6. Two members recommended by the Minister of Trade, Industry and Energy.
- (2) The members as referred to in paragraph (1) 3 through 6 shall be appointed by the President from among persons double the number to be selected upon the recommendation of by each recommending organization under the provisions of the Presidential Decree and shall have a three-year tenure of office: Provided, That a tenure of office for the initial members may be shortened

under the provisions of the Presidential Decree so that one or two members may be replaced each year. <Amended by Act No. 1556, Dec. 16, 1963; Act No. 2042, Jul. 25, 1968>

(3) The members of the Monetary Board Operating Committee shall have the status of state public officials.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 9

(1) The Minister of Finance and Economy shall preside over meetings of the Monetary Board Operating Committee.

(2) If the Minister of Finance and Economy is prevented from performing his duties, the Governor of the Bank of Korea Vice-Minister of Finance and Economy or Vice-Governor of the Bank of Korea shall preside over the meeting in that order.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 10

(1) For the purpose of this Act, the term “banking institutions” means all juristic persons, other than the Bank of Korea and the Korea Development Bank, which regularly and systematically engage in the business of lending funds acquired through the assumption of obligations from the general public in the form of deposit receipts and issuance of securities or other debt instruments. <Amended by Act No. 1074, May 24, 1962; Act No. 2042, Jul. 25, 1968>

(2) The credit business division of the National Agricultural Cooperatives Federation, the National Fisheries Cooperatives Federation and its member fisheries cooperative associations, and the National Livestock Cooperatives Federation shall be deemed a single banking institution: Provided, That such credit business division shall be deemed a government agency to the extent that it carries on the business as provided in Article 85. <Amended by Act No. 2042, Jul. 25, 1968; Act No. 3624, Dec. 31, 1982>

(3) Insurance companies and companies which engage exclusively in mutual savings and financing business or trust business shall not be deemed banking institutions. <Amended by Act No. 3035, Dec. 30, 1977>

Article 11

The Vice-Minister of Finance and Economy, the Superintendent of the Office of Bank Supervision of the Bank of Korea and the Vice-Governor of the Bank of Korea may participate in the meetings of the Monetary Board Operating Committee: Provided, That they shall not have the right to vote. <Amended by Act No. 2042, Jul. 25, 1968; Act No. 3035, Dec. 30, 1977>

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 12

Any vacancy occurring in the membership of the Monetary Board Operating Committee during a tenure of office shall be filled by a new member to be appointed in the same manner in which the former member was appointed: Provided, That the tenure of office for the new member shall expire when the remaining period of the term of office of the former member ends. <Amended by Act No. 2042, Jul. 25, 1968>

Article 13

(1) When a tenure of office of members of the Monetary Board Operating Committee expires, successors shall be appointed at least thirty days prior to the expiration of such tenure of office.

(2) The members of the Monetary Board Operating Committee may be eligible for reappointment. <Amended by Act No. 1074, May 24, 1962>

Article 14

Persons who fall under any of the following subparagraphs may not be members of the Monetary Board Operating Committee: <Amended by Act No. 3035, Dec. 30, 1977; Act No. 3624, Dec. 31, 1982>

1. Persons who are not a citizen of the Republic of Korea;
2. Persons under thirty years of age;
3. Persons who are members of any political party;
4. Members of the National Assembly or the local councils, or state or local public officials: Provided, That this shall not apply to persons who have become members of the Board under the provisions of Article 8 (1) 1 and 2 and the members of a faculty of the national and public universities as provided for in Article 75 (1) 2 of the Education Act;
5. Executive officers and employees of banking institutions, the Korea Development Bank, the National Agricultural Cooperatives Federation and agricultural cooperative association, the National Fisheries Cooperatives Federation, and the fisheries cooperative association, the National Livestock Cooperatives Federation and the livestock industry cooperative association, the Federation of Small and Medium Enterprises Cooperative Associations and the Korea Cooperatives of Small Business, or small and medium enterprise cooperative association; and
6. A person who has not been reinstated after being declared incompetent, quasi-incompetent or bankrupt; a person sentenced to punishment more severe than imprisonment without prison labor, for whom three years have not yet elapsed since the execution of such punishment was completed or the non-execution thereof was finally decided; a person dismissed by government disciplinary sanctions, for whom two years have not yet elapsed since he was dismissed; or a person deprived of his qualification or whose qualification was suspended pursuant to a court decision or under the provisions of the Acts.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 15

(1) If any of the disqualifications as provided for in Article 14 is discovered or occurs, the member concerned shall be immediately dismissed.

(2) If a member is to be dismissed under the provisions of paragraph (1), a decision on the reasons for such disqualifications shall be made by the Monetary Board Operating Committee. <Amended by Act No. 1074, May 24, 1962>

(3) Any acts performed by such disqualified member before he is disqualified shall not be invalidated.

Article 16

The President shall have the right to dismiss any member of the Monetary Board Operating Committee if the Monetary Board Operating Committee has failed to make a decision under the provisions of Article 15 (2) although the reason for the disqualification under the provisions of Article 14 is applicable to such member. <Amended by Act No. 1556, Dec. 16, 1963>

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 17

(1) Meetings of the Monetary Board Operating Committee shall be convened by the Minister of Finance and Economy, the Governor of the Bank of Korea or a majority of other members of the Monetary Board Operating Committee. <Amended by Act No. 1074, May 24, 1962>

(2) A meeting of the Monetary Board Operating Committee shall be considered valid when at least seven members attend the meeting, and its resolutions shall be adopted by a majority of those present and in the case of an equal vote, the chairman shall exercise a casting vote. <Amended by Act No. 1074, May 24, 1962>

(3) If a special method of voting is prescribed by this Act, the foregoing provisions shall not apply. <Amended by Act No. 2042, Jul., 25, 1968>

(4) Any member of the Monetary Board Operating Committee may submit a proposal with the approval of not less than three members: Provided, That the Minister of Finance and Economy or the Governor of the Bank of Korea has the right to present a proposal to the Monetary Board Operating Committee individually. <Newly Inserted by Act No. 1074, May 24, 1962>

Article 18

The Deputy Superintendent of the Office of Bank Supervision, officers, auditors, Assistant Superintendent of the Office of Bank Supervision and the senior general manager in charge of the

Research Department of the Bank of Korea may attend meetings of the Monetary Board Operating Committee and state their opinions: Provided, That they shall not have the right to vote. <Amended by Act No. 3035, Dec. 30, 1977>

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 19

The Monetary Board Operating Committee may invite other qualified persons to attend its meetings but they shall not have the right to vote.

Article 20

Whenever the agenda of the Monetary Board Operating Committee's meeting concerns a personal or commercial interest of participants in the meeting or one of their relatives by blood within the fourth degree or by marriage within the second degree, he may not attend such meeting. <Amended by Act No. 1074, May 24, 1962; Act No. 3624, Dec. 31, 1982>

Article 21

(1) When the Bank of Korea has sustained damage due to any illegal act or a gross negligence of the Monetary Board Operating Committee, all members of the Board present at the meeting related to such illegal act or such gross negligence shall be personally and jointly liable to the Bank of Korea for the damage sustained thereby: Provided, That this shall not apply to members who have clearly expressed their opposition at such meeting. <Amended by Act No. 2042, Jul. 25, 1968>

(2) A lawsuit for compensation of damages against the responsible members of the Monetary Board Operating Committee under paragraph (1) shall be instituted by the Prosecutor General in the name of the Bank of Korea.

SECTION 2 Governor, Vice-Governor, Director and Auditor

Article 22

The Bank of Korea shall have one Governor, one Vice-Governor, five or less directors and one auditor.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 23

(1) The Governor shall be appointed by the President on the recommendation of the Minister of Finance and Economy from among persons of high moral integrity and with outstanding experience in financing. <Amended by Act No. 1556, Dec. 16, 1963>

(2) The Vice-Governor and directors shall be appointed by the Monetary Board Operating Committee upon the recommendation of the Governor.

(3) The auditor shall be appointed by the Minister of Finance and Economy with the consent of the Monetary Board Operating Committee.

(4) A tenure of office of the Governor shall be four years, and the office of Vice-Governor, directors and auditor shall be three years respectively, but they may be eligible for reappointment.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 24

(1) The powers and obligations of the Governor shall be as follows:

1. To exercise overall control and supervision of the operations and internal affairs of the Bank of Korea, to execute the policies established by the Monetary Board Operating Committee and to exercise such other powers as may be vested in him under the articles of incorporation of the Bank of Korea; and

2. To inform the Monetary Board Operating Committee of current matters which require its attention as often as the occasion requires and to provide data, statistics, and advice necessary for the formulation of its policies.

(2) The Governor may attend the meetings of the State Council and state his opinion when the agenda is related to monetary and credit affairs. <Newly Inserted by Act No. 1074, May 24, 1962; Act No. 1556, Dec. 16, 1963>

Article 25

(1) The Governor shall represent the Bank of Korea in all judicial or extra-judicial acts pertaining to the business of the Bank of Korea.

(2) The Governor may delegate his power to represent the Bank of Korea as provided for in paragraph (1) to other officers or employees of the Bank of Korea under his responsibility.

Article 26

(1) In the event of internal and external problems, an act of God, or critical financial and economic crises which require immediate actions, only if it is impossible to convene a meeting of the Monetary Board Operating Committee, the Governor may, with the consent of the Government, take necessary actions within the scope of powers of the Monetary Board Operating Committee. <Amended by Act No. 1074, May 24, 1962>

(2) When the actions as provided for in paragraph (1) are taken, the Governor shall convene a meeting of the Monetary Board Operating Committee without delay to report such urgent actions taken.

(3) The Monetary Board Operating Committee may confirm, modify or suspend the actions as provided for in paragraph (1).

Article 27

The Vice-Governor shall assist the Governor and perform the duties of the Governor on his behalf if the Governor is prevented from performing his duties.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 27-2

Directors shall assist the Governor and the Vice-Governor and take charge of their respective duties according to the division of duties under the conditions as determined by the articles of incorporation of the Bank of Korea.

[This Article Newly Inserted by Act No. 1074, May 24, 1962]

Article 27-3

(1) The auditor shall be directly responsible to the Monetary Board Operating Committee and audit the operations of the Bank of Korea at all times and report the results thereof to the Monetary Board Operating Committee.

(2) The auditor shall submit a comprehensive audit report to the Monetary Board Operating Committee each year. <Amended by Act No. 1074, May 24, 1962>

(3) The Governor shall, after consultation with the auditor, recommend to the Monetary Board Operating Committee the appointments and dismissals of employees necessary for the performance of the duties of the auditor: Provided, That this shall not apply to appointments and dismissals of lower-level employees.

[This Article Newly Inserted by Act No. 1074, May 24, 1962]

Article 27-4

The Governor, Vice-Governor, directors and auditor shall not engage in any other occupations unless authorized by the respective persons empowered to appoint them.

[This Article Newly Inserted by Act No. 1074, May 24, 1962]

SECTION 3 Office of Bank Supervision

Article 28

- (1) The Office of Bank Supervision shall be established in the Bank of Korea.
 - (2) The Office of Bank Supervision shall, under instructions from the Monetary Board Operating Committee, conduct the supervision and periodic examination of all the banking institutions within the scope of this Act.
 - (3) When the Superintendent of the Office of Bank Supervision has examined banking institutions or other institutions as entrusted by the Minister of Finance and Economy, it shall submit a report to the Minister of Finance and Economy and report to the Monetary Board Operating Committee.
- [This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 29

- (1) The Office of Bank Supervision shall have a Superintendent of the Office of Bank Supervision, a Deputy Superintendent of the Office of Bank Supervision and three or less Assistant Superintendents.
 - (2) The Superintendent of the Office of Bank Supervision shall be appointed by the President on the recommendation of the Monetary Board Operating Committee.
 - (3) The Deputy Superintendent and Assistant Superintendents of the Office of Bank Supervision shall be appointed by the Monetary Board Operating Committee on the proposal of the Governor through the recommendation of the Superintendent of the Office of Bank Supervision.
 - (4) The tenure of office of the Superintendent of the Office of Bank Supervision shall be four years and the tenure of office of the Deputy Superintendent and the Assistant Superintendents of the Office of Bank Supervision shall be three years each, but they are eligible for reappointment.
 - (5) The Deputy Superintendent of the Office of Bank Supervision shall assist the Superintendent of the Office of Bank Supervision and perform the duties of the Superintendent of the Office of Bank Supervision on his behalf if the superintendent of the office of bank supervision is prevented from performing his duties.
 - (6) The Assistant Superintendents of the Office of Bank Supervision shall assist the Superintendent and the Deputy Superintendent of the Office of Bank Supervision and take charge of their respective duties according to the division of duties under conditions as determined by the articles of the Bank of Korea.
 - (7) Employees of the Office of Bank Supervision shall be appointed or dismissed by the Monetary Board Operating Committee on the proposal of the Governor through the recommendation of the Superintendent of the Office of Bank Supervision: lower-level employees shall be appointed or dismissed by the Governor in consultation with the Superintendent of the Office of Bank Supervision.
- [This Article Wholly Amended by Act No. 3035, Dec. 30, 1977]

Article 30

(1) The Office of Bank Supervision shall examine the business conditions of each banking institution under its supervision at least once every year without prior notice.

(2) The Superintendent of the Office of Bank Supervision may, if necessary for the exercise of his powers and performance of duties, request banking institutions to submit documents and summon witnesses and receive testimony or hear an opinion from banking institutions.

(3) The Superintendent of the Office of Bank Supervision shall submit to the Monetary Board Operating Committee a complete report on the results of an examination of business conditions of banking institutions, and take necessary actions for malpractices, if any, and include additionally the results thereof, in the relevant report: Provided, That with respect to actions to be taken against executive officers of banking institutions, he shall recommend to the Monetary Board Operating Committee to take such actions. <Amended by Act No. 3035, Dec. 30, 1977>

(4) If a recommendation is made under the provisions of the proviso of paragraph (3), the Monetary Board Operating Committee shall instruct the relevant banking institution to take such actions as it deems necessary.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 31

(1) The Superintendent of the Office of Bank Supervision and his subordinate employees may not demand or accept any loans, money, gifts or objects of value from any banking institution as provided in this Act or from any executive officers or employees thereof. <Amended by Act No. 2042, Jul. 25, 1968>

(2) The Superintendent of the Office of Bank Supervision and his subordinate employees may not make any unauthorized disclosure of information obtained in the course of performing their duties.

Article 32 and Article 33 Deleted.<by Act No. 1074, May 24, 1962>

Article 34

(1) Banking institutions under the supervision of the Superintendent of the Office of Bank Supervision shall pay examination fees to the Bank of Korea to cover the expenses of examination services.

(2) When the Superintendent of the Office of Bank Supervision has examined banking institutions or other institutions as entrusted by the Minister of Finance and Economy, he may request such institutions to pay examination fees. <Newly Inserted by Act No. 1074, May 24, 1962>

(3) The annual examination fee shall be determined by the Monetary Board Operating Committee.

Article 35 Deleted.<by Act No. 1074, May 24, 1962>

SECTION 4 Research Department

Article 36

(1) A Research Department shall be established in the Bank of Korea.

(2) The Research Department shall, under instructions from the Monetary Board Operating Committee, collect and prepare statistics on money and banking, public finance, prices, wages, production, the balance of payments and other matters, and conduct economic research in order to provide the Monetary Board Operating Committee with the information necessary for the formulation of appropriate monetary and credit policies. <Amended by Act No. 1074, May 24, 1962>

Article 37

(1) The Research Department shall assist in the preparation of the annual report of the Bank of Korea and publish a monthly statistical bulletin and may produce other publications of the same nature periodically.

(2) The Research Department shall cooperate with other departments of the Bank of Korea and government agencies to improve statistical services of the State and to promote public education and enlightenment on economic, monetary and banking matters.

Article 38

The Research Department may, by virtue of its rights as guaranteed by Acts, demand from the Government, or a natural or juristic person any data or information necessary for the proper performance of its duties.

SECTION 5 Relationship with the Government

Article 39

(1) The Minister of Finance and Economy may request the reconsideration of resolutions adopted by the Monetary Board Operating Committee.

(2) If the request for reconsideration as provided for in paragraph (1) is rejected by a decision of two thirds or more of all the registered members of the Monetary Board Operating Committee, the final decision shall be made by the President. <Amended by Act No. 1556, Dec. 16, 1963>

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 40

The Bank of Korea shall be subject to business examination by the Minister of Finance and Economy and to an accounting audit by the Board of Audit and Inspection at least once or more times a year.

Article 41 Deleted.<by Act No. 1074, May 24, 1962>

SECTION 6 Balance Sheet and Annual Report

Article 42

The Bank of Korea shall publicly announce a general balance sheet, showing in appropriate items, its assets and liabilities as of the last business day of the preceding month by the twenty days of each month. <Amended by Act No. 3624, Dec. 31, 1982>

Article 43

(1) The Bank of Korea shall, within three months after the end of its fiscal year, publish an annual report outlining its business condition, its monetary and credit policies and the Government's foreign exchange policies during the then-current fiscal year and analyzing the economic and financial situation of the State during the same period. <Amended by Act No. 1074, May 24, 1962>

(2) The annual report shall include, as appendixes, monthly statistics relating to the main balance sheet items of the Bank of Korea and banking institutions and the monthly statistics regarding the money supply, revenues, expenditures and debts of the government, foreign trade and foreign exchange transactions, production, wages, prices and other matters and the documents regarding any legal and administrative measures adopted by the Government and the Monetary Board Operating Committee during the preceding year which are related to the operations and functions of the Bank of Korea or banking institutions.

Article 44

(1) The balance sheet of the Bank of Korea shall be signed by the Governor, the auditor and a person responsible for its preparation.

(2) The annual report shall be approved by the Monetary Board Operating Committee.

SECTION 7 Other Provisions

Article 45

The organization of the Bank of Korea other than as provided for in this Act, shall be determined by the Monetary Board Operating Committee. <Amended by Act No. 2042, Jul. 25, 1968>

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 46

The Bank of Korea may, when it is deemed necessary, hire foreign experts.

CHAPTER IV OPERATIONS OF THE BANK OF KOREA

SECTION 1 Issuance of Bank Notes

Article 47

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

Article 48

The notes issued by the Bank of Korea shall be the sole legal tender in the Republic of Korea and shall be circulated without limitation for all transactions, both public and private.

Article 49

The Bank of Korea may issue notes in any dimensions, patterns or denominations as determined by the Monetary Board Operating Committee, with the approval of the Government.

Article 50

The notes issued by the Bank of Korea and held by it shall not form part of its assets or liabilities.

Article 51

(1) The Bank of Korea shall accept its notes in collecting claims and receiving deposits: Provided, That The Bank of Korea shall accept deposits only from those parties entitled to hold deposits in the Bank of Korea. <Amended by Act No. 2042, Jul. 25, 1968>

(2) The Bank of Korea shall immediately refund the deposits in its notes for an amount demanded by the deposit holder: Provided, That if there exists an agreement on the date of the refund, such refund shall be made after such date becomes due.

Article 52

The Bank of Korea shall exchange, on demand, its notes of one denomination for those of another insofar as circumstances allow.

Article 53

The Bank of Korea shall permanently withdraw from circulation any of its notes which are unfit for circulation because they are damaged or soiled or for any other reasons and replace them with new notes.

Article 54

(1) with the approval of the Government.

(2) The provisions of Articles 48 through 53 shall apply mutatis mutandis to coins as provided for in paragraph (1). <Amended by Act No. 2042, Jul. 25, 1968>

SECTION 2 Deposits and Reserve Requirement of Banking Institutions

Article 55

The Bank of Korea may accept and hold deposits on behalf of banking institutions operating in the Republic of Korea.

Article 56

(1) Banking institutions operating in the Republic of Korea shall maintain the reserve requirement, in proportion to their deposit liabilities, in the form of deposits in the Bank of Korea payable on demand.

(2) The Bank of Korea may pay interest on the deposits as provided for in paragraph (1) in such a manner as may be determined by the Monetary Board Operating Committee.

Article 57

(1) The Monetary Board Operating Committee shall determine the minimum ratio of the reserve requirement to be maintained by each banking institution and may change such ratio when it is deemed necessary.

(2) The ratio of the reserve requirement, except as otherwise provided for in Article 58, shall not be more than fifty percent, and shall be applied to all banking institutions in a uniform manner.

<Amended by Act No. 3035, Dec. 30, 1977; Act No. 3624, Dec. 3, 1982>

[This Article Wholly Amended by Act No. 2042, Jul. 25, 1968]

Article 58

(1) The Monetary Board Operating Committee may, in a period of significant expansion of money supply, request banking institutions to maintain the prescribed minimum reserve requirement equal to not less than fifty percent and up to one hundred percent of any increase exceeding the amount of deposits as of the designated date. <Amended by Act No. 3035, Dec. 30, 1977>

(2) In the case of paragraph (1), the Monetary Board Operating Committee may request the Bank of Korea to pay interest, at a rate not exceeding the rate determined by the Monetary Board Operating Committee, on the prescribed minimum reserve requirement which exceeds fifty percent of the deposit liabilities of each banking institution. <Amended by Act No. 3035, Dec. 30, 1977>

Article 59

Within the provisions of Articles 57 and 58, the Monetary Board Operating Committee may, if it is deemed necessary, do the following:

1. Fix an individual minimum ratio of the reserve requirement for demand deposits and time deposits or depending on each kind of other deposits according to the classification of the Monetary Board Operating Committee; and
2. Authorize banking institutions to hold up to twenty-five percent of their minimum reserve requirement in the form of notes of the Bank of Korea.

Article 60

(1) The minimum reserve requirement to be held by each banking institution shall be calculated semi-monthly in such a manner as may be determined by the Monetary Board Operating Committee.

(2) When the reserve requirement held by any banking institution during the half of a month falls short of the minimum reserve requirement calculated under the provisions of paragraph (1), such banking institution shall pay to the Bank of Korea a penalty for negligence equivalent to one percent of the amount of the average shortage during such half a month.

(3) If the shortage of the reserve requirement persists for not less than two and a half months the Monetary Board Operating Committee may prohibit the delinquent banking institution from making new loans and investments or from paying out dividends to its shareholders until it continuously maintains the minimum reserve requirement for at least one full month or longer.

(4) If the shortage of the reserve requirement persists for a period exceeding one year or exists for a period exceeding half of a two-year period, the provisions of Articles 114-2, 115 and 116 of this Act shall apply to such banking institution.

[This Article Wholly Amended by Act No. 3035, Dec. 30, 1977]

Article 61

The minimum reserve requirement of each banking institution shall be calculated on the basis of its head office, branches and sub-branches in the Republic of Korea as an integrated unit.

Article 62

When the Monetary Board Operating Committee raises the minimum ratio of the reserve requirement, it shall do so in a gradual manner, and give banking institutions prior notice.

Article 63

The reserve requirement held by banking institutions in the Bank of Korea may serve as the fund for the clearing of bills and the settlement inter-bank balances in such a manner as may be determined by the Monetary Board Operating Committee. <Amended by Act No. 1074, May 24, 1962>

Article 63-2

The Monetary Board Operating Committee may, when it is deemed necessary, request each banking institution to hold, apart from the reserve requirement as provided for in this Section, reserve assets in such a manner as may be determined by the Monetary Board Operating Committee.

[This Article Newly Inserted by Act No. 3035, Dec. 30, 1977]

SECTION 3 Special Control of Banking Operations

Article 64

(1) The Monetary Board Operating Committee may fix the maximum rate of interest or any other fees which banking institutions may charge on different types of loans or other credit operations.

(2) The provisions of Articles 114-2 and 115 of this Act shall apply to any banking institution which charges interest or other fees in excess of the maximum rate as provided for in paragraph (1). <Amended by Act No. 1074, May 24, 1962; Act No. 2042, Jul. 25, 1968>

Article 65

(1) The Monetary Board Operating Committee may fix the maximum rate of interest payments or other payments which banking institutions may make to their customers for different types of deposits.

(2) The provisions of Articles 114-2 and 115 of this Act shall apply to any banking institution which pays interest in excess of the maximum rate as provided for in paragraph (1). <Amended by Act No. 1074, May 24, 1962; Act No. 2042, Jul. 25, 1968>

Article 66

(1) The Monetary Board Operating Committee may, in the event of an enormous expansion of money supply, fix a ceiling on the loans and investments by banking institutions, and set a limit on the rate of increase in such loans and investments for a specified period of time.

(2) The ceilings or limit as provided for in paragraph (1) may be determined according to the classification of loans and investments.

(3) The measures taken under paragraphs (1) and (2) shall be repealed as soon as the expansion of money supply returns to normal.

Article 67

The Monetary Board Operating Committee may, when it is deemed necessary, determine the maximum maturities of the loans, the kind of collaterals and the amount of loans against such collaterals within the limit as prescribed by other Acts relating to banking institutions.

Article 68

The Monetary Board Operating Committee may, in a period of a significant expansion of money supply, request banking institutions to submit to the Monetary Board Operating Committee all written applications for loans in excess of specified amounts for prior approval.

SECTION 4 Loans to Banking Institutions

Article 69

The Bank of Korea may conduct the following credit operations with banking institutions operating in the Republic of Korea: <Amended by Act No. 2042, Jul. 25, 1968; Act No. 3035, Dec. 30, 1977>

1. Rediscount, discount, buying and selling of promissory notes, bills of exchange and other credit instruments which banking institutions have acquired as a result of their operations as follows:

(a) Loans extended to the production or processing of agricultural, forestry, livestock, mineral or fishery products, or industrial production: Provided, That such loans are limited to the instruments which shall become due and payable within one year from the date on which such instruments are acquired by the Bank of Korea:

(b) Loans extended to the import, export, purchase, sale or transport of readily salable products: Provided, That such loans are limited to the instruments which shall become due and payable within six months from the date on which such instruments are acquired by the Bank of Korea;

(c) Loans extended to the insured and not perishable goods kept in warehouses or other places approved by the Monetary Board Operating Committee for purposes other than speculation: Provided, That such loans are limited to the instruments which shall become due and payable within six months from the date on which such instruments are acquired by the Bank of Korea;

(d) Loans extended to government agencies: Provided, That such loans are limited to the instruments which shall become due and payable within one year from the date on which such instruments are acquired by the Bank of Korea, and shall be guaranteed by the Government;

(e) Loans extended to mutual savings and financing companies: Provided, That such loans are limited to the instruments which shall become due and payable within one year from the date on which such instruments are acquired by the Bank of Korea; and

(f) Loans extended to construction or other services determined by the Monetary Board Operating Committee: Provided, That such loans are limited to the instruments which shall become due and payable within one year from the date on which such instruments are acquired by the Bank of Korea.

2. Extend loans against the following kinds of collaterals for a fixed period not exceeding one year:

(a) Credit instruments falling under those as referred to in subparagraph 1 of this Article;

(b) Negotiable instruments representing obligations of, or obligations guaranteed by, the Government;

(c) Negotiable instruments representing obligations of the Bank of Korea; and

(d) Credit instruments acquired by the Citizens National Bank as a result of its lending operations and approved by the Monetary Board Operating Committee: Provided, That such instruments are limited to those which shall become due and payable within one year from the date on which such instruments are acquired by the Bank of Korea.

3. Extend loans against the collaterals of any assets which are recognized temporarily as an acceptable security by an affirmative vote of not less than five members of the Monetary Board Operating Committee in times of grave emergency which directly threatens to disrupt the stability of currency and banking business. As far as loans as provided for in this subparagraph are outstanding, the debtor bank may not increase its loans and investments without the approval from the Monetary Board Operating Committee.

Article 70

(1) The Bank of Korea may not, without the approval of the Monetary Board Operating Committee, permit any rewriting or substitution of credit instruments which it has acquired or any renewal of the loans which it has extended under the provisions of subparagraphs 1 and 2 of Article 69.

(2) In the case of paragraph (1) any renewal or substitution of credit instruments or any renewal of loans shall be made only once and for a period not exceeding one half of the original period.

Article 71

All credit instruments rediscounted, discounted, bought or acquired as collaterals under the provisions of Article 69 shall be endorsed, or attached with the assignment, by the banking institution which has provided such instruments.

Article 72

(1) The Monetary Board Operating Committee shall fix an interest and a rediscount rate to be applied to the credit operations as provided for in Article 69.

(2) The Monetary Board Operating Committee may, within the limit as provided for in Article 69, issue other standards and regulations relating to credit operations.

Article 73

(1) The Bank of Korea may reject any application for credit by any banking institution, regardless of the acceptability of the credit instruments offered for Rediscount or discount or as collaterals, if the Monetary Board Operating Committee deems:

1. That the expansion of such credit would contribute to creating the pressure of expansion of money supply; and
2. That the applicant banking institution has been heavily relying, as compared with other banking institutions, on the credit of the Bank of Korea or has been adhering to unsound loan and investment policies.

(2) The Monetary Board Operating Committee may raise an interest rate on credit extended to the banking institution to which subparagraph 2 of paragraph (1) is deemed to apply.

Article 74

(1) A loan committee shall be established in the Bank of Korea.

(2) The composition and functions of the loan committee shall be determined by the Monetary Board Operating Committee.

Article 75

(1) The Bank of Korea shall, in its credit operations with banking institutions, endeavor to maintain at all times a balanced portfolio of securities with diversified maturities and representing diversified types of business, and a considerable portion of its assets and claims falling due and payable within a short time.

(2) The Monetary Board Operating Committee shall review the securities held by the Bank of Korea more than once every two months and take such steps as may be necessary to achieve the purpose of paragraph (1).

Article 76

The Bank of Korea shall, in a period of significant expansion of money supply, restrict its credit extensions to banking institutions, and extend new credits only in unavoidable circumstances, while endeavoring to contract the volume of its outstanding credit to banking institutions as quickly as possible.

SECTION 5 Relations with Government and Agents of Government

Article 77

(1) The Bank of Korea shall be the official deposit institution of national funds of the Republic of Korea.

(2) The Monetary Board Operating Committee may designate banking institutions operating in the Republic of Korea to accept deposits from the Government of the Republic of Korea.

(3) The Monetary Board Operating Committee may, when it is deemed necessary, order that the Government deposits as provided for in paragraph (2), be transferred to the Bank of Korea.

Article 78

The Bank of Korea may take into its custody securities, documents or other valuable objects belonging to the Government.

Article 79

The Bank of Korea may assist in the collection of public revenues and handle business related to the issue, sale or redemption of securities and other affairs representing obligations of the Government in such a manner as determined by the Government. <Amended by Act No. 1074, May 24, 1962>

Article 80

The Bank of Korea shall, under the direction of the government, represent the Government in all business affairs, negotiations or transactions with any international monetary or banking organizations of which the Republic of Korea is a member. <Amended by Act No. 1074, May 24, 1962>

Article 81

(1) The Bank of Korea may charge a fee or a commission for the services which it renders to the Government or its subordinate agencies.

(2) The charges as provided for in paragraph (1) shall not exceed the actual costs of the Bank of Korea.

Article 82

When the Government formulates important monetary and credit policies, it shall seek the advice of the Monetary Board Operating Committee.

Article 83

(1) The Bank of Korea may extend loans to the Government in the form of overdrafts or in other forms, and accept directly state bonds from the Government.

(2) The aggregate amount of all loans and state bonds directly accepted

under paragraph (1) shall not exceed such limit of indebtedness which aggregates all debts the Government owes to other banking institutions and the general public, as has been authorized by a resolution of the National Assembly.

(3) An interest rate and other terms of the loans as provided for in paragraph (1) shall be determined by the Monetary Board Operating Committee. <Amended by Act No. 3624, Dec. 31, 1982>

Article 83-2

(1) The Bank of Korea may directly accept state bonds guaranteed by the Government for full redemption and interest payments.

(2) An interest rate and other terms of acceptance of such securities as provided for in paragraph (1) shall be determined by the Monetary Board Operating Committee.

[This Article Newly Inserted Act No. 1074, May 24, 1962]

Article 84

The Bank of Korea may accept deposits from, and extend loans to agents of the Government.

Article 85

For the purpose of this Act, the term “agents of the Government” means juristic persons designated by the Government to execute on its behalf projects or functions of a public nature in the fields of production, purchase, sale or distribution. <Amended by Act No. 2042, Jul. 25, 1968>

Article 86

(1) The Monetary Board Operating Committee shall determine an interest rate and other terms of loans extended by the Bank of Korea to agents of the Government.

(2) The loans as provided for in paragraph (1) shall be fully guaranteed by the Government for the repayment of principal and interest.

Article 87

(1) The Bank of Korea may, under the provisions of Article 86, make extend loans to agents of the Government for the purpose of purchasing agricultural and other products for sale or distribution to the public.

(2) The loans as provided for in paragraph (1) shall be repaid as soon as the products are sold or distributed, and shall in no case remain outstanding for a period exceeding one year.

Article 88

(1) The Bank of Korea may, under the provisions of Article 86, extend loans to agents of the Government for other purposes.

(2) The maturities of the loans as provided for in paragraph (1) shall not exceed one year.

(3) The loans as provided for in paragraph (1) may be prolonged or renewed only once with the authorization of the Monetary Board Operating Committee, but shall not exceed one half of the original period.

Article 89

The Bank of Korea shall, in a period of significant expansion of money supply, endeavor to restrict its loans to agents of the Government and to contract the outstanding volume of such loans.

SECTION 6 Purchases and Sales of Securities in the Open Market

Article 90

(1) The Bank of Korea may buy and sell securities as provided for in Articles 91 and 92 in the open market to implement the monetary and credit policies as provided for in Section 8 of this

CHAPTER.

(2) The bank of Korea may sell securities only when the Monetary Board Operating Committee deems it necessary to contract the money supply in a period of expansion of money supply, and buy securities only when it is deemed necessary to expand the money supply in a period of the contraction of money supply by the Monetary Board Operating Committee.

Article 91

(1) The Bank of Korea may, under the provisions of Article 90, buy and sell the following securities in the open market for its own account:

1. Securities representing obligations of the Government of the Republic of Korea; and

2. Other securities fully guaranteed by the Government for full repayment of principal and interest.

(2) The securities as provided for in paragraph (1) 1 and 2 shall be limited to those which are freely negotiable and whose terms of issuance are fully fulfilled.

Article 92

(1) The Bank of Korea, when it is deemed necessary to contract the money supply, may, under the provisions of Acts, issue Bank of Korea Monetary Stabilization Bonds in the open market or establish a Bank of Korea Monetary Stabilization Account in order to ask banking institutions or other institutions designated by the Monetary Board Operating Committee to make deposits in such account.

(2) The Bank of Korea, when it is deemed necessary to expand the money supply, may repurchase the Monetary Stabilization Bonds as provided for in paragraph (1) or redeem such Bonds at par value by lottery before the maturity of such Bonds or allow deposits in the Bank of Korea Monetary Stabilization Account to be withdrawn.

(3) An interest rate, maturities and repayment conditions of the Monetary Stabilization Bonds and matters for the establishment and operation of the Bank of Korea Monetary Stabilization Account shall be determined by the Monetary Board Operating Committee.

(4) The redemption by lottery as provided for in paragraph (2) may be effected only when the Monetary Board Operating Committee deems it necessary.

(5) The Bank of Korea shall immediately retire and cancel the Bank of Korea Monetary Stabilization Bonds repurchased or redeemed.

(6) The provisions of Article 50 shall apply mutatis mutandis to the Bank of Korea Monetary Stabilization Bonds held by the Bank of Korea.

(7) The amount of deposits in the Bank of Korea Monetary Stabilization Account shall not be deemed as the reserve requirement as provided for in Section 2 of

CHAPTER 4.

[This Article Wholly Amended by Act No. 3035, Dec. 30, 1977]

SECTION 7 Relations with Private Sector

Article 93

The Bank of Korea shall, except as otherwise provided for in Articles 94 and 101, not accept deposits from, or extend loans to, or purchase securities representing the obligations of, natural or juristic persons in the Republic of Korea other than banking institutions, the Government and agents of the Government: Provided, That the Bank of Korea may, under the conditions as determined by the Monetary Board Operating Committee, engage in transactions of deposits with financial intermediaries other than banking institutions as well as juristic persons deemed necessary for the performance of its business affairs. <Amended by Act No. 3035, Dec. 30, 1977>

Article 94

(1) Notwithstanding the provisions of Article 93, the Bank of Korea may, with an affirmative vote of five members of the Monetary Board Operating Committee, extend loans to any commercial, industrial or other profitmaking enterprises in a period of severe contraction of money supply and credit when banking institutions call in outstanding loans and refrain from extending new ones.

(2) The loans as provided for in paragraph (1) shall comply with terms and conditions to be determined by the Monetary Board Operating Committee.

SECTION 8 Monetary, Credit Policies and Foreign Exchange Business

Article 95

The Monetary Board Operating Committee shall, when it deems movements in the money supply and prices to be detrimental to a balanced growth of the national economy, prepare appropriate measures as provided for in this Act and exert all possible efforts to achieve the purpose thereof.

<Amended by Act No. 2042, Jul. 25, 1968>

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 96

For the purpose of Article 95, the term “money supply” means notes and coins issued by the Bank of Korea and held by natural or juristic persons other than banking institutions and the total sum of demand deposits in the Bank of Korea plus banking institutions: Provided, That deposits of national funds and banking institutions shall be excluded from the money supply. <Amended by Act No. 2042, Jul. 25, 1968>

Article 97

The Bank of Korea may, in coping with abnormal fluctuations in the money supply and prices, use such means of control granted to it under the provisions of this Act, as deemed most appropriate by the Monetary Board Operating Committee, including the powers as follows: <Amended by Act No. 3035, Dec. 30 1977; Act No. 3624, Dec. 31, 1982>

1. To alter the minimum ratio of reserve requirement which each banking institution must maintain (Articles 56 through 59);
2. To alter the rediscount and interest rate to be charged on the credit extended by the Bank of Korea to banking institutions (Article 72);
3. To buy and sell securities representing obligations of the Government or securities fully guaranteed by the Government, in the open market (Articles 90 and 91);

4. To issue, sell, repurchase or redeem the Bank of Korea Monetary Stabilization Bonds, and establish and operate the Bank of Korea Monetary Stabilization Account;
5. To reject any application for credit by banking institutions (Article 73);
6. To fix a ceiling, within a specified period of time, on outstanding loans and investments by banking institutions or a ceiling thereon by classification and to set a limit on the rate of increase of such outstanding loans and investments or a limit thereon by classification (Article 66);
7. To determine the maximum maturities of the loans extended by banking institutions, the kind of collaterals, and the amount of loans against such collaterals (Article 67);
8. To alter the maximum rate of interest or other fees which banking institutions may charge on loans or other credit operations (Article 64);
9. To extend loans to any commercial, industrial or other profit-making enterprises in a period of severe contraction of money supply (Article 94);
10. To authorize banking institutions to accept deposits from the Government or order that government deposits be transferred to the Bank of Korea (Article 77); and
11. To request banking institutions to submit to the Monetary Board Operating Committee applications from their customers for the prior approval thereof for loans in excess of specified amounts (Article 68).

Article 98

The Bank of Korea shall, in a period of significant expansion of money supply, adopt the means as provided for in Articles 76 and 89 in addition to the countermeasures as provided for in Article 97.

Article 99

(1) The Monetary Board Operating Committee shall, in a period of an expansion or a contraction of money supply which requires countermeasures to be taken, submit reports stating the following matters to the Government every three months:

1. Analysis of the causes and effects of the irregular movements of money supply and prices;
2. Outline of the countermeasures already taken; and
3. Recommendation for such measures beyond the powers of the Monetary Board Operating Committee as are deemed necessary to cope with the situation.

(2) The reports as provided for in paragraph (1) shall be made public.

Article 100

The Monetary Board Operating Committee shall exercise all the powers as prescribed by this Act to restrict loans by banking institutions for speculative purposes which are deemed detrimental to the nation's economic interest. <Amended by Act No. 2042, Jul. 25, 1968>

Article 101

The Bank of Korea may, with the authorization of the Minister of Finance and Economy, engage in business falling under any of the following subparagraphs:

1. Foreign exchange business and the holding of foreign exchange;
2. Receiving deposits from foreign banking institutions, international monetary and banking organizations, foreign governments and their agents, or the United Nation's organizations; and
3. Buying and selling precious metals.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Articles 102 through 108 Deleted.<by Act No. 1074, May 24, 1962>

CHAPTER V SUPPLEMENTARY PROVISIONS

Article 109

All powers, duties and functions of the Ministry of Finance and Economy and its subordinate bureaus, which are vested in the Bank of Korea under the provisions of this Act shall hereby be transferred to the Bank of Korea. <Amended by Act No. 2042, Jul. 25, 1968>

Article 110 Deleted.<by Act No. 3624, Dec. 31, 1982>

Article 111

The provisions of other previous Acts contrary to the provisions of this Act shall hereby be repealed to the extent that such Acts are contrary thereto. <Amended by Act No. 2042, Jul. 25, 1968>

Article 112

The Bank of Korea may not participate, either directly or indirectly, in the ownership or management of any commercial, industrial or other profit-making enterprises and may not purchase or permanently own real estate unless it is necessary for the conduct of its business. <Amended by Act No. 3035, Dec 30, 1977>

Article 112-2

(1) The executive officers and employees of the Bank of Korea shall be deemed public officials in application of the penal provisions of the Criminal Act or other Acts. <Amended by Act No. 3035, Dec. 30, 1977>

(2) The scope of employees as provided for in paragraph (1) shall be prescribed by the Presidential Decree upon the recommendation of the Monetary Board Operating Committee. <Amended by Act No. 2042, Jul. 25, 1968>

[This Article Newly Inserted by Act No. 1074, May 24, 1962]

Article 113

The Bank of Korea shall be established and commence business on the date to be prescribed by the Presidential Decree. <Amended by Act No. 2042, Jul. 25, 1968>

Article 114

(1) If the Governor of the Bank of Korea falls under any of the following subparagraphs, in the opinion of the Minister of Finance and Economy, the President may dismiss the Governor of the Bank of Korea upon the recommendation of the Minister of Finance and Economy: <Amended by Act No. 1556, Dec. 16, 1963; Act No. 2042, Jul. 25, 1962>

1. When he has violated this Act, the orders issued under this Act or the articles of the Bank of Korea;
2. When he is sentenced by a judgment of conviction in a criminal case;
3. When he is declared bankrupt; and
4. When he is deemed mentally or physically incapable of discharging his duties.

(2) The Superintendent of the Office of Bank Supervision, the ViceGovernor, the Deputy Superintendent of the Office of Bank Supervision, the directors, the auditor and the Assistant Superintendents of the Office of Bank Supervision may be dismissed by persons empowered to appoint them if they fall under any of subparagraphs of paragraph (1). <Amended by Act No. 3035, Dec. 30, 1977>

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 114-2

(1) The Superintendent of the Office of Bank Supervision may request the president of the relevant banking institution to take disciplinary sanctions when any executive officer or employee of the banking institution falls under any of the following subparagraphs: <Amended by Act No. 2042, Jul. 25, 1968>

1. When he has violated this Act, other Acts and subordinate statutes or regulations, orders or instructions issued by the Monetary Board Operating Committee;
 2. When he has disrupted orderly banking operations by acting in violation of the relevant articles of association;
 3. When he has falsely fabricated reports which the Superintendent of the Office of Bank Supervision requested under the provisions of this Act, or has neglected to submit such reports;
 4. When he has interfered with the execution of the examination and supervision of the Office of Bank Supervision; and
 5. When he has neglected to carry out the corrective or disciplinary actions ordered or instructed by the Monetary Board Operating Committee or the Superintendent of the Bank Supervisory Board.
- (2) The disciplinary actions as provided for in paragraph (1) shall be divided into dismissal, suspension from duty, reduction of salary or wages and reprimand.

[This Article Newly Inserted by Act No. 1074, May 24, 1962]

Article 115

The Monetary Board Operating Committee may, when any banking institution has intentionally violated this Act or regulations, orders or instructions issued by the Monetary Board Operating Committee under this Act, advise the general meeting of shareholders of the banking institution concerned to replace the executive officers responsible. <Amended by Act No. 2042, Jul. 25, 1968>

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

Article 116

The Monetary Board Operating Committee may, when any banking institution conducts its business in an unlawful or unsound manner in continuous violation of the provisions of this Act, or rules and regulations, orders and instructions issued under the provisions of this Act, instruct the Superintendent of the Office of the Bank Supervision to request the banking institution to discontinue such unlawful conduct or malpractices, or to suspend business operations for a specified period and, if necessary, cancel the business license.

[This Article Wholly Amended by Act No. 1074, May 24, 1962]

CHAPTER VI TRANSITIONAL PROVISIONS

Article 117

(1) Notes issued by the Bank of Chosun shall be deemed notes issued by the Bank of Korea, under this Act. <Amended by Act No. 2042, Jul. 25, 1968>

(2) The Bank of Korea may issue for the time being notes bearing the name of the Bank of Chosun as its own notes.

Article 118

(1) The Bank of Korea shall, on the date on which it commences business, assume liability for all outstanding bank notes, bank notes in small denominations and bills of the Bank of Chosun and certain other liabilities of the Bank of Chosun as agreed upon between the Minister of Finance and the Governor of the Bank of Chosun.

(2) The Bank of Chosun shall, in consideration of the assumption of the liabilities as provided for in paragraph (1), transfer to the Bank of Korea all assets which can be transferred to the latter.

(3) The Bank of Korea may enter the liabilities assumed by the Bank of Korea, which exceed the assets transferred to it, in the account of the Government's loans.

Article 119

All the assets and liabilities assumed by the Bank of Korea from the Bank of Chosun which fail to meet the requirements of this Act shall be removed without delay from the books of the Bank of Korea in such a manner as may be determined by the Monetary Board Operating Committee. <Amended by Act No. 2042, Jul. 25, 1968>

ADDENDA<Act No. 1074, May 24, 1962>

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

(2) Matters necessary for the enforcement of this Act shall be separately prescribed by the Cabinet Ordinance.

ADDENDUM<Act No. 1556, Dec. 16, 1963>

This Act shall enter into force on the enforcement date of the Amended Constitution which was promulgated on December 26, 1962.

ADDENDUM<Act No. 2042, Jul. 25, 1968>

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

ADDENDUM<Act No. 3035, Dec. 30, 1977>

This Act shall enter into force on Jan. 1, 1978.

ADDENDUM<Act No. 3624, Dec. 31, 1982>

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

ADDENDA<Act No. 4541, Mar. 6, 1993>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

ADDENDA<Act No. 5153, Aug. 8, 1996>

Article 1 (Enforcement Date)

This Act shall, within thirty days after the date of its promulgation, enter into force on the enforcement date of the Presidential Decree relating to the organization of the Ministry of Maritime Affairs and Fisheries and the Korea National Maritime Police Agency under the revised provisions of Article 41.

[This Act shall enter into force on the date of the promulgation of the Presidential Decree No. 15135, Aug. 8, 1996]

Articles 2 through 4 Omitted.