# SEOUL METROPOLITAN GOVERNMENT ORDINANCE ON THE ESTABLISHMENT AND OPERATION OF SMALL AND MEDIUM BUSINESS SUPPORT FUND

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Amendment of Other Laws No. 5272, Mar. 15, 2012
Partial Amendment No. 5403, Dec. 31, 2012
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Partial Amendment No. 6712, Jan. 04, 2018
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Amendment of Other Laws No. 7782, Dec. 31, 2020
Amendment of Other Laws No. 7784, Dec. 31, 2020
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Amendment of Other Laws No. 8235, Dec. 30, 2021

## CHAPTER  GENERAL PROVISIONS

### Article 1 (Purpose)

CHAPTER  GENERAL PROVISIONSThe purpose of this Ordinance is to provide for matters necessary for the establishment of the Small and Medium Enterprise Support Fund of the Seoul Metropolitan Government for the sound promotion of small and medium enterprises located in Seoul Metropolitan City and the efficient management and operation of the aforesaid Fund pursuant to Article 142 of the Local Autonomy Act and Article 43 of the Balanced Regional Development and Support for Local Small and Medium Enterprises Act.

### Article 2 (Definitions)

The definitions of terms used in this Ordinance shall be as follows: <Amended by Ordinance No. 5403, Dec. 31, 2012; Ordinance No. 6851, Mar. 22, 2018>

1. The term "small and medium enterprise operator" means a small and medium enterprise operator provided in Article 2 of the Framework Act on Small and Medium Enterprises;
2. The term "business startup" means the establishment of a small and medium enterprise. In this case, the scope of business startup shall be as provided in Article 2 of the Support for Small and Medium Enterprise Establishment Act;
3. The term "small and medium enterprise support facilities" means facilities established and operated by the Seoul Metropolitan Government (hereinafter referred to as the "Seoul Government") in order to support business startup and incubation, research and development of new products and technology, and location of small and medium enterprises;

4. The term "small and medium enterprise startup investment company" (hereinafter referred to as "enterprise startup investment company") means a company the main business of which is investing in a person who starts a business, which is registered with the Minister of SMEs and Startups pursuant to Article 10 (1) of the Support for Small and Medium Enterprise Establishment Act;
5. The term "small and medium enterprise startup investment association" (hereinafter referred to as "enterprise startup investment association") means an association registered with the Minister of SMEs and Startups pursuant to Article 20 (1) of the Support for Small and Medium Enterprise Establishment Act for the purpose of investing in those who start a business and sharing of the outcomes thereof;
6. The term "small and medium enterprise-related organizations" means small and medium enterprise cooperatives, public institutions, corporations and organizations conducting business related to small and medium enterprises and a group of at least three small and medium enterprises.

## CHAPTER  ESTABLISHMENT AND OPERATION OF FUND

### Article 3 (Establishment of Fund)

CHAPTER  ESTABLISHMENT AND OPERATION OF FUNDThe Small and Medium Enterprise Support Fund of the Seoul Metropolitan Government (hereinafter referred to as the "Fund") shall be established in order to raise and support necessary funds for the promotion and development of small and medium enterprises.

### Article 3-2 (Period of Existence of Fund)

The Fund shall exist until December 31, 2022: Provided, That where the Fund is needed to exist after the period of existence expires, the period of existence of the Fund may be extended by amending the Ordinance. <Amended by Ordinance No. 6615, Sep. 21, 2017>
[This Article Newly Inserted by Ordinance No. 5403, Dec. 31, 2012]

### Article 4 (Raising of Fund)

(1) The Fund shall be raised by the following financial resources:
1. Contributions from the Seoul Government;
2. Proceeds generated from the operation of the Fund;
3. Other contributions, subsidies, borrowings, deposits received, loan repayments, etc.;
4. Recoveries of the Fund used pursuant to Article 5 (1) 4 and 5.
(2) The Mayor of the Seoul Metropolitan Government (hereinafter referred to as the "Mayor") may appropriate contributions of the Seoul Government under paragraph (1) 1 in annual expenditure budget every fiscal year and make contributions.

### Article 5 (Use of Fund)

(1) The Fund shall be used for the following purposes:
1. Granting loans to small and medium enterprise operators, small and medium enterprise-related organizations, etc.;
2. Covering the difference in interest on loans at low interest rates provided by financial institutions;
3. Repayment of the principal and interest on borrowings and deposits received of the Fund;
4. Repayment of the principal and interest on expenses for the establishment of small and medium enterprise support facilities and borrowings;
5. Providing support to small and medium enterprises via enterprise startup investment companies and enterprise startup investment associations;
6. Making up for losses in the permanent property in the settlement of the Seoul Credit Guarantee Foundation's accounts, which arise from special credit guarantee support;
7. Providing other expenses necessary for the management and operation of the Fund.
(2) The Fund shall not be used for purposes other than the purpose of support to small and medium enterprises.

### Article 6 (Management and Operation of Fund)

(1) The Mayor shall manage and operate the Fund, and may operate the Fund after classifying it for each business he/she supports for the efficient support and management, as prescribed by rule.
(2) The Mayor shall deposit and manage the Fund in the Seoul Government treasury, and may deposit funds of the Fund in the Financial Investment and Loan Fund of the Seoul Metropolitan Government.

### Article 7 (Public Officials Managing Fund)

(1) For the efficient receipts and disbursements of the Fund, public officials managing the Fund shall be assigned as follows: Provided, That regarding his/her administrative affairs of encumbrance (including contracting) and payment order, public officials involved in accounting of government agencies shall serve as the public official managing the Fund to strengthen the transparency of the execution procedures of the Fund, as prescribed by Seoul Metropolitan Government Rule on Financial Accounting: <Amended by Ordinance No. 5137, Jul. 28, 2011; Ordinance No. 5272, Mar. 15, 2012; Ordinance No. 5729, Jul.17, 2014>

1. An official operating the Fund: The Director-General in charge of the management of the Fund;
2. An official partly in charge of the operation of the Fund: The Director of Small Business Development Division;
3. A teller of the Fund: A public official of Grade  in charge of support to microentrepreneurs.
(2) Of the provisions concerning the responsibility of accounting-related officials under the Local Finance Act, the provisions concerning an accounting officer and a collection officer shall apply mutatis mutandis to an officer operating the Fund and the provisions concerning a paying teller and a receiving teller shall apply mutatis mutandis to a teller of the Fund, respectively.
(3) The provisions concerning non-appropriated funds in cash provided by the Seoul Metropolitan Government Rule on Financial Accounting shall apply mutatis mutandis to revenue and expenditure of the Fund not provided in this Ordinance.

## CHAPTER  FUND OPERATION DELIBERATIVE COMMITTEE

### Article 8 (Establishment of Fund Operation Deliberative Committee and Matters Subject to Deliberation)

CHAPTER  FUND OPERATION DELIBERATIVE COMMITTEE(1) The Fund Operation Deliberative Committee (hereinafter referred to as the "Deliberative Committee") shall be established in order to manage and operate the Fund efficiently.
(2) The Deliberative Committee shall deliberate on the following matters:
1. A plan for the operation of the Fund;
2. Creation of the Fund and settlement of the Fund's accounts;
3. Analysis of the results of the operation of the Fund;
4. Other matters referred to the Deliberative Committee because the Chairperson deems them necessary for the operation of the Fund.

### Article 9 (Composition of Fund Operation Deliberative Committee)

(1) The Deliberative Committee shall be composed of not more than ten members including one Chairperson.
(2) The Fund management officer shall be the Chairperson, and those falling under any of the following shall be the members: <Amended by Ordinance No. 5137, Jul. 28, 2011; Ordinance No. 5272, Mar. 15, 2012; Ordinance No. 5403, Dec. 31, 2012; Ordinance No. 6615, Sep. 21, 2017>
1. The Director of Small Business Development Division;
2. The Director of Fair Economy Division;
3. Persons commissioned by the Mayor among relevant experts, such as members of the Seoul Metropolitan Council, executives and employees of private economic organizations, persons engaged in the banking business, small and medium enterprise operators, and professors.
(3) The term of office of ex-officio members shall be a period during which he/she holds the relevant post, and that of commissioned members shall be two years and they may be recommissioned: Provided, That the term of office of a member who fills a vacancy shall be the remainer of his/her predecessor's term.

### Article 10 (Operation of Fund Operation Deliberative Committee)

(1) Meetings of the Deliberative Committee shall be classified into regular meetings and extraordinary meetings.
(2) Regular meetings shall be held twice a year and extraordinary meetings shall be convened in cases where the Chairperson deems them necessary.
(3) The Deliberative Committee shall hold meetings when a majority of its incumbent members are present and pass resolutions with the consent of a majority of the members present: Provided, That in the case of the following, deliberation in writing may be allowed: <Amended by Ordinance No. 6712, Jan. 4, 2018>
1. Where matters to be deliberated need to be urgently dealt with or are minor;
2. Where a member is not able to attend to deliberate due to a natural disaster or any other unavoidable reason.
(4) Members who attend meetings may be reimbursed for allowances and travel expenses within the budget, as prescribed by the Seoul Metropolitan Government Ordinance on Reimbursement for Allowances and Travel Expenses of Committees. <Amended by Ordinance No. 5403, Dec. 31, 2012>

### Article 10-2 (Disqualification of, Challenge to, or Refrainment by Member and Others)

(1) For the purpose of fair deliberation, any member falling under any of the following shall be disqualified from the relevant deliberation:
1. Where a member has provided service or consultation, or conducted research, or is providing or conducting, relating to the matters subject to deliberation;
2. Where a member has a direct interest, relating to the matters subject to deliberation.
(2) Where the circumstances indicate that it would be impracticable to expect fairness from a member, an interested party may file a request for a challenge to the member with the Chairperson.
(3) Where any member falls under paragraph (1) or (2), he or she may request for refrainment, and upon the request, the relevant member shall be disqualified from the deliberation in question.

[This Article Newly Inserted by Ordinance No. 5729, Jul. 17, 2014]

## CHAPTER  ASSISTANCE FROM FUND

### Article 11 (Loan Assistance, etc.)

CHAPTER  ASSISTANCE FROM FUND(1) A person eligible for a loan from the Fund shall be a person who falls under any of the following among those who operate a small and medium enterprise in an area under the jurisdiction of the Seoul Government, who meets standards prescribed by rule:

1. A small and medium enterprise operator provided in Article 2 of the Framework Act on Small and Medium Enterprises;
2. A small business and a microentrepreneur provided in Article 2 of the Act on Special Measures for Development of Small and Micro Enterprises;
3. A female-owned business provided in subparagraph 1 of Article 2 of the Act on Support for Female-owned Businesses;
4. A person who operates a business to which the Mayor deems that it is necessary to urgently provide financial assistance due to an accident, disaster, sudden change in economic circumstances, etc.;
5. A small and medium enterprise-related organization provided in subparagraph 6 of Article 2 of this Ordinance;
6. Other small and medium enterprise operators provided by other statutes and regulations.

(2) The Mayor may provide loan assistance first from the Fund to a person who falls under any of the following: <Amended by Ordinance No. 6016, Oct. 8, 2015>

1. A person who operates a small and medium enterprise in a quasi industrial area under the Enforcement Decree of the National Land Planning and Utilization Act;
2. A person who operates a small and medium enterprise in the type of business recommended for each district prescribed by the Mayor in an industry and distribution development promotion district and specific development promotion district under the Enforcement Decree of the National Land Planning and Utilization Act.

(3) Other matters necessary for loan assistance from the Fund, such as  procedures for providing a loan from the Fund, conditions of a loan, repayment of a loan and criteria for taking measures concerning arrears, shall be prescribed by rule.

### Article 12 (Loan Assistance in Cooperation with Financial Institutions)

(1) In order to stabilize the management of small and medium enterprises, the Mayor may provide loan assistance to small and medium enterprises from funds of a financial institution in cooperation with the relevant financial cooperation.

(2) The Mayor may require a financial institution which provides loans in cooperation with him/her under paragraph (1) to provide loans to small and medium enterprise operators at an interest rate lower than the market interest rate, and may cover the difference of interest resulting from the low interest rate.

### Article 13 (Support for Establishment of Small and Medium Enterprise Support Facilities)

(1) The Mayor may subsidize expenses for the establishment of small and medium enterprise support facilities to strengthen the competitiveness of small and medium enterprises, such as enterprise startup, information, technical development, locations, improvements in distribution, finding markets, and training of manpower.

(2) The Mayor may repay the principal and interest of funds borrowed from the outside among expenses for the establishment of small and medium enterprise support facilities.

### Article 14 (Support via Enterprise Startup Investment Association, etc.)

(1) In order to relieve financial difficulties of venture businesses and small and medium enterprises in the early stage of business startup which possess promising technology, the Mayor may provide support to small and medium enterprise-related organizations for the purpose of making investments in an enterprise startup investment association, etc.

(2) Where the Mayor provides support pursuant to paragraph (1), he/she shall formulate an enterprise startup investment support plan.

### Article 15 (Making up for Losses of Seoul Credit Guarantee Foundation)

The Mayor may make up for losses in permanent property in the settlement of the Seoul Credit Guarantee Foundation's accounts incurred due to special credit guarantee support following the execution of a special funding plan under Article 17.

### Article 16 (Public Announcement, etc. of Plan for Support Plan)

The Mayor shall formulate and publicly announce a plan for support under Articles 11 and 12 every year.

### Article 17 (Special Funding Plan)

Where considerable numbers of small and medium enterprises are facing serious difficulties in the management thereof due to sudden changes in the economic circumstances, etc., the Mayor may formulate and execute a special funding plan to stabilize the management of small and medium enterprises, as prescribed by rule, in addition to a plan for support under Article 16.

## CHAPTER  SUPPLEMENTARY PROVISIONS

### Article 18 (Entrustment of Tasks)

CHAPTER  SUPPLEMENTARY PROVISIONSWhere the Mayor deems it necessary for the efficient management and operation of the Fund, he/she may entrust all or part of the management and operation thereof to a financial institution, a corporation, an organization, etc. performing tasks that promote and support small and medium enterprises (hereinafter referred to as "financial institution, etc."), as prescribed by rule.

### Article 19 (Notification of Changed Matters)

Where a change occurs in the name, representative or location of a business and other business management, any person who receives loan assistance pursuant to Article 11 or 12 shall notify a financial institution of such change, and the relevant financial institution shall notify the Mayor of the details thereof without delay.

### Article 20 (Post-Management)

The Mayor may investigate the actual conditions of the management of a loan by a person who receives loan funding or require him/her to submit data relating thereto for the effective promotion of business and evaluation of the results of business.

### Article 21 (Inspection, etc. of Entrusted Business Affairs)

(1) Any financial institution, etc. entrusted with the management of the Fund pursuant to Article 18 shall submit matters concerning the management and operation of the Fund to the Mayor every month. <Amended by Ordinance No. 5403, Dec. 31, 2012>
(2) For the effective promotion of business and the management of the Fund, the Mayor may request financial institutions, etc. to submit necessary data or have public officials under his/her control inspect matters thereon, and financial institutions, etc. shall comply with such request. <Amended by Ordinance No. 5403, Dec. 31, 2012>

### Article 22 (Closing Accounts and Reporting)

(1) The Mayor shall formulate a plan for the operation of the Fund every fiscal year and prepare a financial report of the Fund within eighty days after the closing of receipts and disbursements.
(2) The Mayor shall submit a plan for the operation of the Fund and a financial report of the Fund under paragraph (1) to the Seoul Metropolitan Council every fiscal year.

### Article 23 Deleted. <by Ordinance No. 4745, Mar. 18, 2009>