SEOUL METROPOLITAN GOVERNMENT ENFORCEMENT RULE OF THE ORDINANCE ON THE PROMOTION OF FINANCIAL INDUSTRY

Enactment No. 4091, Jun. 02, 2016
Partial Amendment No. 4286, Jun. 27, 2019
Amendment of Other Laws No. 4303, Oct. 10, 2019
Partial Amendment No. 4368, Oct. 15, 2020
Amendment of Other Laws No. 4831, Dec. 31, 2020
Amendment of Other Laws No. 4461, Jan. 13, 2022

Article 1 (Purpose)

The purpose of this Rule is to provide for matters mandated by the Seoul Metropolitan Government Ordinance on Promotion of Financial Industry and those necessary for the enforcement thereof.

Article 2 (Definitions)

The terms used in this Rule are defined as follows: <Amended on Jun. 27, 2019; Oct. 10, 2019; Dec. 31, 2020>
1. The term "number of regular workers" means the number of persons who satisfy any of the following items, supplying labor to the relevant financial institution, etc. in return for wages: Provided, That this shall not apply to persons who have executed an employment contract for a period of less than one year out of fixed-term workers (referring to fixed-term workers defined in subparagraph 1 of Article 2 of the Act on the Protection of Fixed-Term and Part-Time Workers), part-time workers (referring to part-time employees defined in Article 2 (1) 9 of the Labor Standards Act), and daily employed workers (referring to daily employed workers defined in Article 14 (3) 2 of the Income Tax Act):
(a) The average number of wage earners for the last year mentioned in the report on the current status of withholding income tax, which is submitted to the competent tax office under Article 185 (1) of the Enforcement Decree of the Income Tax;
(b) The average number of persons for the last year whose payments of charges and contributions under Article 3 (1) 11 and 12 of the National Pension Act have been proved (excluding locally insured persons under Article 9 of the same Act);
(c) The average number of persons for the last year whose payment of premiums under Article 69 of the National Health Insurance Act have been proved (excluding locally insured persons under Article 6 of the same Act);
2. The "monthly average number of regular Korean workers" shall be calculated by dividing the total number of regular Korean workers as of the end of each month by the number of months of the relevant period;
3. The term "credit union" means a non-profit corporation defined in subparagraph 1 of Article 2 of the Credit Unions Act and authorized by the Financial Services Commission under Article 7 of the same Act;
4. The term "social enterprise" means an enterprise defined in subparagraph 1 of Article 2 of the Social Enterprise Promotion Act;
5. The term "social cooperative" means a cooperative that falls under subparagraph 3 of Article 2 of the Framework Act on Cooperatives and that files a report on its establishment under Article 15 of the same Act and is issued a written confirmation of report under Article 15-2 of the same Act.

Article 3 (Guidelines for Subsidization)

(1) The application period for a subsidy under Articles 5 through 7 of the Seoul Metropolitan Government Ordinance on the Promotion of Financial Industry (hereinafter referred to as the "Ordinance") shall not exceed five years from the following first day to be counted in computing the application period for a subsidy: <Amended on Jun. 27, 2019>
1. The first day to be counted in computing the period for the entity eligible for subsidies to file the application for a subsidy pursuant to Article 4 (1) of the Ordinance shall be the date the financial institution is registered with a financial supervisory agency, such as the Financial Services Commission, or obtains authorization and permission from the financial supervisory agency in accordance with the relevant statutes or regulations;
2. The first day to be counted in computing the period for the entity eligible for subsidies to file the application for a subsidy under Article 4 (2) of the Ordinance shall be the date an application for the registration, authorization, permission, etc. for the establishment of the financial institution is filed with a financial supervisory agency including the Financial Services Commission after the entity establishes a temporary office.
(2) The period for providing subsidies to a financial institution eligible for the subsidies under Article 4 (2) of the Ordinance shall be up to one year: Provided, That no subsidy shall be provided after the date the relevant financial institution commences a business in the financial hub of Seoul Metropolitan City or relocates or establishes a regional headquarters or branch in the financial hub of Seoul Metropolitan City (referring to the first day specified in paragraph (1) 1). <Newly Inserted on Jun. 27, 2019>
(3) The number of regular workers at the time of the provision of funds for constructing business facilities under Article 5 of the Ordinance shall be based on the number of regular workers as at the end of the month preceding the month in which the

application is filed: Provided, That no restriction shall be imposed in cases falling under Article 5 (2) of the Ordinance. <Amended on Jun. 27, 2019>

(4) The provision of subsidies under Articles 6 and 7 of the Ordinance shall be governed by the following standards: <Amended on Jun. 27, 2019>

1. Where entities are eligible for subsidies under Article 4 (1) of the Ordinance, the amount shall correspond to the excess in the monthly average number of regular Korean workers as of the year of application compared to the previous year (referring to 10 persons if the monthly average number of regular Korean workers is less than 10 persons or if the financial institution starts its business, or relocates or newly establishes its regional headquarters or branch offices in the year of application);

2. Where entities are eligible for subsidies under Article 4 (2) of the Ordinance, the amount shall correspond to the excess in the monthly average number of regular Korean workers in the year of application compared to the previous year (referring to two persons if the monthly average number of regular Korean employees is less than two or if the financial institution establishes a temporary office in the year of application).

Article 4 (Provision of Employment Subsidies to Social Financing Institutions)

The following shall apply when furnishing employment subsidies to social financing institutions:

1. Standards and amount of subsidies: An increase in the monthly average number of regular workers during the year of application, compared to the previous year (limited to the year immediately preceding the year the application for employment subsidy is filed);

2. Entities eligible for subsidies: Credit unions out of social financing institutions;

3. Requirements for subsidies: Either of the following institutions shall be eligible for subsidies:

(a) An institution where at least 20% of the aggregate amount of loans over the year in question are granted to social enterprises or social cooperatives;

(b) An institution that grants an aggregate amount of loans (new loans or annual average balance) of at least 20 billion won to social enterprises or social cooperatives;

4. Decision to grant subsidies: Deliberation and decision by the working committee for deliberation on subsidies.

Article 5 (Application for Subsidies and Procedures for Payment)

(1) A financial institution or a social financing institution (hereinafter referred to as "financial institution, etc.") that intends to receive subsidies or employment subsidies under Article 4 (hereinafter referred to as "subsidies, etc.") shall submit the following applications to the Mayor by the end of March each year: Provided, That In cases of subsidies under subparagraphs 1 through 5, the Mayor may receive applications for subsidies as needed even after the elapse of the period for applying for subsidies, and deliberations on the payment of preliminary subsidies shall be subject to occasional application for subsidies: <Amended on Jun. 27, 2019>

1. Application for funds for constructing business facilities (Article 5 (1) of the Ordinance): Attached Form 1;

2. Preliminary application for funds for constructing business facilities (Article 5 (2) of the Ordinance): Attached Form 2;

3. Application for a subsidy for new employment and application for subsidy for education and training: Attached Form 3;

4. Application for funds for constructing business facilities in cases of a temporary office: Attached Form 6;

5. Application for a subsidy for new employment and subsidy for education and training in cases of a temporary office: Attached Form 7;

6. Application for a subsidy for new employment by social financing institutions: Attached Form 4.

(2) Upon receipt of an application under paragraph (1), the Mayor shall make a decision on whether to pay the subsidy, the amount of payment, etc. according to the results of deliberation by the working committee for deliberation on subsidies referred to in Article 13.

Article 6 (Settlement of Subsidies)

(1) A person in receipt of a preliminary subsidy under Article 5 (2) of the Ordinance shall submit a settlement statement on subsidies in attached Form 5 as well as a disbursement plan to the Mayor by the end of every March every year from the year following the year in which the subsidy is provided: Provided, That this shall not apply where a settlement statement on subsidies is submitted after the full amount of subsidies has been disbursed.

(2) Where a settlement statement on subsidies in paragraph (1) is submitted, the Mayor shall conduct an inspection to settle the subsidies.

Article 7 (Procedures for Recovering Subsidies)

(1) Where grounds for recovering subsidies, etc. arise, the Mayor shall notify the representative of the financial institution, etc. subject to recovery of subsidies, and where a person subject to recovery requests an opportunity to explain within 60 days after

such notification, the Mayor may require the representative of the financial institution, etc. subject to recovery or a person delegated with the authority to represent such financial institution, etc. to appear before and be heard by the working committee for deliberation on subsidies.
(2) The working committee for deliberation on subsidies shall deliberate on whether to recover subsidies, etc., the scope of recovery, and the amount thereof with regard to a case for which grounds for recovering subsidies, etc. arise.
(3) The Mayor shall notify the financial institutions, etc. subject to recovery of subsidies of the recovery decisions made by the working committee for deliberation on subsidies, and shall recover subsidies, etc.

Article 8 (Follow-Up Management)

(1) If a financial institution in receipt of funds for constructing business facilities under Article 5 of the Ordinance falls under any of the following subparagraphs, the Mayor may recover the subsidy: <Amended on Jun. 27, 2019>
1. Entities eligible for subsidies under Article 4 (1) of the Ordinance: Where the financial institution relocates its place of business to a place other than Seoul Metropolitan City within five years from the date following the date of receipt of the subsidy (referring to the date the business is commenced, if a preliminary subsidy is provided under Article 5 (2) of the Ordinance) or fails to maintain at least 10 regular Korean workers on a monthly average basis for two years;
2. Entities eligible for subsidies under Article 4 (2) of the Ordinance: Where a financial institution fails to start its business in the financial hub of Seoul Metropolitan City or fails to relocate its regional headquarters or branch office to the financial hub of Seoul Metropolitan City, or fails to maintain at least three regular Korean workers on a monthly basis while it is operating a temporary office.
(2) A financial institution in receipt of a subsidy for new employment or a subsidy for education and training shall, for two years from the day following the date the subsidy, etc. is received, maintain at least the number of regular workers the institution employed in the year the application for the subsidy, etc. was filed; and where it violates such requirement, the Mayor may recover the relevant subsidy, etc. in proportion to the period of violation.

Article 9 (Supervision)

If deemed necessary to encourage the appropriate disbursement of subsidies, etc., the Mayor may require the financial institution, etc. which has received subsidies, etc. to file a report on the relevant business, or require its public officials to examine relevant books, documents, or details of the business or take other dispositions necessary for supervision.

Article 10 (Composition of the Committee on Financial Industry Policies)

(1) The Committee on Financial Industry Policies established by Article 11 of the Ordinance (hereinafter referred to as the "Committee") shall be comprised of approximately 20 members, including one chairperson who shall be elected from among and by non-governmental members.
(2) Members shall be the following persons commissioned by the Mayor, and gender shall be fully considered when the Mayor appoints members:
1. Persons with extensive knowledge of and experience in developing the financial industry and attracting financial investment;
2. Other persons deemed necessary by the Mayor for promoting the financial industry.

Article 11 (Terms of Office of Committee Members)

The term of office of commissioned members shall be two years but may be renewed consecutively up to two times. <Amended on Oct. 15, 2020>

Article 12 (Operation of Committee)

(1) The chairperson shall convene and preside over meetings of the Committee.
(2) Where the chairperson is unable to perform his or her duties, a member of the Committee designated by the chairperson in advance shall act on his or her behalf.
(3) A majority of the members of the Committee shall constitute a quorum and any decision by the Committee shall require the concurring vote of a majority of those present.
(4) Meetings of the Committee shall be held at least once every six months.

Article 13 (Composition of the Working Committee for Deliberation on Subsidies)

(1) A working committee for deliberation on subsidies (hereinafter referred to as the "working committee") shall be established under the Committee on Financial Industry Policies to deliberate on matters regarding the payment, recovery, etc. of subsidies, etc. under Articles 5, 6, 7, and 10 of the Ordinance.

(2) The working committee shall be comprised of approximately seven members including the chairperson, with due consideration given to gender, and the chairperson shall be elected from among and by commissioned members, while the vice chairperson shall be elected from among and by both public officials and commissioned members. <Amended on Jun. 27, 2019>
(3) The Mayor shall appoint or commission members of the working committee from among the following persons: <Amended on Jun. 27, 2019>
1. Ex-officio members: The director of a division in charge of promoting the financial industry in the Seoul Metropolitan Government;
2. Commissioned members: Around six persons designated by the Mayor from among experts in finance and accounting.
(4) The term of office of a commissioned member shall be two years, and consecutive appointment shall be limited to one occasion; moreover, the term of office of a supplementary member shall be the remainder of his or her predecessor's term of office, while the term of an ex officio member shall be his or her tenure of office in the relevant post.
(5) In order to efficiently operate the working committee under paragraph (1), one executive secretary at the Seoul Metropolitan Government who is in charge of promoting the financial industry shall be appointed as a secretary.
(6) Other matters necessary for operating the working committee shall be determined by the Chairperson, subject to resolution by the working committee.

Article 14 (Disqualification for Members of Working Committee)

None of the following persons may become a member of the working committee:
1. A person who was sentenced to imprisonment without labor or heavier punishment, for whom five years have not elapsed since the execution of such sentence was completed or the exemption from such sentence was made definite;
2. A person who was sentenced by the suspension of the execution of imprisonment without labor or a heavier punishment and for whom two years have not passed since the period of suspension expired;
3. A person who is under a suspended sentence of imprisonment without labor or a heavier punishment as declared by a court;
4. A person who has committed any offense prescribed in Articles 355 and 356 of the Criminal Act and was sentenced to a fine of not less than three million won and for whom two years have not passed from the date on which the sentence became final and conclusive.

Article 15 (Exclusion of, Challenge to, or Recusal of, Members)

(1) In order to ensure fairness in deliberation, where a member of the working committee has a direct interest in the relevant agenda item subject to deliberation, he or she shall be excluded from deliberating upon the relevant agenda item.
(2) Where there is a particular reason that makes it difficult for a person interested in the deliberation by the working committee to expect fairness from a member, he or she may file a challenge with the chairperson.
(3) Where a member has any ground for exclusion under paragraph (1), he or she shall refrain from deliberating upon and passing resolutions concerning the relevant agenda item.

Article 16 (Dismissal of Members of Working Committee)

The Mayor may dismiss the relevant member under any of the following circumstances: <Amended on Dec. 31, 2020>
1. Where the member desires to withdraw;
2. Where the member divulges confidential information he or she has learned in relation to his or her duties as a member of the working committee;
3. Where the member engages in misconduct in relation to his or her duties, or misconduct deemed to disqualify him or her from continuing as a member;
4. Where a member fails to recuse himself or herself despite falling under Article 15 (1).

Article 17 (Operation of Working Committee)

(1) The chairperson shall convene and preside over meetings of the working committee.
(2) Where the chairperson is unable to perform his or her duties, a member of the working committee designated by the chairperson in advance shall act on his or her behalf.
(3) Meetings of the working committee shall be convened with the attendance of a majority of all incumbent members, and resolutions shall be adopted by the affirmative vote of a majority of those present.
(4) A working committee shall be held once a year and may be held whenever necessary in relation to, among other things, the recovery of a subsidy or the deliberation on the payment of a preliminary subsidy or at the request of the chairperson of the working committee.
(5) The working committee shall prepare the minutes of its meetings and disclose the summarized results of the meetings.

Article 18 (Hearing Opinions)

The working committee may require relevant public officials, external experts, representatives of financial institutions eligible for subsidies, etc. to attend a meeting of the working committee to hear their opinions or may request that they submit data or that they provide explanations if such is deemed necessary for deliberating on agenda items.
[Moved from Article 19 <Jun. 27, 2019>]

Article 19 (Allowances)

Members who attend meetings of the Committee and the working committee may be paid allowances and travel expenses within the budget.
[Moved from Article 20; previous Article 19 moved to Article 18 <Jun. 27, 2019>]

Article 20 (Facilities for Revitalizing Financial Hubs)

The name and location of the facilities for revitalizing financial hubs under Article 17 (1) of the Ordinance shall be as specified in attached Table 1.
[This Article Newly Inserted on Oct. 15, 2020]

Article 21 (Composition of Operating Committees of Facilities for Revitalizing Financial Hubs)

(1) The operating committee of a facility for revitalizing financial hubs (hereinafter referred to as the "operating committee") shall be comprised of at least seven but not exceeding 10 members, including the chairperson, in accordance with Article 17 (4) of the Ordinance, with due regard given to gender.
(2) The Mayor shall appoint or commission the members of an operating committee from among the following persons:
1. The director of a division in charge of promoting the financial industry in the Seoul Metropolitan Government;
2. The head of a corporation, organization, etc. entrusted with the affairs regarding the management and operation of each facility for revitalizing financial hubs;
3. Public officials of finance-related government agencies and executive officers and employees of related institutions;
4. Experts, etc. on finance and innovative financial services.
(3) The term of office for commissioned members shall be two years, and it may be renewed only once.
(4) The term of a member who is commissioned as a result of the resignation, etc. of his or her predecessor shall be the remainder of his or her predecessor's term of office.
[This Article Newly Inserted on Oct. 15, 2020]

Article 22 (Dismissal of Members of the Operating Committee)

The Mayor may dismiss a member of an operating committee under any of the following circumstances:
1. Where it is impractical for the member to perform his or her duties due to disease requiring long-term treatment, etc.;
2. Where the member has engaged in any misconduct in connection with his or her duties;
3. Where the member voluntarily declares that it is difficult to perform his or her duties;
4. Where the member fails to recuse himself or herself from participating in handling a case, despite there being grounds that would undermine fairness, reliability, and neutrality;
5. Where the member is deemed unfit to be in office as a member on the grounds of neglect of duty or loss of dignity, or for other reasons.
[This Article Newly Inserted on Oct. 15, 2020]

Article 23 (Establishment and Operation of Operating Committee)

(1) The Chairperson shall be the director of a division in charge of promoting the financial industry in the Seoul Metropolitan Government, and shall convene meetings of the operating committee.
(2) Where the chairperson is unable to perform his or her duties due to any unavoidable reason, a member of the operating committee designated by the chairperson in advance shall act on his or her behalf.
(3) A meeting of the operating committee shall be convened by the chairperson where the chairperson deems it necessary by the chairperson or where a meeting is requested by at least 1/3 of the members of the operating committee.
(4) A majority of the members of the operating committee shall constitute a quorum, and any decision thereof shall require the concurring vote of a majority of those present.
(5) The operating committee shall deliberate and resolve on each of the following matters and the operating entity of the relevant facility shall reflect the outcomes of such deliberation in a business plan:
1. Formulating an operation plan for the facilities for revitalizing financial hubs;

2. Matters concerning the entities eligible to use the facilities for revitalizing financial hubs, usage fees and period of use;
3. Other matters the Mayor deems necessary for the efficient management and operation of the facilities for revitalizing financial hubs.
(6) The chairperson shall determine other matters necessary for managing the operating committee subject to resolution by the operating committee.
[This Article Newly Inserted on Oct. 15, 2020]

Article 24 (Eligible Users)

Persons eligible to use each facility for revitalizing financial hubs under the subparagraphs of Article 17 (1) of the Ordinance shall be as specified in attached Table 2.
[This Article Newly Inserted on Oct. 15, 2020]

Article 25 (Imposition, Collection, and Refund of Rent and Usage Fees)

(1) Pursuant to Article 17 (3) of the Ordinance, the Mayor shall impose and collect rent and usage fees from the users of each facility for revitalizing financial hubs in accordance with the criteria prescribed in attached Table 3.
(2) Where a user could not use the relevant facility due to a natural disaster, force majeure, cancellation of user's reservation, or the Mayor's fault, etc., the Mayor may fully or partially refund the rent and usage fees collected: Provided, That this shall not apply where fault is attributable to the user.
[This Article Newly Inserted on Oct. 15, 2020]

Article 26 (Collection of and Exemption from Rent and Usage Fees)

Notwithstanding Article 25 (1), the Mayor may, pursuant to Article 17 (3) of the Ordinance, exempt a person from rent and usage fees or may reduce them by up to 50/100, subject to deliberation and resolution by the operating committee, in any of the following cases:
1. Where the user is the State or a local government;
2. Where the user is an international financial institution;
3. Where the user is a non-profit corporation or organization related to finance;
4. Where the user is a founder of innovative financial services;
5. Where necessary for the revitalization of financial hubs.
[This Article Newly Inserted on Oct. 15, 2020]