

# 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. 7784, Dec. 31, 2020  
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## CHAPTER I GENERAL PROVISIONS

### Article 1 (Purpose)

CHAPTER I GENERAL PROVISIONS The 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 62-17 of the Small and Medium Enterprises Promotion Act. <Amended on Oct. 4, 2018>

### Article 2 (Definitions)

The terms used in this Ordinance are defined as follows: <Amended on Dec. 31, 2012; Mar. 22, 2018; Dec. 31, 2020>

1. The term "small and medium entrepreneur" means a small and medium entrepreneur 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 "investment company for the establishment of small and medium enterprises" (hereinafter referred to as "investment

company for enterprise establishment") means a company the main business of which is venture investment pursuant to subparagraph 10 of Article 2 of the Venture Investment Promotion Act;

5. The term "venture investment association" means an association defined in subparagraph 11 of Article 2 of the Venture Investment Promotion Act, which is established by an investment company for enterprise establishment, etc. for the purposes of venture investment and distribution of gains from such investment;

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 II ESTABLISHMENT AND OPERATION OF FUND**

### **Article 3 (Establishment of Fund)**

CHAPTER II 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 on Sep. 21, 2017>

[This Article Newly Inserted on Dec. 31, 2012]

### **Article 3-3 (Classification of Account)**

Accounts of the Fund established under Article 3 shall be classified as follows:

1. A loan account;
2. An investment account.

[This Article Newly Inserted on Oct. 4, 2018]

### **Article 4 (Raising of Fund)**

(1) The loan account shall be raised by the following financial resources:

1. Funds transferred from the Seoul Government;
2. Interest income and other earnings generated from the operation of the Fund;
3. Collection of loans used under Article 5 (1) 1;
4. Subsidies, borrowings, deposits received, and other earnings for raising the Fund.

(2) The investment account shall be raised by the following financial resources:

1. Funds transferred from the Seoul Government;
2. Interest income and other earnings generated from the operation of the Fund;
3. Subsidies, borrowings, deposits received, and other earnings for raising the Fund.

(3) The Mayor of the Seoul Metropolitan Government (hereinafter referred to as the "Mayor") may appropriate funds transferred from the Seoul Government under paragraphs (1) 1 and (2) 1 in annual expenditure budget every fiscal year and transfer such funds.

[This Article Wholly Amended on May 19, 2020]

### **Article 5 (Use of Fund)**

(1) The loan account shall be used for the following purposes: <Amended on Oct. 4, 2018>

1. Granting loans to small and medium entrepreneurs, 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. 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;
6. Providing other expenses necessary for the management and operation of the Fund.

(2) The investment account shall be used for the following purposes: <Amended on Oct. 4, 2018; Dec. 31, 2020>

1. Providing support to small and medium enterprises via investment companies for enterprise establishment, venture investment associations, new technology venture investment associations, and a fund of funds for venture investment;
2. Providing other expenses necessary for the management and operation of the Fund.

(3) The Fund shall not be used for purposes other than the purpose of supporting small and medium enterprises. <Amended on Oct. 4, 2018>

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

(1) The Fund shall be managed and operated by the Mayor and shall be classified into the loan account and investment account for the efficient support and management. <Amended on Oct. 4, 2018>

(2) The loan account of the Fund shall be operated to support the following business: <Newly Inserted on Oct. 4, 2018>

1. Business to provide loan assistance to small and medium enterprises;
2. Business to assist with the establishment of small and medium enterprise support facilities;
3. Business to make contributions to a corporation established by the Seoul Government to support small and medium enterprises.

(3) The Mayor shall include, in an annual plan for the operation of the Fund and a plan for support, the size of operational funds of the investment account and loan account to support each business, those eligible for support, requirements for support, etc.

<Newly Inserted on Oct. 4, 2018>

(4) The Mayor shall deposit and manage the Fund in the Seoul Government treasury, and may deposit funds of the Fund in the integrated account of the Integrated Fiscal Stabilization Fund of the Seoul Metropolitan Government. <Amended on Oct. 4, 2018; Dec. 31, 2020>

## **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 their administrative affairs of encumbrance (including contracting) and payment order, public officials involved in the accounting of government agencies shall serve as public officials managing the Fund to strengthen the transparency of the execution procedures of the Fund, as prescribed by the Seoul Metropolitan Government Rule on Budget and Fund Accounting: <Amended on Jan. 7, 2010; Jul. 11, 2011; Mar. 15, 2012; Jul. 17, 2014; Oct. 4, 2018; May 19, 2020; Dec. 31, 2020>

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 Policy Division (loan account) and the Director of Economic Policy Division (investment account);
3. A teller of the Fund: A Deputy Director in charge of supporting micro enterprises (loan account) and a Deputy Director in charge of creating and managing funds (investment account).

(2) Of the provisions concerning the responsibility of accounting-related officials under the Local Accounting Act, the provisions concerning a finance 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. <Amended on May 19, 2020>

(3) The provisions concerning non-appropriated funds in cash provided by the Seoul Metropolitan Government Rule on Budget and Fund Accounting shall apply mutatis mutandis to revenue and expenditure of the Fund not provided in this Ordinance. <Amended on May 19, 2020; Dec. 31, 2020>

## **CHAPTER III FUND OPERATION DELIBERATIVE COMMITTEE**

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

CHAPTER III FUND OPERATION DELIBERATIVE COMMITTEE(1) The Fund Operation Deliberative Committee (hereinafter referred to as "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 organized and operated for each account and shall be composed of not more than 10 members including one Chairperson for each account: <Amended on Oct. 4, 2018>

(2) The Fund management officer shall be the Chairperson, and those falling under any of the following shall be the members: <Amended on Jul. 28, 2011; Mar. 15, 2012; Dec. 31, 2012; Sep. 21, 2017; Oct. 4, 2018; May 19, 2020>

1. Loan Account: The Director of Small Business Policy Division and the Director of Fair Economy Division;
2. Investment Account: The Director of Economic Policy Division;
3. Persons commissioned by the Mayor among relevant experts, such as members of the Seoul Metropolitan Council, executive officers and employees of private economic organizations, persons engaged in the banking business, small and medium entrepreneurs, and professors.

(3) The term of office of ex-officio members shall be a period during which he or 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 remainder of his or 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 deliberation in writing may be allowed in any of the following cases: <Amended on 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) Allowances and travel expenses may be paid to members who attend meetings within the budget, as prescribed by the Seoul Metropolitan Government Ordinance on the Payment of Committee Allowances and Travel Expenses. <Amended on Dec. 31, 2012>

#### **Article 10-2 (Disqualification of, Challenge to, or Refrainment by, Members)**

- (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 or is providing service or consultation, or has conducted or is conducting research, 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 make a request for refrainment, and upon the request, the relevant member shall be disqualified from the deliberation in question. <Amended on Dec. 31, 2019>
- [This Article Newly Inserted on Jul. 17, 2014]

### **CHAPTER IV ASSISTANCE FROM FUND**

#### **Article 11 (Loan Assistance)**

- CHAPTER IV 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 within the jurisdiction of the Seoul Government, who meets the standards prescribed by rule of the Seoul Government: <Amended on Jul. 18, 2019; Mar. 25, 2021>
1. A small and medium entrepreneur provided in Article 2 of the Framework Act on Small and Medium Enterprises;
  2. A micro enterprise provided in Article 2 of the Framework Act on 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 entrepreneurs provided by other statutes or regulations.
- (2) The Mayor may provide loan assistance first from the Fund to a person who falls under any of the following: <Amended on 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 of the Seoul Government.

#### **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 institution.
- (2) The Mayor may require a financial institution which provides loans in cooperation under paragraph (1) to provide loans to small and medium entrepreneurs 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 human resources.

(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 Venture Investment Association)**

(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 a venture investment association, etc. <Amended on Dec. 31, 2020>

(2) Where the Mayor provides support pursuant to paragraph (1), he or she shall formulate an enterprise startup investment support plan, as prescribed by rule of the Seoul Government.

[Title Amended on Dec. 31, 2020]

### **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 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 of the Seoul Government, in addition to a plan for support under Article 16.

## **CHAPTER V SUPPLEMENTARY PROVISIONS**

### **Article 18 (Performance of Tasks by Agency)**

CHAPTER V SUPPLEMENTARY PROVISIONS Where the Mayor deems it necessary for the efficient management and operation of the Fund, he or she may allow a City-invested or City-funded institution affiliated with the Seoul Government to perform part of the duties regarding the management and operation of the Fund as an agency, as prescribed by rule of the Seoul Government.

<Amended on Oct. 4, 2018>

[Title Amended on Oct. 4, 2018]

### **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 (Follow-Up Management)**

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

### **Article 21 (Inspection of Business Affairs Performed by Agency)**

(1) Any City-invested or City-funded institution affiliated with the Seoul Government that manages the Fund as an agency pursuant to Article 18 shall submit matters concerning the management and operation of the Fund to the Mayor every month. <Amended on Dec. 31, 2012; Oct. 4, 2018>

(2) For the effective promotion of business and the management of the Fund, the Mayor may request City-invested or City-funded institutions affiliated with the Seoul Government to submit necessary data or have public officials under his or her control inspect matters thereon, and such City-invested or City-funded institutions shall comply with such request. <Amended on Dec. 31, 2012; Oct. 4, 2018>

[Title Amended on Oct. 4, 2018]

### **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 80 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>**