

Exclusion from the scope of the Capital Markets Law

The Capital Markets Board ("**CMB**") issued the communiqué on Principles Regarding Excluding Companies from the Scope of the Capital Markets Law and Trading of Shares on the Stock Exchange (the "**Communiqué**") on 30 December 2013 and repealed the previous communiqué. With the Communiqué, the secondary legislation is aligned with the provisions introduced by the Capital Markets Law (the "**Law**") and the provisions regulated under the repealed communiqués are simplified.

General

A company deemed as public, because it has 500 or more shareholders must apply to the CMB in order to have its shares traded on the relevant stock exchange. In the event that the company does not apply to the CMB within two years, the CMB shall take necessary steps to (i) have the company's shares traded on the relevant stock exchange, or (ii) exclude the company from the scope of the Law.

A company deemed as public, because it has 500 or more shareholders and which do not request their shares be traded are entitled to be excluded from the scope of the Law by means of a general assembly resolution.

In this respect, a company must apply to the CMB with the documents specified in the Communiqué. It must also comply with the time period restrictions set forth in the Communiqué, such as announcement of the agenda within ten business days from the date of CMB approval and the general assembly meeting to be held within two months from the date of CMB approval.

The exit right that was previously stipulated under the Law is preserved under the Communiqué. Therefore, shareholders, other than those who vote affirmatively for exclusion from the scope of the Law, are also entitled to exercise the exit right without any further requirement under the secondary legislation.

The Communiqué lists circumstances where a company is entitled to apply to the CMB for delisting (i.e. due to number of shareholders, due to a general assembly meeting etc.). The Communiqué lists the circumstances where the CMB may ex officio exclude companies from the scope of the Law.

The Communiqué also sets forth that prior to the ex officio exclusion from the scope of the Law of a company; the CMB is entitled to request the controlling shareholders of the relevant company to offer to take over the other shares.

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