



The Act on the Use and Protection of Credit Information*

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Chapter 1. General Provisions

Article 1 (Purpose)

The purpose of this Act is to contribute to the establishment of a sound credit order by promoting the credit information business soundly and pursuing the efficient utilization and systematic management of credit information, and by protecting privacy adequately from the misuse and abuse of credit information.

Article 2 (Definitions)

The definitions of terms used in this Act shall be as follows:

1. The “Credit Information” means such information as prescribed by Presidential Decree, which is necessary for the judgment on creditworthiness and credit transactions capacities

* Translated unofficially by Prof. Whon-Il Park, Kyung Hee University.

- of contracting parties in commercial transactions including financial transactions;
2. The “Personal Credit Information” means such information as prescribed by Presidential Decree out of the Credit Information, which is necessary for the judgment on creditworthiness and credit transactions capacities of a person;
 3. The “Credit Information Subject” means the person identified by the processed Credit Information, who is a subject of the Credit Information concerned;
 4. The “Credit Information Service” means operation of all or any part of activities listed in any Subparagraph of Article 4(1) as a business;
 5. The “Credit Information Company” means an entity which has been licensed by the Financial Services Commission pursuant to Article 4 to conduct the Credit Information Service;
 6. The “Credit Information Concentration Agency” means an entity registered at the Financial Services Commission pursuant to Article 25(1), who manages and utilizes the Credit Information in a concentrated manner;
 7. The “Credit Information Provider/User” means a person who provides others with Credit Information obtained or produced in relation to his/her own business for the purpose of commercial transactions such as financial transactions with customers, or who is continuously supplied with Credit Information from others and uses such information for his/her own business, or who conducts equivalent services as prescribed by the Presidential Decree;
 8. The “Credit Inquiry Service” means the act of collecting and processing Credit Information, the act of creating Credit Information describing the creditworthiness and credit transactions capacities of a Credit Information Subject, and the act of supplying such Credit Information to clients upon their requests;
 9. The “Credit Investigation Service” means the act of investigating Credit Information to supply such Credit Information to clients upon their requests;
 10. The “Debt Collection Service” means the act of exercising claims in lieu of creditors by means of investigation of properties of a person who fails to repay the debt within the agreed time limit, demand for repayment, or acceptance of payment from the debtor upon delegation by a creditor;
 11. The “Claims” for the purpose of Debt Collection mean the monetary claims that accrue from the commercial acts in accordance with the Commercial Act, the civil claims confirmed as entitlement by a court judgment as prescribed by the Presidential Decree,

the monetary claims that accrue from lending, guarantee and other credit and insurance services of cooperatives, mutual aid associations or credit unions and their central institutions established by special laws to their member clients, and the claims as permitted by other laws for the entrust of debt collection to the Credit Information Company;

12. The “Credit Rating Service” means the act of rating the possibility of repayment of the principal on and interest of financial products and credit provision, etc. for the protection of investors and the creditworthiness of enterprises, legal entities, collective investment schemes, etc.;
13. The “processing” means any of the following acts:
 - a. Inputting, saving, technical processing, editing, searching, deleting or printing out Credit Information by using computers;
 - b. Providing Credit Information to others by means of delivery, postal service, or electronic transmission, etc.; and
 - c. Other similar acts to the preceding acts.

Article 3 (Promotion of Credit Information Service)

- (1) When the Financial Services Commission deems it necessary for the improvement of abilities of the Credit Information Companies to provide Credit Information and for the brisk utilization of Credit Information, it may develop plans for the promotion of Credit Information Service.
- (2) When it is necessary for the brisk implementation of plans as prescribed in Paragraph 1, the Financial Services Commission may request cooperation of the heads of the administrative agencies concerned, and the heads of the administrative agencies concerned who receive the request shall comply with it in the absence of justifiable grounds.

Chapter 2. Licensing of Credit Information Service, etc.

Article 4 (Licensing of Service)

- (1) Credit Information Service shall be as follows, and any other services incidental thereto in any Subparagraph shall be prescribed by the Presidential Decree:
 1. The Credit Inquiry Service and other services incidental thereto;
 2. The Credit Investigation Service and other services incidental thereto;
 3. The Debt Collection Service and other services incidental thereto; and

4. The Credit Rating Service and other services incidental thereto.
- (2) Any person who intends to run the Credit Information Service shall obtain a license from the Financial Services Commission according to the type of services as prescribed in Paragraph 1.
- (3) Any person who intends to get the license referred to in Paragraph 2 shall file an application with the Financial Services Commission as prescribed by the Presidential Decree.
- (4) The Financial Services Commission may attach conditions to the license referred to in Paragraph 2.
- (5) The particulars regarding the application for license including how to fill up the application for license form pursuant to Paragraph 2, the process and criteria to review the application for license, and other necessary matters shall be prescribed by the Prime Minister's Ordinance.

Article 5 (Eligibility for License by Credit Information Service)

- (1) The person who may be licensed for the Credit Inquiry Service, the Credit Investigation Service and the Debt Collection Service shall be restricted to any of the following Subparagraphs:
 1. A corporation more than 50/100 of the capital of which is invested by financial institutions, etc. prescribed by the Presidential Decree;
 2. The Credit Guarantee Fund established pursuant to the Credit Guarantee Fund Act;
 3. The Korea Technology Credit Guarantee Fund established pursuant to the Korea Technology Credit Guarantee Fund Act;
 4. A credit guarantee foundation established pursuant to the Regional Credit Guarantee Foundation Act;
 5. The Korea Export Insurance Corporation established pursuant to the Export Insurance Act; or
 6. A corporation more than 50/100 of the capital of which is invested by the licensee for all or any part of services prescribed by Subparagraphs 1 through 3 of Article 4(1); *provided, however*, that the same shall not apply where the investor thereof conducts the same business of the invested corporation.
- (2) Any person falling under any of the following Subparagraphs shall be prohibited from obtaining a license for the Credit Rating Service:
 1. A corporation more than 10/100 of the capital of which is invested by the business group restricted on mutual contribution as prescribed in Article 9(1) of the Monopoly Regulation and Fair Trade Act (including the specially related person as prescribed in Article 7(1) of

the same Act; hereinafter referred to as the “Company Affiliated with the Business Group Restricted on Mutual Contribution”);

2. A corporation more than 10/100 of the capital of which is invested by financial institutions, etc. as prescribed by the Presidential Decree (including the specially related person under Article 7(1) of the Monopoly Regulation and Fair Trade Act; hereinafter referred to as the “Investment Financial Institutions, etc.”); and
3. A corporation whose largest investor is a corporation falling under each of the following items:
 - a. A corporation more than 10/100 of the capital of which is invested by a Company Affiliated with the Business Group Restricted on Mutual Contribution; and
 - b. A corporation more than 10/100 of the capital of which is invested by the Investment Financial Institutions, etc.

Article 6 (Requirements for License)

- (1) Any person that intends to obtain the license for the Credit Information Service pursuant to Article 4(2) shall satisfy requirements falling under each of the following Subparagraphs:
 1. To install physical facilities, including manpower and computer equipment, which are adequate to conduct the Credit Information Service;
 2. To make the business plan feasible and sound;
 3. For major contributors prescribed by the Presidential Decree to have full capacity to make necessary investments, sound financial standing and social creditworthiness; and
 4. To have the expertise adequate to conduct the Credit Information Service.
- (2) Any person that intends to obtain the license for the Credit Information Service shall be equipped with the capital or basic properties provided for in the following Subparagraphs:
 1. To have more than five(5) billion won in case of conducting any or both of the Credit Inquiry Service and the Credit Rating Service; or
 2. To have more than the amount prescribed by the Presidential Decree in case of conducting any or both of the Credit Investigation Service and the Debt Collection Service.
- (3) Detailed matters necessary for the license pursuant to Paragraph 1 shall be prescribed by the Presidential Decree.
- (4) The Credit Information Company shall maintain the requirements pursuant to Paragraph 1i continuously while conducting the Credit Information Service.

Article 7 (Publication of License, etc.)

The Financial Services Commission shall, when it grants the license in accordance with Article 4(2) or cancels the license in accordance with Article 14(1), promptly publish such actions in the Official Gazette and make them known to the public through the Internet homepage, etc.

Article 8 (Matters to Notify and Report)

Where the Credit Information Company intends to modify matters which have been licensed pursuant to Article 4(2) and prescribed by the Presidential Decree, it shall notify the Financial Services Commission of the fact; *provided, however*, that, where minor matters prescribed by the Presidential Decree are modified, it shall report such fact to the Financial Services Commission with seven(7) days from the date of its occurrence.

Article 9 (Approval of Change of Majority Shareholders, etc.)

- (1) Any person that intends to acquire the shares (including the equity shares) of a Credit Information Company to become the majority shareholder as prescribed by the Presidential Decree shall be approved by the Financial Services Commission in advance after satisfying the requirements as prescribed by the Presidential Decree for the sound management of the Company out of the requirements for major contributors pursuant to Article 6(1)iii.
- (2) The Financial Services Commission may order to dispose of the shares which have been acquired without such approval as required by Paragraph 1 for a fixed period within six(6) months.
- (3) Any person that acquired the shares without such approval as required by Paragraph 1 cannot exercise the voting right of the acquired shares.
- (4) Detailed matters necessary for the approval pursuant to Paragraph 1 and the order to dispose subject to Paragraph 2 shall be prescribed by the Presidential Decree.

Article 10 (Authorization of Transfer and Take-over of Credit Information Service, etc.)

- (1) Where the Credit Information Company intends to transfer, take over or split all or any part of its business, or to merge with other corporation (including the split-merger pursuant to Article 530-2 of the Commercial Act), it shall obtain the authorization from the Financial Services Commission as prescribed by the Presidential Decree.
- (2) Where the Credit Information Company has transferred or split its business, or merged with

other corporation, the transferee, the newly established corporation after split, or the existing corporation after merger (the case that the Credit Information Company acquires and merges a non-Credit Information Company is excluded) or the newly established corporation after merger shall succeed to the status as a Credit Information Company of the transferor, the corporation before the split or the corporation before the merger. In this case, the license granted to the former Credit Information Company shall lose effect (limited to the extent of business transferred or split in case of the partial transfer or split pursuant to Paragraph 1).

- (3) Articles 5, 6, 22(1), 27(1) through (7) and 28 shall apply *mutatis mutandis* to the transferee, the existing corporation after merger and the newly established corporation after split or merger pursuant to Paragraphs 1 and 2.
- (4) Where the Credit Information Company intends to suspend or close all or any part of its business, it shall report to the Financial Services Commission as prescribed by the Prime Minister's Ordinance.

Article 11 (Concurrent Operation of Business)

The Credit Information Company may engage itself in business related with the licensed services after reporting to the Financial Services Commission in advance pursuant to the Prime Minister's Ordinance except any of the following Subparagraphs. In this case, any business for which administrative action such as authorization, license, registration or approval is required by the individual law shall be authorized, licensed, registered or approved in advance pursuant to such individual law:

1. The business providing the other's Credit Information and the processed Credit Information to an individual;
2. The agency service to issue the certificate of indebtedness against other corporation's claims (except otherwise provided for in the Presidential Decree);
3. The business beyond the scope of the Credit Information Company such as agency service of civil proceedings for the exercise of other's claims including purchase of non-performing loan, collection of debt, etc. and the individual credit rating assessment of a Credit Rating Company; and
4. Other business which apparently does harm to the Credit Information Subject or the society as a whole as prescribed by the Presidential Decree.

Article 12 (Prohibition from Using Similar Names)

Persons other than the Credit Information Company which has been licensed pursuant to this Act shall not use Credit Information, credit investigation, credit rating or any other similar terms in their trade names.

Article 13 (Prohibition from Taking Concurrent Job)

The standing officers of the Credit Information Company shall not be engaged in the daily operation of other profit-taking corporations without the approval of the Financial Services Commission.

Article 14 (Revocation of License and Suspension of Business)

(1) The Financial Services Commission may revoke a license or authorization for the Credit Information Company falling under any of the following Subparagraphs; *provided, however*, that the Financial Services Commission may give a corrective order prior to revocation of license or authorization for a fixed period within six(6) months where the Credit Information Company satisfies such conditions as prescribed by the Presidential Decree though it falls under any of the following cases:

1. Where it has obtained the license pursuant to Article 4(2) or authorization pursuant to Article 10(1) through fraud or other unjust means;
2. Where it fails to meet the investment requirements for financial institutions, etc. pursuant to Article 5(1); *provided, however*, that the same shall not apply where the shares of the Credit Information Company is listed on the securities exchange pursuant to Article 9(13) of the Act on the Capital Market and Financial Investment Business;
3. Where it violates Article 5(2) (applied to only the Credit Rating Service);
4. Where the capital (referring to the amount of total assets minus total debts on the balance sheet as of the end of the latest business year) of the Credit Information Company [excluding any Credit Information Company for whom three(3) business years (five(5) business years if the Credit Inquiry Service or the Credit Rating Service is included) have yet elapsed from the date of license] has failed to meet the requirements for the capital and basic properties pursuant to Article 6(2);
5. Where a person, who violates an order for suspension of business or performs an act falling under suspension of business, has received an administrative action of suspension of business within one(1) year before such violation;

6. Where it violates any of Subparagraphs 1 through 4 of Article 40 (excluding the Credit Rating Service);
 7. Where it violates Articles 40(1), 40(4) or 40(6) (applying only to the Credit Rating Service);
 8. Where it collects debt in violation of any of Subparagraphs of Article 9 of the Act Concerning Fair Collection of Debt (applying only to the Debt Collection Service);
 9. Where it violates the contents or terms of a license or authorization;
 10. Where it would not do licensed business continuously for more than one(1) year without any proper cause; or
 11. Where it collects debt in violation of Article 41(1) (applying only to the Debt Collection Service).
- (2) The Financial Services Commission may order to suspend all or any part of business for a fixed period within six(6) months where the Credit Information Company falls under any of the following Subparagraphs:
1. Where it violates Article 6(4);
 2. Where it violates Article 11;
 3. Where it violates the restrictions of collection and investigation, etc. pursuant to Article 16 (excluding the Credit Rating Service);
 4. Where it violates Articles 22(1), 27(1) and 28;
 5. Where it violates Article 40(5);
 6. Where it collects debt in violation of Paragraphs 2 and 5 of Article 12 of the Act Concerning Fair Collection of Debt (applying only to the Debt Collection Service);
 7. Where it falls under the ground for an administrative action as prescribed by Schedule; or
 8. Where it violates laws, regulations or the articles of incorporation, its unsound management causes, or threatens to cause, serious injury to public interests.

Chapter 3. Collection, Investigation and Processing of Credit Information

Article 15 (Principle of Collection and Investigation)

Where the Credit Information Company, the Credit Information Concentration Agency or the Credit Information Provider/User (hereinafter referred to as the “Credit Information Company, etc.”) collects and investigates the Credit Information, it shall make clear the purpose of collection and investigation within the scope of business activities as prescribed by this Act or the articles of

incorporation, and shall employ fair and reasonable means to the extent that they are necessary to attain the purpose.

Article 16 (Restriction on Collection, Investigation and Processing)

- (1) The Credit Information Company, etc. shall not collect or investigate the following information:
 1. Information concerning national security or secrets;
 2. Trade secrets or creative research and development information of enterprises;
 3. Individual political thought, religious beliefs and other private information unrelated to Credit Information;
 4. Uncertain Personal Credit Information;
 5. Collection of information which is prohibited by other laws; and
 6. Other information as prescribed by the Presidential Decree.
- (2) Where the Credit Information Company, etc. intends to collect or investigate information concerning personal illness, it shall obtain the consent of the person concerned pursuant to Article 32(1) and use such information only for the purpose prescribed by the Presidential Decree.

Article 17 (Entrusting of Collection, Investigation and Processing)

- (1) The Credit Information Company, etc. may entrust, within the scope of its business activities, collection and investigation of Credit Information to other Credit Information Company, etc. subject to the consent of its clients.
- (2) The Credit Information Company, etc. may entrust the processing of collected Credit Information to another person who shall satisfy the capital of more than certain amount and other certain requirements as prescribed by the Presidential Decree, and Articles 19 through 21, 40, 43 and 45 (including penalty provisions) shall apply to the performance of the business activities entrusted as above.
- (3) The Credit Information Company, etc., which intends to entrust the processing of Credit Information pursuant to Paragraph 2, as prescribed by the Presidential Decree shall notify the Financial Services Commission of the scope of Credit Information to be delivered in a manner as prescribed by the Presidential Decree.

Chapter 4. Distribution, Use and Management of Credit Information

Article 18 (Maintenance of Accurate and Up-to-Date Credit Information)

- (1) The Credit Information Company, etc. shall register, modify and manage Credit Information in accordance with the Presidential Decree so as to maintain its accuracy and to keep it up-to-date.
- (2) The Credit Information Company, etc. shall delete the old Credit Information which may be potentially harmful to Credit Information Subjects in accordance with the Presidential Decree.

Article 19 (Security of Computer Systems for Credit Information)

- (1) The Credit Information Company, etc. shall formulate technological, physical and managerial security measures with respect to the unlawful access by a third party to computer systems for Credit Information (including jointly-managed credit information computer networks pursuant to Article 25(6)), or the modification, damage, destruction or other danger to the input information in accordance with the Presidential Decree.
- (2) Where the Credit Information Provider/User provides the Credit Information under this Act each other to other Credit Information Provider/User, or the Credit Inquiry Company, he/she shall enter into an agreement including the Credit Information security measures as notified by the Financial Services Commission.

Article 20 (Responsibilities for Credit Information Management and Preservation of Business Records)

- (1) The Credit Information Company, etc. shall make internal management regulations for collection, processing and use, etc. of Credit Information in accordance with the Financial Services Commission.
- (2) The Credit Information Company, etc. shall preserve the records of the following matters for three(3) years:
 1. The address and name of clients or institutions which Credit Information is provided to or exchanged with;
 2. Details of activities requested and the date of request;
 3. Processing details of activities requested or details of Credit Information provided and the date of provision; and

4. Other matters as prescribed by the Presidential Decree.
- (3) Where the Credit Information Company, the Credit Information Concentration Agency and the Credit Information Provider/User prescribed by the Presidential Decree shall nominate more than one Credit Information Manager/Protector who deals with the protection of the Credit Information, the Credit Information-related difficulties from the Credit Information Subjects and other matters prescribed by the Presidential Decree.
- (4) The qualification of the Credit Information Manager/Protector pursuant to Paragraph 3 and other matters necessary for the nomination shall be prescribed by the Presidential Decree.
- (5) When the Credit Information manager appointed pursuant to Article 48-2(4) of the Financial Holding Company Act satisfies the qualification under Paragraph 4, he/she is deemed to become the Credit Information Manager/Protector nominated pursuant to Paragraph 3.

Article 21 (Disposal of Information in Possession after Closure of Business)

When the Credit Information Company or the Credit Information Concentration Agency intends to close its business, it shall dispose of, eliminate or destroy the information in possession pursuant to the notification of the Financial Services Commission.

Chapter 5. Credit Information Service

Section 1. Credit Inquiry Service, etc.

Article 22 (Persons who are Engaged in Credit Inquiry Service)

- (1) The Credit Inquiry Company (which means the entity as licensed to conduct the Credit Inquiry Service) shall not appoint as its officers or employ the persons falling under any of the following Subparagraphs:
1. Minors;
 2. Legally incompetent persons or quasi-incompetent persons;
 3. Persons who have not yet rehabilitated after being declared bankrupt;
 4. Persons who have been sentenced to imprisonment without prison labor or a severer punishment, and for whom three(3) years have not elapsed since the completion of the sentence (including the constructive completion of the sentence) or exemption from the sentence;

5. Persons who are in a stay period after having been sentenced to a stay of the execution of the imprisonment without prison labor or a severer punishment;
 6. Persons who have been removed from their post or dismissed, and for whom five(5) years have not yet elapsed from the date of removal or dismissal; or
 7. Persons who have worked as officers or employees of legal entities or companies whose business licenses or authorizations, etc. have been cancelled (referring to persons, prescribed by the Presidential Decree, who have been directly or correspondingly responsible for causes of such cancellation), and for whom five(5) years have not yet elapsed from the date of cancellation of such business licenses or authorizations.
- (2) When an officer or employee who is engaged in the Credit Inquiry Service intends to collect Credit Information, he/she shall carry the ID certificate indicating his/her engagement in Credit Inquiry Service and present it to the persons concerned.

Article 23 (Request for Inspection and Provision of Credit Information of Public Institutions, etc.)

- (1) The Credit Inquiry Company or the Credit Information Concentration Agency may request access to, or provision of, the Credit Information which is held by the State, local governments or public organizations as prescribed by the Presidential Decree (hereinafter referred to as the “Public Institutions”) and which is allowed to be made public pursuant to the related laws and regulations. In this case, the Public Institutions in receipt of the request shall comply with it unless they have a special ground.
- (2) When the Credit Inquiry Company or the Credit Information Concentration Agency request the heads of the Public Institutions to provide the Credit Information as prescribed by Presidential Decree, which is necessary for the judgment on creditworthiness and credit transactions capacities of Credit Information Subjects, the heads of the Public Institutions requested as above may provide the information to the Credit Inquiry Company or the Credit Information Concentration Agency concerned notwithstanding the following laws:
 1. The Act Concerning the Publication of Information held by Public Institutions;
 2. The Act on Privacy Protection of Public Institutions;
 3. The National Health Insurance Act;
 4. The National Pension Fund Act;
 5. The Korea Electrical Corporation Act; and
 6. The Resident Registration Act.

- (3) The Credit Inquiry Company or the Credit Information Concentration Agency may provide the Credit Information which has been provided by the Public Institutions pursuant to Paragraph 2 to the Credit Information Provider/User prescribed by the Presidential Decree.
- (4) When the Credit Inquiry Company or the Credit Information Concentration Agency provides Personal Credit Information to the Credit Information Provider/User pursuant to Paragraphs 2 and 3, it shall confirm whether the Credit Information Provider/User has received the consent of the individual concerned on the matter of provision and use of the Credit Information pursuant to Article 32(3).
- (5) The Credit Information Provider/User who is provided with the Credit Information pursuant to Paragraph 3 shall not provide such information to others.
- (6) A person who requests access to, or provision of, the Credit Information pursuant to Paragraph 1 shall pay inspection fees or charges, etc. in accordance with the related laws and regulations.
- (7) Where the heads of Public Institutions have requested in writing the provision of Credit Information in order to use for public purposes as prescribed by related laws and regulations, the Credit Information Company, etc. may provide such Credit Information.

Article 24 (Use of the Resident Registration Computer Information)

- (1) The Credit Information Concentration Agency and the Credit Information Provider/User prescribed by the Presidential Decree may request the Minister of the Public Administration and Security Department to provide the resident registration computer information pursuant to Article 30(1) of the Resident Registration Act where it falls under any of the following Subparagraphs. In this case, the Minister of the Public Administration and Security Department in receipt of the request shall comply with it unless it has otherwise a special ground:
 1. Where it is necessary to inform the rightful holder of original deposit or insurance of relevant matters for the payment of deposit or insurance whose extinctive prescription has matured under Article 64 of the Commercial Act and other laws; or
 2. Where it is necessary to inform the contractual counterparty of the maturity, invalidity, termination, etc. of financial transactions, contract modifications and other facts which influence the rights and liabilities based on contracts.
- (2) The request for the resident registration computer information pursuant to Paragraph 1 shall be reviewed by the Chairman of the Financial Services Commission.

- (3) Where the request has been reviewed by the Chairman of the Financial Services Commission pursuant to Paragraph 2, it shall be deemed to have been reviewed by the head of the central administrative agency concerned pursuant to Article 30(1) of the Resident Registration Act; *provided*, that its process, fee or charge shall be subject to the Resident Registration Act.

Article 25 (Credit Information Concentration Agency)

- (1) Any person that intends to manage Credit Information systematically and comprehensively by collecting and keeping it in a concentrated manner and to exchange and utilize Credit Information among Credit Information Companies (hereinafter referred to as “concentrated management and utilization”), shall register the Credit Information Concentration Agency at the Financial Services Commission.
- (2) Credit Information Concentration Agencies as prescribed in Paragraph 1 may be registered as classified in the following Subparagraphs:
1. Integrated Credit Information Concentration Agency - the Credit Information Concentration Agency that performs concentrated management and utilization of Credit Information obtained from the whole of financial institutions as prescribed by the Presidential Decree; or
 2. Individual Credit Information Concentration Agency - the Credit Information Concentration Agency that performs concentrated management and utilization of Credit Information obtained from financial institutions of the same kind among those prescribed in Subparagraph 1, or performs concentrated management and utilization of Credit Information under agreements of parties such as associations established by businessmen of the same kind of business other than financial institutions.
- (3) A person who intends to have the Credit Information Concentration Agency registered pursuant to Paragraph 1 shall meet requirements described in the following Subparagraphs:
1. It shall not be for profit; and
 2. It shall be equipped with facilities, equipment and manpower prescribed by the Presidential Decree.
- (4) Matters necessary for the registration and revocation as prescribed in Paragraphs 1 and 2, the scope of Credit Information under concentrated management and utilization, and exchange partners shall be prescribed by the Presidential Decree.
- (5) In order to secure accurate and quick collection of Credit Information, Integrated Credit Information Concentration Agencies under Paragraph 2 i may investigate the performance

by financial institutions of duties to provide the Credit Information in accordance with the agreement of the Credit Information Council pursuant to Article 26.

- (6) Credit Information Concentration Agencies may build a jointly-managed credit information computer network (hereinafter referred to as the “Joint Computer Network”) as prescribed by the Presidential Decree, and the participants in the Joint Computer Network shall make a cooperative effort as necessary for maintenance and management, etc. of the Joint Computer Network. In this case, Credit Information Concentration Agencies shall be telecommunications service providers as prescribed in Article 2(1) i of the Telecommunications Business Act.

Article 26 (Credit Information Council)

The Credit Information Council shall be established in the Integrated Credit Information Concentration Agency as prescribed in Article 17(2) so as to consult and decide on the following matters:

1. Matters concerning the allotment of ordinary expenditure necessary to perform concentrated management and utilization of Credit Information and of the amount invested to operate new business, etc.;
 2. Matters concerning survey of the performance by financial institutions of duties to provide Credit Information pursuant to Article 25(2)i, and the imposition of penalties as prescribed by the Presidential Decree;
 3. Matters concerning preventive measures for disclosure or use of Credit Information beyond the scope of business objective; and
 4. Other matters necessary to perform concentrated management and utilization of Credit Information.
- (2) The composition and operation of the Credit Information Council pursuant to Paragraph 1 shall be determined by the head of the Integrated Credit Information Concentration Agency as prescribed by the Presidential Decree.
- (3) When the Credit Information Council has consulted and decided on the matters as set forth in Items 2 through 4 of Paragraph 1, it shall report the result to the Financial Services Commission.

Section 2. Credit Investigation Service and Debt Collection Service

Article 27 (Persons who are Engaged in the Service and Delegated Debt Collector, etc.)

- (1) The Credit Investigation Company (which means the entity as licensed to conduct the Credit Investigation Service) or the Debt Collection Company (which means the entity as licensed to conduct the Debt Collection Service) shall not appoint as its officers or employ the persons falling under any of the following Subparagraphs, nor conduct the Debt Collection Service through delegation or similar action:
 1. Minors; *provided*, that this shall not apply where they are employed or appointed for activities as notified by the Financial Services Commission;
 2. Legally incompetent persons or quasi-incompetent persons;
 3. Persons who have not yet rehabilitated after being declared bankrupt;
 4. Persons who have been sentenced to imprisonment without prison labor or a severer punishment, and for whom three(3) years have not elapsed since the completion of the sentence (including the constructive completion of the sentence) or exemption from the sentence;
 5. Persons who are in a stay period after having been sentenced to a stay of the execution of the imprisonment without prison labor or a severer punishment;
 6. Persons who have been removed from their post or dismissed, and for whom five(5) years have not yet elapsed from the date of removal or dismissal;
 7. Persons who have worked as officers or employees of legal entities or companies whose business licenses or authorizations, etc. have been cancelled (referring to persons, prescribed by the Presidential Decree, who have been directly or correspondingly responsible for causes of such cancellation), and for whom five(5) years have not yet elapsed from the date of cancellation of such business licenses or authorizations; or
 8. Persons who was once the Delegated Debt Collector pursuant to Paragraph (2)ii, and for whom five(5) years have not yet elapsed from the date of cancellation of its registration.
- (2) The Debt Collection Company shall conduct Debt Collection Service through the persons who fall under any of the following Subparagraphs:
 1. Officers and employees of the Debt Collection Company; or
 2. The person whom the Debt Collection Company has delegated the Debt Collection Service or in a similar manner (hereinafter referred to as the “Delegated Debt Collector”).

- (3) The Debt Collection Company shall register the person who intends to become the Delegated Debt Collector under the name of the Company at the Financial Services Commission.
- (4) The Delegated Debt Collector shall not conduct the Debt Collection Service for a person other than the Debt Collection Company which he/she belongs to.
- (5) The Debt Collection Company shall not collect non-collectible claims, nor conduct Debt Collection Service through the Delegated Debt Collector who falls under any of the following Subparagraphs:
 1. A Delegated Debt Collector who has not yet been registered pursuant to Paragraph 3;
 2. A Delegated Debt Collector who has been registered under the name of other Debt Collection Company; or
 3. A Delegated Debt Collector who is in a period of stay from Debt Collection Service pursuant to Paragraph 7.
- (6) The Financial Services Commission may cancel the registration of a Delegated Debt Collector where he/she falls under any of the following Subparagraphs:
 1. Where he/she has registered through fraud or other unjust means pursuant to Article (3);
 2. Where a person, who violates an order for suspension of business or performs an act falling under suspension of business pursuant to Paragraph 7, has received an administrative action of suspension of business within one(1) year before such violation;
 3. Where he/she violates any of Subparagraphs 1 through 4 of Article 40;
 4. Where he/she collects debt in violation of any of Subparagraphs of Article 9 of the Act Concerning Fair Collection of Debt;
 5. Where he/she violates the contents or terms of the registration; or
 6. Where he/she would not do registered business continuously for more than one(1) year without any proper cause.
- (7) The Financial Services Commission may order the suspension of all or any part of business for a fixed period within six(6) months where a Delegated Debt Collector falls under any of the following Subparagraphs:
 1. Where it violates Paragraph 4;
 2. Where it violates the restrictions of collection and investigation, etc. pursuant to Article 16;
 3. Where it violates Article 40(5);
 4. Where it violates Paragraphs 2 and 5 of Article 12 of the Act Concerning Fair Collection of Debt; or
 5. Where it causes, or threatens to cause, serious injury to public interests by violating laws,

- regulations or the articles of incorporation of the Debt Collection Company.
- (8) When an officer or employee who is engaged in the Credit Investigation Service or Debt Collection Service, or a Delegated Debt Collector, intends to collect and investigate Credit Information, or conduct Debt Collection Service, he/she shall carry the ID certificate indicating his/her engagement in Credit Investigation Service or Debt Collection Service, and present it to the persons concerned.
- (9) The qualification of the Delegated Debt Collector and its registration procedure shall be prescribed by the Presidential Decree.
- (10) When a person who intends to become a Delegated Debt Collector applies for registration, he/she shall pay an appropriate charge as prescribed by the Prime Minister's Ordinance.

Section 3. Credit Rating Service

Article 28 (Persons who are Engaged in Credit Rating Service)

- (1) The Credit Rating Company (which means the entity as licensed to conduct the Credit Rating Service) shall not appoint as its officers or employ the persons falling under any of the following Subparagraphs:
1. Minors;
 2. Legally incompetent persons or quasi-incompetent persons;
 3. Persons who have not yet rehabilitated after being declared bankrupt;
 4. Persons who have been sentenced to imprisonment without prison labor or a severer punishment, and for whom three(3) years have not elapsed since the completion of the sentence (including the constructive completion of the sentence) or exemption from the sentence;
 5. Persons who are in a stay period after having been sentenced to a stay of the execution of the imprisonment without prison labor or a severer punishment;
 6. Persons who have been removed from their post or dismissed, and for whom five(5) years have not yet elapsed from the date of removal or dismissal; or
 7. Persons who have worked as officers or employees of legal entities or companies whose business licenses or authorizations, etc. have been cancelled (referring to persons, prescribed by the Presidential Decree, who have been directly or correspondingly responsible for causes of such cancellation), and for whom five(5) years have not yet elapsed

from the date of cancellation of such business licenses or authorizations.

Article 29 (Compliance by Credit Rating Company)

- (1) Where the Credit Rating Company conducts Credit Rating Service for clients upon their request, it shall take into account not only their current situation including financial positions and business achievements, but also their business prospects such as their business risk, managerial risk and financial risk, etc. in a comprehensive manner.
- (2) Where the Credit Rating Company is related with a person prescribed by the Presidential Decree, who has a special relationship including more than a certain percentage of ownership with the Credit Rating Company concerned, it shall be prohibited from doing credit rating for such a client.
- (3) Where the Credit Rating Company conducts Credit Rating Service for a person who is not the one prescribed by the Presidential Decree pursuant to Paragraph 2, but has shareholder relationship with the Credit Rating Company concerned, it shall describe the matters concerning such shareholder relationship in its credit rating report.
- (4) Where the Credit Rating Company delivers the credit rating report to clients who has requested its credit rating, it shall append a document to the credit rating report (hereinafter referred to as the “Credit Rating Record, etc.”), which describes matters as notified by the Financial Services Commission as deemed necessary to grasp its credit rating capability, including Credit Rating Record (which show the ratio of debt service performance of securities by rating conducted by the Credit Rating Company).
- (5) The Credit Rating Company shall submit to the Financial Services Commission the Credit Rating Record, etc. and other documents describing particulars demanded by the Financial Services Commission as deemed necessary to grasp its credit rating capability, and keep such Credit Rating Record, etc. and other documents in the Korea Exchange and the Korea Financial Investment Association under the Act on Capital Market and Financial Investment Business and make them open to the public.
- (6) The Credit Rating Company shall not coerce clients to buy or use its own or affiliate’s products or services in the course of credit rating.
- (7) The Credit Rating Company shall formulate the appropriate standards and procedures (hereinafter referred to as the “Internal Control Standards”) to be observed by its officers and employees, and check from time to time their compliance of the Internal Control Standards.
- (8) The Internal Control Standards shall include each of the following Subparagraphs:

1. Matters regarding the segregation of credit rating unit and business unit;
 2. Matters regarding the prohibition of conflict of interest;
 3. Matters regarding the unfair activities;
 4. Matters to introduce new credit rating criteria fit and proper to the particular nature of credit rating objects; and
 5. Other necessary matters regarding the Internal Control Standards as prescribed by the Presidential Decree.
- (9) The present officer or employee, or former officer or employee, of the Credit Rating Company shall not disclose the trade secrets of clients which he/she happens to know at work; *provided*, however, that this shall not apply where it falls under any of the following Subparagraphs:
1. Where it uses them for the purpose for which clients consented to provide and use;
 2. Where the subpoena issued by a court or the warrant issued by a judge demands to submit them; or
 3. Where they are provided in accordance with other laws.

Article 30 (Restriction on Voting Right)

- (1) Where a Company Affiliated with the Business Group Restricted on Mutual Contribution or Investment Financial Institutions, etc. possesses shares (including equity shares) in excess of the investment limits as prescribed in each Subparagraph of Article 5 (2), the scope of exercising the voting right on the relevant shares shall be restricted to the limits of each Subparagraph of the same Paragraph and such share holdings shall be promptly brought into conformity with such investment limits.
- (2) The Financial Services Commission may, if a Company Affiliated with the Business Group Restricted on Mutual Contribution or Investment Financial Institutions, etc. fails to comply with investment limits pursuant to each Subparagraph of Article 5(2), order such company or such institution, etc. to dispose of the shares held in excess of the investment limits within a fixed time of six(6) months.

Chapter 6. Protection of Credit Information Subjects

Article 31 (Public Notice of Credit Information Utilization System)

The Credit Information Company, the Credit Information Concentration Agency and the Credit Information Provider/User prescribed by the Presidential Decree shall make a public notice of the kind, purpose of use, recipients of managed information, and the rights, etc. of Credit Information Subjects, as prescribed by the Presidential Decree.

Article 32 (Consent Regarding Provision and Use of Personal Credit Information)

(1) Where Credit Information Providers/Users intend to provide others with the Personal Credit Information including information regarding lending or guarantee, as prescribed by the Presidential Decree, they shall obtain such individual's consent in advance by means of any of the following Subparagraphs pursuant to the Presidential Decree:

1. In writing;
2. By electronic message (referring to the electronic message pursuant to Article 2 i of the Framework Act on Electronic Commerce) bearing a certified digital signature under Article 2 iii of the Digital Signature Act;
3. By such ways as entering personal identification numbers through wired or wireless communications which ensure stability and reliability of consents on providing information, taking the consent and purpose of providing Personal Credit Information into consideration;
4. By obtaining individual's consent after informing him/her of the details of consent through wired or wireless communications. In this case, it is required to secure and maintain the evidence including the voice records confirming the identity of the speaker, content of consent and other responses of such person, and to notify him/her of the consent afterwards as prescribed by the Presidential Decree; or
5. By other method as prescribed by the Presidential Decree.

(2) The person who intends to get the Personal Credit Information prescribed by the Presidential Decree from the Credit Inquiry Company or the Credit Information Concentration Agency, he/she shall obtain such individual's consent by means of any of the following Subparagraphs of Paragraph 1 pursuant to the Presidential Decree. In this case, the person who intends to get the Personal Credit Information shall notify such individual of the possibility of downgrading of his/her credit rating on the occasion of the inquiry of the Personal Credit Information.

- (3) When the Credit Inquiry Company or the Credit Information Concentration Agency provides the Personal Credit Information pursuant to Paragraph 2, it shall confirm whether the person who intends to get such Personal Credit Information has obtained the consent as prescribed in Paragraph 2.
- (4) Where the Credit Information Company, etc. provides the Personal Credit Information, which falls under any of the following Subparagraphs, Paragraphs 1 through 3 shall not apply:
1. Where the Credit Information Company provides the Personal Credit Information in order to perform concentrated management and utilization of it jointly with other Credit Information Company or the Credit Information Concentration Agency;
 2. Where the Credit Information Company provides the Personal Credit Information in order to entrust the processing of collected Credit Information pursuant to Article 17(2), which is necessary to perform the contract;
 3. Where the Credit Information Company, while transferring all or any part of rights and liabilities owing to the transfer of business, split or merger of a company, etc., provides the related Personal Credit Information;
 4. Where the Credit Information Company provides the Personal Credit Information to the person who uses it for the purpose of debt collection (referring to only collecting collectible Claims), obtaining business license or authorization, assessment of business creditworthiness, acceptance of securities, etc. as prescribed by the Presidential Decree;
 5. Where the Credit Information Company provides the Personal Credit Information in accordance with the subpoena issued by a court or the warrant issued by a judge;
 6. Where the Credit Information Company provides the Personal Credit Information in accordance with the demand of the public prosecutor or the judicial police officer in an emergency situation in which there is no time to request the judge to issue warrant pursuant to Subparagraph 5 though severe danger to the life and body of a victim is expected out of a crime. In this case, the public prosecutor who has received the Personal Credit Information shall request the judge to issue warrant without delay, the judicial police officer shall apply for the judge's warrant through the public prosecutor, and they shall destroy the Personal Credit Information held with them in case of failure to get the warrant within 36 hours from the receipt of such information;
 7. Where the Credit Information Company provides the Personal Credit Information, which the head of the competent tax office demands in writing for the purpose of inquiry, examination or investigation in accordance with tax laws, or as taxation materials whose

- submission is obligated under tax laws;
8. Where the Personal Credit Information held with the financial companies is provided to the financial supervisory agencies of foreign states in accordance with international conventions, etc; or
9. Where the Personal Credit Information is provided in accordance with relevant laws.
- (5) The person who intends to provide others with the Personal Credit Information pursuant to each Subparagraph of Paragraph 4 and who has received it shall inform the Credit Information Subject concerned of the fact that the Personal Credit Information is provided and its reason, etc. or make it public as prescribed by the Presidential Decree.
- (6) When the Credit Information Provider/User, prescribed by the Presidential Decree, provides others with the Personal Credit Information pursuant to Article 4(3), the matters including the scope of Credit Information, as prescribed by the Presidential Decree, shall be approved by the Financial Services Commission.
- (7) Where the Credit Information Company, etc. provides the Personal Credit Information, it shall confirm the personal identity and the purpose of use of the recipient of such information as notified by the Financial Services Commission.
- (8) The Credit Information Provider/User who has provided the Personal Credit Information shall prove that it has obtained the consent in advance required under Paragraph 1 when a dispute takes place with respect to the consent.

Article 33 (Use of Personal Credit Information)

Personal Credit Information shall be used only for the purpose of determining whether or not financial transactions or commercial transactions (excluding the employment case) applied by the Credit Information Subject concerned has been formed and maintained; *provided, however*, that this shall not apply to the case falling under any of the following Subparagraphs:

1. Where an individual consents by means of any of the Subparagraphs Article 32(1) to use of his/her information for a purpose other than that provided for in the main sentence except Subparagraphs of this Article;
2. Where Personal Credit Information (including the Credit Information arising out of the commercial transactions with such an individual), provided directly by the individual concerned, is used for the purpose of the provision of such information (excluding the case where such information is used to introduce a product or service or to solicit its purchase);
3. Where each Subparagraph of Article 32(4) is applied; or

4. Where a situation amounting to the provisions of Subparagraphs 1 through 3 as prescribed by the Presidential Decree takes place.

Article 34 (Provision and Use of Personal Identification Information)

- (1) Where the Credit Information Provider/User who intends to provide the information which is necessary to identify an individual as prescribed by the Presidential Decree (hereinafter referred to as the “Personal Identification Information”) to the Credit Information Company, etc., it shall obtain such individual’s consent.
- (2) The Personal Identification Information shall be used only for the purpose consented by the individual or within the scope of purpose in case the information is provided directly by such individual.
- (3) Where the Personal Identification Information is provided or used for the purpose of identifying the Credit Information Subject in order to get the Personal Credit Information under this Act, Paragraphs 1 and 2 shall not apply. In this case, the person who has received the Personal Identification Information shall not use the information for other purposes than to meet the demand of such information, or provide it to a third party.
- (4) Where the Personal Identification Information is provided or used in accordance with Subparagraphs 4 through 9 of Article 32(4), Paragraphs 1 and 2 shall not apply.

Article 35 (Demand for Notification of Provision of Credit Information)

A Credit Information Subject may demand the Credit Information Company, etc., when it provides the Credit Information on the principal (hereinafter referred to as the “Principal’s Information”), to notify him/her of the recipient of the information, purpose of use thereof, date of provision, details of the provided Principal’s Information, etc., or to let him/her have access to such information via the Internet homepage, as prescribed by the Presidential Decree. In this case, the Credit Information Company, etc. shall comply with it unless it has otherwise any special ground.

Article 36 (Notification of Credit Information leading to Denial of Commercial Transactions, etc.)

- (1) Where the Credit Information Provider/User denies or ceases to maintain commercial transactions with a person based upon the Personal Credit Information, which is provided by the Credit Inquiry Company and the Credit Information Concentration Agency, as prescribed by the Presidential Decree, it shall notify him/her of details including the information which

has led to the denial or termination as prescribed by the Presidential Decree upon the request of the Credit Information Subject concerned.

- (2) Where the Credit Information Subject has an objection to the details of Principal's Information notified pursuant to Paragraph 1, he/she may request the Credit Inquiry Company or the Credit Information Concentration Agency, which have collected and provided the Credit Information, to confirm the accuracy of such Credit Information within 60 days from the date of notification pursuant to Paragraph 1.
- (3) Article 38 shall apply *mutatis mutandis* to the confirmation procedure, etc. pursuant to Paragraph 2.

Article 37 (Withdrawal of Consent on Provision and Use of Personal Credit Information, etc.)

- (1) The Credit Information Subject as an individual may withdraw from the Credit Information Provider/User consented by such means as prescribed in each Subparagraph of Article 32(1) his/her consent on the provision of the Personal Credit Information for the purpose of other than assessing the creditworthiness of such individual by providing the information to the Credit Inquiry Company or the Credit Information Concentration Agency as prescribed by the Presidential Decree; *provided*, however, that the client shall express his/her intention explicitly to deny the service in order to withdraw the consent in case the performance of a contract is difficult because a certain service toward the Credit Information Subject is hard to provide if the relevant Personal Credit Information is not provided to other Credit Information Provider/User than the Credit Information Provider/User consented, or the purpose prescribed in the main sentence except each Subparagraph of Article 33 is hardly attainable.
- (2) The Credit Information Subject as an individual may request the Credit Information Provider/User to cease to contact or communicate the principal for the purpose of introducing a product or service, or soliciting its purchase.
- (3) The Credit Information Provider/User shall notify the individual of the rights, how to exercise the right pursuant to Paragraphs 1 and 2 by means of written statement, electronic message or oral communication, and comply immediately with counterparty's request prescribed in Paragraphs 1 and 2. In this case, the oral notification shall be followed and confirmed by additional notification procedure as prescribed by the Presidential Decree.
- (4) The Credit Information Provider/User shall take procedural measures to perform the duty

pursuant to Paragraph 3 as prescribed by the Presidential Decree.

- (5) The Credit Information Provider/User shall take necessary measures prescribed by the Presidential Decree lest the Credit Information Subject as an individual should bear the monetary expenses including telephone charges, etc. arising out of the request pursuant to Paragraph 2.

Article 38 (Access to Credit Information and Request for Its Correction, etc.)

- (1) The Credit Information Subject may request the Credit Information Company, etc. to provide, or allow access to, the Principal's Information in the possession of the Credit Information Company, etc. after producing a certificate showing his/her identity or proving himself/herself by means of telephone or Internet homepage posting as prescribed by the Presidential Decree, and where such Principal's Information is different from the fact, he/she may request a correction of such difference as notified by the Financial Services Commission.
- (2) Where the Credit Information Company, etc. which has received a request to make corrections pursuant to Paragraph 1 deems that there are justifiable grounds for the correction, it shall immediately record the fact that a request for correction or fact-finding is being undertaken and after suspending the provision and use of the Credit Information concerned without delay, shall investigate the facts and delete or correct the Credit Information which is found false or which cannot be confirmed.
- (3) The Credit Information Company, etc. which has deleted or corrected the Credit Information pursuant to Paragraph 2 shall inform persons who were provided with the Credit Information concerned within the past six(6) months, or other persons as requested by the Credit Information Subject of the details deleted or corrected.
- (4) The Credit Information Company, etc. shall notify the Credit Information Subject of the result of the processing prescribed in Paragraphs 2 and 3 within seven(7) days, and where the Credit Information Subject is dissatisfied with the result, he/she may request the Financial Services Commission for the correction as prescribed by the Presidential Decree.
- (5) Where the Financial Services Commission has received a request for the correction as prescribed in Paragraph 4, it may have the Governor of the Financial Supervisory Service, which was established pursuant to Article 24 of the Act on the Establishment of the Financial Services Commission, investigate the facts of the case and, according to the result of such investigation, may order corrections or take such measures as are necessary toward the Credit Information Company, etc.

(6) A person who conducts an investigation pursuant to Paragraph 5 shall carry a certificate indicating his/her authority and present it to the persons concerned.

(7) Where the Credit Information Company, etc. takes measures of correction in accordance with correction orders of the Financial Services Commission pursuant to Paragraph 5, it shall report the result of such measures to the Financial Services Commission.

Article 39 (Right to Free Access)

The Credit Inquiry Company shall have the individual Credit Information Subject be provided for free with, or have access to, the Principal's Information more than once every certain period.

Article 40 (Prohibited Matters for Credit Information Company, etc.)

The Credit Information Company, etc. shall not conduct any activity of the following Subparagraphs, nor shall a person other than the Credit Information Company, etc. conduct the activity prescribed in the main sentence of Subparagraph 4 as business or the activity prescribed in Subparagraph 6:

1. To give false information to the client;
2. To coerce solicitations for investigation regarding Credit Information;
3. To coerce persons who are the subject of investigations concerning Credit Information for the provision of investigative data or responses;
4. To ascertain the location and contact address (hereinafter referred to as the "locations") of specific individuals or investigate private lives, etc. other than commercial transaction relationships such as financial transactions; *provided*, that this shall not apply where the Credit Information Company which is licensed for Debt Collection Service is ascertaining the locations of specific individuals for the purpose of carrying out its activities, or where it is allowed to ascertain locations of specific individuals in accordance with other laws and regulations;
5. To use the title of, or titles similar to, intelligence agents or detectives; and
6. To cause great damage to the investors, credit providers, etc. toward relevant financial products, corporations and collective investment schemes while conducting an inaccurate Credit Rating Service out of intention or gross negligence.

Article 41 (Prohibited Matters for Debt Collection Company)

- (1) The Debt Collection Company shall not have others conduct the Debt Collection Service by

lending its name.

- (2) The Debt Collection Company shall not use similar name other than the name including “Credit Information” in its trade name except as otherwise permitted by other laws and regulations; *provided*, that this shall not apply where the Debt Collection Company conducts the Credit Inquiry Service or the Credit Rating Service at the same time.

Article 42 (Prohibition of Disclosure of Secrets for Non-Business Purposes, etc.)

- (1) The Credit Information Company, etc. and a person who is or was an officer or employee of the company entrusted with the processing of Credit Information pursuant to Article 17(2) (hereinafter referred to as the “Credit Information Business Personnel”) shall not disclose or use personal secrets such as Credit Information and private information obtained during the course of business (hereinafter referred to as the “Personal Secrets”) for the purposes other than business purpose.
- (2) What the Credit Information Company, etc. and the Credit Information Business Personnel provide the Credit Information to the Credit Information Company, etc. shall not be deemed as disclosing or using Personal Secrets for the purposes other than business purpose as prescribed in Paragraph 1.
- (3) Where a person who has obtained the Personal Secrets disclosed in violation of Paragraph 1 (including the person who has again obtained the Personal Secrets disclosed by the previous person) gets to know such Personal Secrets disclosed in violation of Paragraph 1, he/she shall not use or provide such Personal Secrets to others.
- (4) A person who has been provided with Personal Credit Information from the Credit Information Company, etc. and the Credit Information Business Personnel shall not provide such Personal Credit Information to others; *provided*, that this shall not apply where the provision of information is permitted pursuant to this Act or other laws.

Article 43 (Indemnification for Damages)

- (1) Where the Credit Information Company, etc. and other users of Credit Information cause any damage to the Credit Information Subjects in violation of this Act, they shall be liable for damages for the Credit Information Subjects concerned; *provided, however*, that this shall not apply where the Credit Information Company, etc. and other users of Credit Information prove the absence of intention or negligence.
- (2) Where the Debt Collection Company or the Delegated Debt Collector cause any damage

to the debtor or his/her related person in violation of this Act, it shall indemnify them for damages; *provided, however*, that this shall not apply where the Debt Collection Company or the Delegated Debt Collector proves the absence of intention or negligence.

- (3) Where the Credit Information Company which has been requested to conduct the services prescribed in Article 4(1) cause any damage to the client due to its fault, it shall indemnify the client for damages.
- (4) Where a person who has been entrusted with the processing of Credit Information pursuant to Article 17(2) cause any damage to the Credit Information Subjects in violation of this Act, the truster and the trustee shall be liable jointly and severally for damages.
- (5) Where the Delegated Debt Collector cause any damage to the debtor or his/her related person in violation of this Act or the Act Concerning Fair Collection of Debt, the Debt Collection Company and the Delegated Debt Collector shall be liable jointly and severally for damages; *provided, however*, that this shall not apply where the Debt Collection Company proves the absence of intention or negligence.

Article 44 (Credit Information Association)

- (1) The Credit Information Company may establish the Credit Information Association in order to promote the sound development of the credit information business and maintain the business order among the Credit Information Companies.
- (2) The Credit Information Association shall be a juristic person.
- (3) The Credit Information Association shall conduct the following activities as prescribed by its articles of association:
 1. Activities to maintain the sound business order among the Credit Information Companies;
 2. Research and survey for the promotion of the development of the credit information business;
 3. Counselling and dealing with requests and petitions of users of the credit information business; and
 4. Other activities as prescribed by the Presidential Decree.

Chapter 7. Supplementary Provisions

Article 45 (Supervision, Inspection, etc.)

- (1) The Financial Services Commission shall supervise the Credit Information Company, etc. whether they comply with this Act or its order pursuant to this Act.
- (2) The Financial Services Commission may give necessary orders to the Credit Information Company, etc. to file reports with respect to their business or properties as deemed necessary to the supervision as prescribed in Paragraph 1.
- (3) The Governor of the Financial Supervisory Service may have his officials inspect business and current financial status of the Credit Information Company, etc. as prescribed in this Act.
- (4) The Governor of the Financial Supervisory Service may, where he deems it necessary to conduct an inspection prescribed in Paragraph 3, request the Credit Information Company, etc. to furnish data and make persons involved appear and state their opinion.
- (5) A person who conducts an investigation pursuant to Paragraph 3 shall carry a certificate indicating his/her authority and present it to the persons concerned.
- (6) The Governor of the Financial Supervisory Service shall report the result of the inspection prescribed in Paragraph 3 to the Financial Services Commission upon the completion of such inspection as prescribed by the Financial Services Commission.
- (7) The Financial Services Commission may, when it deems that the Credit Information Company, etc. likely does harm to the sound operation of the credit information business and the rights and interests of the Credit Information Subjects, take any measure of the following Subparagraphs, or have the Governor of the Financial Supervisory Service take the measures falling under Subparagraphs 1 through 3:
 1. Caution or warning against the Credit Information Company, etc.;
 2. Caution or warning against the officers and employees;
 3. Warning against employees and demand for suspension of job, reduction of salary, reprimand, etc.;
 4. Advice of dismissal or suspension of job against officers, or demand for removal of employees;
 5. Corrective order against violation; or
 6. Discontinuation of provision of the Credit Information.

Article 46 (Special Application for Credit Rating Company)

Articles 20(1), 20(3), 31, 38 and 42 shall not apply to the Credit Rating Company.

Article 47 (Submission of Business Reports)

- (1) The Credit Information Company and the Credit Information Concentration Agency shall submit the quarterly business report to the Governor of the Financial Supervisory Service until the last day of the month next to the final month of each quarter in the style and format as set forth by the Governor of the Financial Supervisory Service.
- (2) The report prescribed in Paragraph 1 shall be signed or sealed by the representative, the officer in charge or their agent.
- (3) The details and other matters necessary to make the report prescribed in Paragraph 1 shall be established by the Governor of the Financial Supervisory Service.

Article 48 (Hearing)

Where the Financial Services Commission intends to revoke the license or authorization of the Credit Information Company pursuant to Article 14(1), or cancel the registration of the Delegated Debt Collector, it shall hold a hearing.

Article 49 (Delegation and Entrustment of Authority)

Part of the authority, prescribed by the Presidential Decree, of the Financial Services Commission under this Act may be delegated or entrusted, as prescribed by the Presidential Decree, to the Special Metropolitan City Mayor, Metropolitan City Mayors, Governors of Provinces, the Governor of the Financial Supervisory Service, the Credit Information Association or other person as prescribed by the Presidential Decree.

Article 50 (Penal Provisions)

- (1) The person who falls under any of the following Subparagraphs shall be punished by imprisonment for not more than five(5) years or a fine not exceeding fifty million won:
 1. The person who conducts the service prescribed in each Subparagraph of Article 4(1) without obtaining the license or authorization therefor in violation of Articles 4(2) or 10(1);
 2. The person who has obtained the license or authorization prescribed in Articles 4(2) or 10(1) through fraud or other unjust means;
 3. The person who violates Article 29(9);

4. The person who violates Articles 32(1) or 32(2);
 5. The person who violates Article 33; or
 6. The person who violates Articles 42(1), 42(3) or 42(4).
- (2) The person who falls under any of the following Subparagraphs shall be punished by imprisonment for not more than three(3) years or a fine not exceeding thirty million won:
1. The person who operates business during the period of its suspension as prescribed in Article 14(2);
 2. The person who violates Article 16;
 3. The person who modifies or deletes information or makes it unusable in the credit information computer system prescribed in Article 19(1) without authority, or who searches, copies or uses by other means Credit Information without authority.
 4. The person who is not a Credit Information Concentration Agency, but builds the Joint Computer Network as prescribed in Article 25(6);
 5. The person who violates Article 29(2);
 6. The person who violates Articles 34(1) or 34(2), or the latter sentence of Article 34(3);
 7. The person who violates each Subparagraph of Article 40; or
 8. The person who violates Article 41(1).
- (3) The person who falls under any of the following Subparagraphs shall be punished by imprisonment for not more than one(1) year or a fine not exceeding ten million won:
1. The person who has acquired the shares without approval in violation of Article 9(1);
 2. The person who fails to dispose of the shares acquired the shares without approval in violation of the order as prescribed in Article 9(2);
 3. The person who entrusts the processing of Credit Information to a person not satisfying the requirements in violation of Article 17(2), and the trustee;
 4. The person who violates Article 18(2);
 5. The person who violates Article 20(2);
 6. The person who violates Article 21;
 7. The person who conducts the Debt Collection Service without registering as the Delegated Debt Collector at the Financial Services Commission in violation of Article 27(3);
 8. The person who violates Article 27(4);
 9. The person who collected non-collectible Claims in violation of Article 27(5), or conducts the Debt Collection Service through the not-yet-registered Delegated Debt Collector, the Delegated Debt Collector who has been registered as belonging to the other Debt

- Collection Company or the Delegated Debt Collector during the suspension of business;
10. The person who conducts the Debt Collection Service during the suspension of business as prescribed in Article 27(7);
 11. The person who violates Article 29(6); or
 12. The person who fails to perform the order of the Financial Services Commission to dispose of the shares as prescribed in Article 30(2).

Article 51 (Joint Penal Provisions)

Where the representative of a corporation (juristic person in legal terms), or any agent, officer or other employee of such a corporation or an individual violates Article 50 in connection with business of the juristic person or individual, the fine penalty as prescribed in the same Article shall be imposed upon the juristic person or individual concerned in addition to the punishment of the violator.

Article 52 (Fine for Negligence)

- (1) The person who fails to confirm the personal identity and the purpose of use of the recipient of the Personal Credit Information in violation of Article 32(7) shall be punished by a fine for negligence not exceeding 30 million won.
- (2) The person who violates Article 10(4) shall be punished by a fine for negligence not exceeding 20 million won.
- (3) The person who falls under any of the following Subparagraphs shall be punished by a fine for negligence not exceeding 10 million won.
 1. The person who violates Article 8;
 2. The person who violates any of Articles 11 through 13;
 3. The person who has entrusted the collection and investigation without the consent of clients in violation of Article 17(1);
 4. The person who violates Article 18(1);
 5. The person who violates Article 19;
 6. The person who violates Article 20(3);
 7. The person who violates Article 23(5);
 8. The person who violates Articles 29(3) through 29(5), 29(7) or 29(8);
 9. The person who violates Article 31;
 10. The person who violates Articles 32(3), 32(5) or 32(6);

11. The person who violates the latter sentence of Article 35;
 12. The person who violates Articles 36(1) or 36(3);
 13. The person who violates Article 37(3);
 14. The person who violates Articles 38(2) through 38(5) or 38(7);
 15. The person who fails to comply with the orders, reject, interfere with or evade the inspection and request as prescribed in Articles 45(2) through 45(4); or
 16. The person who fails to report, or makes an false report different from the facts in violation of Article 47.
- (4) The person who falls under any of the following Subparagraphs shall be punished by a fine for negligence not exceeding five(5) million won:
1. The person who violates Article 20(1);
 2. The person who fails to produce his certificate to persons concerned while conducting the Debt Collection Service in violation of Article 27(8); or
 3. The person who violates Article 39.
- (5) The fine for negligence prescribed in Paragraphs 1 through 4 shall be imposed and collected by the Financial Services Commission as prescribed by the Presidential Decree.

ADDENDA

Omitted during the years 1995 - 2008

ADDENDA <Act No. 9617, Apr. 1, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force six(6) months after the date of its promulgation.

Article 2 (Application Example concerning Use of Similar Name)

The amended provisions of Article 12 shall not apply to the person who has used the name of credit rating or other name similar thereto from among trade names prior to the enforcement of the Act on the Use and Protection of Credit Information [Act No. 6428].

Articles 3 through 7 *Omitted*

Articles 8 (Transitional Measures Concerning Approval of Change of Majority Shareholders)

Majority shareholders of the Credit Information Company at the time of enforcement of this Act shall be deemed to have obtained the approval of change of majority shareholders in accordance with the revised provisions of Article 9.

Articles 9 through 13 *Omitted*