

SPECIAL ACT ON THE PROMOTION OF BUSINESS CONVERSION IN SMALL AND MEDIUM ENTERPRISES

Act No. 7866, Mar. 3, 2006

Amended by Act No. 8361, Apr. 11, 2007

Act No. 8362, Apr. 11, 2007

Act No. 8429, May 11, 2007

Act No. 8635, Aug. 3, 2007

Act No. 8852, Feb. 29, 2008

Act No. 9181, Dec. 26, 2008

Act No. 9685, May 21, 2009

Act No. 10252, Apr. 12, 2010

Act No. 11020, Jul. 4, 2012

Act No. 11656, Mar. 22, 2013

Article 1 (Purpose)

The purpose of this Act is to promote the business conversion of small and medium enterprises that suffer difficulties due to changes in the economic environment, which will enhance the competitiveness of small and medium enterprises and upgrade the industrial structure, thereby contributing to the healthy development of the national economy.

Article 2 (Definitions)

The definitions of terms used in this Act are as follows: *<Amended by Act No. 11656, Mar. 22, 2013>*

1. The term "small and medium business operator" means the operator of a small and medium business under Article 2 of the Framework Act on Small and Medium Enterprises;
2. The term "business conversion" means cases falling under any of the following items:
 - (a) Where a small and medium business operator discontinues his/her current type of business to operate a new type of business;
 - (b) Where a small and medium business operator reduces or maintains the size of his/her current type of business, and the weight of a new type of business increases to a level higher than the one prescribed by Presidential Decree.

Article 3 (Scope of Application)

This Act shall apply to small and medium business operators who meet the standards prescribed by Presidential Decree, such as type and size of business, and are in need of business conversion or conversion into promising business of the future or strategic business that can strengthen national competitiveness, due to any structural difficulties resulting from changes in the economic environment in securing competitiveness. <Amended by Act No. 11656, Mar. 22, 2013>

Article 4 (Establishment and Implementation of Plans for Promotion of Business Conversion of Small and Medium Enterprises)

(1) In order to assist small and medium business operators with swift business conversion, the Administrator of the Small and Medium Business Administration shall establish and implement a plan for the promotion of business conversion of small and medium enterprises (hereinafter referred to as "plan for the promotion of business conversion") every two years, involving the matters in the following subparagraphs:

1. Matters concerning the direction of promotion of policies on the business conversion of small and medium enterprises;
2. Matters concerning the establishment and operation of a business conversion assistance system;
3. Matters concerning measures to assist in business conversion;
4. Matters concerning the improvement of a system for the promotion of business conversion;
5. Matters concerning the type of business, size, etc. of small and medium business operators who are subject to the application of this Act;
6. Other matters that the Administrator of the Small and Medium Business Administration acknowledges as necessary for the establishment of a plan for the promotion of business conversion.

(2) Where it is acknowledged as necessary for the establishment of a plan for the promotion of business conversion, the Administrator of the Small and Medium Business Administration may request the head of a relevant central administrative agency, the Special Metropolitan City Mayor, a Metropolitan City Mayor, a Do Governor, a Special Self-Governing Province Governor, and the head of an agency or organization assisting small and medium enterprises, etc. to supply data.

(3) Matters necessary for the establishment and implementation of a plan for the promotion of business conversion, in addition to the matters prescribed in paragraphs (1) and (2), shall be prescribed by Presidential Decree.

Article 5 Deleted. <by Act No. 8852, Feb. 29>

Article 6 (Establishment of Support Center for Business Conversion of Small and Medium Enterprises)

(1) In order to provide efficient assistance in the business conversion of small and medium business operators, the Administrator of the Small and Medium Business Administration may establish and operate a support center for the business conversion of small and medium enterprises (hereinafter referred to as "support center") by designating an agency or organization to assist small and medium enterprises.

(2) The duty of the support center shall be as follows:

1. Matters concerning assistance in establishing a plan for business conversion under Article 8;
2. Matters concerning the supply of information and assistance with consultancy for business conversion;
3. Matters concerning financing mediation and assistance in linking mergers and acquisitions;
4. Matters concerning the follow-up management of small and medium business operators who have obtained approval under Article 8;
5. Matters concerning the supply of information on the distribution and mediation on transaction of idle equipment;
6. Other matters that the Administrator of the Small and Medium Business Administration entrusts for the promotion of business conversion of small and medium enterprises.

(3) The government may subsidize all or part of the expenses incurred in the establishment and operation of the support center.

(4) Matters necessary for the standards for the establishment and designation of the support center, and the operation thereof shall be prescribed by Presidential Decree.

Article 7 (Investigation into Actual State of Business Conversion)

(1) The Administrator of the Small and Medium Business Administration shall make an investigation into the actual state of business conversion of small and medium business operators every two years for the establishment of a plan for the promotion of business conversion and for the management of performance, etc., and may make an investigation at any time he/she acknowledges it as necessary.

(2) The investigation into actual state under paragraph (1) shall include the matters in the following subparagraphs:

1. Matters concerning the actual state of business conversion by area and by type of business of small and medium business operators;
2. Matters concerning the outcomes of business conversion, such as the actual state of management of small and medium business operators who have obtained approval under Article 8;
3. Matters concerning statistics on business conversion of small and medium business operators, such as sales proceeds and bill default ratio by area and by type of business;
4. Other matters necessary to understand the actual state of business conversion of small and medium business operators.

(3) Where the Administrator of the Small and Medium Business Administration acknowledges it as necessary for an investigation into the actual state of business conversion under paragraph (1), he/she may request the head of a relevant central administrative agency, the head of a local government and the head of an agency or organization assisting small and medium enterprises to supply data or to provide necessary cooperation in the investigation. In such cases, those who have been requested for the supply of data or cooperation shall comply with it unless there exists any special reason not to do so.

(4) Matters necessary for an investigation into actual state, etc. under paragraph (1) shall be prescribed by Presidential Decree.

Article 8 (Approval on Plan for Business Conversion)

(1) Any small and medium business operator intending for business conversion may submit a plan for business conversion that states the following matters (hereinafter referred to as "plan for business conversion") and obtain approval therefor from the Administrator of the Small and Medium Business Administration:

1. Necessity of the business conversion;
2. Type of business to be newly operated or added;
3. Details and the implementation period of the business conversion;
4. Rearrangement of employment and development of workplace skills of workers following the business conversion;
5. Financial resources necessary for the business conversion and plans to raise them;
6. Targeted level to be achieved by the business conversion, such as sales proceeds;
7. Other matters that the Administrator of the Small and Medium Business Administration acknowledges as necessary.

(2) Matters necessary for the standards for, and procedures of, approval of plans for business conversion and others shall be prescribed by Presidential Decree.

Article 9 Deleted. <by Act No. 9181, Dec. 26, 2008>

Article 10 (Investigation into Actual Results of Plan for Business Conversion)

(1) The Administrator of the Small and Medium Business Administration shall periodically investigate whether a small and medium business operator who has obtained approval on a plan for business conversion (hereinafter referred to as "approved enterprise") has implemented the plan for business conversion, and investigate into the actual results of the plan for business conversion, etc.

(2) Matters necessary for the procedures of investigation into the actual results under paragraph (1) shall be prescribed by Presidential Decree.

Article 11 (Modification, Suspension, etc. of Plan for Business Conversion)

(1) If an approved enterprise intends to modify important details of a plan for business conversion, it shall obtain approval from the Administrator of the Small and Medium Business Administration; whereas if it intends to suspend the plan for business conversion, it shall notify the Administrator of the Small and Medium Business Administration thereof.

(2) If the Administrator of the Small and Medium Business Administration deems, from the findings of investigation under Article 10 (1), that the feasibility of implementing a plan for business conversion is low, he/she may recommend modification or suspension of the plan to the relevant approved enterprise.

(3) Matters necessary for the procedures of approval on modification under paragraph (1) and of recommendation of modification or suspension under paragraph (2) shall be prescribed by Presidential Decree.

Article 12 (Share Swaps)

(1) In order to conduct business conversion, an approved enterprise (excluding any stock-listed corporation under the Financial Investment Services and Capital Markets Act; hereafter the same shall apply in this Article through Article 18, Article 18-2 and Article 19), which is a stock company, may swap its own shares for shares of another stock company (excluding any stock-listed corporation under the Financial Investment Services and Capital Markets Act; hereafter the same shall apply in this Article through Article 18, Article 18-2 and Article 19) or shares of the majority shareholders (referring to the shareholders who hold 10/100 or more of the total number of voting shares issued by the relevant corporation; hereinafter the same shall apply) of another stock company.

(2) Notwithstanding Article 341 of the Commercial Act, any approved enterprise that intends to swap shares under paragraph (1) may acquire its own shares for a share swap under paragraph (1) for its own account. In such cases, the amount of acquisition shall be within the profit that can be paid as a dividend under Article 462 (1) of the same Act.

(3) Any approved enterprise that intends to swap shares under paragraph (1) shall prepare a share swap contract stating the following matters and obtain approval thereon from a general meeting of shareholders. In such cases, Article 434 of the Commercial Act shall apply mutatis mutandis to the resolution for approval by the general meeting of shareholders:

1. Details of the business conversion;
2. Method, price and time of acquiring its own shares;
3. Total amount, value, kinds and quantity of shares to be swapped;
4. Date when shares are to be swapped;

5. If the share swap is made with majority shareholders of another stock company, names and resident registration numbers of such majority shareholders, and kinds and quantity of shares to be swapped.

(4) Any approved enterprise that intends to swap shares as prescribed in paragraph (1) shall immediately inform its shareholders of the contents of a resolution by the board of directors, if any, on the share swap, and prepare a share swap contract under paragraph (3) for perusal by its shareholders.

(5) Where an approved enterprise which is a stock company has acquired shares of another company or shares of the majority shareholders of another stock company through a share swap under paragraph (1), it shall hold the shares for at least one year from the date of acquisition.

(6) The period of acquiring one's own shares as prescribed in paragraph (2) shall not be more than six months from the date of resolution for approval by the general meeting of shareholders under paragraph (3).

Article 13 (Appraisal Rights of Opposing Shareholders)

(1) Shareholders who have notified an approved enterprise of their opposition to a share swap before the resolution for approval by a general meeting of shareholders under Article 12 (3) may request in writing the purchase of shares held by themselves within ten days from the date of resolution for approval by the general meeting of shareholders.

(2) Any approved enterprise shall purchase the shares within two months from the date it is called upon to purchase them under paragraph (1). In such cases, such shares shall be disposed of within six months therefrom.

(3) The provisions of Article 374-2 (3) through (5) of the Commercial Act shall apply mutatis mutandis to the decision on purchase price of the shares under paragraph (2).

Article 14 (Share Swaps, etc. following Issuance of New Shares)

(1) Any approved enterprise which is a stock company may issue new shares for business conversion and swap them for shares of another stock company or for shares of the majority shareholders of another stock company. In such cases, when such another stock company or majority shareholders of another stock company are allocated new shares that are issued by the approved enterprise for the share swap, they become a shareholder of the relevant approved enterprise.

(2) Any approved enterprise that intends to swap shares as prescribed in paragraph (1) shall prepare a share swap contract stating the following matters and obtain approval of a general meeting of shareholders therefor. In such cases, Article 434 of the Commercial Act shall apply mutatis mutandis to the resolution for approval by the general meeting of shareholders:

1. Details of the business conversion;
2. Total amount, value, kinds, quantity, and method of the allocation of new shares to be swapped;
3. Date when shares are to be swapped;
4. If the share swap is conducted with the major shareholders of another stock company, names and resident registration numbers of such major shareholders, and kinds and quantity of shares to be swapped.

(3) Where shares held by another stock company or majority shareholders of another stock company through a share swap under paragraph (1) are contributed in kind in any approved enterprise and where the price of the shares has been appraised by a publicly certified appraisal agency prescribed by Presidential Decree, it shall be deemed that an investigation by an inspector under Article 422 (1) of the Commercial Act or an appraisal by a publicly certified appraiser has been made. In such cases, Article 422 (2) and (3) of the same Act shall not apply.

(4) Article 12 (4) and (5) shall apply mutatis mutandis to share swaps under paragraph (1).

Article 15 (Appraisal Rights when Swapping Newly Issued Shares)

@Article 13 shall apply mutatis mutandis to the appraisal rights of shareholders opposing share swaps under Article 14.

Article 16 (Special Cases of Share Swaps)

(1) Where any approved enterprise which is a stock company conducts share swaps as prescribed in Article 12 or 14, approval by the board of directors may be substituted for approval by the general meeting of shareholders unless the number of shares being swapped exceeds 50/100 of the total number of issued shares.

(2) In cases of paragraph (1), the approved enterprise shall state the purport in the share swap contract that share swaps can be conducted without approval by the general meeting of shareholders which is provided for in Article 12 (3) or 14 (2).

(3) Any approved enterprise which is a stock company shall announce or notify its shareholders of the main contents of the share swap contract and the purport that share swaps can be conducted without approval by the general meeting of shareholders.

(4) If a shareholder who holds shares equivalent to 20/100 or more of the total number of shares issued by any approved enterprise which is a stock company notifies the approved enterprise of its intent in writing that he/she opposes share swaps under paragraph (1) within two weeks from the date it is announced or notified as prescribed in paragraph (3), no share swap under this Article shall be allowed.

(5) Article 13 or 15 shall not apply to share swaps under paragraph (1).

Article 17 (Litigation over Invalidity of Share Swap)

@Article 360-14 of the Commercial Act shall apply mutatis mutandis to litigations over invalidity of share swap conducted in accordance with Article 12 or 14. In such cases, "company becoming a complete parent company" in paragraph (2) of the same Article shall be deemed "approved enterprise which is a stock company," and "company that became a complete parent company" and "company that became a complete subsidiary" in paragraph (3) of the same Article shall be deemed "approved enterprise which is a stock company" and "another stock company", respectively.

Article 18 (Simplification, etc. of Merger Procedures)

(1) Where an approved enterprise which is a stock company intends to make a business conversion through a merger with another stock company, it shall announce to its creditors, within one week from the resolution for such merger, that any other opinion about the merger should be presented within the prescribed time limit exceeding 10 days thereafter and inform the creditors with knowledge of such merger of the announced matters, notwithstanding Article 527-5 (1) of the Commercial Act.

(2) Where an approved enterprise which is a stock company notifies of the convocation of a general meeting of shareholders for resolution for merger, the notification may be given seven days before the convocation of such general meeting of shareholders, notwithstanding the main body of Article 363 (1) of the Commercial Act.

(3) Where an approved enterprise which is a stock company issues a public notice of merger contract, etc. in order to merge with another stock company, the period of such public notice may be from seven days before the convocation of a general meeting of shareholders for approval for merger until one month after the merger, notwithstanding Article 522-2 (1) of the Commercial Act.

(4) Notwithstanding Article 522-3 of the Commercial Act, any shareholder of an approved enterprise opposing a resolution by the board of directors concerning merger of the approved enterprise which is a stock company shall notify the approved enterprise that he/she opposes such merger prior to the convocation of the general meeting of shareholders and request for the purchase of shares by stating the kinds and number of shares in possession.

(5) Notwithstanding Articles 374-2 (2) and 530 (2) of the Commercial Act, where an approved enterprise which is a stock company receives a request as prescribed in paragraph (4), it shall purchase the relevant shares within two months from the date of resolution for merger by the general meeting of shareholders.

(6) The provisions of Article 374-2 (3) through (5) of the Commercial Act shall apply mutatis mutandis to the decision of a purchase price of shares prescribed in paragraph (5). In such cases, the words "receipt of a request under paragraph (1)" in Article 374-2 (4) of the same Act shall be deemed "the date of resolution for merger by the general meeting of shareholders."

Article 18-2 (Special Cases of Simplified Mergers)

(1) Notwithstanding Article 527-2 (1) of the Commercial Act, where a company that survives merger holds 90/100 or more of the total number of voting shares issued by a company that ceases to exist due to merger when an approved enterprise which is a stock company merges with another stock company, approval by the board of directors may be substituted for approval by a general meeting of shareholders of the company that ceases to exist due to merger.

(2) Article 522-3 (2) of the Commercial Act shall apply mutatis mutandis to the appraisal rights of shareholders opposing merger under paragraph (1).

Article 19 (Simplification of Procedures of Division and Divided Merger)

(1) Where an approved enterprise which is a stock company has been divided under Article 530-2 (1) of the Commercial Act for business conversion, Article 18 (2) and (3) of this Act shall apply mutatis mutandis to the procedures of division if it falls under Article 530-9 (1) of the Commercial Act, and Article 18 (1) through (3) of this Act shall apply mutatis mutandis to the procedures of division if it falls under Article 530-9 (2) of the Commercial Act.

(2) The provisions of Article 18 of this Act shall apply mutatis mutandis to the procedures of a divided merger if an approved enterprise which is a stock company intends a divided merger under Article 530-2 (2) of the Commercial Act with another stock company for business conversion.

Article 20 (Special Cases of Takeover of Business of another Stock Company)

(1) Where an approved enterprise which is a stock company transfers all or part of its business to another stock company (excluding a stock-listed corporation under the Financial Investment Services and Capital Markets Act; hereafter the same shall apply in this Article), approval by the board of directors of such another stock company may be substituted for approval by the general meeting of shareholders unless the transfer value exceeds 10/100 of the net asset value extant on the final balance sheet of such another stock company.

(2) In cases of paragraph (1), the purport that all or part of business may be taken over without approval by the general meeting of shareholders of another stock company shall be inserted in the business transfer agreement.

(3) Another stock company that intends to take over all or part of the business of an approved enterprise as prescribed in paragraph (1) shall announce the major contents of the business transfer agreement as well as the purport that business will be taken over without approval by the general meeting of shareholders or

notify its shareholders thereof, within two weeks from the date of concluding such business transfer agreement.

(4) If a shareholder who holds shares equivalent to 20/100 or more of the total number shares issued by another stock company notifies of his/her opposition to takeover of business under paragraph (1) within two weeks from the date of announcement or notification under paragraph (3), business takeover under this Article shall not be made.

(5) Article 374-2 of the Commercial Act shall not apply to takeover of business under paragraph (1).

(6) The provisions of Article 18 (2) through (6) shall apply mutatis mutandis to the procedures of transfer or takeover of business under Article 374 of the Commercial Act made by any approved enterprise which is a stock company.

Article 21 (Supply of Information, etc.)

(1) The Administrator of the Small and Medium Business Administration may supply information on business conversion, such as the relevant market, technology, type of business to advance into, etc. to the small and medium business operators who promote business conversion.

(2) The Administrator of the Small and Medium Business Administration may conduct the following business affairs in order to supply information under paragraph (1):

1. Establishment of an information supply system utilizing agencies or organizations assisting small and medium enterprises, etc.;
2. Establishment and management of information database on market, technology, type of business to advance into, etc. utilizing specialists in management and technology;
3. Other business affairs necessary to revitalize supply of information on business conversion.

(3) The Administrator of the Small and Medium Business Administration may request the heads of central administrative agencies, the heads of local governments and the heads of public agencies to supply data in order to supply information under paragraphs (1) and (2).

Article 22 (Assistance with Consultancy)

(1) The Administrator of the Small and Medium Business Administration may give assistance with consultancy on the improvement of management, technology, finance, accounting, etc. to small and medium business operators who promote business conversion.

(2) In order to render assistance with consultancy under paragraph (1), the Administrator of the Small and Medium Business Administration may promote or assist the following business affairs:

1. Supply of consultancy appropriate for the scale and type of business of small and medium business operators;
2. Establishment of an assessment system to secure credibility of the results of consultancy;
3. Connecting the results of consultancy with the means of assistance, such as loan, aid, etc.;
4. Other business affairs necessary for the strengthening of consultancy base.

(3) The Administrator of the Small and Medium Business Administration may assist small and medium business operators, agencies providing consultancy, or any other entities with the expenses incurred in

connection with business under paragraph (2).

Article 23 (Assistance in Merger, Acquisition, etc.)

The government may conduct the following business affairs in order to assist small and medium business operators who promote business conversion through merger, acquisition, business transfer, business takeover, etc. (hereinafter referred to as "merger, acquisition, etc."):

1. Assistance in the laying of the groundwork for mediation for merger, acquisition, etc.;
2. Supply of information on merger, acquisition, etc. and assistance with consultancy in legal and accounting issues;
3. Assistance with finance and investment necessary for merger, acquisition, etc.;
4. Other business affairs necessary to ensure the smooth processing of merger, acquisition, etc.

Article 24 (Financial Assistance)

(1) The Government and local governments may assist approved enterprises with finance, contribution, etc. necessary for business conversion, such as the purchase of equipment and research and development.

(2) The Government may make use of the Small and Medium Enterprise Establishment Fund and the Small and Medium Enterprise Promotion Fund under Article 63 of the Small and Medium Enterprises Promotion Act. *<Amended by Act No. 9685, May 21, 2009>*

Article 25 (Assistance in Development of Workplace Skills and Security of Employment)

(1) Small and medium business operators shall endeavor to prevent unemployment which might occur following business conversion and to develop workplace skills of their workers in office, as prescribed by related Acts and subordinate statutes, such as the Framework Act on Employment Policy and the Act on the Development of Workplace Skills of Workers

(2) The Government may prepare support measures which include the following business affairs for the rearrangement of employment by small and medium business operators who promote business conversion, and stability of employment and development of workplace skills of their workers in office, and so on:

1. Training for re-employment of the unemployed who have been discharged from small and medium enterprises which have conducted business conversion and training for nurturing adaptability of workers to the type of business which they have newly entered, which are offered by job capability development training establishments under subparagraph 3 of Article 2 of the Act on the Development of Workplace Skills of Workers, agencies assisting small and medium enterprises, or any other entities;
2. Assistance in the rearrangement of employment under Article 21 of the Employment Insurance Act and assistance in the development of workplace skills under Article 29 of the same Act.

Article 26 (Assistance in Distribution of Idle Equipment)

The Administrator of the Small and Medium Business Administration may promote the following business affairs in order to assist the swift distribution of idle equipment arising from business conversion, etc.:

1. Supply of information on the distribution of idle equipment in Korea and abroad and mediation of transactions thereof;

2. Establishment of a system connecting agencies for the sale and purchase of idle equipment;
3. Assistance with sites for the accumulation and sale of idle equipment;
4. Establishment of a value assessment system to enhance the reliability of idle equipment;
5. Other business affairs necessary to revitalize the distribution of idle equipment.

Article 27 (Assistance with Sites)

(1) The Government and local governments shall strive to supply sites for the establishment, relocation, enlargement, etc. of factories following business conversion of small and medium business operators and to simplify procedures thereof.

(2) The Government and local governments may assist approved enterprises in the following business affairs: <Amended by Act No. 10252, Apr. 12, 2010; Act No. 11020, Aug. 4, 2011>

1. Relocation into an agricultural and industrial complex under subparagraph 8 (d) of Article 2 of the Industrial Sites and Development Act;
2. Relocation into an industrial site and knowledge industry center supplied by the Government or local governments on a preferential basis;
3. Relocation into a business incubator under subparagraph 7 of Article 2 of the Support for Small and Medium Enterprise Establishment Act built by the Government or local governments;
4. Relocation into a comprehensive support center for small and medium enterprises, shop for exhibition and sales, and any other support facilities thereof built by local governments;
5. Vicarious execution of establishment, relocation, enlargement, etc. of factories and mediation of sites thereof through a small and medium business consulting company under subparagraph 6 of Article 2 of the Support for Small and Medium Enterprise Establishment Act.

Article 28 (Investment by Start-up Investment Company)

Where a small and medium business start-up investment company and a small and medium business start-up investment cooperative under Articles 10 and 20 of the Support for Small and Medium Enterprise Establishment Act invest in any approved enterprise as prescribed by the same Act, the investment amount shall be deemed to have been used under the main body of Article 16 (1) of the same Act and the main body of Article 21 (3) of the same Act.

Article 29 (Assistance in Taxation)

The Government and local governments may assist approved enterprises in taxation as prescribed by tax related Acts.

Article 30 (Special Cases of Share Swaps for Formerly Approved Enterprise)

@Articles 12 (5) and 14 (4) shall apply to an approved enterprise under this Act where it has swapped shares as prescribed in Articles 12 and 14, even after it ceases to be classified as an approved enterprise.

Article 31 (Cancellation of Approval on Plan for Business Conversion)

(1) Where an approved enterprise falls under any of the following subparagraphs, the Administrator of the Small and Medium Business Administration may cancel approval under Article 8: Provided, That when it falls under subparagraph 1, he/she shall cancel such approval:

1. Where it obtains approval on business conversion by deceit or other unjust means;
 2. Where it modifies its plan for business conversion without approval under Article 11 (1);
 3. Where it fails to carry out business activities for a period prescribed by Presidential Decree due to suspension of business, cessation of business or bankruptcy, etc.;
 4. Where the approved enterprise fails to promote the plan for business conversion within six months from the date it receives approval on the plan for business conversion without any justifiable reason.
- (2) If the Administrator of the Small and Medium Business Administration intends to cancel approval as prescribed in paragraph (1), he/she shall hold a hearing.
- (3) Where the Administrator of Small and Medium Business Administration has cancelled approval as prescribed in paragraph (1), he/she shall notify the related agencies thereof.

Article 32 (Reporting and Inspections)

(1) For the purposes of the following subparagraphs, the Administrator of the Small and Medium Business Administration may cause small and medium business operators and related agencies, such as support center, etc. to report on the compliance status of the plan for business conversion, or cause public officials under his/her control to enter the relevant office and place of business and to make an inspection of books, papers, etc. of approved enterprises prescribed by Presidential Decree:

1. Where it is necessary to investigate the compliance status of the plan for business conversion under Article 10 (1);
 2. Where approved enterprises request modification of the plan for business conversion or suspension thereof as prescribed in Article 11 (1);
 3. Other matters corresponding to subparagraphs 1 and 2 which are prescribed by Presidential Decree.
- (2) Where making an inspection as prescribed in paragraph (1), a plan for inspection on the date, purpose and details of inspection, etc. shall be notified to the persons subject to inspection not later than seven days before the inspection: Provided, That in case of urgency or if it is acknowledged that the purpose of inspection cannot be achieved due to destruction of evidence, etc. if it is notified in advance, this shall not apply.
- (3) Any public official who make an inspection as prescribed in paragraph (1) shall carry a certificate stating his/her authority and show it to interested parties, and hand over a document stating the name of the public official, time of access, purpose of access, etc. where he/she enters the place for inspection.

Article 33 (Devolution and Entrustment)

- (1) The Administrator of the Small and Medium Business Administration may devolve part of his/her authority under this Act to the head of its affiliated agency or to the heads of local governments, as prescribed by Presidential Decree.
- (2) The Administrator of the Small and Medium Business Administration may entrust part of his/her authority under this Act to the heads of other administrative agencies or to the heads of organizations or agencies relating to small and medium enterprises, such as the Korea Federation of Small and Medium Business and the Small and Medium Business Corporation.

Article 34 (Legal Fiction of Public Official in Application of Penal Provisions)

Executives and employees of the organizations or agencies with which the Administrator of the Small and Medium Business Administration entrusts its duty under Article 33 (2) shall be deemed public officials when the provisions of Articles 127 and 129 through 132 of the Criminal Act are applicable.

ADDENDA

Article 1 (Enforcement Date)

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

Articles 2 and Articles 3 Deleted. <by Act No. 11656, Mar. 22, 2013>

Articles 4 (Applicability pursuant to Enforcement of Act)

@Articles 12 and 14 through 20 shall apply to contracts concerning share swap, merger, divided merger, business transfer and business takeover of an approved enterprise which is a stock company and to plans for division that have been formulated after this Act enters into force.

Articles 5 Omitted.

ADDENDA <Act No. 8361, Apr. 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted)

Articles 2 through 10 Omitted.

ADDENDA <Act No. 8362, Apr. 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted)

Articles 2 through 10 Omitted.

ADDENDA <Act No. 8429, May 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 8635, Aug. 3, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force one year and six months after the date of its promulgation. (Proviso Omitted)

Articles 2 through 44 Omitted.

ADDENDA <Act No. 8852, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted)

Articles 2 through 7 Omitted.

ADDENDA <Act No. 9181, Dec. 26, 2008>

(1) (Enforcement Date) This Act shall enter into force on March 1, 2009.

(2) (Applicability concerning Cancellation of Approval on Plan for Business Conversion) The amended provisions of Article 31 (1) 4 shall apply beginning from a plan for business conversion that is approved for the first time after this Act enters into force.

(3) (Transitional Measures concerning Approval on Suspension of Plan for Business Conversion) Where approval on the suspension of a plan for business conversion is filed under the previous provisions at the time this Act enters into force, suspension of the plan for business conversion is deemed to have been notified under the amended provisions of Article 11 (1).

ADDENDA <Act No. 9685, May 21, 2009>

Article 1 (Enforcement Date)

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

Articles 2 through 8 Omitted.

ADDENDA <Act No. 10252, Apr. 12, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <Act No. 11020, Aug. 4, 2011>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted)

Articles 2 through 11 Omitted.

ADDENDUM <Act No. 11656, Mar. 22, 2013>

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