

## Law Viewer

## ACT ON FORMATION AND OPERATION OF AGRICULTURAL, FISHERIES, AND FOOD INVESTMENT FUNDS

Act No. 9953, Jan. 25, 2010  
Amended by Act No. 11091, Nov. 22, 2011  
Act No. 11692, Mar. 23, 2013  
Act No. 12058, Aug. 13, 2013  
Act No. 13130, Feb. 3, 2015  
Act No. 13383, Jun. 22, 2015  
Act No. 13448, Jul. 24, 2015  
Act No. 13453, Jul. 31, 2015  
Act No. 14127, Mar. 29, 2016  
Act No. 15383, Feb. 21, 2018

## CHAPTER I GENERAL PROVISIONS

## Article 1 (Purpose)

The purpose of this Act is to contribute to the balanced development of the national economy by promoting investments in the agricultural, fisheries and food industry and laying the foundation for sound growth of agricultural, fisheries and food enterprises.

## Article 2 (Definitions)

The definitions of terms used in this Act shall be as follows: <Amended by Act No. 13383, Jun. 22, 2015>

1. The term "agricultural, fisheries and food industry" means agriculture prescribed in subparagraph 1 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry, the fishery business prescribed in item (a) of subparagraph 1 of Article 3 of the Framework Act on Fishers and Fishing Villages Development, the food industry under subparagraph 8 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry and the industry prescribed by Presidential Decree, which is related to agriculture, fisheries, and food;
2. The term "investments" means the following matters:
  - (a) Acquiring stocks issued by stock companies, unsecured convertible bonds or unsecured bonds with warrant;
  - (b) Acquiring contributions following an increase in the capital of limited liability companies;
  - (c) Supporting funds for agricultural, fisheries and food enterprises, so as to use the assets of agricultural, fisheries and food enterprises for the agricultural, fisheries and food industry and related industry and distribute the profits therefrom.

## Article 3 (Scope of Agricultural, Fisheries and Food Enterprises)

Agricultural, fisheries and food enterprises (hereinafter referred to as "agricultural and food enterprises") means any of the following persons: <Amended by Act No. 11692, Mar. 23, 2013>

1. Agricultural and fisheries enterprises under subparagraph 7 of Article 2 of the Act on Fostering and Supporting Agricultural and Fisheries Enterprises;

2. Food business operators under subparagraph 3 of Article 2 of the Food Industry Promotion Act;
3. Companies which have the aim of manufacturing materials of agriculture, fisheries and foods (referring to materials prescribed by Presidential Decree, from among raw materials used for producing agriculture, fisheries and foods or intermediate products) or production facilities (referring to facilities prescribed by Presidential Decree, from among facilities manufacturing and processing materials), and satisfy the following requirements (referring to stock companies, limited liability companies, limited partnership companies and unlimited partnership companies under the Commercial Act):
  - (a) Companies, for which the sales volume of materials of agriculture, fisheries and foods or sales volume of production facilities out of the total sales volume meets standards prescribed by Presidential Decree;
  - (b) Companies which do not belong to enterprise groups subject to limitations on mutual investment under Article 9 (1) of the Monopoly Regulation and Fair Trade Act, or companies which belong to enterprise groups subject to limitations on mutual investment which meet standards prescribed by Presidential Decree, from among enterprise groups subject to limitations on mutual investment.
4. Other persons engaged in affairs related to the agricultural, fisheries and food industry prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs or Ordinance of the Ministry of Oceans and Fisheries.

#### Article 4 (Obligations of the State)

The State shall formulate and implement comprehensive policies necessary for promoting investments in the agricultural, fisheries and food industry and laying the growth foundation therefor.

### CHAPTER II ORGANIZATIONS SPECIALIZING IN INVESTMENT MANAGEMENT AND FUND OF FUNDS FOR AGRICULTURE AND FOOD INVESTMENTS

#### Article 5 (Establishment of Organizations Specializing in Investment Management)

- (1) The State may establish or designate specialized organizations (hereinafter referred to as "specialized organizations for investment and management") with the aim of promoting investments for the operation of the fund of funds for agriculture, fisheries and food investments under Article 7 (1) and the growth and development of agricultural and food enterprises.
- (2) Specialized organizations for investment and management shall be legal entities.
- (3) Any organization specializing in investment management shall be established by effecting the registration for association in a place in which its main office is located.
- (4) The State may invest in, contribute to or subsidize expenses incurred in establishing, designating and operating specialized organizations for investment and management within budgetary limits.
- (5) Other necessary matters concerning the establishment and designation of specialized organizations for investment and management shall be prescribed by Presidential Decree.

#### Article 6 (Requirements for Designation as Organizations Specializing in Investment Management)

Persons who intend to be designated as specialized organizations for investment and management shall satisfy the following requirements:

- 1.They shall fall under any of the following subparagraphs, with regard to the agricultural, fisheries and food industry;
  - (a)They shall take charge of lending, accounting and fund management for not less than five years;
  - (b>Returns on their investment shall be not less than amounts prescribed by Presidential Decree.
- 2.They shall have full-time experts and facilities, in accordance with standards prescribed by Presidential Decree.

#### Article 7 (Forming Fund of Funds for Agriculture and Food Investments)

(1)Specialized organizations for investment and management may form a fund of funds for agriculture, fisheries and food investments (hereinafter referred to as "fund of funds for agriculture and food investments"), which invests in associations or companies established with the purpose of investing in agricultural and food enterprises by receiving contributions from the following persons:

- 1.The State;
  - 2.Local governments;
  - 3.Any person (hereinafter referred to as "fund management authority") who manages fund prescribed by Presidential Decree under the National Finance Act.
- (2)The fund management authority may invest amounts of money, not exceeding a proportion prescribed by Presidential Decree, in the fund of funds for agriculture and food investments, in accordance with fund operation plans.

#### Article 8 (Investments by Fund of Funds for Agriculture and Food Investments)

(1)Specialized organizations for investment and management may invest the fund of fund assets for agriculture and food investments in the following associations or companies:  
<Amended by Act No. 11692, Mar. 23, 2013; Act No. 13448, Jul. 24, 2015; Act No. 14127, Mar. 29, 2016>

- 1.Association formed with the purpose of investing in agricultural and food enterprises under Article 11;
- 2.Investment association for the establishment of small and medium enterprises under subparagraph 5 of Article 2 of the Support for Small and Medium Enterprise Establishment Act;
- 3.Korea Venture Fund under Article 4-3 (1) of the Act on Special Measures for the Promotion of Venture Businesses;
- 4.Venture business investment association pursuant to the Specialized Credit Financial Business Act;
- 5.Private equity fund under Article 9 (19) 1 of the Financial Investment Services and Capital Markets Act;
- 6.Other associations formed for the purposes of investing in agricultural and food enterprises prescribed by the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries.

(2)The fund of funds for agriculture and food investments shall exist during a period prescribed by Presidential Decree within 30 years.

- (3) Other necessary matters concerning the management and operation of the fund of funds for agriculture and food investments shall be prescribed by Presidential Decree.
- Article 9 (Duties, etc. of Organizations Specializing in Investment Management)
- (1) Specialized organizations for investment and management shall perform the following duties:
1. Investment in associations or companies established for the purpose of investing in agricultural and food enterprises;
  2. Formation and operation of associations established for the purpose of investing in agricultural and food enterprises;
  3. Investment in agricultural and food enterprises;
  4. Support for the attraction of private or foreign investment fund in agricultural and food enterprises;
  5. Guidance on the management and technology of agricultural and food enterprises;
  6. Management and operation of the fund of fund assets for agriculture and food investments;
  7. Business accompanied under subparagraphs 1 through 5;
  8. Other business entrusted by the State, local governments or the fund management authority, in connection with investments in agricultural and food enterprises.
- (2) Specialized organizations for investment and management may, if necessary for conducting business, borrow funds from the State, the fund established by the State, or local or foreign financial institutions, after receiving approval from the Minister of Agriculture, Food and Rural Affairs. <Amended by Act No. 11692, Mar. 23, 2013>
- (3) Specialized organizations for investment and management may issue bonds within the range of not exceeding 10 times the total amount of capital and reserves, after receiving approval from the Minister of Agriculture, Food and Rural Affairs. <Amended by Act No. 11692, Mar. 23, 2013>
- (4) When specialized organizations for investment management intend to revise the articles of association, they shall receive authorization from the Minister of Agriculture, Food and Rural Affairs. <Amended by Act No. 11692, Mar. 23, 2013>
- (5) The provisions of the Commercial Act concerning stock companies shall apply mutatis mutandis to specialized organizations for investment management, except as otherwise provided for by this Act.
- (6) In granting approval or authorization under paragraphs (2) through (4), the Minister of Agriculture, Food and Rural Affairs shall consult with the Minister of Oceans and Fisheries. <Newly Inserted by Act No. 11692, Mar. 23, 2013>
- Article 10 (Reports on Settlement of Accounts)
- Specialized organizations for investment and management shall submit the balance sheet of the settlement of accounts to the Minister of Agriculture, Food and Rural Affairs and the Minister of Oceans and Fisheries each fiscal year, as prescribed by Presidential Decree. <Amended by Act No. 11692, Mar. 23, 2013>
- CHAPTER III AGRICULTURE AND FOOD INVESTMENT ASSOCIATION
- Article 11 (Formation, etc. of Investment Association)
- (1) Any of the following persons may form an association with the aim of investing in agricultural and food enterprises, with contributions from the fund of funds for

agriculture and food investments: <Amended by Act No. 14127, Mar. 29, 2016; Act No. 15383, Feb. 21, 2018>

- 1.Small and medium business start-up investment company (hereinafter referred to as "small and medium business start-up investment company") prescribed in subparagraph 4 of Article 2 of the Support for Small and Medium Enterprise Establishment Act;
  - 2.New technology venture capital business entities prescribed in the Specialized Credit Finance Business Act (hereinafter referred to as "new technology venture capital business entities");
  - 3.Specialized organizations for investment management;
  - 4.Association and national federation prescribed in the Agricultural Cooperatives Act;
  - 5.Association and national federation prescribed in the Fisheries Cooperatives Act;
  - 5- A private limited company or limited liability company defined in the Commercial Act,
    2. which meets both of the following conditions:
      - (a)Its total investment shall be at least one percent of the amount of money pooled to establish an association;
      - (b)It shall have professional personnel that meet the requirements prescribed by Presidential Decree;
  - 6.Other agencies prescribed by Presidential Decree.
- (2)The association prescribed in paragraph (1) shall consist of at least one member with unlimited liability for the debts of the association (hereinafter referred to as "executive member") and members with limited liability within the limit of their investment money (hereinafter referred to as "members with limited liability). In such cases, any of the following persons shall be the executive member and one of them shall fall under subparagraph 1: <Amended by Act No. 12058, Aug. 13, 2013>
- 1.Persons falling under any subparagraph of paragraph (1);
  - 2.Investment traders, investment brokers, or collective investment entities prescribed in the Financial Investment Services and Capital Markets Act;
  - 3.Insurance companies prescribed in the Insurance Business Act;
  - 4.Banks prescribed in the Banking Act.
- (3)Where the association prescribed in paragraph (1) suffers losses, an executive member and specialized organizations for investment management may preferentially cover the amount of loss within the amount of their investments, respectively: Provided, That when losses remain, each member shall cover the amount of loss allocated in proportion to his/her investments.
- (4)In forming a public offering agriculture and food investment association prescribed in Article 19 (1), the number of executive members shall be one notwithstanding the former part of paragraph (2), and paragraph (3) shall not apply. <Amended by Act No. 12058, Aug. 13, 2013>
- (5)Matters necessary for the formation, operation, etc. of the association prescribed in paragraph (1) shall be prescribed by Presidential Decree.
- Article 12 (Investment of Fund, etc.)
- (1)The fund management authority may invest funds within the proportion prescribed by Presidential Decree in agricultural and food enterprises, or may contribute such funds

to an association or company established for investing in agricultural and food enterprises, in accordance with its fund operation plans.

- (2) Investments in agricultural and food enterprises or contributions to an association under paragraph (1), made by the fund management authority under fund operation plans shall be deemed to have obtained authorization, permission and approval under the relevant Acts and subordinate statutes.
- (3) Insurance companies under the Insurance Business Act may invest in agricultural and food enterprises or contribute to an association established for investing in agricultural and food enterprises, within the scope prescribed by the Financial Services Commission, notwithstanding Articles 106, 108 and 109 of the Act. <Amended by Act No. 12058, Aug. 13, 2013>
- (4) A person who manages the fund established by a local government pursuant to Article 142 of the Local Autonomy Act or other Acts may invest in an association or company established for the purpose of investing in agricultural and food enterprises, as prescribed by ordinance of the local government. <Newly Inserted by Act No. 11091, Nov. 22, 2011>

#### Article 13 (Registration, etc. of Agriculture and Food Investment Association)

- (1) Any person who has formed an association (hereinafter referred to as "agriculture and food investment association") with the aim of investing in agricultural and food enterprises under Article 11, shall be registered with the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries, after satisfying all of the following requirements. The same shall apply to revisions to registered matters: <Amended by Act No. 11692, Mar. 23, 2013; Act No. 12058, Aug. 13, 2013; Act No. 13130, Feb. 3, 2015>
  1. The total amount of investments shall be at least the amount prescribed by Presidential Decree: Provided, That investments may be made in installments in accordance with the regulations of the association;
  2. The association shall exist for at least three years;
  3. Neither an executive officer of executive members nor a specialist exclusively in charge of investment examination shall fall under any of the following:
    - (a) A minor, an incompetent under the adult guardianship or a quasi-incompetent under the limited guardianship;
    - (b) A person declared as bankrupt, who has yet to be reinstated;
    - (c) A person in whose case five years have not elapsed since his/her imprisonment without labor or a heavier punishment as declared by a court was completely executed or the decision not to execute the sentence became final;
    - (d) A person who is under the suspension of the execution of imprisonment without labor or a heavier punishment as declared by a court;
    - (e) A person who has been sentenced to a fine or a heavier punishment for violating the provisions of the Act on the Regulation of Conducting Fund-Raising Business without Permission or other financial Acts and subordinate statutes prescribed by Presidential Decree, and for whom five years have not elapsed since the sentence was completely executed (including cases where execution is deemed to be complete) or remitted;

- (f) A person who was, at the time of revocation, an executive or employee of the agriculture and food investment association, the registration of which was revoked under Article 30 (excluding where such revocation has been made under Article 13 (1) 3 (a) or (b)), and for whom five years have not elapsed since the registration was revoked (limited to a person prescribed by Presidential Decree who is directly responsible for such revocation of the registration, or a person with responsibility corresponding thereto).
4. He/she shall satisfy requirements prescribed by Presidential Decree, such as the investment shares of executive members of agriculture and food investment associations and the number of members.
- (2) Other necessary matters concerning procedures for registration shall be prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs or Ordinance of the Ministry of Oceans and Fisheries. <Amended by Act No. 11692, Mar. 23, 2013>  
Article 14 (Conducting Business, etc.)
- (1) Business of the agriculture and food investment association shall be conducted by executive members.
- (2) Executive members shall manage the assets of the agriculture and food investment association for the interests of investors under good stewardship.
- (3) The agriculture and food investment association shall use the amount of more than the proportion prescribed by Presidential Decree, from the investment money, for projects aimed at investing in agricultural and food enterprises within a period prescribed by Presidential Decree, from the date on which three years have elapsed since its registration. In such cases, it shall preferentially invest the amount of more than the proportion prescribed by Presidential Decree in agricultural and food enterprises, the size of which is not more than the size prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs or Ordinance of the Ministry of Oceans and Fisheries. <Amended by Act No. 11692, Mar. 23, 2013>
- (4) The Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries may grant a grace period for performing duties of investment within one year, if grounds prescribed by Presidential Decree exist, such as disinvestment, notwithstanding the period of three years under paragraph (3). <Amended by Act No. 11692, Mar. 23, 2013>
- (5) No executive member shall engage in any of the following acts, when he/she performs the duties of the agriculture and food investment association:
1. Using the property of the agriculture and food investment association for his/her own interests or the interests of any third party;
  2. Borrowing funds under the title of the agriculture and food investment association;
  3. Guaranteeing payment or providing collateral with the property of the agriculture and food investment association;
  4. Other activities undermining the purpose of its establishment, prescribed by Presidential Decree.
- (6) The agriculture and food investment association may pay rewards based on investment returns to executive members in accordance with the association

regulations, and necessary matters concerning the methods of calculating investment returns for the payment of rewards shall be prescribed by Presidential Decree.

(7)The Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries may formulate the standard articles of the agriculture and food investment association for the efficient operation of such association. <Amended by Act No. 11692, Mar. 23, 2013>

#### Article 15 (Management and Operation of Property)

(1)Any executive member shall manage the property of the agriculture and food investment association in the following manner:

- 1.He/she shall entrust the storage of the property of the agriculture and food investment association to trust business operators under the Financial Investment Services and Capital Markets Act;
- 2.He/she shall receive approval of the general meeting of association members, when he/she intends to change trust business operators.

(2)Trust companies under paragraph (1) shall perform the following duties:

- 1.Storage and managing the property of the agriculture and food investment association;
- 2.Acquiring and disposing of assets by obeying orders given by executive members to operate property of the agriculture and food investment association.

#### Article 16 (Reports on Settlement of Accounts)

Executive members shall submit to the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries reports on the settlement of accounts accompanied with written opinions on audit and inspection of an accounting corporation, within three months after each fiscal year of the agriculture and food investment association ends.

<Amended by Act No. 11692, Mar. 23, 2013>

#### Article 17 (Resignation of Executive Members)

No executive member shall resign from the agriculture and food investment association, unless falling in any of the following cases:

- 1.When the registration of a small and medium business start-up investment company or a new technology venture capital business operator is revoked or eliminated;
- 2.When an executive member goes bankrupt;
- 3.When all other members of the association consent to the resignation of an executive member.

#### Article 18 (Dissolution)

(1)The agriculture and food investment association shall be dissolved, when any of the following grounds exist: <Amended by Act No. 12058, Aug. 13, 2013>

- 1.Expiration of the period of existence;
- 2.Withdrawal of all members with limited liability;
- 3.Withdrawal of all executive members who fall under any subparagraph of Article 11 (1);
- 4.Other cases prescribed by Presidential Decree.

(2)When a ground falling under paragraph (1) 3 occurs in the agriculture and food investment association, the association may continue to exist by accepting the entry of executive members who fall under any subparagraph of Article 11 (1) with the consent of all members with limited liability, as prescribed by Presidential Decree, within three



months from the date when such ground arises. <Amended by Act No. 12058, Aug. 13, 2013>

(3)When the agriculture and food investment association is dissolved, executive members shall be liquidators: Provided, That it may appoint persons, other than executive members, as liquidators in accordance with the regulations of the association.

(4)When any debt exceeds the amount of investment at the time the agriculture and food investment association is dissolved, executive members shall repay such debt.

Article 19 (Special Cases concerning Public Offering Agriculture and Food Investment Association)

(1)None of the provisions of Articles 30 through 32, 34 through 43, 48, 50 through 53, 56, 58, 60 through 65, 80 through 83, subparagraphs 2, 3 and 6 through 8 of Article 85, 86 through 95, 181 through 183, 184 (1), (2) and (5) through (7), 185 through 187, 218 through 223, 229 through 249, 249-2 through 249-9, 250 through 253 of the Financial Investment Services and Capital Markets Act and the provisions of the Act on Corporate Governance of Financial Companies (excluding the provisions of Articles 24 through 26) shall apply to a public offering agriculture and food investment association (referring to an agriculture and food investment association, which does not belong to any of the private collective investment schemes under Article 9 (19) of the Financial Investment Services and Capital Markets Act; hereinafter the same shall apply) and the executive members thereof. <Amended by Act No. 13448, Jul. 24, 2015; Act No. 13453, Jul. 31, 2015>

(2)Where the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries intends to register a public offering agriculture and food investment association, he/she shall consult with the Financial Services Commission in advance. <Amended by Act No. 11692, Mar. 23, 2013>

(3)The Financial Services Commission may order a public offering agriculture and food investment association to submit data related to its duties or make a report, when necessary for protecting the public interests or members of the public offering agriculture and food investment association, and may order the Governor of the Financial Supervisory Service to inspect the performance of such duties.

(4)Where a public offering agriculture and food investment association violates the provisions of this Act or any order or disposition under this Act, the provisions of the Financial Investment Services and Capital Markets Act or any order or disposition under the same Act, or the provisions of the Act on Corporate Governance of Financial Companies (limited to the provisions of Articles 24 through 26), the Financial Services Commission may request the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries to take measures falling under any subparagraph of Article 28, and the Minister shall comply with such requests, except in extenuating circumstances. In such cases, the Minister shall notify the Financial Services Commission of the details of such measures. <Amended by Act No. 11692, Mar. 23, 2013; Act No. 13453, Jul. 31, 2015>

Article 20 (Reports on Outcomes of Liquidation and Cancellation of Registration)

(1)When liquidators under Article 18 (3) complete the liquidation, they shall report the outcomes thereof to the Minister of Agriculture, Food and Rural Affairs or the Minister

of Oceans and Fisheries. <Amended by Act No. 11692, Mar. 23, 2013>

(2)When the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries receives a report under paragraph (1), he/she shall cancel the registration of the agriculture and food investment association, without delay. <Amended by Act No. 11692, Mar. 23, 2013>

#### Article 21 (Protecting Properties of Association)

When creditors of members belonging to the agriculture and food investment association exercise their rights against such members, they may exercise their rights within the scope of amounts of investments made by such members in the agriculture and food investment association, notwithstanding the provisions of Articles 704 and 712 of the Civil Act.

#### Article 22 (Public Announcement of Association)

Executive members shall keep the following documents in offices to ensure that the public may readily access them: <Amended by Act No. 11692, Mar. 23, 2013>

- 1.Regulations of the relevant agriculture and food investment association;
- 2.Balance sheet of the settlement of accounts of each fiscal year;
- 3.Other documents concerning the operation of the association, prescribed by the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries.

#### Article 23 (Provisions Applicable Mutatis Mutandis)

The provisions of the Civil Act concerning an association shall apply mutatis mutandis to the agriculture and food investment association, except as otherwise provided for by this Act.

#### Article 24 (Special Provisions, etc. on Investments by Foreigners)

- (1)Investments in the agriculture and food investment association by foreigners under Article 2 (1) 1 of the Foreign Investment Promotion Act shall be deemed foreign investments under subparagraph 4.
- (2)With regard to acquiring the stocks of agricultural and food enterprises by foreigners (referring to individuals whose are domiciled and resided in foreign countries for not less than six months) or foreign corporations under Article 9 (16) of the Financial Investment Services and Capital Markets Act, Article 168 of the same Act shall not apply.
- (3)Acquiring stocks of agricultural and food enterprises by foreigners or foreign corporations under paragraph (2) may be restricted in accordance with the articles of association of the relevant agricultural and food enterprises.

### CHAPTER IV SUPPLEMENTARY PROVISIONS

#### Article 25 (Special Provisions on Tax)

The State or local governments may exempt agricultural and food enterprises from income tax, corporation tax, acquisition tax, property tax or registration tax, etc. under the Restriction of Special Taxation Act, the Local Tax Act or other related Acts, in an effort to promote such enterprises.

#### Article 26 (Providing Information on Agricultural and Food Enterprises, etc.)

- (1)The Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries may manage information on funds, human resources, market or location, etc. related to the establishment of enterprises and business of agricultural and food

enterprises and may provide related information to specialized organizations for investment management and the agriculture and food investment association, etc., as prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs or Ordinance of the Ministry of Oceans and Fisheries. <Amended by Act No. 11692, Mar. 23, 2013>

- (2)The Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries may request the heads of central administrative agencies, the heads of local governments or the heads of public institutions under the Act on the Management of Public Institutions to submit data necessary for providing information under paragraph (1). <Amended by Act No. 11692, Mar. 23, 2013>
- (3)The Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries may provide necessary information, including information on the investment value of agricultural and food enterprises, as prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs or Ordinance of the Ministry of Oceans and Fisheries, so as to encourage investment in agricultural and food enterprises by the association. <Amended by Act No. 11692, Mar. 23, 2013>

#### Article 27 (Reporting, etc.)

- (1)The Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries may order executive members of the agriculture and food investment association or specialized organizations for investment management to report how they perform their duties, or may order public officials belonging thereto to enter offices and workplace of the relevant institutions to inspect books and documents, etc., when it is deemed necessary. <Amended by Act No. 11692, Mar. 23, 2013>
- (2)When public officials enter offices, etc. of the relevant institutions to inspect books, etc. under paragraph (1), they shall notify relevant persons of the date, purposes and subject matters of inspections seven days before such inspection: Provided, That the same shall not apply to cases of emergency or cases where it is deemed a prior notice makes it impossible to achieve the purposes of inspection.
- (3)Public officials who enter offices, etc. of the relevant institutions to inspect books, etc. under paragraph (1) shall carry a certificate indicating their authority and show it to relevant persons.

#### Article 28 (Administrative Disposition)

Where the agriculture and food investment association falls under any of the following subparagraphs, the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries may issue a corrective order to the association, or stop providing support under this Act to the association: <Amended by Act No. 11692, Mar. 23, 2013; Act No. 12058, Aug. 13, 2013>

- 1.When it fails to make a registration or registration of revisions under Article 13 (1);
- 2.When the registration of a small and medium business start-up investment company or a new technology venture capital business operator is revoked or eliminated;
- 3.When it fails to use, from the investment money, the amount of at least the proportion prescribed by Presidential Decree, for projects aimed at investing in agricultural and food enterprises, within a period prescribed by Presidential Decree under Article 14 (3);
- 4.When the prohibited acts of executive members under Article 14 (5) are committed;

5. When it fails to report the outcomes of liquidation under Article 20 (1);
6. When registration is canceled under Article 20 (2) or registration is revoked under Article 30.

#### Article 29 (Revoking Designation of Organizations Specializing in Investment Management)

(1) When specialized organizations for investment management fall under any of the following subparagraphs, the Minister of Agriculture, Food and Rural Affairs may revoke their designation following consultation with the Minister of Oceans and Fisheries: Provided, That he/she shall revoke their designation, when they fall under subparagraph 1: <Amended by Act No. 11692, Mar. 23, 2013>

1. When they are designated as specialized organizations for investment management by fraud or other wrongful means;
2. When they fail to satisfy requirements for designation under Article 6.

(2) When the Minister of Agriculture, Food and Rural Affairs intends to cancel their designation under paragraph (1), he/she shall hold hearings. <Amended by Act No. 11692, Mar. 23, 2013>

#### Article 30 (Revocation of Registration)

When agriculture and food investment associations fall under any of the following subparagraphs, the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries may revoke their registration: Provided, That he/she shall revoke their registration, when they fall under subparagraph 1: <Amended by Act No. 11692, Mar. 23, 2013; Act No. 12058, Aug. 13, 2013>

1. When they make a registration by fraud or other wrongful means;
2. When they fail to satisfy requirements for registration under Article 13 (1): Provided, That the same shall not apply to cases where an executive officer or a specialist exclusively in charge of investment examination, who falls under any item of paragraph (1) 3, is replaced by another within three months;
3. When they violate Article 14 (3) or (5);
4. When they violate Article 15.

#### Article 31 (Delegation or Entrustment of Authority)

The part of the authority of the Minister of Food, Agriculture, Forestry and Fisheries under this Act may be delegated or entrusted to the heads of institutions belonging thereto or institutions and organizations related to agriculture and foods, as prescribed by Presidential Decree. <Amended by Act No. 11692, Mar. 23, 2013>

#### Article 31-2 (Legal Fiction as Public Officials in Application of Penalty Provisions)

Executive officers and employees of the institutions or organizations performing the duties entrusted by the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries pursuant to Article 31 shall be deemed public officials in applying the penalty provisions of Articles 129 through 132 of the Criminal Act.

[This Article Newly Inserted by Act No. 15383, Feb. 21, 2018]

#### Article 32 (Prohibition against Using Similar Titles)

No one, other than the agriculture and food investment association under this Act, may use the title of the agriculture and food investment association or similar titles.

### CHAPTER V PENALTY PROVISIONS

### Article 33 (Penalty Provisions)

Any person who has committed an act prohibited under Article 14 (5) shall be punished by imprisonment with labor of up to one year or by fine of up to 10 million won.

### Article 34 (Administrative Fines)

(1) Any of the following persons shall be punished by an administrative fine of up to five million won:

1. Person who fails to submit the balance sheet of the settlement of accounts under Article 16 or submits false balance sheet of the settlement of accounts;
2. Person who violates a corrective order under Article 28;
3. Person who uses a similar title, in violation of Article 32.

(2) Administrative fines under paragraph (1) shall be collected and imposed by the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries, as prescribed by Presidential Decree. <Amended by Act No. 11692, Mar. 23, 2013>

### ADDENDA

(1) (Enforcement Date) This Act shall enter into force four months after the date of its promulgation.

(2) (Transitional Measures concerning Agriculture and Food Investment Association) The provisions of the Support for Small and Medium Enterprise Establishment Act shall apply to an association registered under Article 20 of the Act with the purpose of investing in agricultural and food enterprises as at the time this Act enters into force.

(3) Omitted.

### ADDENDUM <Act No. 11091, Nov. 22, 2011>

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

### ADDENDA <Act No. 11692, Mar. 23, 2013>

#### Article 1 (Enforcement Date)

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

#### Article 2 (Transitional Measures concerning Administrative Measures, etc.)

Administrative measures taken by the Minister of Agriculture, Food and Rural Affairs and other acts committed by or against the same Minister under the former provisions at the time this Act enters into force shall be deemed acts committed respectively by or against the Minister of Agriculture, Food and Rural Affairs or the Minister of Oceans and Fisheries under the amended provisions of this Act.

#### Article 3 (Transitional Measures concerning Agriculture and Food Investment Association)

From among agriculture and food investment associations registered with the Minister for Food, Agriculture, Forestry and Fisheries under the former provisions at the time this Act enters into force, agriculture and food investment associations related to marine industry and other agriculture and food investment associations shall be deemed registered respectively with the Minister of Oceans and Fisheries and the Minister of Agriculture, Food and Rural Affairs.

### ADDENDA <Act No. 12058, Aug. 13, 2013>

#### Article 1 (Enforcement Date)

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

#### Article 2 (Transitional Measures concerning Incompetent Persons, etc.)

Former provisions shall apply to a person who intends to be an executive officer of executive members of an agriculture and food investment association or a specialist thereof who is exclusively in charge of investment examination, from among persons who were already declared incompetent or quasi-incompetent at the time this Act enters into force.

ADDENDUM <Act No. 13130, Feb. 3, 2015>

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

ADDENDA <Act No. 13383, Jun. 22, 2015>

Article 1 (Enforcement Date)

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

Articles 2 through 4 Omitted.

ADDENDA <Act No. 13448, Jul. 24, 2015>

Article 1 (Enforcement Date)

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

Articles 2 through 20 Omitted.

ADDENDA <Act No. 13453, Jul. 31, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 18 Omitted.

ADDENDA <Act No. 14127, Mar. 29, 2016>

Article 1 (Enforcement Date)

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

Articles 2 through 11 Omitted.

ADDENDUM <Act No. 15383, Feb. 21, 2018>

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 11 (1) shall enter into force six months after the date of its promulgation.

PC Version

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