

CONSUMER COOPERATIVES ACT

Wholly Amended by Act No. 10173, Mar. 22, 2010

Amended by Act No. 11812, May 22, 2013

Act No. 12833, Oct. 15, 2014

Article 1 (Purpose)

The purpose of this Act is to contribute to the improvement of livelihood of cooperative members as consumers and the promotion of welfare and lifestyles of citizens by promoting independent, self-supporting, and autonomous activities of consumers in cooperatives based on a spirit of mutual assistance.

Article 2 (Definitions)

The terms used in this Act shall be defined as follows:

1. The term "cooperative" means a consumer cooperative established pursuant to this Act in order to accomplish the purpose specified in Article 1;
2. The term "federation" means a federation of consumer cooperatives established pursuant to this Act in order to promote common interests of the cooperatives;
3. The term "national federation" means the national federation of consumer cooperatives established pursuant to this Act in order to promote common interests of cooperatives and federations.

Article 3 (Domicile)

The principal place of business of a cooperative, a federation, or the national federation shall be its seat.

Article 4 (Name)

- (1) A cooperative, a federation, or the national federation (hereinafter referred to as "cooperative or federation") shall use the words "consumer cooperative" or "consumer co-op" in its name.
- (2) No person, other than a cooperative or federation established pursuant to this Act, shall use the words "consumer cooperative" or "consumer co-op" or similar in its name.

Article 5 (Business Territory)

- (1) The business territory of a cooperative shall be stipulated in articles of incorporation, taking into consideration administrative districts, administrative boundaries of its inhabitants, etc., as prescribed by Presidential Decree.
- (2) The business territory of a federation shall be stipulated in articles of incorporation and may be nationwide.
- (3) The business territory of the national federation shall be nationwide.

Article 6 (Nature)

(1) Except as otherwise provided for in this Act, a cooperative or federation shall fulfill all the following prerequisites:

1. It shall not have profit-making objectives;
 2. Every cooperative member or every member cooperative or federation shall have an equal voting right on resolutions and elections, irrespective of the number of equity shares: Provided, That a federation or the national federation may give unequal voting rights to its member cooperatives or federations according to the number of cooperative members belonging to each member cooperative or federation, as stipulated by articles of incorporation.
- (2) No cooperative or federation shall engage in business only for interests of a specific cooperative member, member cooperative, or federation.

Article 7 (Prohibition of Involvement in Election of Public Officials)

- (1) No cooperative or federation shall engage in any activity to support or oppose a specific political party in an election of a public official or any activity to make a specific person succeed or fail in an election.
- (2) No person shall use a cooperative or federation to engage in any activity specified in paragraph (1).

Article 8 (Contribution to Local Communities)

A cooperative or federation shall endeavor to promote the sustainable development of local communities and the conservation of the environment and natural ecosystem.

Article 9 (Cooperation, etc. of State and Public Organizations)

- (1) The State and public organizations shall pro-actively cooperate with cooperatives and federations in their business activities, and may subsidize them for funds necessary for such business activities.
- (2) The State and public organizations may provide cooperatives and federations with facilities of the State or public organizations for their use.
- (3) The State and public organizations may allow a cooperative or federation that directly uses state-owned property for the purpose of promoting consumers' welfare to use such property rent-free, as prescribed by Presidential Decree.
- (4) The State and public organizations shall hear opinions from cooperatives and federations, and shall endeavor to reflect the opinions in their policies.

Article 10 (Cooperation with other Cooperatives, etc.)

A cooperative or federation shall endeavor to promote mutual cooperation and understanding with other cooperatives or federations, cooperatives under other Acts, and foreign cooperatives and the development of joint projects therewith.

Article 11 (Relationship to other Acts)

- (1) Article 19 of the Grain Management Act and Article 56 of the Trucking Transport Business Act shall not apply to business activities of a cooperative or federation.
- (2) The Insurance Business Act shall not apply to mutual aid programs of a federation or the national federation.

(3) This Act shall take precedence over relevant Acts with regard to health and medical services of a cooperative or federation.

Article 12 (Application Mutatis Mutandis of other Acts)

Except as otherwise provided for in this Act, the provisions regarding incorporated associations in the Civil Act shall apply mutatis mutandis to cooperatives and federations, In such cases, "incorporated association" shall be construed as "cooperative", "federation", or "national federation", "partner" as "cooperative member" or "member cooperative or federation", and "permission" as "authorization", respectively.

Article 13 (Qualification for Membership)

In order to be qualified for membership in a cooperative, a person shall have his/his domicile, abode, place of business, or workplace within the business territory of the cooperative.

Article 14 (Joining)

Without just cause, no cooperative shall refuse to admit a person as a cooperative member or require any person to comply with unfavorable conditions in admitting the person as a member, compared to other cooperative members.

Article 15 (Investment, etc.)

(1) A cooperative member shall acquire at least one equity share, as stipulated by articles of incorporation: Provided, That investment may be made in kind, if necessary, as stipulated by articles of incorporation.

(2) The number of equity shares per cooperative member shall not exceed 20/100 of the total number of equity shares.

(3) The payment that shall be made to a cooperative for equity shares shall not be offset against a claim receivable from the cooperative.

(4) A cooperative member's liability shall be limited to the amount paid by him/her for equity shares.

Article 16 (Voting Right on Resolutions and Elections)

(1) Each cooperative member shall have one vote on a resolution or election, irrespective of the number of equity shares.

(2) A cooperative member may exercise his/her vote on resolutions or elections by proxy. In such cases, the cooperative member shall be deemed present.

(3) A proxy referred to in paragraph (2) shall be either another cooperative member or a family member residing with the principal (referring to the spouse of a cooperative member, a lineal ascendant, descendant, or sibling of a cooperative member or of the spouse of a cooperative member, or the spouse of a lineal ascendant, descendant, or sibling of a cooperative member; the same shall apply hereinafter), and the number of cooperative members whom a proxy may represent shall be limited to one person.

(4) A proxy referred to in paragraph (2) shall submit a document certifying his/her power of proxy to the cooperative, as stipulated by articles of incorporation.

Article 17 (Apportionment and Collection of Expenses, etc.)

(1) A cooperative may apportion and collect expenses, penalties, use charges, fees (hereinafter referred to as "expenses, etc.") on cooperative members, as stipulated by articles of incorporation.

(2) Expenses, etc. payable by a cooperative member shall not be offset against a claim receivable from the cooperative.

Article 18 (Withdrawal)

(1) A cooperative member may withdraw from the cooperative by giving notice that he/she intends to opt out.

(2) A cooperative member shall be automatically withdrawn from the cooperative in any of the following cases:

1. If a cooperative member ceases to be qualified for membership;
2. If a cooperative member dies;
3. If a cooperative member is declared incompetent.

Article 19 (Expulsion)

(1) If a cooperative member falls under any of the following subparagraphs, the cooperative may expel the cooperative member upon resolution passed at a general meeting:

1. If a cooperative member has not used the cooperative's business services for at least the period specified in articles of incorporation;
2. If a cooperative member does not fulfill his/her obligation to pay his/her investment in equity shares or expenses, etc. or any other obligation to the cooperative;
3. If a cooperative member interferes with the cooperative's business services or engages in any activity to degrade the cooperative's credibility;
4. If a cooperative member engages in any other activity prohibited by articles of incorporation.

(2) When a cooperative intends to expel a cooperative member pursuant to paragraph (1), it shall notify the cooperative member of the reasons for expulsion at least ten days before opening a general meeting and shall provide him/her with an opportunity to express his/her opinion at the general meeting.

(3) A cooperative shall have no valid defense against a cooperative member, if it has adopted a resolution to expel the cooperative member without providing him/her with an opportunity to express his/her opinion at its general meeting.

Article 20 (Right to Request Refund of Equity Shares)

(1) A cooperative member withdrawn or expelled from the cooperative may request the cooperative to refund his/her equity shares, as stipulated by articles of incorporation.

(2) If a cooperative member withdrawn or expelled from the cooperative owes an obligation to the cooperative, the cooperative may offset the obligation against the refund referred to in paragraph (1).

(3) The right to request under paragraph (1) shall lapse, unless it is exercised within two years from the date on which the right holder is withdrawn or expelled from a cooperative.

Article 21 (Authorization for Establishment, etc.)

(1) In order to establish a cooperative, at least 30 persons qualified for membership shall prepare articles of incorporation as promoters, have the articles of incorporation adopted upon resolution at the inaugural meeting, and obtain authorization therefor from the Special Metropolitan City Mayor, a Metropolitan City Mayor, a Do Governor, or the Governor of a Special Self-Governing Province (hereinafter referred to as a "Mayor/Do Governor") having jurisdiction over its business territory under Article 5. If a cooperative's business territory stretches over at least two Cities/Dos, the cooperative shall obtain authorization from the Mayor/Do Governor having jurisdiction over its principal place of business.

(2) A resolution at the inaugural meeting shall be adopted with the attendance of a majority of persons who have submitted a written consent to establishment (hereinafter referred to as "persons consenting to establishment") to promoters before opening the inaugural meeting and by concurrent votes of at least 2/3 of the persons present at the meeting.

(3) When a Mayor/Do Governor authorizes the establishment of a cooperative under paragraph (1), he/she shall notify the Fair Trade Commission of the fact immediately.

(4) The minimum number of persons consenting to establishment and the total amount of equity required for the establishment of a cooperative under paragraphs (1) and (2) and other necessary matters regarding the standards and procedure for authorization shall be prescribed by Presidential Decree.

Article 22 (Registration for Establishment)

(1) Authorization to establish a cooperative shall become invalid, unless the establishment of the cooperative is registered within three months from the date the establishment thereof is authorized.

(2) Necessary matters regarding the registration for establishment under paragraph (1) shall be prescribed by Presidential Decree.

Article 23 (Articles of Incorporation)

(1) A cooperative's articles of incorporation shall stipulate the following matters:

1. Objectives;
2. Name;
3. Business territory;
4. Principal place of business;
5. Qualification for membership and proxy;
6. Matters regarding admission, withdrawal, and expulsion of cooperative members;
7. The value per equity share, the method and time for the payment of equity shares, and matters regarding the transfer of equity shares;
8. Matters regarding the appropriation of surplus earnings and the writing-off of losses;
9. Matters regarding the methods for accumulation and use of reserves;
10. Matters regarding the imposition and collection of expenses, etc.;
11. Matters regarding the full number, election, and removal of executive officers and representatives;
12. Matters regarding the appointment and dismissal of officers;

13. Types of business services and matters regarding the provision of business services;
14. Matters regarding the fiscal year and accounting;
15. Matters regarding the method of giving public notice;
16. Matters regarding investment in kind, if acceptable;
17. The period of existence or the grounds for dissolution, if the period of existence or the grounds for dissolution are stipulated;
18. Other necessary matters regarding the operation of the general meeting and the board of directors.

(2) The Fair Trade Commission may establish and publicly notify standard articles of incorporation.

(3) No amendment to articles of incorporation shall be effective, unless it is authorized by the Mayor/Do Governor who authorized the establishment.

Article 24 (Bylaws or Regulations)

Except as otherwise stipulated in articles of incorporation, necessary matters regarding the operation of a cooperative and the provision of business services may be prescribed by bylaws or regulations.

Article 25 (General Meetings)

(1) A cooperative shall hold general meetings.

(2) General meetings shall be comprised of cooperative members.

(3) The president shall convene general meetings and preside over such general meetings.

(4) An annual general meeting shall be convened once a year at the time stipulated in articles of incorporation, while an extraordinary general meeting may be convened whenever deemed necessary, as stipulated in articles of incorporation.

(5) The president shall determine the purposes, items of the agenda, date and time, and venue for a general meeting at least seven days before opening the general meeting and shall give notice that it is convening the general meeting in the manner stipulated in articles of incorporation.

Article 26 (Matters subject to Resolution at General Meetings)

The following matters shall be subject to resolution at a general meeting:

1. Amendment to articles of incorporation;
2. Establishment, amendment, or abolition of bylaws;
3. Election and removal of executive officers;
4. Approval of business plans and budgets;
5. Approval of reports on the settlement of accounts;
6. Approval of audit reports;
7. Merger, division, dissolution, or temporary closure of the cooperative;
8. Expulsion of cooperative members;
9. Determination of maximum limit on borrowings;
10. Other matters that the president or the board of directors deems necessary.

Article 27 (Proceedings of General Meetings)

(1) Except as otherwise provided for in this Act, a general meeting shall be duly formed with the attendance of a majority of all cooperative members, and a resolution shall be adopted by concurrent votes of a majority of the cooperative members present at the meeting,

(2) A resolution may be adopted at a general meeting only on the matters notified in advance pursuant to Article 25 (5): Provided, That the foregoing shall not apply in emergencies where a resolution is adopted with the attendance of at least 2/3 of all cooperative members and by concurrent votes of at least 2/3 of the cooperative members present at the meeting.

(3) With regard to a matter in which a cooperative member's interest conflicts with the cooperative's interest, the cooperative member shall have no right to vote on resolution.

Article 28 (Matters subject to Special Resolution at General Meetings)

A matter regarding the merger, division, or dissolution of a cooperative shall be subject to resolution with the attendance of a majority of all cooperative members and by concurrent votes of at least 2/3 of the cooperative members present at the meeting.

Article 29 (Minutes of General Meetings)

With regard to proceedings of a general meeting, minutes of the meeting shall be prepared to record the course and results of the proceedings, and the president and at least three cooperative members elected at the general meeting or members of the election committee formed pursuant to Article 34 (limited to cases where executive officers or representatives are elected) shall print their names and affix their seals thereto.

Article 30 (General Meetings of Representatives)

(1) If the number of cooperative members exceeds the number specified by Presidential Decree, a general meeting may be substituted by a general meeting of representatives.

(2) A general meeting of representatives shall be comprised of representatives elected from among cooperative members.

(3) No representative shall exercise his/her voting right on any resolution or election by proxy.

(4) The full number, the term of office, and the method of election of representatives shall be prescribed by Presidential Decree.

(5) The provisions regarding the general meeting shall apply mutatis mutandis to the general meeting of representatives, and "cooperative member" in such cases shall be construed as "representative": Provided, That the general meeting of representatives shall have no authority to adopt a resolution on a matter regarding the merger, division, or dissolution of the cooperative.

Article 31 (Executive Officers)

(1) A cooperative shall have at least seven but not exceeding twenty directors, including one president, and two auditors.

(2) The full number of directors and the method for the election of directors and auditors shall be stipulated in articles of incorporation.

(3) The president shall be elected at the general meeting from among directors, as stipulated in articles of incorporation.

Article 32 (Term of Office of Executive Officers, etc.)

- (1) The term of office of executive officers shall be stipulated in articles of incorporation within the limit of four years.
- (2) The term of office of executive officers may be renewed for a further term: Provided, That the term of office of the president may be renewed for only one further term.
- (3) The term of office of an executive officer elected to fill a vacancy shall expire at the end of the term of office of his/her predecessor.

Article 33 (Restrictions on Election Campaign)

- (1) No person shall do any of the following acts for the purpose of causing him/herself or any specific person to succeed or fail in an election of an executive officer or representative of a cooperative:
 1. Any of the following acts done for a cooperative member (including a person who has filed an application for membership in a cooperative: the same shall apply hereafter in this Article) or any of his/her family members or for an institution, organization, or facility established and operated by a cooperative member or any of his/her family members:
 - (a) Providing money, goods, entertainment, or any other economic benefit;
 - (b) Providing a public or private job;
 - (c) Expressing his/her intention, or promising, to provide money, goods, entertainment, any other economic benefit, or a public or private job;
 2. An act under any item of subparagraph 1 done for a candidate or a person who intends to become a candidate for the purpose of keeping such person from being a candidate or causing such candidate to resign from candidacy;
 3. Receiving any benefit or job as referred to in subparagraph 1 or 2, accepting the expression of an intention to provide such benefit or job, or demanding or arranging the provision of such benefit or job.
- (2) No person who intends to become an executive officer or representative shall visit cooperative members from door to door or solicit cooperative members to gather in a specific place for an election campaign during the period specified in articles of incorporation.
- (3) No person shall slander a candidate by publishing any false information or disclosing any fact publicly in a speech or by poster or any other means in connection with an election of an executive officer or representative of a cooperative.
- (4) No person shall conduct an election campaign by any means, other than the following means, in connection with an election of an executive officer or representative: *<Amended by Act No. 11812, May 22, 2013>*
 1. Posting posters;
 2. Distributing official gazettes for election;
 3. Distributing printed leaflets;
 4. Holding joint debates or public forums;

5. Soliciting supporters by telephone or computer telecommunications networks.

Article 34 (Formation and Operation of Election Committee)

(1) A cooperative may form and operate an election committee so as to ensure fair management of an election of executive officers or representatives.

(2) Necessary matters regarding the functions, formation, and operation of an election committee may be stipulated in articles of incorporation.

Article 35 (Responsibilities, etc. of Executive Officers)

(1) Executive officers shall observe this Act, orders issued under this Act, articles of incorporation, bylaws or regulations, and resolutions of the general meeting and the board of directors and shall perform their duties in good faith for the benefit of their cooperative.

(2) Executive officers shall be jointly liable for injuries and losses inflicted by an executive officer on the cooperative or any other person intentionally or by gross negligence (intentionally or by negligence, if inflicted by a standing executive officer) in the course of performing his/her duties.

(3) Paragraph (2) shall also apply where an executive officer inflicts losses on his/her cooperative or any other person by making a misrepresentation in a report on the settlement of account, registration, or public notice.

(4) If an act referred to in paragraph (2) is done according to a resolution adopted by the board of directors, directors who concurred in the resolution shall also be liable therefor under paragraph (2).

(5) A director who participated in a resolution referred to in paragraph (4) but did not overtly express dissent shall be deemed to have concurred in the resolution.

(6) The entitlement to reimbursement under any provision of paragraphs (2) through (5) shall be exercised by the president, if the entitlement is exercised against an auditor or director, by an auditor, if the entitlement is exercised against the president, or by the cooperative members' representative with consent of at least 1/5 of cooperative members, if the entitlement is exercised against all executive officers.

Article 36 (Duties of President and Directors)

(1) The president shall represent the cooperative and shall execute business affairs of the cooperative, as stipulated in articles of incorporation.

(2) Directors shall execute business affairs of the cooperative, as stipulated in articles of incorporation, and shall act on behalf of the president in the order stipulated in articles of incorporation, if the president is absent from office.

(3) Except as provided for in paragraph (2) and except where the president delegates his/her authority, no director, other than the president, shall represent the cooperative.

Article 37 (Duties of Auditors)

(1) Auditors shall audit the current status of business operations, property, books of account, documents, etc. of the cooperative at least once a year and shall report the results thereof to the general meeting.

(2) Auditors may verify and inspect books of account or documents of the cooperative without prior notice.

(3) When directors execute a business affair in violation of a statute, articles of incorporation, bylaws, regulations, or a resolution passed at a general meeting, auditors shall demand the board of directors to rectify the violation.

(4) Auditors may attend a general meeting or a directors' meeting and express their opinions at the meeting.

(5) Two auditors shall jointly submit an audit report or conduct an audit under paragraphs (1) and (2): Provided, That if auditors have different opinions in submitting an audit report, they may submit opinions, respectively.

(6) Articles 391-2, 402, 412-2, 413, and 413-2 of the Commercial Act shall mutatis mutandis to auditors' duties.

Article 38 (Auditors' Authority to Represent)

When a cooperative does a legal act, such as litigation or contract, with its president or director, auditors shall represent the cooperative.

Article 39 (Removal of Executive Officers)

(1) Cooperative members may request the cooperative to remove an executive officer with consent of at least 1/5 of cooperative members. In such cases, a written statement of the ground for removal shall be submitted to the cooperative.

(2) When a written statement is submitted under paragraph (1), the cooperative shall notify the relevant executive officer thereof in writing by not later than ten days before opening a general meeting and shall provide the executive officer with an opportunity to express his/her opinion at the general meeting.

(3) With regard to removal requested under paragraph (1), a resolution shall be adopted at a general meeting with the attendance of a majority of all cooperative members and by concurrent votes of at least 2/3 of the cooperative members present at the meeting.

Article 40 (Grounds for Disqualification of Executive Officers)

(1) Any of the following persons shall be disqualified as an executive officer of a cooperative:

1. A person declared incompetent;
2. A person declared quasi-incompetent;
3. A person declared bankrupt but not yet reinstated;
4. A person in whose case three years have not passed since imprisonment without prison labor or heavier punishment sentenced was completely executed (or is deemed completely executed) or discharged;
5. A person for whom the execution of imprisonment without prison labor or heavier punishment was suspended but who is still in the period of suspension of execution or in whose case two years have not passed since the period of suspension elapsed;
6. A person for whom the sentence of imprisonment without prison labor or heavier punishment was suspended and who is still in the period of suspension of the sentence;

7. A person whose qualification is relinquished or suspended by a court judgment or by any other Act.
- (2) If a ground referred to in any subparagraph of paragraph (1) arises, the relevant executive officer shall be automatically removed from office.
- (3) Any act in which an executive officer removed under paragraph (2) was involved before removal shall remain effective.

Article 41 (Board of Directors)

- (1) A cooperative shall have a board of directors.
- (2) The board of directors shall be comprised of directors, including the president.
- (3) The president shall convene a directors' meeting and shall preside over the meeting.
- (4) A resolution shall be adopted at a directors' meeting with the attendance of a majority of members and by concurrent votes of a majority of the members present at the meeting.
- (5) No director shall participate in a resolution on a matter in which any of his/her personal interests conflicts with the cooperative's interest or a matter related to his/her status.
- (6) Other necessary matters regarding the operation of the board of directors shall be stipulated in articles of incorporation.

Article 42 (Matters subject to Resolution by Board of Directors)

The following matters shall be subject to resolution by the board of directors:

1. Matters regarding property of the cooperative and the execution of business affairs of the cooperative;
2. Convening of general meetings and items on the agenda to be tabled at a general meeting;
3. Establishment, amendment, and abolition of regulations;
4. Borrowing of required funds;
5. Preparation of business plans and draft budgets;
6. Approval for appointment or dismissal of officers;
7. Acquisition and disposal of fundamental assets;
8. Matters specified in a statute or articles of incorporation;
9. Other matters referred to by the president for resolution.

Article 43 (Prohibition of Holding Concurrent Office of Executive Officers)

- (1) The president shall not hold concurrent office as the president of another cooperative.
- (2) Directors, including the president, shall not hold concurrent office as an auditor.
- (3) No executive officer shall hold concurrent office as an employee of the relevant cooperative.

Article 44 (Duty to Keep Documents)

- (1) The president shall keep articles of incorporation, bylaws, regulations, minutes of the general meeting and the board of directors, books of account, and the list of cooperative members at the principal place of business.
- (2) The report on the settlement of accounts shall be kept as the principal place of business at least seven days before opening an annual general meeting.

(3) Creditors and cooperative members of a cooperative may inspect documents specified in paragraphs (1) and (2) and may request the cooperative to issue copies thereof.

Article 45 (Types of Business Services)

(1) A cooperative may provide the following types of business services to accomplish its objectives:

1. Purchasing, manufacturing, processing and providing commodities necessary for the consumption of cooperative members;
2. Providing services by establishing common facilities necessary for the consumption of cooperative members;
3. Livelihood improvement programs and educational and cultural programs for cooperative members;
4. Health and medical services for improving health of cooperative members;
5. Projects entrusted by the State, a local government, a federation, or the national federation;
6. Services incidental to those specified in subparagraphs 1 through 5;
7. Other business services specified by Presidential Decree as necessary for accomplishing a cooperative's objectives.

(2) Matters necessary to provide business services specified in paragraph (1) shall be prescribed by Ordinance of the Prime Minister.

Article 46 (Use of Business Services)

(1) No one, other than a cooperative member, shall be allowed to use the cooperative's business services: Provided, That the foregoing shall not apply to cases specified by Ordinance of the Prime Minister for the smooth management of business services, such as advertisement or disposal of goods in stock.

(2) The use of business services specified in Article 45 by a person belonging to the same household as a cooperative member does or another cooperative, or a member of another cooperative shall be deemed the use by a member of the cooperative.

(3) Notwithstanding paragraph (1), a cooperative that provides health and medical services may provide health and medical services to persons specified by Ordinance of the Prime Minister within the limit of 50/100 of total business services provided.

Article 47 (Fiscal Year and Accounting)

(1) The fiscal year of a cooperative shall be stipulated in articles of incorporation.

(2) Accounts of a cooperative shall be classified into general accounts and special accounts.

(3) General accounts shall be comprehensive accounts.

(4) A special account shall be opened, where a specific project is executed, where a specific fund is managed, or where it is necessary to separate an account from general accounts for any other reason, as stipulated in articles of incorporation.

Article 48 (Business Plan, Budget, and Settlement of Accounts)

(1) A cooperative shall prepare a report on the settlement of accounts (including a business report, a balance sheet, an income statement, and a plan for appropriating surplus earnings or a plan for writing off losses) for the preceding year and a business plan and draft budget for the current year within three months

after the close of each fiscal year for approval from the general meeting.

(2) A cooperative may formulate and execute a temporary budget according to the budget for the preceding year until the business plan and budget referred to paragraph (1) are finally approved at a general meeting. Such temporary budget shall be subject to ex post facto approval at a general meeting.

(3) If a cooperative revises a business plan and budget finally approved at a general meeting, it shall obtain ex post facto approval of the revision at the general meeting held during the following term: Provided, That if articles of incorporation provide for different rules thereon, such rules shall apply to such cases.

Article 49 (Reserves)

(1) If a cooperative has surplus earnings as a result of the settlement of accounts for a fiscal year, it shall accumulate at least 10/100 of the surplus earnings as legal reserve until the reserve reaches the amount stipulated in articles of incorporation. The minimum amount of the legal reserve to be stipulated by articles of incorporation in such cases shall be prescribed by Presidential Decree.

(2) No cooperative shall use a legal reserve except where it is used for compensating losses or where the cooperative is dissolved.

Article 50 (Making up for Losses and Distribution of Surplus Earnings)

(1) If a cooperative has a loss as a result of the settlement of accounts for a fiscal year, it shall make up for the loss with retained earnings first and then with the legal reserve, and the deficit after it is made up for, if any, shall be carried over to the following fiscal year.

(2) A cooperative may distribute surplus earnings left over after making up for losses under paragraph (1) and accumulating the legal reserve under Article 49 to cooperative members, as stipulated in articles of incorporation. Surplus earnings in such cases shall be distributed in compliance with the following principles:

1. Dividends distributed according to the records of the use of business services shall be at least 50/100 of the total amount of dividends;
2. The rate of dividends for paid-in capital shall not exceed the market interest rate.

(3) Notwithstanding paragraph (2), a cooperative that provides health and medical services shall not distribute surplus earnings to cooperative members.

Article 51 (Prohibition of Acquisition of Equity Shares, etc.)

No cooperative shall acquire equity shares of its members or accept such equity shares as subject matter of a pledge except where the acquisition or acceptance results from the exercise of rights.

Article 52 (Mergers and Divisions)

(1) A cooperative may be merged or divided upon resolution passed at a general meeting.

(2) A cooperative surviving or newly established as a consequence of a merger or division shall succeed to rights and obligations of the cooperative dissolved as a consequence of the merger or division.

(3) The provisions of Articles 21 through 24 shall apply mutatis mutandis to cooperatives established pursuant to paragraph (1).

(4) A cooperative surviving a merger or division as referred to in paragraph (1) shall file for revised registration. Necessary matters regarding the revised registration in such cases shall be prescribed by Presidential Decree.

Article 53 (Dissolution)

(1) A cooperative shall be dissolved if any of the following events occurs:

1. If any event specified in articles of incorporation as a ground for dissolution occurs;
2. If the general meeting adopts a resolution in favor of the dissolution;
3. If it is merged, divided, or bankrupt;
4. If authorization for establishment is revoked.

(2) If a cooperative is dissolved pursuant to any provision of paragraph (1) 1 through 3, it shall report the dissolution to the competent Mayor/Do Governor within two weeks from the date of dissolution.

Article 54 (Registration of Dissolution)

(1) When a cooperative is dissolved, it shall file for registration of the dissolution within one month.

(2) Necessary matters regarding registration of the dissolution under paragraph (1) shall be prescribed by Presidential Decree.

Article 55 (Liquidators)

(1) When a cooperative is dissolved, the president shall serve as its liquidator, except where the dissolution results from bankruptcy.

(2) A liquidator shall investigate into the status of property without delay after inauguration, prepare a list of property and a balance sheet, determine methods for the disposal of the property, and then obtain approval thereof from the general meeting.

(3) When administrative affairs for liquidation are closed, the liquidator shall prepare a report on the settlement of accounts without delay and shall obtain approval thereof from the general meeting.

(4) If a cooperative fails to form a general meeting even after convening a general meeting on at least two occasions in cases referred to in paragraphs (2) and (3), it shall obtain consent from at least 2/3 of the cooperative members present at the meeting.

Article 56 (Disposal of Residual Property)

If a dissolved cooperative has any residual property after paying debts, such property shall be distributed to cooperative members by the method of calculation adopted at a general meeting in proportion to the number of equity shares: Provided, That a cooperative that provides health and medical services shall not distribute any residual property upon liquidation to cooperative members.

Article 57 (Qualification for Membership)

In order to be qualified for membership in a federation, a cooperative shall have its domicile or place of business within the business territory of the federation.

Article 58 (Withdrawal)

(1) A member cooperative may withdraw from the federation by giving sixty-days' prior notice.

(2) In any of the following cases, a member cooperative shall be automatically withdrawn from the federation:

1. If a member cooperative ceases to be qualified for membership;
2. If a ground specified in articles of incorporation arises.

Article 59 (Provisions Applicable Mutatis Mutandis)

@Articles 14, 15, 17, 19, and 20 shall apply mutatis mutandis to member cooperatives of a federation. In such cases, "cooperative" shall be construed as "federation", "cooperative member" as "member cooperative", "one cooperative member" in Article 15 (2) as "one member cooperative", and "20/100" as "40/100", respectively.

Article 60 (Authorization for Establishment, etc.)

(1) In order to establish a federation, at least five cooperatives qualified for membership shall prepare articles of incorporation as promoters, obtain a resolution thereon from the inaugural general meeting, and then obtain authorization therefor from the Fair Trade Commission.

(2) A resolution at the inaugural general meeting shall be adopted with the attendance of a majority of cooperatives that have submitted a written consent to establishment (hereinafter referred to as "cooperatives consenting to establishment") to promoters before opening the inaugural general meeting and by concurrent votes of at least 2/3 of the cooperatives present at the meeting.

(3) The minimum number of cooperatives consenting to establishment and the total amount of equity required for the establishment of a federation under paragraphs (1) and (2), and other necessary matters regarding the standards and procedure for authorization shall be prescribed by Presidential Decree.

Article 61 (Provisions Applicable Mutatis Mutandis)

@Articles 22 through 24 shall apply mutatis mutandis to the establishment of federations. In such cases, "cooperative" shall be construed as "federation", "cooperative member" as "member cooperative", "Mayor/Do Governor" as "Fair Trade Commission", and "cooperative member or proxy" in Article 23 (1) 5 as "member cooperative", respectively.

Article 62 (General Meetings)

(1) A federation shall hold general meetings.

(2) General meetings shall be comprised of representatives, as stipulated in articles of incorporation, and the president shall convene such general meetings.

(3) Representatives shall be elected from among cooperative members belonging to each member cooperative, but at least one cooperative member shall be elected from each member cooperative.

Article 63 (Executive Officers)

Executive officers shall be elected at the general meeting from among cooperative members belonging to each member cooperative, as stipulated in articles of incorporation.

Article 64 (Provisions Applicable Mutatis Mutandis)

@Articles 25 (3) through (5), 26 through 29, 30 (3) and (4), and 31 through 44 shall apply mutatis mutandis to organs of a federation. In such cases, "cooperative" shall be construed as "federation",

"cooperative member" as "member cooperative", "1/5" in Article 35 (6) and the former part of Article 39 (1) as "1/3", "cooperative members" in Articles 27 through 29 and 39 (3) as "representatives", "cooperative member" in Article 33 as "representative or a cooperative member belonging to a member cooperative", and "person who has filed an application for membership" as "cooperative member belonging to a cooperative that has filed an application for membership", respectively.

Article 65 (Types of Business Services)

(1) A federation may provide the following business services to accomplish its objectives:

1. Guiding, supporting, contacting with, and coordinating member cooperatives;
2. Developing commodities to be supplied to member cooperatives and purchasing, processing, manufacturing, and distributing commodities so developed;
3. Mutual aid programs for member cooperatives or cooperative members belonging to each member cooperative;
4. Projects for the installation and operation of facilities, such as logistics centers that member cooperatives can use in common;
5. Education and training programs for cooperative members and employees of member cooperatives and business for providing information to them;
6. Programs for granting or arranging subsidies to member cooperatives;
7. Programs for raising and managing financial resources to support the business of member cooperatives;
8. Projects entrusted or subsidized by the State, a local government, or the national federation;
9. Services incidental to those specified in subparagraphs 1 through 8;
10. Other services approved by the Fair Trade Commission as necessary for accomplishing a federation's objectives.

(2) Matters necessary to provide business services specified in paragraph (1) shall be prescribed by Ordinance of the Prime Minister.

Article 66 (Mutual Aid Regulations, etc.)

(1) When a federation intends to implement a mutual aid program, it shall establish mutual aid regulations and obtain authorization therefor from the Fair Trade Commission. When a federation intends to amend mutual aid regulations, it shall also obtain authorization therefor from the Fair Trade Commission.

(2) Mutual aid regulations referred to in paragraph (1) shall provide for the method of the implementation of the program, mutual aid agreements, mutual aid premiums, etc., as prescribed by the Fair Trade Commission.

(3) The Fair Trade Commission may formulate and enforce standards necessary for the supervision of mutual aid programs for the robust development of mutual aid programs and the protection of contracting parties.

Article 67 (Use of Business Services)

(1) No federation shall allow any person, other than a member cooperative, to use the business services of the federation: Provided, That the foregoing shall not apply to cases specified by Ordinance of the Prime Minister for the smooth management of business services, such as advertisement or disposal of goods in stock.

(2) The use of business services by a cooperative member of a member cooperative shall be deemed the use by the member cooperative.

Article 68 (Provisions Applicable Mutatis Mutandis)

@Articles 47 through 49, 50 (1) and (2), and 51 shall apply mutatis mutandis to the accounting of a federation. In such cases, "cooperative" shall be construed as "federation", and "cooperative member" as "member cooperative", respectively.

Article 69 (Provisions Applicable Mutatis Mutandis)

@Articles 52 through 56 shall apply mutatis mutandis to the merger, division, dissolution, and liquidation of a federation. In such cases, "cooperative" shall be construed as "federation", "cooperative member" as "member cooperative", "Mayor/Do Governor" as "Fair Trade Commission", "provisions of Articles 21 through 24" in Article 52 (3) as "Articles 60 and 61", and "cooperative members" in Article 55 (4) as "representatives", respectively.

Article 70 (Qualification for Membership)

Members of the national federation shall be comprised of cooperatives or federations.

Article 71 (Provisions Applicable Mutatis Mutandis)

@Articles 14, 15, 17, 19, 20, and 58 shall apply mutatis mutandis to members of the national federation. In such cases, "cooperative" shall be construed as "national federation", "cooperative member" as "member", "one cooperative member" in Article 15 (2) as "one member", and "20/100" as "40/100", respectively.

Article 72 (Authorization for Establishment, etc.)

(1) In order to establish the national federation, federations or cooperatives shall prepare articles of incorporation as promoters, obtain a resolution thereon at the inaugural general meeting, and then obtain authorization therefor from the Fair Trade Commission.

(2) The number of promoters necessary for the establishment of the national federation under paragraph (1) shall be at least 15 cooperatives when the number of cooperatives belonging to a federation participating in establishment as a promoter are added to the number of cooperatives that do not belong to any federation participating in establishment as an promoter but participate in establishment as promoters, and the total number of cooperatives consenting to establishment shall be at least 1/2 of the number of all cooperatives authorized. If a federation submits a written consent to establishment in such cases, the cooperatives belonging to the federation shall be deemed to submit a written consent to establishment.

(3) A resolution at the inaugural general meeting shall be adopted with the attendance of a majority of cooperatives consenting to establishment and by concurrent votes of at least 2/3 of the cooperatives present at the meeting. If a federation attends the inaugural general meeting and exercises its voting right

at the meeting, the cooperatives belonging to the federation shall be deemed to attend the inaugural general meeting and exercise their voting rights at the meeting.

(4) The total amount of equity required for the establishment of the national federation under paragraphs (1) through (3) and other necessary matters regarding the standards and procedure for authorization shall be prescribed by Presidential Decree.

Article 73 (Provisions Applicable Mutatis Mutandis)

@Articles 22 through 24 shall apply mutatis mutandis to the establishment of the national federation. In such cases, "cooperative" shall be construed as "national federation", "cooperative member" as "member", "Mayor/Do Governor" as "Fair Trade Commission", and "cooperative member or proxy" in Article 23 (1) 5 as "member", respectively.

Article 74 (General Meetings)

(1) The national federation shall hold general meetings.

(2) General meetings shall be comprised of representatives, as stipulated in articles of incorporation, and the president shall convene such general meetings.

(3) Representatives shall be elected from among cooperative members belonging to each cooperative or federation, which is a member, and at least one cooperative member shall be elected from each member.

Article 75 (Executive Officers)

(1) Executive officers shall be elected from among cooperative members belonging to a cooperative or federation, which is a member, at the general meeting, as stipulated in articles of incorporation.

(2) The president of the national federation shall not hold concurrent office as the president of a cooperative or federation: Provided, That the foregoing shall not apply to the president at the time of establishment.

Article 76 (Provisions Applicable Mutatis Mutandis)

@Articles 25 (3) through (5), 26 through 29, 30 (3) and (4), 31 through 42, 43 (2) and (3), and 44 shall apply mutatis mutandis to organs of the national federation. In such cases, "cooperative" shall be construed as "national federation", "cooperative member" as "member", "1/5" in Article 35 (6) and the former part of Article 39 (1) as "1/3", "cooperative member" in Articles 27 through 29 and 39 (3) as "representative", "cooperative member" in Article 33 as "representative or a cooperative member belonging to a member", and "person who has filed an application for membership" as "cooperative member belonging to a federation or cooperative that has filed an application for membership", respectively.

Article 77 (Types of Business Services)

(1) The national federation may provide the following business services to accomplish its objectives:

1. Services specified in Article 65 (1) 1 through 4, 6, and 7;
2. Programs for training specialized human resources necessary for the operation of cooperatives, etc.;
3. Projects for research and study on cooperatives, etc., and publicity of cooperatives, etc.;

4. Projects delegated, entrusted, or subsidized by the State or a local government;
5. Services incidental to those specified in subparagraphs 1 through 4;
6. Other services approved by the Chairperson of the Fair Trade Commission as necessary for accomplishing the national federation's objectives.

(2) The national federation may make recommendations to the State, a local government, or a public organization with respect to matters necessary for the promotion of common interests of members or the development of members.

(3) Matters necessary to provide business services specified in paragraph (1) shall be prescribed by Ordinance of the Prime Minister.

Article 78 (Provisions Applicable Mutatis Mutandis)

@Articles 66 and 67 shall apply mutatis mutandis to the business services of the national federation. In such cases, "federation" shall be construed as "national federation" and "cooperative" as "cooperative or federation", respectively.

Article 79 (Provisions Applicable Mutatis Mutandis)

@Articles 47 through 49, 50 (1) and (2), and 51 shall apply mutatis mutandis to the accounting of the national federation. In such cases, "cooperative" shall be construed as "national federation", and "cooperative member" as "member", respectively.

Article 80 (Provisions Applicable Mutatis Mutandis)

@Articles 52 through 55 and the main body of Article 56 shall apply mutatis mutandis to the merger, division, dissolution, and liquidation of the national federation. In such cases, "cooperative" shall be construed as "national federation", "cooperative member" as "member", "Mayor/Do Governor" as "Fair Trade Commission", "provisions of Articles 21 through 24" in Article 52 (3) as "Articles 72 and 73", and "cooperative members" in Article 55 (4) as "representatives", respectively.

Article 81 (Supervision)

(1) A Mayor/Do Governor (referring to the Mayor/Do Governor who has authorized establishment; the same shall apply hereafter in this Chapter) may supervise business operations of each cooperative and issue orders necessary for supervision, as provided for in this Act.

(2) The Fair Trade Commission may supervise business operations of each federation and the national federation and issue orders necessary for supervision, as provided for in this Act: Provided, That the supervision may be partially delegated to each Mayor/Do Governor, if necessary.

(3) In any of the following cases, a Mayor/Do Governor may require a cooperative (including a cooperative undergoing incorporation; the same shall apply hereafter in this Article) to report matters regarding its business and property or may authorize public officials under his/her control to inspect the current status of business, books of account, and documents of a cooperative and other necessary matters:

1. If it is necessary to ascertain whether a cooperative complies with the procedure for establishment or meets the standards for authorization under Article 21;

2. If it is necessary to ascertain whether a cooperative violates this Act, an order issued under this Act, or articles of incorporation;
 3. If it is necessary to ascertain whether a cooperative that provides health and medical services violates the Medical Service Act.
- (4) A public official who conducts an inspection pursuant to paragraph (3) shall carry a certificate indicating his/her authority and produce it to relevant persons.
- (5) If a Mayor/Do Governor discovers as a result of the supervision under paragraph (1) that a cooperative violates an order issued under this Act or articles of incorporation, he/she may order the cooperative to take measures for rectification.
- (6) If the Fair Trade Commission deems it necessary for the efficient enforcement of this Act and the formulation of policies on cooperatives, it may require a Mayor/Do Governor to conduct an investigation, inspection, or verification with regard to a cooperative, to demand a cooperative to submit data, or to take measures necessary for rectification.
- (7) If the Fair Trade Commission or a Mayor/Do Governor deems it necessary for the efficient enforcement of this Act, the robust growth and development of cooperatives, the Fair Trade Commission or the Mayor/Do Governor may partially entrust supervision to the national federation established pursuant to this Act, as prescribed by Presidential Decree.

Article 82 (Revocation of Authorization for Establishment)

- (1) In any of the following cases, a Mayor/Do Governor may revoke authorization for the establishment of a cooperative;
1. If a cooperative obtains authorization for establishment by fraud or other improper means;
 2. If a cooperative ceases to meet a standard prescribed by Presidential Decree for authorization pursuant to Article 21 (4);
 3. If a cooperative does not rectify a fault despite receiving an order to take measures for rectification under Article 81 (5);
 4. If a cooperative fails to commence business without just cause within one year from the date on which its establishment was authorized or has suspended its business continuously for at least one year;
 5. If a cooperative that provides health and medical services falls under any ground for the revocation of permission for establishing a medical institution under the Medical Service Act.
- (2) When a Mayor/Do Governor revokes authorization for establishment under paragraph (1), he/she shall publicly notify the fact without delay and shall notify the Fair Trade Commission of the revocation.

Article 83 (Hearings)

When a Mayor/Do Governor intends to revoke authorization for the establishment of a cooperative under Article 82 (1), he/she shall hold a hearing.

Article 84 (Provisions Applicable Mutatis Mutandis)

- (1) Articles 81 (3) through (5), 82 (1), and 83 shall apply mutatis mutandis to federations. In such cases, "cooperative" shall be construed as "federation", "Mayor/Do Governor" as "Fair Trade Commission",

"Article 21" as "Article 60", and "Article 21 (4)" as "Article 60 (3)", respectively.

(2) Articles 81 (3) through (5), 82 (1), and 83 shall apply mutatis mutandis to the national federation. In such cases, "cooperative" shall be construed as "national federation", "Mayor/Do Governor" as "Fair Trade Commission", and "Article 21" as "Article 72", respectively.

Article 85 (Penalty Provisions)

(1) If an executive officer, employee, or liquidator of a cooperative or federation inflicts a loss on a cooperative by appropriating the cooperative's funds for any purpose, other than for the cooperative's business purposes, or by disposing of or using the cooperative's property, such person shall be punished by imprisonment with labor for not more than ten years, by a fine not exceeding thirty million won, or both concurrently.

(2) If an executive officer, employee, or liquidator of a cooperative or federation does any of the following acts, such person shall be punished by imprisonment with labor for not more than one year or by a fine not exceeding ten million won: <Amended by Act No. 12833, Oct. 15, 2014>

1. If such person omits to obtain authorization for a matter subject to authorization by a supervisory authority;
2. If such person violates any provision of Articles 46 (3) or 49 through 51, or the proviso to Article 56;
3. If such person files for registration by fraud or other improper means;
4. If such person executes a matter subject to resolution at a general meeting under this Act without such resolution.

Article 86 (Penalty Provisions)

(1) Any of the following persons shall be punished by imprisonment with labor for not more than two years or by a fine not exceeding 20 million won: <Amended by Act No. 12833, Oct. 15, 2014>

1. A person who gets involved in an election of a public official, in violation of Article 7 (2);
2. A person who conducts an election campaign, in violation of Article 33 (1) (including cases applicable mutatis mutandis under Article 64 or 76).

(2) Any of the following persons shall be punished by imprisonment with labor for not more one year or by a fine not exceeding ten million won: <Amended by Act No. 12833, Oct. 15, 2014>

1. A person who visits people from door to door or solicits people to gather at a specific place, in violation of Article 33 (2) (including cases applicable mutatis mutandis under Article 64 or 76);
2. A person who conducts an election campaign, in violation of Article 33 (4) (including cases applicable mutatis mutandis under Article 64 or 76).

(3) Any person who slanders a candidate by publishing any false information or by disclosing any fact publicly, in violation of Article 33 (3) (including cases applicable mutatis mutandis under Article 64 or 76) shall be punished by a fine between three million won and twenty million won.

(4) The period of prescription for the public prosecution of a crime specified in any of paragraphs (1) through (3) shall expire at the lapse of six months after the relevant election date: Provided, the period shall expire at the lapse of three years if the offender is a fugitive.

Article 87 (Joint Penalty Provisions)

If an executive officer, employee, or liquidator of a cooperative or federation commits an offense under Article 85 in connection with the business affairs of the cooperative or federation, not only shall such offender be punished accordingly, but also the cooperative or federation shall be punished by a fine under the relevant provisions: Provided, That the foregoing shall not apply where such cooperative or federation has not been negligent in giving due attention and supervision concerning the relevant business affairs to prevent such offense.

Article 88 (Administrative Fines)

(1) Any person who violates Article 4 (2) shall be subject to an administrative fine not exceeding five million won.

(2) If a cooperative or federation violates any of the following, it shall be subject to an administrative fine not exceeding three million won:

1. If a cooperative permits a cooperative member to hold equity shares in excess of 20/100 of the total number of equity shares of the cooperative (40/100 in cases to which this subparagraph applies mutatis mutandis under Article 59 or 71), in violation of Article 15 (2) (including cases applicable mutatis mutandis under Article 59 or 71);

2. If a cooperative gives unequal voting rights on resolutions or elections to cooperative members according to the number of equity shares, in violation of Article 16 (1);

3. If a cooperative or federation permits any person, other than a cooperative member or a member cooperative, to use the business services of the cooperative or federation, in violation of Article 46 (1) or 67 (1) (including cases applicable mutatis mutandis under Article 78).

(3) If an executive officer, employee, or liquidator of a cooperative or federation falls under any of the following, such person shall be punished subject to an administrative fine not exceeding one million won:

1. If such person neglects to file for registration;

2. If such person makes a false statement or submits a false report to a supervisory authority or the general meeting or conceals any fact;

3. If such person refuses, interferes with, or evades an inspection conducted by a supervisory authority.

(4) Administrative fines under paragraphs (1) through (3) shall be imposed and collected by the Fair Trade Commission or a Mayor/Do Governor, as prescribed by Presidential Decree.

ADDENDA

Article 1 (Enforcement Date)

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

Article 2 (Transitional Measures concerning Cooperatives, etc.)

(1) If an incorporated association, which is not a cooperative but has already been established for objectives similar to those of a cooperative before this Act enters into force, intends to become a cooperative, it shall fulfill the prerequisites for the establishment of a cooperative, as provided for in

Article 21 (4), obtain a resolution thereon at a general meeting with the attendance of a majority of partners and by concurrent votes of at least 2/3 of the partners present at the meeting, and then obtain authorization therefor from the competent Mayor/Do Governor. In such cases, "persons consenting to establishment" shall be construed as "partners", "promoters" as "the representative of the association", and "inaugural meeting" as "general meeting", respectively.

(2) If an incorporated association already established for objectives similar to those of a federation before this Act enters into force, intends to become a federation, it shall fulfill the prerequisites necessary for the establishment of a federation, as provided for in Article 60, obtain a resolution thereon at a general meeting with the attendance of a majority of partners and by concurrent votes of at least 2/3 of the partners present at the meeting, and then obtain authorization therefor from the Fair Trade Commission. In such cases, "cooperatives consenting to establishment" shall be construed as "partners", "promoters" as "the representative of the association", and "inaugural meeting" as "general meeting", respectively.

(3) If an incorporated association already established for objectives similar to those of the national federation before this Act enters into force, intends to become the national federation, it shall fulfill the minimum number of cooperatives consenting to establishment, as provided for in Article 72 (2), and the prerequisites necessary for the establishment of the national federation, as provided for in Article 72 (4), obtain a resolution thereon at a general meeting with the attendance of a majority of partners and by concurrent votes of at least 2/3 of the partners present at the meeting, and then obtain authorization therefor from the Fair Trade Commission. In such cases, "cooperatives consenting to establishment" shall be construed as "partners", "promoters" as "the representative of the association", and "inaugural meeting" as "general meeting", respectively.

Article 3 (Transitional Measure concerning Name)

@Article 4 (2) shall not apply, for one year from the date this Act enters into force, to organizations that perform the same functions as cooperatives' as at the time this Act enters into force, but has not been established pursuant to this Act.

Article 4 (Transitional Measure concerning Term of Office of Cooperative's Executive Officers)

Executive officers of a cooperative as at the time this Act enters into force shall be deemed executive officers for the purposes of this Act, and their term of office shall expire at the end of the term specified in previous articles of incorporation.

Article 5 (Transitional Measure concerning Administrative Dispositions, etc.)

An act done by or in relation to an administrative agency pursuant to the previous provisions as at the time this Act enters into force shall be deemed an act done by or in relation to an administrative agency pursuant to the relevant provisions of this Act.

Article 6 (Transitional Measure concerning Penalty Provisions and Administrative Fines)

For the purpose of applying the penalty provisions or imposing an administrative fine, acts done before this Act enters into force shall be governed by the previous provisions.

Article 7 (Relationship to other Statutes)

A citation of provisions of the previous Consumer Cooperatives Act by any other statute in force as at the time this Act enters into force shall be deemed a citation of the corresponding provisions of this Act in lieu of the previous provisions, if such corresponding provisions exist in this Act.

ADDENDUM <Act No. 11812, May 22, 2013>

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

ADDENDUM <Act No. 12833, Oct. 15, 2014>

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

