

FSC'S REVISION PROPOSAL DESIGNATES 7 SPECIFIC INDUSTRIES FOR KEY INDUSTRY BAILOUT FUND

The FSC announced revisions to the enforcement decree of the Korea Development Bank Act on May 6, which designate seven specific industries to be eligible for the key industry bailout fund and establish necessary provisions for the fund's operation.¹

KEY REVISIONS

(DESIGNATION OF KEY INDUSTRIES) The Korea Development Bank Act broadly defines key industries as those considered crucial to the real economy, stability of the job market and national security, such as defense industry, industries barred from foreign investment, etc., and prescribes that the designation of specific industries be carried out by enforcement decree. Through this amendment, the airline, maritime shipping, machinery, automobile, shipbuilding, electric power and communications industries will be designated as key industries. The FSC may include additional sectors upon request from the relevant ministers if funding support is deemed necessary.

(ISSUANCE OF BONDS) The revisions to the enforcement decree established the necessary rules including the issuance of bonds, subscription, etc.

(VOTING RIGHT) The KDB may exercise its voting right only in the following two exceptional circumstances to preserve the fund's assets—a) decisions involving significant stakes to the value of equities and b) when a company receiving the support undergoes structural adjustment.

(FUND MANAGEMENT COUNCIL) The 7-member council will consist of members recommended by the relevant standing committees of the National Assembly, government ministries and the KDB.

SCHEDULE

The revisions to the enforcement decree of the Korea Development Bank Act will be finalized at a cabinet meeting after an examination by the Ministry of Government Legislation.

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For any inquiry, please contact Foreign Press & Relations Team at fsc_media@korea.kr.

¹ Please see [here](#) for press release on the government's announcement to establish a KRW40 trillion fund to support key industries struggling from the COVID-19 pandemic.