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Press Release

February 16, 2005

The FSS Issues Guidance on Reporting Requirements under the Amended “5% Rule” Set to Take Effect in March

The FSS issued the following guidance on the reporting requirements under the amended “5% rule” set to take effect on March 29 to help investors and companies avoid unnecessary confusion and ensure full compliance with new reporting regimes. Currently, the 5% rule requires an investor who acquires 5% or more of a publicly traded company’s total outstanding shares or changes his share ownership by 1% or more thereafter to disclose it within five days from the date of the transaction.

Re-filing of disclosures for investors subject to the 5% rule

Under the amended provisions, an investor who previously filed a disclosure under the 5% rule with “Exercising Influence on the Management” of the investee company as the intended purpose of the investment must re-file a disclosure on the share ownership and the intended investment purpose within five days after the new reporting requirements take effect on March 29. That is, an investor who holds 5% or more of the company’s shares with Exercising Influence on the Management as the intended investment purpose as of the effective date must file a new disclosure using a new reporting format between March 29 and April 2 even if one were filed prior to March 29 and no change in share ownership had occurred since. Thus, the new reporting rule is applicable to both investors who previously stated Exercising Influence on the Management as the investment purpose as well as investors who changed the investment purpose to Exercising Influence on the Management after a previous filing. Investors who disclosed the investment purpose as “Investment Only” are excluded from the new reporting requirements.

Investment Purpose and Reporting Requirements (As of the effective date of March 29, 2005)

Current Investment Purpose	Investment Purpose As of the Effective Date	Compliance with the New Disclosure
Exercising Influence on the Management	Exercising Influence on the Management	Yes
Investment Only	Exercising Influence on the Management	Yes
Investment Only	Investment Only	Excluded



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Five-day “cooling-off period” after reporting Exercising Influence on the Management as the intended investment purpose

The amended provisions pertaining to the 5% rule also mandate a five-day “cooling-off period” during which investors who declared Exercising Influence on the Management as the investment purpose are barred from acquiring any additional interests in the investee company or exercising any voting rights in the affairs of the investee company. Thus, investors are advised to take into account the timing of the investee company’s general shareholders’ meeting in deciding when to file the disclosure under the amended rules to avoid the restrictions imposed during the cooling-off period.

Reporting of a change in investment purpose

Currently, the 5% rule requires an investor who acquires 5% or more of a publicly traded company’s total outstanding shares or changes his share ownership by 1% or more thereafter to disclose it within five days from the date of the transaction. Reporting of a change in the investment purpose is required as supplementary information when a change in share ownership occurs; i.e., no reporting is required for a change in investment purpose if no change in share ownership has occurred.

Under the amended 5% rule, investors are required to not only disclose the specific purpose of the investment in the investee company—either for Investment Only or for Exercising Influence on the Management—but also report a change in the investment purpose within five days from the date of the change even if no change in share ownership had occurred. Thus, a change in the investment purpose triggers mandatory filing of the change with the FSC/FSS. Investors are advised that a change in the investment purpose to Exercising Influence on the Management also triggers the five-day cooling-off period after the filing and that investors are barred from acquiring additional shares or exercising voting rights in the investee company.

Reporting forms for a change in the investment purpose

The reporting forms to be used for a change in the investment purpose are to consist of a regular form for a change to Exercising Influence on the Management and a simplified form for a change to Investment Only.

Additional information dissemination measures for the impending changes in the 5% rule

As additional follow-up steps to help investors and companies avoid confusion and ensure full compliance with the impending changes, the FSS plans to hold explanatory sessions through various forums in close cooperation with other public



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and private-sector entities and provide publications with information that investors and companies can use to comply with the new disclosure regimes. Information will also be available through the FSS Internet homepage, the FSS electronic disclosure system (DART), and direct contact by the FSS.

Please forward questions or comments regarding this press release to the Equity Disclosure Team, Disclosure Supervision Department (Tel: +82-2-3786-8423), Financial Supervisory Service.