Duty to Report M&A Transactions Involving National Core Technologies

Pursuant to the amended Act on Prevention of Divulgence and Protection of Industrial Technology, which came into effect on January 26, 2012, prior reporting to the Ministry of Knowledge Economy is now required for a foreigner's acquisition or merger of a company possessing national core technology.

National core technology is technology designated by the Ministry of Knowledge Economy to have high technological/economic value or high potential for growth of the relevant industry. Approximately 50 types of technologies are currently designated as national core technologies, and these notably include, among others: technology for the design and manufacture of AMOLED panels, design technology for Hybrid automobiles, design technology for LTE systems, technology for large scale distillation and fermentation of antibodies.

The amended Act further provides that, in the event the Ministry of Knowledge Economy determines that the acquisition or merger of a company possessing national core technology by a foreigner poses a serious threat to the national security, then the Ministry may issue a suspension/prohibition/restoration (unwinding) order against the relevant acquisition or merger transaction pursuant to review by the Ministry's committee.

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