

# What are the FDI notification procedures when a foreigner invests in Korea by establishing a corporation or by participating in capital increase with consideration of a domestic company?

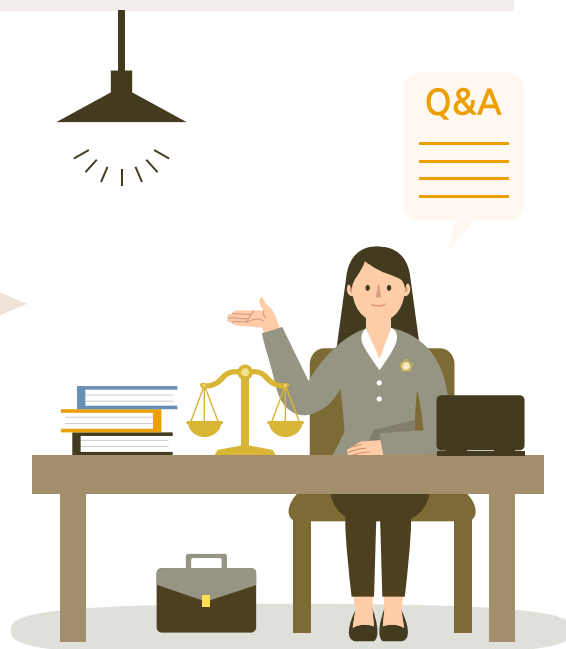
*Every month, Invest Korea provides answers to some frequently asked questions submitted by foreign-invested companies in Korea and potential investors.*

## Q.

**What are the FDI notification procedures when a foreigner invests in Korea by establishing a corporation or by participating in capital increase with consideration of a domestic company?**

## A.

A foreigner who intends to invest by establishing a corporation or participating in capital increase with consideration of a domestic corporation can notify foreign investment through acquisition of new shares.



## 1. Notification of FDI through acquisition of stocks, etc. (new stocks)

- **Basic requirements:** The investment amount shall be not less than KRW 100 million, and at least 10 percent of voting stocks shall be held after the acquisition of new stocks.
- **Organizations receiving notification (delegated agencies):** KOTRA, foreign exchange banks in Korea, etc.
- **Time of notification:** Prior to remittance of investment funds
- **Application form:** Foreign Investment by Acquisition of Stocks (or Contribution)  
[ ] Notification Form [ ] Application for Authorization  
(Enforcement Rules of the Foreign Investment Promotion Act [Form 1])
- **Documents required for FDI notification**
  - Two copies of the foreign investment notification form: Choose either a Korean form or an English form to fill out
  - A power of attorney: Only required in case of reporting by an agent
  - Documents certifying the foreigner's nationality (Individuals: a certificate of citizenship issued by the relevant government or authorities, a passport, etc.; Corporations: a certified copy of corporate registration, a copy of a certificate of business, etc.)
- **Issuance of a certificate of notification:** A delegated authority will issue a certificate of notification without delay to the notifying party upon the receipt of an FDI notification.

## 2. Remittance of investment funds by a foreign investor

- A foreign investor intending to invest in Korea by establishing a corporation can receive a temporary account needed for the remittance of investment funds at a bank after completing a report on foreign investment.
- In case of a medium-or large-sized investment, the amount of remittance for the first transfer is limited (KRW 100 million), but as much funds as needed can be remitted afterwards.  
<An example of a remittance statement>
- **Remitter:** ABC (a UK resident)  
(The remitter should be the same as the foreign investor on the FDI notification form.)
- **Beneficiary:** The name of the foreign investor (a temporary bank account number under the name of the foreign investor in case he/she establishes a corporation) or the name of a foreign-invested company (Techno Fiber Korea Co. Ltd.) (in case of participation in capital increase with consideration of an existing corporation)
- **Beneficiary bank :** Korea Exchange Bank, Yangjaenam BR/IKP Office
  - Address: IKP B/D, 4th Floor 300-6 Yomgok-Dong, Seocho-Gu, Seoul, Korea
  - Swift code: KOEXKRSE

- **Remarks:** This fund will be used for the establishment (or for capital increase) of Techno Fiber Korea Co. Ltd. in Korea.

### 3. Registration of incorporation of a foreign-invested company (registration of capital increase in case of capital increase with consideration)

- **Type of corporation:** A stock company, a limited company, etc.
- **Trade name:** Whether the same trade name exists should be checked (at the Registrar of Supreme Court Internet Register Office: <http://www.iros.go.kr>).
- **Office address to be secured**
- **Executive officers (regardless of nationality or residency in Korea)**
  - **Directors:** Inside directors (representative director), outside directors, and other directors not engaged in regular business (At least three directors are required for a stock company but one or two directors may be acceptable for a stock company whose capital is less than KRW 1 billion.)
  - **Auditors** (not required for a stock company whose capital is less than KRW 1 billion)
- **A certificate of personal address of the representative director**
- **Notification of foreign investment** (the investor, investment amount, business area, etc. should be confirmed)
- **Appointment of a legal officer, attorney, or accountant** (can be arranged upon request from a foreign investor)

### 4. Filing for registration of a foreign-invested company

*If you have further questions please contact*



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*or visit*



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