

## What is the procedure under the Foreign Investment Promotion Act when a foreign-invested company carries out capital increase without consideration?

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

**Q. What is the procedure under the Foreign Investment Promotion Act when a foreign-invested company carries out capital increase without consideration?**

**A.** If a foreign investor acquires stocks, etc. free of charge from the relevant foreign-invested company, the foreign investor shall notify the acquisition of stocks, etc. under Article 5 (2) 2 of the Foreign Investment Promotion Act within 60 days from the acquisition of stocks. (The amount of foreign investment does not increase because there is no infusion of new investment funds.)

- The foreign-invested company should file for registration of alteration. Although there is no increase in the actual amount of investment by the foreign-invested company, the total par value of the stocks held by the foreign-invested company rises due to an increase in the number of stocks. This increase should be reflected in the registration.
- Documents certifying the acquisition of stocks such as the statement of resolution of a shareholder meeting on the capital increase without consideration, a certificate of corporate registration and a shareholder register issued after the execution of the capital increase should be submitted.

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