

February's Plenary Sessions: What Passed and What It Means for Industry

February 2026



Source: Yonhap

On 12 February, the National Assembly **passed 63 bills at a plenary session**. Although the measures were brought to a vote as bipartisan legislation, the opposition did not participate. It boycotted the session in protest against what it described as the ruling party's insistence on advancing other political bills with its legislative majority.

On 24 February, the ruling party convened a further plenary session to vote on the **remaining bills it considers legislative priorities**. In response, the opposition mounted a filibuster, but the ruling party's absolute majority meant it could end it after 24 hours.

This edition includes **one-page summaries** of the passed legislation with industry implications, covering (1) mandatory cancellation of treasury shares, (2) strengthened data protection enforcement, and (3) the SMR development framework.

One-pager: Mandatory cancellation of treasury shares

Amendment to the Commercial Act

The amendment mandates the cancellation of treasury stock: within one year for newly acquired treasury shares and within 1.5 years for existing treasury shares.

1. Overview

On 25 February, the National Assembly passed an amendment to the Commercial Act **mandating the cancellation of treasury shares**. The passed amendment will take effect immediately upon promulgation, which is expected in March 2026. Accordingly, it will apply to this year's Annual General Meeting in March.

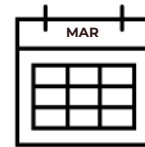
Standing committee in charge
Legislation and Judiciary
Committee



Impacted business
Listed companies in
the Korean stock market



Effective date
Immediately upon promulgation
expected in March 2026



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2. Key Provisions

- **Mandatory cancellation timeline:** Companies must cancel treasury shares within one year of purchase. For treasury shares held prior to this bill, a six-month grace period applies, requiring cancellation within a total of 1.5 years.
- **Shareholder approval for exceptions:** Exceptions for specific business needs (e.g., employee compensation) must be approved annually by the General Meeting of Shareholders.
- **Penalty for non-compliance:** Failure to comply will result in an administrative fine of KRW 50 million.
- **Exemptions to ensure other legal compliance:** In the case of companies subject to foreign investment restrictions under the Telecommunications Business Act or other relevant laws (e.g. where total foreign shareholding must not exceed 49%), the company shall, in principle, dispose of its treasury shares within three years from the effective date, to the extent necessary to ensure legal compliance.

3. Policy Rationale

Problem Statement	Expected Outcome
<p>Treasury shares purchased with corporate funds entrench controlling shareholder power at high opportunity cost.</p> <p>It diverts capital away from long-term investments such as R&D or shareholder return policies, including dividend payouts that general investors typically prioritize.</p>	<p>The mandatory cancellation requirement is expected to effectively put an end to the problem.</p> <p>The broader objective is to address structural issues that have historically depressed Korean stock valuations.</p>

One-pager: Strengthening data protection enforcement

Amendment to Personal Information Protection Act (PIPA)

The amendment formalizes executive accountability, mandates certification for large scale controllers, and raises administrative fines to up to 10 percent of total revenue.

1. Overview

On 12 February, the National Assembly passed the amendment to the Personal Information Protection Act. The amendment was introduced in response to **repeated large scale personal data breaches** and concerns over insufficient deterrence. Most provisions will enter into force six months after promulgation, with certain measures phased in thereafter.

Standing committee in charge
National Policy Committee



Impacted business
Companies processing personal data



Effective date
Six months after promulgation
(certain provisions after one year)



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2. Key Provisions

- **CEO level accountability:** Companies are required to formalize CEO responsibility for personal data protection compliance, elevating data governance to board level oversight.
- **Strengthened CPO authority:** For qualifying companies, appointment and dismissal of the Chief Privacy Officer require board approval and notification to the PIPC, with enhanced authority over personnel and budget.
- **Expanded breach notification scope:** Notification obligations now cover falsification, alteration, and damage of personal data, alongside loss, theft, and leakage, under a risk based notification framework.
- **Increased administrative fines:** Intentional or grossly negligent repeated violations or incidents affecting 10 million or more individuals may result in fines of up to 10 percent of total revenue. Failure to comply with corrective orders may also trigger fines at the same level.
- **Mandatory certification for large scale controllers:** Large scale data controllers must obtain data protection certification, effective from 1 July 2027.

3. Policy Rationale

Problem Statement

Repeated large scale personal data breaches exposed weaknesses in corporate governance and internal control systems.

Existing enforcement tools and fine levels were viewed as insufficient to deter violations by major data driven companies.

Expected Outcome

Stronger executive accountability and internal oversight are expected to enhance corporate data protection governance.

The reform aims to **strengthen deterrence and restore public trust in the data protection regime.**

One-pager: SMR development framework

The SMR Special Act

Legislation establishing a dedicated legal framework to accelerate the R&D, demonstration, and commercialization of Small Modular Reactors (SMRs).

1. Overview

On 12 February, the National Assembly passed the Special Act on SMR Development, establishing **Korea's first dedicated legal framework for the R&D, demonstration, and commercialization of SMRs**. To support implementation, MSIT has committed 1.2 trillion KRW (approx. USD 830 million) to develop core technologies across three domestic SMR models.

Standing committee in charge
Science, ICT, Broadcasting and
Communications Committee



Impacted business
Nuclear energy industry /
companies involved in SMR R&D
and commercialization



Effective date
Six months after promulgation
(August/September 2026)



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2. Key Provisions

- **Master plan:** MSIT must publish a comprehensive SMR development plan every five years, with annual implementation plans to ensure consistent policy execution.
- **Promotion committee:** A new cross-ministry body chaired by the MSIT Minister, serving as the central decision-making hub for R&D, demonstration, and international cooperation.
- **Special zones:** The MSIT Minister can designate geographic clusters of universities, research institutes, and companies as dedicated SMR R&D hubs to concentrate expertise and resources.
- **Regulatory adaptation:** The Act mandates institutional and regulatory improvements tailored specifically to SMRs, addressing the limitations of existing frameworks designed for large-scale nuclear plants.
- **Public-private consortia:** The Act provides a legal basis for joint ventures and research consortia between government, industry, and academia to co-develop and commercialize SMR technologies.

3. Policy Rationale

Problem Statement

Existing nuclear regulations are designed for large-scale reactors and **cannot adequately support SMR development**.

Korea risks falling behind as major economies enact dedicated SMR frameworks while no commercial units exist anywhere in the world.

Expected Outcome

A dedicated legal framework is expected to close the regulatory gap and accelerate Korea's path to SMR commercialization.

The Act aims to position Korea as a **leading exporter while securing stable, carbon-free energy for the AI era**.

Expected slowdown of the National Assembly activity

The biggest political overhang this year is the **local election on 3 June**. Held nationwide every four years, the election will determine officials responsible for leading local and regional governments. Despite its local focus, the election carries significant weight for National Assembly members.

As the election period virtually begins in April, NA members are expected to devote significant time to providing on-the-ground support for candidates from their own parties running in their constituencies. As a result, the **National Assembly is likely to enter an election-season slowdown starting in April**. In addition, the standing committees of the National Assembly will be reconstituted following the local election, creating further grounds to anticipate sluggish legislative momentum.

At the same time, NA members face pressure to pass as many bills as possible before April, using legislative achievements to boost their parties' local election prospects.

Such a political dynamic, unique to 2026, highlights the importance of closely following the upcoming bills to be put to a vote in the coming weeks.

The political overhang of the local election



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