

**INSTITUTIONAL INVESTORS' ROLE IN ENHANCING CORPORATE
GOVERNANCE IN KOREA
--- FOR ACTIVISM AND INDEPENDENCE OF
MUTUAL FUNDS ---**

A THESIS

SUBMITTED TO THE
STANFORD PROGRAM IN INTERNATIONAL LEGAL STUDIES
AT THE STANFORD LAW SCHOOL,
STANFORD UNIVERSITY

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF
JURIS SCIENCE MASTER

BY

GENE SOON PARK

May 16, 2000

Table of Contents

I. Corporate Governance Issues revealed in the 1997 financial crisis	2
1. Korean Financial Crisis in 1997 and the Breakthrough	2
2. IMF analysis of Corporate Governance issues.....	6
3. Efforts of the Korean Government through revising laws	8
II. Current Institutional Investors' Role in Korea	11
1. Corporate Governance in Chaebols	11
2. Institutional Investors' Voices	13
3. Mutual Funds developed in Korea	15
4. Presence of the Institutional Investors in Korea	20
III. Corporate Governance activated in other countries	31
1. The U.S.	31
2. The U.K.	33
3. Germany and Japan	35
IV. The Prospect of Institutional Investors in Korea to enhance the Corporate Governance	36
1. Deregulation to activate participating in the market of corporate control ...	36
2. Fiduciary Duty --- major rule to regulate Chaebols	46
3. Rights of minority shareholders and Implementing Vehicles	59
V. Conclusion	64
Bibliography	66