

# Business Creation Regulations

Established Jan. 14, 2000  
Amended Mar. 18, 2004  
Amended Jan. 1, 2005  
Amended May 9, 2008  
Amended Dec. 1, 2011  
Amended Jul. 8, 2012  
Amended Jul. 1, 2015  
Amended May 4, 2016

## Chapter 1 General Provisions

**Article 1 (Purpose)** These regulations set forth matters concerning the creation of a technology-based, technology-intensive business in connection with the duties and research activities of the members of Pohang University of Science and Technology (hereinafter referred to as “University”).

**Article 2 (Basic Principles)** ① Matters concerning business creation by University employees shall be determined by the President of the University following deliberations by the Academia-Industry Collaboration Foundation Steering Committee.

② A University employee involved in a business creation activity must present a financial contribution plan to the University.

③ The creation of two or more startup businesses by a University employee shall require the approval of the President of the University.

④ If a student engages in the activity of creating a venture business, he/she must do so within the range allowed by the relevant laws and applicable rules and regulations.

**Article 3 (Definitions)** The terms used in these regulations shall be defined as follows:

1. A “University employee” shall refer to any and all tenure-track/tenured faculty members, regular full-time staff members, non-tenure-track faculty members, and researchers employed by the University. (Amended December 1, 2011) (Amended May 4, 2016)
2. A “Student” shall refer to a student who is in an undergraduate or a graduate (master’s and doctor’s) program. (Established May 4, 2016)
3. A “Business creation by University employees” shall refer to the establishment of small and medium or venture businesses by a University employee utilizing technology that the University possesses (including technology and know-how developed during his/her service or by other people) during in service or on a leave of absence. At this point, “Establishment” shall include the appointment as CEO or other executive positions (except non-executive director, non-full-time registered directors and auditors) of a start-up company, and/or possessing at least 50% of a third party established small and medium or venture enterprises’ stock including shareholder voting rights. (Amended May 9, 2008) (Amended May 4, 2016)
4. A “Business creation by students” shall refer to the establishment of small and medium or venture businesses by a student during his/her enrollment or on a leave of absence. (Amended May 4, 2016)
5. A “leave of absence for business creation” shall refer to a leave of absence taken for the purpose of business creation.

6. "University investment" shall refer to the facilities, manpower, equipment, intellectual property, and others of the University to be provided for the creation and operation of a business.
7. "Small and medium enterprises" shall refer to small and medium enterprises in accordance with Article 2 of The Framework Act on Small and Medium Enterprises (Established May 4, 2016)
8. "Venture business" shall refer to venture business in accordance with Article 2 of The Act on Special Measures for the Promotion of Venture Businesses. (Established May 4, 2016)

**Article 4 (Eligibility and Period of Business Creation)** ① The following persons may create a business under these regulations: (Amended December 1, 2011)

1. Tenure-track/tenured faculty and regular full-time staff who have been in service for a minimum of three years.
2. Non-tenure-track faculty members and researchers who have been in service for a minimum of six months.
3. Notwithstanding Items 1 and 2, if the business creation is deemed to be a huge contribution to the University, it may be acknowledged as such with the approval of the President of University. (Established May 4, 2016)
4. Undergraduate and graduate students enrolled in the University.

② The period of business creation and the period of leave of absence for business creation shall be as follows: (Amended December 1, 2011)

1. Tenure-track/tenured faculty and regular full-time staff: The total period of business creation shall not exceed four years combining three years leave of absence and one year of dual appointment. If deemed especially necessary, however, the business creation period may be extended for a maximum of three years at a time by obtaining the consent of the Vice President of an employee's office or the head of an employee's academic department and approval of the President of the University following deliberations by the Research and Business Development Foundation Steering Committee.
2. Non-tenure-track faculty and researchers: One year of dual appointment shall be allowed. If the faculty member or researcher wishes to extend the dual appointment upon an extension of his/her employment contract, however, an extension of the dual appointment may be granted by the approval of the President of the University followed by the approval of the Vice President of a faculty's or a researcher's office or the head of a faculty's or a researcher's academic department, and the deliberation of the Research and Business Development Foundation Steering Committee. (Amended May 4, 2016)
3. Students: A leave of absence for business creation shall be allowed for a period determined by the University.

## **Chapter 2 Procedure for Business Creation**

**Article 5 (Submission of Written Application)** ① A University employee wishing to create a business must submit to the relevant department a written application and a plan specifying the following matters:

1. Overview of business creation such as the technological basis of the business and domestic and overseas trends, etc.
2. Details of the University investment requested after the business creation.
3. Details of the actions to be taken for the expected position vacancy in the employee's department as a result of the business creation.
4. Other details deemed helpful to the review.

② (Deleted May 9, 2008)

**Article 6 (Review and Approval)** ① A University employee who has been granted approval for business creation (hereinafter referred to as "employee creating a business") shall have the technology owned by the University transferred to his/her company within one month of the business creation; the approval that was granted may be canceled if the technology is not transferred. (Established May 9, 2008)

② The written application submitted by a University employee must be approved by the President of the University following a review by the department head of the employee and the relevant committee.

③ The department head may attach the result of his/her review in Clause 2; if there is an unusual issue to be noted, the relevant committee must hear the opinions of the department head and the University employee wishing to create a business.

④ The relevant committee must provide the result of its review of the raised issue directly to the University employee in question, and its details must be recorded and kept.

**Article 7 (Donation of Stocks of Venture Company)** (Deleted July 1, 2015)

**Article 8 (Signing of Agreement)** A University employee wishing to create a business must sign an agreement with the University within 15 days from the date of approval of the business creation; the agreement must include provisions on each of the following matters:

1. Technology based on which the business is created.
2. Details of the University investment requested in connection with the creation and operation of the business (e.g., facilities, manpower, technology, financial support, etc.)
3. Plans on how to return a certain portion of the business value to the University (e.g. stock options for a certain portion of value added, royalty payment, etc).
4. Other necessary matters required for business creation including the position vacancy in the employee's department.

**Article 9 (Establishment of Business)** An employee creating a business must establish a business within one year of signing an agreement with the University.

**Article 10 (Dual Appointment/Leave of Absence/Remuneration/Commissioned Research)** ① An employee creating a business must apply for dual appointment for a period of a maximum of one year or a leave of absence for a period of a maximum of three years within 15 days of signing an agreement with the University.

② Remuneration may be provided to a University employee holding a dual appointment for business creation. If the participation rate exceeds 10 percent, however, the President of the University shall decide on the remuneration based on the recommendation of the department head of the employee's department and deliberations of the Faculty Personnel Committee. (Amended May 9, 2008)

③ An employee creating a business may perform commissioned research with the approval of the agency that commissioned the project.

### **Chapter 3 Duties of the Employee Creating a Business**

**Article 11 (Expected Position Vacancy in One's Department)** An employee creating a business

must take action for the expected position vacancy in his/her department.

**Article 12 (Student Advising)** An employee creating a business may not have a student involved in the created company. (Amended May 9, 2008)

**Article 13 (Request for Data)** ① The University may request an employee creating a business to submit the following data; unless the requested information is classified and strictly confidential for business, the employee in question must comply with such request for data submission): (Amended May 9, 2008)

1. Data on the business management
2. Data on technology development
3. Other data required by the University to provide the company with support

② Even if an employee creating business is no longer involved in the business creation activity, the University may request the data in Clause 1 if deemed necessary, and the employee must comply with such request. (Established May 9, 2008)

**Article 14 (Confidentiality)** An employee creating a business shall be obligated to maintain confidentiality of the secrets obtained in the course of performing the business creation activity; this shall also apply to his/her successor and even after the expiration of the period of business creation.

**Article 15 (Cancellation of Selection)** During the period of business creation, the President of the University may cancel the selection of the person creating a business following deliberations of the Research and Business Development Foundation Steering Committee under any of the following cases:

1. The main business plan has been changed without prior approval.
2. False information has been found in related documents, etc.
3. The reputation of the University has been damaged due to a violation of these regulations or any inappropriate activity.
4. An incident necessitating cancellation as determined by the Research and Business Development Foundation Steering Committee has occurred.

## Chapter 4 Business Creation Review Committee

**Article 16 (Composition)** Deleted (March 18, 2004)

**Article 17 (Matters for Deliberation)** Deleted (March 18, 2004)

## Chapter 5 Other Matters

**Article 18 (Mutatis Mutandis Application)** For matters other than those specified in these regulations, the relevant rules and regulations of the University and other applicable laws shall apply *mutatis mutandis*.

## Addenda

1. These regulations shall be established and take effect on January 14, 2000.

2. Matters executed prior to the effective date of these regulations shall be deemed to have been executed pursuant to these regulations.
3. Detailed matters concerning business creation other than those provided for in these regulations shall be determined by the President of the University.

### **Addendum**

These amended regulations shall take effect on March 18, 2004.

### **Addendum**

These amended regulations shall take effect on January 1, 2005.

### **Addenda**

1. (Effective Date) These amended regulations shall take effect on May 9, 2008.
2. (Interim Measures) A faculty or staff member involved in a business creation activity pursuant to Article 3 of these regulations at the time of the amendment of these regulations must obtain approval within 60 days of the effective date of amendment.

### **Addendum**

These amended regulations shall take effect on December 1, 2011.

### **Addendum**

These amended regulations shall take effect on July 8, 2012.

### **Addendum**

These amended regulations shall take effect on July 1, 2015.

### **Addendum**

These amended regulations shall take effect on May 4, 2016.