

Relative Clauses: Exercise 2

Evaluate the punctuation of the relative clauses in paragraphs 3 through 6, 8, 9, and 11 in this *Korea Herald* article. You'll find an answer key below the article.

Gov't empowered to force merger of poorly-managed financial firms

Revised bill to take effect next March

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Starting in March next year, the government will be authorized to "virtually" force poorly-managed financial firms to merge with other financial institutions under a revision bill on an act concerning mergers of financial companies.

According to the revision bill to the "act on the merger and conversion of financial organizations," the government will be additionally equipped to urge them to transfer their businesses to other financial companies or to allow a third party to take over such firms.

The bill, announced by the Ministry of Finance and Economy yesterday, defines poorly-managed financial firms as those with liabilities exceeding assets, and whose normal operation is deemed impossible by the minister of finance and economy or deposit insurance agencies.

Financial firms, whose debt servicing is discontinued, will also fall within the category of poorly-managed financial companies.

The bill, which still faces a public hearing and parliamentary approval, is scheduled to go into effect March 3 next year.

According to the bill, which was designed to promote the mergers between financial firms, poorly-managed financial firms will first be ordered to take self-rescue measures such as a capital increase and the sell-off of stock holdings.

When such firms show no signs of improvement, the government will be enabled to urge them to merge with other financial companies and transfer their businesses — or have a third party take over them. Deposit insurance agencies will be authorized to arrange such deals.

The ministry will be able to revoke licenses or suspend the businesses of poorly-managed financial firms which fail to comply with such recommendations or arrangements.

Financial aid will be awarded to institutions which merge with or take over such poorly-managed financial companies.

Under the bill, national banks merging with other national banks will be allowed to establish one subsidiary engaging in securities, insurance or merchant banking business.

The procedures for mergers between financial firms will be simplified and merging firms will be permitted to deal with long-term financial instruments

which they engaged in before the merger.

The bill, the name of which will be changed to the "act on the restructuring of the financial industry," also calls for establishing "an early correction device" to prevent the financial condition of domestic firms from worsening.

Under the early correction mechanism, financial institutions will be broken down into five to six groups, depending on the ratio of their net worth to total assets. Supervisory tools will differ from group to group.

The time required for liquidating bankrupt financial firms will be shortened greatly to keep failures of financial companies from disturbing the financial markets.

The ministry said that the revision bill has been drawn up in a bid to promote the reorganization of the domestic financial industry.

With financial opening underway, it is an important task to strengthen the competitiveness of domestic financial firms by making them bigger and reorganizing the overall financial industry, it said.

Because of intensifying competition, domestic financial firms face the growing possibility that their financial soundness will deteriorate further, it added.

Exercise 2

(The numbers below are paragraph numbers.)

3. Note the omitted "which was" in "The bill, (which was) announced..." Correct.
3. Note the omitted "those" in "exceeding assets, and (those firms) whose normal operation..." Correct.
4. This clause is actually distinguishing such firms from financially sound firms. Incorrect.
5. This is parenthetical information, not essential for identification (distinguishing this bill from other bills). Correct.
6. The bill has already been identified, so we don't need another identification or distinguishing clause here. Correct.
8. The restrictive clause "which fail..." distinguishes one kind of poorly managed firm—those "which fail to comply with such recommendations or arrangements"—from other poorly managed firm. Correct.
9. Financial aid will not be award to all firms; it will be restricted only to those "which merge..." So this is correct.
10. Note in this paragraph that we could substitute "which merge" for "merging." This would be a distinguishing clause, and so would not use commas.

11. If the writer means *only one type of* financial instruments—that which they had previously engaged in—this is an identifying or distinguishing clause, so the punctuation is correct. If, however, the writer is using the clause only parenthetically, there should be a comma after ‘instruments.’
12. Note “the name of which...” We could replace this with “whose name...”