

Jurisdiction: Korea, Republic of

2018 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Contact information

- I. Hedge funds
- II. Securitisation
- III. Enhancing supervision
- IV. Building and implementing macroprudential frameworks and tools
- V. Improving oversight of credit rating agencies (CRAs)
- VI. Enhancing and aligning accounting standards
- VII. Enhancing risk management
- VIII. Strengthening deposit insurance
- IX. Safeguarding the integrity and efficiency of financial markets
- X. Enhancing financial consumer protection

List of abbreviations used

Sources of recommendations

List of contact persons from the FSB and standard-setting bodies

National authorities from FSB member jurisdictions should complete the survey and submit it to the FSB Secretariat (imn@fsb.org) by **Friday, 8 June 2018** (*representing the most recent status at that time*). The Secretariat is available to answer any questions or clarifications that may be needed on the survey. Please also provide your contact details for the person(s) completing the survey and an index of abbreviations used in the response.

National authorities are expected to submit the information to the FSB Secretariat using the Adobe Acrobat version of the survey. The Microsoft Word version of the survey is also being circulated to facilitate the preparation/collection of survey responses by relevant authorities within each jurisdiction.

Jurisdictions that previously reported implementation as completed in a particular recommendation are only required to include information about main developments since last year's survey and future plans (if applicable) ("Update and next steps" table). New reforms to enhance the existing framework in that area should be described, but should not lead to a downgrade from implementation completed to ongoing. Jurisdictions that do not report implementation as completed are required to include full information both in the "Progress to date" and "Update and next steps" tables.

As with previous IMN surveys, the contents of this survey for each national jurisdiction will be published on the FSB's website at around the time of the 2018 G20 Summit in Buenos Aires. The FSB Secretariat will contact member jurisdictions ahead of the Summit to check for any updates or amendments to submitted responses before they are published.

I. Hedge funds

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1. Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds.
(Seoul)

Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management.
(London)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

I. Hedge funds

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2. Establishment of international information sharing framework

G20/FSB Recommendations

We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)

Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date	
<input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of	<div style="border: 1px solid gray; background-color: #e0e0e0; padding: 5px; display: inline-block;">09-06-2010</div>
<p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div>	
<p>If “Implementation ongoing” has been selected, please specify</p> <input type="radio"/> Draft in preparation, expected publication by <div style="background-color: #e0e0e0; width: 100px; height: 15px;"></div> <input type="radio"/> Draft published as of <div style="background-color: #e0e0e0; width: 100px; height: 15px;"></div> <input type="radio"/> Final rule or legislation approved and will come into force on <div style="background-color: #e0e0e0; width: 150px; height: 15px;"></div> <input type="radio"/> Final rule (for part of the reform) in force since <div style="background-color: #e0e0e0; width: 100px; height: 15px;"></div>	

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2. Establishment of international information sharing framework

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>FSC signed the MMOU with IOSCO in June 2010 to share supervisory data with its members.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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2. Establishment of international information sharing framework

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #d3d3d3; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #d3d3d3; height: 400px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<div style="background-color: #d3d3d3; height: 150px; width: 100%;"></div>

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3. Enhancing counterparty risk management

G20/FSB Recommendations

Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)

Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)

Remarks

Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.

In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO [Report on Hedge Fund Oversight \(Jun 2009\)](#).

In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III capital requirements for counterparty risk, since it is [monitored separately](#) by the BCBS.

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO [Objectives and Principles of Securities Regulation](#), and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of 28-05-2013 </p> <p>If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%; margin-top: 5px;"></div> <p>If "Implementation ongoing" has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="radio"/> Draft published as of <input type="radio"/> Final rule or legislation approved and will come into force on <input type="radio"/> Final rule (for part of the reform) in force since </p>

I. Hedge funds

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3. Enhancing counterparty risk management

Progress to date	
<p>Issue is being addressed through</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Prime brokers' equity capital is mandated to reach or exceed three trillion KRW and their total amount of credit offer should not exceed 100 percent of their equity capital. The amount of prime credit extended to a hedge fund with a fund provided by a third party shall not exceed the value of collateral provided by the hedge fund and appropriate measures for the management of collateral shall be prepared.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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3. Enhancing counterparty risk management

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #e0e0e0; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #e0e0e0; height: 400px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.fsc.go.kr/downManager?bbsid=BBS0048&no=84922 http://law.go.kr/eng/engLsSc.do?menuId=2&query=FINANCIAL%20INVESTMENT%20AND%20CAPITAL%20MARKETS%20ACT#liBgcolor13</p>

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4. Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

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5. Strengthening of supervisory requirements or best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer-Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 02-2009

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

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5. Strengthening of supervisory requirements or best practices for investment in structured products									

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <div style="background-color: #f0f0f0; padding: 5px;"> <p>Financial Investment Business and Capital Market Act provides various limits related to investment on own property to promote maintenance of financial investment business entity's soundness including asset management company. Furthermore, it regulates standards related to the management of trust assets for customer protection. For example, when asset management entity manages collective investment schemes through structured finance products such as ABS, the Act regulates the investment limit. Moreover, the Act also requires the establishment of risk management system to constrain the investment risk of the entity.</p> </div>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #f0f0f0; height: 150px; width: 100%;"></div>

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5. Strengthening of supervisory requirements or best practices for investment in structured products

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #d3d3d3; height: 400px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #d3d3d3; height: 400px;"></div>
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Relevant web-links

<p>Web-links to relevant documents</p>	<p>http://law.go.kr/engLsSc.do?menuId=0&subMenu=5&query=#liBgcolor0</p>
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6. Enhanced disclosure of securitised products

G20/FSB Recommendations

Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)

Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO’s [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 16-09-1998

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
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6. Enhanced disclosure of securitised products

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p style="background-color: #e0e0e0; padding: 5px;">When a special purpose company, or a foreign corporation or a trust business entity specializing in the business of asset-backed securitization (hereinafter referred to as a “special purpose company, etc.”) is governed by the Asset-backed Securities Act in relation to asset-backed securitization. Special purpose companies are required to register an asset-backed securitization plan, including the scope of securitization assets, classes of asset-backed securities, the management methods of securitization assets, etc. (hereinafter referred to as an “asset-backed securitization plan”) to the Financial Services Commission. The asset-backed securitization plan should include any concerns that the special purpose company has and the originator, planning period of the asset-backed securitization, matters concerning the relevant securitization assets such as their types, total amount and valuation, matters concerning the asset-backed securities such as their classes, total amount, and issuing terms and conditions, etc. The Financial Services Commission may refuse the registration of an asset-backed securitization plan or demand changes within the contents when the application document for registration contains false information or lacks necessary information. Furthermore, when the asset-backed securitization plan contains matters that are in contravention or violation of law in relation to the establishment of a special purpose company, FSC may also refuse the registration. Any person who has falsely prepared the required documents or has failed to make such documents available for the public shall be punished by imprisonment for not more than three years or by a fine not exceeding 20 million KRW.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; height: 150px; width: 100%;"></div>

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6. Enhanced disclosure of securitised products

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>
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Relevant web-links

<p>Web-links to relevant documents</p>	<p>http://www.law.go.kr/eng/engLsSc.do?menuId=1&query=asset+backed&x=0&y=0#liBgcolor0XX</p> <div style="background-color: #cccccc; height: 100px; width: 100%;"></div>
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7. Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are monitored separately by the BCBS.

See, for reference, the following documents:

BCBS

- [Framework for G-SIBs \(Jul 2013\)](#)
- [Framework for D-SIBs \(Oct 2012\)](#)

IAIS

- [Global Systemically Important Insurers: Policy Measures \(Jul 2013\) and revised assessment methodology \(updated in June 2016\)](#)
- [IAIS SRMP guidance - FINAL \(Dec 2013\)](#)
- [Guidance on Liquidity management and planning \(Oct 2014\)](#)

FSB

- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of (Bank)01-01-2016

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

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7. Consistent, consolidated supervision and regulation of SIFIs

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>(Bank) FSC/FSS completed the implementation of D-SIB regulations in December, 2015. Currently, four banking groups and one bank are designated as D-SIBs and under the surcharge of 1% (additional) capital requirement.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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8. Establishing supervisory colleges and conducting risk assessments

G20/FSB Recommendations

To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)

We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

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9. Supervisory exchange of information and coordination

G20/FSB Recommendations

To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)

Enhance the effectiveness of core supervisory colleges. (FSB 2012)

Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [September 2012](#) BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 01-02-2009

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

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9. Supervisory exchange of information and coordination									

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Korea has revised "the Real Name Financial Transaction Act", which had previously hindered information exchange between supervisors. In addition, "the Financial Investment Services and Capital Market Act" took effect in February 2009, which was essential for the MMOU with IOSCO. FSC/FSS signed the MMOU with IOSCO in June 2010.</p> <p>Other actions: The FSC/FSS has entered into MOUs with 77 financial authorities of 50 jurisdictions.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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9. Supervisory exchange of information and coordination

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #d3d3d3; height: 400px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #d3d3d3; height: 400px;"></div>
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Relevant web-links

<p>Web-links to relevant documents</p>	
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10. Strengthening resources and effective supervision

G20/FSB Recommendations

We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)

Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)

Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)

Remarks

Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB [thematic peer review report on supervisory frameworks and approaches to SIBs \(May 2015\)](#).

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of <input type="text" value="02-2018"/> </p> <p>If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div> <p>If "Implementation ongoing" has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="text"/> <input type="radio"/> Draft published as of <input type="text"/> <input type="radio"/> Final rule or legislation approved and will come into force on <input type="text"/> <input type="radio"/> Final rule (for part of the reform) in force since <input type="text"/> </p>

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10. Strengthening resources and effective supervision

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Korea is not home to any G-SIB and only has designated four banking groups and one bank as D-SIBs. However, the FSS can't agree more that effective supervision remains a core priority for supervisory authorities, and it can be attained through articulation of supervisory strategy, engagement with banks, improvements in banks' IT and MIS, well-communicated data requests, and retention of high-quality resources.</p> <p>First, for the articulation of supervisory strategy, the FSS distributes press release of the supervisory strategy and priorities on an annual basis, and hold presentations on details for financial industry, research institutions, consumer organizations, and other financial participants. During the year and at the end of the year, the FSS check the progress and accomplishment of the detailed tasks under the strategy and priorities to assure coherency between the strategy and actual supervisory outcomes.</p> <p>Second, for the engagement with banks, supervisors maintain sufficiently frequent contacts as appropriate with senior management of banks to develop an understanding of and assess matters such as strategy, group structure, corporate governance, performance, capital adequacy, liquidity, asset quality, risk management systems, and internal controls. For example, FSS senior management holds "partnership meeting" with banks' senior management prior to the full-scope on-site examination to discuss current issues and vulnerable areas. Besides, particular issues causing supervisory concerns can also trigger meetings with banks' senior management such as CEO, CFO, CRO etc. around the year.</p> <p>Thirdly, for improvements in banks' IT and MIS to provide robust and timely information on the banks' risk, Korea's legislation requires banks to carry out Internal Capital Adequacy Assessment Process (ICAAP), and sets forth specific provisions relating to governance including the obligations of the board and the management, monitoring and reporting, and independent control mechanisms. Supervisors evaluate banks for their internal capital adequacy assessment and risk management system, and reflect the results of the evaluation in its examination and supervision.</p> <p>Fourth, for well-communicated data requests, the FSS maintains an integrated financial information and analysis system to collect and manage data from the banks both on a monthly and a quarterly basis. Supervisors provide reporting instructions that clearly describe the purpose and the intent, in writing, included in the reports forms. When necessary, the FSS holds presentations on how to create a report for the employees of banks in charge of reporting to support more timely and accurate data collection. For the other data requests than regular reports, those requests should clearly demonstrate the data purpose out of prudential supervision, business behavior supervision, consumer protection, examination, inspection, etc., and the usage purpose after checking the duplication with previous data requests.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; height: 150px; width: 100%;"></div>

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10. Strengthening resources and effective supervision										

Update and next steps

Highlight main developments since last year's survey

As technology in the financial industry gets more important than ever, the FSS as a financial regulator has been putting efforts in staying abreast with technological advances and setting the appropriate supervision direction.

The FSS conducted reorganization in February 2018 and created two new units. One is Financial Supervision Research Center in charge of developing supervisory measures based on behavioral finance and big data analysis. The other one is Fintech Support Office responsible for promoting technology start-ups and the fintech industry. In addition, the FSS set up a team of fintech advisors in May 2017 to provide on-site consulting to fintech companies on financial regulation, internal controls, and compliance. In particular, the FSS has been focusing our consulting on promising technology start-ups that are in need of specialized legal and regulatory consulting but are unable to afford it on their own.

However, the promises that the fintech industry holds such as enhanced efficiency in economic systems come with risks as well. So, the FSS has been not only facilitating fintech for its potential benefits, at the same time has been tackling new challenges that it can create.

Firstly, realizing that consumers are more likely to be at a disadvantage compared with fintech companies because of information asymmetry, the FSS has been focusing more on consumer protection. The FSS recently had several instances of P2P (peer-to-peer) platform operators committing fraud and theft in Korea, and is working closely with the law enforcement authorities such as the FSC, Ministry of Justice, Korean National Police Agency and coordinating our actions with them to help protect investors.

Secondly, with respect to cryptocurrency trading, one of our priorities has been to prevent cryptocurrency from becoming a channel for money laundering or terror financing. So since January 2018, we have instituted the account holder verification requirement for cryptocurrency trading and issued guidelines on anti-money laundering in relation to cryptocurrency. In order to prevent regulatory arbitrage and protect consumers, we also imposed a complete ban on ICOs. +

Planned actions (if any) and expected commencement date

Relevant web-links

Web-links to relevant documents

11. Establishing regulatory framework for macro-prudential oversight

G20/FSB Recommendations

Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)

Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)

Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 08-2010

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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11. Establishing regulatory framework for macro-prudential oversight

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The Ministry of Strategy and Finance announced Directives on the establishment and operation of Macroeconomic Financial Meeting in September 2012. The First Vice-Minister of the Ministry of Strategy and Finance chairs the Meeting while relevant organizations including the FSC, BOK and FSS participate to discuss and coordinate policies relating to macro-economy, financial and FX markets. Guidelines on Financial Institutions Stress Testing (Aug.2010): In order to assess potential risk factors of financial institutions that could cause systemic risks, the FSS monitors the results of stress testing on financial institutions and conducts off-site surveillance to use the outcome for supervisory work.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV. Building and implementing macroprudential frameworks and tools V VI VII VIII IX X

11. Establishing regulatory framework for macro-prudential oversight

Update and next steps

Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date

Relevant web-links

Web-links to relevant documents	
	<p>Regulation (Directive of the Ministry of Strategy and Finance) on Establishment and Operation of Macroeconomic Financial Meeting: http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99/%EA%B1%B0%EC%8B%9C%EA%B2%BD%EC%A0%9C%EA%B8%88%EC%9C%B5%ED%9A%8C%EC%9D%98%EC%9D%98%20%EC%84%A4%EC%B9%98%EC%99%80%20%EC%9A%B4%EC%98%81%EC%97%90%20%EA%B4%80%ED%95%9C%20%EA%B7%9C%EC%A0%95</p> <p>Bank of Korea Act: http://www.bok.or.kr/contents/total/eng/boardView.action?</p>

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

G20/FSB Recommendations

Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level. (Rec. 3.1, FSF 2009)

We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)

Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of (System -wide monitoring)

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>(EWS) The FSC cooperates with relevant organizations including the FSS and MOSF for close monitoring of changes in asset prices and continuous examination of the impact of changes in asset prices to financial system and macro-economy. Since 2012, Korea has enhanced major quantitative indicators relating to financial market to ensure effective EWS. Moreover, the authorities are using financial EWS, with strengthened qualitative assessment of major financial markets and financial risk factors (e.g. private debt) as pre-emptive tools for assessing macro-prudence. Since March 2013, the members of Macroeconomic Financial Meeting review on a quarterly basis the macroprudential indicators developed in view to early identification of risk factors including EWS. Macro-prudence is reviewed in two parts (i.e. macro-structural prudence and economic agents prudence) so that issues and problems could be identified in advance, in mid-to-long term perspective.</p> <p>(Financial Stability Report) Lastly, macro-prudential review framework has become more sophisticated by requiring the BOK to publish macro-financial stability report at least twice a year in accordance with the 8th revised BOK Act effective from 2011.</p> <p>(LTV/DTI) FSC/FSS introduced LTV and DTI in 2002 and in 2005 respectively as micro and macro-prudential supervision tools. FSC/FSS can modify the ratio of LTV and DTI considering overheating/shrink of the real estate market.</p> <p>(CCyB) FSC/FSS amended the Regulation on Supervision of Banking Business to establish a regulatory basis for CCyB in December 2015. FSC/FSS conduct the quarterly review based on analyses on several indicators such as credit-to-GDP ratio, bank resilience, and system-wide risk possibility. At present, the buffer rate is set at 0%, which took effect from 31-03-2016.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV. Building and implementing macroprudential frameworks and tools V VI VII VIII IX X

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Update and next steps

Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date

Relevant web-links

Web-links to relevant documents	
	<p>Regulation on Supervision of Banking Business(article 26-3) (in Korean only): http://www.law.go.kr/행정규칙/은행업감독규정</p> <p>Detailed Regulations on Supervision of Banking Business(article 17-3, 26-3, appendix 21) (in Korean only): http://www.law.go.kr/행정규칙/은행업감독업무시행세칙</p> <p>Press Release on CCyB announcement(in Korean only): http://www.fss.or.kr/fss/kr/promo/bodobbs_view.jsp?seqno=19347&no=1&s_title=경기대응&s_kind=title&page=1XXX</p>

13. Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)

National authorities will enforce compliance and require changes to a rating agency’s practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Remarks

Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:

- [Code of Conduct Fundamentals for Credit Rating Agencies \(Mar 2015\)](#) (including on governance, training and risk management)

Jurisdictions may also refer to the following IOSCO documents:

- Principle 22 of [Principles and Objectives of Securities Regulation \(Jun 2010\)](#) which calls for registration and oversight programs for CRAs
- [Statement of Principles Regarding the Activities of Credit Rating Agencies \(Sep 2003\)](#)
- [Final Report on Supervisory Colleges for Credit Rating Agencies \(Jul 2013\)](#)

Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 08-2013

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)					VI	VII	VIII	IX	X
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13. Enhancing regulation and supervision of CRAs

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The Financial Services Commission (FSC) issues CRA license and takes supervisory actions on a regular basis. Regulations on credit rating businesses have been transferred from Use and Protection of Credit Information Act to Financial Investment Services and Capital Markets Act thereby unifying regulation on CRAs and the use of credit ratings (Aug. 2013). Investor protection was enhanced by requiring disclosure of details on credit rating such as stating credit rating methods in credit reports (Aug. 2013).</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)					VI	VII	VIII	IX	X
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13. Enhancing regulation and supervision of CRAs

Update and next steps

Highlight main developments since last year's survey

The Financial Services Commission (FSC) and The Financial Supervisory Service (FSS) strengthened the degree of measure for abusive business conducts of CRA from business suspension to cancellation of business (December 2017). Also we expanded the scope of conflict of interest on credit analysts in order to improve the credibility of credit rating (December 2017).

Planned actions (if any) and expected commencement date

Relevant web-links

Web-links to relevant documents

<http://www.law.go.kr/행정규칙/금융투자업규정>
<http://www.law.go.kr/행정규칙/금융투자업규정시행세칙>

14. Reducing the reliance on ratings

G20/FSB Recommendations

We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)

Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)

We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)

We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)

We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)

Remarks

Jurisdictions should indicate the steps they are taking to address the recommendations of the [May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings](#), including by implementing their [agreed action plans](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of _____

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by _____
 Draft published as of _____
 Final rule or legislation approved and will come into force on _____
 Final rule (for part of the reform) in force since _____

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

14. Reducing the reliance on ratings

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>In relation to banking sector, Korea has the CRA-rating related provisions in its regulation and detailed regulation on supervision of banking business. The provisions were created for the purpose of adopting the Basel standards (the pillar 1 and 3). In compliance with the pillar 1 adopted, the standardised approach using banks are obligated to use the CRA ratings for the measurement of risk weighted assets. And in accordance with the pillar 3 adopted, the banks are responsible for disclosing information on how they are managing risks; the information includes the names of CRAs and how the CRA ratings are mapped into the Basel standards. Since all the CRA-rating related provisions are designed to comply with the Basel standards, reducing further the reliance on CRA ratings in Korea may have to involve the change in the Basel standards.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

14. Reducing the reliance on ratings

Update and next steps

Highlight main developments since last year's survey

Banks do not use CRA ratings for their credit assessment purpose. Reference to CRA ratings remain only within the implementation of the standardized approach of the Basel regulation with which banks are obligated to use the CRA ratings for the measurement of risk-weighted assets. In this regard, Basel III revisions to the standardized approach for credit risk enhance the regulatory framework by reducing mechanistic reliance on CRA ratings, by requiring banks to conduct sufficient due diligence, and by developing a sufficiently granular non-ratings-based approach for jurisdictions that cannot or do not wish to rely on external credit ratings. Korea will enhance the bank's due diligence for using the CRA ratings implementing the revisions. In addition, as a member of international standard setters like BCBS, IOSCO and IAIS, Korea will actively participate in international discussion on this area and review domestic regulations according to the discussion.

Planned actions (if any) and expected commencement date

BCBS concluded final revisions to the Standardized Approach for credit risk in Dec 2017, FSS will implement this revision by Jan 2022.

Relevant web-links

Web-links to relevant documents

http://www.financialstabilityboard.org/wp-content/uploads/c_140429r.pdf?page_moved=1

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

G20/FSB Recommendations

Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 01-01-2011

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

15. Consistent application of high-quality accounting standards

Progress to date	
<p>Issue is being addressed through</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Korea has adopted IFRS in full as Korean IFRS (K-IFRS) and refrains from producing its own IFRS interpretations. The Act on External Audit of Stock Companies provides the legal basis for K-IFRS, which is a direct Korean translation of IFRS by the Korea Accounting Standards Board (KASB). The Korean translation is required to undergo a process of official endorsement by the Financial Services Commission (FSC) in order to become Korea's official accounting standards. When an issue relating to the application of K-IFRS arises, the KASB consults with the IASB, the IFRS Interpretations Committee, and other national standard-setters to seek globally acceptable solutions. All companies listed on the Korea Exchange have been subject to K-IFRS since 2011. Most state-owned companies and most types of financial institutions including banks, insurance companies, financial holding companies, credit card companies, investment traders, investment brokers, collective investment business entities and trust business entities must also comply with K-IFRS irrespective of whether their securities are publicly traded.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

Update and next steps

Highlight main developments since last year's survey

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Planned actions (if any) and expected commencement date

Korea's financial authorities are working for the introduction of IFRS 16, which is set to be implemented on January 1, 2019. As part of the effort, the authorities established a task force on IFRS 16 for entities' implementing the new standard.

Relevant web-links

Web-links to relevant documents

<http://www.kasb.or.kr/>

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

G20/FSB Recommendations

Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)

National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks' implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks' operations in foreign currency funding markets;¹ and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

¹ Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of [Bank] 01-01-2015, []

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by []
 Draft published as of []
 Final rule or legislation approved and will come into force on []
 Final rule (for part of the reform) in force since []

I II III IV V VI VII. Enhancing risk management VIII IX X

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>[Banks] Final rules on Basel III LCR and disclosure standards were published in Dec. 2014. The rules on LCR have been implemented in Jan. 2015. And final rules on Basel III NSFR were published in Jan. 2018. The rules on NSFR have been implemented in Jan. 2018.15.</p> <p>[FX] Rules on foreign exchange LCR were introduced in January 2017, and enhanced LCR is set to be phased in by 2019. The new rules are aimed at encouraging domestic banks to operate with sufficient foreign exchange liquidity and improve their capability to deal with external systemic risks. Starting from the latter half of 2010, the FSS has been conducting stress tests on FX liquidity. Since June 2011, the FSS applied 2008 crisis-like situations for FX liquidity stress testing which is conducted every month. Thanks to strengthened FX liquidity stress testing, all banks in Korea now holds sufficient FX reserves enabling them to endure 3 consecutive months of external shocks similar to 2008 Global Financial Crisis.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 300px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 300px; width: 100%;"></div>
Relevant web-links	
<p>Web-links to relevant documents</p>	<div style="background-color: #cccccc; height: 100px; width: 100%;"></div>

17. Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)

We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)

Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on [Enhancing the Risk Disclosures of Banks](#) and [Implementation Progress Report by the EDTF \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

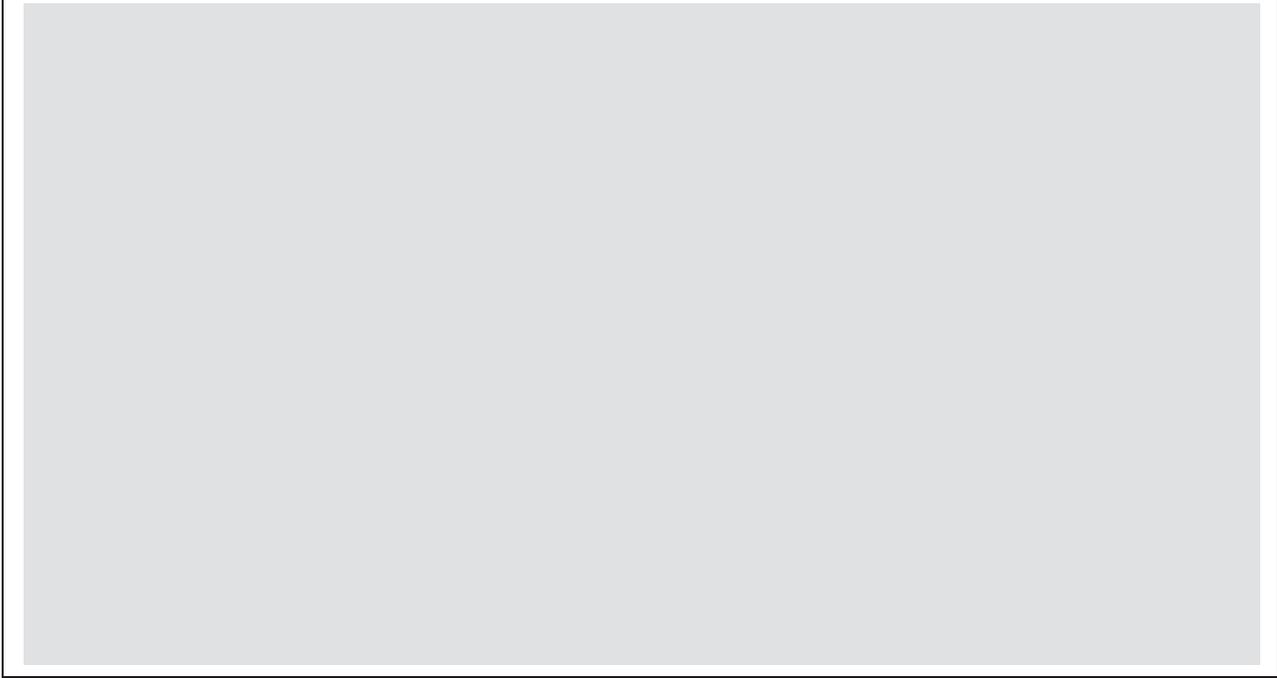
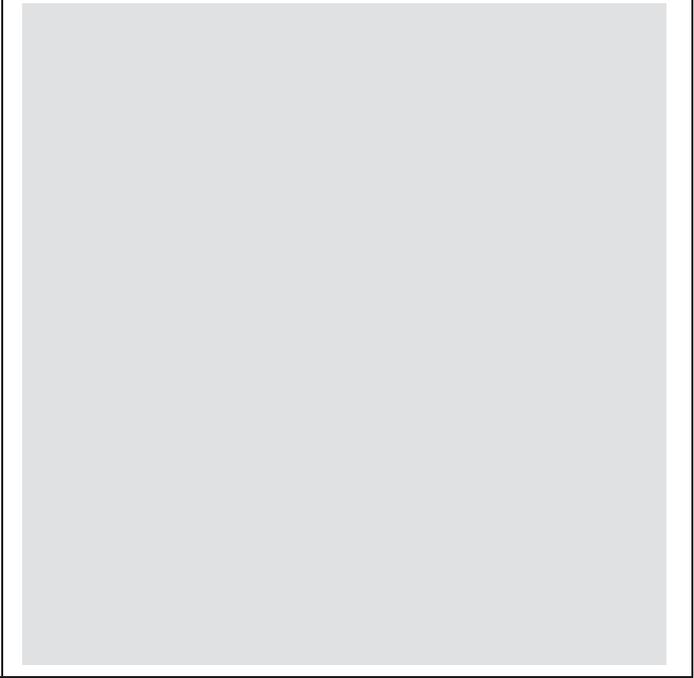
Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

17. Enhanced risk disclosures by financial institutions

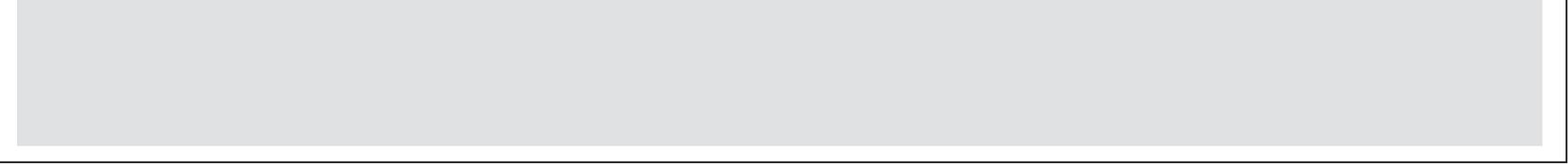
Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The FSS completed the implementation of Basel II Pillar 3 framework and Basel III Pillar 3 framework.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

17. Enhanced risk disclosures by financial institutions

Update and next steps

Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date
	

Relevant web-links

Web-links to relevant documents	
	<p>http://www.kfb.or.kr/new_data/etc.html?S=GAE&m=view&table=PDS3&no=271&start=0&mode=&field=&s_que=</p> 

18. Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI’s 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 29-12-1995

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

18. Strengthening of national deposit insurance arrangements

Progress to date	
<p>Issue is being addressed through</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The FSB's Thematic DI Peer Review Report mentions Korea several times as a country with a generally good deposit insurance scheme and in compliance with best practices in this field. (No particular problem was identified.)</p> <p>Other actions: Depositor Protection Act as a main vehicle of deposit insurance scheme in Korea was enacted in December 1995.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V VI VII VIII. Strengthening deposit insurance IX X

18. Strengthening of national deposit insurance arrangements

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <p>Revision of the Depositor Protection Act is under way with a view toward enhancing depositor protection and improving the efficiency of the deposit insurance system. The proposed revisions are as follows:</p> <ol style="list-style-type: none"> 1. Mandating prompt deposit reimbursement in the event of a deposit-taking institution's failure and introducing a requirement for deposit-taking institutions to maintain depositor records at all times; 2. Newly including deposits in money market trust (MMT) accounts in the deposit insurance coverage; 3. Applying separate coverage to an individual's accounts in each of the participating institutions under a purchase and assumption (P&A) as is the case in financial institution mergers or conversions; 4. Prohibiting false use of terms like "deposit insurance" and establishing the legal basis for punishment; +
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Relevant web-links

<p>Web-links to relevant documents</p>	<p>http://www.law.go.kr/lsInfoP.do?lsiSeq=105210&lsId=001537&chrClsCd=010202&urlMode=engLsInfoR&viewCls=engLsInfoR&efYd=&vSct=%EC%98%88%EA%B8%88%EC%9E%90%EB%B3%B4%ED%98%B8%EB%B2%95#0000</p>
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19. Enhancing market integrity and efficiency

G20/FSB Recommendations

We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)

Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 24-11-2014

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

19. Enhancing market integrity and efficiency

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Risk Management Guideline for Algorithmic Trading of KRX. It consists of 5 main parts.</p> <ol style="list-style-type: none"> 1. Designing Member's Systems. Members' algorithmic trading systems should be designed to be error-free and to ensure their orderly functioning, preventing any market disruption and financial loss. 2. Testing Member's Systems. Members' algorithmic trading systems should be sufficiently tested to prevent errors of member's systems, which are often attributed to algorithmic trading incidents. 3. Risk Management. Members should meet regulatory requirements including those on management of their algorithmic trading, routing clients' algorithmic trading orders through the security device, and checking validity of the quotes. 4. Initiating Algorithmic Trading, Responding to Incidents and Validation after Incidents. It is important to put in place safeguards to enhance the internal risk controls, including validation upon the initiation of the algorithmic trading systems and programs, deploying a process to respond to incidents or errors and conducting periodic checks. 5. FEP(Front End Processor) Controls by Members. The FEP should be managed and operated by members. Because allowing their clients to manage the FEP and processing client's trade orders preferentially via separate systems or facilities, is risky and prohibited by regulation. <p>According to the guideline, letting the client's trade orders bypass the security device of the member's system is examined by the Market Oversight Commission. Regarding dark pools, it does not exist in Korea.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; height: 150px; width: 100%;"></div>

19. Enhancing market integrity and efficiency

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://emo.krx.co.kr/main/main.jsp Quick Link : Risk Managemet</p> <div style="background-color: #cccccc; height: 100px;"></div>

20. Regulation and supervision of commodity markets

G20/FSB Recommendations

We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)

We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO’s principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)

Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO’s report on [Principles for the Regulation and Supervision of Commodity Derivatives Markets \(Sep 2011\)](#).

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of <input type="text" value="30-04-2013"/> </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="text"/> <input type="radio"/> Draft published as of <input type="text"/> <input type="radio"/> Final rule or legislation approved and will come into force on <input type="text"/> <input type="radio"/> Final rule (for part of the reform) in force since <input type="text"/> </p>

20. Regulation and supervision of commodity markets

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>After the amendment of Capital Market Act, Korea regulates market price manipulation not only market derivatives but also OTC derivatives. The Act also prohibits various actions in the connection with trading listed securities or derivatives as well. Actions that cause fluctuation in, or fixing the market price of derivatives or underlying assets of certain derivatives or securities securities linked to certain securities, derivatives with same or similar underlying asset to certain derivatives with an intention to earn, or cause a third party to earn unjust profits from trading such instruments. KRX regulation also requires customers to deposit customer margin with the member firms before placing an order to protect customers from cases of insolvency or financial instability among member firms. Moreover, 3 phases are set for the activation of Circuit Breaker according to the market condition. Constant monitoring of the commodity market is also done by Market Oversight Regulation.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

20. Regulation and supervision of commodity markets

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<div style="background-color: #cccccc; height: 150px; width: 100%;"></div>

I	II	III	IV	V	VI	VII	VIII	IX. Safeguarding the integrity and efficiency of financial markets	X
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21. Reform of financial benchmarks

G20/FSB Recommendations

We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)

Collection of information on this recommendation will continue to be deferred given the forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

22. Enhancing financial consumer protection

G20/FSB Recommendations

We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)

Remarks

Jurisdictions should describe progress toward implementation of the OECD’s [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may also refer to OECD’s [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation.

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of [redacted]

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of 23-05-2017
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since [redacted]

22. Enhancing financial consumer protection

Progress to date	
<p>Issue is being addressed through</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The new legislation stipulates provisions concerning consumer financial protection including regulation on sales, settlement for financial disputes and etc which are currently provided under different laws and regulations for each financial institution.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

22. Enhancing financial consumer protection

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<div style="background-color: #cccccc; height: 150px; width: 100%;"></div>

I	II	III	IV	V	VI	VII	VIII	IX	X	List of abbreviations used
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Sources of recommendations

- [Hamburg: G20 Leaders' Communique \(7-8 July 2017\)](#)
- [Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)
- [Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)
- [Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)
- [St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)
- [Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)
- [Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)
- [Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)
- [Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)
- [Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)
- [London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)
- [Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)
- [FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)
- [FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)
- [FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)
- [FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)