

## 2021 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Jurisdiction
Korea

I1: Hedge funds - 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 not be collected in the 2021 survey.

## I2: Hedge funds - 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:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
09.06.2010
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
FSC/FSS signed the MMOU with IOSCO in June 2010 to share supervisory data with its members.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents

### I3: Hedge funds - 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)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.
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### II4: Securitisation - 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 not be collected in the 2021 survey.
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### II5: Securitisation -Strengthening supervisory, 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:
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Implementation completed
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Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
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Progress to date: please provide a date for your "implementation ongoing" status
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Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.02.2009
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Financial Investment Business and Capital Market Act provides various limits related to investment on own property to promote maintenance of financial investment business entities 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.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
<a href="http://law.go.kr/engLsSc.do?menuId=0&amp;subMenu=5&amp;query=#liBgcolor0">http://law.go.kr/engLsSc.do?menuId=0&amp;subMenu=5&amp;query=#liBgcolor0</a>

## II6: Securitisation - 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:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
16.09.1998

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
<a href="http://www.law.go.kr/LSW/lsInfoP.do?lsiSeq=183695&amp;urlMode=engLsInfoR&amp;viewCls=engLsInfoR#0000">http://www.law.go.kr/LSW/lsInfoP.do?lsiSeq=183695&amp;urlMode=engLsInfoR&amp;viewCls=engLsInfoR#0000</a>

### III7: Enhancing supervision - 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 \(Jul 2018\)](#)
- [Framework for D-SIBs \(Oct 2012\)](#)

#### IAIS

- [Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector \(Nov 2019\)](#)
- [Application Paper on Liquidity Risk Management \(Jun 2020\)](#)
- [Draft Application Paper on Macroprudential Supervision \(Mar 2021\)](#)

#### FSB

- [Evaluation of the effects of too-big-to-fail reforms \(Mar 2021\)](#)
- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
(Bank)01-01-2016
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No

<p>Progress to date: 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, five bank holding companies, and five BHC's subsidiary banks and one bank are identified as D-SIBs. For 2022, five banking groups and five BHC's subsidiary banks are identified as D-SIBs. Also, every year, names of identified D-SIBs are publicly disclosed as D-SIBs are identified annually. These identified D-SIBs are surcharged of 1% (additional) capital requirement, according to Regulation on Supervision of Banking business and Supervisory Regulations on Financial Holding Companies..</p>
<p>Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>
<p>Update and next steps: highlight main developments since 2019 survey</p>
<p>Update and next steps: planned actions (if any) and expected commencement date</p>
<p>Relevant web-links: please provide web-links to relevant documents</p> <p>(Bank) The web-links to each relevant regulation (in Korean only) are as below.            Regulation on Supervision of Banking business(article 26-2, addenda 2015-40, 2020-25, appendix 2-12): <a href="http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99/%EC%9D%80%ED%96%89%EC%97%85%EA%B0%90%EB%8F%85%EA%B7%9C%EC%A0%95">http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99/%EC%9D%80%ED%96%89%EC%97%85%EA%B0%90%EB%8F%85%EA%B7%9C%EC%A0%95</a>            Detailed Regulation on Supervision of Banking Business(article 17, 17-2, appendix 20): <a href="http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99/%EC%9D%80%ED%96%89%EC%97%85%EA%B0%90%EB%8F%85%EC%97%85%EB%AC%B4%EC%8B%9C%ED%96%89%EC%84%B8%EC%B9%99">http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99/%EC%9D%80%ED%96%89%EC%97%85%EA%B0%90%EB%8F%85%EC%97%85%EB%AC%B4%EC%8B%9C%ED%96%89%EC%84%B8%EC%B9%99</a>            Supervisory Regulations on Financial Holding Companies(article 25, 25-2, appendix 3-4): <a href="http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99/%EA%B8%88%EC%9C%B5%EC%A7%80%EC%A3%BC%ED%9A%8C%EC%82%AC%EA%B0%90%EB%8F%85%EA%B7%9C%EC%A0%95">http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99/%EA%B8%88%EC%9C%B5%EC%A7%80%EC%A3%BC%ED%9A%8C%EC%82%AC%EA%B0%90%EB%8F%85%EA%B7%9C%EC%A0%95</a>            Detailed Supervisory Regulations on Financial Holding Companies(article 6-2, appendix 1-4): <a href="http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99/%EA%B8%88%EC%9C%B5%EC%A7%80%EC%A3%BC%ED%9A%8C%EC%82%AC%EA%B0%90%EB%8F%85%EA%B7%9C%EC%A0%95%EC%8B%9C%ED%96%89%EC%84%B8%EC%B9%99">http://www.law.go.kr/%ED%96%89%EC%A0%95%EA%B7%9C%EC%B9%99/%EA%B8%88%EC%9C%B5%EC%A7%80%EC%A3%BC%ED%9A%8C%EC%82%AC%EA%B0%90%EB%8F%85%EA%B7%9C%EC%A0%95%EC%8B%9C%ED%96%89%EC%84%B8%EC%B9%99</a>            The web-link to the press release regarding the D-SIB designation is :  <a href="http://english.fss.or.kr/fss/eng/p/news/pr_list.jsp?bbsid=1289277491315">http://english.fss.or.kr/fss/eng/p/news/pr_list.jsp?bbsid=1289277491315</a></p>

### III8: Enhancing supervision - 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)

<p>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.</p>
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### III9: Enhancing supervision - 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:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.02.2009
Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - No Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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.
Other actions: The FSC/FSS has entered into MOUs with 84 financial authorities of 54 jurisdictions.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents



### III10: Enhancing supervision - 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:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.02.2018
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes

**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

Korea is not home to any G-SIB and only has designated four banking groups and one bank as D-SIBs. However, the FSS cant 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.

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.

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.

Thirdly, for improvements in banks IT and MIS to provide robust and timely information on the banks risk, Koreas 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.

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, and obtain an approval of FSS senior management.

Lastly, for retention of high-quality resources, the FSS outsources experts who have diverse industry experience. The ratio of outsourced employees is around 20% of the total FSS employees. For the expertise, around 45% of the total FSS employees are composed of experts including lawyers, CPAs, actuaries and PhDs. The FSS provides various training programs related to leadership, finance, team-work etc and career development opportunities. At the same time, the FSS is providing a program designed to help supervisors effectively deal with ongoing supervision agenda and new market developments. Most of the training programs are evaluated through trainee surveys. The evaluations are reflected in the training programs for the following year. Also, the FSS established a consultation committee on human resources development for financial supervision. The committee develops talent management strategies and assesses short- to long-term training programs. The FSS reflects the committee's strategies and assessment in its plan for training programs every year.

**Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation**

**Update and next steps: highlight main developments since 2019 survey**

**Update and next steps: planned actions (if any) and expected commencement date**

**Relevant web-links: please provide web-links to relevant documents**

## IV11: Macroprudential frameworks and tools - Establishing oversight regulatory framework

### 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.08.2010

Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
Regulation (Directive of the Ministry of Strategy and Finance) on Establishment and Operation of Macroeconomic Financial Meeting: <a href="https://www.law.go.kr/admRulSc.do?menuId=5&amp;subMenuId=41&amp;tabMenuId=183&amp;query=%EA%B1%B0%EC%8B%9C%EA%B2%BD%EC%A0%9C%EA%B8%88%EC%9C%B5%ED%9A%8C%EC%9D%98#liBgcolor0">https://www.law.go.kr/admRulSc.do?menuId=5&amp;subMenuId=41&amp;tabMenuId=183&amp;query=%EA%B1%B0%EC%8B%9C%EA%B2%BD%EC%A0%9C%EA%B8%88%EC%9C%B5%ED%9A%8C%EC%9D%98#liBgcolor0</a>
Bank of Korea Act: <a href="https://www.law.go.kr/lll/lllllll/(20180313,15427,20180313)/ll96ll">https://www.law.go.kr/lll/lllllll/(20180313,15427,20180313)/ll96ll</a> (English) <a href="https://elaw.klri.re.kr/kor_service/lawView.do?hseq=47917&amp;lang=ENG">https://elaw.klri.re.kr/kor_service/lawView.do?hseq=47917&amp;lang=ENG</a>

## IV13: Macroprudential frameworks and tools - Enhancing monitoring and use of macroprudential 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 \(Nov 2016\)](#)
- IMF [Macroprudential Policy Survey database](#)

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation  
(System -wide monitoring) 09-2011, (CCyB) 01-01-2016

Progress to date: issue is being addressed through  
Primary / Secondary legislation - Yes  
Regulation / Guidelines - Yes  
Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions  
(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.  
(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.  
(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.  
(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.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents  
Regulation on Supervision of Banking Business(article 26-3) (in Korean only):  
<http://www.law.go.kr/.../.....>  
Detailed Regulations on Supervision of Banking Business(article 17-3, 26-3, appendix 21) (in Korean only):  
<http://www.law.go.kr/.../.....>  
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=....&s\\_kind=title&page=1XXX](http://www.fss.or.kr/fss/kr/promo/bodobbs_view.jsp?seqno=19347&no=1&s_title=....&s_kind=title&page=1XXX)

## V13: Improving credit rating agencies (CRAs) oversight- 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)*

<p>Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.</p>
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## V14: Improving credit rating agencies (CRAs) oversight - 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:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule or legislation approved
Progress to date: please provide a date for your "implementation ongoing" status
Coming-into-force date of the final rule or legislation : 01.01.2023

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
FSS will implement the Standardized Approach for credit risk in accordance with global implementation schedule.
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Regulation, reflecting Basel III final revisions to the Standardized Approach for credit risk in Dec 2017, had been published in April 2020 and will be in force from January 2023. Only to approved banks by FSS, FSS can implement early the final regulation on banks from June 30, 2020.
Relevant web-links: please provide web-links to relevant documents
(Bank) The web-links to each relevant regulation (in Korean only) are as below. Detailed Regulation on Supervision of Banking Business(appendix 3): <a href="https://www.law.go.kr/admRulSc.do?menuId=5&amp;subMenuId=41&amp;tabMenuId=183&amp;query=%EC%9D%80%ED%96%89%EC%97%85%EA%B0%90%EB%8F%85%EA%B7%9C%EC%A0%95#AJAX">https://www.law.go.kr/admRulSc.do?menuId=5&amp;subMenuId=41&amp;tabMenuId=183&amp;query=%EC%9D%80%ED%96%89%EC%97%85%EA%B0%90%EB%8F%85%EA%B7%9C%EC%A0%95#AJAX</a>



## VI15: Enhancing accounting standards - 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: <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/>.

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

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:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.01.2011
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

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, Etc 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 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.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Korea's financial authorities are working for the introduction of IFRS 17, which is set to be implemented on January 1, 2023. As part of the effort, the authorities established a task force on IFRS 17 for entities' implementing the new standard.

Relevant web-links: please provide web-links to relevant documents

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

## VII16: Enhancing risk management - Enhancing guidance to strengthen banks' risk management practice

### 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;<sup>1</sup> 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](#).

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

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
[Bank] LCR 01-01-2015, NSFR 01-31-2018[FX] LCR 01-01-2017, Stress test 06-2011

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
[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.  [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.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents

## VII17: Enhancing risk management - 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:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.01.2017
Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The FSS completed the implementation of Basel . Pillar 3 framework and Basel . Pillar 3 framework.
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
<a href="https://www.kfb.or.kr/eng/industry/anreport.php">https://www.kfb.or.kr/eng/industry/anreport.php</a> <a href="https://www.kfb.or.kr/publicdata/business_regular.php">https://www.kfb.or.kr/publicdata/business_regular.php</a>

## VIII18: Strengthening deposit insurance - 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:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
29.12.1995
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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.)
Other actions: Depositor Protection Act as a main vehicle of deposit insurance scheme in Korea was enacted in December 1995.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
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:
<ol style="list-style-type: none"> <li>1. Mandating prompt deposit reimbursement in the event of a deposit-taking institutions failure and introducing a requirement for deposit-taking institutions to maintain depositor records at all times;</li> <li>2. Newly including deposits in money market trust (MMT) accounts in the deposit insurance coverage;</li> <li>3. Applying separate coverage to an individuals accounts in each of the participating institutions under a purchase and assumption (P&amp;A) as is the case in financial institution mergers or conversions;</li> <li>4. Prohibiting false use of terms like "deposit insurance" and establishing the legal basis for punishment;</li> <li>5. Improving resolution tools by, for example, creating the legal basis for establishing a bridge financial company to resolve an insolvent financial holding company; and</li> <li>6. Allowing the Korea Deposit Insurance Corporation (KDIC) to manage financially assisted institutions in a way that is proportionate to their level of progress in business normalization according to MOUs signed between the KDIC and the respective institutions.</li> </ol>
Relevant web-links: please provide web-links to relevant documents
<a href="http://www.law.go.kr/lsInfoP.do?lsiSeq=105210&amp;lsId=001537&amp;chrClsCd=010202&amp;urlMode=engLsInfoR&amp;viewCls=engLsInfoR&amp;eFYd=&amp;vSct=%EC%98%88%EA%B8%88%EC%9E%90%EB%B3%B4%ED%98%B8%EB%B2%95#0000">http://www.law.go.kr/lsInfoP.do?lsiSeq=105210&amp;lsId=001537&amp;chrClsCd=010202&amp;urlMode=engLsInfoR&amp;viewCls=engLsInfoR&amp;eFYd=&amp;vSct=%EC%98%88%EA%B8%88%EC%9E%90%EB%B3%B4%ED%98%B8%EB%B2%95#0000</a>

## IX19: Safeguarding financial markets integrity and efficiency - Enhancing 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:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
24.11.2014
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
<p>Risk Management Guideline for Algorithmic Trading of KRX. It consists of 5 main parts.</p> <ol style="list-style-type: none"> <li>1. Designing Members 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.</li> <li>2. Testing Members Systems. Members algorithmic trading systems should be sufficiently tested to prevent errors of members systems, which are often attributed to algorithmic trading incidents.</li> <li>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.</li> <li>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.</li> <li>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 clients trade orders preferentially via separate systems or facilities, is risky and prohibited by regulation.</li> </ol> <p>According to the guideline, letting the clients trade orders bypass the security device of the members system is examined by the Market Oversight Commission. Regarding dark pools, it does not exist in Korea.</p>
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
<a href="http://emo.krx.co.kr/main/main.jsp">http://emo.krx.co.kr/main/main.jsp</a> Quick Link : Risk Managemet

## IX20: Safeguarding financial markets integrity and efficiency - Regulation 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:
Implementation completed



Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
30.04.2013
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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 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.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents

## IX21: Safeguarding financial markets integrity and efficiency - 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 ongoing reporting of progress in this area by the FSB Official Sector Steering Group, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

## X22: Enhancing financial consumer protection - 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 refer to OECD's [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles, as well as the [G20/OECD Policy Guidance on Financial Consumer Protection in the Digital Age](#), which provides additional effective approaches for operating in a digital environment. 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. In the case of private pensions, additional guidance can be found in the [Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pension Systems](#).

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:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Newly enacted (March 24, 2020) Financial Consumer Protection Act went into effect on March 25, 2021.
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents

### List of abbreviations used

List of abbreviations used