

PROVISION OF CORPORATE DISCLOSURES IN ENGLISH FROM 2024 TO ENHANCE INFORMATION ACCESS FOR FOREIGN INVESTORS

- Large KOSPI-listed firms to begin providing English disclosures on material information from January 1, 2024.
- Korea Exchange (KRX) to offer an AI-based machine translation service to help reduce the burden of translating by listed companies.
- Financial Supervisory Service (FSS) to work on setting up an English version of Open DART system (electronic disclosure filing platform).

The Financial Services Commission announced that from January 1, 2024, large KOSPI-listed companies will begin to provide English disclosures on material information within three business days from filing disclosures in Korean with the KRX. This is the first phase of the mandatory English disclosure requirement being implemented as part of the comprehensive measures to improve foreign investors' access to Korean capital markets announced in January this year.

According to this plan, English disclosures on material information will become mandatory for KOSPI-listed companies in two phases (1st phase from 2024 to 2025 and 2nd phase expected from after 2026) starting with large listed firms. A variety of support programs to promote an expansion of English disclosures will also be made available.

From 2024, KOSPI-listed companies with assets worth KRW10 trillion or more will be required to submit English disclosures on (a) matters related to closing financial statement, (b) matters concerning important decision-making and (c) matters pertaining to suspension of trading within three days from filing their regulatory disclosures in Korean.

<1st Phase Expansion of Mandatory English Disclosure: From 2024 to 2025>

(TARGET ENTITIES) (a) KOSPI-listed firms with KRW10 trillion or more in assets, or (b) KOSPI-listed firms whose shares are owned by foreigners by 30 percent or more (in this case, KRW2 trillion or more in assets)

- However, when foreign investors' shareholding ratio is less than five percent, the company will be exempted from mandatory English disclosures.

(DISCLOSURE ITEMS) Among those disclosures required by KRX (material management matters), (a) matters related to closing financial statement, (b) common statutory disclosure items, and (c) matters pertaining to suspension of trading

(DISCLOSURE DEADLINE) Within three business days from filing disclosures in Korean

<2nd Phase Expansion of Mandatory English Disclosure: Expected from after 2026>

(TARGET ENTITIES) Expanded to KOSPI-listed firms with KRW2 trillion or more in assets

(DISCLOSURE ITEMS) KRX disclosure items (1st phase requirements + α) and certain statutory disclosure items (in summary)

(DISCLOSURE DEADLINE) In principle, authorities will consider requiring English disclosures at the same time as submitting original Korean-language disclosures.

In the meantime, the authorities plan to continue to implement various support measures to facilitate businesses to more easily adjust to the mandatory English disclosure requirement. In this regard, special benefits, such as an exemption of listing fee, will be granted to those selected for outstanding English disclosures, and the availability of translation service offered by professional translation service providers will be expanded, while the authorities strengthen training courses on English disclosures. In addition, the authorities plan to work on making improvements to English disclosure platforms (KRX's KIND English website and FSS's DART English website) by expanding the automated machine translation service, providing English search function for Korean statutory disclosures, and enhancing translation quality using AI-based machine translation.

The process of updating relevant regulations to implement the mandatory English disclosure requirement was completed in March this year, and the KRX and related organizations have been offering information and training sessions while making upgrades to their English disclosure platforms.

To facilitate listed companies to make a seamless transition and boost their capacity, the KRX has expanded the provision of translation service offered by professional translation service providers and carried out training sessions in coordination with the Korea Listed Companies Association. From January 1, 2024, when companies submit disclosures in Korean, the KRX's upgraded system will let them know automatically whether they are required to submit English disclosures as well.

The KRX will also launch an AI-based machine translation service on its KIND electronic disclosure system from December 18, jointly developed with NAVER Cloud Corp.'s Papago translation service. This service is the outcome of an MOU signed in October between the two organizations, and they have been both making efforts to hone the translation quality of disclosures since then. The AI-based machine translation service will help listed firms to more effectively translate their disclosure information, while facilitating foreign investors to more easily gain access to English information.

Meanwhile, the FSS has added the function of automatically notifying listed companies about their English disclosure requirement at the time of submitting their statutory disclosures on its DART website. The FSS also plans to upgrade the DART English website to allow foreign investors to see automatic translation of the table of contents and the format of statutory disclosures from Korean to English and seek to establish an English version of the Open DART platform where visitors can access a variety of key disclosure information for analysis.

The authorities will continue to make available various support programs to ensure a seamless implementation of the mandatory English disclosure rule. As the first phase of English disclosure requirement will start from January 2024, the FSC expects that foreign investors will be able to access corporate information more easily, and this will help to contribute to boosting competitiveness of Korea's capital markets.

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