



FINANCIAL SERVICES COMMISSION

## Press Release

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### STATEMENT BY THE FSC ON THE BANK OF KOREA'S LIQUIDITY SUPPORT

The FSC highly commends the Bank of Korea's recent preemptive decision to provide liquidity support to companies investing in the Bond Market Stabilization Fund (BMSF). It is intended not only to stabilize the financial market in general, but also to help implement the BMSF in particular, through close cooperation with the government.

It is thought that the decision will ease financial companies' efforts in raising funds for their investments along with any worries of establishing liquidity in the bond market. Thus, the government plans to speedup the process of building the BMSF.

Through careful discussions between financial companies, a decision will be made on the participating institutions, the total investment amount, and the specific amount shared by each institution. The BMSF will be set in motion very shortly. The participating institutions will mainly be composed of banks, insurance companies, and securities companies.

As already announced, the primary purpose of the Fund is to provide liquidity to quality corporations that are experiencing temporary liquidity shortages due to the current market credit crunch. P-CBOs that have been credit-enhanced by KODIT and KIBO, high-rate ABCPs based on Project Financing, credit financing bonds, and corporate bonds will be the first to be considered on the purchasing list. The issuers will be requested to make their own restructuring efforts when necessary.

The details of fund composite, the managing institution, and the priority of trade will be shortly decided after discussions between the participating parties.

The Financial Services Commission (FSC) and the Financial Supervisory Services (FSS) will oversee operations from the beginning to ensure investor protection and market stability.

Mr. Jun Kwang-Woo, the FSC chairman, has requested that the vice-chairman start meeting with related financial associations and the FSS as of Nov. 25<sup>th</sup> to discuss detailed plans to propel the project as soon as possible.