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## Press Release

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June 4, 2010

### AMENDMENTS TO THE ENFORCEMENT DECREE OF THE FSCMA PASSED AT THE VICE MINISTERIAL MEETING

Amendments to the Enforcement Decree of the Financial Investment Services and Capital Markets Act (FSCMA) were passed at the vice ministerial meeting on June 3, 2010.

\*legislation notice (April 9 to April 29), review by the Regulatory Reform Committee (May 27), review by the Ministry of Government Legislation (May 28 to June 2)

Reflecting opinions gathered during the period of legislation notice, the following modifications were made to the first draft that had been previously announced:

1. The original draft stipulated that applications for add-on business authorization shall be suspended for one to three years for financial investment institutions penalized with a warning or a higher punitive measure.

However, accepting the opinion that the measure may be too harsh considering a warning is a minor penalty, the level will be raised to a suspension of business activities of branches and sales representative offices.

The revised version specifies the level of punitive measures\* that affects authorization of financial investment institutions.

\*revocation of authorization > complete suspension of business > partial suspension of business > suspension of business activities of sales representative offices > warning > caution

2. Modifications will be made after further discussions in regard with the current provision that applies same criteria for disqualification of both non-registered executives and registered executives.
3. Given that some modifications were made to the original draft, the Governor of the Financial Supervisory Service (FSS) will continue to exercise the authority mandated by the FSC to penalize employees and executives of financial investment institutions.
4. The limit on bond funds to indirectly reinvest up to 40% of their assets in government bond ETFs will be raised to 100%.



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5. Executives and employees from foreign multi-financial service providers operating collective investment businesses (i.e. asset management) were prohibited from holding concurrent positions in domestic financial institutions.

However, the blanket ban was revised so that only those engaged in collective investment business (both employees and executives) are prohibited from holding concurrent positions in domestic financial institutions.

The amendments will go through the cabinet meeting's approval next week to be enforced starting June 13.

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