



Financial Services Commission
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Press Release

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FSC LIFTS TEMPORARY BAN ON SHORT SELLING OF NON-FINANCIAL STOCKS

The FSC decided to lift a three-month ban (August 10 - November 9) on short selling of non-financial stocks from November 10, while maintaining the ban on financial stocks for a while.

Stock market volatility has been considerably subdued since August when the financial market turmoil began to unfold.*

* KOSPI: 2,172 (Aug.1) → 1,801 (Aug. 9, short-selling ban) → 1,653 (Sept. 26) → 1,919(Nov.7)

However, given that potential Eurozone risks still remain such as a possibility of Greek default, growing concerns about Italy's debt crisis, and upcoming maturity dates of PIIGS sovereign debt,* the FSC decided to maintain the short-selling ban on financial stocks vulnerable to internal and external factors.

* PIIGS sovereign debt to be matured (unit: \$100 million): 1,843 (4Q2011), 2,832 (1Q2012),
1,769 (2Q2012)

In August, Greece, Italy, France, Spain and Belgium also banned short sales; however, Greece is the only country that banned short selling of all listed stocks as we did. The remaining four countries imposed short-selling bans on a few number of financial stocks.

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