

FSC CHAIRMAN DISCUSSES IMPROVEMENTS TO SUPERVISION OF FINANCIAL CONGLOMERATES

FSC Chairman Eun Sung-soo held a meeting on February 24, 2020 with the CEOs of financial conglomerates and experts from the private sector to discuss ways to improve the supervision of financial conglomerates.

The following is a summary of Chairman Eun's remarks:

The supervision of financial conglomerates is an effort to systematically manage group-wide risks of financial companies, which has become widely in use in advanced countries. This supervisory framework was first introduced in Korea in 2018 and has been operating for three years since. Based on our past experiences, the FSC plans to improve the supervisory framework in three areas.

- ▶ Capital adequacy assessment: combine the currently distinct 'risk concentration' and 'risk transfer' categories into a single comprehensive framework for assessing capital adequacy requirements, and provide incentives for self-regulatory effort for risk management.
- ▶ Disclosure rules: financial conglomerates shall gather required information from subsidiaries and provide group-wide disclosure of information on their financial statements, investment structures and risks in an easily understandable format.
- ▶ Internal control requirements: financial conglomerates shall organize and operate an internal control system through which a group-wide consultative body can be introduced to facilitate discussion by compliance officers on group-wide internal control policy and other relevant issues.

The FSC plans to take into consideration the opinions from today's meeting for the revision of best practice guidelines on the supervision of financial conglomerates, which is expected to be finalized by April. The revised guidelines will go into effect in May this year.

#

For any inquiry, please contact Foreign Press & Relations Team at fsc_media@korea.kr.