

VICE CHAIRMAN HOLDS TALKS ON IMPROVING RULES ON ACCOUNTING AND AUDITING

Vice Chairman Sohn Byungdoo held a meeting on improving rules on accounting and auditing on June 22. With some of the key changes going into effect this year, Vice Chairman Sohn emphasized that it is important to maintain close communication with market players while continuing to pursue reform initiatives.

The FSC has prepared the following improvements in close consultation with the relevant industry officials.

(APPOINTMENT OF SFC DESIGNATED AUDITOR) Remove redundancy in the list of companies that are required to appoint auditors designated by the Securities and Futures Commission by making changes to the current regulation (*Sep. 2020*)

(STANDARD AUDIT TIME) Introduce a clearer standard on the appropriate time period required for audit and establish rules on voting procedures where a simple majority system will be applied with two-thirds of audit committee members required to be present (*Dec. 2020*)

(AUDIT COMMITTEE) While adhering to the principle of independence in appointing an auditor, reduce the minimum quorum for audit committee from seven to five and allow non-board members of lending institutions to be included on the committee (*Sep. 2020*)

(INTERNAL ACCOUNTING MANAGEMENT SYSTEM) Establish an internal audit roadmap to help remove market uncertainties (*Dec. 2020*)

The FSC will also work on improvements to the auditor designation system to promote competition based on audit quality.

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