

NEW BILL ON SUPERVISION OF FINANCIAL CONGLOMERATES MOVES AHEAD FOR ENACTMENT

The government approved the bill on the supervision of financial conglomerates during a cabinet meeting on August 25, which will be submitted to the National Assembly for enactment at the end of August.

KEY PROVISIONS

The proposed bill on the supervision of financial conglomerates provides a legal ground for the supervision of non-holding financial groups with financial assets of KRW5 trillion or above and contains the following key regulations.

- ▶ **FINANCIAL GROUPS:** Financial groups are defined as those with financial assets in the amount of KRW5 trillion or more, except financial holding companies and state-owned banks.
- ▶ **INTERNAL RISK MANAGEMENT:** An internal group-wide risk management body should be established and operated, led by the group's top representative company to oversee the group-wide risk management policy, regulatory compliance, prudential management, etc.
- ▶ **INTERNAL ASSESSMENT:** Financial conglomerates should conduct self-assessment on the capital adequacy to maintain their financial soundness while taking into account intra-group transactions and risk concentrations.
- ▶ **REPORTING & DISCLOSURE REQUIREMENTS:** The group's top representative company is required to report and disclose the group-wide capital adequacy status and risk factors to the FSC, which in turn may ask for a management improvement plan if deemed necessary to prop up capital or reduce risky assets.

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For press inquiry, please contact Foreign Media Relations Team at fsc_media@korea.kr.