

REVISED FSCMA TO SIMPLIFY BUSINESS APPROVAL PROCESS AND PROMOTE ORDERLY TRADING ACTIVITIES

The National Assembly passed a partial revision to the Financial Investment Services and Capital Markets Act during a plenary session held on May 21. The revision is aimed at simplifying the business approval process for financial investment businesses and encouraging orderly trading activities in capital markets.

For financial investment businesses, setting up additional business units in equivalent business areas will become easier as the approval process will be simplified to help improve efficiency in their business management. When registering an additional business unit, financial investment businesses will be exempted from submitting a business plan and proving the creditworthiness of major shareholders. The same standards will be applied to foreign companies when changing their operational status from a branch office to subsidiary or vice versa.

The revised FSCMA also creates penalties of maximum five years of imprisonment or KRW200 million in monetary sanction for the act of brokering investors with investment account lending, while strengthening the rules of asset forfeiture on price rigging, etc.

The revised FSCMA will take effect six months after promulgation.

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