

Press Release

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Creative Finance
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RECENT TREND IN ELS & DLS ISSUANCE

The outstanding balance of ELS & DLS issuance surged from KRW 51.6 trillion at the end of 2012 to KRW 94.4 trillion at the end of June 2015. Since then, the pace of increase has slowed down with the outstanding balance of KRW 97.6 trillion as of November 20, 2015.

<Outstanding balance of ELS & DLS issuance>

(KRW trillion)

	end-2012	end-2013	end-2014	end-Jun 2015	end-Sep 2015	end-Oct 2015	Nov 20 2015	compared to end-Jun 2015
Total ELS & DLS issuance (A)	51.6	63.2	84.1	94.4	96.3	97.5	97.6	+3.4%
HSCEI-tracking ELS & DLS issuance (B)	11.9	15.1	29.3	35.9	36.5	36.7	36.7	+2.2%
(B) / (A)	23.1%	23.9%	34.8%	38.0%	37.9%	37.6%	37.6%	-

The issuance of HSCEI-tracking ELS & DLS remains at the range of manageable levels as securities firms agreed upon voluntary rules in October that limit new issuance of such products within the range of redemption amounts.

As a result, the outstanding balance of HSCEI-tracking ELS & DLS¹ remains almost unchanged from KRW 36.5 trillion at the end of September and is expected to decrease after 2016.

※ New issuance of HSCI-based ELS & DLS from November 1 to 20 this year amounts to KRW 404.6 billion. Net increase in the outstanding balance, however, is only KRW 64.4 billion as the amount of KRW 340.2 billion was redeemed.

The FSC assesses that securities firms maintain soundness and liquidity levels to hold risk factors under control. At the end of June 2015, securities firms maintain a net-capital-ratio(NCR) at 466.9% and a liquidity ratio at 138.1%. The results of liquidity stress test conducted on securities firms in September 2015 show that it is highly unlikely for them to experience systemic risk even at high level of stress similar to that of during the 2008 financial crisis.

The FSC and FSS will keep monitoring concentration risks in ELS& DLS issuance and other risk factors involving securities firms.

¹ Outstanding balance of HSCEI-based ELS & DLS:

KRW 29.3tn(end-2014), KRW 36.5tn(end-Sept.2015), KRW 36.7tn(Nov.20, 2015)