

CIVIL PENALTIES TO BE INTRODUCED ON UNFAIR TRADING ACTIVITIES

The government seeks to introduce penalties on unfair trading activities of up to twice the amount of undue profits generated by engaging in unfair trading activities as a relevant revision bill to the Financial Investment Services and Capital Markets Act was proposed at the National Assembly.

Under the current legal system, the acts of unfair trading activities, such as the use of undisclosed information, price fixing or unjust trading, are punishable via the criminal law system, which often takes a long time to prosecute due to a higher degree of burden of proof applied. As such, the proposed revision to introduce civil penalties will help with more prompt sanctions on unfair trading activities and improve market discipline in capital markets.

KEY DETAILS

The proposed revision bill establishes a legal ground to impose penalties on undue profits made from engaging in unfair trading practices for up to twice the amount of undue profits gained. In the case that calculating such amount of undue profits is inappropriate, a penalty of up to KRW5 billion may be imposed.

In terms of the process, the FSC will be able to charge penalties upon receiving investigation results from the Prosecution Service or in consultation with the Prosecution Service.

The new civil penalty will be operated in close tandem with the existing criminal penalty system and thus avoid imposing penalties at excessive levels.

The revision proposal also stipulates that the Prosecution Service may provide relevant documents concerning investigation upon request from the FSC.

SCHEDULE

The revision bill is currently pending at the National Assembly for a legislative process. The government will support the enactment of the proposed bill.

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