

REVISED RULES ON PEFs TO BOLSTER INVESTOR PROTECTION AND ENHANCE REGULATORY SUPERVISION

The FSC approved the revisions to the regulation on financial investment services on March 17 as a follow-up measure to the effort to improve the regulatory framework on private equity funds announced on April 27, 2020.¹ The revised rules will go into effect from March 18, 2021 unless otherwise noted below.

KEY REVISIONS

- a) Strengthen rules on the management of cross trading and leveraged schemes, such as total return swaps (TRS)
- b) Strengthen oversight over inappropriate sales practices by prohibiting the management of PEFs in violation of prospectus requirements
- c) Bolster the minimum equity capital requirement for professional PEF management firms²
- d) Require asset management firms to report compliance on their internal control and risk management duties and expand their reporting duties on PEFs to include risks and risk management status³

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

¹ Please click [here](#) to see details of the measures announced on April 27, 2020.

² This rule will go into effect six months after the announcement.

³ Currently, PEFs are only required to report their leverage positions, unlike publicly traded funds. This rule will begin to apply from the end of June report filing this year.