

ENHANCED AUTONOMY AND ACCOUNTABILITY FOR FINANCIAL INVESTMENT BUSINESSES ON CHINESE WALL POLICY

The government approved a revision bill to the Enforcement Decree of the Financial Investment Services and Capital Markets Act¹ during a cabinet meeting held on May 11, granting more autonomy to financial investment businesses with respect to their internal management of Chinese wall policy while boosting accountability through strict penalty rules.

KEY DETAILS

Each financial investment business should establish its own internal control standards for the prevention of information sharing between its units of material nonpublic information and information about the clients' asset management status and determine specific types of information subject to and acts in breach of the Chinese wall policy as well as exemptions.

An independent board-level member should be designated within the company for overseeing its own Chinese wall policy and educating employees on the matter.

With more autonomy granted to financial investment businesses, both the civil and criminal penalty levels for violating the Chinese wall regulation have been strengthened. Therefore, financial investment businesses are encouraged to set up and maintain a high level of internal control standards.

The revised Enforcement Decree also eases consignment rules by allowing financial investment businesses to consign their work to third-party agents except for duties related to internal control.

The revisions will go into effect from May 20, 2021.

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¹ Please click [here](#) to see more details from the press release dated March 11, 2021.