

## FSC CHANGES RULES TO ALLOW CROSS-BORDER ETF SCHEME WITH CHINA

The FSC approved changes in the Enforcement Rules of the Financial Investment Services and Capital Markets Act and other relevant industry regulation to allow China-based exchange traded funds (ETFs) listed in the Shanghai Stock Exchange to be registered for sale by local asset managers in Korea effective from August 27 this year.

The Korea Exchange and the Shanghai Stock Exchange signed an MOU in May this year to establish a cross-border ETF scheme ("ETF Connected"). However, the current regulatory framework allows only foreign based ETFs from OECD members, Hong Kong and Singapore to be eligible for registration in Korea. As such, the FSC changed the relevant rules for a seamless implementation of the cross-border ETF link between Korea and China.

The authorities expect that there will be more opportunities for domestic investors to make investment in foreign assets.

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