

## FSC CHANGES RULES TO PROMOTE OVERSEAS BUSINESS EXPANSION OF FINANCIAL INSTITUTIONS

The FSC approved a set of regulatory revisions that will help facilitate financial institutions' overseas business operation and investment activities at the 4<sup>th</sup> regular meeting held on March 2. The measures are aimed at promoting financial institutions' overseas business expansion by easing some of the reporting and filing duties when investing overseas through a foreign direct investment (FDI) or a branch office.

### **KEY REVISIONS**

- a) FDIs made through offshore funds in the amount of up to USD20 million annually will be exempted from the advance reporting requirement. Previously, FDIs through foreign funds were subject to the advance reporting requirement regardless of the investment amount. This rule will be changed to allow ex post factor reporting within one month for FDIs of USD20 million or less.
- b) Financial companies investing in equity shares of foreign funds (10 percent or more) will no longer be required to file a report whenever their shareholding status changes due to changes in investments made by other shareholders. Financial companies will be exempted from reporting any change in their ownership status after making initial investment when there is no change to be reported in the actual amount of their investment.
- c) Some of the ordinary business operations by offshore branch offices, such as real estate and stock trading and loan transactions lasting longer than a year, will no longer be subject to the advance reporting requirement. The revised rule will allow financial companies to report these activities afterwards within one month from such events taking place.

The revised rules will become effective from March 3, 2022.

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