

## FSC CHAIRMAN ORDERS SHORT-TERM MONEY MARKET STABILIZATION MEASURES

Financial authorities observe money market with careful attention to the recent increase in its volatility. In particular, authorities are closely watching instigating factors that contribute to market anxieties in the aftermath of the “PF-ABCP<sup>1</sup> incident” in Gangwon-do, where the provincial government promised debt guarantee.

In this regard, aiming to prevent those anxieties from spreading across financial markets, FSC Chairman Kim Joo-hyun urged authorities to strengthen market response efforts in need. To this end, authorities will make the bond market stabilization fund restart the purchase of corporate bonds and CPs (commercial papers) with KRW1.6 trillion of residual amount in it and prepare for making additional capital calls immediately. Authorities are also monitoring securities firms and specialized credit finance companies with a focus on their liquidity availability, and plan to actively provide liquidity support through the Korea Securities Finance Corporation. In addition, authorities would ease some liquidity requirement for financial institutions in such a way to postpone the normalization of banks’ regulatory LCR (liquidity coverage ratio). Along this line, if needed, authorities will promptly prepare and announce a financial support program to avoid the spread of fear related to the real estate development project financing market.

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<sup>1</sup> PF (Project Financing), ABCP (Asset-backed Commercial Paper)