

FSC CHAIRMAN HOLDS TALKS WITH RELEVANT OFFICIALS AHEAD OF PARTIAL RESUMPTION OF STOCK SHORT-SELLING

FSC Chairman Eun Sung-soo met with officials from relevant institutions and heads of securities companies on April 15 and held talks on the preparatory measures for partial resumption of stock short-selling on May 3,¹ recent stock market trends and virus prevention measures taken by the financial investment industry. The following is a summary of Chairman Eun's remarks.

(KOSDAQ SURPASSING 1,000 PTS) KOSDAQ recently surpassed 1,000 points for the first time since September 2000. Throughout the years, the authorities have worked to improve the KOSDAQ market for venture capitals and startups by allowing lossmaking companies to be listed and introducing technology-based preferential listing system. As a result, KOSDAQ emerged as a distinct market for investors with many businesses with significant future growth potential being listed. The Korea Exchange, relevant institutions and the financial investment industry have put efforts to improve the investment infrastructure and seek out promising businesses. Through the Korean New Deal initiative and the government-wide effort to cultivate more innovative businesses, the government will work to support venture startups and innovative firms in KOSDAQ market to further strengthen our economy.

(ENSURING INVESTOR TRUST IN THE MARKET) It is important to ensure that investors have confidence and trust about the fairness in the market. In order to root out illegal and unfair marketing or advising practices in stock markets, the government has been operating a response team since October 2020. The response team will continue to work to prevent inappropriate activities and improve regulations. Prior to the partial resumption of short-selling on May 3, the authorities will continue to work to resolve various concerns of investors. Out of the four regulatory improvement measures announced earlier, stronger penalties on illegal short-selling activities and improved rules for market makers have already become effective. The two remaining measures—setting up an illegal short-selling detection system and expanding opportunities for retail investors—will also become ready shortly. The KRX has finished setting up a team and the monitoring system for detecting illegal short-selling activities. For retail investors, the pre-learning and mock investment system will be ready on April 20. There also needs to be efforts to make domestic stock markets more attractive to both investors and businesses in order to ensure confidence about the future growth potential of stock markets.

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¹ Please click [here](#) to see the press release dated February 3, 2021.