

SFC IMPOSES PENALTY SURCHARGES ON GLOBAL INVESTMENT BANKS FOR VIOLATING SHORT SALE REGULATIONS

The Securities and Futures Commission, a sub-commission within the Financial Services Commission responsible for overseeing the securities and futures markets, held the thirteenth regular meeting on July 3 and decided to impose penalty surcharges amounting to KRW27.173 billion in total on two former Credit Suisse affiliated investment banks for violating short sale regulations under the Financial Investment Services and Capital Markets Act (FSCMA). The level of penalty surcharge imposed on each of the two former Credit Suisse affiliated entities is the largest (KRW16.94 billion on Credit Suisse AG) and the third largest (KRW10.23 billion on Credit Suisse Singapore Ltd.) ever since the penalty surcharge system began to be implemented on naked short sale activities in April 2021.

In the case of Credit Suisse AG (currently UBS AG), from April 7, 2021 to June 9, 2022, the investment bank was found to have engaged in naked short sales in the amount of about KRW60.33 billion (162,365 shares on 20 stock items) without possessing these stocks at the time of placing short sale orders.

In the case of Credit Suisse Singapore Ltd., from November 29, 2021 to June 9, 2022, the investment bank was found to have engaged in naked short sales in the amount of about KRW35.28 billion (401,195 shares on five stock items) without possessing these stocks at the time of placing short sale orders.

In addition, prior to today's meeting, the SFC decided to impose administrative fines worth KRW284.2 million in total on four domestic financial investment businesses, two foreign financial investment businesses, and an individual investor for violating their net short position balance reporting and disclosure duties under the FSCMA.¹

The financial authorities will continue to strictly deal with naked short selling and other unfair trading activities in capital market to promote soundness in market transactions.

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For press inquiry, please contact Foreign Media Relations at fsc_media@korea.kr.

¹ [Four domestic entities] Anda Asset Management, Astra Asset Management, A One Asset Management, and Owl Asset Management
[Two foreign entities] Merrill Lynch International, Daiwa Capital Markets Europe Ltd.