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Press Release

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Regulatory Amendment Planned for Carbon Funds

The Financial Supervisory Commission and the Financial Supervisory Service announced that regulatory amendment is planned in September for the introduction of carbon funds.

The value of carbon markets worldwide has been growing at a robust pace, reaching approximately US\$30 billion in 2006, a three-fold increase from the previous year, according to the World Bank (*State and Trends of the Carbon Market 2007*, World Bank). Interest in greenhouse gas reduction businesses and in the carbon market has been growing in Korea as well.

Currently, carbon emission credit is not an asset class eligible for fund investment as enumerated under the Act on Indirect Investment Asset Management Business. But it may become eligible for fund investment with a recognition from the Financial Supervisory Commission that it is a tradable commodity with value. The planned amendment will lay out the regulatory basis for fund investment in carbon emission credits that are recognized by various national and international authorities and tradable in the carbon market.

Among the key benefits expected from carbon funds are new economic incentives for greenhouse reduction businesses and the promotion of the carbon market, which will mean more efficient pricing and lower long-term cost of carbon emission credits. For investors and fund management companies, it will also mean an opportunity to engage in pro-environment investing and contribute to sustainable finance worldwide.

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