



Financial Services Commission
www.fsc.go.kr

A New Era of Hope
Creative Finance
Financial Inclusion
Solid Financial System

Press Release

April 18, 2013

COMPREHENSIVE MEASURES TO ERADICATE UNFAIR TRANSACTION

OVERVIEW

Despite dedicated efforts of the financial and judicial authorities to root out unfair transactions, limits and problems have been witnessed. The government, in close coordination with relevant agencies¹, came up with a package of measures to eradicate unfair transactions such as stock price manipulation.

MAJOR CHANGES AND IMPROVEMENTS

- (1) Establish and operate surveillance infrastructure in the KRX to better identify unfair transaction practices committed in cyber market.
- (2) Implement new transaction information verification system to actively respond to unfair transactions using intelligent techniques such as mobile devices.
- (3) Strengthen incentives for those reporting cases of unfair transaction.²
- (4) Establish special task force dedicated to investigation of unfair transaction cases within the FSC and operate Fast Track system.³
- (5) Classify unfair transaction cases into ‘case of great significance’, ‘case of significance’, and ‘general case’ according to the gravity of issue and handle the case of great significance with equal magnitude as a case requiring immediate investigation.
- (6) Appoint investigators and FSS workers dispatched to investigation team as special judicial police officers and grant access to telecommunications log and ban overseas travel.
- (7) Amend the Financial Investment Services and Capital Markets Act (FSCMA) to mandate those sentenced for imprisonment to pay penalty as well as confiscate and charge additional fine in order to claim unfair profits more than two folds.

¹ Financial Services Commission(FSC), Ministry of Justice(MOJ), National Tax Service(NTS), Financial Supervisory Service(FSS), Korea Exchange(KRX)

² Incentives presented by the FSS and KRX which previously amounted at 100 million and 300 million won respectively are to be increased to 2 billion won.

³ If a case of unfair transaction requires an immediate mandatory investigation by the prosecution, chairman of the Securities and Futures Commission(SFC) will be authorized to directly inform the prosecution for investigation.(Fast Track)



Financial Services Commission
www.fsc.go.kr

A New Era of Hope
Creative Finance
Financial Inclusion
Solid Financial System

- (8) Implement additional penalty system to root out practices which disturb market order.
- (9) Amend the FSCMA and add clauses related to the rights to make inquiries to the NTS about taxation information in order to increase default penalty collection rate.
- (10) Establish and operate support center in the KRX to aid investors suffering losses from unfair transaction. Expand subjects of and ease requirements for collective suit related to securities.

#

For any inquiry, please contact Foreign Press & Relations Team at aykim@korea.kr