



## Press Release

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### PLAN TO IMPROVE LICENSE SYSTEM FOR FINANCIAL INVESTMENT BUSINESS

The FSC announced its plan to ease regulations on license system for financial investment business, which includes integrating business units for license, currently overly subdivided, and simplifying license process.

#### KEY DIRECTION

#### 1. Improve License System for Financial Investment Business

In principle, financial investment businesses will be required to apply for a business license for only when it first enters the sector. The number of business units for regulatory approval will be cut from the current 42 to 13(see the table below). Once a financial institution is granted a regulatory approval for business(①~⑬), the company will be allowed to add new business within the same sector simply through add-on registration, without any additional procedure for approval.

#### <How business units for regulatory approval will change >

Current			After Revision		
Business	Financial Products	No. of Units	Business	Financial Products	No. of Units
Investment Trading	Securities	5	Investment Trading	①Securities	5
	Securities (excluding underwriting)	7		②Securities (excluding underwriting)	7
	Exchange-traded derivatives	2		③Exchange-traded derivatives	2
	Over-the-counter derivatives	4		④Over-the-counter derivatives	4
Investment Brokerage		11	⑤Investment Brokerage		11
Collective Investment		5	⑥Collective Investment		4
Trust	All asset trust	4	Trust	⑦All asset trust	4
	Money trust			⑧Money trust	
	Trust business other than money trust			⑨Trust business other than money trust	
	Real estate trust			⑩Real estate trust	
Etc.		4 <sup>1</sup>	⑪~⑬ Etc.		3 <sup>2</sup>
<b>Total</b>		<b>42</b>	<b>Total</b>		<b>40</b>

<sup>1</sup> ATS trading & brokerage, over-the-counter bond brokerage, corporate bond trading

<sup>2</sup> The Unit for corporate bond trading will be deleted, while those for real estate fund and special asset fund will be merged into a single unit.

Regulations regarding majority shareholders will be also revised.

- **(Current)** Person not allowed to participate in business management due to spinoff is **classified as a “specially related person”** under the Financial Investment Business and Capital Markets Act(FSCMA), which **unreasonably restricts such person from becoming a major shareholder.**
- **(Revision)** If the Fair Trade Commission confirms the person not participating in management due to spinoff, the person **will not be classified as a “specially related person”**.
- **(Current)** A financial firm issued with sanctions equal to or stronger than institutional warning within the ‘**recent three years**’ is banned from becoming a largest shareholder of a financial investment company.
- **(Revision)** For institutional warning, the period will be shortened to from the current three years to the recent one year.

Other procedural regulations on license or registration will be eased or improved.

- **(Current)** Under the current practice, a financial investment company issued with sanctions equal to or stronger than institutional warning is suspended from applying for business license for six months.
- **(Revision)** Such restrictive practice, which lacks a legal basis, will be abolished.
- **(Current)** A financial investment company which voluntarily repealed its business license or registration is restricted from re-entering the same business for the next five years.
- **(Revision)** Only those who voluntarily cancelled or sold their license or registration for the entire business units will be banned from applying for regulatory approval for the same business for the next five years. For those who repealed their license or registration for partial units of business for the purpose of restructuring, the banning period will be shorten to one-year.
- **(Current)** Financial investment companies which fail to meet the minimum equity capital requirement are given a **one-year grace period** prior to cancellation of business license or registration.
- **(Revision)** The grace period will be shorten to **six months**.

## 2. Simplify Procedure for Financial Investment Business License

**A fast-track procedure will be introduced on a temporary basis in order to expedite regulatory approval process for added-on businesses,** given that it would take time for the revision to the FSCMA to allow add-on registration system. **The fast-track procedure is expected to reduce the time for regulatory approval from the current 7 to 8 months to 3 to 4 months.**

Guidelines on review standards for business license will be publicly disclosed to enhance transparency and predictability in the approval process.

Documents required to submit for regulatory approval, which currently amount to 20 or more, will be simplified, eliminating overlapping requirements.

### 3. Amend License-Related Policy for Financial Investment Business

**(Investment trading & brokerage business)** Business units with similar characteristics and synergy will be merged for a “package approval”

**(Collective investment business)** New standards for regulatory approval will be developed at each stage of business growth, considering business model and growth path of asset management companies.

**(Insurers)** Non-life insurance companies will be permitted to operate money trust business.

**(Futures investment companies)** Futures companies will be permitted to deal with OTC derivatives based on currency, interest rate and credit.

#### IMPLEMENTATION SCHEDULE

A draft bill to revise relevant laws and supervision regulations will be submitted to the National Assembly by the end of this year. Measures that can be taken without law revision will be implemented in September.

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For any inquiry, please contact Foreign Press & Relations Team at [fsc\\_media@korea.kr](mailto:fsc_media@korea.kr)