

FSC TIGHTENS REGULATION ON VIOLATION OF SHORT-SELLING RULES

The FSC introduced a revised measure to strengthen regulation on the violation of short-selling rules on October 17.

As a follow-up measure to improve the stock trading system, the proposed revision to the operational rules on capital market investigation establishes a new standard to impose penalties for illegal short-selling activities.

Currently, illegal short-sellers are fined KRW 60 million multiplied by differential penalty ratio depending on the gravity of the consequence and the intent of such violations. The proposed revision raises the current imposition ratio by 5 to 15 percentage points.

<i>Consequence</i> \ <i>Intent</i>	Intentional	Gross negligence	Negligence
Grave	100%	80%	60%
Moderate	80%	60%	40%
Minor	60%	40%	20%



<i>Consequence</i> \ <i>Intent</i>	Intentional	Gross negligence	Negligence
Grave	100%	90%	75%
Moderate	90%	75%	50%
Minor	75%	50%	25%

The government also established a regulatory basis to impose an additional penalty of up to 50 percent if the violation is found to have been involved in unfair transactions.

The revision will take effect in the first quarter of 2020 following the notice period between October 17 and November 26.

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