

FSC ISSUES ADMINISTRATIVE GUIDANCE ON PRIVATE EQUITY FUNDS

The FSC announced administrative guidance on July 28, which is aimed at strengthening the supervisory role of private equity fund sellers and trustees against fund management companies¹ and providing specific guidelines to facilitate more systematic and effective self-inspection of private equity funds.²

(INVESTOR PROTECTION MEASURES) Fund sellers will be required to check details of investment information package as well as fund management, and will be required to suspend sales when redemption delays occur.

Trustees will be required to check whether fund management companies are engaged in any unlawful or unfair sales practices.

Cross trading of funds from the same entity and coercive sales practices will be prohibited.

(SELF-INSPECTION) The guidance on self-inspection lays out specific requirements for fund sellers, managers, trustees and administrators. Site-inspection should be carried out through consultation and cooperation between fund sellers, managers, trustees and administrators, and the method of inspection should be determined through a consultative body.

All private equity funds in operation as of May 31, 2020 will be subject to self-inspection. The self-inspection team will look into whether asset statements of administrators and trustees are in accordance with each other's, whether assets do actually exist and the appropriateness of investment information, collective investment rules and fund management. Close cooperation is advised from participating institutions which will be subject to the rule of confidentiality.

The administrative guidance is expected to go into effect on August 12. The FSC will work to improve the regulatory framework on private equity funds and make sure that inspections are carried out properly.

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

¹ Please click [here](#) for details about improving regulations on private equity funds (April 27, 2020).

² Please click [here](#) for details about the FSC's inspection plans for private equity funds (July 2, 2020).