

## FINANCIAL AUTHORITIES TO IMPROVE RULES ON THE SUSPENSION OF LICENSING REVIEW PROCESS

The financial authorities introduced the measures to improve rules on the suspension of licensing review process for financial institutions. The measures are intended to increase predictability and minimize legal uncertainties for businesses.

The rules on the suspension of licensing review process have been introduced to prevent the granting of license to legally disqualified entities that may be undergoing an investigation or lawsuit at the time of their licensing review process. Under the rules, financial authorities may decide to suspend the licensing review process (a) if the applicant is facing a criminal charge or under an investigation or inspection by a relevant authority and (b) if the lawsuit or the investigation or inspection is deemed to have significant impact on the licensing review process. However, there have been criticisms regarding the current system as it serves a contradictory purpose to the principle of presumption of innocence, leads to unnecessary breach of rights and interests on the part of the applicant, impedes the level of predictability for resumption of the review process and raises the issue of inconsistency in terms of the application of the rules across different sectors. As such, the FSC will carry out the following measures to make improvements to the current suspension of licensing review process.

### **KEY MEASURES**

First, the authorities will newly establish a guideline that provides a specific and detailed list of grounds and reasons for suspending a licensing review process. Second, for business entities whose licensing review process has been suspended, the authorities will reconsider every six months the possibility of resuming the licensing review process and whether to extend the suspension period. Third, the suspension of licensing review process, which is currently not applicable to insurance businesses, specialized credit finance companies and financial holding companies, will be applied across all financial sectors to enhance consistency.

### **EXPECTATION & SCHEDULE**

The improved measures are expected to minimize legal uncertainties, increase predictability for applicants and encourage more financial institutions to expand operation into new business areas. The FSC plans to make changes to relevant regulations in each sector beginning in June this year.

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For press inquiry, please contact Foreign Media Relations at [fsc\\_media@korea.kr](mailto:fsc_media@korea.kr).