

FSC DECIDES TO EXTEND THE PERIOD ON SOME OF TEMPORARY DEREGULATORY MEASURES

The FSC decided to extend the period of some of the pandemic response deregulatory measures introduced in April last year at its regular meeting held on September 29.

BACKGROUND

The FSC and the FSS introduced the plans for temporary easing of financial regulations in response to COVID-19 in April last year.¹ The authorities have been reviewing the progress and situations regarding the 25 deregulatory measures put in place to deal with the COVID-19 crisis. Among them, the authorities decided to temporarily extend the period of some of the deregulatory measures related to financial institutions' liquidity ratio and loan-to-deposit ratio until the end of March 2022. With regard to the eased rule on the credit extension between financial holding companies' own subsidiaries, the authorities decided to let it expire as it is no longer deemed as necessary.

The pandemic-related deregulatory measures have helped financial institutions to provide adequate levels of loan support to SMEs and small merchants struggling through the pandemic in the form of maturity extensions and payment deferrals. The measures also helped—either directly or indirectly—to expand capital flows to support the real economy.

KEY DETAILS

With the availability of loan maturity extensions and payment deferrals for small merchants and SMEs extended for six more months until March 2022,² the availability of relevant deregulatory measures will also be extended accordingly as shown below.

- a) (Banks) Temporary lowering of total LCR & foreign currency LCR: Initially scheduled to expire at the end of September 2021 → Extended until the end of March 2022
- b) (Banks) Temporary lifting of LTD ratio: Initially scheduled to expire at the end of December 2021 → Extended until the end of March 2022.
- c) (Banks) Lowering risk weights on business loans to self-employed small merchants: Initially scheduled to expire at the end of September 2021 →

¹ Please click [here](#) to see the press release dated April 20, 2020.

² Please click [here](#) to see the press release dated September 16, 2021.

Extended until the end of December 2021

- d) (Credit finance & savings banks) Temporary lifting of liquidity ratio: Initially scheduled to expire at the end of December 2021 → Extended until the end of March 2022
- e) (Savings banks & mutual finance) Temporary lifting of LTD ratio: Initially scheduled to expire at the end of December 2021 → Extended until the end of March 2022
- f) (Savings banks) Temporary lifting of credit extension requirement: Initially scheduled to expire at the end of December 2021 → Extended until the end of March 2022
- g) (Insurance companies) Temporary easing of liquidity standards: Initially scheduled for review in September 2021 → Extended review until March 2022

The authorities decided not to extend the availability of the increased cap on credit extension between the subsidiaries of the same financial holding company, which is set to expire at the end of September 2021.

CHAIRMAN'S REMARKS

At the meeting, FSC Chairman Koh Seungbeom stated that the authorities will maintain strict management and supervision over the effects of extended availability of some of the deregulatory measures on the stability of financial markets and the soundness of financial institutions. Chairman Koh said that the authorities will seek an orderly normalization of the temporary deregulatory measures after considering wide-ranging factors, such as the pandemic situation and financial market conditions. Chairman Koh added that the regulatory rollback will take place in stages to ensure that markets experience no shock in the process.

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