

Jurisdiction: Republic of Korea

2014 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I. Refining the regulatory perimeter					
1 (1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking ¹	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: Planning to revise relevant regulations continuously going forward	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. ² (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: <i>Shadow Banking: Strengthening Oversight and Regulation.</i>		

¹ Some authorities or market participants prefer to use other terms such as “market-based financing” instead of “shadow banking”. The use of the term “shadow banking” is not intended to cast a pejorative tone on this system of credit intermediation. However, the FSB is using the term “shadow banking” as this is the most commonly employed and, in particular, has been used in the earlier G20 communications.

² This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Short description of the content of the legislation/ regulation/guideline: 1. Changed short-term funding tools of non-bank sector from unsecured call loans to secured Repos (2011.6.) 2. Set forth a system for disclosing RP trading information in real time (2012.7.) 3. Enhanced information transparency by requiring electronic issuance and registration of CP (2013.1.) 4. As for MMF assets, reduced weighted average maturity requirement from 90 days to 75 days and strengthened regulation on current asset types and asset proportions (2013.10.) 5. NBFIs are restricted from participating in the unsecured call loan market in principle. Planning to enhance cap on securities houses' call loans (within 25% of equity capital -> within 15% of equity capitals)</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: http://www.fsc.go.kr/eng/wn/list_qu.jsp?menu=01&bbsid=BBS0048&selQuarter=&selYear=2012&nxPage=1 </p>	

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II. Hedge funds					
2 (2)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)</p>	<p>Jurisdictions should state whether Hedge Funds(HFs) are domiciled locally and, if available, indicate the size of the industry in terms of Assets Under Management (AUM) and number of HFs. Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009).</p> <p>In particular, jurisdictions should specify whether:</p> <ul style="list-style-type: none"> - HFs and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: <ul style="list-style-type: none"> • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 30-09-2011</p> <p>Short description of the content of the legislation/ regulation/guideline: In Sep.2011, Korea adopted regulations that require hedge funds to register and report borrowing and derivatives-trading status to FSC. In addition, the leverage limit of hedge funds is 400% of the NAV(Net</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Asset Value). Highlight main developments since last year’s survey: Web-links to relevant documents: http://english.fss.or.kr	

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3 (3)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	<p>Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - Signatory to the IOSCO MMoU - Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. <p>In particular, jurisdictions should indicate those jurisdictions where an MoU is in place that provides for oversight when a hedge fund is located in one of these jurisdictions and manager is located elsewhere.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>FSC signed the MMOU with IOSCO in June 2010 to share supervisory data with its members.</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 09-06-2010</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				year’s survey: Web-links to relevant documents:	

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4 (4)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)	<p>Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.</p> <p>In particular, jurisdictions should indicate whether they have implemented the Basel III rules for credit exposures to highly leveraged counterparties (para 112 of Basel III (Jun 2011) – see also FAQ no 1b.4 on Basel III counterparty credit risk, Dec 2012) , and principle 2.iii of IOSCO Report on Hedge Fund Oversight (Jun 2009). Jurisdictions should also indicate the steps they are taking to implement the new standards on equity exposures (Capital requirements for banks' equity investments in funds, Dec 2013) by 1 January 2017.</p> <p>For further reference, see also the following documents :</p> <ul style="list-style-type: none"> BCBS Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) BCBS Banks' Interactions with Highly Leveraged Institutions (Jan 1999) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: 30-06-2014</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline: To implement the new standards on equity exposures by 1 January 2017, FSS is currently reviewing the related BCBS documents.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
(4)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)			

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III. Securitisation					
5 (5)	Improving the risk management of securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009) <p>The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London)</p> <p>Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)</p>	<p>Jurisdictions should indicate the progress made in implementing the recommendations contained in:</p> <ul style="list-style-type: none"> IOSCO's <i>Unregulated Financial Markets and Products (Sep 2009)</i>, including justification for any exemptions to the IOSCO recommendations; and BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf. <p><i>Jurisdictions may also indicate progress in implementing the recommendations of the IOSCO's Report on Global Developments in Securitisation Regulation (Nov 2012).</i>³</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 16-09-1998</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Accorrding to the current supervisory</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

³ Jurisdictions should not provide responses on IOSCO recommendations concerning the alignment incentives associated with securitisation (including risk retention requirements) since these will be covered by an IOSCO peer review in 2014.

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				<p>and regulations for the ABS, all ABS(public and private) have to be disclosed. Korea's disclosure format reflects most of the disclosure principles recommended by the IOSCO, and companies that issue ABS disclose information via an electronic disclosure system called DART : Data Analysis, Retrieval and Transfer System.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: http://english.fss.or.kr</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6 (6)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer; • ICP 15 – Investments; and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to:</p> <ul style="list-style-type: none"> • IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008). • Joint Forum’s consultative document on Mortgage insurance: market structure, underwriting cycle and policy implications (Feb 2013). 	<p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> According to the Insurance Law, insurance companies can not sell structured derivatives.</p> <p><input type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
7 (7)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	<p>Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance product.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2012</p> <p>Short description of the content of the legislation/ regulation/guideline: Guidelines for Asset Backed Securities published in 2012.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				http://english.fss.or.kr	

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8 (8)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO's Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) and IOSCO's Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 16-09-1998</p> <p>Short description of the content of the legislation/ regulation/guideline: Asset-backed Securities Act for structured financial products is already in place in line with IOSCO's principles(e.g. disclosure, registration, and reporting to supervisory authorities).</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				Highlight main developments since last year's survey: Web-links to relevant documents: http://english.fss.or.kr	

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IV. Enhancing supervision					
9 (9)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.⁴</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) • ICP 23– Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Major banks in Korea whose failure could pose a significant risk to financial stability are subject to consistent and consolidated supervision.</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: ongoing</p> <p>Short description of the content of the</p>	<p>Planned actions (if any): FSC will conduct an in-depth study on the feasibility of adopting new supervisory regulation on domestic SIFIs, especially on SIBs. meanwhile, Korea will contribute to setting up new standards by actively participating in FSB discussions. In addition, Korea at the moment is actively participating in the discussions on IAIS' designation of G-SIIs, IOSCO's framework for NBNI G-SIFIs and on issues regarding supervisory measures. Korea will take necessary actions when those agenda have been settled.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

⁴ The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

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				legislation/ regulation/guideline: Highlight main developments since last year's survey: Web-links to relevant documents:	

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10 (10)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Please indicate whether supervisory colleges for all significant cross-border firms (both banks and insurance companies) have been established and whether the supervisory colleges for G-SIFIs are conducting rigorous risk assessments.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Although there is no global SIFI in Korea, the Financial Supervisory Service(FSS) in Korea held Woori Bank Supervisory College Meeting in Seoul in November 2012and Shinhan Bank Supervisory College Meeting in Seoul in November 2013. In these supervisory colleges, Korea as a home supervisor has satisfied all host supervisors’ requests for risk assessment and also been satisfied with active sharing information about examination results of home and host supervisors. The mutual information exchange has improved the FSS’s	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation: Planned actions (if any): Expected commencement date: Web-links to relevant documents:
10 (10)		We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)	Principle 13 of BCBS <u>Core Principles for Effective Banking Supervision</u> and <u>Good practice principles on supervisory colleges (Oct 2010)</u> may be used as a guide for supervisor to indicate the implementation progress. For further reference, see the following documents: BCBS: <ul style="list-style-type: none"> • <u>Core Principles for Effective Banking Supervision (Sep 2012)</u> IAIS : <ul style="list-style-type: none"> • <u>ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges</u> • <u>Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges</u> IOSCO: <ul style="list-style-type: none"> • <u>Principles Regarding Cross-Border</u> 		

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			<u>Supervisory Cooperation (May 2010)</u>	<p>supervision for Korean overseas bank subsidiary or branch.</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 11-2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	

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11 (11)	Supervisory exchange of information and coordination	To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: The FSC has entered into MOUs with 40 financial authorities of 22 jurisdictions. Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 09-06-2010 Short description of the content of the legislation/ regulation/guideline: Korea has revised 'the Real Name Financial Transaction Act', which had previously	Planned actions (if any): FSC will expedite its process for establishing criteria for determining D-SIFIs and consequently developing mechanisms for cross-border crisis cooperation and group resolution plans. Expected commencement date: Web-links to relevant documents:
(11)		Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).		

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				<p>hindered information exchange with supervisors. In addition, 'the Financial Investment Services and Capital Market Act' took effect in February 2009, which is essential for the MMOU with IOSCO. FSC/FSS signed the MMOU with IOSCO in June 2010. The FSC/FSS has entered into MOUs with 40 financial authorities of 22 jurisdictions. These MOUs include understandings of cooperation toward effective supervision of financial institutions operating in each others' jurisdictions and information sharing.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: http://english.fss.or.kr</p>	

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12 (12)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	No information on this recommendation will be collected in the current IMN survey since a peer review is taking place in this area during 2014.		
(12)		Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)			
(12)		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Building and implementing macroprudential frameworks and tools					
13 (13)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks ⁵ and private pools of capital to limit the build up of systemic risk. (London)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 08-2010 Short description of the content of the legislation/ regulation/guideline: The	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(13)		Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.		

⁵ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Ministry of Strategy and Finance announced Directives on the establishment and operation of Macroeconomic Financial Meeting in September 2012. The First Vice-Minister of the Ministry of Strategy and Finance chairs the Meeting while relevant organizations including the FSC, BOK and FSS participate to discuss and coordinate policies relating to macro-economy, financial and FX markets. Guidelines on Financial Institutions Stress Testing (Aug.2010): In order to assess potential risk factors of financial institutions that could cause systemic risks, the FSS monitors the results of stress testing on financial institutions and conducts off-site surveillance to use the outcome for supervisory work.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: http://english.fss.or.kr</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (14)	Enhancing system-wide monitoring and the use of macro-prudential instruments	<p>Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level...(Rec. 3.1, FSF 2009)</p> <p>We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Please describe at a high level (including by making reference to financial stability or other public reports, where available) the types of systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the CGFS document on Operationalising the selection and application of macroprudential instruments (Dec 2012).</p> <p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macprudential policy tools and frameworks (Oct 2011), and the IMF staff papers on Macprudential policy, an organizing framework (Mar 2011) and on Key Aspects of Macprudential policy (Jun 2013).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 06-2011</p> <p>Short description of the content of the legislation/ regulation/guideline: The FSC cooperates with relevant organizations including the FSS and MOSF for close monitoring of changes in asset prices and continuous examination of the impact of changes in asset prices to financial system and macro-economy.</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Since 2012, Korea has enhanced major quantitative indicators relating to financial market to ensure effective EWS. Moreover, the authorities are using financial EWS, with strengthened qualitative assessment of major financial markets and financial risk factors (e.g. private debt) as pre-emptive tools for assessing macro-prudence. Since March 2013, the members of Macroeconomic Financial Meeting review on a quarterly basis the macroprudential indicators developed in view to early identification of risk factors including EWS. Macro-prudence is reviewed in two parts (i.e. macro-structural prudence and economic agents prudence) so that issues and problems could be identified in advance, in mid-to-long term perspective. Lastly, macro-prudential review framework has become more sophisticated by requiring the BOK to publish macro-financial stability report at least twice a year in accordance with the 8th revised BOK Act effective from 2011.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: http://english.fss.or.kr</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (15)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	Please describe the institutional framework through which information sharing between supervisors and the central bank takes place, e.g. through internal or inter-agency committee or bilateral MoUs. Please also describe any initiative to remove identified obstacles to enhance cooperation and information sharing.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 29-02-2008 Short description of the content of the legislation/ regulation/guideline: Article 4 of the Establishment Act stipulates that the deputy governor of the BOK is a member of the FSC commissioners while article 91 of the BOK Act provide that the Vice Chairman of the FSC may be present and speak at the meeting of the	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Monetary Board. These provisions enable both institutions to participate in important decision making process including matters pertaining to the FMIs. The Financial Services Commission which is in charge of securing financial stability is composed of relevant organizations such as the BOK and FSS. Based on the Macroeconomic Financial Meeting set forth in September 2012, the relevant institutions are engaging in enhanced cooperation, collaboration and information sharing. The BOK holds stronger power to demand the FSS to conduct joint examination and when necessary, may have close cooperation relating to monetary credit policy. The FSC Establishment Act stipulates that the Minister of Strategy and Finance, the FSC and the Monetary Policy Committee may request sharing of information necessary for implementing relevant policies and the requested party is required to provide the requested information unless there is legitimate reason not to. The FSC, FSS, MOSF and BOK are thoroughly reviewing and closely cooperating on various issues including market trends through both regular and ad-hoc Macroeconomic</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Financial Meeting, set forth in accordance with Regulation and Presidential Decree on the Establishment of Macroeconomic Financial Meeting.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents: http://english.fss.or.kr</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Improving oversight of credit rating agencies (CRAs)					
16 (16)	Enhancing regulation and supervision of CRAs	<p>All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)</p> <p>National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.</p> <p>CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)</p> <p>Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p>	<p>Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:</p> <ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008) <p>Jurisdictions may also refer to the following IOSCO documents:</p> <ul style="list-style-type: none"> • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) • Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 08-2013</p> <p>Short description of the content of the legislation/ regulation/guideline: The Financial Services Commission(FSC)issues CRA license and takes supervisory actions on a regular basis. Regulations on credit rating</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
(16)					
(New)					

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>businesses have been transferred from Use and Protection of Credit Information Act to Financial Investment Services and Capital Markets Act thereby unifying regulation on CRAs and the use of credit ratings (Aug. 2013). Investor protection was enhanced by requiring disclosure of details on credit rating such as stating credit rating methods in credit reports (Aug. 2013).</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents: http://english.fss.or.kr</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (17)	Reducing the reliance on ratings	<p>We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)</p> <p>Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)</p> <p>We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)</p> <p>We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that</p>	No information on this recommendation will be collected in the current IMN survey since the report of the second stage of the thematic peer review has been published recently [insert link whenever published].		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
(New)		would enhance transparency of and competition among credit rating agencies. (Los Cabos) We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (18)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	<p>Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB or are otherwise of a high and internationally acceptable quality, and provide accurate and relevant information on financial performance. They should also explain the system they have for enforcement of consistent application of those standards.</p> <p>Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 01-01-2011</p> <p>Short description of the content of the legislation/ regulation/guideline: Because Korea has adopted IFRS in full from 2011, Korea refrains from producing its own interpretations of IFRS. When there are application issues</p>	<p>Planned actions (if any): Korean government will continue to cooperate with the IASB, IFRS Interpretations Committee and other national standard setters and to monitor the quality of financial statements in order to ensure that IFRS is applied consistently.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents: http://www.kasb.or.kr/</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>that Korea needs to address, Korea cooperates with the IASB, IFRS Interpretations Committee and other national standard setters to seek solutions that are globally acceptable. Korea has been working to ensure that companies prepare IFRS-compliant annual financial statements by analysing the quarterly financial statements and encouraging companies to apply IFRS more rigorously.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents: http://www.kasb.or.kr/</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19 (19)	Appropriate application of Fair Value Accounting	Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)	Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. See, for reference, the following BCBS documents: <ul style="list-style-type: none"> • <u>Basel 2.5 standards on prudent valuation (Jul 2009)</u> • <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u> 	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 01-01-2011 Short description of the content of the legislation/ regulation/guideline: Because Korea has adopted IFRS in full from 2011, Korea refrains from producing its own interpretations of IFRS. When there are application issues that Korea needs to address, Korea cooperates with the IASB, IFRS	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation: Planned actions (if any): Korean government will continue to cooperate with the IASB, IFRS Interpretations Committee and other national standard setters and to monitor the quality of financial statements in order to ensure that IFRS is applied consistently. The Korea Accounting Standards Board (KASB) is going to use IFRS educational material for fair value measurement to help implementation of fair value accounting. The KASB sent the IASB a comment letter on the IASB ED “Limited amendments to IFRS 9 in March 2013. The KASB sent the IASB a comment letter on the IASB ED “Expected Credit Losses” in July 2013 after doing outreach activities such as holding forum and discussing with financial instruments working group in our jurisdiction. Expected commencement date: Web-links to relevant documents: http://www.kasb.or.kr/

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Interpretations Committee and other national standard setters to seek solutions that are globally acceptable. Korea has been working to ensure that companies prepare IFRS-compliant annual financial statements by analysing the quarterly financial statements and encouraging companies to apply IFRS more rigorously.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: http://www.kasb.or.kr/</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. In particular, please indicate the status of implementation of the following standards:	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed :	Planned actions (if any): [Banks] Regulations and detailed regulations on stress testing have been set forth. According to these laws and regulations, banks will be required to report to the financial authorities on a regular basis the results of stress tests they conducted themselves and the authorities shall thoroughly review adequacy and etc. of stress testing methods. The financial authorities are planning to monitor Basel III liquidity requirement throughout the year and is planning to announce a draft calculation formula in advance of implementation of LCR regulation to be effective from 2015. Moreover, the FSS plans to introduce regulation on leverage in accordance with the time frame of BCBS agreement.
(20)		National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)	<ul style="list-style-type: none"> BCBS <u>Basel III: International framework for liquidity risk measurement, standards and monitoring (Dec 2010)</u> BCBS <u>Principles for sound stress testing practices and supervision (May 2009)</u> 	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 01-03-2014	
(20)		Regulators and supervisors in emerging markets ⁶ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's <u>thematic peer review report on risk governance (Feb 2013)</u> and BCBS <u>Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012)</u>	Short description of the content of the legislation/ regulation/guideline: [Banks] Best Practice of Crisis Situation	Expected commencement date:
(20)		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)			Web-links to relevant documents:

⁶ Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Analysis, which is set forth based on the BCBS Principles of Stress Testing, is reflected in the Regulations and Detailed Regulations (Feb. 2014). Moreover, different stress tests on different risks (e.g. liquidity, interest rates and credit risks) are consolidated and timing is clearly set forth. Banks' risk management standards have been bolstered. As for Basel III liquidity regulation, the FSS established reporting system in 2012 so that LCR and NSFR ratios are regularly reported. [FX] Starting from the latter half of 2010, the FSS has been conducting stress tests on FX liquidity. Since June 2011, the FSS applied 2008 crisis-like situations for FX liquidity stress testing which is conducted every month. The FSS has been operating TF for special prudential assessment on FX since July 2011. Thanks to strengthened FX liquidity stress testing, all banks in Korea now holds sufficient FX reserves enabling them to endure 3 consecutive months of external shocks similar to 2008 Global Financial Crisis.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://english.fss.or.kr	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (21)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2013. Jurisdictions may also refer to the relevant IMF Financial Soundness Indicators at http://fsi.imf.org/ .	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>The FSC/FSS ensures strict implementation of asset classification to enable early identification of financial firm's distress and require adequate loan loss provisioning so that the firm has sufficient loss absorbing capacity. Moreover, the FSC/FSS maintains BIS capital adequacy ratio at an adequate level by encouraging banks to implement conservative dividend policy and to increase capital through issuance of capital securities.</p> Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: ongoing Short description of the content of the legislation/ regulation/guideline: [Assets] The revised Regulations on Supervision of Banking Business (Dec. 2013) provides for clear and strict standards for asset classification and changing classification to a higher level. This would prevent banks to classify assets based on their own judgements. [Capital] In Korea, Basel III capital requirement was introduced in Dec. 2013 for calculating capital adequacy ratio. The financial authorities are seeking to enhance capital adequacy of domestic banks by issuing securities that meet contingent capital requirement (a domestic bank issued the first contingent capital securities that meet Basel III requirement on April 30, 2014) Highlight main developments since last year's survey: Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (22) (New)	Enhanced risk disclosures by financial institutions	<p>Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)</p> <p>We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)</p>	<p>Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks and Implementation Progress Report by the EDTF (Aug 2013).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 01-20113</p> <p>Short description of the content of the legislation/ regulation/guideline: [Pillar 3] In December 2008, the FSS established domestic disclosure standards with the Korea Federation of Banks which reflects Pillar 3 and included this in the existing disclosure requirements provided in the Banking Act. Currently Basel III</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>standards are applied to banks. Banks are disclosing capital adequacy ratio in accordance with not only Pillar 3 but also Basel III capital disclosure requirements. [IFRS 7] Korea Accounting Standards Board (KASB) made word-for-word translation of IFRS 7 and established K-IFRS 1107 on Nov 23, 2007. K-IFRS has been implemented since fiscal year 2011. [IFRS 13] KASB made a word-for-word translation of IASB's IFRS 13 and established K-IFRS 1113 on Nov 18, 2011. It is mandatory for all banks to apply K-IFRS 1113 starting from fiscal year 2013 and early application prior to this year is also permitted.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: www.kasb.or.kr</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Strengthening deposit insurance					
23 (23)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	<p>Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the following recommendations of the FSB's February 2012 thematic peer review report on deposit insurance systems:</p> <ul style="list-style-type: none"> • Adoption of an explicit deposit insurance system (for those who do not have one) • Full implementation of the Core Principles for Effective Deposit Insurance Systems jointly issued by BCBS and IADI in June 2009 (by addressing the weaknesses and gaps identified in peer review) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: The FSB's Thematic DI Peer Review Report mentions Korea several times as a country with a generally good deposit insurance scheme and in compliance with best practices in this field. (No particular problem was identified.)</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				year’s survey: Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Safeguarding the integrity and efficiency of financial markets					
24 (24)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	<p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendation in the following IOSCO reports in their regulatory framework:</p> <ul style="list-style-type: none"> • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 30-09-2013</p> <p>Short description of the content of the legislation/ regulation/guideline: Comprehensive management of algorithmic trading in Korea Derivatives Market</p> <p>Highlight main developments since last year’s survey:</p>	<p>Planned actions (if any): Develop policy regarding how to control excessive order flows and introduce a function of "Kill Switch", which can cancel all outstanding orders by an exchange member at its own discretion.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents: http://eng.krx.co.kr/coreboard/BHPENG09004/view.jsp?bbsSeq=20017&secretYn=N</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents: http://eng.krx.co.kr/coreboard/BHPENG09004/view.jsp?bbsSeq=20017&secretYn=N	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (25)	Regulation and supervision of commodity markets	<p>We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)</p> <p>We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)</p>	<p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on <i>Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011)</i>.</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the <i>report</i> published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 30-04-2013</p> <p>Short description of the content of the legislation/ regulation/guideline: After the amendment of Capital Market Act, Korea regulates market price manipulation not only market derivatives but also OTC derivatives.</p> <p>Highlight main developments since last year's survey:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
(New)					

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents: http://english.fss.or.kr	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 (New)	Reform of financial benchmarks	We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)	Collection of information on this recommendation will be deferred to the 2015 IMN survey given the ongoing policy work in this area, the reviews of interest rate and foreign exchange benchmarks during 2014, and the recent publication of IOSCO's Principles for Financial Benchmarks.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI. Enhancing financial consumer protection					
27 (27)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	<p>Jurisdictions should describe progress toward implementation of the OECD's G-20 high-level principles on financial consumer protection (Oct 2011).</p> <p>Jurisdictions may also refer to OECD's update report including the Annex to the report on effective approaches to support the implementation of the High-level Principles based around the following three priority principles:</p> <ul style="list-style-type: none"> • <i>Disclosure and transparency</i> • <i>Responsible business conduct of financial services providers and their authorised agents</i> • <i>Complaints handling and redress</i> 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: 06-07-2012</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline: The new legislation stipulates provisions concerning financial consumer protection including regulation on sales and settlement for financial disputes. The new Act consolidated relevant individual Acts and enhanced regulations on sales</p>	<p>Planned actions (if any): Enactment of “Consumer Financial Protection Law”</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>activities and remedies for violation of rights.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	

XII. Source of recommendations:

[St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)

[Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

[Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

[FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

[FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XIII. List of Abbreviations used:

FSC: Financial Services Commission

FSS : Financial Supervisory Service

MOSF : Ministry of Strategy and Finance

BOK : Bank of Korea