

Jurisdiction : **Korea**

# 2013 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
<b>I. Refining the regulatory perimeter</b>					
1 (2)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	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.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <b>Issue is being addressed through :</b> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <b>Status of progress :</b> Reform effective (completed) as of : ongoing <b>Short description of the content of the legislation/ regulation/guideline:</b> Current status of strengthening shadow banking oversight and regulatory arbitrage: 1. Enhance CP/ABCP market transparency and strengthen regulation/Supervision on CP issuance (Sep.2012) 2. Reduce regulatory arbitrage between MMF, MMT,MMW (Oct.2012) <b>Web-links to relevant documents:</b> <a href="http://english.fss.or.kr">http://english.fss.or.kr</a>	<b>Planned actions (if any):</b>  <b>Expected commencement date:</b>  <b>Web-links to relevant documents:</b>
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. <sup>1</sup> (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: <a href="#"><i>Shadow Banking: Strengthening Oversight and Regulation.</i></a>		

<sup>1</sup> 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.

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<b>II. Hedge funds</b>					
2 (3)	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 indicate the progress made in implementing the high level principles contained in IOSCO's <a href="#">Report on Hedge Fund Oversight (Jun 2009)</a> that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation /Guidelines</li> <li><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 30-09-2011</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>In Sep.2011, Korea adopted regulations that require hedge funds to register and report borrowing and derivatives-trading states to FSC. In addition, the leverage limit of hedge funds is 400% of NAV(Net Asset Value).</p> <p><b>Web-links to relevant documents:</b></p> <p><a href="http://english.fss.or.kr">http://english.fss.or.kr</a></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

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3 (4)	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)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's <a href="#">Report on Hedge Fund Oversight (Jun 2009)</a> on sharing information to facilitate the oversight of globally active fund managers.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation /Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p>FSC signed the MMOU with IOSCO in June 2010 to share supervisory data with its members.</p> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 09-06-2010</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p><b>Web-links to relevant documents:</b></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

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4 (5)	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)	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.  See, for reference, the following BCBS documents :	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>  <b>Issue is being addressed through :</b> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify:  <b>Status of progress :</b> Reform effective (completed) as of : 30-09-2011	<b>Planned actions (if any):</b>  <b>Expected commencement date:</b>  <b>Web-links to relevant documents:</b>
(6)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	<ul style="list-style-type: none"> <li>• <a href="#">Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999)</a></li> <li>• <a href="#">Banks' Interactions with Highly Leveraged Institutions (Jan 1999)</a></li> <li>• <a href="#">Basel III (June 2011) – relevant references to counterparty credit risk standards</a></li> </ul>	<b>Short description of the content of the legislation/ regulation/guideline:</b> FSC currently requires counterparty risk evaluation in capital adequacy (NCR : Net Capital Ratio) review. Since Dec 2009, FSC has strengthened counterparty risk criteria for RAMS(Risk Analysis & Management System). Additionally, FSC adopted regulations that require prime brokers to set effective risk management mechanism to control counterparty exposures to hedge funds.  <b>Web-links to relevant documents:</b> <a href="http://english.fss.or.kr">http://english.fss.or.kr</a>	

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<b>III. Securitisation</b>					
5 (7)	Improving the risk management of securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> <li>implement IOSCO’s proposals to strengthen practices in securitisation markets. (FSB 2009)</li> </ul>	<p>Jurisdictions should indicate the progress made in implementing the recommendations contained in:</p> <ul style="list-style-type: none"> <li>IOSCO’s <a href="#">Report on Global Developments in Securitisation Regulation (Nov 2012)</a> including justification for any exemptions to IOSCO requirements; and</li> </ul>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p>
8)		<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>	<ul style="list-style-type: none"> <li>BCBS’s Basel 2.5 standards on exposures to securitisations (Jul 2009), <a href="http://www.bis.org/publ/bcbs157.pdf">http://www.bis.org/publ/bcbs157.pdf</a> and <a href="http://www.bis.org/publ/bcbs158.pdf">http://www.bis.org/publ/bcbs158.pdf</a></li> </ul>	<p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation /Guidelines</li> <li><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 16-09-1998</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>Accorrding to the current supervisory 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><b>Web-links to relevant documents:</b></p> <p><a href="http://english.fss.or.kr">http://english.fss.or.kr</a></p>	<p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6 (9)	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"> <li>• <a href="#">ICP 13</a> – Reinsurance and Other Forms of Risk Transfer</li> <li>• <a href="#">ICP 15</a> – Investments, and</li> <li>• <a href="#">ICP 17</a> - Capital Adequacy.</li> </ul> <p>Jurisdictions may also refer to the IAIS <a href="#">Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008)</a>.</p>	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>According to the Insurance Law, insurance companies can not sell structured derivatives.</p> <p><b>Issue is being addressed through :</b></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><b>Status of progress :</b></p> <p>[No response]</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p><b>Web-links to relevant documents:</b></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

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7 (10)	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 policy measures taken for strengthening best practices for investment in structured product.</p> <p>See, for reference, the principles contained in IOSCO's report on <a href="#">Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009)</a> and <a href="#">Suitability Requirements for Distribution of Complex Financial Products (Jan 2013)</a>.</p> <p>Jurisdictions may also refer to the Joint Forum report on <a href="#">Credit Risk Transfer-Developments from 2005-2007 (Jul 2008)</a>.</p>	<p>Implementation ongoing or completed</p> <p><i>If " Not applicable " or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Primary / Secondary legislation</li> <li><input checked="" type="checkbox"/> Regulation /Guidelines</li> <li><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 2012</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>Guidelines for Asset Backed Securities published in 2012.</p> <p><b>Web-links to relevant documents:</b></p> <p><a href="http://english.fss.or.kr">http://english.fss.or.kr</a></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8 (11)	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 <a href="#">Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012)</a> that complements IOSCO’s <a href="#">Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010)</a>.</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation /Guidelines</li> <li><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 16-09-1998</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>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><b>Web-links to relevant documents:</b></p> <p><a href="http://english.fss.or.kr">http://english.fss.or.kr</a></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>IV. Enhancing supervision</b>					
9 (12)	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.<sup>2</sup></p> <p>See, for reference, the following documents:</p> <p>Joint Forum:</p> <ul style="list-style-type: none"> <li>• <a href="#">Principles for the supervision of financial conglomerates (Sep 2012)</a></li> </ul> <p>BCBS:</p> <ul style="list-style-type: none"> <li>• <a href="#">Framework for G-SIBs (Nov 2011)</a></li> <li>• <a href="#">Framework for D-SIBs (Oct 2012)</a></li> <li>• <a href="#">BCP 12 (Sep 2012)</a></li> </ul> <p>IAIS:</p> <ul style="list-style-type: none"> <li>• <a href="#">ICP 23 – Group wide supervision</a></li> </ul> <p>FSB:</p> <ul style="list-style-type: none"> <li>• <a href="#">Framework for addressing SIFIs (Nov 2011)</a></li> </ul>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation /Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p>Major banks in Korea whose failure could pose a significant risk to financial stability are subject to consistent and consolidated supervision.</p> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : ongoing</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p><b>Web-links to relevant documents:</b></p>	<p><b>Planned actions (if any):</b></p> <p>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 and on issues regarding supervisory measures. Korea will take necessary actions when those agenda have been sttled.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

<sup>2</sup> 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.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (13)	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. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	<b>Planned actions (if any):</b>
14		We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...(Seoul)	See, for reference, the following documents: BCBS: <ul style="list-style-type: none"> <li>• <a href="#">Good practice principles on supervisory colleges (Oct 2010)</a></li> <li>• <a href="#">Report and recommendations on cross-border bank resolution ( Mar 2010)</a></li> </ul> IOSCO: <ul style="list-style-type: none"> <li>• <a href="#">Principles Regarding Cross-Border Supervisory Cooperation (May 2010)</a></li> </ul> IAIS : <ul style="list-style-type: none"> <li>• <a href="#">ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges</a></li> <li>• <a href="#">Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges</a></li> </ul>	<b>Issue is being addressed through :</b> <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 2012, which is a domestic SIFI. (Also, Supervisory College Meeting of Shinhan Bank was held in 2011.)  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 of information about examination results of home and host supervisors. The mutual information exchange has improved the FSS’s supervision for Korean overseas bank subsidiary or branch.  <b>Status of progress :</b>  Reform effective (completed) as of : 11-	<b>Expected commencement date:</b>  <b>Web-links to relevant documents:</b>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				2012 <b>Short description of the content of the legislation/ regulation/guideline:</b>  <b>Web-links to relevant documents:</b>	

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<p>11 (15)</p> <p>New</p>	<p>Supervisory exchange of information and coordination</p>	<p>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)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the <a href="#">October 2006</a> Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the <a href="#">September 2012</a> 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.</p> <p>Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation /Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p>The FSC/FSS has entered into MOUs with 38 financial authorities of 22 jurisdictions.</p> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 09-06-2010</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>Korea has revised 'the Real Name Financial Transaction Act', which had previously 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.</p> <p><b>Web-links to relevant documents:</b></p> <p><a href="http://english.fss.or.kr">http://english.fss.or.kr</a></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (16)	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)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the <a href="#">October 2006</a> BCPs 1 and 23 or, if more recent, the <a href="#">September 2012</a> BCPs 1, 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <b>Issue is being addressed through :</b> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:	<b>Planned actions (if any):</b> In January 2013, the FSS conducted a survey on the staffing needs for external experts. Based on the result of hiring around 30~50 additional external experts. According to the survey, it was most urgent to hire experts for designing models to measure/manage systemic risks. Thus, we are currently undergoing process to hire 2 employees with doctor's degree in economics. The FSS will continuously assess the staffing needs so that it retains sufficient experts needed for thorough financial supervision.
(17)		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)		The FSS retains relevant teams and experts to effectively understand and control new risks that may follow financial innovations.(e.g. Basel Team of Bank Supervision Department Team of Financial Investment Supervision Department, Risk Examination Team for each Examination Department, Systemic Risk Analysis Team of macroprudential Supervision Department and Derivatives, Trust, Structured Products and Pension Department). Moreover, in June 2012 the FSS hired 37 additional external experts including 17 legal experts, 10 accounting experts, 3 IT supervision experts, 1 FX expert, 2 financial risk management experts, 2 derivatives experts and 2 actuarial science and insurance investigation experts.	<b>Expected commencement date:</b>
New		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)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	<b>Status of progress :</b>	<b>Web-links to relevant documents:</b>

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				Reform effective (completed) as of : ongoing  <b>Short description of the content of the legislation/ regulation/guideline:</b>  <b>Web-links to relevant documents:</b>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>V. Building and implementing macroprudential frameworks and tools</b>					
13 (18)	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 <sup>3</sup> and private pools of capital to limit the build up of systemic risk. (London)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	<b>Planned actions (if any):</b>
19)		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.	<b>Issue is being addressed through :</b> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <b>Status of progress :</b> Reform effective (completed) as of : 08-2010 <b>Short description of the content of the legislation/ regulation/guideline:</b> Guidelines on Financial Institutions Stress Testing(Ang.2010) : Ina 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 outcom for supervisory work. <b>Web-links to relevant documents:</b> <a href="http://english.fss.or.kr">http://english.fss.or.kr</a>	<b>Expected commencement date:</b>  <b>Web-links to relevant documents:</b>

<sup>3</sup> 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
14 (20)	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>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.</p> <p>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 <a href="#">Operationalising the selection and application of macroprudential instruments (Dec 2012)</a>.</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></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>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 on financial system and macroeconomy.</p> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 06-2011</p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>
(21)		<p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on <a href="#">Macroprudential policy tools and frameworks (Oct 2011)</a>, and the IMF paper on <a href="#">Macroprudential policy, an organizing framework (Mar 2011)</a>.</p>	<p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>[Banks] Based on the Principles of BCBS Stress Testing, we have established and applied “Guidelines on Group Stress Testing” to banks in March 2010.</p> <p>We have established and implemented liquidity risk management standards in November 2010, in accordance with BCBS liquidity management standard</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>(Table 9-2 of Detailed Regulation on Banking Supervision).</p> <p>As for Basel III liquidity regulation, the FSS established reporting system in 2012 so that LCR and NSFR ratios are regularly reported.</p> <p>[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><b>Web-links to relevant documents:</b>  <a href="http://english.fss.or.kr">http://english.fss.or.kr</a></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	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)	<p>Jurisdictions can make reference to the following BCBS documents:</p> <ul style="list-style-type: none"> <li>• <a href="#">Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010)</a></li> <li>• <a href="#">Good Practice Principles on Supervisory Colleges (Oct 2010)</a> (Principles 2, 3 and 4 in particular)</li> </ul>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input checked="" type="checkbox"/> Regulation /Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 29-02-2008</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>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 Monetary Board. These provisions enable both institutions to participate in important decision making process including matters pertaining to the FMIs.</p> <p>The FSC, FSS, MOSF and BOK are thoroughly reviewing and closely cooperating on various issues including market trends through both regular and</p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>ad-hoc Macroeconomic Financial Meeting, set forth in accordance with Regulation and Presidential Decree on the Establishment of Macroeconomic Financial Meeting.</p> <p><b>Web-links to relevant documents:</b>  <a href="http://english.fss.or.kr">http://english.fss.or.kr</a></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>VI. Improving oversight of credit rating agencies (CRAs)</b>					
16 (23)	Enhancing regulation and supervision of CRAs	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)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document:	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	<b>Planned actions (if any):</b>
(24)		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.	They should also indicate its consistency with the following IOSCO document: <ul style="list-style-type: none"><li>• <a href="#">Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)</a></li></ul>	<b>Issue is being addressed through :</b> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify:	<b>Expected commencement date:</b>
(25)		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.  The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)	Jurisdictions may also refer to the following IOSCO documents: <ul style="list-style-type: none"><li>• Principle 22 of <a href="#">Principles and Objectives of Securities Regulation (Jun 2010)</a> which calls for registration and oversight programs for CRAs;</li><li>• <a href="#">Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003)</a>; and</li><li>• <a href="#">Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012)</a>.</li></ul>	<b>Status of progress :</b> Reform effective (completed) as of : 10-2009  <b>Short description of the content of the legislation/ regulation/guideline:</b> The Financial Services Commission(FSC) issues CRA license and takes supervisory actions on a regular basis. The Credit Information Act, revised in Oct 2009, requires CRAs to establish and comply with internal controls in line with IOSCO principles.	<b>Web-links to relevant documents:</b>
		Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)		<b>Web-links to relevant documents:</b> <a href="http://english.fss.or.kr">http://english.fss.or.kr</a>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	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>	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>VII. Enhancing and aligning accounting standards</b>					
18 (27)	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)	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. They should also explain the system they have for enforcement of consistent application of those standards.	<p>Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Primary / Secondary legislation</li> <li><input checked="" type="checkbox"/> Regulation /Guidelines</li> <li><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 01-01-2011</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>Because Korea has adopted IFRS in full from 2011, Korea refrains from producing its own interpretations of IFRS.</p> <p>When there are application issues 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.</p> <p>Korea has been working to ensure that companies prepare IFRS-compliant annual financial statements by analysing the quarterly financial statements and</p>	<p><b>Planned actions (if any):</b></p> <p>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><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p> <p><a href="http://www.kasb.or.kr/">http://www.kasb.or.kr/</a></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>encouraging companies to apply IFRS more rigorously.</p> <p><b>Web-links to relevant documents:</b>  <a href="http://www.kasb.or.kr/">http://www.kasb.or.kr/</a></p>	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>19 (28)</p> <p>(29)</p>	<p>Appropriate application of Fair Value Accounting</p>	<p>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)</p> <p>Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> <li>• <a href="#">Basel 2.5 standards on prudent valuation (Jul 2009)</a></li> <li>• <a href="#">Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</a></li> </ul>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></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><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 01-01-2011</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>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 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><b>Planned actions (if any):</b></p> <p>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>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 instrument working group in our jurisdiction.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p> <p><a href="http://www.kasb.or.kr/">http://www.kasb.or.kr/</a></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<b>Web-links to relevant documents:</b> <a href="http://www.kasb.or.kr/">http://www.kasb.or.kr/</a>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>VIII. Enhancing risk management</b>					
20 (31)	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.	Implementation ongoing or completed <i>If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification:</i>	<b>Planned actions (if any):</b>
(33)		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)	See, for reference, the Joint Forum's <a href="#">Principles for the supervision of financial conglomerates (Sep 2012)</a> and the following BCBS documents: • <a href="#">Principles for effective risk data aggregation and risk reporting (Jan 2013)</a> • <a href="#">The Liquidity Coverage Ratio (LCR) (Jan 2013)</a> • <a href="#">Principles for the sound management of operational risk (Jun 2011)</a> • <a href="#">Principles for sound stress testing practices and supervision (May 2009)</a>	<b>Issue is being addressed through :</b> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify:  <b>Status of progress :</b> Reform effective (completed) as of : 06-2011	[Banks] Legislative procedure is taking place to enact a bill on improving governance structure of financial institutions. The FSS is planning to amend relevant regulations pursuant to the enactment of the above mentioned bill. However, if necessary (e.g. in case of delay of enactment), we plan to establish a set of guidelines based on the Principles for Enhancing Corporate Governance of financial institutions issued by the BCBS in October 2010 prior to the enactment. As for Basel III liquidity regulation, there have been significant changes due to the issuance of revised version of LCR. Thus, the FSS has set up a task force with banks for smooth introduction of detailed calculation method and monitoring tools. Moreover, the FSS plans to introduce regulation on leverage in accordance with the time frame of BCBS agreement.
(34)		Regulators and supervisors in emerging markets <sup>4</sup> will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's February 2013 <a href="#">thematic peer review report on risk governance</a> .	<b>Short description of the content of the legislation/ regulation/guideline:</b> [Banks] Based on the Principles of BCBS Stress Testing, we have established and applied "Guidelines on Group Stress Testing" to banks in March 2010.  We have established and implemented liquidity risk management standards in November 2010, in accordance with BCBS liquidity management standard (Table 9-2 of Detailed Regulation on Banking Supervision).	
(35)		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)		As for Basel III liquidity regulation, the FSS established reporting system in 2012	<b>Expected commencement date:</b>  <b>Web-links to relevant documents:</b>

<sup>4</sup> Only the emerging market jurisdictions may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>so that LCR and NSFR ratios are regularly reported.</p> <p>[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><b>Web-links to relevant documents:</b>  <a href="http://english.fss.or.kr">http://english.fss.or.kr</a></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	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 2012.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation /Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p>The FSC/FSS maintains NPL ratio at an adequate level by encouraging banks to resolve NPLs.</p> <p>Moreover, the FSC/FSS maintains BIS capital adequacy ratio at an adequate level by encouraging bank to implement conservative dividend policy and to increase capital through issuance of capital securities.</p> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : ongoing</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p><b>Web-links to relevant documents:</b></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	Enhanced risk disclosures by financial institutions	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)	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 <a href="#">Enhancing the Risk Disclosures of Banks</a> .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></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><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 01-20113</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>[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 II is applied to banks. Banks should disclose capital ratio according to Pillar 3.</p> <p>[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.</p> <p>[IFRS 13] KASB made a word-for-word translation of IASB’s IFRS 13 and established K-IFRS 1113 on Nov 18,</p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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><b>Web-links to relevant documents:</b>  <a href="http://www.kasb.or.kr">www.kasb.or.kr</a></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>IX. Strengthening deposit insurance</b>					
23 (38)	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)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB’s February 2012 <a href="#">thematic peer review report on deposit insurance systems</a> .	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>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><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation /Guidelines</li> <li><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p><b>Status of progress :</b></p> <p>[No response]</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p><b>Web-links to relevant documents:</b></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>X. Safeguarding the integrity and efficiency of financial markets</b>					
24 (39)	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 the progress made in implementing the following IOSCO reports:</p> <ul style="list-style-type: none"> <li>• <a href="#">Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011)</a>; and</li> <li>• <a href="#">Report on Principles for Dark Liquidity (May 2011)</a>.</li> </ul>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></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><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 30-09-2013</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>Comprehensive management of algorithmic trading in Korea Derivatives Market</p> <p><b>Web-links to relevant documents:</b></p> <p><a href="http://eng.krx.co.kr/coreboard/BHPENG09004/view.jsp?bbsSeq=20017&amp;secretYn=N">http://eng.krx.co.kr/coreboard/BHPENG09004/view.jsp?bbsSeq=20017&amp;secretYn=N</a></p>	<p><b>Planned actions (if any):</b></p> <p>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><b>Expected commencement date:</b></p> <p>during 2014</p> <p><b>Web-links to relevant documents:</b></p> <p><a href="http://eng.krx.co.kr/coreboard/BHPENG09004/view.jsp?bbsSeq=20017&amp;secretYn=N">http://eng.krx.co.kr/coreboard/BHPENG09004/view.jsp?bbsSeq=20017&amp;secretYn=N</a></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	Enhanced market transparency in commodity markets	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)	Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets.  See, for reference, IOSCO’s report on <a href="#">Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011)</a> .  Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the <a href="#">report</a> 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.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <b>Issue is being addressed through :</b> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <b>Status of progress :</b> Reform effective (completed) as of : 30-04-2013 <b>Short description of the content of the legislation/ regulation/guideline:</b> After the amendment of Capital Market Act, Korea regulates market price manipulation not only market derivatives but also OTC derivatives.  <b>Web-links to relevant documents:</b> <a href="http://english.fss.or.kr">http://english.fss.or.kr</a>	<b>Planned actions (if any):</b>  <b>Expected commencement date:</b>  <b>Web-links to relevant documents:</b>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	<p>We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes)</p> <p>We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)</p>	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation /Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p>Korea joined ROC in Jan. 2013. Reviwing on the potential impact to Korean market and the opinions of financial sector on introducing the LEI before making decision on the establishment of the LOU.</p> <p><b>Status of progress :</b></p> <p>Reform effective (completed) as of : 24-01-2013</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p><b>Web-links to relevant documents:</b></p>	<p><b>Planned actions (if any):</b></p> <p>Will decide on the establishment of the LOU and the method of doing so, considering potential impact to Korean economy as well as the opinions of the financial sector on introducing the LEI</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>XI. Enhancing financial consumer protection</b>					
27 (41)	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)	Jurisdictions should describe progress toward implementation of the OECD's <a href="#">G-20 high-level principles on financial consumer protection (Oct 2011)</a> .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><b>Issue is being addressed through :</b></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><b>Status of progress :</b></p> <p>Draft published as of : 03-07-2012</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>The new legislation stipulates provisions concerning consumer financial protection including regulation on sales, settlement for financial disputes and etc which are currently provided under different laws and regulations for each financial institution.</p> <p><b>Web-links to relevant documents:</b></p>	<p><b>Planned actions (if any):</b></p> <p>Enactment of “ Consumer Financial Protection Law”</p> <p><b>Expected commencement date:</b></p> <p>31-12-2013</p> <p><b>Web-links to relevant documents:</b></p>

**XII. Source of recommendations:**

[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