



Laws and Regulations Announcement

NEW RULES ADOPTED FOR SECURITIES-BASED CROWDFUNDING

Agency:	Financial Services Commission
Amended Regulations:	Enforcement Decree of the Financial Investment Services and Capital Markets Act
Announcement Date:	January 5, 2016
Summary:	The Financial Services Commission announced that amendments to the Enforcement Decree of the Financial Investment Services and Capital Markets Act that provide new rules for companies offering and selling securities through crowdfunding were adopted on January 5, 2016.
Key Provisions:	<ul style="list-style-type: none">• Start-up companies and SMEs that have been operating for less than seven years, and venture companies and SMEs undertaking technology development and cultural projects are to be permitted to offer and sell securities through crowdfunding.• A minimum capital of KRW500 million is to be required to register as a crowdfunding broker. Certain conflict of interest and large shareholder requirements similar to those for investment advisory services and discretionary investment services must also be met.• An issuer may raise no more than KRW 700 million a year through crowdfunding.• Limits on the amount of investment to be permitted for individuals who invest in a securities-based crowdfunding are to be set on the basis of their investment expertise and risk-absorbing capacity.
Effective Date for the Amendments:	January 25, 2016
