



Laws and Regulations Announcement

New Legislation Proposed for Money Market

Agency: Financial Services Commission

Act: Money Market Act (tentative)

Announcement date: February 27, 2017

Summary: The Financial Services Commission (FSC) proposed legislation that will establish new rules and regulations governing borrowing and lending activities in the money market. The new legislation will provide for, among others, reporting of buying and selling of money market instruments, disclosure of interest rates, and the determination of benchmark interest rates.

- Key provisions:**
- Money market transaction is to be expressly defined as trading of call money, repurchase agreements, and other money market instruments maturing in less than one year.
 - Brokers matching buyers and sellers of money market instruments must be licensed by the FSC; they may not engage in the business of financial investment services. Provisions pertaining to money brokerage companies in the Financial Investment Services and Capital Markets Act such as licensing, conduct regulations, supervisory examination, and enforcement are to be subsumed under the proposed money market legislation.
 - Money brokerage firms and Korea Securities Depository (KSD) are to provide reporting of buying and selling transacted in the money market to the FSC and the Bank of Korea each business day.
 - The KSD, Korea Financial Investment Association, and Korea Federation of Banks are to publicly disclose on their Internet homepages information on money market instruments traded together with interest rates offered and settled to ensure information is efficiently made available to all market participants.

Public comment for the legislation: The public comment period for the proposed legislation ends on April 10, 2017. Public comments may be submitted at <http://www.lawmaking.go.kr> or by mail.
