

Amendments to Securities Issuance and Disclosure Regulations

On October 22, 2012, the Financial Services Commission (FSC) announced its partial amendments to the Regulations on Issuances and Disclosures of Securities. These amendments follow on from the FSC's press release of September 25, 2012, announcing its plans to tighten financial regulatory rules on issuances and disclosures of commercial paper (CP). Key amendments include the following:

1. Securities Registration (Disclosure) Requirement (Amendment 2-2)

To date, CP issuances have for the most part been the subject of private offerings, and were thus not subject to securities registration requirements. However, an increase in CP issuances and recent investor losses attributable to too loose disclosure regulations in the CP market, have boosted concerns over risk management and investor protection. To address these concerns, the new amendment imposes a registration (i.e., disclosure) requirement for CP issuances meeting the following criteria of a "deemed public offering" of securities:

- Issuance of 50 certificates or more;
- Maturity of 365 days or longer; or
- Held in a "specified money trust" (subject to certain exemptions).

2. Exemption for Electronic Short-Term Bond Issuances (Amendment 2-2)

With the expected launch of the Act on Issuance and Trading of Electronic Short-Term Bonds in January 2013, there is a desire to promote electronic issuances of short-term bonds. Accordingly, electronically issued short-term bonds will be exempt from the securities registration requirements of a "deemed public offering" if such bonds meet the following criteria:

- Issuance of less than 50 trading units that cannot be divided; or
- Maturity of less than 90 days.

3. New Form of Securities Registration Statement for Asset-Backed Securities issued under the Commercial Code (Amendment 2-8-2)

The new form of securities registration statement, the information to be disclosed therein and the documents to be attached thereto have all been set forth in detail for issuers such as companies or special-purpose vehicles that are not registered as ABS companies under the Asset-Backed Securitization Act and that are issuing asset-backed securities (including CP) in accordance with the Commercial Code instead of the Asset-Backed Securitization Act.

For additional information, please contact the following professionals at Shin & Kim.

● Tae-Yong Seo TEL : +82 2 316 4096 E-Mail: tyseo@shinkim.com
