SHIN & KIM

Defense Against Financial Authority Inspections and Sanctions

As a highly regulated industry, the financial sector is inherently exposed to ongoing regulatory oversight and associated risks. Financial institutions, as well as their officers and employees, may be subject to administrative sanctions and other enforcement actions by financial supervisory authorities.

The process of sanctions begins with an inspection by the Financial Supervisory Service (FSS) and proceeds through several stages, including the Sanctions Review Committee, the Securities and Futures Commission, and the Financial Services Commission, before a final decision is made. If responses are not timely or effective at each stage, there is a heightened risk of sanctions that are disproportionate to the nature and severity of the alleged violation. Furthermore, challenging such measures through subsequent administrative litigation can be both time-consuming and resource-intensive.. Therefore, it is to adopt a proactive and focused response strategy from the inspection stage—when the relevant facts are first investigated and established—in order to effectively manage and navigate the entire sanctions process.

Shin & Kim has a large team of lawyers, advisors, and experts, many of whom are former officials of the Financial Supervisory Service (FSS) with direct experience in inspections, sanctions, and supervisory functions across a broad range of financial sectors, including banking, investment services, insurance, non-bank financial institutions, and digital finance. Leveraging this sector-specific expertise, the firm provides end-to-end support throughout the inspection and sanctions process, delivering timely and reliable advice—from pre-inspection preparedness to real-time on-site responses and post-inspection sanction proceedings.

Additionally, Shin & Kim facilitates effective communication with supervisory authorities through a broad network of senior advisors who formerly held high-level positions at the Financial Services Commission and the Financial Supervisory Service. Drawing on this experience and insight, the firm offers pragmatic and legally sound solutions to address and resolve complex regulatory issues.

Key Services

Our services for financial authority inspections and sanctions include:

- Pre-inspection preparation and on-site inspection strategies for both routine and ad hoc inspections conducted by the Financial Supervisory Service
- Preparation of confirmations, explanatory statements, and inspection opinions required by the FSS
- Representation and preparation of submissions in sanction proceedings before the Sanctions Review Committee, the Securities and Futures Commission, and the Financial Services Commission
- Attendance at, and representation in, hearings before the relevant committees, including the provision of testimony and advocacy support

Experience

- Asset Management Companies A and B, in connection with their response to FSS regular inspections
- Asset Management Companies C, D, E, F, and G, in connection with their response to FSS on-site inspections concerning private fund management and business operations (real estate funds, special asset funds, etc.)
- Bank H, in connection with its response to a FSS inspection and sanction regarding embezzlement
- Bank I, in connection with its response to a FSS inspection and sanction related to foreign remittances
- Banks J and K, in connection with their responses to FSS inspections and sanctions concerning fund risk rating misclassifications
- Holding Company L, in connection with its response to a FSS inspection and sanction regarding the scope of business and subsidiary management
- Other companies, in connection with their responses to FSS inspections and sanctions related to phantom stock dividends
- Banks M and N and Securities Company O, in connection with their responses to FSS inspections involving the HK-tied ELS misselling practices

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