



Regulatory framework and approach

- The Ministry of Strategy and Finance (MOSF) is the financial policy maker (<http://english.mosf.go.kr/>).
- The Bank of Korea (BoK) is the central bank. It is independent of MOSF and is primarily responsible for inflation targeting formulation and the implementation of monetary policy. It enforces foreign exchange laws and monitors market activity. (<http://www.bok.or.kr>).
- Foreign exchange policy is principally determined by MOSF, while BOK oversees foreign exchange movements
- Key pieces of legislation governing FX are the Foreign Exchange Transaction Act⁴ (FETA) and Foreign Exchange Transaction Regulations (FETR)⁵. Other legislations can be found at http://www.mosf.go.kr/lw/entexlaw.do?bbsId=MOSFBBS_000000000058&menuNo=7060000
- Supervisory functions are consolidated under the Financial Supervisory Commission (FSC), which was established in 1998 (<http://www.fsc.go.kr/eng>), and its executive enforcement arm, the Financial Supervisory Service (FSS), which was established in 1999 (<http://english.fss.or.kr>).
- While derivatives are mostly used for hedging purposes, particularly for general investors pursuant to Financial Investment Services and Capital Market Acts, some investment activities are allowed for 'professional investors' only. In addition, authorities can from time to time make changes to FX regulations so as to deter speculators or minimize the impact of speculation on the volatility of the exchange rate (http://www.moleg.go.kr/english/korLawEng.jsessionid=FcvuUd4RRbns6PB7lorBxLjVI6AyGVlKvfZbM0i1MrCw8fTge b26sMvf1yrorKoO.moleg_a1_servlet_engine2?pstSeq=57393&pageIndex=10).
- Documentation requirements for doing business in Korea can be found at (<http://www.investkorea.org>).
- Financial Investment Services and Capital Market Acts can be found at: <http://english.fss.or.kr/fss/eng/wpge/eng321.jsp>

Onshore KRW products

- Korean financial institutions which meet qualifying conditions and are registered with the MOSF as an FX handling institution and approved by FSC as licensed financial institutions for OTC derivatives business may enter into general interest rate or currency derivative transactions with Non-Residents without MOSF approval. All credit-linked derivative transactions are to be reported to the BoK.
- KRW may not be provided to Non-Residents in excess of certain limits except in connection with their investments in Korea and other legitimate transactions.
- Korean securities companies which obtain a license for OTC derivatives may deal in derivative transactions relating to securities, interest rates or indices.

FX spot

Regulatory:	Supporting documentation (including a declaration or approval of proper regulatory authority for a capital transaction, i.e., a loan, guarantee or investment) should be submitted to a foreign exchange bank (FX Bank) prior to trading if there is to be physical delivery. The documentation handling process usually takes 1 to 2 days.
Avg. ticket size:	USD 1mn
Bid/ask spread:	KRW 0.1
Avg. daily vol:	USD 6bn
Ref. source:	Reuters page <KFTC01>,< KFTC11> for Interbank only
Trading hours:	9:00am – 3:30pm, Seoul time (No lunch time). Spot hours were extended by 30 mins effective August 2016.

⁴ http://www.moleg.go.kr/english/korLawEng.jsessionid=9J2p84cQkaOg19Zi4kF9eObC8jRAjT0y6R8MpS6HFuajsZP1eLQRQrimJKbYVca.moleg_a1_servlet_engine2?pstSeq=54773&pageIndex=26

⁵ <http://www.law.go.kr/DRF/lawService.do?OC=mofe&target=elaw&MST=181382&type=HTML&mobileYn=>