



Check Against Delivery

Governor's Opening Speech at Invest K-Finance: Hong Kong IR 2024

The following is the opening remarks that FSS Governor Lee Bokhyun delivered at Invest K-Finance: Hong Kong IR 2024. The FSS hosted the event in Hong Kong, on Wednesday, November 13, 2024.

Good afternoon, ladies and gentlemen.

It is my great privilege to welcome distinguished investors and guests from leading financial firms to “Invest K-Finance: Hong Kong IR 2024.”

My special thanks goes to:

Mr. Yoo Hyungcheol, Consul General of the Republic of Korea in Hong Kong;
Mr. Peter Stein, CEO of ASIFMA; and
Mr. Li Chunbo, CEO of CITIC CLSA Group for joining us today.

I would also like to thank the Seoul and Busan Metropolitan Governments, and the Korean financial firms that are joining today for organizing this event together.

All of us are here today to introduce our policy efforts for Korea's capital markets and communicate directly with distinguished investors.

As part of the government's initiatives, Korea's financial authority has been working actively to advance Korea's capital markets, in order to tackle the so-called “Korea discount” and inject more dynamism into the economy.

Today, I would like to share with you our three key agendas that we hope would help investors value Korean companies as they are and have more confidence in them.

First, we are working to build a more shareholder-friendly corporate culture.



Many Korean companies have employed growth-oriented strategies, such as utilizing retained earnings for more investments. And they have an outstanding track record in the global markets, especially leading new technologies.

I think it is now time for them to work to grow and, at the same time, share with their shareholders profits that they deserve to receive.

However, what we recently observed was different from such expectations, as some companies acted against the interest of their shareholders, for example, when splitting off their subsidiaries to have them go public.

Korea's financial authority very much agrees that we need policy reforms to improve corporate governance and protect shareholders' interest.

So, we are first endeavoring to make the stewardship code guidelines function more effectively. We believe this will help institutional investors, such as pension funds, act for the interest of shareholders, as they could better perform active oversight on the management and exercise their voting rights.

We are also working on other measures to protect the rights of shareholders, such as more disclosure requirements and more effective independent external pricing assessment for mergers, and more transparent and predictable annual dividend procedures.

Secondly, we are working to make our capital market infrastructure more accessible and efficient in line with global standards.

Last week, we saw a bipartisan consensus emerge on the removal of financial investment income tax.

This demonstrates Korea's commitment to fine-tuning the capital market infrastructure to help ease concerns over sudden capital outflows and bring more vitality into our stock market.

Another latest example is our measure to help global investors trade Korean assets in a more convenient manner. Foreign investors now have access to Korean treasury bonds, even without an account in Korea. And more legal entity identifiers (LEIs) would be eligible to trade Korean treasuries.



We are also working to help investors make more informed decisions with, first, phased-in mandatory disclosures in English; second, the disclosure regime in the eXtensible Business Reporting Language (XBRL) format; and third, more information publicly available in English on the government's financial and other key policies.

In addition, with the introduction of Korea's first Alternative Trading System (ATS), we aim to make the stock market infrastructure meet more diverse needs of investors.

And we are working to build a level playing field by establishing the Naked Short-selling Detection System (NSDS), without delay, to deter improper short-selling practices.

In this regard, I believe that Korea's recent inclusion in the FTSE World Government Bond Index (WGBI) is a good testament to the government's strong commitment to advancing capital markets.

Thirdly, let me be clear that we are working with our capital market initiatives to help the capital markets perform better soon, and more fundamentally, build a stronger and healthier economy.

Securing a sustainable growth engine is gaining importance, as competition intensifies in the semiconductor and other high-tech sectors, which have been a major driving force behind the Korean economy.

Therefore, the Korean government has been making various efforts to diversify our growth engines and enhance corporate profitability. Those efforts include fostering newly emerging industries such as generative AI and biotech, not to mention continued support for traditional industries.

As Korea's financial authority, we are also doing our part with the Corporate Value-up Program. For instance, our disclosure guidelines would lead companies to prepare disclosure filings under the program and better communicate with their investors. And they would benefit from some tax incentives under the program.

We will also continue to fine-tune "Korea Value-up Index" to make it a more effective benchmark and encourage more products such as exchange-traded funds (or ETFs) and exchange-traded notes (or ETNs) linked to the index. We believe this will facilitate high-value firms' access to funding.



At the same time, we will streamline the overall listing regime to invigorate the stock market, for example, by simplifying the delisting review process of marginal companies.

With all these efforts, we aim to create sound capital markets that will ultimately enhance companies' intrinsic values.

Ladies and Gentlemen,

As global economic uncertainties grow with U.S. policy changes and other geopolitical developments, we are keeping a closer watch on our fiscal soundness, export competitiveness, and household debt.

And let me assure you that the Korean government is well prepared to face such headwinds. While we had been through difficult times before, the Korean government had stabilized the economy and financial markets quickly and successfully with bold and preemptive policies, even taking such times as an opportunity to emerge more competitive.

The government will also continue to closely monitor, with greater caution, how changes in the global policies would affect the economic and financial situations at home and respond effectively.

To wrap up, I would like to ask for your continued interest and support, as Korea's financial industry, centered in Seoul and Busan, works to contribute further to the Asian financial markets and make a strong presence in the global market, together with Hong Kong.

Thank you.