



Client Alert – Korean FSC Imposes Short Selling Ban (March 2020)

On 16 March 2020 the Korean Financial Services Commission (“FSC”) made the decision to impose a 6-month long ban on the short-selling of stocks on the KOSPI, KOSDAQ and KONEX markets. This ban takes effect immediately and will last until 15 September 2020. During the announcement the FSC’s Chairman Mr Eun Sung-soo stated that the duration of the ban was dependent on the current instability of the markets in relation to the impact of COVID-19 on the world economy.

During this six-month period, the current limits on stock buybacks will also be lifted for listed companies as shown below. The Korean Exchange may ease the rules upon receiving approval from the FSC.

Acquisition method	As is	To be
Direct acquisition	Smaller quantity of “the larger amount between (i) and (ii) and the “total number of issued stocks” (i) 10% of acquired shares (ii) 25% of the 30-day daily average prior to aboard decision	Total acquired shares
Through trust fund	Within 1% of shares issued	Within total amount in trust account

In order to prevent excessive offsetting trading by stock companies, the minimum requirement for collateral coverage ratio for stock companies will be lifted.



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