
Roadmap for FX and Capital Market Reform for Korea's Inclusion in the MSCI Developed Markets Index

Jan. 2026

Jointly Prepared by Relevant Authorities

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I . Background and Objectives

1. Background

- The MSCI Index serves as a key benchmark for global funds across the U.S., Europe, and other major markets.
 - ※ Total assets tracking MSCI indices are estimated at approximately USD 16.5 trillion as of late Jun 2024 (KCMI, 2025)
- Korea remains in Emerging Market class, as it has yet to meet the Market Accessibility* criteria despite fulfilling the requirements for Economic Development and Market Size & Liquidity.
 - * Key factors include FX market liberalization, investor registration & account set up, clearing and settlement, transferability, etc.(☞ see Appendix 1)
- ※ Korea has not regained its status on the MSCI Developed Markets Watch List despite sustained efforts. (Included in 2008 → Removed in 2014)

2. Rationale and Expected Effects of DM Inclusion

- The new administration is driving capital market innovation for economic growth and to realize the “Korea Premium.”
 - MSCI DM inclusion is a key task to structurally reform the market and secure a stable, long-term investor base.
 - The objective is to enhance market accessibility and increase the attractiveness of the domestic market to expand demand.
- The estimated scale of capital inflows into the Korea stock market resulting from MSCI DM inclusion vary by institution and timing.
 - Advancing FX and capital markets is expected to yield positive effects, such as expanding the investor horizon*.
 - * e.g., Increased global investment inflows driven by improved market valuations(PBR, PER).
 - Influx of stable, long-term foreign capital is projected to help mitigate volatility in Korean stock prices and capital flows.
 - * Expected to reduce volatility compared to EM indices during periods of heightened global financial risk.

II. Key Improvement Measures

Objective	Promote MSCI DM inclusion via FX and capital market reform and an advanced investment environment
Strategy	Enhance market accessibility by globalizing FX trading, investment frameworks, and infrastructure

Key Tasks by Sector

K e y T a s k s	Advancing FX Market	<ul style="list-style-type: none"> ✓ 24-hour FX market / Offshore KRW settlement ✓ Refinement of FX regulations and policies
	Standardizing Trading & Settlement	<ul style="list-style-type: none"> ✓ Omnibus account implementation ✓ Automation of trading/settlement infrastructure ✓ CLS-based settlement support
	Streamlining Account Opening	<ul style="list-style-type: none"> ✓ Transition to LEI-based identification ✓ ID verification improvement for foreign entities
	Rationalizing Short-Selling	<ul style="list-style-type: none"> ✓ Simplified reporting under NSDS
	Enhancing English Disclosure	<ul style="list-style-type: none"> ✓ Phased implementation of English disclosure ✓ English disclosure support
	Facilitating OTC Transfer	<ul style="list-style-type: none"> ✓ Guidelines for OTC trading ✓ Expansion of ex-post reporting
	Improving Dividend Transparency	<ul style="list-style-type: none"> ✓ Incentives for amending Articles of Incorporation (value-up disclosure inclusion, extra points for outstanding disclosure)
	Expanding Derivatives Access	<ul style="list-style-type: none"> ✓ FTSE Korea index futures on ICE Futures ✓ Removal of all trading hour restriction for Europe and American regions
P l a n	Progress Review	<ul style="list-style-type: none"> ✓ Progress tracking via inter-agency TF ✓ Seamless system adoption and stability
	Communication	<ul style="list-style-type: none"> ✓ Joint Gov't IR and Roadshows ✓ One-stop communication portal for offshore investors

1 Advancing the FX Market

- ◇ Significantly enhance convenience and accessibility through 24-hour market and offshore settlement infrastructure.

※ **MSCI Assessment** (2-② FX Market Liberalization) : improvements needed

- Absence of offshore market and persistent onshore constraints
- Full convertibility and deep, liquid market required

① 24-Hour Operation of Domestic FX Market 【Jul '26】

- **(24-Hour Onshore Trading)** Extend brokerage hours from the current 2:00 a.m. close to a full 24-hour cycle to eliminate trading hour gaps.
- **(Refining Market Practices)** Re-establish rules to facilitate smooth participation of domestic banks in the 24-hour FX market.
 - **eFX Guidelines** : Establish frameworks for automated trading via eFX to enable overnight execution without dedicated night shift.
 - **MAR Reform** : Review and refine the Market Average Rate(MAR) system and its methodology, taking market impact into account.

❖ Ref : MAR(Market Average Rate) market

- Trades are executed prior to the market opening based on the daily MAR. (volume-weighted average price from 09:00 to 15:30, fixed at 15:30)
- As MAR is primarily used for corporate hedging, transactions tend to concentrate up to 15:30, which may affect market liquidity and volatility.

- **(WMR* Inclusion)** Pursue the inclusion of the KRW in the WMR rate, a global benchmark exchange rate.

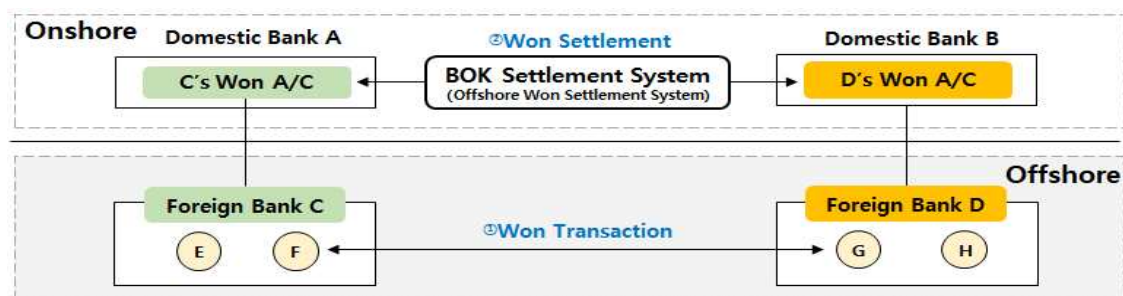
* World Market Refinitive rate : The global FX benchmark calculated by LSEG; 16:00 London fix is widely used by global investors for asset valuation.

2 Offshore KRW Settlement System [Pilot : Sep '26 / Launch : '27]

- **(Legal Framework)** Allow foreign financial institutions to directly manage KRW account for their overseas clients via their KRW nostro account. (“Offshore KRW Settlement Institution”)
 - Registration-based : Initially open to active RFI^{*}, with a phased expansion to other institutions.
 - * A foreign financial institution registered to participate directly in the Korean FX market.
 - Regulations will be eased to allow foreigners to freely trade, deposit, and fund in KRW via the registered institutions.
 - ※ At the same time, develop safeguards for market integrity and stability to mitigate potential risks.
- **(Infrastructure)** Bank of Korea will establish a 24-hour settlement system enabling foreign financial institutions to settle KRW transactions at any time throughout the day.
 - * Consistent with other central banks of major currencies that provide 24-hour settlement, whereas BOK-Wire⁺ currently lacks overnight settlement support.
 - Adopt ISO 20022 to enhance compatibility with SWIFT* and facilitate automated processing.
 - * SWIFT(Society for Worldwide Interbank Financial Telecommunication) : A standardized global communication network for secure and efficient financial messaging.
 - Balance the stability of the central bank settlement system with operational convenience for foreign institutions without local main servers.

❖ Note : Offshore KRW Settlement System

- Intra-bank client transactions settle via internal liquidity, while inter-bank payments are made via offshore settlement infrastructure.



3 Regulatory Refinement to Promote FX Transactions

- **(Easing Capital Transaction Reporting)** Review relaxation or abolition of reporting duties under FX Transactions regulations based on necessity, urgency, and continuity.* **[1H '26]**
 - * (Necessity) Whether monitoring of large-scale FX flows is required;
 - (Urgency) Whether prior notice to FX authorities is required;
 - (Continuity) Whether follow-up management of changes is required.
- KRW-linked foreign securities : Shift from pre-reporting to post-reporting(within 3 months) for issuances by non-residents up to USD 50 million to support swift investment decisions.
- **(Regulatory Consolidation)** Streamline reporting for recurring cases and unify overlapping requirements across laws.* **['26]**
 - * e.g., Overseas Deposits, Real Estate Acquisitions by Non-residents
- **(Local–Global Broker Linkages)** Allow linkages between local and global FX brokers to enhance investor convenience.
 - Specify the permitted scope of linkages, following the establishment of legal grounds in Sep. 2025. **[Jan '26]**
 - * (Permission Scope) Limited to non-core activities (e.g., price data, order receipt, data transmission) with low relevance to trade execution.

4 RFI System Improvement to Encourage Participation

- **(Streamlining RFI Registration)** Simplify the RFI registration system to promote the Centralized Booking Model(CBM*). **[1H '26]**
 - * A model for integrated management of trading, settlements, and risks under a single Booking Entity, enabling 24-hour trading across time zones.
- Relax registration and reporting obligations for Trading and Sales Entities, other than the Booking Entity.
- Develop monitoring and safeguard measures to ensure effective supervision amid RFI deregulation.

- **(Reporting Grace Period)** Grant a 3-month grace period for newly registered RFI to enable immediate trading. **[Jan '26]**
 - * Retroactive submission of the initial 3-month data in the 4th month is required to prevent reporting gaps.
- Allow early preparation for reporting(e.g., IP registration, Port Connection, ID issuance) to begin prior to final registration.
 - * Preparations may commence once BOK begins its financial soundness review.
- **(Rationalizing Sanctions)** Differentiate sanction criteria based on the nature and severity of violations. **[1H '26]**
 - Rationalize reporting deadlines for disciplinary grounds and related procedures to ease excessive burdens.
 - * e.g., Reporting deadline for disciplinary actions: 7 days to 15 days

2 Standardizing Securities Trading and Settlement System

◇ Implement an advanced trading and settlement environment by introducing a global-standard settlement structure and building supporting information infrastructure.

- ※ **MSCI Assessment**(3-③-a Clearing & Settlement) : improvements needed
- Omnibus accounts exist in form, but settlement is by end-investor ID.
 - (Criteria) effective omnibus structures, overdraft availability, and Delivery Versus Payment(DVP) consistent with BIS standards, etc.

1 Effective Omnibus Account Based Settlement Structure

- **(Nominee Accounts)** Transition to an integrated management framework at the asset-manager/global-custodian level from current structure that a settlement account is opened for each end-investor.

❖ Definition of Nominee Account (Omnibus Order - Individual Settlement)

- (Financial Investment Business Regulation §6-7③) A person who manages investments for a group of investors shall trade stocks or bonds through bulk trading method, using an account opened in the name of the foreign investment business entity representing the investor group, representative investor's name or an account opened by an investment dealer or broker for processing orders for such investor group; and shall allocate the trades among the foreign investors belonging to the investment group prior to settlement.
 - * Short selling, trading of stocks with foreign ownership limits, taxation and dividend on beneficial owner level are all permitted.

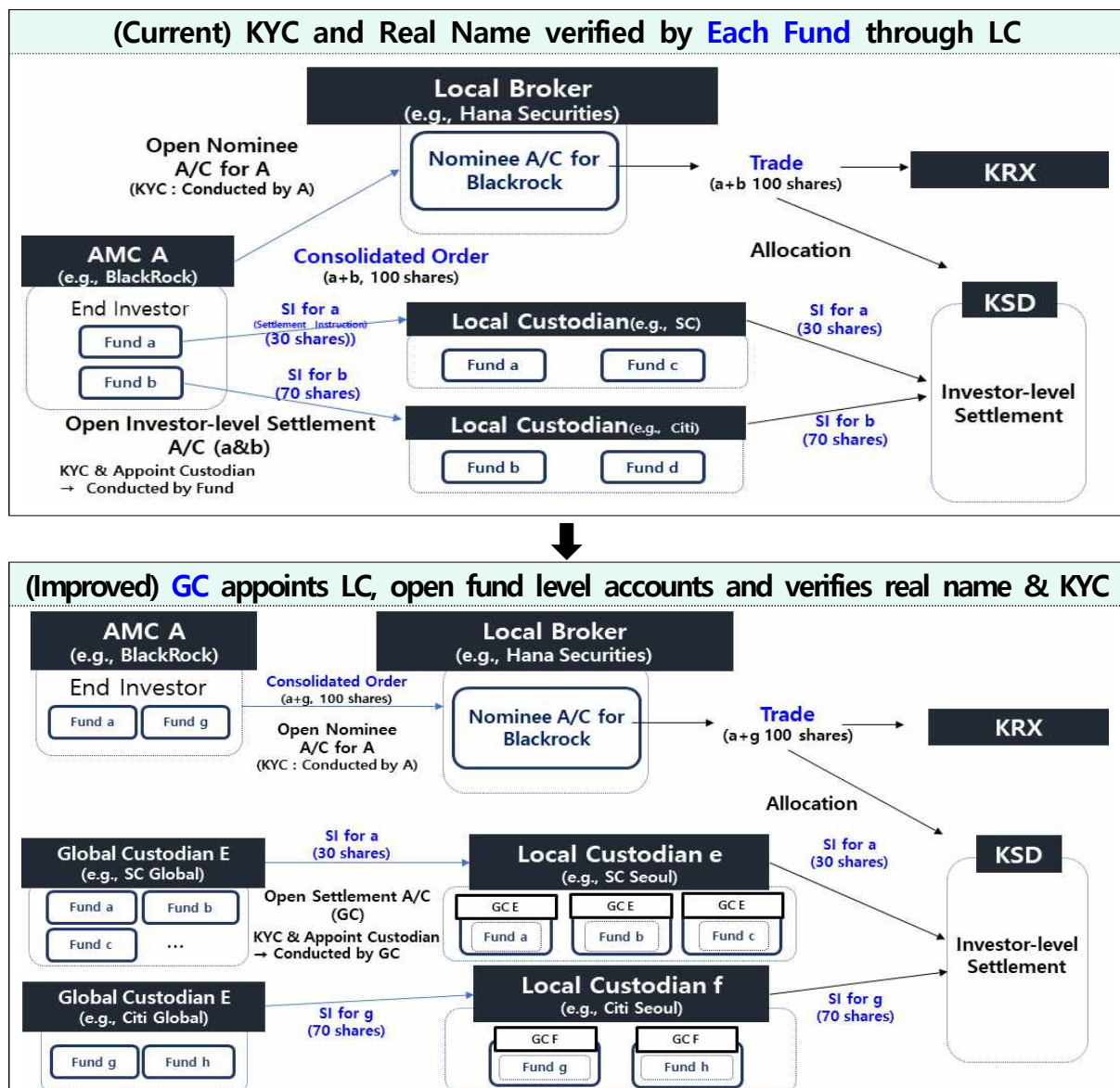
- Subject to certain conditions[※], permit GC(Global Custodians) to open and manage settlement accounts with LC(Local Custodians), representing multiple funds. **[Immediate]**

※ 1) Domestic financial institutions conduct identity verification and KYC on GCs.
 2) The GCs conduct end-investor KYC in accordance with FATF standards.
 3) The GCs are duly supervised by its home country regulator, with no record of sanctions.

⇒ This enables batch completion of real-name verification and documentation under the GC's name, substantially reducing document submission and account opening burden.*

* e.g., A single GC filing replaces the previous requirement to submit account-opening documentation for thousands of underlying funds.

< Comparison of Transaction & Settlement Flows : Current vs Improved >



* GC(Global Custodian)s perform identity verification & KYC as account holders; LC(Local Custodian)s handle detailed account management and settlement.

- Revise KSD(Korea Securities Depository) messaging* so that individual settlement can be executed without fund-by-fund real-name verification, by providing settlement instructions to local custodians. **[Apr '26]**

* Item ② : (Current) Fund-by-fund settlement account information required
→ (Improved) Fund code and nationality only

< Revisions to Messaging Format for Foreign Investor Settlement (Proposed) >

	Trade Data	Settlement Instruction	Settlement Approval
Info	① Broker Code	① Broker Code	① Broker Code
	② Fund Code / Nationality	② Fund Code / Nationality	② Fund Code / Nationality
	③ Custodian Code	③ Custodian Code	③ Approval Type
	④ Trade Order No.	④ Trade Order No.	④ Trade Order No.
		⑤ LEI	⑤ LEI
Transmission	Broker → KSD	KSD → Local Custodian	Local Custodian → KSD

* Information fields are subject to change following further discussions.

- **(Omnibus Accounts)** Expand participation of small/mid-sized foreign brokers to strengthen accessibility for overseas retail investors.

* As Korean onshore retail investors invest in overseas securities, the new framework could broaden offshore foreign investors investing in Korea.

❖ **Definition of Foreign Omnibus Accounts (Omnibus Trading Order & Settlement)**

- (Financial Investment Business Regulation §6-7⑦) **An account held by a foreign financial entity that is a major shareholder or affiliate of a domestic financial investment firm and legally operates investment or collective investment businesses abroad, used for omnibus order and settlement for other foreign investors.**

- Lift the eligibility restriction on account holders (current : major shareholders or affiliates of domestic firms) based on the performance of the Sandbox program*. **[Jan '26]**

* Four foreign brokers (Emperor, InteractiveBrokers, TFI, BancTrust) were permitted to open omnibus accounts. → First account opening(sep '25) & commencement of investment(Hana Securities – Emperor)

- Ease administrative burden for foreign entities by extending the transaction reporting cycle from monthly to quarterly. **[1Q '26]**

2 Enhancement of Trading/Settlement Infrastructure Connectivity

- **(Infrastructure Automation)** Link with global standards system (e.g., CTM, ALERT) to automate trading and settlement processes and enhance efficiency/accuracy.

* Current Manual Process : Trade confirmation via Fax/Email; manual entry of settlement instructions by custodians, etc.

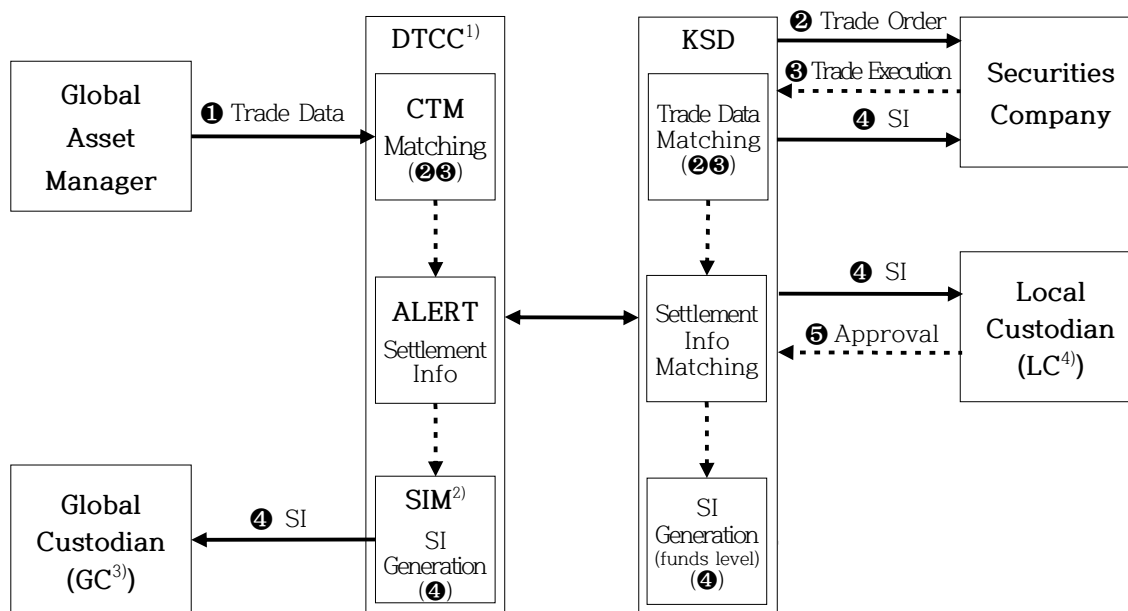
❖ CTM·ALERT (Global standard systems operated by DTCC)

- (CTM : Central Trade Manager) Real-time matching/confirmation of trade data(fund-level) between asset managers and brokers; transmission the matching results and settlement information to the custodians.
- (ALERT : Automated Link for Electronic Request and Transmission) Manages fund IDs, settlement accounts, and custodian info; automatically retrieves and transmits data upon CTM trade confirmation.

- Adopt automated systems for aggregating and transmitting trade and settlement information(“Link CTM-KSD systems” or “Develop KSD’s own K-CTM”). **['27]**

※ Essential infrastructure for future initiatives, such as extending trading hours and shortening settlement cycles.

< Implementation of Automated Trade & Settlement System (Proposed) >



1) The **D**epository **T**rust & **C**learing **C**orporation : U.S. Securities Depository & Settlement Infra Provider
 2) **S**ettlement **I**nstruction **M**anager 3) **G**lobal **C**ustodian 4) **L**ocal **C**ustodian

- **(CLS-Based Settlement Support)** Adjust the infrastructure and regulatory framework to enable KRW funds secured through same-day CLS FX settlement to be used for same-day securities settlement.

* KRW funds via CLS are available only between 15:00~18:00 KST, whereas securities settlement deadlines are typically in the morning, causing inconvenience for foreign investors such as pre-funding.

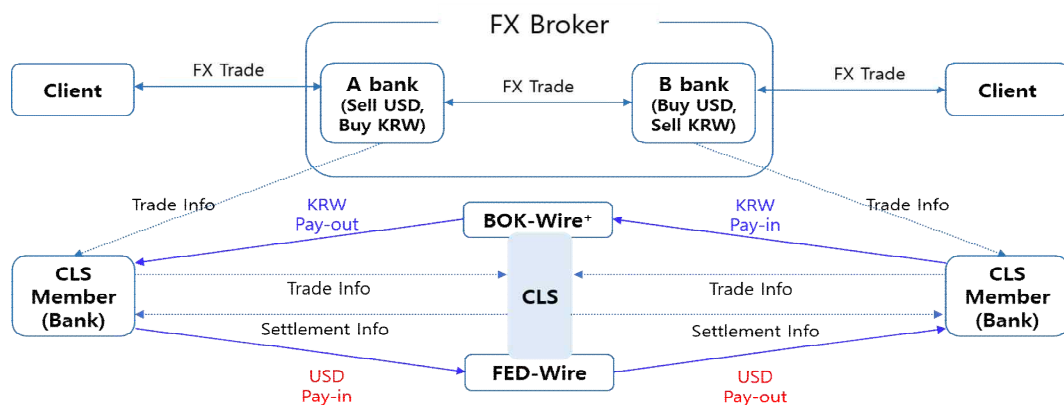
- In consultation with market participants, leverage the extended operating hours of BOK-Wire⁺ and the KSD bond settlement system to support funding/settlement during extended hours. **[1Q '26]**

* Extend bond payment deadlines to after 18:00 by pushing back the BOK-KSD DvP cutoff(~19:50)

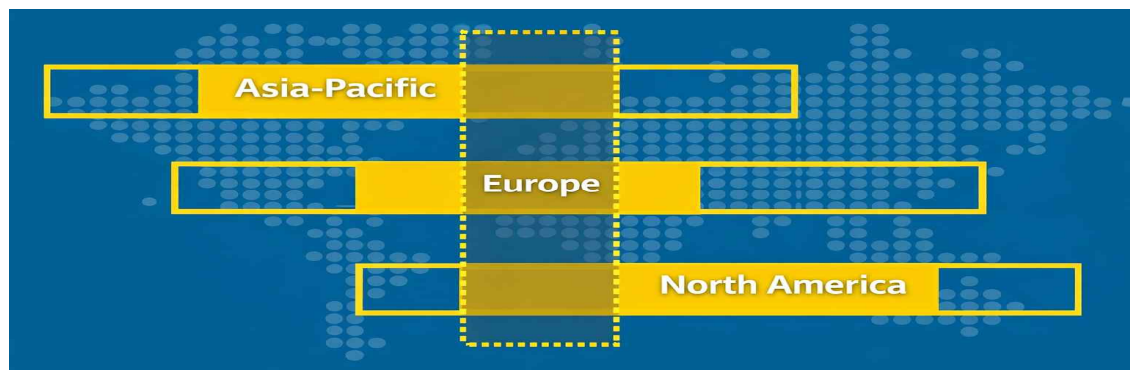
- If necessary, clarify market-making duties in regulations to encourage FX banks to establish liquidity and settlement procedures. **[1Q '26]**

❖ Continuous Linked Settlement (CLS)

- An FX settlement system operated by CLS Bank (U.S.), which is preferred by most financial institutions for its simultaneous payment/receipt mechanism that reduces FX settlement risk and enhances liquidity efficiency.



- Overlapping RTGS operating hours (Common Settlement Window : 15:00~18:00 KST)



- (Active Overdrafts) Specify procedures and standards to normalize the use of intraday KRW overdrafts to prevent settlement failure.
- Establish market guidelines, including operational and risk management, based on a usage survey. [1H '26]

3 Streamlining KYC and Account Opening

◇ Simplify investor registration and account opening by aligning identification/KYC systems with global standards.

※ MSCI Assessment (3-①-a Investor Registration & Account Set up) : improvements needed

- The market has not fully transitioned to LEI; existing accounts continue to use IRC, and there are still impediments to the use of omnibus accounts, challenges related to registration procedure and accounting opening.
- (Criteria) The type and number of required documents as well as the processing time to complete the full process.

1 Facilitation of LEI-Based Identification Adoption

- (IRC→LEI Transition) Upgrade infrastructure to support transition from IRC to LEI/Passport numbers without requiring account closure or reopening.

❖ Concepts of IRC and LEI

- IRC(Investor Registration Certificate) : A pre-registration ID (unique to Korea) with the FSS(Financial Supervisory Service) for foreign investors to trade Korean securities. (Introduced in 1992 and abolished in Dec 2023)
- LEI(Legal Entity Identifier) : A global standard ID for identifying legal entities in financial transactions. (introduced by the G20 in 2011)

LEVEL 1	Full verification of entity data* via authoritative sources
LEVEL 2	Partial verification of entity data via authoritative sources
LEVEL 3	Verification based solely on self-submitted data

* Basic identifiers including legal name, address, and entity type, etc.

- Conduct prior promotion and demand survey, [1Q '26] followed by financial sector's IT system upgrades. [1H '26]
- Upon request, collectively update account ID to LEI/Passport numbers after completing verification and KYC. [2H '26]

2 Improvement of Real-Name Verification for Foreign Entity

❖ **(Principles)** Ease foreign investor inconveniences while maintaining the integrity of the Act on Real Name Financial Transactions and the AML(Anti-Money Laundering) framework.

- **(Notarization)** Relax POA(Power of Attorney) notarization if the foreign investor's attorney-in-fact belongs to the same financial institution performing the real-name verification and KYC. **[Feb '26]**

* e.g., When a foreign investor appoints a local custodian as a standing proxy.[†]

† Foreign investors typically appoint a standing proxy(e.g., a foreign bank branch in Korea) who opens custody and KRW accounts.

- Allow verification of POA authenticity via corporate signature books, etc., as an alternative to notarization.

- **(Remote Verification)** For transactions without KRW cash account opening*, conditionally** permit remote verification** and relax notarization. **[Feb '26]**

* e.g. KTB transactions via ICSDs, third-party FX, or opening non-cash accounts.

** Limited to the case of designating employees of the foreign investor as the agent.

※ 1) The counterparty is located in a country confirmed to have an effective AML system through FATF Mutual Evaluations;
2) The entity is a foreign financial institutions(FFIs), a foreign governments, a sovereign listed company, or equivalent organization;
3) For FFIs and listed Companies, it must be verified that they : ① are diligently supervised by local authorities, ② have no record of relevant sanctions for a specified period, and ③ hold an investment-grade or higher credit rating from an internationally recognized credit rating agency or satisfy the financial soundness criteria set by their home country regulators, etc.

- Financial institutions registering as an RFI with the MOEF are allowed remote verification when opening KRW cash account.

- **(Attorney-in-fact Requirements)** Without KRW cash account opening, permit in-person verification via foreign investors' employees as attorney-in-fact, and relax notarization. **[Feb '26]**

* e.g., KTB transactions via agreements between foreign and domestic financial investment companies without a separate cash account opening.

- **(LEI Certificate)** Accept the LEI issuance certificates by KSD to simplify real-name verification for “LEI Level 1” entities.

* 87.2% of LEIs issued worldwide are level 1.(Level 2 : 3.85%, Level 3 : 8.94% as of Oct '25)

- Introduce a system for LEI issuance certificates linked between KSD and GLEIF, and recognize the certificate as a valid real-name verification document. **[1Q '26]**

※ A validity period(e.g., 3 months) will be set to ensure information accuracy.

< Improved Real-name Verification Requirements via LEI (Proposed) >

Level	Current	Improvement
Level 1	<ul style="list-style-type: none"> Documents submitted at the time of LEI application* * Documents issued by RA(Registration Authorities) designated and managed by GLEIF [e.g. Business Registration Certificates from the Hong Kong Companies Registry] 	<div style="border: 2px solid red; padding: 5px; text-align: center;"> LEI Issuance Certificates (KSD) </div>
Level 2	<ul style="list-style-type: none"> Certificates of Incorporation issued by the home country's government, local authority, etc. 	<div style="border: 1px solid black; padding: 10px;"> Maintained </div>
Level 3	<ul style="list-style-type: none"> If unavailable, other evidentiary documents regarding incorporation issued/verified by the home government. 	

4

Rationalizing Short-Selling Regulations

※ **MSCI Assessment**(3-③-g Short selling) : no major issues, improvements possible

- While market activity has recovered, investor concerns remain regarding the operational burden of compliance and risk of abrupt regulatory shifts.

- **(Elimination of Redundant Regulations)** Reduce duplicate regulatory compliance burdens that remain after the implementation of the NSDS*.

* **Naked-Shortselling-Detecting-System** (introduced Mar '25)

- Exempt NSDS participants* from duplicate supervisory documentation and reporting requirements. **[Jan '26]**

* Mandatory: Reporting entities (short position ≥ 0.01% or KRW 1bn), MMs and LPs
→ Require internal system setup for daily balance management and reporting.

※ Without compromising investigation efficiency, reporting processes will be further improved.

5 Enhancing English Disclosure

※ **MSCI Assessment** (1-④ Equal Rights to Foreign Investors) :

no major issues, improvements possible

– Company related information is not always readily available in English.

- **(Phased Implementation)** Expand the scope of disclosure obliged entities in stages(Phase 1*→2→3) under the expansion plan(Jan '23).

* (Phase 1, Jan '24~) KOSPI-listed companies with [Assets ≥ KRW 10tn & Foreign ownership ≥ 5%] or [Assets ≥ KRW 2tn & Foreign ownership ≥ 30%]

- **(Phase 2)** Expand ¹⁾obliged entities, ²⁾disclosure items, and ³⁾shorten submission deadlines. **【Mar '26(AGM Results) → May '26(Full Impl)】**

1) KOSPI-listed companies with assets ≥ KRW 2tn(111 → 265 firms based on '24 data)

2) All Material Fact Disclosures(from 26 to 55 items) and other general disclosures

3) Same day as Korean filing(assets≥KRW 10tn) / Within 3 business days(assets≥KRW 2tn)

- **(Phase 3)** Expedite the original plan* to expand mandatory disclosure to all KOSPI-listed firms from Mar '27.

* Originally scheduled for '28 (announced Nov '25)

※ Review expanding the scope to statutory disclosures(e.g. Material Fact Reports), taking into account global trends and corporate burdens.

- **(Further Support)** Encourage English disclosure through translation support, platform enhancements, and incentives.

- Advance the KRX AI translation tool, expand the translator pool and support eligibility, and publish an English glossary. **【Apr '26】**

- Build infrastructure for English DART* service **【Jan '26】** and continue expanding global standard XBRL adoption. **【~Mar '28】**

* **D**ata **A**nalysis, **R**etrieval and **T**ransfer System : Electronic disclosure system for filing and viewing corporate reports.

- Increase the number of awardees for the “Outstanding English Disclosure Companies”(3→5 KOSPI firms). **【Jan '26】**

* Awards to be granted starting in 2027 based on 2026 performance

6

Easing Restrictions on In-kind Transfers and OTC Transactions

※ **MSCI Assessment** (3-③-e Transferability) : improvements needed

- While the regulations are in place, adoption is still at its early stages, ... , that execution remains challenging.

- **(Guideline Establishment)** Provide clear guidance to resolve uncertainties in ex-post reporting for OTC trades.
 - Update “Foreign Investment Guidebook” with detailed OTC reporting procedures, and publish an English version **[1Q '26]**
- **(Ex-post Reporting Expansion)** Broaden ex-post reporting scope for OTC trades with low need for pre-screening.
 - Allow ex-post reporting for RSU(Restricted Stock Units)* **[1Q '26]**
 - * Accounted for 68% of pre-approval applications over the last two years(FSS).
 - Review further expansion of the ex-post reporting scope, considering market liquidity, transparency, and actual demand.

7

Improving Dividend Transparency

※ **MSCI Assessment** (3-②-b Information flow) : improvements needed

- Most Korean companies still disclose dividend amounts after the ex-date of the dividends, and estimated dividends are generally not provided.
- Although the revised dividend distribution procedure has been permitted since 2024, its adoption remains limited to a minority of firms.

- **(Provision of Incentives)** Offer additional incentives for follow-up actions, such as amending Articles of Incorporation, to promote the adoption of advanced dividend procedures*.
 - * Improvement to year-end(Feb '23), and quarterly(Dec '24) dividend processes, inclusion of “Dividend Predictability” in the Corporate Governance Report’s key indicators, etc.
- Include procedural improvements and plans in the “Guidelines for Corporate Value-up Plan”, and award additional points for improved dividend procedures in Best Practice Company selection. **[1Q '26]**

- Revise the evaluation criteria for "Excellent Disclosure Companies" to award bonus points based on actual improvements to dividend procedures. **[1Q '26]**

* Awards to be granted starting in 2027 based on 2026 performance

- **(Promotion of Participation)** Continuously promote the adoption of advanced dividend procedures through roundtables and training for disclosure officers(KRX, KOSPI/KOSDAQ Association).

8 Expanding Access to Korean Index-based Derivatives

※ **MSCI Assessment** (4 Availability of Investment Instruments) : improvements needed

- Restrictions imposed on the use of stock market data have led to limited availability of investment instruments.
- The expectation remains for an open investment environment where access to derivatives and other instruments is unrestricted, in alignment with investor needs and global Developed Market practices.

- **(Phased Market Opening)** Expand the phased opening of KRX index licensing.

- List FTSE Korea Index Futures on ICE Futures US. **[Feb '26]**

- Lift all trading hour restrictions* for exchanges in the European(Eurex) and American regions(ICE). **[1Q '26]**

* (Current) Trading hours limited to hours that do not overlap with the KRX derivatives market regular session(08:45~15:45) → (Expansion) No trading hour restrictions.

※ Full opening to the Asian market is being approached cautiously to prevent potential liquidity outflow due to overlapping trading hours.

- **(Full Opening Review)** Consider full opening of index licensing, provided advanced trading environments* are established to minimize liquidity outflow. **['26]**

* Enhanced risk management, diversified types of derivative products, etc.

III. Future Plan

- ◇ Periodically monitor progress and support implementation via inter-agency TF (Chaired by 1st Vice Minister of MOEF)
 - Improve investor sentiment through active communication

1 (Progress Review) Ensure execution and support market settlement

- Conduct quarterly progress reviews led by the inter-agency TF chaired by 1st Vice Minister of MOEF.
 - Finalize detailed plans and supplement regulations to build a sustainable improvement framework.
- Support smooth market adoption of new systems.
 - Provide follow-up support (e.g., guidelines, Q&As) to smooth implementation during the initial phase.

2 (Communication) Improve investor sentiment via active outreach

- Maintain regular communication with MSCI and enhance promotion so that foreign investors can quickly recognize improvements.
 - Hold joint Gov-wide IR sessions in global financial hubs (NY, London, HK, etc.) to boost market awareness.
 - * Collaborate with major domestic institutional investors (e.g., NPS, KIC) to strengthen outreach to foreign institutions.
 - Gather ongoing feedback through regularized 1:1 meetings and group calls with major foreign investors.
- Launch an official “One-stop” communication portal for foreign investors uploading English materials and accepting suggestions and inquiries.
 - * Expand the current FX market reform website([MOEF's "Policy at a Glance"](#)) to cover equity (MSCI) and bond (WGBI) investment systems.

Criteria	Jun '24	Jun '25
1. Openness to foreign ownership		
① Investor qualification requirement	++	++
② Foreign ownership limit (FOL) level	++	++
③ Foreign room level	+	+
④ Equal rights to foreign investors	+	+
2. Ease of capital inflows / outflows		
① Capital flow restriction level	++	++
② Foreign exchange market liberalization level	-	-
3. Efficiency of the operational framework		
① Market entry		
a) Investor registration & account set up	-	-
② Market organization		
a) Market regulations	++	++
b) Information flow	-	-
③ Market infrastructure		
a) Clearing and Settlement	-	-
b) Custody	++	++
c) Registry / Depository	++	++
d) Trading	++	++
e) Transferability	-	-
f) Stock lending	++	++
g) Short selling	-	+
4. Availability of Investment Instruments	-	-
5. Stability of institutional framework	+	+

※ ++: no issues; +: no major issues, improvement possible; -: improvement needed

Appendix 2

Key Milestones and Timeline

Key Tasks	Agency	Schedule
1. Advancing the FX Market		
① 24-Hour Operation of Domestic FX Market		
• Transition SMB/KMB to 24-hour operations	MOEF·BOK	Jul '26
• Establish eFX guidelines; review and refine MAR system and its methodology	MOEF·BOK·FSS	
• Pursue inclusion of KRW in WMR	MOEF·BOK	Ongoing
② Offshore KRW Settlement System		
• Introduce Offshore KRW Settlement Institution ※ Required Actions : Establish legal grounds under FX regulations (e.g., licensing criteria, reporting exemptions)	MOEF·BOK	'27 · (Pilot Sep '26)
• Build 24-hour offshore KRW Settlement Infrastructure and adopt ISO 20022	MOEF·BOK	
③ Regulatory Refinement to Promote FX Transactions		
• Review relaxation of capital transaction reporting	MOEF	1H '26
• Improve regulations on non-residents' KRW-linked foreign securities	MOEF	1Q '26
• Streamline and unify reporting requirements	MOEF	'26
• Define scope of domestic-global broker linkages	MOEF	Jan '26
④ RFI System Improvement to Encourage Participation ※ Amend RFI and CBM operational guidelines		
• Simplify RFI registration process	MOEF·BOK	1H '26
• Grant grace period on transaction reporting for new RFIs	MOEF·BOK	Immediate
• Refine sanction standards & reporting procedures	MOEF·BOK	1H '26

Key Tasks	Agency	Schedule
2. Standardizing Securities Trading and Settlement System		
① Effective Omnibus Account Based Settlement Structure		
<ul style="list-style-type: none"> nominee account Allow GCs to open/manage settlement accounts <ul style="list-style-type: none"> ※ Roadmap to replace official interpretation of Real-Name Act, and issue separate interpretative guidance under the AML Act 	FSC	Immediate
<ul style="list-style-type: none"> nominee account Revise KSD message formats for settlement 	KSD	Apr '26
<ul style="list-style-type: none"> omnibus account Lift eligibility restrictions on account holders <ul style="list-style-type: none"> ※ Amend FIB(Financial Investment Business) regulations 	FSC	Jan '26
<ul style="list-style-type: none"> omnibus account Ease transaction reporting cycle(Mo.→Qr.) <ul style="list-style-type: none"> ※ Amend Enforcement Rules of FIB 	FSC·FSS	1Q '26
② Enhancement of Trading/Settlement Infrastructure Connectivity		
<ul style="list-style-type: none"> Link CTM-KSD system or develop K-CTM 	KSD	'27
<ul style="list-style-type: none"> Support CLS-based settlement, ^{1st}Ensure funding/settlement environment during extended hours, ^{2nd}Clarify market-making duties in FX Regulations 	MOEF·BOK	1Q '26
<ul style="list-style-type: none"> Establish KRW overdraft guidelines 	MOEF·BOK	1H '26
3. Streamlining KYC and Account Opening		
① Facilitation of LEI-Based Identification Adoption		
<ul style="list-style-type: none"> Promote transition & conduct pre-demand survey 	FSC·FSS Fls	1Q '26
<ul style="list-style-type: none"> Upgrade IT systems for IRC→LEI transition 	FSC·FSS Fls	1H '26
<ul style="list-style-type: none"> Converting existing account IDs to LEI 	FSC·FSS Fls	2H '26
② Improvement of Real-Name Verification for Foreign Entity		
<ul style="list-style-type: none"> Conditionally relax notarization requirements <ul style="list-style-type: none"> ※ Update Manual on Real-Name Transactions 	FSC·KFB	Feb '26
<ul style="list-style-type: none"> Conditionally allow remote verification <ul style="list-style-type: none"> ※ Amend Remote Verification Guidelines 	FSC·KFB	Feb '26
<ul style="list-style-type: none"> Conditionally allow foreign investor's employee as attorney-in-fact with relaxed notarization requirements <ul style="list-style-type: none"> ※ Update Manual on Real-Name Transactions 	FSC·KFB	Feb '26
<ul style="list-style-type: none"> Accept LEI Certificates to simplify real-name verification <ul style="list-style-type: none"> ※ Update Manual on Real-Name Transactions Amend KSD rules/terms and build IT systems 	FSC KFB·KSD	1Q '26

Key Tasks	Agency	Schedule
4. Rationalizing Short-Selling Regulations		
<ul style="list-style-type: none"> Exempt NSDS participants from duplicate reporting ※ Amend KRX Business, Market Surveillance, and Enforcement Rules	FSC-KRX	Jan '26
5. Enhancing English Disclosure		
<ul style="list-style-type: none"> (Phase 2) Expand mandatory English disclosure to more companies and disclosure items ※ Amend KRX Disclosure Regulations	FSC-KRX	Mar '26 (AGM results) May '26
<ul style="list-style-type: none"> (Phase 3) Expand disclosure items and shorten submission deadlines to all KOSPI listed firms 	FSC-KRX	Mar '27
<ul style="list-style-type: none"> Advance AI translation tool, expand translation pool and support eligibility, and publish English glossary 	KRX	Apr '26
<ul style="list-style-type: none"> Build infrastructure for English DART service 	FSS	Jan '26
<ul style="list-style-type: none"> Expand XBRL scope for financial reporting 	FSS	~1Q '28
<ul style="list-style-type: none"> Increase English disclosure awardees(3→5) * To be awarded from '27 based on '26 performance	KRX	Jan '26
6. Easing Restrictions on in-kind Transfers and OTC Trading		
<ul style="list-style-type: none"> Publish detailed OTC guidelines, including English ver. 	FSC-FSS	1Q '26
<ul style="list-style-type: none"> Allow ex-post reporting for RSU transactions ※ Amend FIB Regulations	FSC-FSS	1Q '26
7. Improving Dividend Transparency		
<ul style="list-style-type: none"> Include dividend reform in Value-up Guide; offer additional points for excellence ※ Update Guidelines for Corporate Value-up Plan Update Selection Criteria for Value-up Excellence Firms	FSC-KRX	1Q '26
<ul style="list-style-type: none"> Award bonus points for disclosure excellence (To be awarded from '27 based on '26 performance) ※ Update Evaluation Criteria for KRX Excellent Disclosure Companies	KRX	1Q '26
8. Expanding Access to Korean Index-based Derivatives		
<ul style="list-style-type: none"> List FTSE Korea Futures on ICE Futures US 	KRX	Feb '26
<ul style="list-style-type: none"> Remove all trading hour restriction for Europe and American regions 	KRX	1Q '26