



Capital Market Growth & Cooperation in Asia: A Common Vision for the Future

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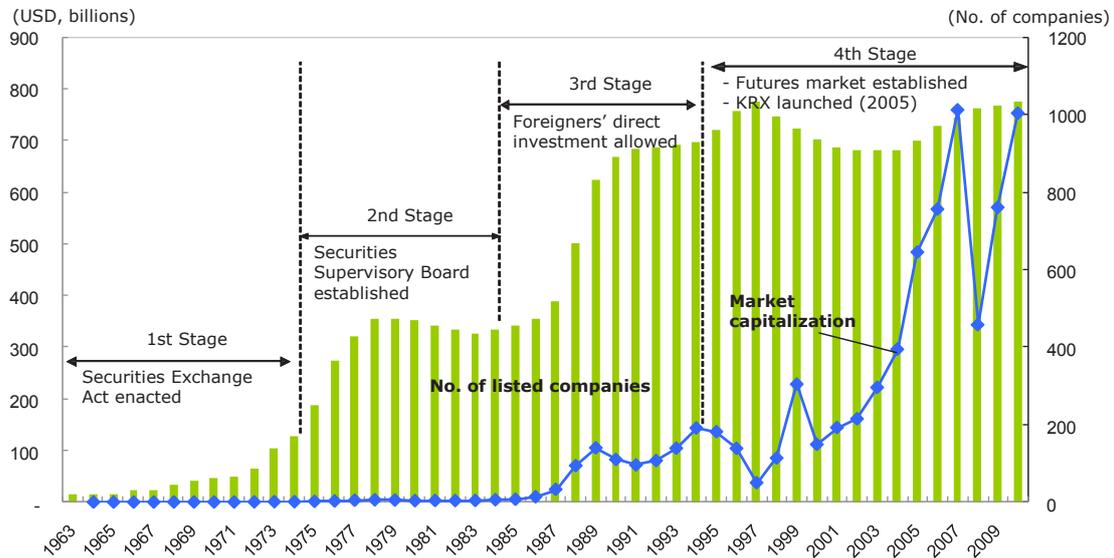
FINANCIAL SUPERVISORY SERVICE

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I. Overview of Korea's Capital Market

1. 4-Stage Growth



I. Overview of Korea's Capital Market

2. Key Indicators

	1995	2000	2005	2010	2011
Market capitalization (KRW, trillions)	141.2	188.0	655.1	1,141.9	1,042.0
No. of listed companies	721	704	702	777	791
No. of listed shares (millions)	7,609	19,639	23,236	33,706	35,403
Avg. daily trading vol. (million shares)	26	306	468	381	354
Avg. daily trading value (KRW, billions)	488	2,602	3,158	5,620	6,863

I. Overview of Korea's Capital Market

3. Comparison with Other Markets (2010)



II. Cross-Border Cooperation

1. Support for Growth of Region's Exchanges

Cambodia

- Consultation and training (2007 to 2011)
- Joint Venture Agreement on Establishment of CSX (2009)
 - KRX 45%, MEF 55%
- CSX will be launched in 2012

Lao PDR

- Consultation and training (2008 to 2011)
- Joint Venture Agreement on Establishment of LSX (2009)
 - KRX 49%, MEF 51%
- LSX was launched in Nov 2010

II. Cross-Border Cooperation

2. IT Infrastructure

Malaysia

- Electronic trading platform (ETP) for bonds (Mar. 2008)
- Market Maker Monitoring System (Apr. 2009)
- Islamic Products Trading System (Aug. 2009)
- Derivatives Clearing System (Feb. 2012)

Vietnam

- Mock Trading System (Aug. 1998)
- IT System Reconstruction Project: The development process is under discussion with HOSTC, HASTC, etc.

II. Cross-Border Cooperation

3. Market Modernization

Uzbekistan

- MoU between SPC & KRX
- Joint Working Committee
- Consulting, education & training programs on advancing policies & regulation
- Contract on IT development (Aug. 2011)

Kazakhstan

- MoU between KASE & KRX
- Joint Working Committee
- Consulting program on modernizing Kazakhstan's securities market

II. Cross-Border Cooperation

4. FSS and Other Asian Regulators

The FSS hosts a number of workshops on capital market supervision to share knowledge and experience with other Asian regulators and securities exchanges throughout the year.

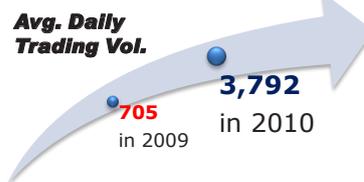


II. Cross-Border Cooperation

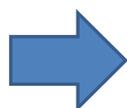
5. Cross-Listing

KOSPI200 Futures

- Since Sep. 2009
- Where: KRX & CME
- Trading hours
 - ✓ KRX: 09:00 – 15:15
 - ✓ CME: 18:00 – 05:00



	2009	2010	YoY
Avg. daily trading vol.	705	3,792	437.9%
Avg. daily trading vol. during regular hours	328,437	341,893	4.1%
Avg. daily trading value (KRW, billions)	75.4	441.3	485.3%



Trading around the clock

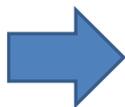
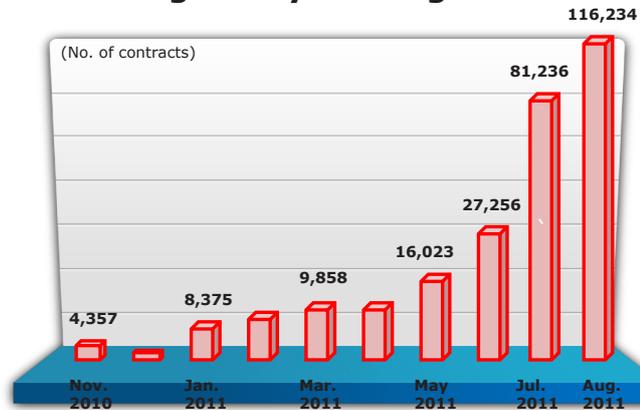
II. Cross-Border Cooperation

5. Cross-Listing

KOSPI200 Options

- Since Oct. 2010
- Where: KRX & EUREX
- Trading hours
 - ✓ KRX: 09:00 – 15:15
 - ✓ EUREX: 17:00 – 05:00

Average Daily Trading Volume



Trading around the clock

II. Cross-Border Cooperation

6. Foreign Firms Listed on KRX

❖ **19 firms from 4 countries** (as of Sep 2011)

No. of foreign firms listed on KRX	Track record by year	By Country	By Market
19 firms	<ul style="list-style-type: none"> ▪ 2007: 2 firms ▪ 2008: 2 firms ▪ 2009: 6 firms ▪ 2010: 7 firms ▪ 2011: 2 firms 	<ul style="list-style-type: none"> ▪ China: 16 firms ▪ Japan: 1 firm (2009) ▪ U.S.: 1 firm (2010) ▪ Lao PDR: 1 firm (2010) 	<ul style="list-style-type: none"> ▪ KOSPI: 5 firms ▪ KOSDAQ: 14 firms

- Some foreign firms were found to be involved in accounting impropriety.
 - New investor protection measures (March 2012)
 - i. KRX-listed foreign firms will be required to establish an internal accounting management system
 - ii. Securities firms will be held more accountable for every IPO they underwrite

III. Issues & Conclusion

A leading capital market in the world

IPO of KRX

- IPO proceeds to fund trading service improvement
- Greater management efficiency



Merger with other exchanges

- Competitiveness amid global exchange consolidation trend
- Increased market liquidity

Cross-border cooperation efforts

- Exchange establishment & IT support
- Market modernization, knowledge/experience sharing
- Cross-listing with other exchanges
- More foreign firms listed on KRX

