

Strategy & Policy of the SESC 2017-2019

- Building on a Quarter-Century of Achievement -



Mission

1. Ensuring market integrity/protection of investors
2. Contributing to sound development of markets
3. Contributing to sustainable economic growth

SESC's Vision on Market Integrity

Compliance with rules and trust from all market participants

< Key elements >

1. Proper disclosure by listed companies and issuers
2. Appropriate conduct and practices by market intermediaries
3. Self-discipline by all market participants
4. Effective market oversight with a high degree of professionalism

Values

Fairness

Fair and independent oversight

Accountability

Holistic and root-cause analysis coupled with public outreach

Forward-looking Perspective

Early detection of signs of market misconduct

Effectiveness and Efficiency

Effective use of resources

Strong Collaboration

Working closely with SROs and other competent authorities, both domestic and overseas

Commitment to Excellence

Committing to achieve highest standards of oversight

Environmental Scan	Global Macroeconomic Uncertainties	Increasing Market Globalization	Further Advancement of Information Technology	Effective Deployment of Household Financial Assets
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Strategic Objectives	Holistic market oversight	Timely market oversight	In-depth market oversight
	<ul style="list-style-type: none"> • All new products/transactions • All financial markets • Bigger picture in addition to details 	<ul style="list-style-type: none"> • Early detection of potential market misconduct • Preemptive actions against market abuse • Effective investigation and early corrective action 	<ul style="list-style-type: none"> • Root-cause analysis • Horizontal analysis for system-wide issues

Concrete Measures	1. Intelligence Gathering	<ul style="list-style-type: none"> ➤ Forward-looking analysis of potential market misconduct from macro-economic perspective ➤ Enhanced cooperation with foreign authorities ➤ Oversight of all new products/transactions 	3. In-depth Analysis of Investigation Results	<ul style="list-style-type: none"> ➤ Root-cause analysis ➤ Leveraged use of outputs of oversight activities ➤ Enhanced public outreach ➤ Contribution to policy development for better market environment ➤ Contribution to international cooperation for market oversight
		2. Prompt/ Effective Examination/ Investigation		<ul style="list-style-type: none"> ➤ Effective use of monetary penalty investigation ➤ Proactive response to cross-border matters ➤ Response to material market abuse with criminal investigation ➤ Effective risk-based monitoring of regulated entities
			5. Co-operation with SROs and other stakeholders	<ul style="list-style-type: none"> ➤ Closer cooperation with SROs for effective/efficient market oversight ➤ Enhanced cooperation with various stakeholders for market integrity

* RegTech means the use of IT innovation in connection with regulatory and enforcement authority.

Continuous Review of Market Oversight Approach