

## **Amendments of Listing Regulation and Enforcement Rules to Boost up ETP Market**

The Korea Exchange (KRX) is planning to revise the Listing Regulation and Enforcement Rules of the KOSPI Market to introduce new ETF products\*, lower disclosure obligations, and improve the listing review regulation system for ETFs, ETNs and ELWs.

\* The introduction of bond-type ETFs with the expiration date was announced in "Measures to Improve the Competitiveness of Public Offering Funds" by the Financial Services Commission on January 29, 2021.

### **(1) Introducing bond ETFs with expiration date\***

\* It refers to the contract period (duration) of the collective investment scheme (fund), and is different from the beneficiary's savings period or maturity.

- If the expiration date is specified\* separately in the collective investment agreement of a bond ETF\*\*, the listing of the ETF with the expiration date will be permitted.

\* The current KOSPI Market Listing Regulation does not allow the listing of an ETF with the expiration date.

\*\* The products with the expiration date will be limited to bond-type products in the Enforcement Rules of the Listing Regulation to be revised.

- For the de-listing of an ETF due to the arrival of expiration date, regulations related to the notice of de-listing by the KRX and the reporting obligation\* of a company that listed the relevant ETF will be established.

\* Matters related to the de-listing due to the arrival of expiration date must be reported to the KRX one month before the expiration date.

## (2) Easing ETF disclosure obligations

Investors can easily check daily changes in asset composition of an ETF through PDF and real time changes in net asset value through iNAV.

Therefore, the reporting obligation of an ETF issuer when replacing portfolio products that exceed one percent of the total net assets of the ETF, which is a huge burden to issuers compared to the effect of providing ETF information to investors, will be removed.

## (3) Improving listing review regulation system of ETFs, ETNs, and ELWs

To improve the consistency of the listing regulation system, provisions\* stipulated for each product in the Listing Regulation and its Enforcement Rules will be reorganized\*\* based on the listing business procedure.

\* Currently, the listing review procedures for ETFs, ETNs, and ELWs are the same.

\*\* ETF: The existing listing review is revised to the listing eligibility review, and the listing review procedure before the application for initial listing specified in the Enforcement Rules will be transferred to the Regulation.

ETF and ELW: The qualitative review requirements will be transferred from the Enforcement Rules to the Regulation.

ETN: A procedure for withdrawal of the application for listing eligibility review will be established.

Regulation and Enforcement Rules to be amended will be effective from the end of August after collecting opinions from interested parties and market participants and getting an approval by the Financial Services Commission.

It is expected that the amendments will meet diverse investment demands of investors and increase the satisfaction of market participants.

※ The full text of the amendment is posted on the web-site of KRX (law.krx.co.kr).

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