Frequently Asked Questions on Korea's FX Market Reform

1 RFI Reporting and Verification Requirements

Q1. Does the three-month reporting grace period for newly registered RFIs still apply?

Yes. Newly registered RFIs continue to benefit from a three-month grace period for submitting transaction reports.

However, the reporting obligation itself is not waived. Transaction information for the first three months must be submitted retrospectively in the fourth month.

Q2. If an RFI or its head office is subject to regulatory action by an overseas supervisory authority, when must this be reported?

To reduce the reporting burden on RFIs, the reporting deadline for supervisory measures subject to reporting under the Guidelines has been **extended from seven days to 30 business days**.

The scope of reportable actions has also been clarified to include, among others:

- revocation of a financial business license or registration;
- suspension of all or a significant part of business operations;
- business restrictions, corrective orders, or capital-raising orders that materially affect the institution's ability to conduct business; and
- other material institutional sanctions of a similar nature.

Q3. Do sanctions imposed on individual employees or other affiliates also need to be reported?

In principle, reportable supervisory measures are those imposed on the **RFI itself or its head office**.

Sanctions against individual employees are generally excluded unless they have a material impact on the institution's ability to conduct business.

Likewise, sanctions imposed on affiliates other than the RFI's head office are generally not subject to the reporting requirement.

Q4. When an RFI conducts a KRW FX transaction with a non-resident client, what does the RFI need to verify?

The **RFI only needs to verify that the client is a non-resident**. It is not required to collect separate supporting documents evidencing the underlying purpose or legitimacy of the transaction.

Q5. Can an offshore RFI directly quote KRW FX rates to resident clients in Korea and execute FX transactions with them?

No. FX transactions with resident clients in Korea must be conducted **in the name and under the responsibility of a domestic FX bank or its local branch in Korea**.

Accordingly, even where a global financial group has an offshore RFI, the offshore RFI may not become the direct counterparty to a Korean resident client, execute the transaction directly with that client, and subsequently book the transaction to its Seoul branch.

Q6. Does the same principle apply to RFI transactions outside the normal business hours of the local branch or on Korean public holidays?

Yes. The fact that a transaction takes place during overnight hours or on a Korean public holiday does not allow an offshore RFI to act as the counterparty to a Korean resident client.

The same requirement applies consistently: FX transactions with resident clients must be conducted **in the name and under the responsibility of a domestic FX bank or its local branch in Korea**.

2 Application of the Centralized Booking Model (CBM) to RFIs

Q7. What are the roles and concepts of a Booking Entity (BE), Trading Entity (TE), and Sales Entity (SE) under the CBM?

Under the revised **Guidelines on Foreign Exchange Business of Foreign Financial Institutions**, effective from June 30, 2026, global financial institutions may apply a **Centralized Booking Model (CBM)** when registering and operating as an RFI.

Under the CBM, even where multiple entities or branches within the same financial group support FX transactions, the transactions are ultimately booked to a designated **Booking Entity (BE)**, which also assumes responsibility for confirmation, settlement, reporting, and other related obligations.

- **Booking Entity(BE)**: The RFI to which FX transactions are ultimately attributed and booked.
- **Trading Entity (TE):** An entity or branch within the same financial group that executes FX transactions in the name and under the responsibility of the BE
- **Sales Entity (SE):** An entity or branch within the same financial group that performs client-facing sales and other pre-trade support activities, but does not engage in booking, confirmation, settlement, or interbank market transactions.

Q8. Does a new TE need to register separately as an RFI in order to conduct FX transactions?

No. A TE does not register separately as an RFI.

Instead, the existing RFI acting as the BE applies to register an entity or branch within the same financial group as a **Trading Entity (TE)** under Article 2-2(4) of the **Guidelines on Foreign Exchange Business of Foreign Financial Institutions**.

If the Ministry of Finance and Economy does not request supplementary information or reject the application within **seven business days after submission** of the required documents, the TE registration is deemed effective.

Q9. What documents are required when applying to register a TE?

The BE, which is already registered as an RFI, should submit an application for the relevant entity or branch using **Form No. 4 prescribed under the Guidelines on Foreign Exchange Business of Foreign Financial Institutions**.

Either the Korean or English version of Form No. 4 may be submitted.

Together with Form No. 4, the BE must also submit supporting materials demonstrating that the proposed TE will conduct transactions under the CBM in the name and under the responsibility of the BE, including:

1. Documents confirming that the BE and TE are entities or branches within the same financial group;
2. Materials describing the group's CBM structure and transaction flow; and
3. Materials relating to the group's compliance framework, internal controls, or delegation of authority.

Q10. If a financial group already has a registered RFI and wishes to add another overseas branch as a TE, does the new branch need to submit a full set of RFI registration documents?

No. If the new branch will act as a TE and conduct transactions in the name and under the responsibility of an existing BE, it does not need to complete a separate full RFI registration.

Instead, the BE may register the new branch through the simplified **TE registration process**. This issue was also raised by global financial institutions during recent investor consultations.

Q11. What types of transactions may a TE conduct?

A TE may conduct FX transactions within the scope specified in its registration, including client transactions or interbank transactions, provided that such transactions are conducted in the name and under the responsibility of the BE.

However, if the relevant entity or branch executes and settles **transactions in its own name**, those transactions are no longer regarded as transactions conducted in its capacity as a TE. In such cases, the entity or branch must register separately as an RFI.

Q12. If an overseas branch executes a client transaction in its own name and immediately enters into a back-to-back transaction with the BE, can the branch still be treated as a TE?

No. The key consideration is not whether the market risk is immediately transferred to the central BE, **but which entity or branch is the legal counterparty to the client transaction and where the transaction is booked**.

If the overseas branch executes and books the client transaction in its own name, the branch itself is the legal counterparty to the client. Therefore, even if it immediately transfers the resulting position to the BE through a back-to-back transaction, the branch must register separately as an RFI.

Q13. Can a single TE conduct transactions on behalf of multiple BEs?

Yes. However, where the same TE conducts transactions for multiple BEs, **each BE must separately apply to register that TE as a TE acting on its behalf**.

This is because the BE to which each transaction is ultimately attributed - and which assumes responsibility for that transaction - must be clearly identified

Q14. Does a new Sales Entity (SE) need to register separately as an RFI?

No. Where an entity or branch within the same financial group performs only client-facing sales or other pre-trade support activities and does not engage in booking, confirmation, settlement, or interbank market transactions, it is **not required to register separately as an RFI**.

The BE is also **not required to separately register or report its SEs when the BE first registers as an RFI or when an SE is added later**.

If the authorities subsequently request a list of SEs, the RFI only needs to provide the names of the entities or branches that perform SE functions on its behalf.

Q15. Are TEs and SEs subject to separate reporting obligations, including transaction reporting?

No. Under the Guidelines on Foreign Exchange Business of Foreign Financial Institutions, **reporting obligations, including transaction reporting, are imposed on entities that are registered as RFIs**.

A TE is not itself registered as a separate RFI. Rather, it is registered under Article 2-2(4) of the Guidelines as a Trading Entity that conducts transactions in the name and under the responsibility of the BE. An SE is likewise not subject to separate RFI registration.

Accordingly, **TEs and SEs are not subject to separate reporting obligations** solely by virtue of their status as a TE or SE. The BE, as the registered RFI, remains responsible for the relevant reporting obligations.

However, if the entity or branch acting as a TE or SE is already separately registered as an RFI, its existing reporting obligations as an RFI will continue to apply for as long as that RFI registration remains valid.

3 Use of RFI Business KRW Accounts

Q16. Can an RFI use its Business KRW Account as an omnibus account to manage investment settlement funds for multiple clients?

Yes. Where an RFI separately identifies and manages each client s investment settlement funds, it may use its **Business KRW Account in a manner equivalent to an investment-only omnibus account** for holding and transferring funds and settling securities transactions for multiple clients.

Separate legal bank accounts do not need to be opened for each client. Instead, the RFI may distinguish each client's balances, inflows and outflows, and settlement activity through its internal ledger or other internal record-keeping arrangements.

Q17. Can an RFI hold client KRW balances in its Business KRW Account for a certain period of time?

Yes. An RFI may use its Business KRW Account to hold and manage client funds for investment settlement purposes, and **the applicable regulations and Guidelines do not prescribe a specific maximum holding period for such client funds**.

Accordingly, funds do not need to be deposited only immediately before settlement and withdrawn immediately afterwards. An RFI may hold KRW balances in the account and use them when needed for future securities settlement.

4 RFI Overdrafts and Temporary KRW Borrowing

Q18. Can an RFI use an overdraft through its Business KRW Account?

Yes. Where an RFI needs KRW liquidity, **it may obtain temporary KRW funding or an overdraft (OD)** under a credit arrangement with the FX bank acting as its agent bank and maintaining its Business KRW Account.

The FX regulations do not prescribe a standardized structure for the application process, credit limit, collateral, interest rate, or repayment terms.

These terms may instead be determined under the relevant bank's internal credit policies and the contractual arrangements between the RFI and the bank.

Q19. Does an RFI need to enter into a separate loan agreement each time it uses an overdraft?

No. An overdraft provided under Article 2-6(3)(2) is a form of KRW credit extended **between eligible financial institutions for a limited purpose**. As such, it is **not treated as a 'loan' under the Financial Consumer Protection Act**, which is primarily intended to protect the rights and interests of financial consumers.

Accordingly, where the terms and conditions for providing an overdraft are already set out in a custody agreement or another agreement between the RFI and the FX bank, the overdraft may be provided under that existing agreement **without requiring a separate loan agreement for each drawdown**.

Q20. Must an overdraft be directly linked to an individual settlement transaction, and must the FX bank verify actual repayment within two business days?

No. An overdraft or temporary KRW borrowing **does not need to be linked on a one-to-one basis** with a specific settlement transaction.

It may be used where the purpose is to address settlement risk **directly or indirectly related to the settlement of securities or derivatives transactions**.

Such KRW borrowing is provided on the premise that it will be repaid within two business days. However, the FX bank is not required to separately verify actual repayment within two business days for each individual borrowing.

If the borrowing remains outstanding beyond two business days, it may be managed in accordance with the bank s internal credit policies.

5 Offshore KRW Service Institution (RFI-K)

Q21. What is an RFI-K?

An **RFI-K (Registered Financial Institution for KRW services)** is an overseas financial institution that is already registered as an RFI and has obtained additional registration to provide KRW-related services to non-residents offshore, including the receipt and payment, holding, funding, and management of KRW.

An RFI-K maintains a **KRW omnibus account with a domestic direct participant** and supports KRW transactions and settlement for its non-resident clients through **BOK-Wire International (BOK-WireInt'l)**.

Q22. Which institutions are eligible to register as an RFI-K, and what is the registration process?

In principle, a foreign financial institution **that is already registered as an RFI may additionally register as an RFI-K**.

An existing RFI does not need to go through the full RFI registration process again. Instead, it may use a **simplified additional registration process** by submitting:

- evidence that it is already registered as an RFI;
- information on the KRW omnibus account to be used for offshore KRW settlement; and
- the required undertaking.

An institution that is not yet registered as an RFI must complete both the **RFI registration and RFI-K registration**, either simultaneously or sequentially.

Q23. What type of KRW account must an RFI-K use?

An RFI-K must maintain an **offshore KRW omnibus account with a domestic direct participant** for offshore KRW settlement.

However, it is not necessarily required to open a new account. Depending on its operational needs, an RFI-K may either open a new omnibus account or designate an **existing KRW account** - such as its **RFI Business KRW Account or a non-resident investment-only KRW account held in its own name** - as its offshore KRW omnibus account.

Multiple accounts may also be designated.
In addition, where an RFI-K wishes to use an existing nostro account as its omnibus account, the framework is not intended to restrict such use.

Q24. Does a client of an RFI-K need to open a separate KRW account in its own name in Korea?

No. **A non-resident client of an RFI-K** may receive, hold, and transfer KRW, and use KRW for purposes such as securities settlement, **through the RFI-K's omnibus account**.

Accordingly, where a foreign investor already has a relationship with a global financial institution that is registered as an RFI-K, the investor may access KRW settlement through that RFI-K **without opening a separate KRW account in its own name** with a financial institution in Korea.

Q25. Are KRW capital transactions between non-residents conducted through an RFI-K subject to prior-reporting requirements?

No. A framework is being put in place to allow **KRW capital transactions between non-residents, including transactions between RFI-Ks or between their clients**, to be conducted without prior reporting where the transactions are settled through an omnibus KRW account maintained with a domestic direct participant.

Only a very limited range of exceptional transactions remain subject to existing reporting requirements, such as certain transactions involving real estate in Korea.

6 BOK-Wire International

Q26. Is BOK-Wire International the same system as the existing BOK-Wire+?

No. **BOK-Wire International (BOK-WireInt'l)** is not simply an extension or additional function of the existing BOK-Wire+.

It is a **separate 24-hour KRW settlement network** being established by the Bank of Korea to support KRW settlement between non-residents.

Q27. What is the cut-off time for BOK-Wire International?

BOK-Wire International will have **a 40-minute suspension period from 23:40 to 00:20 KST on each business day**.

Payment instructions received by the Bank of Korea by **23:40 KST** will be processed as same-day transactions.

Accordingly, the effective cut-off time for same-day settlement is **23:40 KST**, and payment instructions received after the cut-off will be processed on the following business day.

Q28. Does an RFI-K connect directly to BOK-Wire International?

No. **Only domestic direct participants connect directly to BOK-Wire International**. An RFI-K accesses the settlement network **indirectly through the KRW omnibus account it maintains with a domestic direct participant**.

Q29. Can CLS be used through BOK-Wire International?

No. CLS is connected to the existing BOK-Wire+, and CLS settlement will therefore continue to be conducted through BOK-Wire+.

However, funds may be transferred between BOK-Wire+ and BOK-Wire International, allowing liquidity to be moved between the two settlement networks.

Q30. What happens if there is insufficient KRW liquidity in the offshore KRW settlement network during overnight hours?

The framework is being designed so that a shortage of KRW in an RFI-K's omnibus account can be addressed through **an overdraft provided by the domestic direct participant or KRW borrowing between offshore institutions**.

These arrangements are intended to provide RFI-Ks with access to KRW liquidity needed for smooth offshore settlement.

7 FX Market Operations

Q31. When does the trade date change for 24-hour USD/KRW trading?

In line with global FX market convention, the trade date changes at the **New York market close, 5:00 p.m. New York time**, which corresponds to **6:00 a.m. KST during U.S. daylight saving time**.

Q32. How does the Government plan to promote deliverable forward (DF) transactions?

The Government **does not intend to promote DFs by artificially restricting NDF transactions**.

Instead, the policy direction is **to strengthen incentives for DF transactions** and promote competition between the DF and NDF markets.

By improving the economic incentives for DF transactions, market participants will be able to choose freely between DFs and NDFs depending on their trading needs and operational preferences, thereby **broadening the range of available trading options**.

Q33. How will the new TWAP replacing the existing MAR be calculated?

The **Time-Weighted Average Price (TWAP)** will be calculated using actual USD/KRW spot transactions executed during a **five-minute window**, from 2 minutes and 30 seconds before to 2 minutes and 30 seconds after each hour.

Beginning in January 2027, the 4:00 p.m. KST TWAP will replace the existing Market Average Rate (MAR) as Korea's official reference exchange rate.

Q34. Who will calculate the TWAP?

Since the TWAP is based on actual USD/KRW spot transaction data, it will be calculated by the two FX brokers currently intermediating USD/KRW spot transactions in Korea:

- Seoul Money Brokerage Services (SMBS); and
- Korea Money Brokerage Corporation (KMBC).

Q36. Do the e-FX Guidelines issued in August 2026 apply to offshore RFIs?

No. The **e-FX Guidelines issued in August 2026** set out internal control standards and related requirements for electronic FX trading by domestic financial institutions that directly participate in Korea's FX market.

Accordingly, foreign financial institutions participating in Korea's FX market from offshore, such as RFIs, are **not directly subject to the Guidelines**.

Q37. Can an RFI use its own offshore e-FX platform to conduct KRW transactions with its clients?

Yes. An RFI may use an e-FX platform operated offshore, including its own Single Dealer Platform (SDP), to conduct KRW transactions with its clients. The platform is not required to be located in Korea.

Single Dealer Platform (SDP): *An electronic trading platform through which a single financial institution provides FX quotes directly to its clients and executes transactions with them.*

The Korean FX authorities also do not require an RFI to obtain a separate domestic e-business license solely because it uses an e-FX platform, nor do they require the use of any specific type of electronic trading platform.

However, as with other interbank FX transactions, e-FX transactions conducted in Korea's interbank FX market must be executed through an authorized domestic FX broker.

Q38. Can an overseas financial institution view quotes from Korean FX brokers and trade through an electronic screen located offshore?

Not yet. Korea's FX market currently operates through authorized domestic FX brokers.

The Government is working to enable offshore RFIs to access domestic KRW liquidity through electronic screens located offshore by promoting **business partnerships and system linkages between domestic FX brokers and global FX brokerage platforms**.

Once such arrangements are in place, offshore RFIs will be able to view domestic KRW quotes and access the Korean FX market through overseas electronic trading screens.