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Financial Investment Industry Takes Voluntary Measures to Stabilize Market for Single-Stock Leveraged Products

The Korea Financial Investment Association (KOFIA), chaired by Whang Song Youp, convened an emergency meeting attended by the CEOs of asset management companies that manage single-stock leveraged products and executives responsible for liquidity provision at securities firms. Participants reviewed recent market conditions and discussed voluntary industry measures aimed at promoting market stability and investor protection.

Emergency Meeting

- **Date and venue:** July 29, 2026, 3:00 p.m., Conference Room, 23rd Floor, KOFIA
- **Key participants:** KOFIA Chairman; CEOs of eight asset management companies*; and eight executives responsible for liquidity provision at securities firms

  * KB Asset Management, Mirae Asset Global Investments, Samsung Asset Management, Shinhan Asset Management, Kiwoom Asset Management, Hana Asset Management, Korea Investment Management and Hanwha Asset Management (in alphabetical order by Korean company name)

Industry's Assessment of Recent Market Conditions

Single-stock leveraged products were introduced in May to address the regulatory disparity between the domestic and overseas markets and broaden investment options for investors. Since their launch, the products are considered to have redirected some investment demand from overseas markets to the domestic regulated market, where investor protection mechanisms are in place.

However, market conditions have changed rapidly since their introduction. Market volatility has increased, particularly in global semiconductor stocks, while retail investor trading has become concentrated in certain stocks and products. As a result, the impact of single-stock

leveraged products on the domestic market has grown beyond initial expectations.

The industry takes particularly seriously the losses incurred by investors due to the high risks associated with leveraged products amid the recent increase in market volatility.

Against this backdrop, the industry agreed to actively cooperate with the government's market stabilization measures while implementing the following voluntary measures at the industry level.

Voluntary Industry Measures

First, the asset management industry will seek to spread rebalancing transactions more evenly throughout the trading day. Asset management companies will make efforts to distribute rebalancing transactions, which tend to be concentrated near the market close, across regular trading hours and after the market close in order to minimize their impact on underlying assets.

Second, asset management companies and securities firms serving as liquidity providers (LPs) will continue their joint efforts to reduce trading volumes generated by LP activities. They will also closely manage premium/discount rates to contribute to market stability and investor protection.

Third, the financial investment industry will actively support the early and effective implementation of investor protection measures. The industry will strengthen investment risk disclosures and investor guidance and support the smooth implementation of government measures, including the increase in the minimum deposit requirement and enhanced investor education.

Fourth, KOFIA and the industry will continue to closely monitor market developments. They will also actively cooperate with market stabilization measures pursued by the government and related authorities.

Investor Caution and Further Measures

The CEOs of the asset management companies attending the meeting emphasized that single-stock leveraged products involve high volatility and significant risk of loss and are therefore unsuitable for retail investors who do not fully understand their structure and risks. They urged investors to exercise particular caution when investing in these products.

KOFIA and the industry will closely review the implementation and effectiveness of investor protection measures, including the increase in the minimum deposit requirement that will take effect early on July 31. They also agreed to discuss additional measures as necessary in response to changes in market conditions, including retail investor trading volumes and market volatility.

"The industry takes very seriously the recent increase in market volatility and the losses

incurred by some investors," said KOFIA Chairman Whang Song Youp. "We will swiftly implement voluntary measures, including spreading out rebalancing transactions and managing LP trading volumes, and work closely with the government to promote market stability and investor protection."

KOFIA press releases are also available on its website at www.kofia.or.kr.