



삼일회계법인

2025 Listing in Korea

A Guide to Listing on the Korea Exchange



Table of Contents

Introduction	02
01. Status of foreign issuers in Korea	07
02. Listing requirements	09
03. Listing Structure for Foreign Companies	17
04. Listing procedures	18
05. Continuing obligation	19
06. What help you should seek	20
07. What we can do	22
08. PricewaterhouseCoopers	23
09. Our Experts	24

Introduction

Korea Exchange (KRX)

- In 1956, the Korean stock market opened with the establishment of Korea Stock Exchange. In January 2005, the Korea Exchange (KRX) was created through the integration of Korea Stock Exchange and two other domestic markets.
- There are four markets in the KRX; Main Board (KOSPI Market), KOSDAQ (Korea Securities Dealers Automated Quotation), KONEX (Korea New Exchange) and the derivatives market.
- The KRX is one of the most liquid stock exchanges. Numerous companies from various industries completed their IPOs successfully on KRX.
- Since 2007, the KRX has actively promoted inbound Initial Public Offerings (IPOs) by foreign companies in order to grow as an international stock exchange, increase its appeal among foreign companies, and attract global investors.
- In order to further enhance its credibility on the international platform and be a leading global capital market, KRX has also signed MOUs with other global stock exchanges for mutual cooperation in areas such as information sharing, IT consulting, market links, development of new products, and any other mutually beneficial projects.

Main Board (KOSPI Market)

- The KOSPI market is the main board of KRX and many of the larger domestic and international companies such as Samsung Electronics, LG Energy Solution, SK Hynix, Samsung Biologics, Celltrion are listed on KOSPI.
- As of December 31, 2024, 848 companies are listed with total market capitalization amounting to KRW 1,963 trillion and the transaction volume in 2024 amounting to KRW 2,620 trillion.

KOSDAQ Market

- The KOSDAQ market opened in 1996 to support venture and small and medium-sized companies' smooth financing.
- IPO requirement for the KOSDAQ market is less rigorous than the requirements for the KOSPI market, enabling 1,781 of middle-sized companies with high potential to be listed. As of December 31, 2024, total market capitalization amounts to KRW 340 trillion and the transaction volume in 2024 amounts to KRW 2,048 trillion.

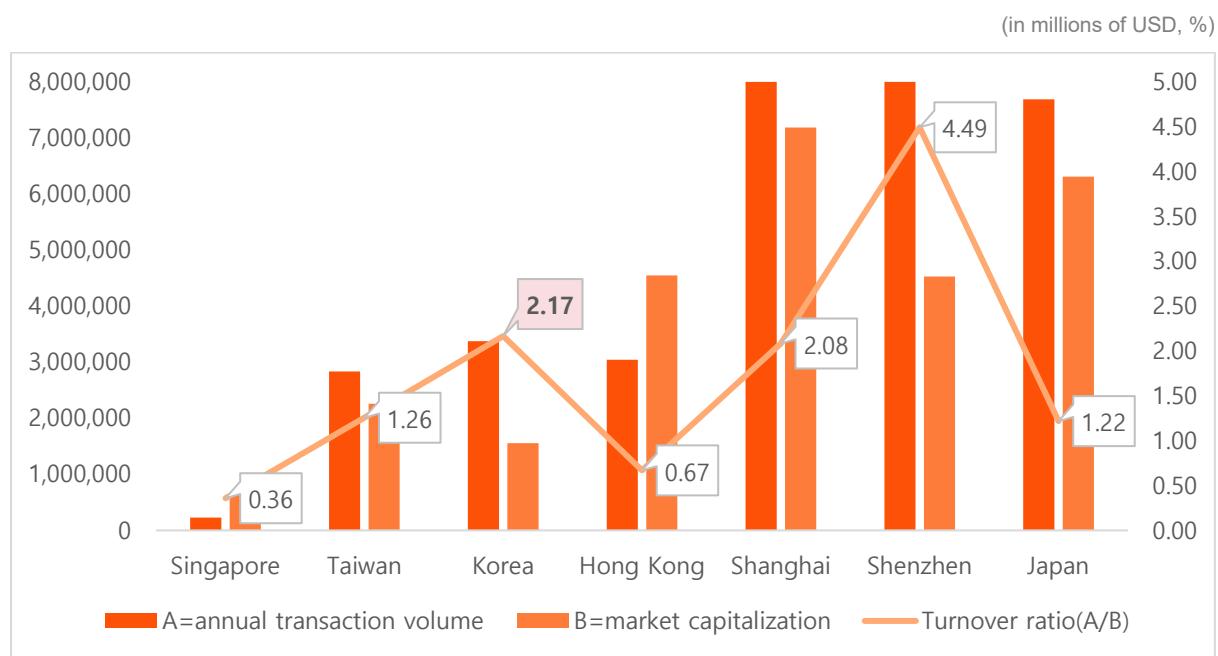
KONEX Market

- The KRX opened KONEX market in 2013 to support small and middle-sized start-ups to raise capital.
- IPO requirement for the KONEX market is less rigorous than the requirements for the KOSDAQ market, enabling 121 of small and middle-sized or start-up companies with high potential to be listed. As of December 31, 2024, total market capitalization amounts to KRW 3.1 trillion and the transaction volume in 2024 amounts to KRW 0.4 trillion.

Comparison with major Asian stock exchanges

“The Korea Exchange is one of the most liquid markets in the Asia region”

The KRX is one of the most liquid markets in the Asia and remains open to foreign companies. Since Shenzhen and Shanghai stock markets are closed to foreign companies, the KRX stands out the most liquid market with the highest turnover in the region.



Performances as at year end 2024

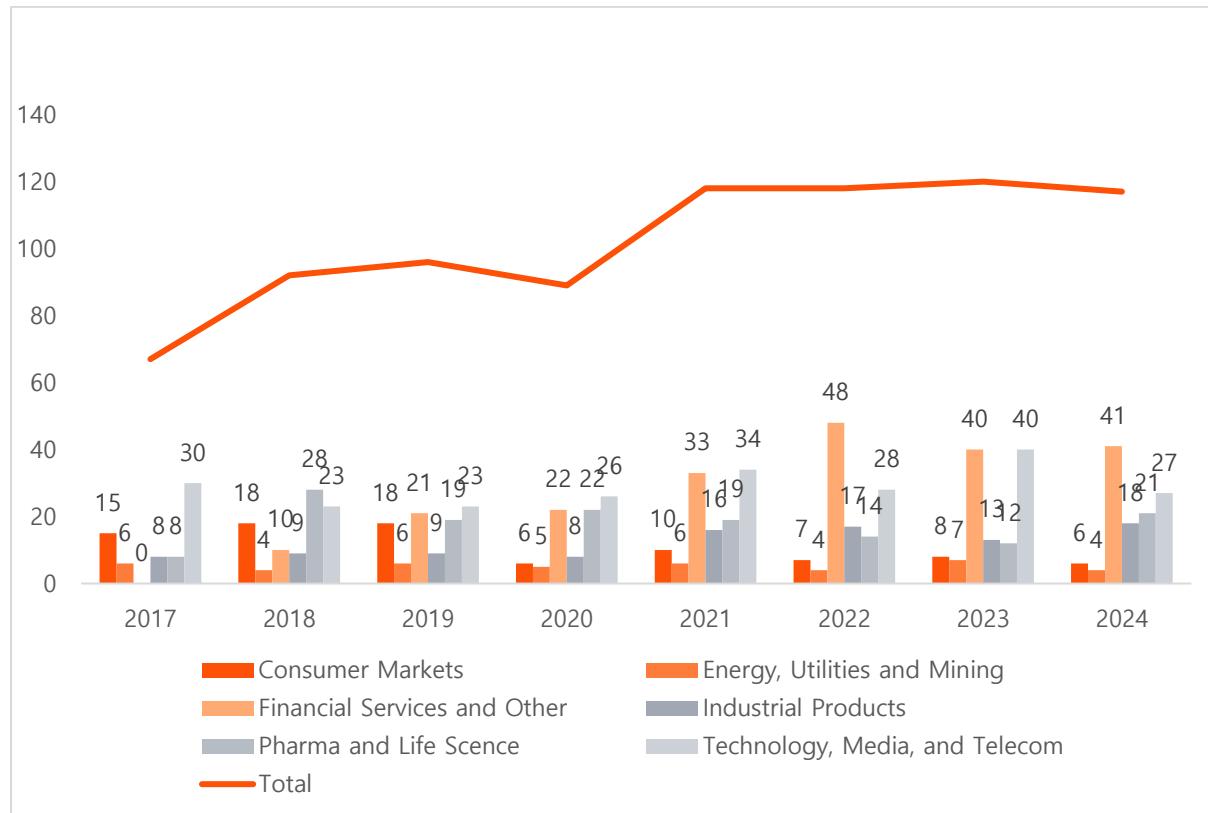
(in millions of USD, %)

	Singapore	Taiwan	Korea	Hong Kong	Shanghai	Shenzhen	Japan
A annual transaction volume	228,746	2,836,806	3,374,738	3,045,086	14,976,270	20,355,209	7,689,897
B market capitalization	637,630	2,257,896	1,557,488	4,549,721	7,186,253	4,528,667	6,310,681
A/B turnover ratio	0.36	1.26	2.17	0.67	2.08	4.49	1.22

Sources: World Federation of Exchanges (world-exchanges.org), SGX, TWSE, KRX, JPX, and SZSE.

Number of IPOs on KRX (2017~2024)

The number of IPOs on the KRX has remained stable from 2021 through 2024. The total amount of offering was USD 3.2 billion and USD 3.13 billion in 2024 and 2023, respectively. As of December 31, 2024, total market capitalization amounted to USD 1,557 billion.



Number of IPOs by industry (2017~2024)

Year	Consumer Markets	Energy, Utilities and Mining	Financial Services and Other*1	Industrial Products	Pharma and Life science	Technology, Media, and Telecom	Total*2
2017	15	6	0	8	8	30	67
2018	18	4	10	9	28	23	92
2019	18	6	21	9	19	23	96
2020	6	5	22	8	22	26	89
2021	10	6	33	16	19	34	118
2022	7	4	48	17	14	28	118
2023	8	7	40	13	12	40	120
2024	6	4	41	18	21	27	117

*1 'Financial Services and Other' includes Special Purpose Acquisition Companies (SPAC)

*2 The number of IPOs on the KONEX Market was excluded.

Sources: KRX and Bloomberg

Overview by market & industry (December 31, 2024)

(in millions of USD)

Market	Industry Group	Entire sector	2024 IPO
		Market Cap	Market Cap
KOSPI Market	Consumer Markets	161,017	4,818
	Energy, Utilities and Mining	118,974	-
	Financial services and REITs	288,175	766
	Industrial Products	291,976	10,004
	Pharma and Life Sciences	108,799	-
	Technology, Media, and Telecom (TMT)	484,623	1,855
KOSDAQ Market	Consumer Markets	22,234	748
	Energy, Utilities and Mining	21,475	-
	Financial services and REITs	6,386	357
	Industrial Products	57,439	2,496
	Pharma and Life Sciences	77,710	3,610
	Technology, Media, and Telecom (TMT)	112,731	2,224

Sources: KRX

Taking the lead in 2024 IPOs are Industrial Products, Consumer Markets, TMT, and Pharma and Life Science industries as they stand strong with high market capitalization.

Industrial Products, Consumer Markets, TMT, and Pharma and Life Science industry sectors dominated the 2024 IPO market capitalization, raising USD 12.5 billion, USD 5.6 billion, USD 4.1 billion and 3.6 billion, respectively.

Furthermore, the total amounts of IPO offering amount in 2024 increased by USD 59 million compared to 2023, while the number of IPOs in 2024 decreased by three from the previous year.

PER (Price-Earnings Ratio, June 30, 2025)

Market	Index	PE Ratio
KOSPI 200	KOSPI 200	12.45
	Consumer Markets	13.02
	Industrial Products	19.95
	Healthcare	53.52
	Information Technology	12.10
KOSDAQ 150	KOSDAQ 150	85.57
	Consumer Markets	20.47
	Industrial Products	342.52
	Healthcare	1,908.85
	Information Technology	42.21

Sources: KRX

Valuations in Healthcare and Industrial Products sectors were remarkably strong as of June 30, 2025.

Valuations in some sectors are relatively strong and competitive compared to other global markets. Especially, PER in Healthcare and Industrial Products sectors on the KOSDAQ remains very high. The PER of the KOSDAQ 150 Healthcare sector recorded 1,909, while that of the Industrial Products sector was 343 as of June 30, 2025.

01. Status of foreign issuers in Korea

As of June 30, 2025, foreign companies listed on KRX are as follows.

(in millions of USD)

No	Market	Name	Country	Listing Date	Offer Price ^{*1} (KRW)	Price ^{*1} of Jun'25 (KRW)	Revenue ^{*2}	Net Income ^{*2}
1	KOSDAQ	Global SM Tech	Hong Kong	Dec 2019	3,200	414	90	1
2	KOSDAQ	CXI Healthcare Technology Group Limited	Cayman Islands	Mar 2010	3,700	62	52	22
3	KOSDAQ	Ameridge Corp	United States	Apr 2010	7,500	1,127	14	(12)
4	KOSDAQ	East Asia Holdings Investment Ltd	Hong Kong	Apr 2010	5,000	54	54	4
5	Korea SE	LVMC Holdings Co Ltd	Vietnam	Dec 2010	4,800	1,982	217	3
6	KOSDAQ	SBI FinTech Solutions Co Ltd	Japan	Dec 2012	3,600	4,930	32	0
7	KOSDAQ	Access Bio Inc	United States	May 2013	4,500	5,390	82	(1)
8	KOSDAQ	China Crystal New Material Holdings Co Ltd	China	Jan 2016	3,000	876	71	6
9	KOSDAQ	Rothwell International Co Ltd	Hong Kong	Jun 2016	3,200	657	369	13
10	KOSDAQ	Heng Sheng Holding Group Ltd	Hong Kong	Aug 2016	3,600	226	85	2
11	Korea SE	LS Eco Energy Ltd	Vietnam	Sept 2016	8,000	34,550	591	24
12	Korea SE	HwaSeung Enterprise Co.,Ltd	Vietnam	Oct 2016	15,000	7,560	1,094	23
13	KOSDAQ	Englewood Lab Inc	United States	Oct 2016	6,000	13,030	134	14
14	KOSDAQ	Great Rich Technologies Ltd	Hong Kong	Oct 2016	5,000	2,955	627	82
15	KOSDAQ	Organic Tea Cosmetics Holdings Co Ltd	Hong Kong	Nov 2016	4,000	434	119	(34)
16	KOSDAQ	Coloray International Investment Co Ltd	Hong Kong	Aug 2017	3,800	775	33	1
17	KOSDAQ	Kolon TissueGene, Inc	United States	Nov 2017	27,000	41,100	4	(25)
18	KOSDAQ	JTC Inc	Japan	Apr 2018	8,500	6,890	227	57
19	KOSDAQ	Wing Yip Food China Holdings Group Ltd	Hong Kong	Nov 2018	2,000	1,121	142	10
20	KOSDAQ	Psomagen Inc	United States	Jul 2020	11,000	3,830	32	(5)
21	KOSDAQ	Ghost Studio Co Ltd	Hong Kong	Aug 2020	27,000	10,070	63	6
22	Korea SE	Prestige Biopharma Ltd	Singapore	Feb 2021	32,000	14,700	1	(41)
23	KOSDAQ	NeolimmuneTech, Inc.	United States	Mar 2021	7,500	1,079	0	(30)

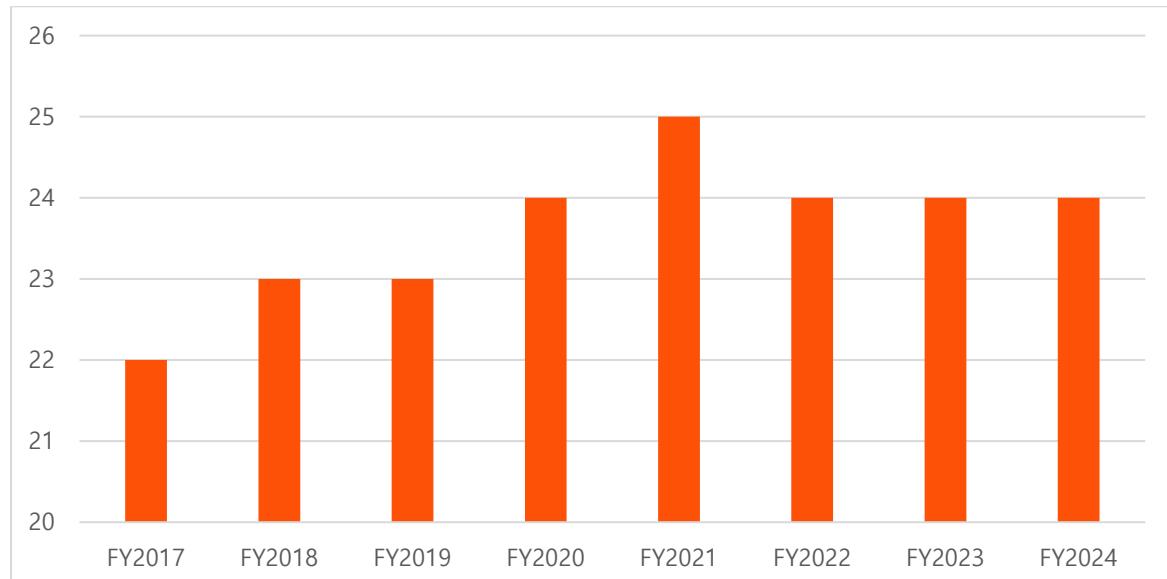
Delisted companies are excluded

*1 Price per share

*2 Financial information of 2024 is converted into USD using fiscal year-end exchange rate.

Source: Bloomberg, DART

IPOs of foreign companies on KRX by year



	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Jun-25	Total
Newly listed	24 ^{*1}	2	1	2	2	0	0	0	0	40
Delisted^{*2}	2	1	1	1	1	1	0	0	1	17
Cumulative	22	23	23	24	25	24	24	24	23	23

^{*1} The number of newly listed companies in FY2017 includes 20 companies that had already been listed prior to that fiscal year.

^{*2} Including voluntary and involuntary delisting due to a disclaimer audit opinion, embezzlement, or failure to meet the market capitalization requirement.

Listing requirement for foreign companies

All the necessary documents for listing should be written in Korean.

- Companies should submit both the eligibility review application for listing and the statement of registration of stocks in Korean.
- English-based financial statements may optionally be attached for informational purposes.

Applicable Accounting Standards

- Financial statements shall be prepared in accordance with one of the following accepted accounting standards: K-IFRS, IFRS, or US GAAP.
- Once selected, the accounting standard shall not be changed after listing.

02. Listing requirements

Listing standards

The KRX consists of four markets, of which two, KOSPI and KOSDAQ, are considered the main markets. Based on the company's industry group and size, and other relevant criteria, it will select one of the two markets.

Listing requirements of KOSPI market and KOSDAQ market include both qualitative and quantitative aspects which are discussed further in detail over the subsequent sections.

Qualitative requirements for both markets

1. Company's continuity

- Stability: continuity of operation, stability of financial position, operating history, and level of customer satisfaction.
- Growth potential: periodic cycle of industry growth, diversification of sales item and customers, R&D and new product development
- Case of a lawsuit, legal dispute: impact which major lawsuits (feud over patent or management control) have on business

2. Management's transparency

- Structure of corporate governance: major shareholders, management, non-executive directors, audit committee, and compliance officers
- Internal control system: design and operating effectiveness of the internal control system including internal accounting control system, and transaction with related parties including major shareholders
- Transparency in accounting: establishment of accounting system and accounting standard, external auditor, audit opinion, and accounting supervision
- Environmental, Social, and Governance (ESG): establishment and operation of the ESG management framework

3. Investor protection

- Transparency in disclosure: staff and organization for public announcement
- Protection of minority shareholders: excessive shares of major shareholders, issuance of convertible debt, right of small shareholders, and safeguard deposit
- Soundness of liquidity and stock market: diversification, protection of liquidity, and settlement of argument for duplicate listing
- Professional expertise of lead underwriter: professional execution, calculation of public offering price

Quantitative requirements for KOSPI market

Criteria	Requirements
Operating history	At least 3 years
Capital size	Over KRW 30 billion of shareholders' equity Over 1 million shares to be listed
Share distribution (to satisfy A,B and C)	<p>A. To meet any one of the following shares requirements:</p> <ol style="list-style-type: none"> 1. At least 25% of shares or 5 million shares held by public shareholders (for companies with 50 million or more shares to be publicly offered, 10% of the total shares to be held by public shareholders) 2. At least 25% of shares or 5 million shares to be publicly offered (for companies with 50 million or more shares to be publicly offered, 10% of the total shares to be publicly offered) 3. At least 10% of shares to be publicly offered & At least the No. of the public offered shares should be as follows <ul style="list-style-type: none"> • 1 million shares: KRW 50~100 billion Equity Capital or KRW 100~200 billion Market Capitalization • 2 million shares: KRW 100~250 billion Equity Capital or KRW 200~500 billion Market Capitalization • 5 million shares: KRW 250~500 billion Equity Capital or more than KRW 500 billion Market Capitalization 4. In case of the simultaneous offering in Korea and abroad, at least 10% of shares to be publicly offered in Korea or abroad; and 1 million shares to be publicly offered in Korea. <p>B. At least 500 public shareholders</p> <p>C. No restriction placed on the transfer of shares</p>
Financial requirements (to choose one of the options)	<p>A. To meet all of the following 'Sales & Profit requirements'</p> <ol style="list-style-type: none"> 1. Sales over KRW 100 billion for the latest fiscal year and average sales over KRW 70 billion for the recent 3 fiscal years 2. Positive operating income, income from continuing operations before tax and net income for the latest fiscal year 3. ROE and income (Either i, ii or iii) <ul style="list-style-type: none"> i. ROE: 5% of ROE for the latest fiscal year and 10% of ROE for the recent 3 years ii. Income: Net income of KRW 3 billion for the latest fiscal year and an aggregate of KRW 6 billion in the recent 3 years iii. For a company over KRW 100 billion of shareholders' equity: in the recent fiscal year, 3% of ROE or net income of KRW 5 billion and positive cash flow from operating activities <p>B. To meet all of the following 'Sales & Market capitalization requirements'</p>

	<p>1. Sales: Higher than KRW 100 billion of the latest fiscal year 2. Market capitalization: Higher than KRW 200 billion</p> <p>C. To meet all of the following 'Net income & Market capitalization requirements' 1. Net income: Higher than KRW 5 billion of the latest fiscal 2. Market capitalization: Higher than KRW 200 billion</p> <p>D. To meet all of the following 'Market capitalization & Equity capital requirements' 1. Market capitalization: Higher than KRW 500 billion 2. Equity Capital: Higher than KRW 150 billion</p> <p>E. To meet the following 'Market capitalization requirement' 1. Market capitalization: Higher than KRW 1,000 billion</p>
Audit opinion	<p>A. Unqualified opinion for the latest fiscal year</p> <p>B. Unqualified opinion or qualified opinion (excluding the qualified opinion due to scope limitation) for the recent two fiscal years</p>
Change of auditors	Auditors should not be changed within 3 years from the application year for listing eligibility review
Mandatory holding	<p>A. The largest shareholder and related parties of an applicant for initial listing: 6 months from the listing date</p> <p>B. Any person who has acquired the stocks held by the largest shareholder and related parties of an applicant for initial listing within 1 year prior to the application date for listing eligibility review: 6 months from the listing date</p> <p>C. Any person who has acquired the stocks, etc. issued by way of the third-party allotment by an applicant for initial listing within 1 year prior to listing eligibility review: 1 year from the issuance date</p>
Corporate governance	<p>1. Non-executive directors should be at least 1/4 of total number of directors (A company with total asset of KRW 2 trillion, the number of non-executive directors should be at least 3 directors and 1/2 of total number of directors)</p> <p>2. For a company with total assets of KRW 2 trillion, an audit committee is required and at least 2/3 of the committee members should be non-executive directors</p> <p>3. For a company with total assets of KRW 100 billion, it is required to have a full-time internal auditor</p>
Accounting standards	K-IFRS (IFRS as adopted by Korea)

Quantitative requirements for KOSDAQ market

Criteria	Requirements	
	General Company [Venture Company*]	Technology Growth Company
Operating history	No requirements	
Capital size	No requirements	
Share distribution (fall under any of the following items)	<p>A. Number of minority shareholders at least 500 and either (i) or (ii)</p> <ol style="list-style-type: none"> 1. less than 25% of shares held by minority shareholders: at least 10% of stocks to be publicly offered and at least 25% of stocks held by minority shareholders 2. at least 25% of shares held by minority shareholders: at least 5% of stocks to be publicly offered and the aggregate value of securities exceeding KRW 1 billion <p>B. Number of minority shareholders at least 500, at least 10% of stocks to be publicly offered and at least 25% of stocks held by minority shareholders, and at least the No. of shares should be as follows:</p> <ul style="list-style-type: none"> - 1 million shares: KRW 50~100 billion Equity capital or KRW 100~200 billion Market capitalization - 2 million shares: KRW 100~250 billion Equity capital or KRW 200~500 billion Market capitalization - 5 million shares: KRW 250~500 billion Equity capital or more than KRW 500 billion Market capitalization <p>C. Number of minority shareholders at least 500, and at least 25% of shares to be publicly offered</p> <p>D. Number of minority shareholders at least 500, at least 20% of shares to be publicly offered in Korea and abroad, and at least 300 thousand shares to be publicly offered in Korea</p> <p>E. Number of minority shareholders at least 500, and either (i) or (ii)</p> <ol style="list-style-type: none"> 1. at least 25% of shares through public offering held by minority shareholders 2. at least 10% of shares held by minority shareholders and at least the No. of shares should be as follows: <ul style="list-style-type: none"> - 1 million shares: KRW 50~100 billion Equity capital or KRW 100~200 billion Market capitalization - 2 million shares: KRW 100~250 billion Equity capital or KRW 200~500 billion Market capitalization - 5 million shares: KRW 250~500 billion Equity capital or more than KRW 500 billion Market capitalization 	
Financial performance requirements (fall under any of the	<p>A. Profitability, sales or others: to meet any one of the following</p> <ol style="list-style-type: none"> 1. Income from continuing operations before tax of KRW 2 	<p>A. Equity capital of KRW 1 billion or B. Market capitalization of KRW</p>

Criteria	Requirements	
	General Company [Venture Company*]	Technology Growth Company
following items)	<p>billion [VC: 1 billion] and ii) market capitalization of KRW 9 billion</p> <p>2. Income from continuing operations before tax of KRW 2 billion [VC: 1 billion] and ii) equity capital of KRW 3 billion [VC: 1.5 billion]</p> <p>3. Positive income from continuing operations before tax, ii) market capitalization of KRW 20 billion, and iii) sales of KRW 10 billion [VC: 5 billion]</p> <p>4. Income from continuing operations before tax of KRW 5 billion</p> <p>B. Market valuation/Potential growth – Tesla policy: to meet any one of the following</p> <p>1. Market capitalization of KRW 50 billion, ii) sales of KRW 3 billion, and iii) average growth rate of 20% in recent two years</p> <p>2. Market capitalization of KRW 30 billion, and ii) sales of KRW 10 billion [VC: 5 billion]</p> <p>3. Market capitalization of KRW 50 billion, and ii) PBR of 200% after offering</p> <p>4. Market capitalization of KRW 100 billion</p> <p>5. Equity capital of KRW 25 billion</p> <p>6. In case of listing transfer from KONEX, i) market capitalization of at least KRW 7.5 billion, ii) average daily trading amount on KONEX of at least KRW 10,000 and iii) 20% of shares held by minor shareholders</p>	<p>9 billion</p> <p><u>Technology assessment</u>: the result of technology assessment provided by the professional appraisal agency and expert group are <u>A & BBB</u> grades or above (Foreign companies: A & A grades or above) within 6months from preliminary examination application</p> <p><u>Sponsor recommendation</u>: Foreign companies shall be recommended by qualified listing sponsors who have;</p> <ul style="list-style-type: none"> i) listing track record in recent three years ii) no record of the sponsored companies being delisted after two years from the listing date, in recent three years iii) if ii) are not satisfied, then IB will temporarily lose its eligibility to sponsor the foreign company.
Audit opinion	Unqualified opinion for the latest fiscal year **	
Restriction on transfers of shares	No restriction placed on the transfer of shares	

Criteria	Requirements	
	General Company [Venture Company*]	Technology Growth Company
Change of auditors	Auditors should not be changed within 3 years from the application year for listing eligibility review	
Corporate governance	1. At least 3 directors should be appointed with outside/non-executive directors making up at least 1/4 of total number of directors (a company with total assets of KRW 2 trillion or more, should appoint at least 3 directors with the number of non-executive directors making up at least 1/2 of total number of directors)	
	2. For a company with total assets of KRW 2 trillion or more, an audit committee is required with at least 2/3 of the audit committee members being outside/non-executive directors	
	3. For a company with total assets of KRW 100 billion or more, a full-time internal auditor is required	
Accounting standards	K-IFRS (IFRS as adopted by Korea)	

* Classification as a Venture Company needs to be certified by the Korea Venture Business Association

** However, in practice, unqualified opinion for the recent two prior years is advised for a successful listing
Foreign companies shall be established in the "Qualified countries". Qualified countries are where qualified stock exchanges (such as, NYSE, NASDAQ, Euronext, Hong Kong, and etc.) are located.

Separate requirements for foreign applicants

Internal Accounting Control System

In order to enhance transparency in accounting, foreign companies should establish and operate an internal accounting control system for the recent 3 months prior to date of preliminary examination and should have operating reports that indicate the followings.

- Internal accounting control system policies and organization structure with management and operating function of internal accounting controls
- Internal accounting control system operating status report which has been addressed to the Board of Directors and Audit Committee (or internal auditor)
- Assessment report on the above 'Internal accounting control system operating status report' reported to the Board of Directors by the Audit Committee (or internal auditor)
- Review report from the external auditors on internal accounting control system
- The authentication (signature) of the CEO regarding appropriate operation of the internal accounting control system

Coverage of internal accounting control system

- If the company establish and operates internal accounting control system under the domestic law, materials relating to domestic law, instead of the documents mentioned, can be submitted.
- Post-IPO, foreign listed companies should submit documents related to the internal accounting control system, in accordance with the same requirements as Korean listed companies, at the time of filing the annual report.

Internal accounting control system in major countries

- United States of America: to strengthen internal controls after big accounting frauds like Enron's collapse, Sarbanes Oxley Act was legislated in 2002
- Japan: following SOX laws of the United States, internal control system was reflected on the law of Financial Instruments and Exchange in 2005, and enforced in April 2008
- China: "Notifications for quality improvement of a listed company" in CSRC 2005, required the internal control for listed companies.
- India: Audit opinion on effectiveness of internal control system is required to all listed companies and non-listed companies based on Companies Act, 2013 and ICAI.
- Hong Kong: Internal control and risk management is required under the Corporate Governance Code in 2005.

Comfort Letter on the preliminary registration statement

Comfort letters from the external auditor are required for both preliminary examination application documents (preliminary registration statement) and Securities Registration Statements documentation.

External Auditor Requirements

Criteria	Requirements
A. Korean Audit Firm	
Operating history	Should have existed for more than 5 years
Number of experts	Should have more than 50 CPAs
Revenue	Should have revenue of at least KRW 10 billion for the latest fiscal year
Ability to compensation	Should have more than KRW 2 billion of compensation reserve fund and compensation joint fund in total or should be covered by professional liability insurance
International alliances	Audit quality management agreement with an international accounting firm with offices over 30 countries and over 2,000 qualified accountants
Actions of financial authorities	No registration cancellation or suspension of all or part of services by Securities & Futures Commission for the recent 3 years
B. Foreign Audit Firm	
Operating history	Should have existed for more than 5 years
Number of experts	Should have more than 50 CPAs
Revenue	Should have revenue of at least KRW 10 billion for the latest fiscal year
International alliances	<ul style="list-style-type: none"> • For foreign companies not listed on a foreign stock exchange: : Audit quality management agreement with an international accounting firm with offices over 100 countries and over 100,000 qualified accountants • For foreign companies already listed on a foreign stock exchange: : Audit quality management agreement with an international accounting firm with offices over 30 countries and over 2,000 qualified accountants

* When foreign companies go IPO, companies shall appoint the same external auditors for 3 years including the application year for listing eligibility review ("Newly listed audit years"). After Newly listed audit years, foreign registrant shall appoint an auditor to conduct an audit for three consecutive years.

** Foreign registrant shall appoint auditors within three months from the date of commencement of business year.

03. Listing Structure for Foreign Companies

Introduction of foreign companies' IPO system through the establishment of domestic holding company (SPC)

There are several listing structures considerations for companies seeking to list on the KRX.

1) Use of Foreign SPC

Foreign applicant in a country with potential legal conflicts or uncertainty may consider using its holding company for listing on KRX. If the company has not yet established a holding company, it is recommended to use an SPC located in already qualified countries such as Hong Kong or the Cayman Islands. Companies not located in qualified countries are allowed to list their shares on KRX only through the establishment of Korean holding company since July 2019 submission of preliminary examination application.

2) Use of SPC in Korea

Foreign applicants are allowed to list their shares on KRX through the establishment of domestic holding company (SPC) having control over the subsidiaries of the foreign companies, to boost corporate value and ensure investor confidence.



The expected benefits would be as follows:

- If foreign companies do IPO through the establishment of domestic holding company (SPC), better communication with investors by the domestic SPC will ensure investors' trust and get positive effect on stock prices
- New means for foreign companies do KRX IPO; holding company exemption can be applied, so that KRX IPO by national firms in appearance can be facilitated.
- IPO system through the establishment of domestic SPC; companies operated overseas are expected to promote KRX IPO more actively.

3) Issuance of KDR (Korean Depository Receipt)

Issuance KDR issuance involves two steps:

1. The underlying shares are held in custody by a designated institution in a foreign jurisdiction.
2. Based on this safekeeping, the Korea Securities Depository (KSD) issues depository receipts (DRs) to investors participating in the IPO.

KDRs are sometimes used when regulatory inconsistencies exist between Korea and the foreign jurisdiction—such as differences in shareholder registry systems or depository frameworks.

As with direct share listings, KDRs require foreign issuers to amend their articles of incorporation and, if permitted under local law, implement investor protection measures such as holding shareholder meetings in Korea.

For a primary listing, the issuer must enter into a Securities Administration Agreement with the KSD. For KDR issuance, the company must enter into a Depository Agreement with the KSD.

04. Listing procedures

Key listing procedures for KRX IPO

The key listing procedures and period by stages for IPO on KRX are outlined as follows:

Stage	Duration	Procedures
Advance Preparation	2 months	<ul style="list-style-type: none"> Formation of working group including auditor, underwriter, legal council Initial tapping with KRX Preparation of timetable for K-IPO Prepare IPO vehicle; <ul style="list-style-type: none"> - Tax status, - Ownership structure - Corporate structure
IPO Preparation	6-18 months	<ul style="list-style-type: none"> IFRS Conversion for historical financial statements Audit of the financial statements K-SOX implementation Review of K-SOX Due Diligence by underwriter and legal council Obtain technical evaluation report, if applying for technical IPO
Listing Eligibility Review	3-6 months	<ul style="list-style-type: none"> Application for listing eligibility review (about 12 weeks examination period for foreign companies) * Issue comfort letter to be attached to eligibility review application (ERA) Response to regulator review comments Drafting offering circular (i.e. Securities Registration Statements, SRS)
Public Offering	1 month - 3 months	<ul style="list-style-type: none"> Issue comfort letter to be attached to be attached to SRS Filing of the SRS Investor Relations (IR) meetings Finalizing offering circular & pricing Subscription and allocation
Listing	3 days	<ul style="list-style-type: none"> Application for initial listing Listing approval & trading

* KRX sends the notice of eligibility clearance within three months (65 business days) in case of an application being filed by a foreign applicant in case of an IPO, but within two months (45 business days) in case of secondary listing

It generally takes at least 12 months for foreign companies from signing of a principal underwriting agreement to completion of KRX IPO.

05. Continuing obligation

Public disclosure

As important information of a listed company may have impact on investors' decision-making process, it should be disclosed publicly. Prompt and timely disclosure of corporate governance, accounting transparency and business affairs can settle inequality of information, ensure fairness of stock exchange and protect investors.

Periodic disclosure

Listed companies should regularly release their operating performance and financial position together with other relevant information.

- Annual report: release the annual business report within 120 days after fiscal year-end (90 days for domestic companies)
- Semi-annual/quarterly report: release semi-annual/quarterly reports within 60 days after semi/quarter end (45 days for domestic companies)

Note: In case of a foreign company primarily listed on an overseas exchange, it should publish the annual business report and semi-annual/quarterly reports within 10 days from date of reporting to the overseas exchange.

Timely disclosure

The listed company should disclose significant events concerning its financial status, change of management, operational and production activities, receivables and liabilities, investment activities, profit and loss analysis, financial settlements and legal actions, and further disclose significant events of its holding and subsidiary companies.

Special Disclosure

The listed company should disclose the information relating to major corporate events such as a merger, stock exchange, business or major assets transfer, repurchase and disposal of treasury stock, etc.

Inquired disclosure

The listed company should respond to the disclosure inquiries from KRX on occasion of market rumors and media coverage on its operational performance or sudden or abnormal fluctuation in its stock price and trading volume.

Voluntary disclosure

The listed company may disclose in its discretion the information that might have impact on its business or the investors' investment decision.

Fair disclosure

The listed company should disclose future business plans and profit forecast before sharing them with specific third parties, such as institutional investors.

Investor protection policy regarding foreign applicants

Basis	Type	Details
Capital Market Act	Corporate disclosure	Registration statement, annual business report, semi-annual report, quarterly report etc.
	Change of management disclosure	Public tender, 5% rule, report of shares held by executives etc.
	Prohibition of unfair trade	Stock price manipulation, insider trading, fraudulent trading etc.
	Financial exemption for listed companies	Financial management standard, Measurement standard of Financial Services Commission
Listing Regulation	Essential items in articles of incorporation	Outside director, audit committee, restriction of third-party allotment etc.
	Enhancement of transparency in accounting	Qualification restriction of external auditor, restriction of change in accounting standard etc.
	Prior consultation	Preliminary discussion at the time of application, appointment of listing agent, etc.
Disclosure Regulation	Corporate disclosure	Timely disclosure of the significant events

06. What help you should seek

Accounting firm

- Evaluation of approach and plans to access the capital market in Korea
- Issuing audit opinion on the financial statements in accordance with local regulatory auditing requirements to be included in the registration statement
- Advisory on GAAP conversion (K-IFRS, IFRS or US GAAP)
(Once selected, the accounting standard may not be changed after listing)
- Analysis for determination of optimal IPO vehicle and deal structure, to maximize IPO value
- Advisory on Internal control over financial reporting (i.e., risk and control mapping, segregation of duty analysis, GAP analysis, and operation support)
- Review of registration statements and offering documents
- Issuance of comfort letters on the registration statement

Underwriter

- Investigation and confirm the data of applicant's business performance and related issues
- Consultation with respect to the listing requirements
- Performance of due diligence and analysis of securities
- Marketing the shares offered
- Check the details on all aspects of the offering documents
- Book-building and pricing of the shares to be offered and underwriting the shares floated

Legal councils

- Review of registration statements and offering documents
- Performance of legal due diligence on the issuer
- Preparation of underwriting agreements
- Co-ordination of the comfort letter process on behalf of the underwriters

07. What we can do

For many years, Samil PwC Capital Markets Group ('CMG') has provided services in relation to debt and equity security offerings on the Korean capital market. We provide our clients with a one-stop service that is comprehensive and continuous, from the initial stage through to the completion of their offering.

Services provided by Samil PwC relating to KRX IPO

Stage	Services
Pre-offering Support/Advice	Analysis and advise on listing requirements of the Korea Stock Exchange
	Formulate offering strategy
	Financial audits/reviews
	Advise on procedures and roles of various working parties involved in the offering (issuing company, accountant, underwriter, legal councils)
	Assist in GAAP conversion (adoption of IFRS)
	Assist in financial reporting infrastructure improvements (Financial audits for listing eligibility review)
During offering	Coordinate and support various meetings (i.e. kick-off meeting, due diligence meeting, offering circular drafting sessions, etc.)
	Support client for effective communication with working parties
	Support client with review of offering documents
	Issue requested letters (i.e. comfort letter, bring-down letter) with circle-up on financial information included in offering documents
	Financial audits/reviews
On-going support	Advise on regulations required by Korean regulators to our clients and advise on the best alternatives
	Financial audits/reviews
	Review and advise on going disclosures and document filings
	Offer financial reporting training services in order to comply with all the changes to IFRS, US GAAP or K-IFRS

08. PricewaterhouseCoopers

PricewaterhouseCoopers('PwC'), the world's largest professional services organization, has been creating value for our clients, our people and the communities we live and work in. PwC together has one common purpose – to build trust in society and solve important problems.

Samil PwC, the Korean network firm of PwC, is committed to helping clients achieve success in their global business endeavors. Samil PwC has more than 3,000 devoted professionals committed to providing innovative solutions which enable our clients to gain competitive advantages in highly volatile circumstances in three areas:

Assurance

- ✓ Audit and attestation services
- ✓ Accounting Advisory Services
- ✓ IFRS Conversions and Adoptions
- ✓ Cross-Border IPO and Capital Market Services
- ✓ Risk Assurance Services (data, 3rd-party, IT risk assurance)
- ✓ Internal Audit Services
- ✓ Internal Control Advisory Services

Tax

- ✓ Domestic and International Tax Advisory
- ✓ Transfer Pricing
- ✓ Assistance with the drafting of the ruling requests and explanations of facts and issues to the relevant authorities
- ✓ Real Estate Investment and Development Consulting
- ✓ Overseas Solution

Deal Business

- ✓ Corporate Finance and M&A Advisory
- ✓ Acquisitions and Financial Due Diligence Advisory
- ✓ Private M&A Deal Advisory
- ✓ Real Estate and Infrastructure Advisory
- ✓ Corporate Valuation Consulting
- ✓ Business Dispute Analysis and Investigation
- ✓ M & A strategy and post-merger integration services
- ✓ Corporate and Financial Institutions Restructuring Advisory
- ✓ Energy and Resource Development Advisory

09. Our Experts



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