

**MEMO# 9691**

February 20, 1998

# **INSTITUTE LETTER ON KOREAN MINIMUM CAPITAL REQUIREMENTS**

[9691] February 20, 1998 TO: INTERNATIONAL COMMITTEE No. 8-98 RE: INSTITUTE LETTER ON KOREAN MINIMUM CAPITAL REQUIREMENTS

Attached is a copy of the Institute's letter to the Korean Ministry of Finance and Economy requesting that Korea significantly reduce or eliminate its 30 billion Won minimum capital requirement on investment trust management companies (ITMCs). Since 1996, foreign firms have been permitted to enter the Korean market by setting up joint venture ITMCs with Korean firms subject to, among other things, the minimum capital requirement and a 49% limitation on foreign ownership. While the limitation on foreign ownership is set to expire in December 1998, the minimum capital requirement will remain. In the letter, the Institute urges Korea to significantly reduce or eliminate the requirement, arguing that it is not needed for investor protection and will operate as a barrier to entry for foreign firms. Robert C. Grohowski Assistant Counsel Attachment

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