Cross-Border Listings Guide - South Korea Stock Exchange

Overview of exchange

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# Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

The Korean stock market started in January 2005, when the Korean Stock Exchange was created through integration of different domestic markets.

The KRX is one of the most liquid markets in the Asia region, having experienced more than 200% growth in trade volume since 2020. It has also actively sought foreign companies to list on the KRX in order to attract foreign investors. To increase its capability on an international stage, it has been coordinating with other stock exchanges to share information, promote IT consulting and development of new products.

There are three main markets in the KRX where issuers may list their securities:

The KOSPI Market (Korea Composite Stock Price Index) is the main board of the KRX and many of the blue-chip companies are listed on the KOSPI Market, including Samsung Electronics, SK Hynix, LG Energy Solution and Hyundai Motors.

As of 5 January 2024, 839 companies are listed on the KOSPI Market, representing an increase from 826 companies in January 2023. Out of the listed companies, two are foreign companies, and the number of foreign companies has not changed since January 2023.

The current total market capitalization of the KOSPI Market is KRW 2,075 trillion (approximately US$1.60 trillion), representing a year-on-year increase of nearly 16% (from KRW 1,791 trillion (approximately US$1.38 trillion) in January 2023).

The KOSDAQ Market (Korea Securities Dealers Automated Quotation) was created in 1996 and venture, small and medium sized companies are mainly listed on the KOSDAQ Market.

As of 5 January 2024, 1,700 companies are listed with the KOSDAQ Market, representing an increase from 1,611 companies the previous year. Out of the listed companies, 20 are foreign companies, and the number of foreign companies has not changed since January 2023.

The current total market capitalization of the KOSDAQ Market is KRW 426 trillion (approximately US$328.02 billion), representing a year-on-year increase of more than 35% (from KRW 315 trillion (approximately US$242.55 billion) in January 2023).

The KONEX Market (Korea New Exchange) was created in 2013 to support financing of companies that have growth potential but do not meet the requirements of the KOSDAQ Market.

As of 5 January 2024, 129 companies (no foreign companies) are listed, with total market capitalization of KRW 3.9 trillion (approximately US$3.00 billion), representing a year-on-year increase of 2.6% (from the KRW 3.8 trillion (approximately US$2.93 billion) in January 2023).

The primary regulatory authority involved in listing on the exchange is the Financial Services Commission, a government regulatory authority overseeing the KRX.

The KRX has one set of listing requirements, which apply to both primary and secondary listings. However, the KRX will exempt or waive certain requirements on the rules for issuers seeking a secondary listing. The KRX exempts a mandatory holding period for shares in the case of secondary listings and certain requirements for share distribution of the company applying for secondary listing in the KRX. It also exempts the evaluation of the qualitative requirements for listing in cases where a company has been listed for over five years on a designated foreign exchange market such as the NYSE, Nasdaq or Euronext) and meets certain requirements regarding capitalization amount and sales (see section 6 for more detail).

The difference in listing requirements for domestic and foreign listings is laid out in section 2.

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