

July 7, 2026

DETAILS OF SPLIT LISTING¹ REGIME REFORM FINALIZED

- Key Contents and Practical Implications of KRX Regulation Amendments and Guidelines

I. BACKGROUND AND HISTORY OF SPLIT LISTING REGIME REFORM

On July 7, 2026, the Financial Services Commission (FSC) and the Korea Exchange (KRX) initiated a formal public consultation on proposed amendments to the KRX listing and disclosure regulations and the split listing guidelines, which set out detailed standards for the in-principle prohibition of dual-listings with limited exceptions.

The proposals, developed following the announcement of the "Plan on Capital Market Structural Reform" (March 18, 2026) and three rounds of public seminars and stakeholder consultations, are expected to be finalized after the notice period (ending July 14, 2026) and approval by the Securities and Futures Commission and the FSC.

II. KEY CONTENTS

1. Scope of Application

The split listing regulations apply when a listed parent company lists an unlisted company that is substantially controlled by it or that is effectively within the same economic group with such listed parent. The regulations apply if any of the following criteria is met:

CATEGORY	DETERMINATION CRITERIA
Subsidiary under the External Audit Act	A subsidiary subject to consolidated financial statements under the External Audit Act (based on the three control requirements under K-IFRS 1110)
Affiliate under the Fair Trade Act	Affiliates in a vertical control relationship: ① An affiliate in which the parent holds 20% or more equity interest; or ② An affiliate in which such affiliate holds more than 50% equity interest (including second-tier and third-tier subsidiaries)

¹ Also translated as "duplicate listing" or "overlapping listing" by some other commentators.

2. Five Obligations of the Parent Company Board of Directors (Duty of Loyalty to Shareholders)

The parent company board of directors must fulfill the following five obligations, which specify the duty of loyalty to shareholders under the Commercial Act, and throughout the course of fulfilling these obligations, must have an independent special committee* deliberate and resolve in advance.

OBLIGATION	KEY DETAILS
① Shareholder Impact Assessment	Assessment of the impact of split listing on the general shareholders (anticipated discount effect, dividend and equity sale effects, etc.)
② Shareholder Protection Measures	Establishment of shareholder protection measures such as in-kind distribution of subsidiary shares, treasury share cancellation, etc.
③ Shareholder Communication and Confirmation of Consent	Communication with shareholders based on impact assessment and protection measures; explicit confirmation of shareholder consent through a general shareholders' meeting, where necessary
④ Board Resolution (For/Against) and Notification to Subsidiary	Following deliberation and resolution by the special committee, the board conducts a for/against resolution and notifies the subsidiary of the result
⑤ Disclosure	Disclosure of each step of the fulfillment of the above obligations; if shareholder consent is not confirmed through a general shareholders' meeting, reasons therefor must also be disclosed

***Independent Special Committee Requirements:** ① Composed of three or more directors or external experts meeting the outside directors (including independent directors in accordance with the amended Commercial Act scheduled to take effect on July 23, 2026) qualification requirements; and ② chaired by an outside director, or outside directors and external expert members constitute at least two-thirds of the committee.

****The same obligations apply equally when listing a subsidiary on a foreign exchange.**

3. Special Review Standards for Split Listing

In addition to the general listing review standards, the split listing of a subsidiary must also satisfy all of the following special review standards:

- 1) Independence of Operations and Management

- The subsidiary's principal business operations must not be excessively dependent on the parent company
 - Decision-making on material management matters must be substantively independent from the parent company
- 2) Compliance with the Five Board Obligations and Affirmative Resolution
- The parent company board's five obligations must have been faithfully performed and a final affirmative resolution must be passed by the board
- 3) Protection of Parent Company Investors – Shareholder Consent Requirement
- Shareholder consent is recommended in principle as the standard for determining the sufficiency of shareholder protection.
- : The voting standard for shareholder consent follows the "3% rule" analogous to the election of audit committee members under the Commercial Act — voting rights exceeding 3% are restricted; approval of a majority of the shares present at the meeting is required; and at least one-quarter of total voting rights must approve.
- However, the shareholder consent requirement is applied differently depending on the type of subsidiary, as follows:

SUBSIDIARY TYPE	SHAREHOLDER CONSENT REQUIREMENT
Subsidiary from Vertical Spin-off	Shareholder consent mandatory (no exceptions)
Ordinary Subsidiary (other than Vertical spin-off)	If shareholder consent obtained → compliance presumed; If no shareholder consent → subject to rigorous case-by-case review
Non-material Subsidiary*	Compliance presumed solely upon fulfillment of the board's five obligations and affirmative resolution (shareholder consent exempted)

* **Non-material Subsidiary Criteria:** Where revenue, operating profit, and assets of the subsidiary each account for less than 10% relative to the parent company. However, the exemption does not apply if the subsidiary is deemed a material subsidiary in view of its anticipated enterprise value.

III. IMPLICATIONS

- Going forward, as the full performance of the parent company board's five obligations and efforts to protect general shareholders will become the core review criteria for split listings, it will be necessary to proactively prepare from the early stages of IPO planning—including the formation of a special committee, shareholder impact assessment, and the design of protection measures.

- For subsidiaries from vertical spin-offs, as shareholder consent is mandatory, careful review of the general shareholders' meeting agenda design and voting rights structure (3% rule) is required. It should also be noted that the parent company's five obligations apply equally when listing a subsidiary on a foreign exchange.
- As the proposed rule amendments and guidelines are expected to be finalized following the advance notice period (ending on July 14, 2026), companies currently pursuing or planning a split listing should submit their views and comments within the notice period, as necessary, and be proactively prepared in advance to account for the finalized regulations.

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