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KOREA: CAPITAL & REGULATION · JAPAN & KOREA ALLOCATOR INTELLIGENCE #005

Korean Brokers' ₩55.9tn Note Pool Can Buy Offshore Credit — Through Funded Vehicles and Mandates, Not Drawdown Commitments

Korea's big brokers now fund themselves with ₩55.93tn of promissory notes of up to one year, and the pool keeps growing. The mandatory risk-capital quota on that money appears to count only Korean vehicles, so do not pitch it. The opportunity is the rest of the pool, which already buys offshore private credit, but only in forms a short-funded, liquidity-regulated balance sheet can hold.

The FSC gave Meritz Securities final approval on 23 September, making it the ninth licensed issuer of promissory notes. Promissory notes (발행어음) are fixed-return notes maturing within one year. A large broker issues them on its own credit, up to 200% of its equity. Outstanding notes were ₩55.93tn at end-June, up 9.1% in six months and 26% in a year. Meritz alone adds about ₩16.7tn of capacity. Samsung Securities' first promotional note sold out within about two days.

The biggest brokers can also run IMA, a pooled account that pays investment returns and guarantees principal at maturity. IMA is open to brokers with ₩8tn or more of equity, and IMA plus notes may raise up to 300% of equity. Three brokers run IMA: Korea Investment & Securities, Mirae Asset and NH Investment & Securities. Korean brokers raised ₩6.2tn of capital in January–August 2026, already above the ₩4.2tn of all of 2025.

The quota is not the opportunity. Brokers must hold risk capital equal to 10% of their note and IMA funding in 2026, 20% in 2027 and 25% in 2028. Every vehicle on the FSC's list of what counts is Korean: SMEs, venture associations, Korean policy funds, the National Growth Fund and BDCs. On that list, an offshore fund does not help a broker meet the quota. The brokers are ahead of it anyway, at 17.3% on average in Q1 against the 10% floor.

The opportunity is the rest of the pool. At least 70% of IMA money must go into corporate-finance assets, and at least 50% of note money. Real estate is capped and falling to 10%. In practice, overseas credit is held. About 19.7% of Korea Investment & Securities' IMA money, ₩503.4bn, sat in overseas private credit in April. Its IMA No.1 held four overseas private-debt funds in its Q2 top ten, run by Goldman Sachs Asset Management, Ares Management, StepStone Group and Blue Owl Capital, together 17.94% of assets. KIS also agreed a discretionary mandate to invest note money with Carlyle Group.

Three forces cap the offshore share.

- **A pull toward home.** KIS calls its overseas private credit a "bridge asset" until domestic deployment. Mirae Asset Securities' IMA holds none. Korea Investment PE's WltN platform is proprietary group money for Korean infrastructure. It competes with foreign infrastructure GPs; it is not an LP.
- **Liquidity rules from 2027.** From 1 January 2027 liquidity-ratio rules cover all 49 domestic brokers. Undrawn loan and capital commitments count in full as one- and three-month liabilities. This suggests a classic drawdown LP commitment becomes expensive for a broker, while funded or evergreen vehicles do not carry that cost.
- **Balance-sheet stress.** Five large brokers booked a combined ₩803bn H1 bond-valuation loss. Brokers are agent lender on 64 of 251 stalled real-estate project-finance sites.

Market Entry Implication:

機関投資家 — brokers as principal investors (balance-sheet LP). Treat KIS, NH, Mirae and the other note issuers as a new kind of LP. They are funded for one year, they owe retail investors their principal back, and from 2027 they are liquidity-regulated. They want cash-paying corporate credit that can be sized to a mandate and redeemed or run off. A 10-year drawdown equity fund is a poor fit. The route that works is the KIS–Carlyle template: a discretionary mandate funded with note money. Korea is the mirror of Japan here: Japanese lifers are long-funded and duration-hungry, Korean brokers are short-funded and liquidity-bound.

販売会社 — brokers as distributors. The same firms run the retail shelf, and it is a different team. The note and IMA products are themselves sold to retail. Fourteen brokers and ten banks distribute the ₩600bn second National Growth Fund tranche from 30 September. That is a domestic-policy product with no slot for a foreign GP. The foreign-fund shelf runs through deals like KIS–PIMCO, a cash-management agreement plus fund distribution, later SMA and wrap accounts. Never send the principal-investment deck to the distribution desk.

Which GPs Have Opportunities:

GP profile	Why this fits	What they'd need
Senior direct lenders with an evergreen or semi-liquid vehicle	Already held in KIS IMA; cash-paying and redeemable, and avoids the 2027 undrawn-commitment charge	A low PIK share, a KRW-hedged class, quarterly liquidity and reporting a Korean compliance desk can map to "corporate finance"
Multi-strategy credit platforms able to run a discretionary SMA	The KIS–Carlyle mandate is the template	Full deployment on day one and a maturity profile close to one-year funding
GPs with a Korean-registered vehicle (venture association, new-tech finance association, BDC)	Only Korean statutory vehicles appear on the FSC's list of what counts toward the quota	An onshore vehicle and Korean licence
Global infrastructure GPs targeting Korean data centres and power	Korea Investment PE is a WltN proprietary rival in exactly these assets	A co-investor pitch for deals too big for its platform, and a Korean operating partner

Sources: note 7.

Sources

[7] Korean Brokers' ₩55.9tn Note Pool.

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