

Korea Securities Depository's Fee Structure

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01. KSD Profile & Service Structure

Employees

559

(at the end of 2017)

Location

Busan HQ, Seoul Office,
Ilsan Center, 3 branches
Hong Kong Representative Office

Eligible Participants

1,244 Participants

(at the end of 2017)



01. KSD Profile & Service Structure

Core Services

Depository

1. **Securities Deposit**
2. Corporate Action Processing for Deposited Securities
3. Gold Custody & Settlement

Settlement

- **KRX Market Settlement**
- **K-OTC Market Settlement**
- **Institutional Bonds Settlement**

* Unlisted Stock Transaction via Participants
– Both Clearing & Settlement Provided

KSD

Value-Added Services

Securities Financing Services

1. **SLB Intermediary**
2. Repo Service
3. Collateral Management

Asset Management Support

1. **Investment Fund Processing Platform (FundNet)**
2. ETF/ETN Admin.
3. Retirement Pension Platform (PensionClear)

Global Securities Services

1. **Foreign Securities Deposit & Settlement**
2. Corporate Action Processing for foreign Investor
3. Local Custodian/DR/KDR

Other Services

1. E-Voting
2. E-Proxy Solicitation
3. LEI Issuance
4. Indenture Trustee
5. Securities Info Management
6. CSD System Consulting

02. Fee Structure of Core Services

Depository Service Fee

Deposit Fee

Service



Deposit



Book-entry Transfer

Payer

Participants



Basis

Daily Balance

Per Transfer

Fee Rate

- Stock: (KRW5,000 = 1 Share)
 - Bond /Fund/CD/CP: (KRW10,000 = 1 Unit)
- Under 0.1 Billion Share : KRW0.00125 per 1Sh
 0.1 ~ 0.3 Billion Share : KRW0.001 per 1Sh
 Over 0.3 Billion Share : KRW0.00075 per 1Sh

Book-entry transfer: KRW 1,000
 (per case (paid by deliverer))

Settlement Service Fee

Securities Company Fee

Service



All Market Securities
& OTC Stock Sett.

Payer

Brokers
(Securities Companies)

Basis

Trade Value

Fee Rate

Stock: $0.1066\text{bp} \times \text{trade value}$
 + KRW500 per transaction

Bonds: $0.001646\text{bp} \times \text{trade value}$

OTC Bond Settlement Fee



Institutional Sett.
of Bonds

Participants of
Institutional Bond
Settlement System

Trade Value

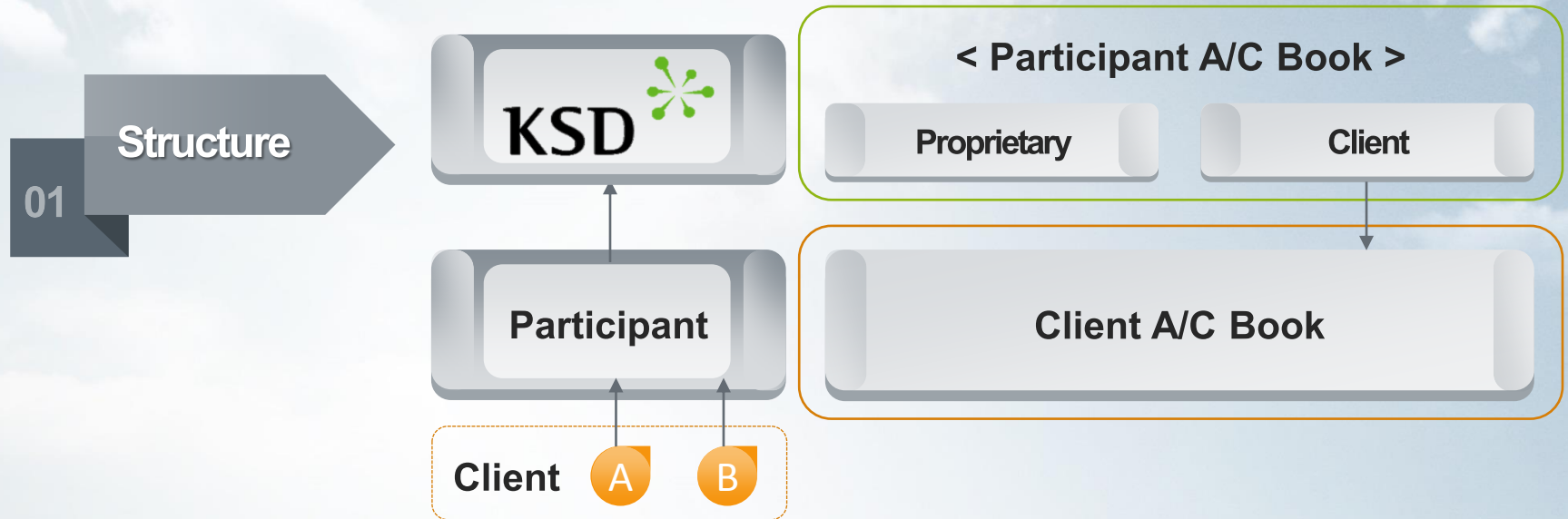
$0.001646\text{bp} \times \text{trade value}$

* Eligible Securities

Type of Security

- ◆ KRX-listed securities
- ◆ Collective investment securities (Limited to beneficiary certificates of investment trust)
- ◆ Unlisted bonds same as listed bonds, but with different offering dates
- ◆ Bonds issued and registered with KSD or the Bank of Korea as the registrar of the bonds
- ◆ Short-term monetary instruments
- ◆ Other securities deemed appropriate by KSD

* Account Structure



02 Legal Effect





Presumption of Possession

- Accountholder is **presumed** to possess the quantity of shares in the respective account book at the time of entry

Delivery

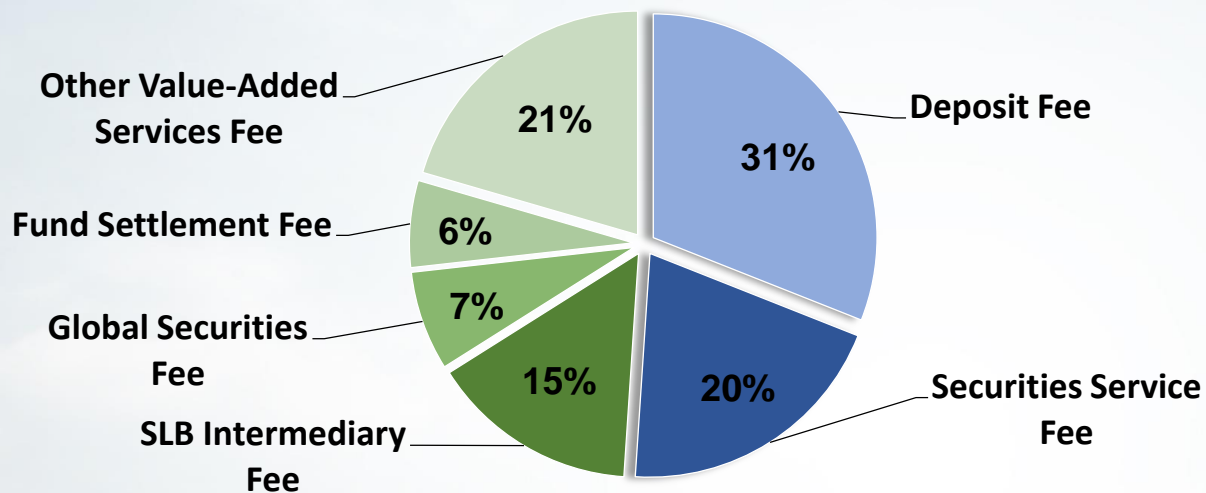
- Book entry transfer has the same effect as the **delivery** of physical certificates

03. Fee Structure of Value-Added Services

Securities Financing Service	Service	Payer	Basis	Fee Rate
SLB Intermediary Fee	 SLB Intermediary Service	Participants of SLB Transactions	Per Transaction	<ul style="list-style-type: none"> If SLB fee is 100bp ↑ : 200bp per annum of SLB fee If SLB fee is 100bp ↓ : 2bp per annum of the value of loaned securities Both calculated daily In Customized Transactions: If the SLB fee is 0%, only the borrower pays 4bp of the value of loaned securities
Asset Management Support Service	 Investment Fund Processing Platform	Investment Fund Trustees	Trust Principal Value	<ul style="list-style-type: none"> Basic Fee Rate : 0.25bp Ship Investment Fund / Real Estate Investment Fund / Special Asset Fund / Discretionary Investment : 0.0625bp <p>*Each rate per daily balance of trust principal value</p>
Global Securities Service	 Foreign Currency Denominated Securities Deposit & Settlement	Participants 	Daily Balance of.. <ul style="list-style-type: none"> Stock : Monthly Avg. Market Price Bonds : Monthly Avg. par value 	<ul style="list-style-type: none"> Fee rates per daily balance * Exchange rate *Varying rates depending on security type (stock/bonds) and investment market Calculated daily, paid monthly
Foreign Currency Denominated Securities Deposit and Settlement Fee				

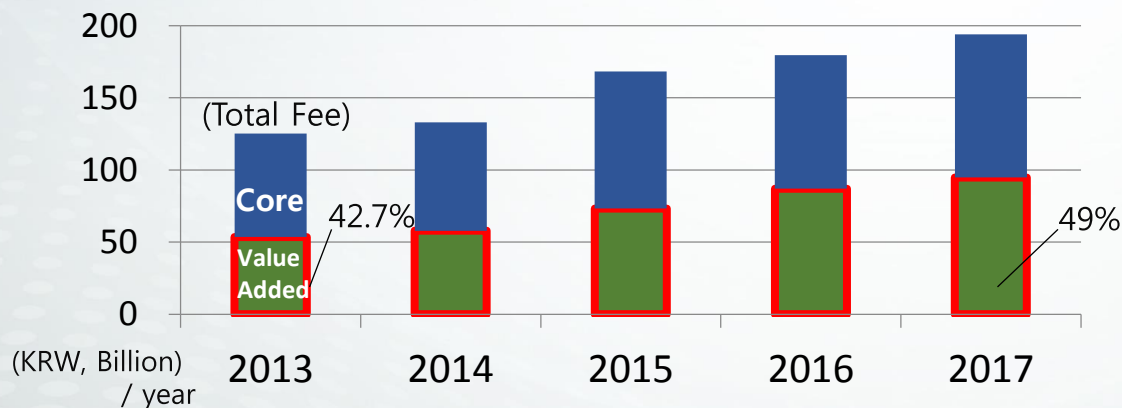
*Income Structure


Fee Revenue Breakdown



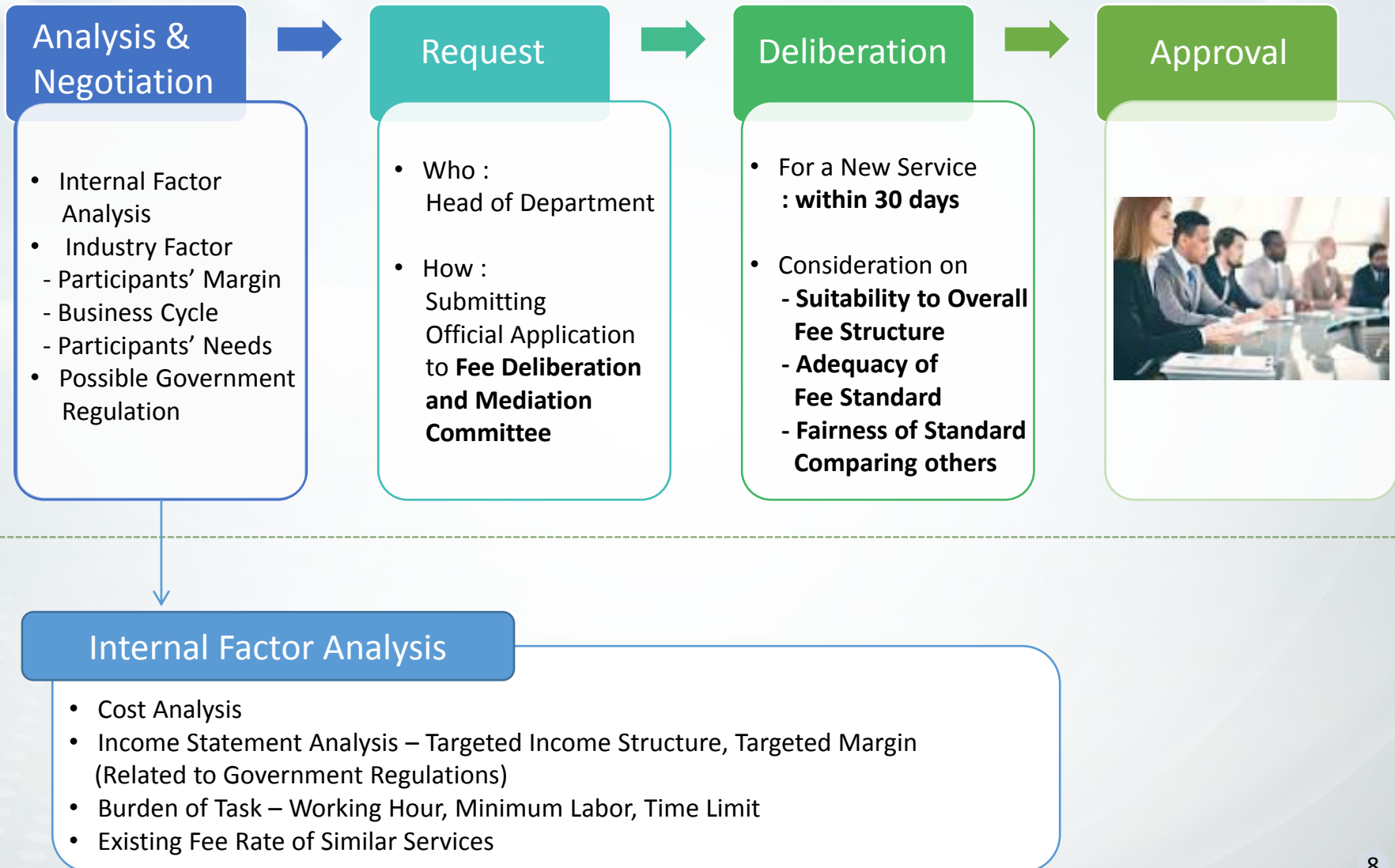
- Income from Core Service Fee - 51%
- Income from Value-Added Service Fee – 49%

Annual Revenue Growth



- Income from Value-Added Service Fee
 - From 42.7% to 49 % of total income
 - From 53 to 94 billion KRW
-  **77% Growth**
(in 5 years)

04. Internal Decision-Making Process for New Service Fees





Thank you

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Appendix : Total Fee Structure

Fee Schedule of Core Services in KSD

Type of Service	Service	Payer	Basis	Fee Rate
Depository	Deposit Fee	Participants	Daily balance	Stock: KRW0.00125 to KRW0.00075 per share
				Bonds: KRW0.00125 to KRW0.00075 per KRW10,000
			Per transfer	Book-entry transfer: KRW 1,000 per case (paid by deliverer)
	Separate Safe Custody Fee	Separate safe custody account holder	Balance under custody	For shares: KRW100 + 0.01 won per share
				For Bonds: KRW100 + 0.01 won per KRW 10,000
	Gold Custody Fee (Gold Spot Market)	Participant	Daily balance per account	0.00022% of the market value
	Gold Settlement Fee (Gold Spot Market)	Participant	Trade value	0.014% of the trade value (calculated daily)
Settlement	Gold Withdrawal Fee (Gold Spot Market)	Participant	Per gold bullion	KRW 20,000 per gold bullion
	Securities Company Fee	Securities companies (brokers)	Trade value	Shares: 0.1066/10,000 of trade value
				Bonds: 0.001646/10,000 of trade value
			Per settlement	Shares : KRW 500
	OTC Bond Settlement Fee	Participants of Institutional Bond Settlement System (excepting collective investment asset settlement)	Trade value	0.001646/10,000 of trade value

Appendix : Total Fee Structure

Fee Schedule of Non-Core Services in KSD

Type of Service	Service	Payer	Basis	Fee Rate
Primary Market Support Services	Securities Agent Services Fee	Companies who appoint KSD as transfer agent	Basic Fee	KRW 1,260,000 to KRW 7 million based on amount of paid-in-capital
			Specific Service Handling	Collected quarterly based on the service processing volume during each quarter
	Electronic Short-term Bonds Registration Fee	Issuer	Issuance value and maturity per issue	Issuance amount x 0.000017 × period to maturity/365 Ceiling: KRW 200,000 / Minimum: KRW 2,000
	Electronic Short-term Bonds Management Fee	Account manager	Daily balance per account	KRW 0.001 per KRW 10,000
	Bond Registration Fee	Bond issuers using KSD's book-entry issuance system	Registration amount	Issuance amount of KRW 10 billion or less: KRW 100,000
				Issuance amount over KRW 10 billion : 1/ 100,000 of the registration amount (Maximum: KRW 500,000)
Securities Financing Services	Repo Management Fee	Repo participants	Per transaction	KRW 20 per KRW 100 million of purchase value
	SLB Intermediary Fee	Participants of SLB transactions through KSD's SLB system	Per transaction	SLB fee is 1% or more : 2% per annum of SLB fee (calculated daily) , SLB fee is 1% or less : 0.02% per annum of the value of loaned securities (calculated daily)
				In Customized Transactions: If the SLB fee is 0%, only the borrower pays 0.04% of the value of loaned securities (The borrower and lender can also agree to split the fees, and each pay 0.02% of the value of loaned securities)
Global Securities Services	Foreign currency denominated securities deposit and settlement fee	Participants	Daily balance (Stock: Monthly average market price, Bonds: Monthly average par value)	Varying rates depending on security type (stock/bonds) and investment market (country)
Asset Management Support Services	Fund Settlement Fee	Investment Fund Trustees	Trust principal value or capital	0.25/10,000 to 0.0625/10,000
	Fund Report Management Fee	Asset Managers, Trustees	Per report	Post: KRW 40 (Postage and handling is separate) Email: KRW 20

Appendix : Total Fee Structure

Fee Schedule of Non-Core Services in KSD - Continued

Type of Services	Service	Payer	Basis	Fee Rate
Secondary Market Support Services	Electronic Voting Fee	Companies using K-vote system	Electronic Voting Fee : Capital bracket × Number of shareholders bracket	
			Capital bracket	KRW 500 billion and more: KRW 5 million
				KRW 100 billion to less than 500 billion: KRW 4.50 million
				KRW 50 billion to less than 100 billion: KRW 4 million
				KRW 30 billion to less than 50 billion: KRW 3.5 million
				KRW 20 billion to less than 30 billion: KRW 3 million
				KRW 10 billion to less than 20 billion: KRW 2.5 million
				KRW 5 billion to less than 10 billion: KRW 2 million
				Less than KRW 5 billion: KRW 100,000
			Number of shareholders bracket	10,000 and more: 100%
				5000 and more, less than 10000: 90%
				3000 and more, less than 5000: 80%
				2000 and more, less than 3000 : 70%
				1000 and more, less than 2,000: 60%
				Less than 1000: 50%
			Extraordinary shareholders meeting	30% of the amount calculated for regular shareholders' meetings