

Understanding of Account Structure & Depository Service

2019. 3. 5

Global Business Department

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Account Structure



-  The type of participants eligible for opening an account at KSD is defined by “**Regulation on Depository Service for securities**”

Regulation on Depository Service

Article 10 (Opening Accounts)

1. Financial investment business entity
2. Financial institutions prescribed by the Banking Act
3. Insurance companies specified by the Insurance Business Act
4. Foreign depositories
5. Foreign legal entities performing services similar to those listed above
6. Others set forth by detailed rules

Detailed Enforcement Rules

Article 9 (Scope of Account holder)

"Others set forth by detailed rules" prescribed by in Article 10.6 of the aforementioned Regulation refers to:

1. The branch office and other place of business of those falling under the Article 10
2. Others deemed necessary by KSD

Participants

Eligible Participants of KSD



Securities
Companies

Banks

Institutional
Investors

Insurance
Companies

Futures
Companies

Foreign
Depositories

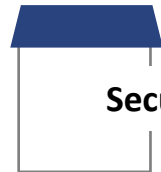
Others

1,193

End of 2018

Opening/Closing Procedure

Account Opening Procedure



Securities company



- Should submit KSD designated form (Application Form for Opening an Account)

- Examine applicant's eligibility, necessity of opening the account, etc.
- Securely keep the application form & supplementary docs

Account Closing

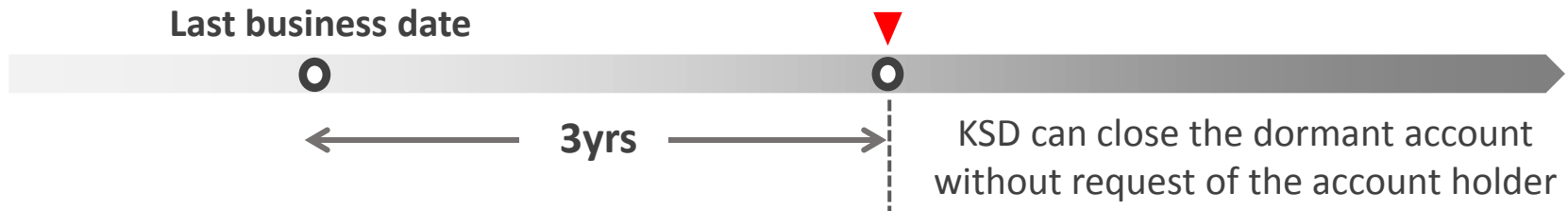
- When an account holder(participant) requests that its account be closed
- When a participant fail to meet the requirements the regulations specified

✓ Check Point!

There should be **no remaining securities and unpaid fee** in relevant AC

Dormant Account Management

Last business date



Structure of Account Number

□□□□□□ - □□□□ - □□

(Account Holder Identification Code) (Serial Code) (Classification Code)

1 Account Holder Identification Code

One identification code for one account holder

2 Serial Code

In the event that a participant opens multiple accounts

3 Account Classification Code

To be assigned based on account opening purpose and/or characteristic of deposited securities

Account Classification Code

Purpose of Account	□	□	Characteristic of Securities
Deposit Account	0	1	Proprietary
Foreign Securities Deposit Account	3	2	Owned by Client
Separate Safekeeping of Securities	4	3	Trust
Gold Deposit Account	7		

Structure of Account Number

□□□□□□ - □□□□ - □□

(Account Holder Identification code) (Serial code) (Classification code)

1 Account Holder Identification Code

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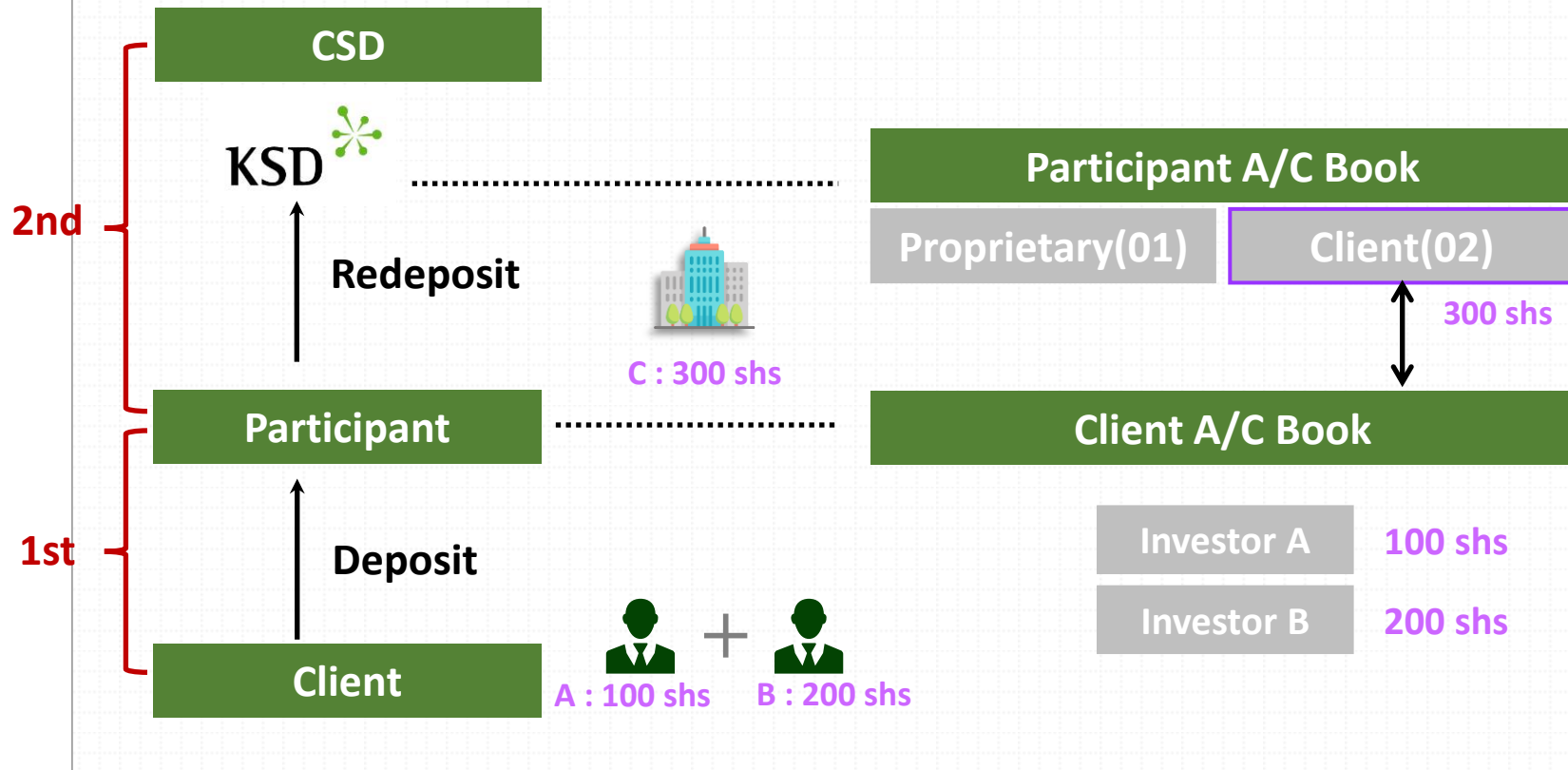
To be assigned based on account opening purpose and/or characteristic of deposited securities



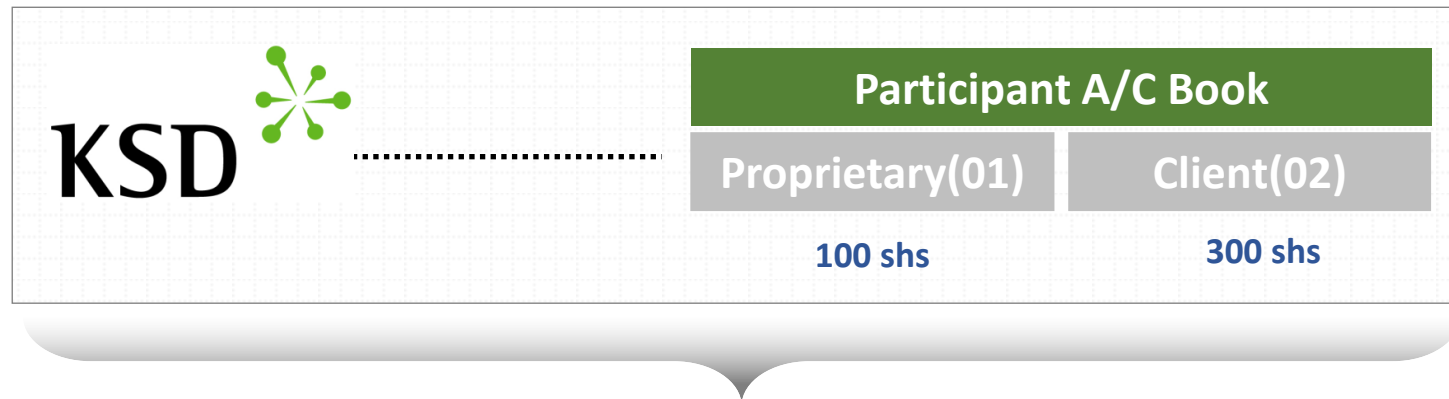
AA Securities Company

□□□□□□ - □□□□ - □□
 (0 0 0 0 0 1) (0 0 0 1) (0 1)
 (0 0 0 2)
 (0 0 0 3)

Account Book Structure under Centralized Deposit System



- Account Book : A legal ledger kept by KSD and its participants to protect investor's rights



Legal Effect by Capital Market Act*

01 Presumption of Possession

Account holder is presumed to possess the quantity of shares in the respective account book at the time of entry.

02 Delivery

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

* Article 311 of Financial Investment Services and Capital Market Act

Account Book

 Account book can be viewed and searched **per specific security** and/or AC number.

예탁계좌 : 3 - 0000 <input type="button" value="Q"/> All <input type="button" value="한국투자증권"/> 전제 Account number	조회기준일 : 2018-07-04 <input type="button" value="Date"/>
증권구분 : 주식 Type of Securities : Stock, Bond, etc	종목 : KR7005930003 <input type="button" value="Q"/> 삼성전자 Security code
발행통화 : 전제	최종변동일 : 2018-07-04 <input type="button" value="Q"/> <input type="button" value="조회"/> <input type="button" value="출력"/>

예탁잔량증감내역			저분제한예탁잔량증감내역					
증감사유			본원건수	본원수량	지원건수	지원수량	합계건수	합계수량
증가 Increase	예탁 Deposit	일반예탁(등록)	0	Qty at the headquarters 0	0	Qty at the branches 0	0	Total 0
		권리예탁	0	0	0	0	0	0
	계좌대체 Book Transfer	일반대체	0	0	0	0	0	0
		증권시장결제	1	196,657	0	0	1	196,657
		K-OTC 결제	0	0	0	0	0	0
		기관투자자결제	0	0	0	0	0	0
		국채선물인수	0	0	0	0	0	0
합계		1	196,657	0	0	1	196,657	
감소 Decrease	반환 Withdrawal	일반반환	0	0	0	0	0	0
		권리행사반환(말소)	0	0	0	0	0	0
	계좌대체 Book Transfer	일반대체	6	2,009	0	0	6	2,009
		증권시장결제	1	415,806	0	0	1	415,806
		K-OTC 결제	0	0	0	0	0	0
		기관투자자결제	40	294,949	0	0	40	294,949
		국채선물인도	0	0	0	0	0	0
합계		47	712,764	0	0	47	712,764	

⑥ 예탁잔량총괄내역 Summary

전일예탁잔량		금일변동수량		금일예탁잔량		저분가능잔량세부내역	
총예탁잔량	30,223,606	변동수량	-516,107	총예탁잔량	29,707,499	매도미결제분	0
저분가능잔량	23,111,127	증가수량	196,657	저분가능잔량	22,610,020	임의저분가능	22,610,020
저분제한잔량	7,112,479	감소수량	712,764	저분제한잔량	7,097,479	신청저분가능	0
						매수미결제분	99,554

Account Book



Account book can be viewed and searched **per specific security** and/or AC number.

예탁계좌 : 3 - 0000

All

한국투자증권

전제

조회기준일 : 2018-07-04

Date

증권구분 : 주식

Type of Securities : Stock, Bond, etc

발행통화 : 전제

조회대상 : 전제 변동분

금일잔량 '0'인 종목 포함

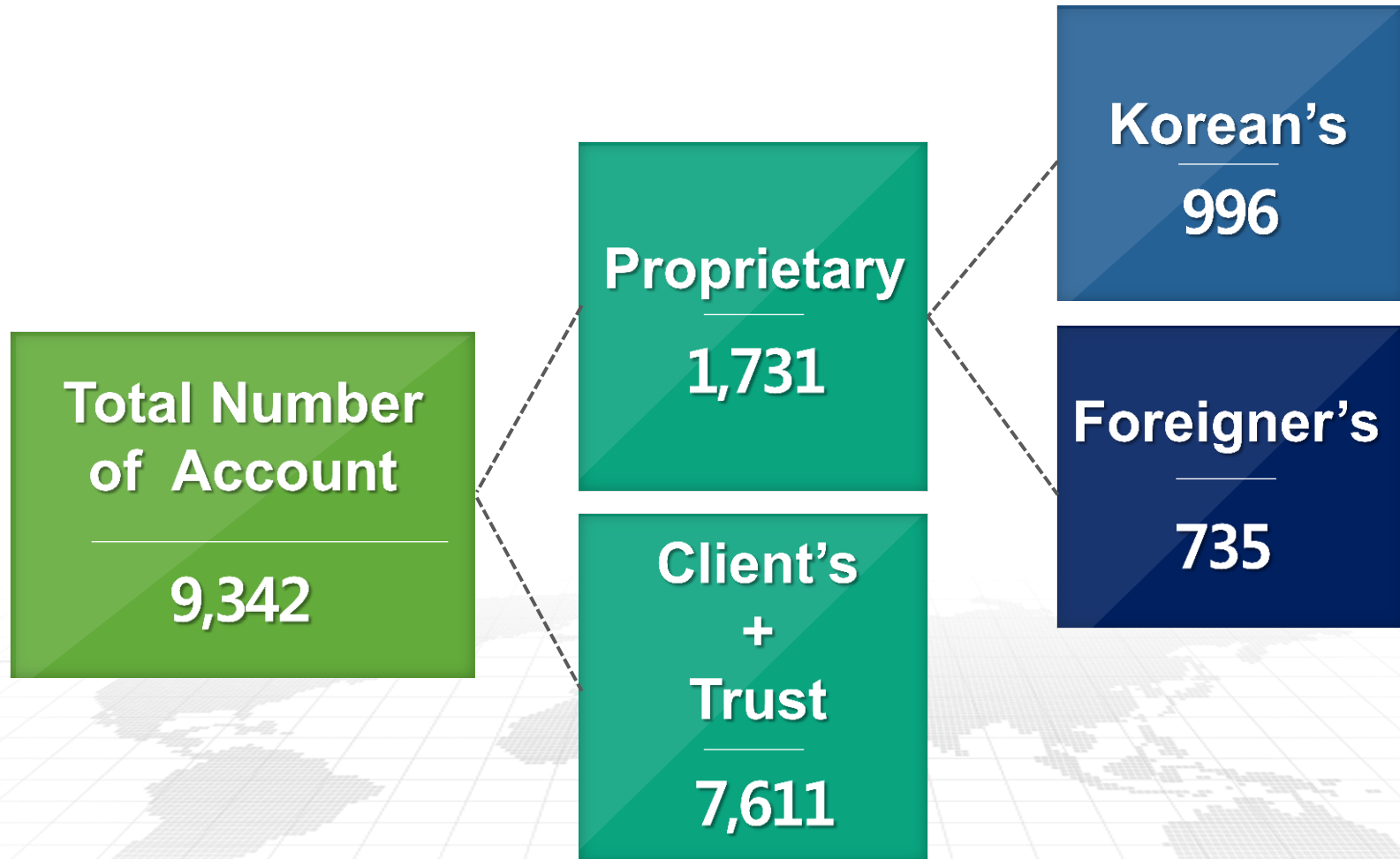
예탁지정취소 : 미포함

조회

출력

순번	계좌번호	증권구분	종목코드	전일예탁잔량	일반예탁(등록)	권리예탁	계좌대제예입(일반)	계좌대제예입(결제)	금일예탁잔량	처분가능예탁잔량
	재산구분		종목명		일반반환	권리행사반환(말소)	계좌대제인출(일반)	계좌대제인출(결제)		처분제한예탁잔량
1	3-0000	주식	Security code	Qty on the previous date	0	Cause of change in Qty	0	Qty on the date	1,143,041	
	02(투자자분)				0		11,190			
2	3-0000	주식	KR7000030007	27,181,403	0	0	0	0	27,137,690	84,823
	01(자기분)				0	0	0	43,713		
3	3-0000	주식	KR7000030007	30,247,197	0	0	0	36,027	30,232,028	30,232,028
	02(투자자분)				0	0	0	51,196		
4	3-0000	주식	KR7000040006	3,191,100	0	0	0	2,112	3,193,212	3,193,212
	02(투자자분)				0	0	0	0		
5	3-0000	주식	KR7000050005	293,398	0	0	0	799	294,197	294,197
	02(투자자분)				0	0	0	0		
6	3-0000	주식	KR7000050005	910	0	0	0	0	630	21
	01(자기분)				0	0	280	0		
7	3-0000	주식	KR7000060004	388,327	0	0	0	0	385,457	385,457
	02(투자자분)				0	0	0	2,870		
8	3-0000	주식	KR7000060004	80	0	0	0	0	80	80
	01(자기분)				0	0	0	0		
9	3-0000	주식	KR7000070003	1,251	0	0	0	0	837	634
	01(자기분)				0	0	88	326		
10	3-0000	주식	KR7000070003	40,388	0	0	0	0	40,188	40,188
	02(투자자분)				0	0	0	200		
		합계	Total	4,713,175,269	682,836	1,026,045	453,485	11,130,855	4,705,680,275	4,576,346,463
					0	1,208,002	741,488	18,838,725		129,333,812

As of End of 2018



Depository Service



Legal Implication of Centralized Deposit System*

Securities are held in a fungible manner.

Participants and their customers retain co-ownership over securities in proportion to the deposited volume.

Securities holders can request withdrawal of deposited securities at any time.

* Article 309 & 312 of Financial Investment Services and Capital Market Act article

Securities Eligible for Deposit by Capital Market Act*

KRX-listed securities

Registered bonds registered by KSD or BOK)

Short-term monetary instruments (e.g. CD, CP)

Collective investment beneficiary certificates

Other securities deemed appropriate by KSD

* Financial Investment Services and Capital Market Act article

Other Securities Deemed Appropriate by KSD

KSD is authorized by a relevant law* to designate eligible securities.

* Article 308 of the Financial Investment Services and Capital Market Act

Requirements for Designation of Eligible Securities

01 Fungibility

It should be possible to **be exchanged with any other securities** of equivalent quantity in face value and be kept jointly.

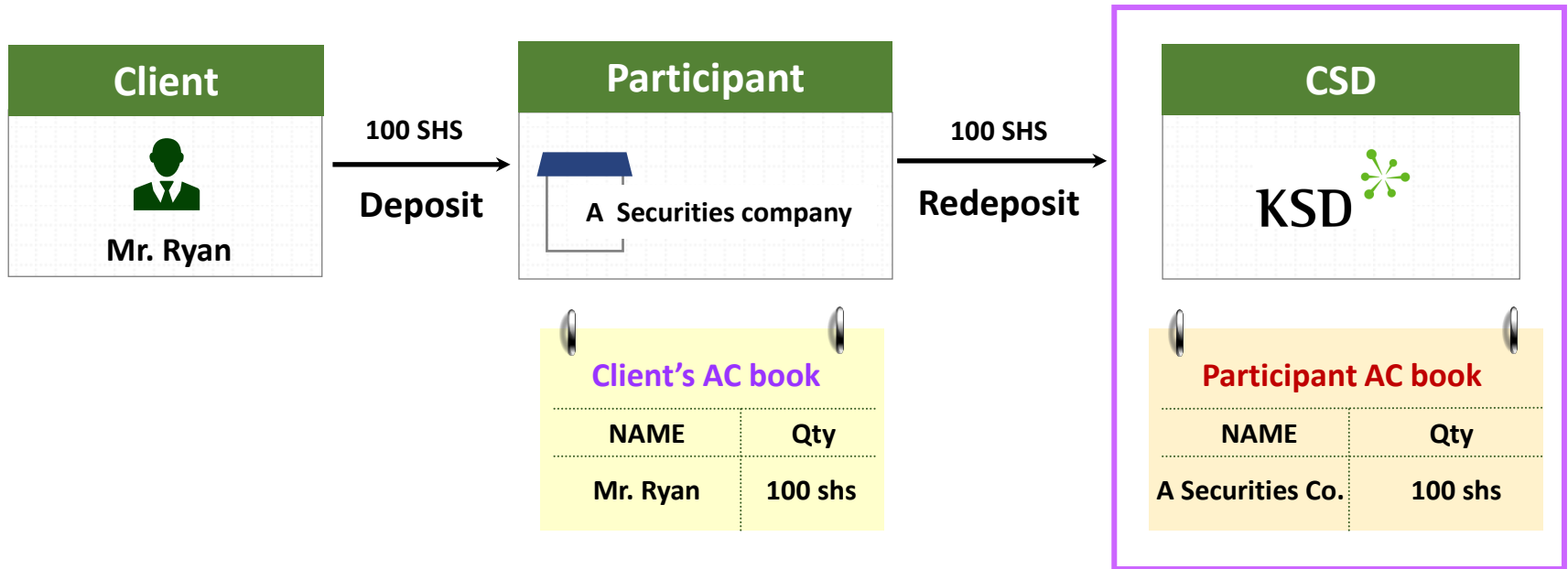
02 Transferability

There should be **sufficient amount of securities** in market.
Plus, book-entry transfer should not be restricted.

03 Conformity to Standard Form

The issuer should **conform to a standard form of stock certificate to make it possible to tell** whether it is a fake or falsified security.

Deposit of Securities



Procedure of securities deposit

- 01 Check whether the securities are eligible for depository service.
- 02 Check if the securities are fake or falsified or were reported to be so.
- 03 Key in and save the information regarding participants and securities
- 04 Increase the quantity on account book and safeguard the securities in vault.

Deposit of Securities

Examples of Physical Certificate

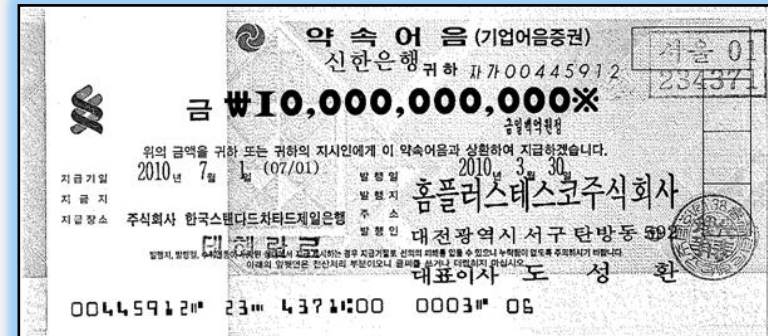
<Stock>



<Bond>



<Commercial Paper>



Electronic Securities System



The Electronic Securities System has virtually made the process of digitizing the process from issue to expiration of securities, **thus streamlining the issuance and distribution of securities.**

	Centralized Deposit System (Current)	Electronic Securities System (To be implemented on '19.9.16.)
Purpose	Smooth distribution of securities without the actual movement of physical certificates	Smooth issuance and distribution of securities through the electronic registration of securities
Regulation	Under FSCMA* article 308	Under AERSB** article 14
Securities Form	Physical Certificates (Returnable)	Electronic Certificates (Prohibition of issue)
Relevant Agency	CSD(KSD only) Depositor(Securities firms, etc.)	Electronic Registry Agency (Authorized agencies) Account Management Agency(Securities firms, etc.)
Applicable Securities	All the securities under FSCMA Short term monetary instruments (e.g. CD, CP)	All the securities under FSCMA Short term monetary instruments (cf. CP is not eligible)

* Financial Investment Services and Capital Market Act

** Act on the Electronic Registration of Stocks and Bond, etc.

Electronic Securities System

 **The Electronic Securities System is an advanced capital market platform system introduced by 33 out of 36 OECD countries.**

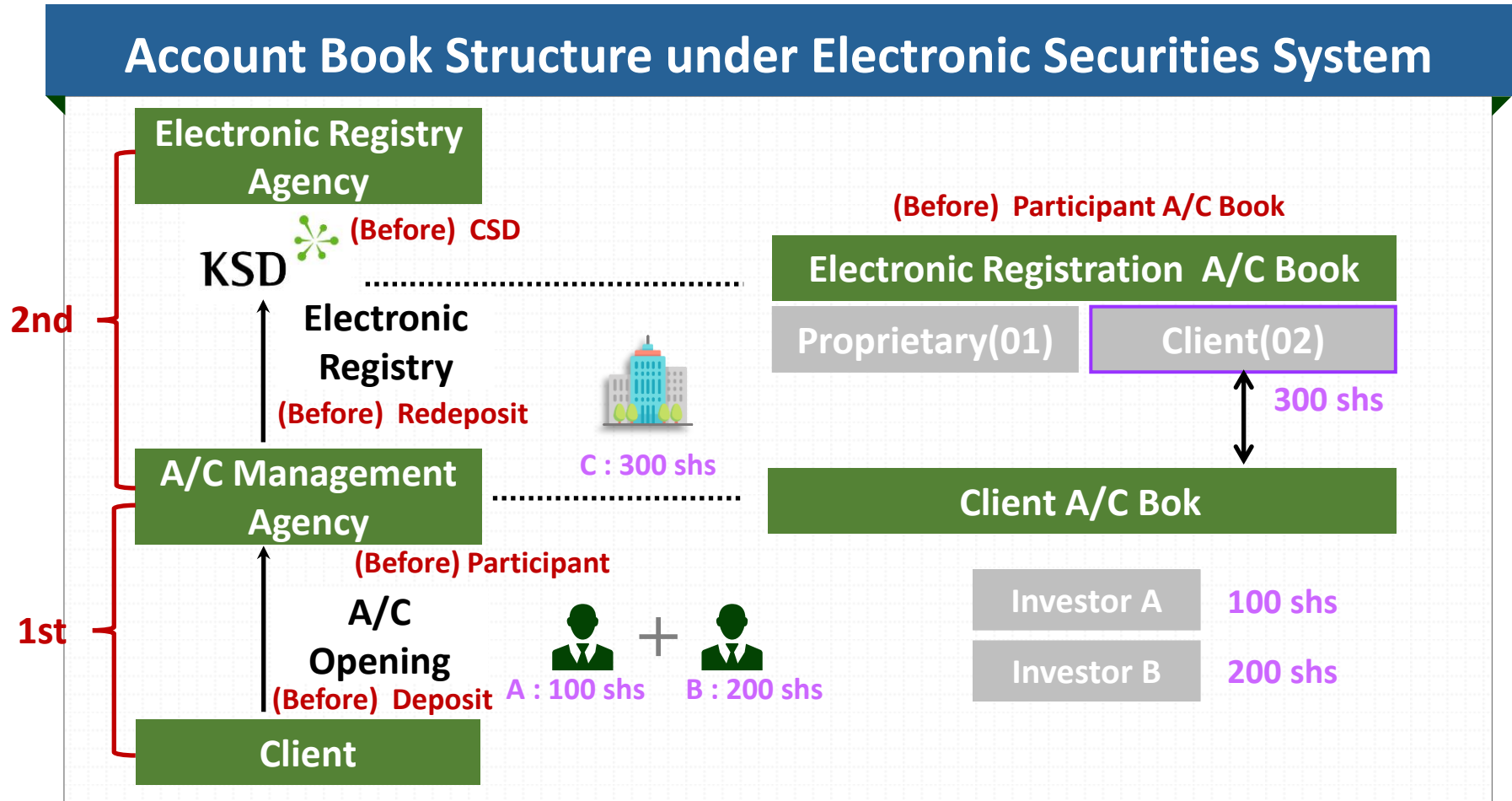
Electronic Registration System introduced by major countries



- 1) Denmark, France, Britain, China and Japan issue electronic securities at the option of the issuer, and CSD does not manage physical securities.
- 2) In the UK, the exchange of electronic securities and physical certificates is possible at the option of investors.
- 3) 33 out of the 36 OECD countries have adopted Electronic Securities System. (Germany, Austria, Republic of Korea are not adopted)
- 4) Korea only implements the electronic securities system on electronic bill and electronic unit bond.

Account Structure

-  A Two-tier account structure, as the same in the current Centralized Deposit System, has been maintained under the Electronic Securities System.



Thank you

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