

Revised provisions of “REGULATIONS ON SECURITIES UNDERWRITING
BUSINESS, ETC.”

As is	To be (proposed)	Remarks
<p>§2. Definitions</p> <p>The terms used in these Regulations shall be defined as follows. However, other terms which are not defined in these Regulations shall be subject to the relevant laws and regulations.</p> <p>1. - 18. (Omitted)</p> <p style="text-align: center;"><u><Newly inserted></u></p>	<p>§2. Definitions</p> <p>The terms used in these Regulations shall be defined as follows. However, other terms which are not defined in these Regulations shall be subject to the relevant laws and regulations.</p> <p>1. - 18. (Remain as are)</p> <p>19. The term “KONEX high-yield high-risk investment trust” is defined as a high-yield high-risk investment trust of which the three (3) month average holding ratio of KONEX-listed stock (referring to the sum of the daily proportion that the value of KONEX-listed stock assumes from the value of the high-yield high-risk investment trust for every three (3) months divided by the total number of days during the same period) from the creation date or establishment date is over 1/100. However, in the case where the date of allocation is less than six (6) months from the creation date or establishment date, and the holding ratio of KONEX-listed stock is over 1/100 of the total asset value at the time of allocation, the above requirements shall be deemed to have been fulfilled.</p>	<p>Definition of KONEX high-yield high-risk investment trust newly inserted</p>

As is	To be (proposed)	Remarks
<p>§9. Stock Allocation</p> <p>(1) The lead manager of IPOs or OTC public offerings shall allocate stocks to a group of subscribers in accordance with the following manner:</p> <p>1. - 3. (Omitted)</p> <p>4. More than ten (10) percent of the underwriting stocks shall be allocated to high-yield high-risk investment trusts (referring to bonds under Subparagraph 3 of [§469(2)] of the Commercial Act, limited to the cases where the combined holding ratio of inferior bonds and KONEX-listed stocks other than the securities that fall under Subparagraph 1 of [§4(7)] of the Act is over 30/100; hereinafter the same shall apply). <u>[Sentence newly inserted]</u></p> <p>5. - 6. (Omitted)</p> <p>(2) The lead manager who underwrites stocks for the rights offering of the corporations listed on the Stock Market or the KOSDAQ Market or KONEX Market shall allocate stocks to the group of subscribers concerned in accordance with the following manner:</p>	<p>§9. Stock Allocation</p> <p>(1) The lead manager of IPOs or OTC public offerings shall allocate stocks to a group of subscribers in accordance with the following manner:</p> <p>1. - 3. (Remain as are)</p> <p>4. More than ten (10) percent of the underwriting stocks shall be allocated to high-yield high-risk investment trusts (referring to bonds under Subparagraph 3 of [§469(2)] of the Commercial Act, limited to the cases where the combined holding ratio of inferior bonds and KONEX-listed stocks other than the securities that fall under Subparagraph 1 of [§4(7)] of the Act is over 30/100; hereinafter the same shall apply). <u>In this case, if the relevant initial public offering involves listing on the KOSDAQ market, over 3% of the publicly offered stock shall be allocated to KONEX high-yield high-risk investment trusts.</u></p> <p>5. - 6. (Remain as are)</p> <p>(2) The lead manager who underwrites stocks for the rights offering of the corporations listed on the Stock Market or the KOSDAQ Market or KONEX Market shall allocate stocks to the group of subscribers concerned in accordance with the following manner:</p>	<p>Preferential allocation for KONEX high-yield high-risk investment trusts</p>

As is	To be (proposed)	Remarks
<p>1. - 2. (Omitted)</p> <p>3. <u>In the case where some portion of stocks remains after the allocation pursuant to Subparagraphs 1 and 2, such remaining stock shall be allocated to other subscribers. In this case, more than ten (10) percent of the remaining stock shall be allocated to high-yield high-risk investment trusts.</u></p> <p style="text-align: center;"><u><Newly inserted></u></p> <p>4. The forfeited stocks after the allocation and subscription pursuant to <u>Subparagraphs 1 through 3</u> shall be handled according to §165-6 of the Act. <u>However</u>, in the case where forfeited stocks that the underwriter has underwritten for one's self are publicly-offered to general subscribers, more than ten (10) percent of the publicly-offered forfeited stock shall be allocated to high-yield high-return investment trusts,</p>	<p>1. - 2. (Remain as are)</p> <p>3. <u>In the case where some portion of stocks remains after the allocation pursuant to Subparagraphs 1 and 2, over ten (10) percent of such remaining stock shall be allocated to high-yield high-risk investment trusts. In this case, if the relevant rights offering involves a paid-in capital increase of a KOSDAQ-listed company, over three (3) percent of the remaining stock shall be allocated to KONEX high-yield high-risk investment trusts.</u></p> <p>3-2. <u>In the case where some portion of stocks remains after the allocation pursuant to Subparagraphs 1 through 3, such remaining stock shall be allocated to other subscribers.</u></p> <p>4. The forfeited stocks after the allocation and subscription pursuant to <u>Subparagraphs 1 through 3 and 3-2</u> shall be handled according to §165-6 of the Act, <u>but</u> in the case where forfeited stocks that the underwriter has underwritten for one's self are publicly-offered to general subscribers, more than ten (10) percent of the publicly-offered forfeited stock shall be allocated to high-yield high-return investment trusts,</p>	<p>Preferential allocation for KONEX high-yield high-risk investment trusts</p>

As is	To be (proposed)	Remarks
<p>notwithstanding regulations from Subparagraphs <u>1 through 3</u>. [Sentence newly inserted]</p> <p>5. In the case where the number of stocks to be allocated pursuant to Subparagraph <u>3 or 4</u> is no more than five thousand shares (on the basis of five thousand (5,000) Korean won in par value) or the offering value of stocks to be allocated is no more than one hundred million Korean won, such stocks may not be allocated to the subscribers.</p> <p>6. In the case where <u>the latter sentence of Subparagraph 3</u> applies, the stocks allocated to a high-yield high-risk investment trust shall be under 20/100 of the investment trust's total amount of asset. The total amount of asset shall be calculated based on the materials submitted by the institutional investor who manages the relevant high-yield high-risk investment trust.</p> <p>(3) - (5) (Omitted)</p>	<p>notwithstanding regulations from Subparagraphs <u>1 through 3 and 3-2</u>. In this case, if the relevant rights offering involves a paid-in capital increase of a KOSDAQ-listed company, over <u>three (3) percent of the publicly-offered forfeited stock shall be allocated to KONEX high-yield high-risk investment trusts.</u></p> <p>5. In the case where the number of stocks to be allocated pursuant to Subparagraph <u>3, 3-2 or 4</u> is no more than five thousand shares (on the basis of five thousand (5,000) Korean won in par value) or the offering value of stocks to be allocated is no more than one hundred million Korean won, such stocks may not be allocated to the subscribers.</p> <p>6. In the case where Subparagraph <u>3 or 4</u> applies, the stocks allocated to a high-yield high-risk investment trust shall be under 20/100 of the investment trust's total amount of asset. The total amount of asset shall be calculated based on the materials submitted by the institutional investor who manages the relevant high-yield high-risk investment trust.</p> <p>(3) - (5) (Remain as are)</p>	

As is	To be (proposed)	Remarks
<Newly inserted>	<p>(6) In the case where a lead manager allocates the remaining stock to high-yield high-risk investment trusts after allocating publicly-offered stock to KONEX high-yield high-risk investment trusts pursuant to Subparagraph 4 of Paragraph (1) and Subparagraphs 3 and 4 of Paragraph (2), additional allocation to the KONEX high-yield high-risk investment trusts to which publicly-offered stocks were previously allocated is allowed.</p>	Additional allocation for high-yield high-risk investment trusts allowed
<Newly inserted>	<p><u>ADDENDA (September 17, 2015)</u></p> <p><u>§1. Effective Date</u> These Regulations shall be applied to securities registration statements submitted on and after January 1, 2016.</p> <p><u>§2. Application Period for High-yield High-risk Investment Trusts</u> The amended regulations in Subparagraph 19 of [§2], Subparagraph 4 of [§9(1)], Subparagraph 3 and the latter sentence of Subparagraph 4 of Paragraph (2) of the same Article, and Paragraph (6) of the same Article shall be effective until December 31, 2018.</p>	