REGULATIONS
ON
SECURITIES UNDERWRITING BUSINESS, ETC.

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CHAPTER 1

GENERAL PROVISIONS

§1. Purpose

The purpose of these Regulations is to prescribe necessary matters in underwriting securities or arranging the public offering or sale thereof in accordance with [§286(1)1] of the Financial Investment Services and Capital Markets Act (hereinafter referred to as "the Act") by financial investment companies (who have received accreditation for financial investment business from the Financial Services Commission or who engage in such business by registering with the Financial Services Commission; the same hereinafter). [Amended on November 30, 2011]

§2. Definitions

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.

1. The term "non-guaranteed bonds" is defined as bonds other than guaranteed bonds whose principal and interest are guaranteed by financial institutions, etc. falling under any Subparagraphs of [§362(8)] of the Enforcement Decree of the Financial Investment Services and Capital Markets Act (hereinafter referred to as "the Enforcement Decree"), mortgage bonds issued under the Act on Mortgage Bond Trust, and covered bonds issued under the Covered Bonds Act. [Amended on February 20, 2014]

1-2. The term "asset-backed bonds" is defined as asset-backed securities issued in the form of bonds in accordance with the Asset-Backed Securitization Act and securities issued in the form of bonds after conducting a business similar to asset securitization by a special purpose company as defined in the same Act, a company that is not a trust business entity, or other special purpose entities, and securities issued in the form of bonds using securitization assets as the underlying assets via a means other than those stipulated in the same Act. [Newly inserted on February 20, 2014]

2. The term "public offering" is defined as the issuance of new stock (defined as securities as specified in [§4(2)6] of the Act, and including global depository receipts issued by the Korea Securities Depository, established in accordance with [§294] of the Act, and based on stock certificates issued by a foreign corporation, etc. defined in [§9(16)] of the Act; the same hereinafter) through offering or distribution, or the sale of issued stocks, as prescribed in [§9(7) or (9)] of the Act. However, a public offering which is made by companies that fall under any of the

following Items shall not be considered a public offering under these Regulations:

a. Ship investment companies under the Ship Investment Company Act;
b. Real estate investment companies under the Real Estate Investment Company Act;
c. Infrastructure funds under the Act on Private Participation in Infrastructure;
d. Investment companies under [§9(18)2] of the Act and exchanged traded funds under [§234] of the Act; and
e. Others equivalent to those listed in Items a through e that is recognized by the Association.

3. The term "IPO" refers to a public offering conducted by an unlisted corporation under [§9(15)4] of the Act for the purpose of initially listing its stocks on the stock exchange under [§8-2(4)1] and a public offering conducted by a listed corporation under [§9(15)3] of the Act for the purpose of initially listing its stocks on the markets on which it is not listed, among the Stock Market, the KOSDAQ Market and the KONEX Market. [Amended on April 26, 2013 and on August 29, 2013]

4. The term "OTC public offering" is defined as the public offering, other than IPOs, of the companies listed neither on the Stock Market nor on the KOSDAQ Market nor on the KONEX Market. [Amended on November 29 2013]

5. The term "managing underwriter" is defined as the financial investment company which, as the representative of underwriters in underwriting securities, conducts such business affairs as making decisions on the underwriting terms and conditions with the issuer and controls the underwriting and subscription business and other businesses prescribed in these Regulations. The term "lead manager" is defined as the person requested by an issuer to underwrite the securities and serves as the representative financial investment company of the managing underwriter. [Amended on November 30, 2011]

6. The term "underwriting" is defined as conducting an act falling under any of the following Items with the purpose of having third parties acquire securities, or conducting the offering and sale of securities based on such act for the benefit of the issuer or seller. The term "underwriter" is defined as the person who underwrites. [Amended on February 26, 2009 and on August 29, 2013]

a. Acquiring the whole or part of the securities, or concluding a contract for such acquisition; [Amended on August 29, 2013]
b. Signing a contract with provisions on acquiring the rest of the whole or part of the securities under the circumstances where the person acquiring the security is not available; and
c. [Deleted on February 26, 2009].

7. The term "book-building" is defined as the lead manager, in the public offering

of stocks or non-guaranteed bonds, presenting the desired public offering price (referring to desired public offering interest rate in the case of non-guaranteed bonds) and identifying the circumstances surrounding the demand, such as the desired purchase price, interest rate and quantity, in order to determine the public offering price (referring to public offering interest rate in the case of non-guaranteed bonds). [Amended on January 17, 2012]

8. The term "institutional investor" is defined as the person falling under any of the following Items:

   a. A professional investor prescribed in Subparagraphs 1 through 10 and Subparagraphs 13 through 17 of [§10(2)] (in the case of Subparagraph 8, this is defined as a financial investment investor in [§8(2) through (4)] of the Act; hereinafter the same shall apply), Subparagraphs 3 and Subparagraphs 10 through 13 of [§10(3)] of the Enforcement Decree of the Act. [Amended on February 26, 2009 and January 17, 2012] [Amended on June 18, 2015]
   b. A person who has registered with the Financial Services Commission in accordance with [§182] of the Act, or a fund that has been reported to the Financial Services Commission in accordance with [§249(6)] of the Act. [Amended on December 15, 2015]
   c. The National Pension Service established pursuant to the National Pension Act.
   d. Korea Post pursuant to the "Presidential Decree on Korea Post." [Amended on January 17, 2012] [Amended on December 15, 2015]
   e. Financial investment business entities defined in Paragraph 6 of [§8] of the Act (hereinafter referred to as "discretionary investment company"). [Newly inserted on March 20, 2014] [Amended on June 18, 2015] [Transferred from the previous Item f on July 16, 2015]
   f. A corporation equivalent to Items a through e, and established according to foreign laws and regulations. [Transferred from the previous Item d on January 17, 2012] [Transferred from the previous Item e on July 16, 2015]
   g. Financial investment business entities defined in Paragraph 7 of [§8] of the Act that do not fall under Item h (limited to the cases where it participates in book-building via high-yield high-risk investment trusts under Subparagraph 18 of [§2] of these Regulations). [Newly inserted on June 18, 2015]
   h. Real estate trust business entities defined in [§3-4(1)] of the Regulations on Financial Investment Business (hereinafter referred to as "real estate trust company"). [Newly inserted on June 18, 2015]

9. The term "interested party" is defined as an entity falling under any of the following Items. However, in the case the Fair Trade Commission acknowledges that such entity does not belong to the same corporate business classification according to the Monopoly Regulations and Fair Trade Act (hereinafter referred to as "the Fair Trade Act"), the regulations of Item d shall not be applied: [Amended on November 30, 2011] [Amended on November 29 2013]

a. Executives (referring to the executives pursuant to [§9(2)] of the Act; the same hereinafter); [Amended on November 30, 2011]
b. Largest shareholders (referring to the largest shareholders pursuant to [§9(1)1] of the Act; the same hereinafter); [Amended on November 30, 2011]
c. Major shareholders (referring to the major shareholders pursuant to [§9(1)2] of the Act; the same hereinafter); [Amended on November 30, 2011]
d. Affiliates (referring to the affiliates pursuant to Subparagraph 3 of [§2] of the Fair Trade Act) and the executives of the affiliates; and [Amended on November 30, 2011]
e. If those falling under Items b and c are individuals, the spouses (including de facto spousal partners) and immediate relatives of such individuals.

10. The term “over-allocation option” is defined as the right to buy from an issuer new stocks that fall under the over-allocation portion at a predetermined price with the conditions that stipulate allocating to subscribers more stock than the original portion to do a public offering, in the case of IPOs.

11. The term “won-denominated bonds” is defined as bonds issued in Korean won by foreign corporations, etc. specified under Subparagraph 2 (hereinafter referred to as “foreign corporations, etc.”).

12. The term “bonds sold overseas” is defined as won-denominated bonds sold to foreigners (referring to those specified under Subparagraph 1 of [§6-1] of the Regulations on the Financial Investment Services) in a foreign country.

13. The term “stocks, etc.” is defined as securities (in the case of stock certificates, including stock certificates without voting rights) and other depository receipts in accordance with Items a through f of Subparagraph 1 of [§139] of the Enforcement Decree. [Amended on February 26, 2009]

14. The term “bonds” is defined as securities indicated with claims for the payment of debt securities (excluding commercial paper securities) in accordance with [§4(3)] of the Act.

15. The term “special purpose acquisition company” is defined as corporations that fulfills the necessary conditions of [§6(4)14] of the Enforcement Decree. [Amended on December 24, 2009]

16. The term "collective investment company" is defined as a company, among financial investment companies, that engages in the collective investment business. [Newly inserted on November 30, 2011]

17. The term “bond management company" is defined as a company prescribed in [§480-3] of the Commercial Act that, in the case where bonds are issued, receives

repayments, preserves claims and does other business related to the management of bonds. [Newly inserted on June 28, 2012]

18. The term “high-yield high-risk investment trust” refers to investment trusts, etc. under [§91-15(1)] of the Restriction of Special Taxation Act. However, in the case where the date of allocation is less than six (6) months from the creation date or establishment date of the relevant investment trust, etc., the daily holding ratio of the total of inferior bonds and KONEX-listed stocks, and the daily holding ratio of domestic bonds including such inferior bonds and KONEX-listed stocks shall be over 30/100 and 60/100 respectively at the time of allocation, notwithstanding [§93(3)1] and [§93(7)] of the Enforcement Decree of the same Act. [Newly inserted on March 20, 2014]

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. [Newly inserted on September 17, 2015]

CHAPTER II
UNDERWRITING OF STOCKS

§3. Lead Management Agreement, etc.

(1) A financial investment company, when requested to underwrite stocks for IPOs or OTC public offerings (including global depository receipts in accordance with Subparagraph 2 of [§2]; the same hereinafter), shall enter into a lead management agreement, and submit copies of the underwriting request, lead management agreement and the issuer's business license to the Korea Financial Investment Association (hereinafter referred to as “the Association”) within five (5) business days of signing the agreement. [Amended on February 26, 2009 and January 17, 2012]

(2) A lead management agreement defined in Paragraph (1) shall include any of the following Subparagraphs. However, Subparagraph 6 shall only apply when the financial investment company which is deemed to be a promoter of the special purpose acquisition company signs the lead management agreement with the special purpose acquisition company concerned: [Condition newly inserted on December 23, 2009]

1. Matters on the confirmation and investigation regarding the business results, business-related matters and financial soundness of the issuer;

2. Matters on the guidance and monitoring of the finance, accounting, and tax management of the issuer;

3. Matters on the consultation and guidance regarding the listing requirements of the Stock Market or the KOSDAQ Market or the KONEX Market; [Amended on November 29, 2013]

4. Matters on the examination of descriptions in the securities registration statement;

5. Matters on the examination of the reputation of the issuer and largest shareholders;

6. Matters regarding 50/100 or more of the handling fees related to the managing affairs shall demand for payment only when the registration of merger between the issuer and other corporation has been concluded; and [Newly inserted on December 23, 2009]

7. Matters on the revocation/cancellation and change of the agreement. [Newly inserted on January 17, 2012]

(3) The Association may determine and recommend the standard criteria on the faithful fulfillment of a lead management agreement.

(4) A financial investment company shall enter into the lead management agreement pursuant to Paragraph (1) a minimum of two (2) months prior to the date of submitting the application for preliminary review of listing eligibility (hereinafter referred to as “listing eligibility preliminary review application submission date”) pursuant to [§26] of the "KOSPI Market Listing Regulation" or [§4] of the "KOSDAQ Market Listing Regulation" of the Korea Exchange. However, this Provision shall not apply to cases where a KOSPI-listed company lists stocks on the KOSDAQ Market or a KOSDAQ-listed company lists stocks on the KOSPI Market, where a Special Purpose Acquisition Company is listed, or to other cases deemed inevitable by the Association. [Newly inserted on November 30, 2011] [Amended on November 29, 2013] [Amended on October 16, 2014] [Amended on December 15, 2015]

§4. [Deleted on February 26, 2009]

§5. Determination of Offering Price of Stocks

(1) The offering price of stocks for IPOs shall be determined upon consultation between the underwriter and the issuer, taking into consideration the result of a book-building conducted on institutional investors. However, in the case where the offering price is less

than five (5) billion Korean won, it may be determined in accordance with any of the following Subparagraphs: [Amended on November 30, 2011]

1. A single price determined upon consultation between the underwriter and the issuer;

2. Subscription price of the subscriber concerned, in the case where a lead manager received the subscription application from subscribers via an auction process in accordance with a predetermined manner and allocates stocks to such subscriber who applied at the higher price than the set price (hereinafter referred to as "the minimum offering price"); and

3. A single price calculated by a lead manager after receiving subscription applications from subscribers conducted via a predetermined auction method.

(2) The estimate of the total offering price pursuant to the conditions mentioned in Paragraph (1) shall be the amount calculated by multiplying the highest price of the expected offering price presented upon consultation between the lead manager and issuer with the estimated quantity of publicly-offered stock.

(3) In the case of IPOs, the underwriting price shall be the same as the offering price pursuant to Paragraph (1).

(4) The lead manager shall not, when conducting a book-building pursuant to Paragraph (1), involve the underwriter (excluding the cases where the underwriter identifies the quantity of stocks that general subscribers desire to have involved in the book-building and participates therein in its own name) or the issuer's Employee Stock Ownership Association (hereinafter referred to as "the ESOA"), and shall ensure that book-building participants have their own property and other properties (collective investment property, discretionary investment property, trust property) involved separately in the book-building. [Amended on November 30, 2011] [Amended on March 20, 2014]

(5) In determining the offering price with the method in accordance with Subparagraph 2 of Paragraph (1), the price of the stocks allocated to such members shall be the minimum offering price.

(6) The lead manager shall not divulge any information, including application price, volume, etc. obtained during the book-building process for each participant.

(7) The lead manager shall confirm whether those who wish to participate in book-building under Paragraph (1) are institutional investors under Subparagraph 8 of [§2]. Whether or not the requirements are satisfied shall be determined based on the materials submitted by those who wish to participate in book-building. [Newly inserted on March 20, 2014]

§5-2. Terms and Conditions of Participation in Book-building for Discretionary Investment Companies, Etc. [Newly inserted on June 18, 2015]

(1) Discretionary investment companies may participate in book-building in connection with an initial public offering with the discretionary investment property, provided that the investor who signed the discretionary investment contract fulfills all of the following requirements. However, Subparagraphs 1 and 4 shall not apply to high-yield high-risk investment trusts under Subparagraph 18 of [§2].

1. It shall be an institutional investor under Subparagraph 8 of [§2].

2. It shall not fall under any of the Subparagraphs of [§9(4)]

3. It shall not have been designated as an unfaithful participant in book-building under Subparagraph 1 of [§17-2(4)] with prohibition on book-building in connection with an initial public offering and allocation of publicly offered stock.

4. The discretionary investment contract shall be more than three (3) months in effect, and the daily average value of the discretionary investment property for the three (3) months prior to the date of book-building participation shall be over five hundred million Korean won.

(2) In the case of participating in book-building with discretionary investment property, discretionary investment companies shall confirm whether the terms and conditions prescribed in Paragraph (1) are fulfilled, and submit a letter of commitment regarding such to the lead manager.

(3) Real estate trust companies may only use their own property to participate in book-building in connection with an initial public offering.

§6. Restrictions on Managing Underwriter of Stocks

(1) A financial investment company, when engaging in the business of managing underwriter for the IPOs or OTC public offering of a company in which the financial investment company concerned and its related party have a combined five (5) percent or more equity share, shall do so jointly with another financial investment company (a financial investment company that does not fall under such issuer or related party, and does not have any stocks, etc. of such issuer). *Provided,* That the same shall not apply in cases where the lead manager's duties are performed for the IPOs of companies falling under any of the following Subparagraphs:

1. Special purpose acquisition companies

2. Foreign companies (including domestic companies whose main purpose is to

control foreign companies' business activity through the holdings of shares, etc.; hereinafter the same shall apply)

(2) The provisions of [§14(1)] of the Enforcement Rules of the Act shall be applied *mutatis mutandis* to the calculation of the ownership ratio of stocks, etc. pursuant to Paragraph (1). [Condition deleted on January 17, 2012]

(3) Notwithstanding Paragraph 2, with respect to the shares issued by KOSDAQ-listed corporations (including corporations to be listed on the KOSDAQ Market), which are acquired by a financial company pursuant to [§26(6)2] of the KOSDAQ Listing Regulations of the Korea Exchange as well as the shares issued by KONEX-listed corporations (including corporations to be listed on the KONEX Market), which are acquired when a financial company signs a nominated consultant contract in accordance with the KONEX Market Listing Regulations and the said agreement remains valid, such shares are not deemed to be included in shares owned when the holding ratio of shares, etc., is computed pursuant to Paragraph 1.

(4) Notwithstanding Paragraph (2), in cases where a financial investment company or an interested party thereof makes an investment in any of the following Subparagraphs (hereinafter referred to as the "associations, etc." in this Paragraph) and the associations, etc. concerned hold stocks, etc. of the issuer, or where the issuer or an interested party thereof makes an investment in the associations, etc. and the associations, etc. concerned hold stocks, etc. of the financial investment company, the associations, etc. concerned shall be deemed to hold stocks, etc. corresponding to the ratio of investment made therein:

1. The Small and Medium Enterprise Start-Up Investment Association under [§2] Subparagraph 5 of the Support for Small and Medium Enterprise Establishment Act;

2. The New Technology Business Investment Association under [§41(3)] of the Credit-Specialized Financial Business Act;

3. The Korea Venture Investment Association under [§4-3] of the Act on Special Measures for the Promotion of Venture Businesses; and

4. The private equity fund (limited to the cases where the private equity fund is not an interested party of the financial investment company or the issuer) registered with the Financial Services Commission under [§268] of the Act.

[The whole text amended on November 29, 2013]

(5) Notwithstanding Paragraph (2), among the stock, etc. of the issuer held by the financial investment company, stock, etc. that fall under the following Subparagraphs shall not be deemed as held by the financial investment company. [Newly inserted on December 15, 2015]

1. In case of IPOs : Cases where the acquisition date of stock, etc. is earlier than the listing eligibility preliminary review application submission date, and the affirmation document (<Annexed Paper 1: Form>) confirming that the stock, etc. concerned will be locked up at Korea Securities Depository has been submitted to the Association.

2. In case of OTC public offerings : Cases where the acquisition date of stock, etc. is earlier than the date on which the lead management agreement for the OTC public offering was signed, and the affirmation document (<Annexed Paper 1: Form>) confirming that the stock, etc. concerned will be locked up at Korea Securities Depository has been submitted to the Association.

(6) A financial investment company shall submit the affirmation document stipulated in Paragraph (5) within five (5) business days of signing the lead management agreement (or the date of acquisition, in the case where the stock, etc. was acquired after signing the lead management agreement), and if any changes are made to the details of the affirmation before the IPO or OTC public offering, it shall report to the association without delay. [Newly inserted on December 15, 2015]

(7) A financial investment company that serves as a managing underwriter for the IPO or OTC public offering of an issuer of the stock, etc. described in Paragraph (5) shall, without delay, lock up the stock, etc. concerned at the Korea Securities Depository for the relevant period stipulated in the following Subparagraphs, and submit to the Association the certificate of lock-up issued by the Korea Securities Depository within ten (10) business days of the lock-up. [Newly inserted on December 15, 2015]

1. In case of IPOs : Six (6) months from the date of listing on the KRX

2. In case of OTC public offerings : Six (6) months from the date of issuance of stock for the OTC public offering

(8) Notwithstanding Paragraph (7), a financial investment company may withdraw the locked up stock, etc. in cases where the Association deems a withdrawal necessary for the performance of legal obligations, etc. [Newly inserted on December 15, 2015]

§7. Underwriting of Stocks for Incorporation by Subscription

The stocks to be issued for incorporation by subscription shall not be underwritten by a financial investment company, except when the issuer falls under any of the following cases:

1. Cases where the preliminary authorization for establishment of a financial institution from the Financial Services Commission has been obtained under the

Banking Act;

2. Cases where a corporation is in the process of incorporation with the promise that the government will acquire of no less than twenty five (25) percent of the total equity as the largest shareholder;

3. Cases where a corporation is in the process of incorporation, upon approval, permission, or designation etc. from the government under a special law; or

4. Cases where the Association deems that the establishment is necessary for the development of the national economy in light of the business content.

§8. Margin for Stock Subscription

(1) In the case of the underwriter is receiving the margin for stock subscription, each issuer shall mark such money as a subscription margin, and deposit this separately with securities financial companies under §324 of the Act (hereinafter referred to as "securities financial company") or banks and shall not provide them as collateral. [Amended on November 29, 2013]

(2) Such margin shall be substituted for payment for stocks on the payment date. If the margin falls short of the payment amount and the subscriber concerned fails to make payment prior to the due date, the underwriter shall underwrite stocks according to the ratio of underwriting amount.

(3) Subscription margin exceeding the payment amount shall be returned to the subscriber without delay.

(4) An underwriter of IPOs shall set the per capita limit on the subscription of publicly-offered stocks within 10% of the total quantity allocated to general subscribers among the publicly-offered stocks that the underwriter has underwritten for one's self, taking into consideration the size of the public offering and issue price, etc.

(5) A lead manager shall ensure that the per capita limit on the subscription of publicly-offered stocks set by an underwriter in accordance with Paragraph (4) should be at an appropriate level.

(6) A managing underwriter and an underwriter for IPOs or OTC public offerings shall not lend the money necessary for subscription to subscribers of underwriting stocks.

§9. Stock Allocation

(1) The lead manager of IPOs or OTC public offerings shall allocate stocks to a group of subscribers in accordance with the following manner:

1. In the case of IPOs for listing on the Stock Market, twenty (20) percent of the underwriting stocks shall be allocated to the ESOA members in accordance with [§38(1)] of the Framework Act on Labor Welfare. However, this Provision shall not apply to IPOs of foreign corporations, etc.; [Amended on November 30, 2011 and June 28, 2012]

2. In the case of IPOs for listing on the KOSDAQ Market or KONEX Market, twenty (20) percent of the underwriting stocks shall be allocated to the ESOA members in accordance with [§38(2)] of the Framework Act on Labor Welfare; [Amended on November 30, 2011 and June 28, 2012] [Amended on November 29, 2013] [Amended on March 20, 2014]

3. Twenty (20) percent of the stock underwritten shall be allocated to general subscribers; and

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). 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. [Amended on October 16, 2014] [Amended on July 16, 2015] [Amended on September 17, 2015]

5. The portion of stock remaining after the allocation pursuant to Subparagraphs 1 through 4 shall be allocated to institutional investors. In this case, more than ten (10) percent of the underwriting stocks shall be allocated to high-yield high-risk investment trusts. [Amended on March 20, 2014] [Condition deleted on October 16, 2014]

6. In the case where Subparagraph 4 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. [Newly inserted on March 20, 2014] [Amended on October 16, 2014]

(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: [Amended on November 29, 2013]

1. In the case of rights offerings for the corporations listed on the Stock Market (excluding the rights offerings of foreign corporations, etc. listed on the Stock Market), twenty (20) percent of the offered stocks shall be allocated to the ESOA members in accordance with [§38(1)] of the Framework Act on Labor Welfare; in the case of rights offering for the corporations listed on the KOSDAQ Market or KONEX Market, twenty (20) percent of the offered stocks shall be allocated in accordance with [§38(2)] of the Framework Act on Labor Welfare; [Amended on November 30, 2011; June 28, 2012; November 29, 2013]

2. In the case of rights offerings providing an opportunity of preferential subscription to existing shareholders, the number of stocks subject to preferential allocation shall be determined before such allocation;

3. 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. [Amended on March 20, 2014] [Amended on October 16, 2014] [Amended on September 17, 2015]

3-2. 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. [Newly inserted on September 17, 2015]

4. The forfeited stocks after the allocation and subscription pursuant to Subparagraphs 1 through 3 and 3-2 shall be handled according to §165-6 of the Act, but 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, notwithstanding regulations from Subparagraphs 1 through 3 and 3-2. 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 publicly- offered forfeited stock shall be allocated to KONEX high-yield high-risk investment trusts. [Amended on November 29, 2013] [Condition newly inserted on October 16, 2014] [Amended on September 17, 2015]

5. In the case where the number of stocks to be allocated pursuant to Subparagraph 3, 3-2 or 4 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. [Amended on September 17, 2015]

6. In the case where the latter sentence of Subparagraph 3 or 4 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. [Newly inserted on March 20, 2014] [Amended on September 17, 2015]

(3) Notwithstanding Paragraphs (1) and (2), in the case that the subscription portion of the group of subscribers who have satisfied the subscription requirement of publicly-offered stocks falls short of the allocation ratio, the excess stocks may be allocated to another group of subscribers.

(4) Notwithstanding Paragraph (1), when allocating publicly-offered stocks for IPOs, the lead manager shall exclude persons falling under any of the following Subparagraphs:

1. Underwriters or related parties of an underwriter;

2. Related parties of an issuer. However, the executives under Items a and d of Subparagraph 9 of [§2] shall be excluded; and [Amended on June 28, 2012]

3. Persons who have a material interest, such as provision of services, in the issuer or underwriter with respect to the public offering concerned.

(5) [Newly inserted on March 20, 2014] [Deleted on October 16, 2014]

(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. [Newly inserted on September 17, 2015]

§10. Over-Allocation Option

(1) In the case that a lead manager makes a contract with an issuer on an over-allocation option, the portion of stocks subject to over-allocation shall be within fifteen (15) percent of the portion of publicly-offered stocks, and the exercise date of such an over-allocation option shall be determined upon consultation between the lead manager and the issuer among the days between the trading commencement date and the thirtieth (30) day therefrom. The issuing price of new stocks arising from the exercise of an over-allocation option shall be the offering price (however, the minimum offering price, in cases falling under the provisions of [§5(1)2]; the same hereinafter). [Amended on November 30, 2011]

(2) In the case where a lead manager that made a contract on an over-allocation option buys the stocks concerned on the Stock Market or the KOSDAQ Market in order to move out of the net sell position resulting from over-allocation, the purchase price shall be more than ninety (90) percent of the offering price. However, in the case that the purchase quotation is placed at more than ninety (90) percent of the offering price in relation to a transaction where the price is determined by the separate competition transaction method on the basis of a single price on the Stock Market or the KOSDAQ Market, but contracted at less than ninety (90) percent of the offering price, the purchase price shall be deemed to be set at more than ninety (90) percent of the offering price.

(3) In the case of allocating the over-allocation stocks, a lead manager shall exclude persons falling under any of the following Subparagraphs:

1. Underwriters or related parties of an underwriter;

2. Related parties of an issuer; and

3. Persons who have a material interest, such as provision of services, in the issuer or underwriter with respect to the public offering concerned.

(4) A lead manager shall, when intending to buy the stocks concerned on the Stock Market or the KOSDAQ Market to move out of the net sell position as stated in Paragraph (2), report to the Korea Exchange, in accordance with <Annexed Paper 2: Forms>, the contents of the over-allocation and other matters determined by the Association, prior to the trading commencement date, so that such matters can be released to the market bulletins of the Stock Market or the KOSDAQ Market. [Amended on December 15, 2015]

CHAPTER III
UNDERWRITING OF NON-GUARANTEED BONDS

§11. Conclusion of Lead Management Agreement, Etc. on Underwriting of Non-guaranteed Bonds

(1) A financial investment company shall, when requested to underwrite non-guaranteed bonds, enter into a lead management agreement a minimum of ten (10) business days prior to submitting a securities registration statement, and shall submit to the Association a copy of the agreement within five (5) business days from the day of the conclusion thereof. However, this Provision shall not apply in cases where the company is requested to underwrite asset-backed bonds or non-guaranteed bonds of which subscription and offering are carried out through the submission of a shelf registration statement in accordance with [§119(2)] of the Act. [Amended on February 20, 2014]

(2) A lead management agreement pursuant to Paragraph (1) shall include the matters in each of the following Subparagraphs:

1. Confirmation and investigation of the management performance, business-related matters and financial soundness, etc. of the issuer;

2. Submission of data by the issuer;

3. Examination of Subparagraphs written in the securities registration statement;

4. Examination of the reputation of the issuer and the largest shareholder thereof, etc.;

5. Determination of a public offering interest rate, such as book-building; and

6. Revocation/cancellation and change of the agreement. [Amended on January 17, 2012]

§11-2. Underwriting of Non-Guaranteed Bonds

(1) In the case where a financial investment company underwrites non-guaranteed bonds, such bonds shall be those that have been rated by at least two (2) (one (1) agency, in the case of underwriting ABS issued in the form of bonds pursuant to the Act on ABS or in inevitable cases such as the business suspension of credit rating companies) credit rating companies (including international credit rating agencies as prescribed by the Governor of the Financial Supervisory Service in Item e of [§2-11(2)1] of the Regulations on Securities Issuance and Disclosure in the case of underwriting non-guaranteed bonds issued by foreign corporations, etc.; the same hereinafter in this Chapter) from among those approved for the credit ratings business pursuant to [§335(3)] of the Act. [Amended on February 20, 2014]

(2) The issuer of non-guaranteed bonds and the bond management company shall enter into a standard bond management agreement on non-guaranteed bonds specified by the Association (hereinafter referred to as "the standard bond management agreement") in order to underwrite non-guaranteed bonds. However, this Provision shall not apply to non-guaranteed bonds falling under any of the following Subpargaraphs: [Amended on March 29, 2012 and June 28, 2012]

1. Bonds issued by credit-specialized financial companies under the Credit-Specialized Financial Business Act;

2. Bonds issued by merchant banking corporations;

3. Bonds issued by banking institutions under the Banking Act;

4. Bonds issued by financial investment companies;

5. Asset-backed bonds; [Amended on February 20, 2014]

6. Bonds issued by financial securities companies; and [Newly inserted on April 26, 2013] [Transferred from the previous 6-2 and amended on February 20, 2014]

7. Bonds announced by the Association, among those issued by corporations subject to other special acts.

(3) Notwithstanding Paragraph (2), in the case of underwriting non-guaranteed bonds issued by foreign corporations etc., a modified standard bond management agreement may be used as a bond management agreement upon the Association's approval. [Amended on March 29, 2012]

(4) [Deleted on June 28, 2012] [Transferred from the previous [§11] and amended on January 17, 2012 and March 29, 2012]

§12. Determination of Public Offering Interest Rate of Non-Guaranteed Bonds, Etc.

(1) The lead manager and the issuer shall conduct a book-building and use the result thereof to determine the interest rate for the public offering of non-guaranteed bonds through consultations. However, a book-building may not be conducted when the interest rate for the public offering of non-guaranteed bonds are to be determined in cases falling under any of the following Subparagraphs: [Amended on February 20, 2014]

1. Non-guranteed bonds with an expected offering value of less than ten (10) billion won; [Amended on February 20, 2014]

2. Stock-related corporate bonds as defined in Item b of Subparagraph 4 of [§71] of the Act; [Amended on February 20, 2014]

3. Non-guaranteed bonds of which subscription and offering are carried out through the submission of a shelf registration statement in accordance with [§119(2)] of the Act; [Amended on February 20, 2014]

4. Asset-backed bonds; or [Amended on February 20, 2014]

5. Non-guranteed bonds of which the entire offering value is allocated to general subscribers. [Amended on February 20, 2014]

(2) The interest rate for the underwriting of non-guaranteed bonds shall be the interest rate for the public offering pursuant to Paragraph (1).

(3) The lead manager shall ensure that book-building participants have their own property and other properties involved separately in the book-building. [Amended on March 20, 2014]

(4) The lead manager shall prevent the leakage of information such as the interest rates and quantities requested by each participant in the book-building. [Amended on January 17, 2012]

§13. <Deleted on November 29, 2013>

§14 Underwriting of Won-Denominated Bonds

A financial investment company shall underwrite won-denominated bonds that satisfy the requirements of any of the following Subparagraphs:

1. Won-denominated non-guaranteed bonds shall receive a rating from two or more (one in unavoidable cases such as credit rating companies' suspension of business) credit rating companies [Amended on February 26, 2009] [Amended on February 20, 2014]; and

2. Won-denominated bonds shall be registered and issued pursuant to [§309(5)] of the Act (excluding the bonds sold overseas).

CHAPTER IV
SUPPLEMENTARY PROVISIONS

§15. Prohibition of Unsound Underwriting Practices

(1) A financial investment company conducting the business of lead manager for IPOs or OTC public offerings shall formulate and operate internal control standards concerning fair management of the lead manager's business and prevention of conflicts of interests, etc.

(2) "The standards prescribed by the Association" set forth in Subparagraph 4 of §4-19 of the Regulations on Financial Investment Business refer to what fulfills the matters prescribed by §5 or §12.

(3) "The standards prescribed by the Association" set forth in Subparagraph 6 of §4-19 of the Regulations on Financial Investment Business are as set forth in each of the following Subparagraphs:

1. A managing underwriter and an underwriter for IPOs shall draw up a protocol for

the underwriting business that includes the following Items. However, in the case of an underwriter that does not engage in the lead manager business, such underwriter shall only draw up a protocol for matters related to the underwriting business.

a. Matters on due diligence;

b. Matters on the calculation process and calculation method of expected offering price;

c. Matters on book-building;

d. Matters on the calculation of offering price, allocation of stocks and subscription;

e. Matters on material interests with the issuer such as the ownership of stocks, etc. of the managing underwriter and the underwriter concerned, and related parties thereof in the issuer;

f. Matters on restrictions, etc. on the disposal of the issuer's stocks held by the managing underwriter and the underwriter concerned, and related parties thereof;

g. Compliance with internal control standards; and

h. Other matters deemed necessary by the lead manager or underwriter.

2. A lead manager and an underwriter for IPOs shall keep the protocol for underwriting business under Subparagraph 1 and the materials related to any of the Items thereof for the period of three (3) years or more from the day the issuer concerned is listed on the Stock Market or the KOSDAQ Market or the KONEX Market.

(4) "Interested persons prescribed by the Association" in Subparagraph 7 of §4-19 of the Financial Investment Business Regulations refer to persons who are in the relationships falling under any of the following Subparagraphs. However, this shall not apply to the KRX, securities finance companies and special purpose acquisition companies.

1. When the issuer and the related parties thereof hold five (5) percent or more of the shares, etc., in the financial investment company.

2. When the financial investment company holds five (5) percent or more of the shares in the issuer.

3. When the financial investment company and the related parties thereof hold ten (10) percent or more of the shares, etc., in the issuer

4. When shareholders who own five (5) percent or more of the shares, etc., in the financial investment company and of the shares, etc., in the issuer are the same person or related persons. However, this shall not apply in cases where such same person or related persons are the government or institutional investors.

5. When the executives of the financial investment company own one (1) percent or more of the shares, etc., in the issuer.

6. When the executives of the financial investment company are the executives of the issuer, or when the executives of the issuer are the executives of the financial investment company.

7. When the financial investment company is the largest shareholder of the issuer or an affiliate as prescribed in Item d of Subparagraph 9 of [§2]. [Newly inserted on December 15, 2015]

(5) "IPOs or OTC public offering prescribed by the Association" in Subparagraph 7 of §4-19 of the Regulations on Financial Investment Business refers to the IPOs pursuant to Subparagraph 3 of §2 and the OTC public offering pursuant to Subparagraph 4 of the same Article.

(6) When applying Paragraph 4, the provisions of Paragraphs (2) through (8) of [§6] in the case of IPOs and OTC public offerings, and the provisions of Paragraphs (2) through (4) of [§6] in the case of public offerings of non-guaranteed bonds, shall be applied *mutatis mutandis*. [Amended on December 15, 2015]

(7) Notwithstanding Paragraph 6, with respect to foreign company-issued shares acquired by a financial investment company pursuant to [§26(6)1] of the KOSDAQ Market Listing Regulation or [§13(3)1] of the KOSPI Market Listing Regulation of the Korea Exchange, such shares are not deemed to be owned when it comes to calculating the holding ratio of shares, etc., pursuant to Paragraph 4.

[The whole text amended on November 29, 2013]

§16. Prohibition of Information Divulgence

(1) A managing underwriter and its executives and employees shall not divulge to a third party the information obtained in the course of implementing a lead management agreement or utilize it for the purpose other than to improve the management of the issuer.

(2) An underwriter and its executives and employees shall not divulge to a third party the internal information of the issuer or utilize it for the trading of securities.

§17. Disclosure of Business Records of a Lead Manager

(1) The lead manager of stocks for an IPO shall prepare and submit to the Association the matters related to an issuer, in accordance with <Annexed Paper 3: Forms>, for three (3) years from the date when publicly-offered stocks are listed on the Stock Market or the KOSDAQ Market or KONEX Market. [Amended on August 20, 2010; November 29 2013] [Amended on December 15, 2015]

(2) The Association may post the information that it received from the lead manager pursuant to Paragraph (1) on its Internet website. [Amended on August 20, 2010]

(3) [Deleted on August 20, 2010]

(4) [Deleted on August 20, 2010]

§17-2. Management of Unfaithful Participants in Book-building

(1) In an initial public offering or a public offering of non-guaranteed bonds, cases falling under any of the following Subparagraphs shall be deemed an act of unfaithful participation in book-building: [Amended on January 17, 2012]

1. Cases where a participant in the book-building has been allocated stocks or non-guaranteed bonds, but did not subscribe therefor or pay for his/her stocks or non-guaranteed bonds after subscription; [Condition deleted on November 30, 2011] [Amended on January 17, 2012]

2. In an initial public offering, cases where a participant in the book-building has been allocated stocks after committing to an obligatory holding of the stocks, but disposes of such stocks before the end of the obligatory holding period. In this case, his/her daily balance during the obligatory holding period shall be the criterion for confirming whether the period concerned has been observed; [Amended on January 17, 2012]

3. Cases where a person falsely prepared and submitted the related information while participating in market making; or

4. Cases where a participant in the book-building violated [§11] of the Act by selling the stocks he/she has been allocated to an investor; or [Amended on November 20, 2014]

5. Cases where a discretionary investment company or a real estate trust company participated in book-building in connection with a initial public offering in violation of [§5-2]. [Newly inserted on June 18, 2015]

6. Other acts of disturbing the underwriting order equivalent to those prescribed in Subparagraphs 1 through 5. [Amended on January 17, 2012] [Amended on November 20, 2014] [Amended on June 18, 2015]

(2) A lead manager shall, in cases where unfaithful participation in book-building pursuant to Paragraph (1) has occurred, submit the matters in each of the following Subparagraphs to the Association without delay. However, this Provision shall not apply in cases that fall under Subparagraph 4 of Paragraph (1) [Amended on November 30, 2011] [Amended on November 20, 2014]

1. Business registration number;

2. Name;

3. Issues involved in the case concerned;

4. The case concerned; and

5. The date of the occurrence of the case concerned.

(3) The Association shall designate the person who has committed an act of unfaithful participation in book-building pursuant to Paragraph (1) as an unfaithful participant in book-building through a resolution of the Self-regulation Committee (hereinafter referred to as “the Committee”) established in accordance with [§41] of the Association's Articles of Association. [Condition deleted on November 30, 2011] [Amended on January 17, 2012]

(4) A lead manager shall not commit the acts falling under each of the following Subparagraphs: [Amended on November 30, 2011 and January 17, 2012]

1. Allowing a person designated as an unfaithful participant in book-building in connection with an initial public offering to participate in the book-building for an initial public offering or allocating publicly offered stocks thereto for a period specified in Annexed Table 1; and [Newly inserted on January 17, 2012]

2. Allowing a person designated as an unfaithful participant in book-building in connection with the public offering of non-guaranteed bonds to participate in the book-building for the public offering of non-guaranteed bonds or allocating publicly offered non-guaranteed bonds thereto for a period stipulated in <Annexed Table 1> from his/her designation as an unfaithful participant in book-building. [Newly inserted on January 17, 2012; November 29, 2013]

(5) In the case that a person designated as an unfaithful participant in book-building under Paragraph (3) is a member of the Association, punitive fines under [§45(1)4] of the

Association's Articles of Association may be imposed on the member concerned. In such a case, Paragraph (4) shall not be applied. [Newly inserted on November 30, 2011] [Amended on January 17; October 26, 2012; November 29, 2013] [Newly inserted on August 20, 2010]

§18. Disclosure of Business Records of a Managing Underwriter of Bonds

(1) The managing underwriter (including a broker for offering and private placement) for bond issuance (including privately-placed bond issues but excluding electronic short-term corporate bonds issued in accordance with Subparagraph 2 of [§2] of the Act on Issuance and Distribution of Electronic Short-Term Corporate Bonds) shall prepare and report to the Association the matters related to an issuer, in accordance with <Annexed Paper 4: Forms>, within five (5) days from the date of issuance. However, in the case of jointly engaging in the managing affairs, the managing underwriter that prepares the securities registration statement shall report to the Association. [Amended on February 26, 2009 and April 4, 2013] [Amended on December 15, 2015]

(2) The Association may post the information that it was notified of by the managing underwriter pursuant to Paragraph (1) on its Internet website.

§19. Sanction

The Association may, when a financial investment company, falls under any of the following Subparagraphs, take necessary measures in accordance with its Articles of Incorporation:

1. Cases where it has violated the matters provided in these Regulations; and

2. Cases where it disturbed the underwriting order such as failure of underwriting pursuant to an underwriting agreement.

§20. Application Exclusion for Public Corporations

Any corporation falling under any of the following Subparagraphs shall not be subject to [§5], Paragraphs (1) and (2) of [§9] and [§17-2]. However, in cases where a lead manager conducts a book-building pursuant to [§5], [§17-2] shall be applied: [Amended on January 17, 2012]

1. A public corporation under the regulations of [§152(3)] of the Act; [Newly inserted on January 17, 2012]

2. An institution, among public institutions under the regulations of [§4(1)3] of the Act on the Management of Public Agencies, in which the government holds a fifty

(50) percent stake or more; or [Newly inserted on January 17, 2012]

3. A corporation in each of the Subparagraphs of [§2] of the Act on the Improvement of Managerial Structure and Privatization of Public Enterprises. [Newly inserted on January 17, 2012]

§21. Arrangement of Public Offering or Sale

These Regulations shall be applied *mutatis mutandis* to cases where a financial investment company arranges a public offering or a sale. [Newly inserted on November 30, 2011]

§22. Special Cases Concerning Electronic Short-Term Corporate Bonds, etc.

For financial investment companies underwriting electronic short-term corporate bonds that are exempted from submitting registration statements under [§119(2)] of the Enforcement Decree, [§11], [§11-2], [§12] and [§14] of the Regulations shall not apply. [Newly inserted on April 4, 2013]

ADDENDA (February 4, 2009)

§1. Effective Date

These Regulations shall become effective on February 4, 2009.

§2. Repeal of Previous Regulations

On the effective date of these Regulations, the Rules on Securities Underwriting Business of the Korea Securities Dealers Association shall be repealed.

§3. General Interim Measures

Underwriting business conducted by securities companies, etc. under the previous Rules on Securities Underwriting Business of KSDA before the enforcement of these Regulations shall be deemed to have been accepted by these Regulations. And, any violation by securities, etc. under the previous Rules on Securities Underwriting Business of the KSDA shall be deemed a violation under these Regulations.

ADDENDA (February 26, 2009)

§1. Effective Date

These Regulations shall become effective on March 9, 2009.

§2. Application Example on Institutional Investors, etc.

The amended provisions of Subparagraphs 6, 8 and 13 of [§2] and [§3(1)] shall be applied to the securities registration statement (including additional documents for the collective statement pursuant to the collective statement and amended statement for the changes made before the effective date submitted to the FSC before the effective date of these Regulations) filed for the first time after the effective date of these Regulations.

ADDENDA (December 23, 2009)

These Regulations shall become effective on December 24, 2009.

ADDENDA (August 20, 2010)

These Regulations shall become effective on August 20, 2010.

ADDENDA (November 30, 2010)

These Regulations shall become effective on December 1, 2010.

ADDENDA (November 30, 2011)

§1. Effective Date

These Regulations shall become effective on November 30, 2011. However, the amended regulations of [§3(4)], [§5(4)], [§21] and Annexed Paper 2 shall be effective from March 31, 2012.

ADDENDA (January 17, 2012)

§1. Effective Date

These Regulations shall become effective on January 18, 2012.

§2. Example of Application

The amended regulations of [§11] and [§13(3)] shall be applied to lead management agreements concluded on and after March 31, 2012, and the amended regulations of [§12] and Paragraph (1) as well as Subparagraph 2 of Paragraph (4) of [§17-2] shall be applied to securities registration statements submitted on and after April 17, 2012.

ADDENDA (March 29, 2012)

§1. Effective Date

These Regulations shall become effective on April 15, 2012. However, the amended regulations in Annexed Paper 2 shall be effective from March 31, 2012.

ADDENDA (June 28, 2012)

These Regulations shall become effective on July 1, 2012.

ADDENDA (October 26, 2012)

These Regulations shall be applied to securities registration statements submitted on and after November 1, 2012.

ADDENDA (April 4, 2013)

These Regulations shall become effective on the day when [§119(2)6] of the Enforcement Decree comes into force.

ADDENDA (April 26, 2013)

These Regulations shall become effective on May 1, 2013.

ADDENDA (August 29, 2013)

These Regulations shall become effective on August 29, 2013.

ADDENDA (November 29, 2013)

§1. Effective Date

These Regulations shall become effective on December 2, 2013.

§2. Application Example on the Designation of an Unfaithful Participant in Book-building for Non-guaranteed Bonds

The amended regulations of [§17-2(4)] shall be applied to securities registration statements submitted on and after December 2, 2013.

§3. Interim Measures on the Designation of an Unfaithful Participant in Book-building

When designating an unfaithful participant in book-building for non-guaranteed bonds, the regulations on aggravation and mitigation in II.2 of <Annexed Table 1> shall not be applied to cases of unfaithful participant designations made before the effective date of these Regulations.

ADDENDA (February 20, 2014)

These Regulations shall become effective on February 21, 2014. However, the amended regulations in Subparagraph 1 of [§2] shall become effective from the effective date of the Covered Bond Act.

ADDENDA (March 20, 2014)

§1. Effective Date

These Regulations shall be applied to securities registration statements submitted on and after May 1, 2014.

§2. Validity Period for High-yield High-risk Investment Trusts

The amended regulations in Item f of [§2], Subparagraph 18 of the same Article, the latter sentence of Subparagraph 4 of [§9(1)], Subparagraph 5 of the same Paragraph, the latter sentence of Subparagraph 3 of Paragraph (2) of the same Article, Subparagraph 6 of the same Paragraph and Paragraph (5) of the same Article shall only be effective until December 31, 2017.

ADDENDA (October 16, 2014)

§1. Effective Date

These Regulations shall become effective on October 17, 2014.

§2. Application Example on High-yield High-risk Investment Trusts

The amended regulations in Paragraphs (1), (2) and (5) of [§9] shall be applied to book-buildings conducted on and after the effective date of these Regulations.

§3. Validity Period for High-yield High-risk Investment Trusts

The amended regulations in Paragraphs (1) and (2) of [§9] shall only be effective until December 31, 2017.

ADDENDA (November 20, 2014)

These Regulations shall be applied to securities registration statements submitted on and after November 21, 2014.

ADDENDA (June 18, 2015)

These Regulations shall be applied to securities registration statements submitted on and after August 1, 2015.

ADDENDA (July 16, 2015)

§1. Effective Date

These Regulations shall become effective on July 17, 2015. However, the amended regulations in Subparagraph 8 of [§2] shall be applied to securities registration statements submitted on and after August 1, 2015.

§2. Interim Measures on High-yield High-risk Investment Trusts

The amended regulations in Subparagraph 4 of [§9(1)] shall not be applied to high-yield high-risk investment trusts in which debt securities that fall under Subparagraph 1 of [§4(7)] as bonds under Subparagraph 3 of [§469(2)] of the Commercial Act were incorporated before the effective date of these Regulations.

§3. Application Period for High-yield High-risk Investment Trusts

Notwithstanding [§2] of Addenda (March 20, 2014), regulations in Item g of Subparagraph 8 of [§2], Subparagraph 18 of the same Article, the condition of [§5-2(1)], Subparagraph 4 of [§9(1)], Subparagraph 6 of the same Paragraph, the latter sentence of Subparagraph 3 of Paragraph 2 of the same Article, the latter sentence of Subparagraph 4 of the same Paragraph, and Subparagraph 6 of the same Paragraph shall be effective until December 31, 2018.

ADDENDA (September 17, 2015)

§1. Effective Date

These Regulations shall be applied to securities registration statements submitted on and after January 1, 2016.

§2. Application Period for High-yield High-risk Investment Trusts

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.

ADDENDA (December 15, 2015)

These Regulations shall become effective on December 16, 2015. However, the amended regulations in Paragraphs (5) through (8) of [§6], [§10(4)], Subparagraph 7 of Paragraph (4) and Paragraph (6) of [§15], [§17(1)], [§18(1)], and <Annexed Paper 1: Form> through <Annexed Paper 4: Form> shall become effective from January 1, 2016.

<Annexed Table 1> [Newly inserted on November 30, 2011] [Amended on October 26, 2012; November 29, 2013] [Amended on November 20, 2014] [Amended on June 18, 2015]

Criteria for Designation of an Unfaithful Participant in Book-Building

Ⅰ. Book-building for Public Offering

1. Designation Criteria

<table>
<tr><th>Classification</th><th colspan="3">Action Subject to Application</th><th>Period of Sanction</th></tr>
<tr><td rowspan="5">Prohibition on participation in book-building</td><td rowspan="4">Subscription/ payment failure,

Violation of commitment to obligatory holding</td><td rowspan="4">Amount in violation *</td><td>Over KRW 1 billion</td><td>Less than 12 months</td></tr>
<tr><td>Over KRW 500 million ~ KRW 1 billion</td><td>Less than 10 months</td></tr>
<tr><td>Over KRW 100 million ~ KRW 500 million</td><td>Less than 8 months</td></tr>
<tr><td>KRW 100 million or less</td><td>Less than 6 months</td></tr>
<tr><td colspan="3">An act that falls under Subparagraphs 3 or 4 of [§17-2(1)]</td><td>Less than 12 months</td></tr>
<tr><td colspan="3">An act that falls under Subparagraph 5 or 6 of [§17-2(1)]</td><td>Less than 6 months</td></tr>
</table>

* The amount in violation for violation of commitment to obligatory holding : Number of stocks in violation of commitment to obligatory holding × the offering price

2. Aggravation and Mitigation [Amended on November 20, 2014]

- **Aggravation:** The sanction against a person who has committed an act of unfaithful participation in book-building in the past two (2) years prior to the act of violation in question may be aggravated by up to two hundred (200) percent. As a rule, such a sanction will be aggravated by fifty (50) percent if such act has been committed twice (2), and by one hundred (100) percent if such act has been committed three (3) or four (4) times, and two hundred (200) percent if such act has been committed five (5) times (including the concerned case subject to review and based on the number of issues). [Amended on November 20, 2014]

- **Mitigation:** Sanctions may be mitigated or exempted (not designating a person as an unfaithful participant in book-building, or designating him/her as such but not restricting book-building participation) in cases where the Committee recognizes the necessity after taking into account extenuating circumstances such as whether the

person has committed an act of unfaithful participation in book-building for a year prior to the act of violation in question, whether the act of violence has not been committed on purpose or with gross negligence, the amount of effort made to resolve the impact of the violation, whether the amount or proportion in violation is minor, etc. [Amended on November 20, 2014]

II. Book-building for Non-guaranteed Bonds

1. Designation Criteria [Amended on November 20, 2014] [Amended on June 18, 2015]

Reason	Amount	Percentage*(%)	Period of Sanction
Nonsubscription · Nonpayment	Over KRW40 billion	Over 50%	4months
	Over KRW20 billion Below KRW40 billion	Over 20% Below 50%	3months
	KRW 20billion		2months
Reasons falling under [§17-2(1)3 and 6]			1month

* The amount as a percentage of the amount of issuance set forth in a registration statement prior to a book-building; hereinafter the same shall apply.

Note) When the period of sanction calculated based on the above amount is different from the period of sanction calculated based on the above percentage, a longer period of time is applied.

2. Aggravation · Reduction

- Aggravation : One(1) month may be added to the period of sanction if one had been designated twice (2) as an unfaithful book-building participant within two (2) years prior to the date when the relevant reasons occurred, and in the case of more than three times (3) (including the relevant case of review for designation, and based on the number of issues), two (2) months may be added.

- Reduction : With respect to a person who had not been designated as an unfaithful book-building participant for one (1) year prior to the date when the relevant reasons occurred and in case there are minor consequences as a result of the relevant act of violation considering the unpaid or unsubscribed amount and the percentage thereof, including when such amount is less than KRW 10 billion, etc., the period of sanction may be reduced within the scope of fifty (50) percent.

Ⅲ. Miscellaneous (Commonly Applied to IPOs and Non-guaranteed Bonds)

1. When the reasons for aggravation and reduction compete against each other, aggravation is applied and then reduction is applied. After such application, the period of sanction not in the unit of months is not considered.

2. In the event that more than two cases of unfaithful book-building participation by the same person (based on the number of issues) are reviewed at the Committee meeting held on the same day, aggravation is applied on the basis of the violation that results in the longest period of sanction and the date when the relevant reasons occur is determined on the basis of the most recent date.

<Annexed Paper 1: Form> [Newly inserted on December 15, 2015]

Affirmation Document on the Lock-up of Stock, Etc. Held by Financial Investment Companies

To: Korea Financial Investment Association

Date: (YYYY-MM-DD)

This company affirms the following details in serving the role of a managing underwriter of the issuance of publicly-offered securities of _____

1. This company has acquired the stock, etc. of _____ that it holds before the listing eligibility preliminary review application submission date (or the signing date of the lead management agreement)

2. This company will lock up the stock, etc. of _____ that it holds at the Korea Securities Depository in accordance with the details set below

Category	No. of Stocks[1)]	Lock-up Period		Remarks
		Starting Date	End Date	
Ordinary share				
Class share				
Bond with Warrant				
Convertible Bond				
Exchangeable Bond				
Depository Receipt				
Other securities				

1) In the case of stock, the number of stocks shall be stated, and in the case of other securities, the number of stocks calculated in accordance with [§14(1)] of the Enforcement Rule of the Act shall be stated, and the par value marked in the Remarks column

3. With the stock, etc. locked up pursuant to Subparagraph 2 excluded, this company does not fall under “Interested persons prescribed by the Association” stipulated in [§15(4)] with _____

Company Name :
CEO Signature :

<Annexed Paper 2: Form> [Amended on December 15, 2015]

Purchase Plan Statement on Over-Allocation

1. Name of the purchasing company[1]:

2. Stocks to be purchased

- Issues subject to purchase:
- Portion of purchase[2]: ( ) the maximum number (percentage of stocks to be subscribed)
- Purchase period: from trading commencement date (month/day/year) to exercise date of over-allocation option (month/day/year)
- Purchase price: 95% (Korean won) or more of the offering price (Korean won)

3. Market for purchase: (Stock Market/KOSDAQ Market)

Attachment: A copy of agreement of over-allocation option.

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1) In the case where there are two or more purchasing securities companies, state the names of all purchasing companies, and then state the stocks to be purchased separately for each securities company.

2) In the case where the portion of the purchase and the portion of stocks for over-allocation are different, state the reasons at the bottom.

<Annexed Paper 3: Form> [Amended on November 30, 2011 and March 29, 2012] [Amended on December 15, 2015]

Disclosure of Business Records of a Lead Manager

1. Individual IPO <Data updated on month/day/year>

Issuer	Name of the Market (Stock Market /KOSDAQ Market)	Offering Price	Desired Price		No. of Publicly Offered Stocks	Par Value	Listing date	Initial Price	Closing Price of the Preceding Day	One Month Average Stock Price	Closing Price after Six Months	Yearly		Over-allocation			Levy of Margin for Stock Subscription	Method of Determination of Offering Price / Method of Allocation of Publicly Offered Stocks	Date of Designation as Issues for Administration	Delisting Date
			Lower Limit	Upper Limit								High	Low	Quantity	Out of Net Sell Position[1] Resolution Method	Out of Net Sell Position[1] Average Price				

Issuer	Rate of Changes in Issuer's Stock Prices/Indices Since Listing (Based on Daily Closing Prices)								
	Comparative Index	After 1 Month	After 2 Months	After 3 Months	After 4 Months	After 5 Months	After 6 Months	After 9 Months	After 12 Months
	KOSPI/ KOSDAQ	/	/	/	/	/	/	/	/
	Industry Index	/	/	/	/	/	/	/	/
	KOSPI/ KOSDAQ	/	/	/	/	/	/	/	/
	Industry Index	/	/	/	/	/	/	/	/

Note)

1. To move out of net sell position resulting from over-allocation, state the method and average price among the “market purchase”, “issuance of new stocks” and “sale of old shares” (average purchase price, price of newly issued stocks, and selling price of old shares according to each method), and in the case where there are two or more methods, write "others" for the resolution method and state the overall average price.

2. Annual Results of Lead Management Activities for Initial Public Offering

(Unit: KRW 100 million)

Period Concerned[2]	Stock Market							KOSDAQ Market					
	No. of Applications for Eligibility Review	No. of Eligibility Reviews Underway[3]	No. of Eligibility Reviews Approved[4]	No. of Initial Public Offerings	Publicly Offered Amount	No. of Initial Public Offerings with Over-allocation Option	Over-allocated Amount	No. of Applications for Eligibility Review	No. of Eligibility Reviews Underway[3]	No. of Eligibility Reviews Approved[4]	No. of Initial Public Offerings	Publicly Offered Amount	No. of Initial Public Offerings with Over-allocation Option
(Year)													

Note)

2. This table shall be filled out at the beginning of every year by compiling the results of the previous year.
3. The number of eligibility reviews underway refers to the number of cases whose review results are undecided as of the last business day of the stock exchange in the year concerned.
4. The number of eligibility reviews approved refers to the number of cases approved among those applied for in the year concerned (excluding cases where a case applied for in the previous year was approved in the year concerned).

3. Status of Human Resources Regarding Initial Public Offerings[5] in the Past 3 Years

Base Date[5]	Size of Division				Status of Qualification Possessed			
	Division Head	Team Leader	Team Member	Others	CPA	CFA	Master's/ Doctor's Degree	Others
End of (Year)								

Note)

5. This table shall be filled out based on the status of human resources as of the end of the previous year.

4. Yields Compared to Public Offering Prices by Lead Managers in the Past 3 Years

Lead Manager	Listing Year	Opening Price				Closing Price on Listing Day				Closing Price After 6 Months			Closing Price After 1 Year	
		Higher	Lower	Stagnant	Average %	Higher	Lower	Stagnant	Average %	Higher	Lower	Average %	Higher	Lower
(Company)														
Subtotal														

5. Yields Compared to Desired Public Offering Prices[6] by Lead Managers in the Past 3 Years

Lead Manager	Listing Year	Opening Price				Closing Price on Listing Day				Closing Price After 6 Months			Closing Price After 1 Year		
		Higher	Lower	Stagnant	Average %	Higher	Lower	Stagnant	Average %	Higher	Lower	Average %	Higher	Lower	Average %
(Company)															
Subtotal															

Note)

6. Mean of public offering prices.

6. Comparison Between Public Offering Price Bands and Public Offering Prices by Lead Managers in the Past 3 Years

Lead Manager	Listing Year	Public Offering Price			Opening Price		
		Lower Than Band	Within Band	Higher Than Band	Lower Than Band	Within Band	Higher Than Band
(Company)							
Subtotal							

<Annexed Paper 4: Form> [Amended on November 30, 2010 and March 29, 2012] [Amended on December 15, 2015]

Disclosure of Business Records of Manager of Bonds

Issue Date (yy/mm/dd)	[1)]Leading/Joint	Name of Managing Underwriter	Name of Bond (Number)	Name of Issuer	Coupon Rate (%)	Issue Interest (%)	Maturity Date (yy/mm/dd)	Currency (KRW/Yen/Dollar/ Euro)	Type of Bond	Whether or not guaranteed (Guaranteed/ Non-guaranteed)	Type of repayment (CB/BW/EB/Call/Put)	Guarantee Institution

[2)]Issue Amount (KRW 1 million)	Acquisition Company	Acquisition Amount (KRW 1 million)	Acquisition Fee (%)	Credit Rating				Fund Purpose (Facility/Operation/Refunding/ Others)		Issuer	Whether or not securities registration statement has been filed	Whether or not corporate due diligence
								Fund Purpose	Amount	Whether or not listed on the Stock Market		
				Korea Ratings	KIS	NICE	SCI	(Facility/ Operation/ Refunding/ Others)	(KRW 1 million)	(Listed/Unlisted)		

Note)
1. State whether it is the lead manager or joint managing underwriter.
2. In the case where the lead manager and joint manager are together, state the amount concerned for each case.
3. Attach an electronic document equivalent to a copy of a standard management agreement on non-guaranteed bonds.