

**AGREEMENT  
ON  
REPO BETWEEN INSTITUTIONS**

**§1. Applicability**

(1) This Agreement shall apply to the cases when the parties concerned make repo outside the Stock Market or the KOSDAQ Market.

(2) The parties concerned may supplement or amend the content of this Agreement through the use of the general contract (hereinafter referred to as “the Contract”) pursuant to <Attachment 1>, and in the case that there occurs a difference in transaction terms and conditions between this Agreement and the Contract, the latter shall have precedence.

(3) With respect to the separate repo transaction (hereinafter referred to as “the separate repo”) subject to this Agreement, the parties concerned may, in relation to the separate repo concerned, make a contract on matters different from this Agreement and the Contract in the transaction affirmation sheet (hereinafter referred to as “the transaction affirmation sheet”) prepared by either <Attachment 2> or another form determined by the parties concerned, and in such a case, the transaction affirmation sheet shall have precedence over this Agreement and the Contract.

(4) In the case that a separate repo is a buy/sell back transaction, such fact shall be stated in the transaction affirmation sheet, and be subject to <Attachment 3> concurrently.

(5) In the case that the parties concerned sign the separate repo through its proxy, such fact shall be stated in the transaction affirmation sheet, and be subject to <Attachment 4> concurrently.

(6) Repo transaction, when the repurchase service agency is the Korea Securities Depository, shall be also subject to <Attachment 6> concurrently.

**§2. Definitions**

The terms used in this Agreement shall be defined as follows:

1. The term “repo” refers to the trading of bonds with a repurchase agreement under which one party (hereinafter referred to as “the seller”) agrees to sell securities to the other party (hereinafter referred to as “the buyer”) at a price equivalent to the sum of an agreed amount of money, such as interest, etc., added to the purchase price on the date agreed upon, and at the same time agrees to repurchase other securities equivalent to the securities from the buyer at an agreed upon price on a repurchase date. This term includes buy/sell back.

2. The term “open repo” refers to a repo agreement in which the repurchase date is unspecified at the time of an agreement. This is a repo whose repurchase date is determined by the repurchase notice of either party at any time.
3. The term “purchased securities” refers to, in relation to individual trading, securities delivered to the buyer by the seller on the purchase date.
4. The term “unit-price purchased securities” refers to securities equivalent to purchased securities. In the case that the purchased securities have been repaid, the repaid principal shall be deemed to be unit-price purchased securities. In such a case, unless a separate agreement has been made between the parties concerned, interest calculated at the interest rate pursuant to [§5(5)] shall be added from the date when the principal has been received. regarding securities’ equivalent relations with other securities, such “equivalent” relations in this Agreement refer to the state where the two securities have the same issuer, same type, same issue, same par value and same quantity. However, securities “equivalent” relations, in the case where securities are converted, split or consolidated, or the owner of securities is granted the right to purchase other securities due to the securities concerned, or in other cases, means that, due to such cases, other securities equivalent to the original securities that the owner could purchase are added thereto or the original securities are substituted for other securities.
5. The term “margin securities” refers to securities that are delivered or returned to the counterparty in accordance with [§5], in the case of a net evaluation loss.
6. The term “additionally-purchased margin securities” refers to the securities equivalent to margin securities.
7. The term “margin in cash” refers to the cash paid to the counterparty in accordance with [§5], in the case of a net evaluation loss.
8. The term “margin” refers to all margins in cash and margin securities paid in accordance with [§5]. Payment of margin refers to the practices that pay margin in cash or deliver margin securities.
9. The term “income” refers to all cash inflow (excluding repaid principals) paid by the issuer of the purchased securities or margin securities for such securities such as interest, dividends, etc. It also excludes the amount charged, collected or withheld by the tax agency. The term refers to the amount actually paid before the collection of taxes in the case of collecting taxes or withholding tax at the source according to tax law.
10. The term “purchase date” refers to the date on which the buyer pays the purchase

price to the seller and, in return, the seller delivers the purchased securities to the buyer.

11. The term “purchase price” refers to, in relation to individual trading, the agreed upon price paid to the seller by the buyer for the purchased securities delivered on the purchase date.
12. The term “repurchase date” refers to the date on which the seller and the buyer conclude an agreement to repurchase the purchased securities (including the different date agreed on pursuant to [§4(2)]), or the date notified by either party as the repurchase date, pursuant to [§4(3)], in the case of an open repo, including the date of early repurchase pursuant to [§12] of this Agreement.
13. The term “repurchase price” refers to the purchase price, adding the price differential thereto.
14. The term “price differential” refers to the amount obtained after multiplying the purchase price by the interest rate for repo, then by the number of days (including the first day, but excluding the last day) from the purchase date to the calculation date of the price differential (to the repurchase date, in the case that the calculation date of the price differential is after the repurchase date), then by the pricing rate, then divided by 365 (or, it shall be subject to the case where the agreed-upon days of the year exist between the parties concerned).
15. The term “repo interest rate” refers to the annual rate denoted in the percentage rate or similar methods as agreed to in a written confirmation of trading between the parties concerned. It shall be used to determine the price differential interest per annum for the calculation of the price differential.
16. The term “margin percentage” refers to, in relation to individual trading, the percentage obtained after dividing the market value of the purchased securities as of the purchase date by the purchase price as of the purchase date, unless otherwise stipulated between the seller and the buyer.
17. The term “market value” refers to the value of the securities concerned on the date of valuation based on a method agreed upon by the parties concerned in an agreement that is generally recognized as reasonable.
18. The term “net margin” refers to, unless otherwise agreed-upon between the parties concerned, the amount incurred after subtracting, in conformity with [§5], (i) the sum (excluding the margin in cash and the equivalent margin securities returned by the counterparty) of the margin in cash (including accrued interest that is not paid to the counterparty) paid to the counterparty and the margin securities (calculated at the market value of the net margin as of the calculation date) delivered to the counterparty from (ii) the sum (excluding the margin in cash and

the equivalent margin securities returned by the counterparty) of the margin in cash (including accrued interest that is not paid to the counterparty) paid to the counterparty and the margin securities (calculated at the market value of the net margin as of the calculation date) delivered to the party concerned.

19. The term “net evaluation loss” refers to, unless otherwise agreed-upon between the parties concerned, the case where (i) the amount incurred after subtracting the net margin to the party concerned from the sum of both the evaluation loss amount of a separate transaction of the party concerned and the amount that has not been paid among the amount to have been paid thereto, in conformity with [§8], exceeds (ii) the amount incurred after subtracting the net margin to the counterparty concerned from the sum of both the evaluation loss amount of a separate transaction of the counterparty concerned and the amount that has not been paid among the amount to have been paid thereto, in conformity with [§8]. The exceeding amount is referred to as the “net evaluation loss amount”.
20. The term “evaluation loss of separate transaction” refers to the case in which there exist differences, at a certain point of time during the period between the purchase date and repurchase date, between (i) the amount calculated after multiplying the repurchase value as of the date by the margin percentage and (ii) the market value of the unit-price purchased securities as of the date. In the case that the amount (i) is higher than the market value (ii), such evaluation loss of a separate transaction shall be deemed to have occurred to the buyer of the transaction. Conversely, such evaluation loss of separate transaction shall be deemed to have occurred to the seller of the transaction. In such events, the differences are referred to as the “evaluation loss amount of a separate transaction”.
21. The term “repurchase service agency” refers to a corporation designated with the prior consent of the buyer and the seller, which provides, on behalf of the buyer and the seller, services related to repo such as the payment and administration of margin; the compensation payment of income; administration, substitution, or exchange of purchased securities; termination of repo transaction following the non-fulfillment of contract and so on, in accordance with the content of the repo.
22. The term “proxy trading” refers to a separate repo executed by a third party designated as proxy of the parties concerned, and shall be subject to <Attachment 4>.

### **§3. Formation of Trading Contract**

(1) Both the buyer and the seller may, with respect to repo transaction pursuant to this Agreement, contract a separate repo, orally or in writing, in the case that there is an agreement on terms and conditions of repo between them. Either the buyer or the seller shall deliver a written confirmation of trading to verify the trading content upon the

execution of each transaction (In the case that the repo transaction in accordance with this Agreement is executed through a repurchase service agency, the computerized data of the repurchase service agency or other electronic method corresponding thereto shall be deemed to have delivered the written confirmation). However, in the case that a financial investment company, etc. mediates repo transactions upon receiving bids and offers from the buyer and the seller, a repo shall be in existence after notifying the buyer and the seller of the execution of repo by mediation. In the case that either party has an objection with regards to the delivery of such letter within the date of delivery, such repo shall be deemed not in existence. However, these provisions shall not apply to cases where problems in the written confirmation are evidently caused by miscalculation, typo or other similar expressive errors.

(2) In the case that a repo is in existence pursuant to Paragraph (1), the seller shall deliver the purchased securities to the buyer; at the same time, the buyer shall pay the purchase price to the seller on the purchase date.

#### **§4. Termination of Trading Contract**

(1) The buyer shall deliver the purchased securities to the seller on the repurchase date while at the same time the seller shall pay the repurchase price (subtracting the payables that are not yet paid to the seller by the buyer, as defined in [§8]). A repo shall be terminated upon the completion of such delivery and payment.

(2) Either the buyer or the seller may terminate a repo defined in Paragraph (1) before the repurchase date stipulated in a written confirmation of trading, with the consent of the other party. In this case, the termination date agreed upon by both parties shall be the repurchase date of the repo.

(3) A buyer or seller who intends to terminate an open repo shall, unless otherwise agreed-upon between the parties concerned, notify the other party of the repurchase date by the closing time of business hours at least two (2) business days prior to the repurchase date.

#### **§5. Margin Maintenance**

(1) In the case of a net evaluation loss, the party concerned may, by written or verbal notice (hereinafter referred to as “margin notice”) to the seller, demand the payment and/or transfer of cash or securities (based on the market value on the date of transfer) equivalent to the net evaluation loss on the basis of the preference of the counterparty.

(2) In the case that the party that gives a margin notice has previously paid or delivered a margin in cash or margin securities, and thus there is no case where the amount equivalent to the margin in cash or margin securities was returned, the party may, within a limit, demand payment of margin in the form of cash equivalent to the amount of the margin in cash or/and return of the equivalent margin securities (such demand shall take

precedence over the counterparty's right of a preferred payment method of margin subject to Paragraph (1))

(3) A seller or buyer, unless otherwise agreed between the parties concerned, who is notified of margin notice from the buyer or the seller by 10:30 pursuant to Paragraph (1), shall pay and/or transfer and/or return to the other party cash and/or securities by 17:00 on the date of notice. However, in the case of receiving the notice after such deadline, the buyer or the seller shall pay such margin by noon on the next business day.

(4) The parties concerned may, by specifying the ratio or amount of exemption from the obligation to maintain the margin in the contract, conclude the contract in order to exempt the obligation to pay margin defined in this Article with the counterparty when the amount equivalent to the net evaluation loss does not exceed the agreed-upon ratio or the amount of exemption.

(5) A buyer or seller who is paid with cash as part of margin payment pursuant to this Article shall, unless otherwise agreed between the parties concerned, pay the interest calculated on the basis of the interest rate defined in the written confirmation on the date stipulated in such written confirmation.

(6) The securities delivered for the payment of margin shall, unless otherwise not permitted by the party making the margin notice, be those confirmed in the Contract by the parties concerned.

(7) With respect to the separate repo, the parties concerned may, without applying Paragraphs (1) through (6), pay the margin in accordance with other agreed-upon methods. In such case, the transaction concerned may not be included in the calculation of the net evaluation loss, nor be subject to the provisions in Paragraphs (1) through (6).

(8) Even in the case that the buyer or the seller fails to make a notice demanding margin maintenance pursuant to Paragraph (1) immediately after the occurrence of a net evaluation loss, this shall not constitute abandonment of the right to demand payment of margin afterwards regarding the net evaluation loss.

(9) The parties concerned may, instead of paying the margin resulting from a net evaluation loss in conformity with this Article, agree to pay the margin either by recalculation of the purchase price defined in [§6] or by the method of repo adjustment defined in [§7], or by a method of appropriately combining both.

(10) In the case that the issuer of the purchased securities is under a suspension of banking transactions by a clearing house or a trading bank; the commencement of rehabilitation procedures; or adjudication of bankruptcy; or falls under the state of de facto insolvency or fails to pay the principal or interest, in whole or in part, the buyer may, only for the purpose of calculating the evaluation loss amount of a separate transaction, evaluate the

market value of the unit-price purchased securities as “zero (0),” and demand , pursuant to the Article, the payment and/or transfer of cash and/or securities (based on the market value on the date of transfer) equivalent to the net evaluation loss by margin notice.

## **§6. Recalculation of Purchase Price**

(1) In the case that the buyer and the seller agree to recalculate the purchase price or causes for the recalculation of the purchase price (hereinafter referred to as “causes for recalculation of purchase price”) defined in the Contract, the separate repo concerned (hereinafter referred to as “the original repo” in this Article) shall, when the buyer or the seller notifies the counterparty of the recalculation, be deemed to change into the following content:

1. The redemption date of the original repo shall be the date of recalculation (referring to the date set upon the agreement between the parties concerned; hereinafter referred to as “the recalculated date”);
2. The buyer and the seller concerned shall be deemed to have contracted a new repo (hereinafter referred to as “recalculated repo”) subject to this Agreement on the basis of the following terms and conditions:
  - a. The purchased securities of a recalculated repo shall be the same as the original repo;
  - b. The purchase date of a recalculated repo shall be the date of recalculation;
  - c. The purchase price of a replaced repo shall be calculated by dividing the market value of the additionally-repurchased securities as of the date of recalculation by the margin percentage applicable to the original repo; and
  - d. The repurchase date, repo interest rate, margin percentage and other trading conditions for a replaced repo shall be the same as the original repo.

(2) The obligation of delivering purchased securities and of paying the purchased price of the recalculated repo shall be balanced with the obligations of those of the original repo, and the differences only shall be paid to the counterparty on the recalculated date [§5-3] defining the payment of margin shall, unless otherwise agreed separately, apply *mutatis mutandis* to payment of such differences.

(3) In relation to the recalculated repo pursuant to Paragraph (1), either the buyer or the seller shall deliver a new written confirmation of transaction pursuant to [§3-1] on the recalculated date.

## **§7. Repo Adjustment**

(1) Cases where the buyer and the seller agree on repo adjustment with respect to a separate repo shall be subject to this Article (hereinafter referred to as “repo adjustment”).

(2) The separate repo concerned (hereinafter referred to as “the original repo” in this Article) shall be terminated on the agreed-upon date of repo adjustment, and a new repo transaction (hereinafter referred to as “replaced repo”) shall be deemed in existence in accordance with this Agreement under the following conditions:

1. The purchased securities of a replaced repo shall be the securities agreed to on the adjustment date or in advance between the parties concerned, but the market value of the securities as of the adjustment date shall be more than the amount calculated by multiplying the present redemption price by the margin percentage applicable to the original repo;
2. The purchase date of a replaced repo shall be the adjustment date; and
3. Other terms and conditions of a replaced repo shall be subject to matters agreed to on the adjustment date or in advance between the parties concerned.

(3) The party responsible for payment or delivery of cash or securities, as a result of the termination of the original repo and the establishment of a replaced repo, shall fulfill its obligations pursuant to [§9], and unless otherwise agreed to separately on the date, [§5(3)] shall be applied *mutatis mutandis*.

(4) In relation to a replaced repo pursuant to this Article, either the buyer or the seller shall deliver a new written confirmation in accordance with [§3(1)] on the adjustment date.

(5) In the case that the issuer of the purchased securities is under suspension of banking transactions by a clearing house or a trading bank; the commencement of rehabilitation procedures; or adjudication of bankruptcy; or falls under the state of de facto insolvency or fails to pay the principal or interest, in whole or in part, the buyer shall demand repo adjustment (hereinafter referred to as “replacement demand”) by replacing such purchased securities with securities of the issue approved in advance in the written confirmation concerned or by securities agreed to by the parties concerned. In this case, the adjustment date shall be the next day of the demand date. In response, the seller shall deliver the securities of the issue approved in advance in the written confirmation concerned or securities agreed to by the parties concerned by the closing time of business hours of such adjustment date (or by the time extended by the buyer), and the buyer shall return unit-price purchased securities of the original repo to the seller immediately after receipt. The market value of the securities delivered as replacement shall be more than the amount calculated by multiplying the redemption price as of the delivery date by the margin percentage applicable to the original repo, and be the purchased securities of the replaced repo.

## **§8. Income Payment**

(1) The buyer shall pay the seller the amount equivalent to the income (in the case of



selling purchased securities, including the amount that would be received if such purchased securities were not sold. This provision shall apply *mutatis mutandis* to Paragraph (2)) received from the issuer of purchased securities before the termination date of the separate repo concerned, on the date of such receipt (referring to the first day on which it would receive such amount in the case of selling purchased securities; hereinafter referred to as “the payment date of income”).

(2) In the case that the payment date of income of the margin securities (or equivalent margin securities), with respect to such margin securities delivered to the counterparty by one party, has arrived before the return of the equivalent margin securities, the receiving party shall pay the counterparty the amount equivalent to the income generated from the securities paid by the issuer of the margin securities (or equivalent margin securities) concerned on the payment date of income.

(3) In the case of deducting or withholding tax at the source according to tax law, with respect to the payment of the amount equivalent to income pursuant to Paragraph (1) and Paragraph (2), the paying party shall pay the counterparty the amount that would be received if such deduction and withholding had not taken place.

(4) The buyer may, in the case of the early arrival of the repurchase date pursuant to [§12(1)], refuse a substantial amount of income payment until the completion of settlement subject to this Article, and such income will be included in the calculation of such settlement.

## **§9. Payment and Transfer**

(1) All rights and title holder names regarding securities and cash to be delivered or paid in relation to this Agreement shall be transferred to the party who is to receive them upon such delivery or payment. Such expressions as “repurchase”, “repurchase date”, “repurchase price”, “price differential”, “margin”, “margin percentage” or “substitution,” and other provisions in this Agreement shall not affect the interpretation of the content of this Paragraph, and securities or cash delivered or paid shall not be interpreted as guarantee income created by one party for the counterparty.

(2) All funds paid in relation to this Agreement shall be usable on the spot, unless otherwise agreed to on a separate repo between the seller and the buyer.

(3) The funds paid by one party to the other in relation to this Agreement shall, unless otherwise agreed to, be free from any form of burden, including charge, collection, or withholding by the tax agency. However, in the case of deducting or withholding tax at the source according to tax law, the party paying such funds shall be obligated to additionally pay the counterparty the amount that would be received if such deduction or withholding had not taken place.

(4) All securities to be transferred in relation to this Agreement shall not be restricted in the transfer of ownership, and they shall pass through all necessary procedures for the transfer of ownership. The party transferring such ownership shall accept all measures that the counterparty demands in order for such transfer. All securities to be transferred in relation to this Agreement shall be transferred in accordance with the book entry clearing by the Korea Securities Depository or other securities clearing by the repurchase service agency or other methods mutually recognized by the parties concerned.

(5) All securities to be transferred in relation to this Agreement shall not be restricted or under any burden with respect to ownership, such as the creation of a security. The party transferring securities in relation to this Agreement shall be obligated to deliver all documents and take other measures to discharge any restrictions or burdens on the ownership of such securities.

(6) Unless otherwise agreed between the parties concerned, payment shall subtract the funds to be paid between both parties on the same date, and in the case that securities are to be transferred mutually between both parties on the same date, and the securities have the same issuer, issue, type and par value, a party shall pay the other the quantity calculated after subtracting the quantity respectively.

(7) The parties concerned may make a separate contract to restrict the disposal of purchased securities and margin securities in order to guarantee mutual fulfillment of their duties subject to a separate repo.

(8) The expenses for the payment of funds or transfer of securities in relation to this Agreement shall be paid by the party who pays such funds or transfer such securities.

#### **§10. Substitution of Purchased Securities**

(1) The seller may demand the buyer to substitute securities for issues acknowledged in advance in the Contract or in the written confirmation, or other securities recognized by the buyer. At such substitution request, the buyer may agree on the substitution of purchased securities. The market value of the substituted securities shall be more than that of pre-substitution additionally purchased securities, and this shall be the new purchased securities of the year concerned.

(2) In the case of the substitution of purchased securities pursuant to Paragraph (1), the seller shall, unless otherwise agreed between the parties concerned, transfer substituted securities, and at the same time receive the existing additionally purchased securities from the buyer.

(3) Prior to when the buyer or the seller transfers margin securities to the other and the equivalent margin securities are returned pursuant to [§5], the party that transferred such margin securities shall demand the counterparty to substitute securities for issues

acknowledged in advance in the Contract or in the written confirmation, or for other securities recognized by the counterparty. To such substitution request, the counterparty may agree on the substitution of margin securities. In this case, the latter part of Paragraphs (1) and (2) shall apply *mutatis mutandis* to this Paragraph.

## **§11. Statement and Assurance**

(1) Each party shall state to the counterparty any of the following Items, and assure it is not contradictory to fact:

1. The parties concerned shall sign and deliver this Agreement and make a contract subject to this Agreement, and be obligated to fulfill their duties therein, and all necessary measures shall be taken to delegate appropriate authority to carry out such signing, delivery, execution and fulfillment;
2. The parties concerned shall, except for agency trading as defined in <Attachment 4>, be involved in this Agreement and the subsequent separate repo by themselves, not as proxy;
3. The person or representative who signed this Agreement on behalf of the parties concerned shall be vested with the appropriate authority to do so;
4. The parties concerned shall be vested with the government's approval, admission, permit and others related to this Agreement and subsequent repo, and such approval, admission, permit and other authorization shall remain in effect;
5. The signing, delivery, contracting and execution pursuant to this Agreement and the subsequent separate repo shall not violate any statute, regulation, rule, articles of incorporation or other applicable regulations, or any other contract where the party is the party concerned or affects the party's assets;
6. The parties concerned shall be fully aware of tax law matters related to the repo under this Agreement;
7. As for this Agreement and the subsequent separate repo,
  - a. The party concerned shall not hold the counterparty accountable for any advice other than statements mentioned in this Agreement;
  - b. The party concerned shall make a decision on the execution of repo on the basis of its own judgment or, if necessary, of expert's advice; and
  - c. The party concerned shall be aware of the trading conditions and subsequent risk of a repo, and be willing to take such risk.
8. The party concerned shall, with respect to the transfer of securities, have the right to transfer them. Upon such transfer, the counterparty shall take the right,

titleholder's name and income not restricted to any security, assertion claim, or any other burden;

9. The party concerned subject to this Agreement shall be the one falling under any of the Items of [§7(3)3] of the Enforcement Decree of the Financial Investment Services and Capital Markets Act.
- (2) On the date on which a separate repo is contracted between the parties concerned subject to this Agreement and the date on which purchased securities, unit-price purchase securities, margin securities or additionally-purchased margin securities are delivered, the buyer and the seller shall each be deemed to have stated each of the Items of Paragraph (1) and have confirmed that their statements are not inconsistent with the fact.

## **§12. Early Arrival of Repurchase Date and Settlement**

(1) In the case that either party of a repo (hereinafter referred to as “non-performer of the contract”) falls under any of Items 1 through 14 (hereinafter referred to as “causes for non-performance”), or on the date on which the other party (hereinafter referred to as “the performer of contract”) delivers the notice of early arrival (hereinafter referred to as “the notice of early arrival”) of the repurchase date, the repurchase date of all repos subject to this Agreement between the parties concerned shall be deemed to have arrived. However, as for the non-performer of the contract in relation to the court or relevant authority, in the case that an application for commencement of bankruptcy, rehabilitation procedures, or other similar procedures thereto is received, or a liquidator, custodian, legal receiver, trustee or other person in a similar position thereto is assigned to such non-performer, the repurchase date shall be deemed to have arrived on the date on which the cause concerned occurs, without notice of early arrival:

1. Cases where, on the purchase date of a repo, the buyer fails to pay the purchase price or the seller fails to pay the repurchase price;
2. Cases where, on the repurchase date of a repo, the seller fails to deliver the purchased securities or the buyer fails to deliver the additionally purchased securities;
3. Cases where the buyer or the seller fails to fulfill the duty of margin payment pursuant to [§5];
4. Cases where the buyer or the seller fails to pay the substantial amount of income pursuant to [§8];
5. Cases where the buyer or the seller agreed on recalculation of purchase price pursuant to [§6] or repo adjustment pursuant to [§7], but fails to fulfill the duty of payment/delivery of cash or securities pursuant to the agreement concerned;

6. Cases where statements by the buyer or the seller are not clear or are false;
7. Cases where either the buyer or the seller falls under suspension of banking transactions by a clearing house or a trading bank; admits suspension of payments or insolvency in writing; or an application for commencement of bankruptcy, rehabilitation procedures or other similar procedures thereto is filed with the court concerning the buyer or the seller;
8. Cases where the buyer or the seller makes a contract to transfer or dispose of all or a material part of a business to the advantage of creditors; or makes a contract on the deferment of debt payment and rescheduling, private composition, administration and fund management, or other similar contracts thereto, due to lack of funds; or a resolution at a shareholders meeting, the convocation of a creditors' consultation meeting or other procedures for the execution of such contract have commenced;
9. Cases where causes for dissolution defined in the articles of incorporation have occurred to the buyer or the seller; a resolution on such dissolution at a shareholders meeting or other procedural equivalent thereto has been taken; a dissolution order or request for dissolution ruling is filed with the court;
10. Cases where an administrative act against the buyer or the seller such as suspension or the revocation of the main business is taken by regulatory authorities; is designated as an insolvent financial institution pursuant to the Depositors Protection Act or the Act on Structural Improvement of Financial Industry; assets of the buyer or the seller or investors' assets under custody of the buyer or the seller are transferred to a custodian or legal receiver or ordered by the supervisory authorities to be transferred;
11. Cases where the buyer or the seller fails to comply with the payment duty pursuant to Paragraphs (9) and (10);
12. Cases where the buyer or the seller explicitly or implicitly admits its intention of non-performance of this Agreement and separate repos;
13. Cases, except for those mentioned in the above Items, where the buyer or the seller, received notice from the other party to correct his/her failure to fulfill his/her duty pursuant to the Agreement and separate repos, but failed make the correction within thirty (30) days after such notice;
14. Other cases falling under the provisions as agreed to between the buyer and the seller.

(2) In the case of non-performance, the party concerned with such non-performance shall notify without delay the counterparty of such fact.

(3) When the repurchase date pursuant to Paragraph (1) arrives, the duty to return the margin in its entirety in cash (including related accrued interest) and equivalent margin securities shall take effect. The performer of the contract shall calculate the settlement amount pursuant to Paragraphs (4) and (5) and notify the non-performer of the contract thereof by the closing time (the agreed-upon time, in the case agreed-upon between the parties concerned, hereinafter referred to as “the evaluation timing” for the purposes of this Article) of business of the next business day of the early arrival of repurchase date, and the party concerned who is to pay the calculated settlement amount shall pay the amount concerned to the other party by the end of business hours of the day after the notice of calculation of the settlement amount was delivered. However, in the case that a performer of the contract waives the right to apply the actual sold price or the actual purchase price to the securities concerned, instead of the market value as of the evaluation timing, it shall demand a non-performer to immediately pay the amount settled pursuant to Paragraph (4) (but, restricted to the case where the non-performer is obligated to pay the amount settled pursuant to Paragraph (4)) after the occurrence of causes for non-performance (transmission of early arrival notice, if necessary for early arrival of repurchase date). In this case, the market value of the securities concerned as of the evaluation timing pursuant to Paragraph (4) shall be that of the securities concerned as of the payment demand. The settlement amount calculated accordingly shall be paid by the end of business hours of the day after the above-mentioned demand for immediate payment of the performer of the contract was delivered pursuant to [§16]. The stipulations of this Article shall be applied prior to any other stipulations in this Agreement in the fulfillment of the duty of each party concerned to deliver unit-price purchase securities and equivalent margin securities and to pay repurchase price and margin in cash pursuant to the arrival of the repurchase date pursuant to Paragraph (1).

(4) The settlement amount paid by one party to the other party pursuant to Paragraph (3) shall refer to the remainder for each repo, by subtracting the total of the market value (i), as of the repurchase date, of unit-price purchased securities and the equivalent margin securities that one party is obliged to return from the amount of the repurchase price, the margin in cash and other funds that the counter party is obliged to pay pursuant to Paragraph (1). Such remainder shall be paid according to Paragraph (3). However, in the case where the parties concerned separately agreed in a contract, the performer of the contract may, when confirming the market value of unit-price purchased securities and equivalent margin securities as of the evaluation timing, determine the method of calculating the market value differently from market value calculation method pursuant to Item 7 of [§2].

(5) Notwithstanding Paragraph (4), a performer of the contract may, instead of the market value of unit-price purchased securities or equivalent margin securities that are to be transferred pursuant to Paragraph (1), calculate the settlement amount by using the actual

sales value (excluding the expenses spent on such sales; hereinafter the same) for unit-price purchased securities or equivalent margin securities from the date of occurrence of causes for non-performance to the evaluation timing; or, a performer of the contract may, instead of the market value of unit-price purchased securities or equivalent margin securities that are to be transferred to the performer pursuant to Paragraph (1), calculate the settlement amount by using the actual purchase value (including the expenses spent on such purchase; hereinafter the same) for unit-price purchased securities or equivalent margin securities from the date of occurrence of causes for non-performance to the evaluation timing.

(6) In the application of Paragraph (5), in the case that there exists inconsistency between the number of securities sold or purchased and that of the unit-price purchased securities (or equivalent margin securities) concerned, the performer of the contract shall, by a method pursuant to any of the following, calculate the amount replacing the market value of the unit-price purchased securities or equivalent margin securities as of the evaluation timing.

1. The amount obtained by dividing the sale or purchase value by the number of securities sold or purchased before the calculation of the securities price, and then multiplying the amount calculated by the number of the unit-price purchased securities or equivalent margin securities concerned;
2. The amount obtained by applying the sale or purchase value to the number of securities actually sold or purchased among unit-price purchased securities or equivalent margin securities, and by applying the market value calculated by applying the provisions of Paragraph (4) to the rest of the securities.

(7) In the case where the parties concerned separately agreed in a contract, the performer of the contract shall, in calculating the settlement amount pursuant to Paragraph (4), calculate the minimum transaction costs, such as fees reasonably expected to be spent with regard to the sale or purchase of unit-price purchase securities or equivalent margin securities henceforth (hereinafter referred to as “transaction costs”), add transaction costs in the case of unit-price purchase securities or equivalent margin securities to be delivered by the non-performer of the contract, and subtract the transaction costs in the case of unit-price purchase securities or equivalent margin securities to be delivered to the non-performer of the contract, in order to calculate the settlement amount.

(8) A non-performer of the contract shall be obligated to pay legal and other professional expenses incurred due to such non-performance and that were paid by a performer of the contract and, at the same time, pay overdue interest calculated from the date of such expense in accordance with the overdue interest rate defined in [§13].

(9) Notwithstanding Paragraph (1), in the case where the buyer fails to deliver purchased securities to the seller on the purchase date agreed to in the Contract, written confirmation or other method, and the buyer has paid the seller the purchase price, this may not be

included in causes for non-performance, regardless of Item 2 of Paragraph (1), and in such a case, the buyer may take the following measures:

1. The buyer may demand the immediate return of funds paid to the seller;
2. The buyer may, in the case the he/she has an evaluation loss amount of a separate transaction on the separate transaction concerned, demand the seller pay the amount equivalent to the evaluation loss amount of a separate transaction in cash; and
3. The buyer may, if such non-performance continues, terminate the repo concerned, at any time with a notice to the seller.

(10) Notwithstanding Paragraph (1), in the case where the buyer fails to transfer unit-price purchased securities to the seller on the purchase date as agreed to in the Contract, written confirmation or other method, and the seller paid to the buyer the repurchase price, this shall not be regarded as cause for non-performance, regardless of Item 1 of Paragraph (1), and in such a case, the seller may take the following measures:

1. The seller may demand the immediate return of funds paid to the buyer;
2. The seller may, in the case the he/she has an evaluation loss amount of a separate transaction on the separate transaction concerned, demand the buyer pay the amount equivalent to the evaluation loss amount of a separate transaction in cash; and
3. The seller may, if such non-performance continues, terminate the repo concerned, at any time with a notice to the buyer.

(11) This Article shall be the final and complete agreement on all rescue measures that a party may claim to the counterparty in relation to the occurrence of causes for non-performance or any kind of non-fulfillment of duties in this Agreement. The party shall not request any reparation, compensation, rescue or correction other than those stipulated in this Agreement, and each party shall not demand any other reparation for damages, including special damages, if they exceed the scope defined in this Agreement, in relation to any kind of non-fulfillment of duties, including causes for non-performance. However, in the case that damages that would not have taken place otherwise are incurred due to the negligence of the notice mentioned in Paragraph (2), the reparation for such damages shall be requested notwithstanding the provisions in this Paragraph.

### **§13. Change in Tax System**

(1) Contents of Paragraphs (2) through (5) shall be applied in the case one of the parties notifies the other party to the transaction that maintaining the effectiveness of the fact that the originally contracted content with regard to some or all separate transactions between



the parties concerned may or will bring about extremely unfair results to the party concerned after a measure taken by the tax authority, a ruling or decision by the competent court (regardless of whether the suit concerned is related to the parties to this Agreement), changes in the account and regulation systems (including, but not limited to, laws or general interpretations about laws; excluding changes in tax rates) or the occurrence of other changes in important circumstances that the parties failed to or were not able to foresee.

(2) The party notifying the content of Paragraph (1) shall, in the case there is a request from the other party to the contract, provide the opinion of a qualified expert that the changes in circumstances prescribed in Paragraph (1) may bring about extremely unfair results to the party concerned.

(3) The party notifying the content of Paragraph (1) shall, unless otherwise agreed between the parties concerned, change the originally contracted repurchase date of the separate transaction that may or is expected to see the extremely unfair results mentioned in Paragraph (1) in the notice, to a specific date that is more than thirty (30) days from the date of the notice.

(4) The party notified of the content of Paragraph (1) may defy the effectiveness of the notice pursuant to Paragraph (3) by sending a counter-notice to the other party to the contract. In the case where a counter-notice is sent, the original repurchase date will continue to apply, and unless otherwise agreed between the parties concerned, the party who sent the counter-notice shall be deemed to be guaranteeing compensation for the extremely unfair results brought about or expected to be brought about to the other party to the contract due to the maintenance of the effectiveness of the originally contracted content.

(5) In the case the repurchase date has changed due to the notice pursuant to Paragraph (1), the party who sent the notice concerned shall compensate the other party to the contract for legal and other professional expenses incurred due to the change of the repurchase date, and the other party to the contract can not demand compensation for consequential losses brought about by the change of the repurchase date pursuant to Paragraph (3).

#### **§14. Overdue Interest**

In the case that the funds paid pursuant to this Agreement have not been repaid by the redemption date, overdue interest shall be paid. Such interest shall be calculated after applying the agreed-upon overdue interest rate to the number of days between the redemption date and the actual payment date.

#### **§15. Single Agreement**

(1) All repos that are contracted between the same buyer and seller to which this Agreement Form applies shall consist of one agreement.

(2) Non-performance of any repo consisting of a single agreement mentioned in Paragraph (1) shall be deemed non-performance of all repos.

(3) Any repo transaction shall be contracted and executed in accordance with other repo transactions, and all payment and transfer of any repo transaction shall be deemed to have been contracted, taking into consideration the payment and transfer of other repo transactions.

#### **§16. Notices and Other Communications**

(1) Unless otherwise agreed, all notices of intention prescribed in this Agreement shall be made to the other party to the address specified in <Attachment 5> and by the methods defined in Paragraph (2). In the case that an intention is expressed in an oral statement, documentation thereof shall be made for delivery to the other party.

(2) The delivery time of all notices of intention mentioned in Paragraph (1) shall be as follows. However, the delivery thereof after business hours shall be deemed as delivery at the point of time for business done on the next business day:

1. Notices of intention in person: point of time delivered to the address of the other party;
2. Notices of intention by telex: point of time the other party advises the receipt of communication;
3. Notices of intention by facsimile: point of time transmitted in a form that is easily readable so as to be able to confirm the content of the notice, to the person of the other party who has the right to receive such fax (the transmitter should be deemed to have the responsibility to present evidence of transmission);
4. Notices by registered mail, contents-certified mail or similar thereto: point of time to be delivered to the address of the other party or after the elapse of the period of time normally required for delivery; and
5. Notices of intention by electronic mail: point of time input into a computer, etc. that is operated by the other party.

(3) The buyer or the seller may change its address, telex or fax number, or e-mail address by the method for notices mentioned in Paragraph (2) thereof to the other party.

(4) Notices or execution in writing under this Agreement shall be interpreted to include communication through the agreed-upon electronic communications methods, except for the cases of [§17 and §18]. However, such electronic communications methods shall allow the printing of the content in document form.

#### **§17. Effects of Individual Paragraph**

Each Article and Paragraph of, and each repo subject to, this Agreement shall be deemed independently and legally valid, even in the case that other Articles or Paragraphs thereof become invalid.

#### **§18. Effects of Waiver of Rights**

(1) Though either party explicitly or implicitly waives a specific right to the causes for non-performance of contract defined in [§12] or to the specific rescue measure, such waiver shall not be deemed the intention of waiver of rights for any other non-performance of contract due to reasons stipulated in [§12]. And, non-execution of any rescue measures subject to this Agreement shall not be deemed to waive the right to the execution of rescue measures.

(2) Amendment of this Agreement, waiver or agreement on the application of the amended agreement shall not be valid, unless such amendment, waiver or agreement is put into writing.

#### **§19. Transfer and Cancellation of Rights and Obligation**

(1) The buyer and the seller shall not transfer any right or obligation with respect to repos, unless the other party agrees, in writing, in advance, except for cases prescribed in this Agreement.

(2) Notwithstanding Paragraph (1), either party may dispose of all or part of the rights or income through a transfer to the third party or other methods, when a specific right to be paid or to be delivered or income pursuant to [§12] occurs.

(3) Written notice by either party may cancel the contractual relationship subject to this Agreement. However, this Agreement shall be deemed as valid subject to each repo that is not terminated as of the cancellation, even with such notice.

#### **§20. Competent Court**

The competent court shall, when an action is raised against this Agreement, comply with the Civil Procedure Law, unless otherwise agreed to by both parties.

## **§21. Miscellaneous**

(1) The transfer of the written confirmation for the repo transaction thereafter this Agreement shall be deemed to have been executed under this Agreement, unless otherwise agreed to in writing.

(2) Any matter not prescribed in this Agreement shall comply with the provisions prescribed in the relevant statutes and regulations.

## **§22. Dispute Mediation**

When a dispute arises between the seller and the buyer, the parties concerned shall apply to the Financial Supervisory Service or the Korea Financial Investment Association, etc. for mediation thereof.

[Company Name]  
(seal)

Name:

Date:

[Company Name]  
(seal)

Name:

Date:

<Attachment 1>

**General Contract on Trading  
between the Parties Concerned under a Repurchase Agreement**

The parties concerned agree to make a contract on repo signed on (month) (day) (year) as follows.

**§1. The following Articles shall be subject to the following content:**

(1) Item 4 of [§2]: [the interest subject to ( ) shall be added from the date of principal receipt] / [the interest shall not be added], in case purchased securities are repurchased and collected.

(2) Item 14 of [§2]: One year shall be [ ] days, in the calculation of the price differential.

(3) Item 17 of [§2]: The market value shall be determined by [ ].

(4) Item 18 of [§2]: Net margin refers to [ ].

(5) Item 19 of [§2]: Net evaluation loss refers to [ ].

(6) Item 21 of [§2]: [ ] shall be designated as the repurchase service agency. <Attachment 6> shall apply to cases where the Korea Securities Depository is designated as the repurchase service agency.

(7) Item 22 of [§2]: Agency trading shall be [permitted] / [not be permitted]. In the case of permit, <Attachment 4> shall be applied.

(8) [§4(3)]: In the case of open repo, the deadline for the notice of the repurchase date shall be [ ].

(9) [§5(3)]: Payment deadline of the margin shall be [ ].

(10) [§5(4)]: Duty to pay margin shall be exempt in the case that the net evaluation loss amount does not exceed [exempt ratio / exempt amount].

(11) [§5(5)]: Interest rate on margin paid in cash shall be [ ].  
Payment deadline of interest on margin in cash shall be [ ].

(12) [§5(6)]: Margin securities shall be transferred in [ ].

(13) [§9(6)]: The amount to be cross-paid to the same person, with respect to compound repos between the parties concerned, shall [be subtracted] / [not be subtracted].

The funds to be cross-transferred to the same person, with respect to compound repos between the parties concerned, shall [be subtracted] / [not be subtracted], in the case of the same issuer, issue, type and par value.

(14) [§10(1) and (3)]: The issue of securities substituted shall be [ ], in the case of [§10(1)], and [ ], in the case of [§10(3)].

(15) [§10(2)]: In the case of the substitution of purchase securities, the method of returning the existing unit-price purchased securities and the newly substituted securities shall be [ ].

(16) [§12(3)]: In the case of the early arrival of the repurchase date following the occurrence of causes for non-performance, the evaluation timing for the calculation of the settlement amount shall be [ ].

(17) [§12(5)]: In the case of the early arrival of the repurchase date following the occurrence of causes for non-performance, the market value of securities shall be determined as [ ] only for the purpose of calculating the settlement amount.

(18) [§12(7)]: When calculating the settlement amount pursuant to [§12(4)], transaction cost shall [be added / be subtracted] / [not be added / not be subtracted].

(19) [§12(9)]: The seller's failure to deliver purchased securities on the purchase date of each repo shall [be regarded] / [not be regarded] as non-performance pursuant to [§12(1)].

(20) [§12(10)]: The buyer's failure to deliver unit-price purchased securities on the repurchased date of the separate transaction shall [be regarded] / [not be regarded] as the cause for non-performance pursuant to [§12(1)].

(21) [§13(3)]: The originally contracted repurchase date of the separate transaction may be changed to a date more than [ ] from the date of the notice.

(22) [§13(4)]: The party who sent a counter-notice shall [compensate] / [not compensate] for the extremely unfair results brought about of expected to be brought about to the other party to the contract due to the maintenance of the effectiveness of the originally contracted content.

(23) [§14]: Overdue interest rate shall be [ ].

## **§2. Other Special Stipulations**

## **§3. Relations with this Agreement**

This Contract shall constitute part of this Agreement, and take precedence over contradictions against this Agreement. As for the separate repo subject to this Agreement, the parties concerned shall make a contract different from this Agreement and the Contract. In such contract, the different contract shall take precedence over this Agreement and the Contract.

[Signing Date]

[Signing Date]

[Company Name]

[Company Name]

(seal)

(seal)

Name:

Name:

Date:

Date:

<Attachment 2>

### **Trading Confirmation Document Form**

To:

From:

Date:

Subject: Classic Repo / Buy/Sell Back

This Confirmation Document is to confirm the trading conditions and terms of repo signed between your company and the company, and constitutes part of the repo agreement and the subsequent same person contract made (hereinafter referred to as “the Agreement”) [month] [day] [year] between your company and the company. Other trading conditions and terms than the amendments and supplements pursuant to this written confirmation shall be subject to the Agreement.

1. Signing date:
2. Buyer:
3. Seller:
4. Purchase date:
5. Repurchase date: [no applicability to open repo]
- 5-1. Whether or not to execute open repo:
6. Purchase price:
7. Repo interest rate:
8. Repurchase price:
9. Contents of purchased securities
  - (1) Name of issue:
  - (2) Code of issue:
  - (3) Par value:
10. Issue of securities replaced pursuant to [§7(5)]:
11. Issue of securities substituted pursuant to [§10(1)]:
12. Bank account of buyer:
13. Bank account of seller:
14. Case of agency trading: [Name of Agency] shall sign the repo on the behalf of [Name of the party].
15. Other additional conditions agreed between the buyer and seller

From:

To:

Name of Corporation: (seal)



<Attachment 3>

**Buy/Sell Back**

1. The provisions of this Attachment shall apply to the repo transaction classified as buy/sell back in the written confirmation.
2. In the case that the provisions of each Paragraph of this Attachment, with respect to buy/sell back, are in contradiction with other provisions of the Agreement and Contract, the former shall apply prior to anything else.
3. As for buy/sell back, one copy of the written confirmation delivered pursuant to [§3] of the Agreement, shall be prepared for all the present and future repos of buy/sell back, or prepared respectively for each of the present and future repos.

4. Definitions

- (1) The term “accrued interest” in this Attachment refers to income that is not paid, but calculated for the purchased securities of buy/sell back during the period of the issuance date or final payment date to the calculation date (inclusion of the day of commencement, exclusion of the final day).
- (2) The term “buy/sell back price differential” in this Attachment refers to the amount calculated by multiplying the purchase price during the period of the purchase date to the repurchase date (inclusion of the day of commencement, exclusion of the final day) with the repo interest rate before dividing them by 365.
- (3) The term “buy/sell back repurchase price” in this Attachment is defined as follows:
  - a. The price agreed to for the buy/sell back transaction concerned, in the case that the repurchase date has been agreed to by the parties concerned;
  - b. The price calculated in accordance with the following formula, in other cases.

$$( P + D ) - ( I + C )$$

P = purchase price

D = buy/sell back price differential

I = income that is to be paid for the purchased securities during the period between the purchase date and the repurchase date, or on the basis of such date as of the base date

C = Interest calculated by applying the repo interest rate to the income during the period between the purchase date and the repurchase date (inclusion of the day of commencement, exclusion of the final day)

5. As for buy/sell back transactions, accrued interest shall be added to the calculation of

the purchase price and the buy/sell back repurchase price.

6. The buyer and the seller shall, when contracting a buy/sell back, agree on a buy/sell back repurchase price and the repo interest rate applicable to such repo, and state such in the written confirmation.
7. The seller shall transfer purchased securities to the buyer on the purchase date of the buy/sell back and, in return, the buyer shall pay the purchase price to the seller. The buyer shall transfer the purchased securities to the seller on the repurchase date of the buy/sell back, and in return, the seller shall pay the buyer:
  - (1) Buy/sell back repurchase price defined in [§4(3)1], in the case of repurchase date as agreed;
  - (2) Buy/sell back repurchase price defined in [§4(3) 2], in other cases.

Then, the repo shall be terminated.

8. Provisions of Item 2 of [§2] and [§5, §8, §10] of the Agreement shall not apply.
9. The repurchase price defined in the Agreement shall be deemed as “buy/sell back repurchase price or repurchase price.”

### **Agency Trading**

1. The designated person (“agency”) of the party (“the party concerned”) may, in accordance with the terms and conditions hereinafter, sign a separate repo (“agency trading”) with the counterparty (“the other party concerned”).
2. This agency trading shall be valid only in the case that the agency designated to carry out such agency trading in the separate repo contract and written confirmation is entitled to execute the trading and fulfill the rights intrinsic thereto.
3. Trading between the agencies of both parties shall not be accepted.
4. The party who contracts an agency trading shall, when causes for non- performance mentioned in [§12] have occurred against him/her, or contradictions against statements in the following Paragraph (8) have taken place, or causes for making those statements turning out to be false have occurred, notify the counterparty of such fact immediately, and provide additional information demanded reasonably by the counterparty.
5. The parties involved in an agency trade shall consist of both the party itself and the counterparty, who have the rights and duties regarding separate repo of such agency trading. The agency shall not be responsible for any duty other than those defined hereinafter.
6. All the provisions in this Agreement shall apply respectively to the party and the counterparty of the agency trading that the agency signed with the counterparty on behalf of the party. In such application, each party represented by an agency shall be deemed to make a contract that is to be added and deleted in accordance with this Attachment. However, the following matters shall be added and amended:
  - (1) In the case that causes for non-performance have occurred against its agency, the counterparty may regard such causes as those against the party by written notice (to be replaced with notice to the agency pursuant to [§16] of this Agreement). In such notice, causes for non-performance shall be deemed to have occurred at the time at which such notice was given;
  - (2) An agency shall provide all information necessary for the counterparty to judge the net evaluation loss state of a separate repo, and fulfill all the actions required; and
  - (3) The provisions of Paragraphs (1) and (2) shall not affect the application of this Agreement, in relation to the agency’s separate repo with the counterparty on his/her own calculation.

7. [Item 2 of § 11] of this Agreement shall be deleted and replaced with the following provision:

“2. The party shall sign this Agreement and the subsequent separate repo as the party concerned, or sign this Agreement and the subsequent separate repo by the agency pursuant to the restrictions prescribed in <Attachment 4> and execute the conditions defined in <Attachment 4>.”

8. Each party shall ascertain that the other party's agency stated as the party signs the separate repo concerned and executes the rights on behalf of himself /herself.

<Attachment 5>

### **Address of Notices of Intention**

1. In the case of [Name of the Party]

- (1) The receiving person (manager, assistant):
- (2) Buyer (Seller):
- (3) Address:
- (4) Telephone no.:
- (5) Fax no.:
- (6) E-mail:
- (7) Others:

2. In the case of [Name of the Party]

- (1) The receiving person (manager, assistant):
- (2) Buyer (Seller):
- (3) Address:
- (4) Telephone no.:
- (5) Fax no.:
- (6) E-mail:
- (7) Others:

### **Repurchase Service Agency**

1. The provisions of this Attachment shall apply to repo transactions for which the parties concerned designate the Korea Securities Depository (hereinafter referred to as “the Korea Securities Depository”) as the repurchase service agency in the Contract or the confirmation document, and the Korea Securities Depository agrees to undertake the duties as such agency (hereinafter referred to as “the repo transaction by the Korea Securities Depository”). [Amended on December 15, 2003]
2. With regard to the repo transaction by the Korea Securities Depository, the provisions of this Attachment shall take precedence, if the provisions of this Attachment come into conflict with the provisions of this Agreement and Contract.
3. Notwithstanding [§5(1)] of this Agreement, since the margin notice is to be done in accordance with repo-related regulations and enforcement bylaws of the Korea Securities Depository, the notice by the Korea Securities Depository shall be deemed as a “margin notice.” [Amended on December 15, 2003]
4. Notwithstanding [§5(3)] of this Agreement, the payment deadline of the margin shall be subject to repo-related regulations and enforcement bylaws of the Korea Securities Depository. [Amended on December 15, 2003]
5. Margin securities transferred pursuant to [§5(3)] of this Agreement shall, unless otherwise defined in the written confirmation or recognized by the party who made such margin notice, be securities of the same issue as the purchased securities.
6. [§5(8)] of this Agreement shall be deleted and replaced with the following provision:

“(8) In the case that the Korea Securities Depository fails to give the margin notice pursuant to Paragraph (1), the party who has been inflicted with a net evaluation loss may give margin notice to the counterparty. In the case that the party does not send such notice, it shall not mean its waiver of the right to payment of margin.”
7. The payment of subtraction pursuant to [§9(6)] of this Agreement shall apply within the scope permitted by repo-related regulations and enforcement bylaws of the Korea Securities Depository.