※ Notice Regarding the Use of This Written Explanation Guidelines

◉ This written explanation guidelines document is created as a reference to assist with work related to exchange-traded derivatives trading and reflects the requirements for the obligation to explain under the Act on the Protection of Financial Consumers and its Enforcement Decree. This document **is NOT a standard written explanation**, and companies are not obligated to follow it when composing, editing, and phrasing their own written explanation.

- Therefore, companies may refer to this guidelines document when drafting their written explanation for exchange-traded derivatives trading but are advised to prepare a written explanation tailored to their specific trading activities and operations.

◉ The use of this guidelines document **does not ensure immunity from liability**. Each company bears responsibility for complying with the Act on the Protection of Financial Consumers in the preparation of their written explanation. When using this guidelines document, companies are strongly encouraged to obtain internal and external legal consultations and adapt it as necessary to suit their specific circumstances.

□ **Reference Regulations and Resources**

· Article 19 of the Act on the Protection of Financial Consumers (Obligation to explain)

· Article 13 of the Enforcement Decree of the Act on the Protection of Financial Consumers (Obligation to explain)

· Article 12 of the Regulation on Supervision of the Protection of Financial Consumers (Obligation to explain)

· Article 13 of the Regulation on Supervision of the Protection of Financial Consumers (Written Explanation)

· Guidelines on Reasonable Delivery of Obligation to Explain Financial Investment Products (July 14, 2021)

[○○ Financial Investment Company] Reviewed and approved by Chief Consumer Officer or Compliance Officer, No. xx-xx (Deliberation Date: MM/DD/YYYY)

Written Explanation of Exchange-Traded Derivatives Trading [Guidelines]

◈ This written explanation is prepared to protect the rights and interests of financial consumers and to enhance understanding of exchange-traded derivatives trading in accordance with the Act on the Protection of Financial Consumers and relevant regulations. It has been drafted through our internal control procedures to present key information about exchange-traded derivatives trading in an easy-to-understand manner.

◈ If you sign or provide a recorded agreement that you understood the explanation without fully comprehending it, you may **encounter difficulties claiming your rights** regarding this explanation in the future.

- Customers are required to carefully read and fully understand the following matters before entering into contracts of this product. –

▣ Distinguishing Characteristics Against Similar Products

※ In this written explanation, "exchange-traded derivatives" refer to contracts traded in the derivatives market established by the Korea Exchange, among the exchange-traded derivatives defined under Article 5(2) of the Financial Investment Services and Capital Markets Act.

◦ **Exchange-traded derivatives** are **derivatives with structured and standardized terms**. **Exchange-traded derivatives trading** refers to **transactions conducted in the derivatives market established by the Korea Exchange**. Among the exchange-traded derivatives traded in the exchange are **futures, futures spreads, and options**.

* Derivatives: Contracts whose prices are determined by the value of underlying assets, such as stocks, bonds, and currencies.

◦ **The trading terms** for exchange-traded derivatives **are standardized, and the Korea Exchange acts as the Central Counterparty (CCP)**. **To prevent settlement failures, margin requirements, daily mark to market, and forced liquidation policies are implemented.**

· Unlike securities, trading exchange-traded derivatives carries the risk of **losses exceeding the investment principal, requiring careful consideration before investing**.

<Comparison Table With Similar Products>

	Exchange-traded derivatives	Foreign exchange-traded derivatives (Foreign futures/options)	Foreign exchange-traded derivatives (FX margin trading)	Over-the-counter derivatives	ELW
Legal status	Derivatives (potential losses exceeding the investment principal)				Securities
Trading venue	Korea Exchange	Foreign derivatives exchanges	OTC market (standardized terms)	OTC market (customized terms)	Korea Exchange
Major products	KOSPI 200 Futures/ Options	Mini Nasdaq 100 Futures	Cross-currency pairs (e.g., EUR/USD)	Currency forwards, interest rate swaps	KOSPI 200 ELW
Trading methods	Open outcry/electronic trading system			Bilateral contracts between counterparties	Open outcry/electronic trading system
Credit Risk	Performance guarantee by KRX	Performance guarantee by a foreign clearing house	Counterparty default risk exists.	Counterparty default risk exists.	Issuer's credit risk exposure
Margin	Margin required			Margin required	Basic deposit required
Daily mark to market	Mark to market (MTM) on a daily basis			No daily MTM (Periodic settlement as necessary)	No daily MTM (settlement at maturity)
Forced liquidation	Implemented			Implemented partially	None
Characteristics	Standardized terms for underlying assets, trading units, maturity, etc.	· Involves currency fluctuation risk. · Trade terms vary by exchange.	Involves currency risk	General investors are limited to trading for hedging purposes only.	Issuance terms vary by issuer.

▣ Frequently Asked Questions

Q1. Are there eligibility requirements for trading exchange-traded derivatives?

◦ **General financial consumers (individuals and corporations)** are **required to make a basic deposit**, and **general individual financial consumers** must **complete a prerequisite training course (minimum of 1 hour) and a mock trading course (minimum of 3 hours)** to trade exchange-traded derivatives.

* Basic deposit: A minimum of KRW 10 million for trading futures (excluding V-KOSPI 200) and for purchasing options, and for other types of trades, a higher minimum of KRW 20 million, as determined by the Company.

** To trade volatility index futures and sell options, general individual investors must also meet trading experience requirements (maintaining open positions for at least 10 trading days after opening an account).

Q2. What happens if a customer fails to meet the additional deposit requirement by the deadline in case of a margin shortfall?

◦ The Company may **close out the customer's open positions by executing buy or sell orderswithout prior notice** or **liquidate substitute securities, foreign currencies, or foreign currency securities deposited as margin**. Therefore, customers must **regularly monitor their margin status and take appropriate actions** as needed.

Q3. Do I have to deposit margin only in cash?

◦ Margin can be deposited in **cash, substitute securities, foreign currency, or foreign currency securities**.

▣ Investment Risk Rating: O grade (OO risk)

* Our Company classifies investment risk ratings into ★ levels, ranging from ◎ grade (◎◎ risk) to △ grade (△△ risk).

▣ Potential Disadvantages

☆ Customers are advised to monitor their account balances carefully, as their positions may **be forcefully liquidated without their consent** if the account balance **falls below the maintenance margin**.

☆ **If the required margin is not deposited by the deadline**, the company may **close out the customer's open positions or sell all or part of the deposited margin (e.g., substitute securities) to cover the shortfall**. Any losses incurred in the process will be borne by the customer.

☆ Depending on **actions taken by the exchange, market conditions, such as significant price fluctuations** in the exchange-traded derivatives market, or other factors, **transactions may not be executed as intended or may be executed at undesired prices**.

☆ Potential losses in exchange-traded derivatives trading are not limited to the amount of margin deposited. Customers may **lose their entire margin, and losses may even exceed the deposited amount**.

<Example> Example of Profit and Loss in Exhcnage-Traded Derivatives Trading **(Call option payoff example)**

· When buying or selling a KOSPI 200 call option with a strike price of 300p, priced at a premium of 3p:

Scenario	Covering before expiry (Covering price = 4p)	Liquidation at maturity	
		Underlying asset = 305p	Underlying asset = 295p
Option buyer	(4p-3p)×KRW 250,000*×1 contract=KRW 250,000	(305p-300p-3p)×KRW 250,000×1 contract=KRW 500,000	Forgo exercising the right
Option seller	-(4p-3p)×KRW 250,000×1 contract=KRW **-250,000**	-(305p-300p-3p)×KRW 250,000×1 contract=KRW **-500,000**	3p×KRW 250,000×1 contract =KRW 750,000

*** Trade multiplier**

☞ **(Each company should provide an example that fits its circumstances.)**

▣ Contact Information for Complaints, Consultation, and Dispute Resolution

◦ Please contact us via our **website** (provide the URL) or through our **customer service center** (provide the phone number).

◦ In case of a dispute, you may seek assistance from the **Finance Consumer Service Center (http://www.fcsc.kr) operated by the Financial Supervisory Service (FSS)** or call their **hot line at 1332 (no area code required)**.

1 Product Overview and Characteristics

The exchange-traded derivatives trading system described in this document may be **subject to changes in accordance with amendments to laws and regulations related to exchange-traded derivatives**. Customers are advised to **pay close attention to updates to relevant laws and regulations**. For further information, please **contact relevant personnel** or **refer to detailed information available on the KRX website or other official resources**.

A. Underlying Assets

◉ Exchange-trade derivatives are **categorized based on their underlying asset**. Examples of underlying assets include **stock indices (KOSPI 200), bonds (KTB), major currencies (USD, Euro, etc.), and commodities (gold, lean hogs, etc.)**.

<Types of Exchange-Traded Derivatives>

Category	Products
Stock Index Products	KOSPI 200 Futures, KOSPI 200 Options, KRX 300 Futures, KOSDAQ 150 Futures, KOSDAQ 150 Options, KOSPI 200 Sector Index Futures, Mini KOSPI 200 Futures/Options, KOSPI 200 Weekly Options, etc.
Exchange-Traded Products	ETF Futures, etc.
Volatility Index	V-KOSPI 200 Futures, etc.
Individual Equity Products	Single stock futures, single stock options, etc.
Bond/Interest Rate Products	3-Year, 5-Year, 10-Year and 30-Year KTB Futures
Currency Products	US Dollar Futures, US Dollar Options, Japanese Yen/Euro Futures, etc.
Commodity Products	Gold Futures, Lean Hog Futures

B. Trading Unit, etc.

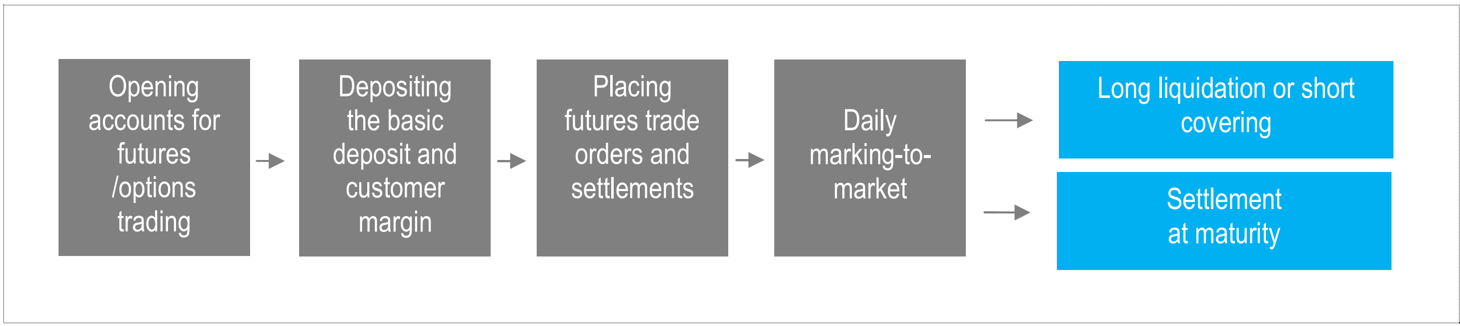
◉ **(Trading unit)** Exchange-traded derivatives are traded with **one (1) contract as the basic trading unit**. The contract price is determined by **factors such as the price and trading volume of each product**.

◉ **(Price quotation)** Prices are generally quoted **using the same price quotation methods in spot markets**. Methods vary by product as follows: **index points (KOSPI 200 Futures), KRW per par** value of KRW 100 (KTB Futures), KRW per USD 1 (US Dollar Futures).

◉ **(Delivery month (or delivery week) and last trading day)** KRX prescribes **the delivery month (or delivery week), during which derivatives contracts expire and settlement or delivery is made for each product**. Depending on the product, the delivery month may **vary from every week to every month, and to quarterly months (March, June, September, and December)**. Moreover, **each delivery month (or delivery week) has a last trading day**, or the expiration date of the derivatives contract, which also differs by product type.

※ Information about major exchange-traded derivatives is available on the Company's website (include the specific URL) or the KRX website (www.krx.co.kr).

C. Trading Process



D. Characteristics of Exchange-Traded Derivatives Trading

◉ In exchange-traded derivatives trading, ① **general terms and conditions of trade are standardized** (traded product, trading unit, delivery month, price quotation method, tick size, price limits, etc.), ② **the Korea Exchange serves as the Central Counterparty** (CCP), and ③ policies such as **forced liquidation, daily mark to market and margin requirements are put in place in order to prevent failure of settlement**.

E. Daily Price Limit

◉ KRX sets a different price limit for each product, which refers to **the maximum range within which derivatives prices may fluctuate** during trading. **For equity derivatives, a three-phase price limit system applies**.
(However, during the early trading hours from 08:45 to 09:00, when the derivatives market opens earlier than the stock market, only the Phase 1 price limit is applied.)

<Three-Phase Price Limit System for Equity Derivatives >

Equity Derivatives		Sequential Expansion		
		1st Phase	2nd Phase	3rd Phase
Index	**KOSPI 200 Futures · KOSDAQ 150 Futures ·**	±8%	±15%	±20%

Products	Sector Index Futures · KRX 300 Futures, etc.			
	KOSPI 200 Options · KOSPI 200 Weekly Options · KOSDAQ 150 Options, etc.			
	VIX Futures	±30%	±45%	±60%
Equity Products	Stock Futures	±10%	±20%	±30%
	Stock Options			
	ETF Futures, etc.			

* A fixed price limit applies to derivatives other than the aforementioned equity derivatives. For details on the price limit for other products, please consult with a representative or refer to the relevant laws and regulations.

** During night trading hours, only the first phase of the price limit applies to equity derivatives. For information on price limits on other products, please consult with a representative or refer to the exchange's website for more details.

a. **(Sharp fluctuations in the price of underlying assets)** The price limit for the trading the relevant futures will be **sequentially expanded to the next phase**** **5 minutes after the contract price of the underlying assets* for equity-based futures reaches the upper or lower limit**.

* The delivery month contract with the largest execution volume during regular trading hours on the immediately preceding trading day, among futures contracts with the same underlying asset (excluding contracts whose final trading day falls on the immediately preceding trading day or the current trading day).

** In the case where the price limit rate for KOSPI 200 Futures is expanded, the limit for KOSPI 200 Options and V-KOSPI 200 Futures shall also be expanded accordingly. Similarly, when the price limit rate for stock futures is adjusted, the limit for stock options with the same underlying asset shall also be adjusted accordingly (Depending on product type, the adjustment for options shall be made in either a plus or minus direction, and to both directions for V-KOSPI 200 Futures).

b. **(Operation of circuit breakers)** In the case where **trading is resumed after a suspension triggered by circuit breakers**, **the price limit rate for the trading of relevant derivatives shall be expanded**** **to the relevant phase*** **depending on the drop** witnessed in the stock market. (Provided, That if the lower price limit for trading relevant stock index futures was previously expanded to the relevant phase pursuant to a., the limit shall not be adjusted again)

* The 2nd phase shall be applied when the stock market weakens by 8% or more to less than 15%, and the 3rd phase, when the market plunges by 15% or more.

** The expansion is applied in the minus direction for KOSPI 200 Futures (KOSDAQ 150 Futures) and KOSPI 200 Call Options, to the plus direction for KOSPI 200 Put Options, and to the both directions for V-KOSPI 200 Futures.

<Example> Expansion of Price Limits for Equity Derivatives

▶ **(Sharp fluctuations in price)** In the case where the price of the underlying asset reached the ceiling at 13:05:00, and the price limit was consequently set to be expanded at 13:10:00, but a compulsory suspension of trading (due to circuit breakers, etc.) started at 13:09:00 and single-price trades were resumed at 13:29.

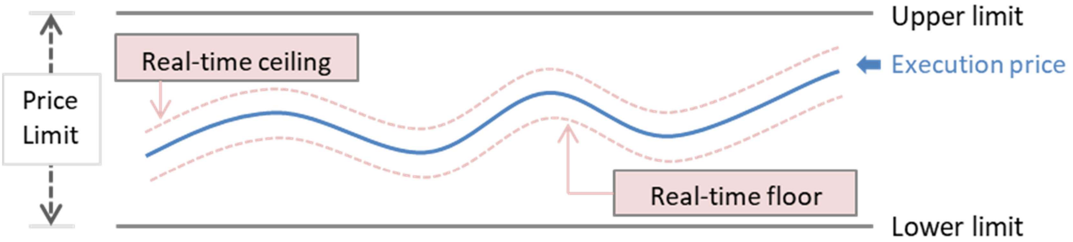
☞ **The price limit shall be expanded immediately prior to the resumption of single-price trading.**

▶ **(Operation of circuit breakers)** In the case where the price of KOSPI 200 Futures fell by 8%, and 2 minutes later the KOSPI index plunged by 17%, triggering circuit breakers.

☞ The price limit is **expanded to 20% upon resumption of periodic call auction after 20 minutes of market suspension.** (A 17% drop in the index → price limit for derivatives of -20%)

c. **(Real-time price limit system)** The exchange prescribes **the minimum price fluctuation for derivative trading, or "tick"**, and operates a **real-time price limit system that rejects clearly erroneous orders** that deviate beyond a certain range from the most recent execution price during trading hours (in the case of equity derivatives, this system is applied only within the First Phase price limit range). **During night trading hours**, however, **the price limit is expanded to twice the range applied during regular trading hours**, in consideration of price continuity with the most recent execution price during trading hours.

<For reference> Real-time Price Limit System



☞ During continuous call auctions, **KRX sets real-time upper and lower price limits (most recent execution price±α) based on the execution price every time a trade is executed**, and **rejects quotations of bid prices above the real-time upper limit and ask prices below the real-time lower limit**.

▶ **(Applicable products)** KOSPI 200 Futures, KOSPI 200 Options, KOSDAQ 150 Futures, Stock Futures (please consult with the Company or refer to the KRX website for information on excluded products), 3-Year and 10-Year KTB Futures, USD Futures, etc.

▶ **As for equity derivatives, the system is applied only within the 1st phase of the price**

limit, and the real-time price limit for a product is lifted once the price limit for the relevant product is expanded.

F. Profit and Loss Structure of Exchange-Traded Derivatives Trading

◉ **(Futures trading)** Profits and losses in futures trading are **determined by the difference in futures prices between the entry and liquidation of the contracts**.

☑ **(When the underlying asset price rises after a futures purchase) The buyer profits and the seller incurs losses.**

☑ **(When the underlying asset price falls after a futures purchase) The buyer incurs losses and the seller profits.**

☑ **(Profit and loss calculation formula for futures trading)**

☞ (For futures buyers) = *[(Liquidation price) – (Entry price)] x Trade multiplier x Number of contracts*
☞ (For futures sellers) = *[(Entry price) – (Liquidation price)] x Trade multiplier x Number of contracts*

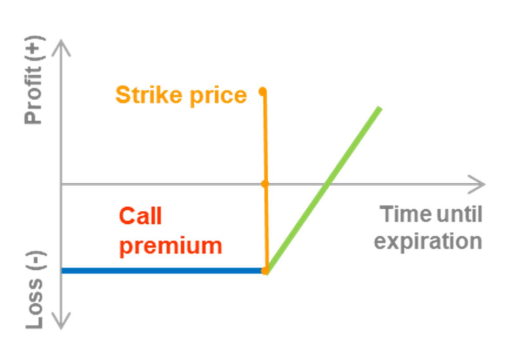
◉ **(Options trading)** Profits and losses in options trading vary depending on option type (call or put) and trading position (buy or sell).

☑ **(When the underlying asset price > Strike price) The call option buyer (put option seller) profits, while the call option seller (put option buyer) incurs losses.**

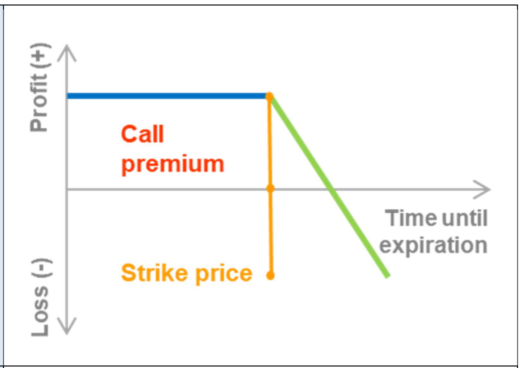
☑ **(When the underlying asset price < Strike price) The call option seller (put option buyer) profits, while the call option buyer (put option seller) incurs losses.**

※ Note: Premiums paid when purchasing options must also be considered in calculating the profit and loss.

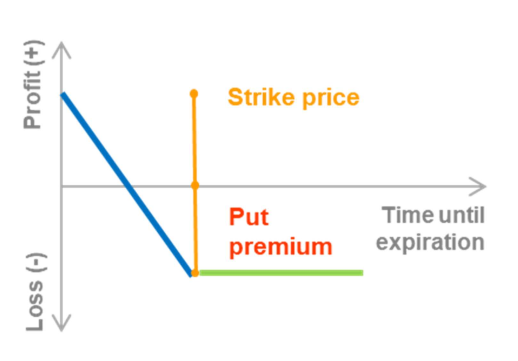
Call Option Purchase



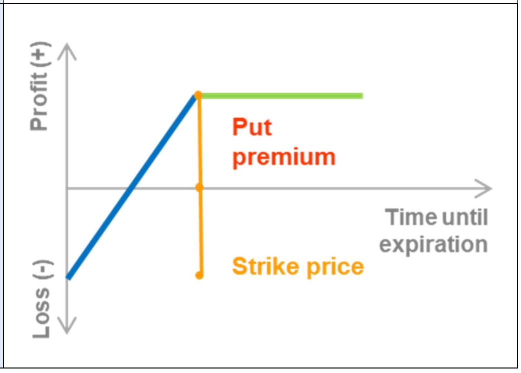
Call Option Sale



Put Option Purchase



Put Option Sale



2 Expenses Including Commission

☑ Customers are **charged a commission for entrusting** exchange-traded derivatives trading.

☞ **(Provide the Company's commission rate policy for exchange-traded derivatives.)**

3 Risk Disclosure Statements Regarding Exchange-Traded Derivatives Trading

Exchange-traded derivatives trading carries substantially higher risks relative to trading other financial assets such as stocks, bonds, etc., potentially exposing the investor to significant amount of losses over a short period of time. Therefore, investors who wish to engage in derivatives trading on the exchange are strongly advised to proceed with extreme caution, upon considering the transaction structure of such trading and the risks involved, as well as their personal investment objectives, size of capital and investment experience.

☆ Important considerations before exchange-traded derivatives trading ☆

√ Are you making investments ***in consideration of your investment experience, investment purposes, financial status, etc.***?

√ Are you ***financially able to, or willing to bear losses that are equivalent to, or exceed the principal of your investment***?

√ Do you understand the inherent structure of exchange-traded derivatives trading, and the ***obligations you have to abide by*** upon conducting transactions?

√ Have you thoroughly reviewed the guidelines on exchange-traded derivatives provided by your derivatives investment advisor at the relevant company, and do you ***fully understand the associated risks and other important details***?

√ Are you aware of ***any individual or institution, etc., to consult*** with regarding any questions or problems that may arise in the process of trading derivatives on the exchange?

◉ Losses that may arise from exchange-traded derivatives trading are not limited to the customer margin. Therefore, investors **may lose the entire amount of customer margin**, or **suffer losses in excess of the deposited amount**.

◉ When the amount of losses increases as a result of fluctuations in the prices of products traded on the Korea Exchange (hereinafter referred to as "KRX"), or when a **shortfall** occurs in a deposited customer margin as a result of fluctuations in the substitute prices of substitute securities, etc., or when the required customer margin amount is **raised**, an additional deposit shall be posted as requested by the financial investment company (hereinafter referred to as "Company") **in the manner and by the deadline prescribed by the Company**.

◉ In the case **where a customer margin or the settlement amount is not deposited within the specified deadline**, or **where the qualified institutional buyer fails to deposit ex-post customer margin**, the Company shall close out the entire or partial amount of the **open interest**, or dispose of the entire or partial amount of **substitute securities**, **foreign currencies or foreign currency securities** deposited as customer margin (limited to the customer margin stipulated in [§88(3)] of KRX's Derivatives Market Business Regulations; hereinafter the same), **in order to pay for the customer margin or settlement amount**. Any**losses** resulting from such appropriation shall **be borne by the investor**.

◉ Discretion is required in the case where **additional intraday customer deposits are imposed** on your account, as **entrustment of new orders or orders** that require an increase in the amount of customer margin may be **refused** if the additional customer margin is not deposited, or the reason for the additional imposition is left unaddressed.

◉ The trading system may be changed depending on the situations in the exchange-traded derivatives market. For example, **the amount of customer margin may be raised** and **position limits may be imposed**, etc. In the case where trading limits are imposed pursuant to relevant laws and regulations, customers shall abide by them.

◉ **Depending on actions taken by the exchange, market conditions,** such as significant price fluctuations in the exchange-traded derivatives market, or other factors, **transactions may not be executed as intended or may be executed at undesired prices.**

* For example, when it comes to certain derivatives exchange-traded trading, it may be difficult to execute new orders or close out open interest in cases where prices fluctuate close to the daily or real-time price limit, or when the price set by the investor cannot be met during the period of time

in which the order is left open.

※ Transaction-related matters, such as the price limit range and price change rate, etc., shall be subject to the KRX Regulations.

◉ When the Company executes a trade, you shall be notified of the transaction details in a manner prescribed by the Company. Please make sure to **check the informed details (outstanding balance, open interest, etc.)**.

◉ With respect to the property deposited for the purpose of exchange-traded derivatives trading, requests for the return of such deposits shall only be made to the Company entrusted with the property, and **the entrusted property shall not be subject to the protection prescribed in the Depositor Protection Act**.

◉ **Discretion is required in selecting a company**, as **the entire or partial amount of your property may be lost or its return may be delayed** at no direct fault of your own, in cases where **the Company**, as a member of KRX, **fails to settle transactions or goes bankrupt, etc**.

◉ The purchaser and seller of an option shall be fully aware of the following rights and obligations that arise from options trading, and when the option is exercised at the time of expiration, the purchaser and the seller will pay and receive the exercise difference.

- The purchaser of a call option: The right to purchase an underlying asset
- The seller of a call option: The obligation to sell the underlying asset
- The purchaser of a put option: The right to sell the underlying asset
- The seller of a put option: The obligation to purchase the underlying asset.

◉ An option purchaser **may lose the entire amount paid for purchase of the option** within a short period of time. In other words, the purchased option may have no value upon expiration.

◉ The purchaser of an option may reduce losses or realize profits by selling the said option before expiration. Provided, That depending on market conditions, it may be **impossible** for the purchaser of the option **to sell** the said option in the options market **prior to the date of expiration**.

◉ **Within a relatively short period of time, the seller of an option may incur losses larger than the premium received in return for selling the option**. In other words, if the price of the sold option at the time of expiration is contrary to expectations, the seller of the option may incur a loss and the potential amount of losses may be unlimited.

◉ The seller of an option may reduce potential losses or realize profits by purchasing the said option before expiration. Provided, That depending on market conditions, it may be **impossible** for the seller of the option **to purchase** the said option in the options market **prior to the date of expiration**.

◉ Generally, the price of an option (the premium) is higher when the option has greater intrinsic value (in-the-money option), and lower when the option has less intrinsic value (out-of-the-money option). You must be aware that if you **purchase options less likely to be exercised simply because of the low price**, it is highly likely that you **may lose the entire amount of your premium and transaction costs**.

◉ **KOSPI 200 Volatility Index Futures** (hereinafter referred to as the "V-KOSPI 200 Futures") have **unique characteristics distinct from that of other futures**, such as difficulty in calculating their theoretical price and potential fluctuations independent of the current level of the volatility index. Therefore, customers **must have a clear understanding of the transaction structure and characteristics of V-KOSPI 200 Futures** before initiating investments.

◉ **Actual derivatives trading taking place on the exchange may differ significantly from mock trading in terms of market conditions, rates of return, etc**. Therefore, although it is important to build experience through mock trading, caution is required **not to execute actual investments based solely on mock trading outcomes**.

◉ **During night trading hours**, lower liquidity may lead to **less smooth executions compared to regular trading hours** or **a higher likelihood of trades being executed at undesired prices**.

◉ **During night trading hours**, **overseas financial market events may be reflected in real time, potentially causing higher volatility than during regular** trading **hours**.

◉ In the event of issues such as delays in the closing procedures of the regular trading session, **the exchange may adjust night trading hours or not open the night trading session**. In such cases, **transactions-related matters shall be as determined by the exchange**.

◉ **During night trading hours**, the absence of price movements in the underlying assets may limit the availability of reference indicators such as theoretical prices, which can **act as a constraint on market participants when developing investment strategies**.

The aforementioned matters are simply a brief explanation of the relevant laws and regulations regarding exchange-traded derivatives trading, the entailed risks therefrom and information to be mindful of in relation thereto; **they do NOT contain all of the important matters and explanations about every risk** that could possibly arise from your exchange-traded derivatives trading. Therefore, **customers should consult with the relevant financial investment company** to confirm specific details.

Please note that these statements **do not prevail the relevant laws and regulations regarding exchange-traded derivatives trading or the provisions of the Agreement on Opening of Exchange-Traded Derivatives Trading Accounts, etc.**

4 Exchange-Traded Derivatives Trading Framework

A. Basic Deposit and Education/Mock Trading Courses for Derivatives Products

◉ **(Basic Deposit) Ordinary investors (including both individuals and corporations)** are **required to submit KRW 10mn or more** as prescribed by the Company **when trading derivatives (excluding V-KOSPI 200 Futures) and purchasing an option**, and **KRW 20mn or more** as prescribed by the Company **for all other transactions** as basic deposit.

※ Professional investors who fall under [§9(5)] of the Financial Investment Services and Capital Markets Act are not required to submit basic deposit.

◉ **(Education course for derivatives products)** In order for **general individual investors** to trade derivatives, they have to **complete an education course of at least 1 hour**, as determinedby the Company considering investor propensity, trading experience, etc. of the customer.

◉ **(Mock trading for derivatives products) General individual investors** also have to **complete a mock trading course lasting at least 3 hours**, as determined by the Company.

※ In the case where an investors has completed an education course and mock trading course on derivatives products prior to the system's enforcement date (December 2, 2019) in accordance with the previous system, it will be recognized as he/she has completed the education course and mock trading course under the current system.

◉ **(Examination of trading experiences)** General individual investors may be **eligible for trading all exchange-traded derivatives, taking a short position for options and other futures** provided that they **have maintained open positions in futures trading for at least 10 trading days after opening a derivatives account**, and **have posted the basic deposit**.

<Requirements on derivatives trading for retail investors>

		Minimum requirements
Basic deposit	Futures (except for V-KOSPI 200 Futures); purchase of an option	KRW 10mn or more
	Risk Tolerance (Basic Deposit)	KRW 20mn or more
Education course*		1 hour or longer
Mock trading*		3 hour or longer
Trading experience for V-KOSPI 200 and selling an option*		Have held open interest in futures trading for at least 10 trading days

* Applies to general individual investors under the [§115(1)9] of KRX's Enforcement Rules of

Derivatives Market Business Regulation (referring to individual investors except for professional investors and non-resident foreigners).

B. Order Entrustment and Trading

◉ **(Orders)** Orders are categorized **into limit orders, market orders, limit-to-market-on-close orders, and immediately executable limit orders**, depending on whether there is a specified limit price. Also, **conditions (Fill-or-Kill or Immediate-or-Cancel) may be attached** to the execution of orders.

· Where **the market price quotation for equity derivatives is inevitably placed at the ceiling or floor** due to the daily price limit, and the price limit subsequently comes to be expanded, **any previously received market price quotation shall be re-adjusted prior to being processed**.

· **Quotations submitted during the regular trading session and those submitted during the night trading session do not affect each other's validity**. Therefore, an order placed during night trading is only valid until the end of the night session. Any unexecuted orders at the end of the night session will expire.

· **During night trading hours**, **both the quotation quantity limits and accumulated quotation quantity limits are applied at half the level of those during regular trading hours**. For the quotation quantity limits and accumulated quotation quantity limits for each product, please consult with a representative or refer to the exchange website.

<Example> Readjustment of market price quotation upon expansion of price limit

▶ **Where a bid market price quotation is received with the bid limit quotation placed at the'1st phase ceiling,'** the market price bid should theoretically be placed at the'1st phase ceiling+1 tick,' but is **inevitably deemed to be equivalent to'1st phase ceiling' due to the daily price limit**.

☞ **If the price limit comes to be expanded to the 2nd phase** under these circumstances, the bid market price quotation will be **readjusted to a "bid immediately executable limit quotation (the ceiling prior to the limit expansion)+1 tick,"** and then processed.

▶ **Where a bid market price quotation has been received and placed at** the most recent execution price, which is **'1st phase ceiling,'** and there are no bid immediately executable limit quotations received

☞ The bid market price quotation will be **maintained at the most recent execution price**, regardless of whether **the price limit is expanded to the 2nd phase**.

◉ **(Order input restriction) Input of certain orders may be restricted**, depending on the type of order or trade in order to ensure investor protection and prevent risks.

√ Restriction on **market orders, limit-to-market-on-close orders**, and **immediately executable limit orders (in other words, only limit orders are permitted**) for trading of **contracts with low**

liquidity (farther-month contracts, futures spread trading, stock futures and options trading, lean hog futures) or **those not subject to the real-time price limit***

* Restriction on market orders and immediately executable limit orders for contracts that had real-time price limits arbitrarily lifted (including equity derivatives with their price limit expanded to the next phase)

√ **Restriction on immediately executable limit orders** during **quotation receiving hours for periodic call auction**

√ **Restriction on limit-to-market-on-close orders** during **quotation receiving hours for periodic call auction to determine the closing price, and on the last trading day**

◉ **(Execution of trade)** In the derivatives market, orders are executed by **way of individual auction (periodic call auction*, continuous call auction)** where trades are individually executed through auction of quotations submitted to KRX.

* Periodic call auction: ① Opening execution price (Markets where regular session begins at 8:45 a.m.: 15 minutes before the opening of regular session; Other markets: 30 minutes before the opening of regular session; for night trading session, 10 minutes before opening), ② The first execution price upon trade resumption after a market suspension or trading halt ③ The closing execution price (for 10 minutes immediately prior to the closing of trades)

· Provided, That with regards to **negotiated block trading, Exchange of Futures for Physical (EFP) trading, and USD FLEX Futures trading**, **the negotiated trading system is applied**, allowing the parties concerned to select a counterparty, negotiate the quantity and price, and execute the trade by submitting the agreed details to KRX.

◉ **(Trading hours)** Trading hours are divided into **a regular trading session (from 08:45 to 15:45 on the current day)** and **a night trading session (from 18:00 on the previous day to 06:00 on the current day)**. The regular trading session is further classified depending on whether it is the last trading day, as follows:

· The trading hours for products that have not reached their last trading day are <u>from 08:45 to 15:45 for derivative products based on domestic equity</u> and from 09:00 to 15:45 for other products (10:15 to 15:45 for Lean Hog Futures).

· The trading hours for products reaching their last trading day are as follows: <u>from 08:45 to 15:20 for derivative products based on domestic equity (08:45 to 15:35 for V-KOSPI 200 Futures), and from 09:00 to 11:30 for interest rate derivatives and currency futures. (For 3-month risk-free index interest rate future, from 09:00 to 15:45; for currency options, from 09:00~15:30; for Gold Futures, from 09:00~15:20; for Lean Hog Futures, from 10:15 to 15:45)</u>.

· The trading hours for futures spread products are <u>the same as those of futures contracts composing the spread. On the last trading day, the trading hours for futures spread products align with the trading hours of the futures within the spread that has reached the last trading day</u>.

※ **For detailed information on the trading hours of each contract**, please **contact the relevant personnel** at the company or **refer to the KRX website (www.krx.co.kr) and applicable regulations**.

◉ **(Trading day) A trading day** is defined as the period **from the start of the night trading session on a given day until just before the start of the night trading session on the following day**. **If the day on which the night trading session would begin is a market holiday for the regular trading session**, **the night trading session does not open**.

◉ **(Suspension of trading)** KRX may **halt the trading of all or certain contracts** if **continued trading is deemed difficult due to system disruptions, other errors in the trade procedure** or concerns over potential disruptions or errors.

· KRX operates a **Circuit Breaker system***, in order to help investors make more rational investment decisions by providing them with a cooling-off **period in times of extreme fluctuations of stock price indexes**. When circuit breakers are triggered in the stock market, **trading of all equity derivatives (including spread trading) with their underlying stock listed on the market will also be halted sequentially**, and **resumed immediately** upon resumption of trading in the stock market. However, during the **night trading session**, **the suspension and resumption of equity derivatives trading** due to a circuit breaker **do not apply**, as the stock price indexes that serve as the circuit breaker benchmark do not change.

* Circuit Breaker: A system that suspends and either resumes or terminates trading for all securities in the stock market, etc. The stock market circuit breaker operates in three phases: Phase 1 (a drop of 8% or more, sustained for 1 minute, 20-minute halt, resumption via a 10-minute periodic call auction), Phase 2 (a drop of 15% or more, sustained for 1 minute, 20-minute halt, resumption via a 10-minute periodic call auction), Phase 3 (a drop of 20% or more, sustained for 1 minute, halt and market closure). If trading is closed during regular trading hours due to a Phase 3 circuit breaker, the night trading session scheduled for the same day will not be held.

☞ When a circuit breaker is triggered on the KOSPI market of which the proportion of indices is high, trading of KRX 300 Futures is halted, being linked to the market.

· KRX also operates the **Sidecar system to manage program trading orders** in a way that minimizes the impact on the spot market and promotes market stability **upon sharp fluctuations in the futures market**.

* Sidecar is triggered when the price of the KOSPI 200 futures contract with the highest trading volume on the previous trading day rises or falls by 5% or more from the base price and stays at that level for 1 minute. (A sidecar is also triggered when the price of the KOSDAQ 150 futures contract with the highest trading volume on the previous trading day changes by 6% or more from the base price and this change persists for one minute, or when the KOSDAQ 150 index changes by 3% or more from the previous day's closing level and stays at that level for 1 minute.) Once triggered, the validity of all program ask and bid orders in the stock market are suspended for 5 minutes from the moment of activation.

C. Customer Margin

◉ **(Basic deposit)** Refers to **the amount that shall be paid in advance to the Company that opens the account for entrustment of derivatives** when a customer who holds no open interest in futures or options trading places new orders. The customer shall submit **cash, substitute securities, foreign currency or foreign currency securities** to the Company as basic deposit.

※ However, a customer can be **exempted from the basic deposit requirement** if the customer uses the **special account for hedging**, through which derivatives can be traded with hedging purposes within the range of their in-kind assets.

◉ **(Deposit of customer margin) When entrusting an order for derivatives trading** to the Company, the customer **shall deposit customer margin to each exchange-traded derivatives account** for the applicable order. The customer margin may be deposited in the form of **cash, substitute securities, foreign currency or foreign currency securities**.

☑ **(Upfront initial customer margin)** Customer margin that must be deposited prior to order

☑ **(Ex-post customer margin)** The customer margin that may be deposited on the day following the day of trade execution; applicable only to those deemed **sufficiently capable of performing the settlement** (qualified institutional buyers)

◉ **(Payment/Appropriation of customer margin)** In cases where **the total amount deposited by a customer* exceeds the amount of customer margin, or where the cash deposit exceeds the cash deposit requirement**, the Company may **return an amount no more than the excess amount to the customer or appropriate the excess amount for the customer margin to be collected from the customer**. Prior to the opening of the night trading session, proceeds from the sale of substitute securities may be added to the cash deposit only if the settlement date has arrived or is scheduled for the following day. However, once the night trading session has opened, such proceeds may be added to the cash deposit regardless of the timing of the sale.

* The total amount deposited by the customer refers to the sum of the amount of the cash deposit, the substitute value of the substitute securities and the valuation amount of foreign currency and foreign currency securities.

◉ **(Additional deposit of customer margin) An additional deposit of customer margin shall be required when the margin initially posted** to guarantee execution of the contract and secure bonds in futures and options trading **drops below the amount of maintenance customer margin due to fluctuations in the price of futures or options**. This additional deposit is necessary **to restore the amount up to par with the originally required amount**.

< Categorization of additional margin based on the timing of imposition>

	When additional deposit is deemed necessary	Additional deposit deadline

Daily additional deposits	As of market closing, if [total deposit amount < maintenance customer margin] or [cash deposit < maintenance cash deposit requirement], additional margin will be required.	**Noon (12:00 p.m.) of the following trading day** * However, when there is a possibility that the customer may fail to fulfill the settlement obligation based on factors such as the customer's investment purpose and experience, asset and income levels, credit standing and the size of open positions held and market conditions, the Company may shorten the deadline for depositing additional customer margin.
Intraday additional deposits	**During the regular session**, if the **KOSPI 200 fluctuates by 80% or more of the maintenance customer margin rate** compared to the previous day's closing price **at each exact hour** (09:01, 10:00 to 14:00, except for 15:00), and [the total deposit amount < the required intraday maintenance customer margin], additional margin will be required. * The requirement for intraday additional deposits of customer margin applies to all customer accounts for derivatives trading.	**(At the time* prescribed by the Company) on the day the shortage occurs.** ☞ **The time of day shall be prescribed by each Company in its regulations.** * However, the Company may **extend the deadline to before the opening of quotation receiving hours of the following trading day** in view of the customer's experience, knowledge, and property, etc.

· In the case where a **customer fails to deposit the intraday additional customer margin**, and is **repeatedly subject to additional margin call**, the Company shall **refuse to receive new orders or offsetting orders that require an increase in the customer's margin requirements**, and may **cancel any previously submitted unexecuted orders** at its own discretion.

* The Company holds the right to refuse the entrustment of new orders by customers failing to post additional deposits. Therefore, in the case where a necessity for additional deposits arises, and the customer entrusts new orders before being notified by the Company of its obligation to deposit additional customer margin, the applicable orders may be refused by the Company.

· However, in the case where **the total amount of customer deposit is adjusted to meet the required amount of upfront initial customer margin or intraday maintenance customer margin** due to **closure of open interests** or **changes in market conditions**, etc., after the customer was notified of its additional payment obligation by the Company, the imposition may be cancelled.

<Example> Intraday Additional Deposits of Customer Margin (Do not apply during night trading hours)

√ Where the **maintenance customer margin rate for KOSPI 200 is 6%**,

▶ **(Scenario A) The KOSPI 200 has changed by –3.5% compared to the closing price of the previous day as of 9:01 am: Does not meet the requirement for intraday additional deposit of customer margin → Additional deposits not calculated**

▶ **(Scenario B) As of 10:00, if the KOSPI 200 has fluctuated by ±4.8% (=6%*0.8) or more compared to the closing price of the previous day, the requirement for imposing additional intraday customer margin is met.**

- A customer account will be required to post additional intraday customer margin **if the total amount of customer deposit falls short of the intraday maintenance margin requirement**.

- **An amount at least equal to the shortfall – the difference between the total customer deposit and the required intraday margin – must be deposited** by the deadline specified by the Company (before the start of quotation receiving hours during the regular session of the current or following day).

- **If the intraday additional margin is not deposited** by the customer, **new orders and orders that require an increase in margin amount shall be refused**.

- If an account **required additional deposits of customer margin after market closing** on the previous day, and **required additional deposits of intraday customer margin at 10:00 on the current day**, but did not become subject to additional imposition of intraday customer margin as the Company **closed out open interests through offsetting trades at 12:00**, the imposition of intraday additional customer margin **may be cancelled** for the account.

< Example of additional deposit required when KOSPI 200 fluctuates by more than 80% of maintenance customer margin rate compared to previous day's closing price >

Time	Margin	Required Measures
09:00	Total amount of customer deposit: KRW 25mn	No measures required
09:01*	Customer margin: KRW 45mn, amount of intraday maintenance customer margin: KRW 30mn	Notification of imposition of additional customer margin of KRW 20mn
09:30	Customer deposit: KRW 5mn, total amount of customer deposit: KRW 30mn	No measures required
10:00*	Customer margin: KRW 40mn, amount of intraday maintenance customer margin: KRW 28mn	Additional imposition may be cancelled

* The reference time for determining the imposition of additional intraday customer margin (every exact hour, except 9:01 instead of 9:00).

◉ **(Measures taken against non-compliance with deposit obligations)** In the case where a customer **fails to make additional deposits of customer margin or to deposit the ex-post customer margin**, the company may, **without a letter of urge or notice, conduct the purchase or sale that closes out the open positions held by the customer** or **sell the substitute securities, foreign currency or foreign currency securities** deposited as the customer margin, all in accordance with its their duty of care. Therefore, customers **must deposit additional amounts of customer margin by the payment deadline**.

D. Marking-to-Market, Settlement, Delivery and Receipt

1) Settlement Method of Futures Trade

◉ **(Daily mark to market)** **At the market closing time of each trading day, the Company settles each traded futures contract with the customer using the mark-to-market price**. The Company and the customer exchange the settlement amount, which includes **the settlement difference for the day's trades* and the settlement difference for previous day's open interests****. In this case, **futures contracts traded during night trading hours are settled as part of the regular session that begins after the close of the night trading session**.

* Settlement difference for the day's trades refers to the amount calculated by multiplying the difference between the execution price of a given trading day and the settlement price of a given trading day by the execution quantity and multiplier.

** Settlement difference for previous day's open interests refers to the amount calculated by multiplying the difference between the settlement price of the previous day and the settlement price of a given trading day by the quantity of open interests as of the market closing time of the previous day and multiplier.

◉ **(Final Settlement)** The final settlement of exchange-traded derivatives shall be carried out **either through cash payment or delivery of the underlying assets for the final settlement quantity** in cases **where the open interests are maintained until the final trading day**.

☑ **(Where cash is received)** The final settlement difference* is received.

☑ **(Where the underlying asset is received)** The underlying asset and the final settlement amount are received (for details, please refer to KRX regulations)

* The final settlement difference refers to the amount calculated by multiplying the difference between the settlement price of the last trading day and the final settlement price (spot price) by the final settlement quantity and multiplier

2) Settlement Method of Option Trade

◉ **(Payment and receipt of option premium)** The Company and customer shall **pay and receive the option premium* for each option traded as the settlement amount**.

* The option premium refers to the amount calculated by multiplying the execution price by the execution quantity and multiplier for each issue of option trade

◉ **(Reporting of option exercise and settlement)** When intending to exercise options, a customer shall **report its intention within thirty (30) minutes from the market closing on the option exercise day**.

· **Even if a customer does not exercise options by the deadline for reporting option exercise on the last trading day**, **options that would generate a profit upon exercise** - after deducting brokerage commissions and other costs associated with an option exercise - **are deemed to have been reported to exercise the options, even if no actual report has been made**.

· The Company and customer shall **conduct the option exercise settlement by paying and receiving cash with respect to the exercise settlement quantity**. The option exercise settlement of option trades involving payment and receipt of cash will be accomplished **by way of paying and receiving the exercise difference***.

* The exercise difference refers to the amount calculated by multiplying the difference between the exercise price and the base price for exercise settlement by the exercise settlement quantity and multiplier

3) Settlement Deadline

◉ **The deadline for payment and receipt of the net cash balance* and net underlying asset balance**** between the Company and customer shall be **at noon (12:00 p.m.) on the delivery day**. Provided, That in the case of **currency futures trading**, the deadline shall be **a time prescribed by the Company, which is any time before noon (12:00 p.m.) of the final settlement day**.

* The net cash balance is determined by netting the total amount of payables and total amount of receivables for the settlement difference for the day's trade, settlement difference for the previous day's open interests, option premium, final settlement difference, final settlement amount, and exercise difference, for which the delivery date and deadlines are the same

** The net underlying asset balance is determined by netting the total quantity of underlying asset to be delivered and total quantity of underlying asset to be received, for which the delivery date and deadlines are the same

※ Notwithstanding the deadlines set forth above, **the Company may accelerate the delivery deadline for the net cash balance and the underlying asset balance** of certain customers **who are deemed to potentially fail to fulfill their settlement obligation**

E. Main Details of Traded Products

◉ The exchange-traded derivatives contract information set out below is prescribed by KRX. **For further details, please refer to the KRX website, etc.**

☞ **(Provide the URL of a reference website, etc.)**

<Details on Major Exchange-Traded Derivatives Contracts>

Category	KOSPI 200 Futures	KOSPI 200 Options, KOSPI 200 Weekly Options	KTB Futures	US Dollar Futures	Stock Futures
Trading Unit	Futures price × KRW 250,000	Options price × KRW 250,000	Par value KRW 100mn	USD 10,000	Futures price × KRW 10
Delivery Month/ Delivery Week and Trading Period	March, June, September, December (maximum 3 years, 7 delivery months)	•KOSPI 200 Options: Every month (maximum 3 years, 11 delivery months) •KOSPI 200 Weekly Options: Every week (maximum 1 week)	March, June, September, December (Maximum 6 months, 2 delivery months)	•Delivery contracts 1 year or shorter: every month •Delivery contracts longer than 1 year: March, June, September, December (maximum 3 years, 20 delivery months)	March, June, September, December and 2 other months (maximum 3 years, 9 delivery months)
Last Trading Day	2nd Thursday of the delivery month	•KOSPI 200 Options: 2nd Thursday of the delivery month •KOSPI 200 Weekly Options: 1) Every Monday 2) Every Thursday (except for Thursday of the 2nd week of each month**)	3rd Tuesday of the delivery month	3rd Monday of the delivery month	2nd Thursday of the delivery month
Price Quotation	KOSPI 200 Futures data (Points)	Premium (Points)	Par value of KRW 100 (percentage)	KRW per USD 1 (KRW/USD)	Stock futures price (KRW)
Tick size	0.05 points	•0.05 points (premium 10 or higher) •0.01 points (premium below 10)	•0.01 points (3-yr, 5-yr, 10-yr contracts), •0.02 points (30-yr contracts)	KRW 0.1	KRW 1~1,000 * Varies by the listed market of underlying stock, and the level of price quotation
Tick Value	KRW 12,500 (0.05× KRW 250,000)	•KRW 12,500 (0.05×KRW 250,000) •KRW 2,500	•KRW 10,000 (3-yr/5-yr/10-yr, 0.01×0.01×KRW 100mn),	KRW 1,000 (KRW 0.1/ USD 1 × USD 10,000)	KRW 10~10,000 ('KRW 1~1,000' × KRW 10)

		(0.01×KRW 250,000)	•KRW 20,000 (30-yr, 0.02×0.01×KRW 100mn		
Daily Price Limit (plus/minus base price)	±8%→±15%→±20% (regular session)	±8%→±15%→±20%	±1.5% (3-yr contracts), ±1.8% (5-yr contracts), ±2.7% (10-yr contracts), ±3.9% (30-yr contracts)	±4.5%	±10%→±20%→±30%
Price Fluctuation Rate of Real-time Price Limit	±1%	±2%	±0.5% (3-yr contracts), ±0.9% (10-yr contracts) * Not applied to 5-yr/30-yr contracts	±1%	±3% or ±6% * Varies by underlying stock, refer to KRX regulations

* Real-time price limit range: Most recent execution price ± price fluctuation range
(☞ The price fluctuation range is calculated in view of the price fluctuation rate of each product; refer to KRX regulations for detailed calculation.)

** For KOSPI 200 Weekly Options, weekly options that expire on the second Thursday of the delivery month, which coincides with the last trading day of KOSPI 200 Options, shall not be listed.

5 Notification of Transactions

◉ **(Transaction Notification)** The Company shall **notify** customers **without delay** upon the execution of a trade or any other transaction.

◉ **(Monthly Transaction Status Notification)** The Company shall **notify** customers with accounts that have trades or other transaction records of details such as monthly trade history, profit/loss statements, end-of-month balances/open interest status, etc. **by the 20th of the following month**.

◉ **(Semi-Annual Account Balance and Open Interest Status Notification)** The Company shall **notify** customers with accounts that have no trades or other transaction records during a semi-annual period of details such as the account balance, open interest status, and etc. **by the 20th of the month following the end of the respective semi-annual period**.

※ If you **have not received notifications about transactions or account status** ***despite not having expressed a refusal for receiving notifications***, **or if the content of the notification differs from your understanding**, please ***contact the Company without delay*** *for clarification*. ☞ **Provide method of contact and contact information.**

6 Rights of Financial Consumers

A. Rights of Financial Consumers

◉ A financial consumer may request a financial product distributor, etc. to allow him or her to access the records (including copies and audio recordings) that are kept, maintained, and managed by the financial product distributor, etc. for the purpose of seeking remedies for his or her rights, including dispute mediation or litigation.

◦ Records on the conclusion of contracts, records on the performance of contract, records on advertisements for financial products, etc., records on the exercise of rights by financial consumers, records on the establishment, operation, etc. of internal control standards, records on the entrustment of business affairs.

◉ Upon the receipt of a financial consumer's request for access of records, including the purpose of the access, such as the financial consumer's dispute resolution application, lawsuit filing, etc., and the scope of the access, the Company shall make the relevant records available to the financial consumer within six (6) business days from the date of receipt of the request.

◉ The Company may limit or deny a financial consumer’s access to records on grounds such as relevant laws and regulations, infringement of a third party’s interest, breach of trade secrets, etc., by notifying the financial consumer of such grounds.

7 Confirmation of Whether Key Pre-Contractual Information was Provided

☞ The following is an example. Each company may include other information which it deems important for product explanations.

※ Please review the following key information and complete the form by hand **by hand**.

❶	If your account balance for exchange-traded derivatives trading **falls below the maintenance margin**, **your contracts may forcibly be liquidated without your consent**. Have you received an explanation about this from the personnel?
⇨	① Yes / ② No
❷	In exchange-traded derivatives trading, you may **lose your entire margin**, and **your losses may exceed your deposit**. Have you received an explanation about this from the personnel?
⇨	① Yes / ② No
❸	In exchange-traded derivatives trading, if an additional margin deposit is required during trading hours and you fail to deposit the additional margin or resolve the reason for its imposition, the Company may refuse to accept **new trades** or **trades that require increased margin**. Have you confirmed this?
⇨	① Yes / ② No

➜ I confirm that I have consulted with the personnel of ○○○ Corporation regarding exchange-traded derivatives trading and have *[received and fully understood explanations]* on the *[key information and customer expense]* related to exchange-traded derivatives trading, including the items described above.

➜ I confirm that I have *[received and fully understood explanations]* from the personnel regarding the *[rights and obligations of financial consumers]*.

YYYY/MM/DD *(Signature)*

Financial consumers may contact the **Consumer Protection Center** (000-000-0000) or visit the **website** (www.000000.com) for inquiries if they have complaints after subscribing to a product. In case of disputes, they may seek assistance from the **Financial Supervisory Service** (dial 1332 without an area code).

※ [Appendix] Glossary for Explaining Exchange-Traded Derivatives Trading

☞ **Excerpt and include content necessary for product explanations. Additional terms may be added if needed.**

Term	Description
Futures	▪ A transaction in which parties agree to buy or sell a specified quantity of a particular financial product at a predetermined price on a specific future date
Call Option	▪ A contract in which parties agree to trade the right to purchase a specific asset at a predetermined price (strike price) on or before a specified future date. In exchange for the right to purchase the asset from the seller of the call option, the purchaser pays the seller a premium as compensation.
Put Option	▪ A right to sell an underlying asset at a specified price on its maturity. In exchange for the right to sell the asset at a predetermined price at a specified time, the put option purchaser pays a premium, the value of the option, to the seller.

Strike Price	▪ The price at which the option purchaser can exercise the right to buy or sell the underlying asset on or before its maturity in an option contract.
Futures Spread	▪ A contract designed to mitigate the risks arising from changes in the interest rate spread between two currencies by pre-setting the spread.
Limit Order	▪ The most common type of order in which the investor specifies the stock, quantity, and price, executed at the specified price or a more favorable price. Therefore, the specified price represents the limit at which the trade can be executed. In the case of a buy order, the transaction can be executed at the specified price or a lower price, and for a sell order, at the specified price or a higher price.
Market Order	▪ An order specifying the stock and quantity but not the price, executed immediately at the best available price at the time of order or the price formed in the market. Therefore, in general, market orders take precedence over limit orders in trade execution and are filled sequentially starting with the highest-priority counterparty orders until the total order quantity is fully matched.
Limit-To-Market-On-Close Order	▪ An order that functions as a limit order during trading hours, with any unfilled quantity of the order automatically converted into a market order at the closing price determination (the periodic call auction executed during the last 10 minutes of trading hours)
Immediately Executable Limit Order	▪ An order type where the price is automatically set as the counterparty's best available price at the time of order placement, ensuring immediate execution at the price. For sell orders, the price is deemed to be set at the highest bid price at the time the order is received, and for buy orders, the price is deemed to be set at the lowest ask price at the time the order is received in trade execution.
Periodic Call Auction	▪ A trading method used when there is a significant need to concentrate supply and demand to establish an equilibrium price. During a set period of time, bid and ask orders are collected, and trades are executed at a single price determined based on price and time priority. To prevent unfair trading, etc., all periodic call auctions conclude at a random time determined by the KRX within 30 seconds of the end of the periodic call auction.

Margin	▪ A type of deposit made in advance with a securities firm when an investor buys or sells stocks.