

**STANDARD AGREEMENT  
ON  
TRADING  
OF FOREIGN COLLECTIVE INVESTMENT SECURITIES**

*Effective on January 1, 2023*

**§1. Applicability**

This Agreement shall apply to the trading of foreign collective investment securities between an investor that purchases foreign collective investment securities (hereinafter referred to as “the customer”) and ABC Financial Investment Company that acts as a proxy in selling foreign collective investment securities (hereinafter referred to as “the Company”).

**§2. Matters Demanding Attention in Making Investment**

Customers shall give attention to the following matters in making investment in foreign collective investment securities:

1. Investment in foreign collective investment securities may involve not only a trading loss from fluctuations in the price of the securities concerned, but also from fluctuations in the currency value concerned;
2. Acquisition of investment information on foreign collective investment securities may be more restrictive and difficult than acquisition of domestic collective investment securities; and
3. Various kinds of foreign collective investment securities are offered, and may be traded in a different way from domestic collective investment securities.

**§3. Handling of Orders**

(1) The time and the method of the customer’s orders to the Company shall conform to those specified in <Attachment>.

(2) Dates of the order and the trading of foreign collective investment securities shall be handled by the Company without delay, but they may nevertheless be changed due to time difference, etc.

**§4. Opening of a Foreign Currency Deposit Account**

The Company shall open, in accordance with [§7-34] of the Foreign Exchange Transaction Regulations, a foreign currency deposit account in the name of the customer with the

addition of the Company's name at the foreign exchange bank designated by the Company for the remittance and receipt of foreign currency after the customer's trading of foreign collective investment securities. Provided, That this Provision shall not apply to the case where the Company opens a foreign currency deposit account for the customer's investment in foreign collective investment securities, and intends to trade foreign collective investment securities through this account.

#### **§5. Acting as Proxy in Handling Money Exchange and Remittance, etc.**

The Company shall act as a proxy for the customer in handling money exchanges between the Korean won and a foreign currency and remittance of a foreign currency, etc. entrusted to the Company by the customer following the customer's trading of foreign collective investment securities, or the Company shall handle the businesses through its foreign currency deposit account opened according to the conditions in Paragraph (4).

#### **§6. Handling of Money Exchange and Remittance, etc.**

(1) In the case the Company received Korean won from the customer, it shall purchase, on the day (the next business day if the day is a holiday; hereinafter referred to as "the date of the contract") when it can determine the amount of the foreign currency necessary for the purchase of the corresponding foreign collective investment securities, a foreign currency equivalent to the settlement amount and deposit the currency in the foreign currency deposit account in the name of the customer or the Company.

(2) At the time of money exchange, the exchange rate shall be determined upon consultation between the Company and a foreign exchange bank based on the spot exchange rate for telegraphic transfer to customers (exchange rate that domestic banks apply in the cases where a customer transfers money to overseas bank account in foreign currency or a customer exchanges foreign currency remittances transferred from overseas) published by such foreign exchange bank that has a foreign currency deposit account in the name of the customer or the Company on the date of the money exchange.

(3) In the case that the money exchange cannot be made on the date of money exchange determined by the Company due to unavoidable reasons, such as domestic or foreign holidays or the closing of business hours of a foreign exchange bank, the next business day shall be the date of money exchange.

(4) The Company may remit the foreign currency purchased pursuant to Paragraph (1) on the date when such remittance is necessary for the settlement of such foreign collective investment securities.

#### **§7. Settlement Date**

The settlement date of trading of foreign collective investment securities shall be the day

after the elapse of the settlement period separately determined by a foreign financial investment company or the settlement period separately determined at the time of signing of an agreement on sale by proxy from the date of the contract. Provided, That in the case of selling foreign collective investment securities offered through a new or additional establishment, the settlement date may be the day specified in <Attachment>.

## **§8. Trading Value**

The Company shall appropriate the trading value paid by the customer for the settlement value following the purchase of foreign collective investment securities concerned. Provided, That in the case the paid purchase value falls short of the settlement value following an increase in the standard value of foreign collective investment securities or exchange rate fluctuations, the customer shall immediately pay the additional value.

## **§9. Handling of Repurchase and Redemption**

(1) The Company shall, when receiving a request for repurchase from the customer, notify the institution executing the repurchase of such foreign collective investment securities of the request without delay and demand repurchase thereof.

(2) When the repurchase is carried out pursuant to Paragraph (1) or the Company received investment returns such as distribution of profits or redemption money, etc., the Company shall, immediately transfer the value to the customer's Korean won or foreign currency deposit account after depositing the value in the foreign currency deposit account in the name of the customer of the Company.

(3) Notwithstanding Paragraph (2), in the case the money deposited in the customer's account falls short of the expenses such as commissions, etc. that must be collected by the Company, the Company may withdraw the amount that falls short from a foreign currency deposit account opened by the customer.

(4) In the case of repurchase or redemption, the deposit into the foreign currency deposit account in the name of customer or the Company may be delayed from the scheduled settlement period due to a time difference with a foreign country and the period required for remittance, etc.

## **§10. Commissions on Sale, etc.**

(1) The Company may, when executing a sale, etc. of foreign collective investment securities, collect various commissions and expenses specified in <Attachment> from the customer.

(2) The time of payment of commissions for sales, etc. pursuant to Paragraph (1) shall conform to the stipulations in <Attachment>.

## **§11. Compensation for Use of Deposits**

(1) The Company may use the money deposited in a customer's domestic currency deposit account managed by the Company. In this case, the Company shall pay the customer the compensation for using the deposit in accordance to the criteria for compensation notified to the customer.

(2) The criteria for compensation paid by the Company for using the customer's deposit shall be available to the customer via branch offices, internet websites, the computer portal for online trading and other similar electronic communications.

(3) The Company shall reasonably calculate the compensation by taking into consideration investment income, deposit insurance premium, supervisory fees, etc. and regularly monitor changes of factors that impact the calculation of compensation for investor deposits and reflect such changes.

(4) In the cases where changes are made to the criteria for compensation pursuant to Paragraph (3), such information shall be available to the customer through methods stipulated in Paragraph (2). Provided, That, in the cases where the changes made to the criteria are unfavorable to the customer, if the customer wants to be notified of the changes via email or text messages (SMS or MMS) designated by the customer before such changes are made, the Company shall notify the customer in advance through that method.

(5) The Company shall, in the cases where changes are made to the criteria, notify the customer of such changes when notifying him/her of monthly trading records, etc. pursuant to [§12(3)].

(6) Notwithstanding Paragraph (1), when interests or investment income arise after the Company deposits the customer's deposit to a savings or investment account managed by the Company, the Company may not pay the compensation or accrued interests stipulated in Paragraph (1).

## **§12. Notification of Result of Trading, etc.**

(1) The Company shall promptly notify the customer concerned of the result of trading of foreign collective investment securities when confirming the result and of the details of the money exchange when money is changed in accordance with the methods prescribed in the following Subparagraphs:

1. The Company shall notify the customer of all expenses and exchange rate including information on the trade type, issue and item, quantity, price, commissions, etc. and other details of trading;

2. The Company shall notify the customer through one of the methods falling under any of the following (in the case of the transactions that are not managed or recorded on account books, limited to item 'a') that have been agreed on in advance between the Company and the customer. Provided, That in cases when a customer does not want to be notified, the notification may be replaced with the furnishing of the information at branch offices or posting on the Internet website to enable the access at any time:
  - a. Delivery of notification in writing;
  - b. Telephone, telegram, and facsimile;
  - c. E-mail or other electronic communications methods similar thereto;
  - d. Delivery of a letter confirming the trading by using the Korea Securities Depository's computer network for customers who are settlement system participants of the Korea Securities Depository;
  - e. Notification through the internet or a mobile system that enables inquiry at any time; or
  - f. Text messages sent by the Company through a mobile system or other methods similar thereto.

(2) The Company shall consult with the customer to determine the method of notification, keep and maintain a record of that information before the customer begins engaging in trading.

(3) The Company shall notify the customers of monthly records of trading and profit and loss; month-end balance and balance trends (hereinafter referred to as "monthly trading records, etc.") by the twentieth (20<sup>th</sup>) day of the following month, and for accounts with no record of trading financial investment products for half of the year, notify him/her of the half-year-end balance both in value and volume by no later than the twentieth (20<sup>th</sup>) day after the end of the applicable half of the year through methods stipulated in Subparagraph 2 of Paragraph (1). Provided, That in any of the following Subparagraphs, it shall be deemed that the customer has been notified of monthly trading records, etc. or the half-year-end balance both in value and volume:

1. In the case where the information is kept at branch offices and other sales offices to be immediately delivered to customers upon request for customers to whom the notification of monthly trading records, etc. or half-year-end balance both in value and volume have been sent but returned more than three (3) times;
2. In the case where the information is kept at sales offices to be immediately delivered to customers upon request for accounts that have no record of trading or any other transactions for half of the year, and whose appraised value of deposited assets does not exceed the amount set by the Governor of the Financial Supervisory Service; or

3. In the case of trading through bankbook, etc. to enable customers to check the trading records on an ad hoc basis.

### **§13. Deposit and Custody**

(1) The Company shall deposit the foreign collective investment securities purchased by the customer with a foreign depository institution of such securities in the name of the Company, and keep the securities in its custody in accordance with the statutes or customary practices of the host country.

(2) With respect to the deposit pursuant to Paragraph (1), the Company shall, when depositing foreign collective investment securities acquired on its own calculation, have such securities separated from the customer's foreign collective investment securities.

(3) The customer shall not demand the return or the change of a foreign depository institution of foreign collective investment securities that are deposited and kept in custody pursuant to Paragraph (1).

### **§14. Exercise of Rights**

(1) The Company shall, in the case it receives information about the customer's exercise of rights from a foreign financial investment company, etc., immediately notify the customer of such information.

(2) The Company shall follow the instructions of the customer with regard to exercising voting rights or raising objections in a shareholder (beneficiary) meeting. Provided, That in the case that there is no instruction from the customer, the Company shall neither exercise voting rights nor raise objections.

### **§15. Delivery of Certificate of Deposit, etc.**

The Company shall issue and deliver a certificate of deposit for foreign collective investment securities purchased by a customer. Provided, That the Company may not issue or deliver the certificate of deposit in cases where the details of the notice pursuant to [§12(1)] include information on the foreign collective investment securities currently possessed by the customer.

### **§16. Provision and Inspection of Material, etc.**

The Company shall keep in custody notices delivered by a foreign financial investment company, etc. and other materials important to customers in making investment decisions for five (5) years from the date of delivery thereof, and allow the customer to inspect such materials at any time. Provided, That in the case the customer wants such materials to be

sent to him/her, the Company shall send such materials on the customer's expenses to the address reported by the customer.

#### **§17. Measures Taken against Suspension of Sale**

In the case the Company suspends the sale of foreign collective investment securities due to cancellation of the agreement on sale by proxy or settlement of such collective investment securities, the Company shall immediately notify the customer of such information. In this case, the customer may demand repurchase or mediation of cancellation of such foreign collective investment securities, and the Company shall comply with such demand.

#### **§18. Matters Declared by Customer**

- (1) The customer shall declare his/her name, address, seal, etc. to the Company.
- (2) The customer shall, in the case that the matters declared in Paragraph (1) are changed or the customer has lost his/her seal, make a report to the Company, without delay.

#### **§19. Method of Notice**

- (1) The Company shall notify the customer in writing, via telephone, or any other methods previously agreed on by the customer using the customer's declared address or telephone number.
- (2) The notification shall become effective from the time it arrives to the customer. Provided, That in the case the Company's notifications arrive late or fail to arrive without any causes attributable to the Company and due to the customer's change of address or other causes attributable thereto, such notices shall be deemed to have arrived at the time that they shall usually arrive.

#### **§20. Withdrawal of Subscription**

- (1) A depositor, who has subscribed to beneficiary certificates of which subscriptions can be withdrawn pursuant to [§46] of the Act on the Protection of Financial Consumers and relevant regulations, may withdraw his or her intention for subscription within seven (7) days from the date when the contract documents were delivered (or from the date when the contract was signed in the case where the contract documents were not provided).
- (2) Upon the exercise of the right to withdraw a subscription by the depositor, the Company shall return the money received from the depositor and pay interest on delayed payment calculated with the rates specified in <Attachment>.

## **§21. Termination of Illegal Contracts**

(1) In the cases where termination of an illegal contract is allowed under [§47] of the Act on the Protection of Financial Consumers and relevant regulations, a depositor may demand the termination of a contract within one (1) year since the date when he or she became knowledgeable of violation of the contract within the maximum period of five (5) years from the date when the contract was concluded.

## **§22. Amendment of Agreement, etc.**

(1) The Company shall, when intending to amend an agreement, keep the details of such amendment (including whether the amended provisions apply to the existing customers, the comparison table of old and new provisions, etc.) for customers to check at its branch offices, on its Internet website, on the computer portal for online trading, and on other electronic communications media similar thereto (    )<sup>1)</sup> days before the effective date of the amended agreement. Provided, That under an urgent and inevitable circumstance that it is difficult to provide information as prescribed in this Paragraph, such as in the case of amendment of the agreement due to institutional change following enactment or amendment of the regulations on business conduct of KRX or relevant laws and regulations including the Financial Investment Services and Capital Markets Act, the Company shall post the content of such amendment as set out in this Paragraph before the effective date of the agreement subject to the amendment.

(2) If the content of the amendment in Paragraph (1) is unfavorable or critical to customers, the Company shall notify them individually of such fact (including the comparison table of old and new provisions) (    )<sup>2)</sup> days before the effective date of the agreement subject to the amendment in ways, such as in writing, that were previously agreed with the customers. Provided, That this provision shall not apply to cases where the content of the agreement prior to the amendment applies to existing customers or a customer has explicitly expressed his/her intention that he/she will not receive such notices.

(3) The Company shall, in cases where it gives the notice pursuant to Paragraph (2), deliver the following message: “A customer may cancel the agreement in cases where he/she does not assent to the amendment of the agreement, and it shall be deemed that the customer has assented to the agreement in cases where he/she does not express his/her intention to cancel the agreement from the date on which he/she received the notice until the effective date of the agreement subject to the amendment.”

(4) A customer shall be deemed to have assented to the amendment in cases where he/she does not express his/her intention to cancel the agreement from the date on which he/she received the notice pursuant to Paragraph (3) until the effective date of the agreement

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1) Twenty (20) days or longer as determined by the financial investment company.

2) Twenty (20) days or longer as determined by the financial investment company.



subject to the amendment.

(5) The Company shall keep or post the Agreement at its branch offices to be delivered to customers to check upon request, and post it on its Internet website, on the computer portal for online stock trading, and on other electronic communications media similar thereto for search and download (including screen-printing) by customers.

### **§23. Trading Restrictions**

(1) The Company shall, in the cases where the account is exploited for fraud pursuant to the Special Act on the Prevention of Loss Caused by Telecommunications-based Financial Fraud and Refund for Loss, impose restriction of financial transactions such as opening of an account, etc. on the account holder.

(2) The Company shall, in the cases where financial transactions such as opening of an account, etc. are restricted pursuant to Paragraph (1), notify the account holder of such fact without delay.

### **§24. Release from Responsibility**

The Company shall, when there are no causes attributable thereto, not be responsible for any loss incurred to the customers due to causes falling under any of the following Subparagraphs:

1. Postponement of or incompetence in affairs (execution of trade, receipt and deposit of money, etc.) as a result of a natural disaster, war, accident, or of a case of *force majeure* equivalent thereto; or
2. Causes attributable to the customer.

### **§25. Compliance with Relevant Laws and Regulations**

The customers and the Company shall adhere to the Financial Investment Services and Capital Markets Act, the enforcement decree and enforcement rule of the same Act, the Regulations on Financial Investment Business and its enforcement rule, regulations on business conduct of the Association, regulations on business conduct of the KRX, etc. (hereinafter referred to as the “relevant laws and regulations, etc.”)

### **§26. Dispute Mediation**

The customer shall, should a dispute arise with the Company, request the settlement thereof to the Company’s grievance body, or apply for mediation to the Financial Supervisory Service or the Association.

## **§27. Competent Court**

In the cases where litigation is needed to settle disputes that arise between the Company and customers in relation to transactions executed in accordance with this Agreement, the competent court shall be determined as prescribed by the Civil Procedure Act.

## **§28. Others**

(1) Any matter not prescribed in this Agreement shall, unless otherwise agreed, comply with the provisions prescribed in relevant laws and regulations, etc.; in the case that there are no provisions therein, it shall comply with commercial practices.

(2) The Agreement on Using Electronic Financial Transactions and the Electronic Financial Transactions Act shall have priority over any electronic financial transactions that may fall under the purview of this Agreement.

(Attachment)

1. The time and method “specified in <Attachment>” in [§3(1)] shall be as follows:

(Details are to be specified by companies.)

2. The day “specified in <Attachment>” in [§7] shall be as follows:

(Details are to be specified by companies.)

3. The various commissions and costs “specified in <Attachment>” in [§10(1)] shall be as follows:

(Details are to be specified by companies.)

4. The time of payment “specified in <Attachment>” in [§10(2)] shall be as follows:

(Details are to be specified by companies.)

5. The rates “specified in <Attachment>” in [§20(2)] shall be as follows:

(Details are to be specified by companies.)

6. Other special arrangements.