

**AGREEMENT
ON
REPURCHASE AGREEMENT (REPO) WITH CUSTOMERS**

Effective on January 1, 2023

§1. Application

This Agreement shall apply to transactions under repurchase agreement (hereinafter referred to as “repo”) between *ABC* Financial Investment Company which is engaged in the repo transaction business (hereinafter referred to as “the Company”) and its counterparty which intends to enter into repo transactions (hereinafter referred to as “the customer”).

§2. Definitions

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

1. The term “sale under repo” is defined as when the Company sells securities to the customer, whereby the Company agrees to repurchase them after a certain period of time at a price equivalent to the sum of an agreed amount of money, such as interest, etc., added to the original sales price.
2. The term “purchase under repo” is defined as when the Company purchases securities from the customer, whereby the Company agrees to resell them after a certain period of time at a price equivalent to the sum of an agreed amount of money, such as interest, etc., added to the original purchase price.
3. The term “fixed-term transaction” is defined as a repo transaction in which the repurchase date or resale date is agreed upon in advance.
4. The term “open transaction” is defined as a repo transaction that stipulates the date requested by the customer as the repurchase or resale date to be the repurchase date or resale date.
5. The term “market value” is defined as the value fairly priced by the Company based on the price assessed by bond assessment companies registered with the Financial Services Commission.

§3. Securities Eligible for Repo Transactions

(1) The securities eligible for repo transactions shall be those falling under any of the following Subparagraphs that are marketable and evaluated daily on a mark-to-market basis by bond assessment companies registered with the Financial Services Commission:

1. Government bonds, local government bonds, and special bonds;
2. Guaranteed bonds;
3. Offered or sold bonds falling under any of the following:
 - a. Non-guaranteed bonds;
 - b. Bonds issued by a public institution pursuant to the Act on the Management of Public Institutions;
 - c. Bonds issued by a local public enterprise pursuant to the Local Public Enterprises Act;
 - d. Beneficiary certificates issued by a trust company according to the asset-back securitization plans pursuant to [§32] of the Asset-Backed Securitization Act;
 - e. Mortgage-backed bonds pursuant to [§2(1)4] of the Act on Special-Purpose Companies for Mortgage-Backed Bonds; or
 - f. Mortgage-backed bonds pursuant to Subparagraph 5 of [§2] of the Korea Housing Finance Corporation Act and student loan-backed securities pursuant to Subparagraph 7 of the same Article.

(2) The securities in Paragraph (1) shall fall under any of the following Subparagraphs:

1. Securities rated as qualified for investment (BBB or a higher rating for corporate bonds) by a credit rating company. Provided, That, in the case of repo transactions through which the financial investment company automatically invests the customer's fund pursuant to an agreement with the customer, the securities assessed to any credit ratings (referring to the lower rating in the case the securities were assessed by two or more credit rating companies) of the highest three grades at the time of the repo transaction.
2. Bonds issued or guaranteed by the qualified financial institutions determined by the Governor of the Financial Supervisory Service; or
3. Bonds guaranteed by the central or local government

§4. Formation of Repo Transaction

A contract for repo transaction shall be formed when the customer agrees to this Agreement and makes a request to the Company for a repo transaction, and the Company approves such a request.

§5. Repurchase or Resale

The customer may make a request to the Company for repurchase or resale through a written request for repurchase or resale, and the Company shall comply with such request.

Provided, That, in the case of a request for repurchase before the date agreed upon by the customer in a fixed-term transaction, this provision shall not apply to the securities that have been sold under repo by the Company pursuant to [§10(5)] and cannot be repurchased.

§6. Price of Repurchase or Resale, etc.

(1) In the case of a fixed-term transaction, the Company's repurchase price or resale price shall be calculated in the following manner. Any figures below the decimal point shall be cut off:

$$\text{Repurchase (or resale) price} = \text{Sales (or purchase) price under repo} \times \left\{ 1 + \frac{\text{number of days agreed upon}}{365} \times \text{Interest rate for sale (purchase) under repo} \right\}$$

(2) In the case of an open transaction, the Company's repurchase price or resale price shall be calculated in the following manner. Any figures below the decimal point shall be cut off:

$$\text{Repurchase (or resale) price} = \text{Sales (or purchase) price under repo} \times \left\{ 1 + \frac{\text{number of days elapsed}}{365} \times \text{Interest rate for sale (purchase) under repo} \right\}$$

(3) In the case that the Company (or the customer) retains custody of the securities that the Company (or the customer) sold under repo, the amount of interest, etc. received (subtracting the withholding tax) from such securities during the repo period agreed upon or elapsed period shall be settled from the repurchase (or resale) price mentioned in Paragraphs (1) and (2).

(4) The interest rate notified by the Company at the time of repo transaction shall be the interest rate of purchase or sale under repo in the formula stipulated in Paragraphs (1) and (2).

(5) The number of days agreed upon (or the number of days elapsed) in the formula in Paragraphs (1) and (2) shall be the number of days from the sale date to one (1) day prior to the repurchase date for the sale under repo, and from the purchase date to one (1) day prior to the resale date for the purchase under repo.

§7. Notice of Interest Rates

(1) The Company shall notify the customer of the interest rates of the sale and purchase under repo before the transaction.

(2) The Company shall release and post the interest rates in Paragraph (1) at its branch

offices, on its Internet website, on the computer portal for online stock trading, and on other electronic communications methods similar thereto. In the case the Company intends to change the rates, it shall release or post the content of the changes prior to the expected date of change.

(3) If the content of the changes in the interest rate in Paragraph (2) is unfavorable to the customer, the Company shall notify the customer of such fact in ways, such as in writing, that were previously agreed with the customer. Provided, That this provision shall not apply to cases where the rate prior to the change applies to the existing customer or where the customer has explicitly expressed his/her intention that he/she will not receive such notices.

(4) The interest rates that the Company shall notify the customer of, pursuant to Paragraph (1), shall include the interest rate applicable in the case where the customer in a fixed-term transaction makes a request for repurchase (or resale) before the date agreed upon, and the interest rate applicable in the case where such customer makes a request for repurchase (or resale) after the date agreed upon.

§8. Notice of Transaction

(1) The Company shall, when a repo transaction with the customer is executed, immediately notify the customer of the content of the transaction execution that includes the following Subparagraphs:

1. Sales (purchase) price in repo transaction;
2. Date agreed upon or time limit for repurchase or resale;
3. Value or the method of determination of repurchase or resale;
4. Content of securities in repo transaction (class and name of issue, issuer, issuance date and maturity date, coupon rate, par value, etc.); and
5. Market value and credit rating of securities in repo transaction (limited to the case where they received credit ratings).

(2) The Company shall notify the customer through one of the methods falling under any of the following (only Subparagraph 1 shall be applicable in case of transactions not managed or recorded on account books) that have been agreed 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 be accessible at any time.

1. Delivery of notification in writing;

2. Telephone, telegram, or facsimile;
3. E-mail or other electronic communications methods similar thereto;
4. Internet or mobile system that enables access at any time; or
5. Text messages sent by an investment trader or an investment broker through a mobile system or other methods similar thereto.

§9. Custody of Sold Securities, etc.

(1) In the Company's engagement in repo transaction business, the customer may, unless he/she makes a separate expression of intention, entrust the Company with the custody of securities sold under repo by receiving a passbook or a securities card in lieu of such securities, and the Company shall keep/administer such securities.

(2) The Company shall not, when it keeps or administers the customer's securities pursuant to Paragraph (1), pay the customer the interest received while keeping such securities until the date on which they are repurchased.

(3) The Company shall, in the case it keeps the customers' securities pursuant to Paragraph (1), maintain the market value of the securities calculated per customer each business day at 105/100 or more of the repurchase price.

(4) In keeping and administering each customer's securities sold under repo pursuant to Paragraph (1), the Company shall, in the case the market value of the securities falls short of the rate as prescribed in Paragraph (3), immediately transfer to the customer the portion needed to satisfy the rate or more. In the case that the market value exceeds the rate, it may receive the exceeding portion from the customer.

§10. Substitution of Issues of Sold Securities, etc.

(1) The Company may, in the case it keeps in custody or administers securities sold under repo pursuant to [§9(1)], substitute the securities in their custody with other securities (hereinafter referred to as "substitution of issues"), to the extent not hindering the repurchase thereof.

(2) In conducting the substitution of issues pursuant to Paragraph (1), the Company shall obtain prior consent, in writing or through voice recording over the telephone, etc., from the customer when the substitution of issues is carried out on terms unfavorable to the customer, such as in cases where the securities in custody are substituted with issues with a lower credit rating, or the market value of the securities falls below the previous value after the substitution. Provided, That, the Company shall be deemed to have obtained

consent from the customer in the case that it has received confirmation from the customer on the scope of substitution in writing or through other means prior to the commencement of the transaction and substitutes issues within such scope.

(3) The Company shall, in the case it transfers securities pursuant to [§9(4)] or conducts substitutions of issues pursuant to Paragraph (1), immediately notify the customer of the details of the changes concerning the securities sold under repo, including the matters mentioned in Subparagraphs 4 and 5 of [§8(1)]. Provided, That, the Company may omit the notice in the case it has taken a measure that satisfies the conditions in the following Subparagraphs:

1. The Company shall deposit with the Korea Securities Depository the securities sold under repo, and receive the inspection service thereby on the maintenance of an optimum level of collateral with regard to the sale under repo; or
2. The Company shall establish a system through which the customer can check at any time the content of securities sold under repo that are being kept in custody or administered by the Company.

(4) [§8(2)] shall apply *mutatis mutandis* to the notice of details of changes in Paragraph (3).

(5) In the case the Company intends to sell under repo the securities purchased under repo, the date of the repurchase of the securities sold under repo shall be before the date of the resale of the securities purchased under repo.

§11. Occurrence of Event of Insolvency

(1) In the case any of the events described under any of the following Subparagraphs occur to the Company, the customer may demand the Company for repurchase or delivery of the securities kept in custody and administered by the Company. The Company shall comply with the request for repurchase or deliver to the customer securities equivalent to the repurchase value on the requested date of delivery.

1. Cases where a transaction suspension measure is taken by a clearing house or a trading bank, or where the Company acknowledges insolvency in writing;
2. Cases where an application for commencement of bankruptcy, rehabilitation or other procedures similar thereto is filed with the court;
3. Cases where the Company makes a contract to transfer or dispose of all or a material part of its business for the benefit of creditors, or enters into a contract on the deferment and adjustment of debt repayment, private composition, administration and fund management, or other contracts similar thereto, due to a

lack of funds, or where a resolution at a shareholders' meeting, the convocation of a creditors' consultation meeting or any other procedure for the execution of such contract has commenced;

4. Cases where events of dissolution prescribed in the articles of incorporation have occurred, a resolution on such dissolution has been adopted at a shareholders' meeting or other procedures equivalent thereto has been taken, or where an application for dissolution order or claim for dissolution ruling is filed with the court;
5. Cases where an administrative measure such as suspension or revocation of main business, etc. is taken by supervisory authorities on account of financial reasons;
6. Cases where the Company is designated as an insolvent financial institution in accordance with the Depositor Protection Act or the Act on the Structural Improvement of the Financial Industry;
7. Cases where the assets of the Company or the investors' assets in custody of the Company are transferred to a custodian or a legal receiver or ordered by the supervisory authorities to be transferred in accordance with the applicable law or regulations; or
8. Other cases where the procedure similar to the Subparagraphs above was filed or the commencement of such procedure was decided, or where a preservative measure was taken therefor.

(2) The Company shall not, in the case it complies with the customer's application for repurchase pursuant to Paragraph (1), apply to the customer in fixed-term transactions the rates applicable when the application for repurchase is made before the date agreed upon.

(3) The Company shall, in the case any of the events falling under the Subparagraphs of Paragraph (1) occurs, notify the customer of such fact without delay.

§12. Merger and Closure of Accounts

(1) The Company may segregate customer accounts that have no record of transaction, withdrawal or deposit during the last six (6) months, and whose aggregate depository assets including cash and financial investment instruments do not exceed one hundred thousand (100,000) Korean won, and separately manage such accounts by merging them together.

(2) The Company may, in the case that six (6) months have elapsed from the date on which the balance of the account became "null," or the customer has requested closure of the

account, close such account.

§13. Declaration of Seal Impression, etc.

(1) The customer shall use his/her seal impression (or signature) for repo after declaration thereof to the Company.

(2) The customer shall, when having lost his/her passbook, securities card or declared seal impression or intends to change the matters declared to the Company such as phone number and address, declare such fact to the Company without delay. The Company shall not be held accountable for any losses incurred by a delay of notification due to causes attributable to the customer, unless the causes are attributable to the Company.

§14. Amendment of Agreement, etc.

(1) The Company shall, when intending to amend an agreement, prepare the content of such amendment (including whether the amended provisions apply to the existing customers, the comparison table of old and new provisions, etc.) at its branch offices, or post it on its Internet website, on the computer portal for online stock trading, or on other electronic communications media similar thereto ()¹⁾ days before the effective date of the agreement so that customers can check. Provided, That under an urgent and inevitable circumstance that it is difficult to provide information as prescribed in the 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 the Korea Exchange; 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) ()¹⁾ 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 in Paragraph (2), deliver the following message: “A customer may terminate the agreement in cases where he/she does not approve the amendment of the agreement, and shall be deemed to have approved the amendment in cases where he/she does not express his/her intention to terminate the agreement by the business day preceding the effective date of the agreement subject to the amendment.”

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

(4) A customer shall be deemed to have approved the amendment in cases where he/she does not express his/her intention to terminate the agreement from the date on which he/she received the notice in Paragraph (3) by the business day preceding the effective date of the agreement subject to the amendment.

(5) The Company shall release or post the Agreement at its branch offices for delivery to customers 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.

§15. *Mutatis Mutandis* Application of Relevant Laws and Regulations

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

(2) The “Agreement on the Use of Electronic Financial Transaction” and laws and regulations on electronic financial transactions shall be applied prior to all others with regard to electronic financial transactions among repo transaction pursuant to this Agreement.

§16. Transfer and Creation of Pledge

The customer may transfer or establish a pledge (refers to the right owned by the lender as collateral until the borrower returns the money, and the lender may primarily seize the collateral if the borrower defaults on his/her debt) on deposited assets including cash and financial investment products with the Company's approval.

§17. Dispute Resolution

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