

**AGREEMENT  
ON  
SECURITIES LENDING AND BORROWING**

*Amended on June 25, 2014*

*Effective on July 01, 2014*

**§1. Applicability**

(1) This Agreement shall apply to lending and borrowing contracts undertaken by ABC Financial Investment Company (hereinafter referred to as “the Company”) that intends to engage in securities lending and borrowing (hereinafter referred to as the “SLB”) in the securities market other than KOSPI Market and KOSDAQ Market and the counterparty to the transaction.

(2) The Company and the counterparty, upon agreement, may supplement this Agreement with the general agreement in the form of <Attachment 1> (hereinafter referred to as “the general agreement”).

**§2. Definitions**

The definitions of the terms used in this Agreement shall be as follows:

(1) “Open trading” refers to SLB for which the termination date is not predetermined, but is determined by a unilateral notice of termination given by either party.

(2) “Fixed-term trading” refers to SLB for which the termination date is predetermined, and the transaction is automatically terminated on the predetermined termination date.

(3) “Institutional investors” refer to corporations falling under any of the Items stipulated in [§7(4)3] of the Enforcement Decree of the Financial Investment Services and Capital Markets Act (hereinafter referred to as the “Capital Markets Act”).

(4) “Business day” refers to a day when the KOSPI Market or the KOSDAQ Market is open.

(5) The subjects of “return, delivery or payment” refer to the same issue and quantity, in the case of securities, and the same amount, in the case of cash.

### **§3. Securities Eligible for SLB and Evaluation Methods**

(1) Securities eligible for SLB shall be stocks, bonds and beneficiary certificates listed on the KOSPI Market or the KOSDAQ Market. Provided, That stock-related bond certificates and bonds that have matured during the loan period shall be excluded.

(2) Notwithstanding Paragraph (1), in cases where the Company's counterparty to the SLB transaction is an institutional investor, the parties may otherwise designate the securities eligible for SLB through an agreement.

(3) The valuation method for securities eligible for SLB shall be pursuant to [§7].

### **§4. Conclusion of Separate SLB Contracts**

(1) The lender and the borrower shall, in relation to the SLB transactions subject to this Agreement and the general agreement, conclude a separate SLB contract (hereinafter referred to as the "separate contract") by agreeing on trading conditions on the basis of the methods defined as follows:

1. The method of filling in a document (hereinafter referred to as the "separate contract document"); or
2. The method defined in each Item of [§17(1)]

(2) The lender and the borrower shall, in the case of a separate contract concluded by the method defined in Subparagraph 1 of Paragraph (1), prepare two copies of the separate contract document where their names are inscribed with seals or signatures and each shall keep one copy.

(3) The lender (or the borrower) shall, in the case of a separate contract concluded by the method defined in Subparagraph 2 of Paragraph (1), deliver a transaction confirmation document to the borrower (or the lender) prior to commencement of the transaction, in order to confirm the details of the agreement. Provided, That the transaction confirmation document may be replaced with methods such as recordings or other documentation that can confirm the agreement.

(4) The borrower (or the lender) may raise objections to the content of the transaction confirmation document mentioned in Paragraph (3). If the content of the transaction confirmation document is found to be contradictory with the details of the prior agreement, the separate contract shall be deemed to be concluded on the basis of the prior agreement. Provided, That in the case that the details of the prior agreement cannot be confirmed, the separate contract shall be deemed not to be concluded. Still, non-conclusion of the separate contract may be cured upon agreement between the parties.

(5) Matters to be written in a separate contract document or a transaction confirmation document shall be subject to the form in <Attachment 2>.

(6) Upon the conclusion of a separate SLB transaction, the lender (or the borrower) shall notify the borrower (or the lender) of the transaction record (hereinafter referred to as the “execution confirmation document”) without delay in a pre-determined manner based on this Agreement, the general agreement and the separate contract document (or the transaction confirmation document). Provided, That this provision shall not apply to cases where there is an agreement between the parties.

#### **§5. Delivery of SLB-Eligible Securities, etc.**

(1) In the case of the conclusion of an SLB transaction, the borrower shall provide the lender collateral on the transaction commencement date and, at the same time, the lender shall deliver the securities eligible for SLB (hereinafter referred to as the “SLB-eligible securities”) to the borrower.

(2) The SLB-eligible securities shall be delivered and collateral shall be provided in ways stated in the following Subparagraphs:

1. The SLB-eligible securities and collateral securities (including negotiable certificates of deposit offered as collateral; hereinafter the same shall apply in this subparagraph) designated as the securities to be deposited by the Korea Securities Depository: Bookkeeping entry in the depositor’s account book of the Korea Securities Depository or the customer’s account book of the Company. Provided, That the bookkeeping entry of the collateral securities may be replaced by establishing the right of pledge (Refers to the right of the creditor to hold the pledged property until the debtor repays his/her loan or obligation. The creditor has an implied right to confiscate and/or sell the pledged property to satisfy his/her claim in case of a default; hereinafter the same shall apply) pursuant to the Capital Markets Act;
2. Collateral in cash (including foreign currency designated by financial investment companies): cash transfer via the Bank of Korea, other banks or financial investment companies;and
3. Establishment of the right of pledge in the case of collateral not falling under Subparagraph 1 and 2

(3) Notwithstanding Paragraphs (1) and (2), in cases that are separately determined by the Korea Securities Depository, the lender may deliver the SLB-eligible securities by the date set by the borrower after checking the provision of collateral, and deliver the SLB-eligible securities and collateral by the method separately agreed in advance by the parties.

## **§6. Return of SLB-Eligible Securities, etc.**

(1) When an SLB transaction contract terminates, the borrower shall return the SLB-eligible securities, the SLB transaction fees, and unpaid proceeds from the SLB-eligible securities to the lender, and the lender shall return the collateral, cash collateral management proceeds (refers to the compensation for the use of cash collateral; hereinafter the same shall apply), and the unpaid proceeds from collateral securities to the borrower.

(2) For the fixed-term trading, in the case that the lender or the borrower intends to terminate the SLB transaction contract before the transaction termination date, such party shall request the counterparty to terminate the SLB transaction contract by the third (3rd) business day (or the day designated by the parties in the general agreement, the separate contract document or the transaction confirmation document) before the scheduled termination date. In this case, whether consent from the counterparty is required or whether to collect an early termination fee shall be subject to the terms and conditions specified in the general agreement, the separate contract document, or the transaction confirmation document.

(3) For the open trading, in the case that the lender or borrower intends to terminate the SLB transaction contract before the transaction termination date, such party shall request the counterparty to terminate the SLB transaction contract by the third (3rd) business day (or the day designated by the parties in the general agreement, the separate contract document or the transaction confirmation document) before the termination date.

(4) Notwithstanding Paragraph (1), in the case that the borrower (or the lender) is unable to deliver the SLB-eligible securities (or collateral securities) in whole or in part due to reasons such as a liquidity shortage, he/she/it shall notify the lender (or the borrower) by the third (3rd) business day before the scheduled transaction termination date. In this case, the borrower (or the lender) shall, upon consent from the lender (or the borrower), replace the return of the SLB-eligible securities (or collateral securities) with cash.

## **§7. Assets Used as Collateral and Valuation Methods**

(1) The assets that can be used as collateral and the valuation methods therefor shall be as in the following Subparagraphs. Provided, That the valuation methods may otherwise be determined upon agreement between the parties:

1. Listed stocks: the closing price on the KOSPI Market or the KOSDAQ Market as of the effective date of the valuation;
2. Listed bonds (applied only to bonds whose market price has been established for ten (10) consecutive days or longer during the three (3) month period before the month in which the effective date of the valuation falls): the price based on the price data provided by two (2) or more bond assessment companies on the basis

of the closing price on the KOSPI Market on the effective date of the valuation;

3. Listed bonds other than those mentioned in Subparagraph 2 and commercial papers (CPs) : the price based on the price data provided by two (2) or more bond assessment companies;
4. Beneficiary certificates issued by a collective investment scheme pursuant to the Capital Markets Act, for which the repurchase before maturity or cancellation of a trust agreement is possible: the base price notified on the effective date of the valuation; and
5. Cash: par value.

(2) Notwithstanding Paragraph (1), in the cases that fall under [§3(2)], the parties may otherwise determine the assets that can be used as collateral by agreement between the parties.

#### **§8. Maintenance of Collateral, etc.**

(1) The lender and the borrower shall execute settlement on a daily basis in order to maintain the ratio calculated by dividing the appraised amount of the collateral by the appraised amount of the SLB-eligible securities (hereinafter referred to as “the collateral ratio”) up to a certain level previously agreed by the parties (hereinafter referred to as the “collateral maintenance ratio”) with regard to the appraised amount of the SLB-eligible securities.

(2) In the case that the collateral ratio exceeds the collateral maintenance ratio, the lender shall return the excess collateral to the borrower by 12:00 a.m. on the next business day of the day when it received the request to return the excess collateral. In the case that the collateral ratio is less than the collateral maintenance ratio, the borrower shall provide the additional collateral to the lender by 12:00 a.m. on the next business day of the day when it received the request to supplement the collateral. Provided, That the time to return the excess collateral or to provide the additional collateral may be otherwise determined upon agreement between the parties.

(3) Notwithstanding Paragraph (2), the lender and the borrower may set the ratio at which the return of excess collateral is deferred (hereinafter referred to as the “maximum collateral maintenance ratio”) even in cases where the collateral ratio is higher than the collateral maintenance ratio and set the ratio at which the provision of additional collateral can be deferred (hereinafter referred to as the “minimum collateral maintenance ratio”) even in cases where the collateral ratio is lower than the collateral maintenance ratio.

(4) The ratio of collateral initially provided by the borrower to the lender for the SLB transaction (hereinafter referred to as “the initial collateral ratio”) and the collateral

maintenance ratio may be determined by the parties by agreement but shall be one hundred percent (100%) or more. Provided, That in the case that the Company's counterparty to the transaction is a professional investor, such ratios may be otherwise determined upon agreement between the parties.

(5) As for a single transaction pursuant to [§14], the collateral ratio and the collateral maintenance ratio may be settled on a daily basis after adding up and calculating all loan transactions.

## **§9. Handling of Proceeds**

(1) The borrower shall deliver to the lender such proceeds as interest, dividends and preemptive rights, etc. generated from SLB-eligible securities during the lending and borrowing period in ways stated in the following Subparagraphs. Provided, That the payment period may be otherwise determined upon agreement between the parties:

1. Cash dividend, interest, and payments for fractional shares: The lender shall be paid on the payment date of the dividend, interest or payments for fractional shares (in cases where the SLB-eligible securities are disposed of, the first day on which the lender could be paid initially);
2. Stock dividends and bonus issues: In cases where new stocks are issued due to stock dividend payout or bonus issues for the SLB-eligible securities, it shall be recognized that an SLB transaction is established on the same conditions as the relevant SLB transaction on the date of the listing of such dividend stocks, etc.. Provided, That, upon the request of the lender, the relevant proceeds shall be delivered to the lender within three (3) business days from the listing date of the stocks; and
3. Preemptive rights: In cases where the lender expressed its intention to subscribe for new shares and made the subscription payment to the borrower on the subscription date, the relevant proceeds shall be delivered to the lender within three (3) business days from the listing date of the stocks.

(2) The lender shall deliver to the borrower such proceeds as interest, dividend and preemptive rights generated from the collateral securities during the borrowing and lending period in ways stated in the following Subparagraphs. Provided, That the payment period may be otherwise determined upon agreement between the parties:

1. Cash dividend, interest, and payments for fractional shares: The borrower shall be paid on the payment date of the dividend, interest or payments for fractional shares (in the case that the collateral securities are disposed of, the first day on which the borrower could be paid initially);

2. Stock dividends and bonus issues: In cases where new stocks are issued due to stock dividend payout or bonus issues for the collateral securities, it shall be recognized that an SLB transaction is established on the same conditions as the relevant SLB transaction on the date of the listing of such dividend stocks, etc.. Provided, That, upon the request of the borrower, the relevant proceeds shall be delivered to the borrower within three (3) business days from the listing date of the stocks; and
3. Preemptive rights: In cases where the borrower expressed its intention to subscribe for new shares and made the subscription payment to the lender on the subscription date, the relevant proceeds shall be delivered to the borrower within three (3) business days from the listing date of the stocks.

(3) The proceeds from the SLB-eligible securities (or collateral securities) that are to be returned by the counterparty pursuant to Paragraphs (1) and (2) shall be equivalent to those that the lender (or the borrower) would have received had such borrowing and lending not taken place.

(4) Notwithstanding Paragraphs (1) and (2), proceeds other than cash may be calculated and paid in cash upon agreement between the parties.

#### **§10. Exercise of Rights**

Rights such as voting rights and appraisal rights, etc. that arise from the SLB-eligible securities (or collateral securities) shall not be exercised by the lender (or borrower) unless the securities have been returned. Provided, That this provision may be otherwise determined upon agreement between the parties.

#### **§11. Substitution of Collateral**

(1) The borrower may substitute the collateral according to the manner agreed upon with the lender.

(2) In the case of such collateral substitution pursuant to Paragraph (1), the borrower shall be returned the previous collateral from the lender simultaneously upon delivery of the substitute collateral to the lender. In this case, the value of such substitute collateral shall be the same as or greater than that of the previous collateral.

#### **§12. Payment of SLB Transaction Fees, etc.**

(1) The borrower shall pay the lender the SLB transaction fees for the period from the transaction commencement date to the transaction termination date (hereinafter referred to as the "SLB transaction period"). The lender shall pay the cash collateral management

proceeds to the borrower for the period from the collateral provision date to the collateral return date.

(2) The SLB transaction fees and the cash collateral management proceeds mentioned in Paragraph (1) shall be paid on the tenth of each month (the transaction termination date, in the case that the SLB transaction period is less than one (1) month) during the SLB transaction period. In the case of the termination of the transaction, such payment shall be made for the period from the date of the previous payment date to the transaction termination date). Provided, That the payment date may be otherwise determined upon agreement between the parties.

### **§13. Deduction and Settlement**

SLB-eligible securities, cash collateral, collateral securities, SLB transaction fees, cash collateral management proceeds, proceeds generated from the SLB-eligible securities and collateral securities which are to be paid or delivered between the lender and the borrower may, in the case of cash or the same issue, be deducted for settlement between the parties. In this case, a detailed record of such deduction and settlement shall be kept in the custody of one of the parties as determined by prior agreement between the parties..

### **§14. Single Transaction**

(1) All SLB transactions concluded between the same lender and borrower shall constitute a single transaction (hereinafter referred to as the “single transaction”).

(2) Non-performance of any of the SLB transaction contracts that constitute the single transaction may be deemed as a default of the single transaction.

(3) The deduction and settlement pursuant to [§13] may be made in a single transaction.

### **§15. Events of Non-Performance, etc.**

(1) In the case that the lender or the borrower falls under any Subparagraphs of Paragraph (2) (hereinafter referred to as the “events of default”) or any Subparagraphs of Paragraph (3) (hereinafter referred to as the “events of bankruptcy, etc.”; referred to as the “events of non-performance” together with the events of default), it shall be deemed that non-performance has taken place.

(2) The following cases constitute events of default:

1. Cases where the SLB-eligible securities have not been returned to the lender, or the collateral has not been returned to the borrower by the due date upon termination of the SLB transaction pursuant to [§6];

2. Cases where a party fails to return collateral or provide additional collateral pursuant to [§8];
3. Cases where a party fails to deliver to the other party the proceedings generated from the SLB-eligible (collateral) securities, such as interest, dividends, preemptive rights, etc. during the SLB transaction period pursuant to [§9] by the due date;
4. Cases where SLB transaction fees or cash collateral management proceeds pursuant to [§12] are not paid by the due date;
5. Cases where a party notifies the counterparty that it is not able to perform its obligations, or refuses to perform its obligations; or
6. Other cases agreed by the parties to be events of default.

(3) The following cases constitute events of bankruptcy, etc.:

1. Cases where an application for commencement of bankruptcy, rehabilitation procedures or other similar procedures has been filed with the court or competent authorities;
2. Cases where a liquidator, custodian, bankruptcy trustee, trustee or person with other similar title has been appointed;
3. Cases where either party is subject to suspension of transactions by a clearing house or a trading bank, or either party admits suspension of payments or insolvency in writing;
4. Cases where either party signs an agreement to transfer or dispose of all or a material part of its business operations for the benefit of the creditors; or establishes an arrangement for deferment or adjustment of debt repayment, out-of-court workout (refers to the creditor autonomously delaying the case to be handled as a default event and consulting with the debtor on the conditions for fulfilling the debt obligations), business management and fund management, or other similar contracts with the creditors due to insufficient capacity to repay its debt; or a resolution at the general meeting of shareholders, the convocation of a creditors' consultation meeting or other procedures for execution of such contract have commenced;
5. Cases where any event for dissolution specified in the articles of incorporation has occurred, or a resolution on the dissolution has been issued at the general meeting of shareholders , or other procedures equivalent thereto have been taken, or a

petition for dissolution order or dissolution ruling is filed with the court; or

6. Cases where administrative measures such as suspension or revocation of major business operations are taken by regulatory authorities due to financial reasons; either party is designated as an insolvent financial institution pursuant to the Depositor Protection Act or the Act on the Structural Improvement of the Financial Industry; or the assets of either party are transferred to a custodian or bankruptcy trustee or ordered by the regulatory authorities to be transferred.

(4) In cases where the lender or the borrower falls under any of the events of default, the counterparty may apply the default interest rate mentioned in [§16(4)2] for the applicable period.

#### **§16. Early Termination of SLB Transaction and Settlement, etc.**

(1) The events for early termination of the SLB transaction and the transaction termination date shall be as in the following Subparagraphs:

1. In cases where the lender or the borrower failed to perform its obligations due to events stated in Subparagraphs 2 through 6 of [§15(2)], the counterparty (hereinafter referred to as the “performing party”) may exercise early termination of the SLB transaction by delivering a written notice of the occurrence of the event for early termination (hereinafter referred to as “the notice of early termination”) to the party to whom the event of early termination occurred (hereinafter referred to as “the non-performing party”) on the date designated in the notice; .
2. The lender or the borrower may, in cases where the counterparty falls under any of the Subparagraphs of [§15(3)], determine that the SLB transaction is terminated on the day when the event has occurred, without giving the notice of early termination upon agreement between the parties;
3. In cases where an event of non-performance occurs(excluding the event mentioned in [§15(2)1]), the non-performing party shall immediately notify the performing party of the fact;
4. Notwithstanding Subparagraph (1), in cases where an event of non-performance constitutes an event of default, the performing party may request the non-performing party to cure the event of default within a reasonable period (which shall be prior to the early termination date) upon giving the notice of early termination. In cases where the non-performing party cures the event of default within the applicable period, the event of non-performance caused by the event of

default shall be deemed to have ceased to exist. In the case that the non-performing party fails to cure the event of default within the period, the SLB transaction shall be deemed to have been terminated on the date designated in the notice of early termination.

(2) The matters on the repayment and settlement for the SLB-eligible securities shall be as in the following Subparagraphs:

1. In the case of termination of the SLB transaction pursuant to Subparagraph 1 of Paragraph (1), Paragraphs (2) and (4), the non-performing party shall return the performing party the SLB-eligible securities, the SLB transaction fees and the proceeds from the SLB-eligible securities (hereinafter referred to as the “SLB-eligible securities, etc.”) or the cash collateral, collateral securities, cash collateral management proceeds and unpaid proceeds from collateral securities (hereinafter referred to as the “collateral, etc.”) with regard to the SLB transaction with the performing party on the date of the termination. Simultaneously upon receipt, the performing party shall return the collateral, etc. and the SLB-eligible securities, etc. Provided, That in cases where the SLB transaction is terminated due to the event of bankruptcy, etc. that occurred to the non-performing party, or in cases where the parties agree separately, the deduction and settlement may be made in accordance with Subparagraph 2;
2. The performing party may, in cases where the non-performing party that falls under the events stated in [§15] fails to perform its obligations to return as specified in the main text of Subparagraph 1, the SLB transaction can be settled by subtracting the amounts stated in the following Items as of the transaction termination date. In this case, the valuation of the SLB-eligible securities and collateral securities shall be made in accordance with [§7]:
  - a. The sum of the appraised amount of the collateral, etc. that the lender is liable to return, in relation to each SLB transaction;
  - b. The sum of the appraised amount of the SLB securities, etc. that the borrower is liable to return, in relation to each SLB transaction.
3. The performing party shall, in the case of making deduction and settlement pursuant to Subparagraph 2, notify the non-performing party of the details of the settlement by the next business day of the transaction termination date pursuant to Subparagraph 1 of Paragraph (1) and Subparagraphs (2) and (4); )
4. In cases where events for additional settlement that fall under any of the following

Items occur after termination of a separate SLB contract or single transaction, final settlement can be conducted for a maximum of three (3) months from the transaction termination date (or a period separately determined in the general agreement) by agreement between the parties.

- a. Changes in the settlement amount due to tax, fees, interest, dividends, preemptive rights, etc. that have not been finalized or that have not been acknowledged by the concerned party;
- b. Errors in the calculation.

(3) In cases where the event stated in [§15(2)1] occurred, it shall be handled in ways stated in the following Subparagraphs:

1. In cases where non-performance of any of the SLB transaction contracts that constitute the single transaction may be deemed as a default of the single transaction pursuant to [§14(2)], only the transactions that fall under [§15(2)1] can be determined to have become defaulted. In this case, the entire transaction does not get terminated; and
2. The lender (borrower) may request the borrower (lender) to cure the event of default by returning the SLB-eligible securities (collateral securities) within the applicable period. In cases where the SLB-eligible securities (collateral securities) have been delivered within the applicable period, the event of default shall be deemed to have ceased to exist. In cases where the non-performing party fails to cure the event of default within the applicable period, it shall have to compensate for the damage on the counterparty in accordance with Paragraph (4).

(4) Matters on the payment of the default interest rate, etc. shall be as in the following Subparagraphs:

1. In cases where the performing party incurs any damage from the non-performing party's non-performance of the SLB transaction contract, he/she may recover the damage from the non-performing party's cash or disposal of its securities that are in possession of the performing party, or separately claim for damage compensation to the non-performing party;
2. Any difference, if calculated as a result of the settlement pursuant to Subparagraph 2 of Paragraph (2), shall be returned on the transaction termination date. In cases where the return of such difference is delayed, the default interest calculated at the default interest rate preagreed by the parties may be added;

3. The performing party may, when an event of default occurs, impose an additional amount as specified in the general agreement, the separate contract document, or the transaction confirmation document on the non-performing party; and
4. The obligations of the lender (or the borrower) to return the collateral, etc. (or the SLB-eligible securities, etc.) shall cease to exist upon the settlement pursuant to Subparagraph 2 of Paragraph (2). Provided, That this provision shall not apply in the cases falling under any of the Items of Subparagraph 4 of Paragraph (2).

**§17. Methods of Notice, etc.**

(1) Except for cases where the method of notice is separately stipulated in this Agreement, all notices and other communications shall be sent or delivered to the address and telephone number, etc. specified in the general agreement, the separate contract document, or the transaction confirmation document (hereinafter referred to as the “transaction confirmation document, etc.”) by any of the methods in the following Subparagraphs which can prove whether the notice was given or delivered and the content of the notice:

1. In person;
2. By telephone;
3. By contents-certified mail, registered mail, or other similar means;
4. By telegram;
5. By facsimile;
6. By telex;
7. By electronic mail or other electronic communication methods; and
8. Other methods determined by the parties.

(2) In cases where there is a change in the address and telephone number, etc. specified in the transaction confirmation document, etc., such change shall take effect after the counterparty has been notified thereof.

(3) As for the single transaction, in cases where the addresses and telephone numbers specified in each of the transaction confirmation document, etc. are inconsistent, the address and telephone number specified in the most recent transaction confirmation document, etc. shall be applied.

(4) The methods of notice mentioned in Paragraph (1) may be limited only to some of the methods mentioned in the Subparagraphs of Paragraph (1) of the general agreement.

#### **§18. Amendments of Agreement, etc.**

In cases where the lender or the borrower intends to amend this Agreement or the general agreement, it shall notify the counterparty of the content of the amendment in writing. The counterparty shall be deemed to have given consent to the amendment of this Agreement or the general agreement unless an objection is raised in writing within ( ) business days from the date of the notification. Provided, That any content disadvantageous to the rights/interests of the lender or the borrower shall be amended only by written agreement between the parties.

#### **§19. Indemnification**

The lender or the borrower shall not be responsible for the damage incurred from non-performance of the contract if it falls under the events and scope of indemnification as preagreed by the parties, or has resulted from a natural disaster, war or incident, or other *force majeure* events.

#### **§20. Compliance with Relevant Laws and Regulations, etc.**

The Client and the Company shall comply with the Capital Markets Act, the Enforcement Decree and Enforcement Rules of the Act, the Regulation on Financial Investment Business of the Financial Services Commission and the Enforcement Rules of the Regulation, Regulations on Business Conduct and Services of Financial Investment Companies of the Korea Financial Investment Association and the Enforcement Bylaws of the Regulations, and the General Regulations of the Korea Exchange (hereinafter referred to as the “relevant laws and regulations, etc.”).

#### **§21. Dispute Resolution**

The lender (or borrower) may, if a dispute with the Company arises, request the settlement thereof to the Company’s grievance body, or apply for dispute resolution to the Financial Supervisory Service or the Korea Financial Investment Association.

#### **§22. Competent Court**

In cases where a need for a lawsuit arises between the Company and the Client due to disputes in relation to transactions based on this Agreement, the competent court shall be one that is determined pursuant to the Civil Procedure Act.

### **§23. Miscellaneous Matters**

(1) In the case of the single transaction, this Agreement and the general agreement shall be delivered only once at the time of the first SLB transaction. As for the subsequent SLB transactions, only delivery of the separate contract document or the transaction confirmation document shall be deemed to signify that this Agreement and the general agreement are applied as well.

(2) Any matters not prescribed in this Agreement shall be handled in accordance with the provisions prescribed in the relevant laws and regulations unless there is a separate agreement. In cases where there are no provisions therein, it shall be handled in accordance with the general commercial practice.

(3) The Agreement on Using Electronic Financial Transactions and the Electronic Financial Transaction Act shall have priority over this Agreement in application to any electronic financial transactions services under this Agreement.

<Attachment 1>

### **General Agreement for SLB Transactions**

This general agreement is made and entered into by and between the parties to supplement the Agreement for SLB transactions between the parties dated [month] [day] [year].

1. This general agreement shall apply equally to all SLB transactions (single transaction) to be signed by the parties henceforth. Provided, That if some provisions are otherwise agreed in the transaction confirmation document (or the separate contract document) with respect to the separate SLB contract, such document shall have priority over this agreement for the separate SLB transaction concerned.
2. The parties shall agree that the following provisions apply to certain provisions of the Agreement.
  - 2-1. [§4(3) and (6)]: [ ] has the obligation to deliver a transaction confirmation document and an execution confirmation document, and the parties agree to [deliver / not deliver] the execution confirmation document after the conclusion of a separate SLB transaction.
    - 2-1-1. Method of notice, in the case of delivery of the execution confirmation document: [ ]
  - 2-2. [§6(2)]: As for the fixed-term trading, in the case of terminating the SLB transaction contract before the transaction termination date shall require [consent / no consent] from the counterparty, and the other party shall demand the counterparty to terminate the transaction by the [ ] th business day from the scheduled transaction termination date. In this case, the early termination fee shall [be collected / not be collected]. In the case of such fee collection, the fee shall be [ ].
  - 2-3. [§6(3)]: As for the open trading, in the case of terminating the SLB transaction contract, a party shall demand the counterparty to terminate the transaction by the [ ] th business day from the scheduled transaction termination date.
  - 2-4. [§8(1) through (4)]: The collateral maintenance ratio, etc. shall be as follows:
    - 2-4-1. Initial collateral ratio: [ ] percent
    - 2-4-2. Collateral maintenance ratio: [ ] percent
    - 2-4-3. Maximum collateral maintenance ratio: [ ] percent
    - 2-4-4. Minimum collateral maintenance ratio: [ ] percent

2-5. [§9(4)]: The proceeds other than cash, such as stock dividends, bonus issues, and preemptive rights, shall be calculated and [paid / not be paid] in cash. The calculation method shall be as follows, in cases where cash payment is allowed.

[ ]

2-6. [§11(1)]: Collateral paid previously may be [substituted / not be substituted] with new collateral. If such substitution is allowed, assets that can be used as collateral shall be as follows:

[ ]

2-7. [§12(1)]: The SLB transaction fee (rate) and cash collateral management proceeds (rate) shall be as follows:

2-7-1. SLB transaction fee (rate): [ ]

2-7-2. Cash collateral management proceeds (rate): [ ]

2-8. [§12(2)]: The payment date for the SLB transaction fee and cash collateral management proceeds shall be [ ].

2-9. [§13]: In the case of deduction and settlement between the lender and the borrower, the detailed record of the deduction and settlement shall be held in custody of [the lender / the borrower].

2-10. [§16(4)2]: The default interest rate applicable to the delayed return of the difference after settlement shall be [ ] percent.

2-11. [§16(4)3]: The additional amount that may be imposed shall, in the case of early termination of the SLB transaction resulting from non-performance of the contract, be as follows:

[ ]

2-12. [§16(2)4]: In the case that an event for additional settlement takes place after the termination of a single transaction, the final settlement shall [be conducted/not be conducted]. In the case of final settlement, the period shall be as follows:

[ ]

### 3. Other Special Agreements

3-1. Provisions that the parties are allowed to agree otherwise in the Agreement  
[To state the applicable provisions if the parties agree separately]

3-1-1. [§3(2)]: SLB-eligible securities and the valuation method that the parties may otherwise specify by agreement on the SLB transactions shall be as follows:

[ ]

3-1-2. [Proviso to §7(1)]: The valuation method for collateral (or SLB-eligible securities) that the parties may otherwise specify by agreement shall be as follows:  
[ ]

3-1-3. [§7(2)]: Assets that can be used as collateral and the valuation method that the parties may otherwise specify by agreement on the SLB transactions shall be as follows:  
[ ]

3-1-4. [Proviso to §8(2)]: As for the maintenance of collateral, the period for the return of excess collateral or provision of additional collateral shall, in cases where the parties determine otherwise by agreement, , be as follows:  
[ ]

3-1-5. [Proviso to §9(1) and (2)]: The payment period for the proceeds arising from the SLB-eligible securities (or collateral securities), such as interest, dividends or preemptive rights, shall, in cases where it is determined upon agreement between the parties, be as follows:  
[ ]

3-1-6. [§15(2) 6]: Other possible events of default, other than those mentioned in Subparagraphs 1 through 5, shall be as follows:  
[ ]

3-1-7. [Proviso to §16(2)1]: Other events, except for the events for bankruptcy, etc., for which the parties may conduct the deduction and settlement shall be as follows:  
[ ]

3-1-8. [§17(4)]: Other methods of notice and communication, except for the methods of notice specified in other provisions of the Agreement, shall be as follows:  
[ ]

3-1-9. [§19]: With respect to damage incurred to the performing party as a result of the non-performing party's non-performance of the contract, the events and scope of indemnification preagreed by the parties shall be restricted as follows:  
[ ]

### 3-2. Other Special Agreements between the Parties

#### **Party (1) of the SLB Transaction**

Name or Name of Corporation:  
Address (Location of Head Office):

(Seal or Signature)

Tel:

**Party (2) of the SLB Transaction**

Name or Name of Corporation:

(Seal or Signature)

Address (Location of Head Office):

Tel:

Contract Date:

<Attachment 2>

**Form of [Separate Contract Document / Transaction Confirmation Document] for  
SLB Transaction**

To:  
From:  
Date:

The terms and conditions of the separate SLB transaction subject to the SLB transaction dated [month] [day] [year] shall be [agreed / confirmed] as follows:

1. Lender:
2. Borrower:
3. Date of transaction commencement:
4. Type of transaction: [Fixed-term trading / Open trading]
5. Date of transaction termination:  
    ※Applicable only to fixed-term trading.
6. SLB-eligible securities

<In the case of stock certificates>

- ① Name of Issue:
- ② Code of Issue:
- ③ Quantity:
- ④ Par Value:

<In the case of bonds>

- ① Name of Issue:
- ② Code of Issue:
- ③ Par Value:

7. Collateral amount and the type and quantity of collateral securities
8. Other special agreements
9. Any matter not prescribed above shall be handled in accordance with the provisions stipulated in this Agreement and the general agreement.