

**AGREEMENT
ON
MARGIN TRANSACTIONS**

Effective on May 27, 2019

§1. Application of Agreement

(1) A person who opens an account for conducting margin transactions (hereinafter referred to as “the customer”) and *ABC* Financial Investment Company (hereinafter referred to as “the Company”) shall apply this Agreement to the opening of an account for margin transactions on the KOSPI Market or the KOSDAQ Market (hereinafter referred to as “the Securities Market”) established by the Korea Exchange (hereinafter referred to as “the KRX”). Any other matters not stipulated in this Agreement shall be applied with the Agreement on Opening of Trading Accounts.

(2) The margin transactions specified in the Paragraph (1) shall be conducted by the Company by lending its assets or stocks as the buying price or securities for sale to the customer, or by borrowing the buying price or securities for sale from a financial securities company to lend it to the customer.

(3) In the case where the Company borrows the buying price or securities for sale from a financial securities company to lend it to the customer, the <Form> shall be applied along with this Agreement.

§2. Definition of Terms

The definition of terms used in this Agreement is as follows:

1. The term “loans for margin transactions” refers to loaning the buying price to customers (limited to individuals; hereinafter the same) for trading in the Securities Market.
2. The term “stock lending for margin transactions” refers to loaning securities for sale to customers for trading in the Securities Market.
3. The term “margin transactions” refers to transactions settled by receiving loans or stock lending for margin transactions.
4. The term “collateral” refers to securities subject to measures such as being restricted on withdrawal, lodged as a pledge (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; hereinafter the same), or held

in custody to guarantee the payment of debt when the Company extends loans to customers.

5. The term “substitute securities” refers to securities which may be paid in lieu of cash, as prescribed in the regulations of the KRX.

§3. Restrictions on Margin Transaction

(1) The securities that are available for margin transactions by the Company shall be stock certificates listed on the Securities Market (including securities depository receipts related to stock certificates) and exchange traded funds.

(2) The Company shall suspend any new margin transaction when margin transaction issues fall under any of the following Subparagraphs:

1. Issues designated by the KRX as red alert issues, risky issues or issues for administration; or
2. Cases where the KRX takes the measure of pre-depositing (“pre-depositing” refers to the measure which requires the buying proceeds or securities for sale to be paid prior to an order placement; hereinafter the same) prior to trading quotation or pre-depositing prior to settlement.

(3) The Company may restrict margin transactions for the sake of the public interest and investor protection or for the stability of the transaction market.

(4) In order to restrict margin transactions pursuant to Paragraph (3), the Company shall notify customers of the criteria therefor in advance, and prepare the content thereof at its branch offices or post it on its Internet website, on the computer portal for online stock trading, or on other similar electronic communications media so that customers can check.

§4. Margin Transaction Ceiling

The customer shall engage in margin transactions within the maximum credit ceiling per person as specified in the <Attachment>.

§5. Payment of Margin Requirement

(1) The customer shall, when ordering a margin transaction, pay a margin requirement equivalent to the amount calculated by multiplying the quantity of the customer's order by a designated price (if not available, the upper limit price) and the ratio specified in the <Attachment> in consideration of the customer's credit status and trading circumstances by issues, etc. In this case, the customer may pay the margin requirement with substitute securities to the extent of the maximum ratio specified in the <Attachment>.

(2) The Company may, when returning the substitute securities paid for the margin requirement and securities provided as collateral by the customer, give the customer back the securities of the same issue, quantity, and rights.

(3) The Company may, when determining the ratio in Paragraph (1), calculate it in consideration of the customer's settlement for trading.

§6. Redemption Period and Date

(1) The redemption period of loans or stock lending for margin transactions shall be the period starting on the date of receiving the loan or stock lending until the due date specified in the <Attachment>.

(2) The redemption date shall, in the case the customer redeems the loans or stock lending for the margin transaction before the maturity, be as follows:

1. Redemption through sale of margin transaction: trading settlement date; and
2. Redemption in cash or with stock certificates or collective investment securities of an exchange traded fund: the day when the customer asks for redemption.

§7. Provision of Collateral

(1) The Company shall collect the stock certificates and collective investment securities of exchange traded funds (hereinafter referred to as the "stock certificates, etc.") the customer purchased as collateral for loans for margin transactions, and the sales price as collateral for stock lending for margin transactions.

(2) In the case of loans for margin transactions, the Company shall take the stock certificates, etc. provided by the customer as a pledge.

(3) A customer shall provide the Company additional collateral within the period specified in the <Attachment> (hereinafter referred to as the "additional collateral provision period") when the total collateral value (including the margin requirement and the substitute securities) to the market prices of the outstanding amount of margin transaction loans or outstanding amount of stock lending for margin transaction fall below the fixed ratio specified in the <Attachment> (hereinafter referred to as the "collateral maintenance ratio") due to the fluctuation in the prices of the stock certificates, etc. purchased through the loan for margin transactions, the stock certificates, etc. sold by lending stocks for margin transactions, or the substitute securities paid as the margin requirement. Provided, That, in cases where the Company has notified the customer of a possibility that the collateral shortfalls may increase due to fluctuations in the price of collateral securities during the additional collateral provision period, the customer shall provide the collateral for the final collateral shortfalls that has been confirmed reflecting the fluctuations during the foregoing period.

(4) Notwithstanding Paragraph (3), in the case the Company previously agreed thereon with the customer, it may collect as collateral cash or securities deposited in the customer's account that were not provided as collateral without demanding additional collateral from the customer.

(5) In the case the Company requests additional collateral from the customer pursuant to Paragraph (3), it shall use methods such as contents-certified mail, a recording of telephone conversation, or a method agreed on with the customer in advance to prove the content of its demand.

(6) The Company shall collect cash or securities of which the Company previously informed the customer as additional collateral pursuant to Paragraph (3).

§8. Management of Collateral

(1) With regard to the margin requirements and substitute securities paid to the Company, the purchased securities provided as collateral by the customer or the sales proceeds of the stocks that have been subject to lending, the Company is entitled to provide them as collateral to a financial securities company, to receive dividend, distributions or share certificates generated from the securities or otherwise to exercise rights to the securities, to the extent of the amount and term of the loan extended by the Company to the customer for the margin transaction.

(2) The Company may, when determining the collateral maintenance ratio, calculate it in consideration of the customer's settlement for trading, and when there is a multiple number of credit transactions, may add them to the calculation of the collateral maintenance ratio.

§9. Discretionary Disposal of Collateral for Redemption

(1) The Company may request a customer to redeem the loans or stock lending for margin transaction before the redemption date. When the customer fails to redeem by the due date, it may collect its loan receivables by disposing the collateral on the next business day of the due date according to the method defined in [§10].

(2) The Company may, when the total amount of collateral value falls short of the collateral maintenance ratio, request the customer to provide additional collateral. When the customer fails to provide such additional collateral during the additional collateral period, the Company may collect its loan receivables in accordance with Paragraph (1). In this case, the Company may dispose of the collateral at its own discretion for the redemption of the outstanding amount as of the closing time of the additional collateral provision period if it has notified the customer of the conditions mentioned in the proviso to [§7(3)] when demanding the provision of additional collateral.

§10. Method of Discretionary Redemption

(1) The Company may, in any of the following cases, first use the cash deposited in the customer's account to pay the debt of the customer, and may dispose of a necessary amount

of collateral securities and other securities, in such order, at its own discretion, to pay the debt of the customer. Provided, That, the cash deposited in the customer's account may be used to pay the debt of the customer on the redemption date in the case the Company and the customer agreed thereon in advance.

1. When the customer received a request for redemption and failed to redeem his/her debt by the redemption date;
2. When the customer received a request for an additional provision of collateral and failed to provide the additional collateral by the payment due date; or
3. When the customer received a request for payment of interest, trading fees, or taxes related to margin transactions and failed to make such payment by the payment due date.

(2) Notwithstanding [§7(3)], the Company may dispose of the collateral securities and other deposited securities in a necessary quantity at its own discretion without demanding additional provision of collateral or collecting additional collateral when the Company deems that collecting its receivables is markedly risky due to drastic changes in market prices, etc. and has agreed thereon with the customer in advance. In this case, the Company shall notify the customer of the content of the disposal without delay using methods such as a contents-certified mail, a recording of telephone conversation, or a method agreed on with the customer in advance to prove the notification.

(3) The Company shall, in the case it disposes of securities at its own discretion pursuant to Paragraphs (1) and (2), dispose of the securities by the methods as prescribed in the following Subparagraphs:

1. Securities listed on the Securities Market: disposal in accordance with the method specified in the <Attachment>;
2. Collective investment securities other than those of the exchange traded fund: claim for redemption to the financial company that manages the relevant collective investment securities or the financial company that sold the relevant collective investment securities;
3. Derivatives-linked securities issued through the method of public offering: claim for repayment to the issuer; and
4. Other securities: a method previously agreed on between the Company and the customer.

(4) The amount of the disposal of securities for the discretionary redemption prescribed in Paragraph (1) and (2) shall be calculated by applying the method specified in the <Attachment>.

(5) The securities for the discretionary redemption prescribed in Paragraph (1) and (2) shall be disposed of in accordance with the order specified in the <Attachment>.

(6) Notwithstanding the Paragraph (5), the customer may request the Company to change the disposal order of securities by the due date specified in the <Attachment>.

(7) The proceeds from the disposal pursuant to Paragraphs (1) and (2) shall be used to pay the debt in the order of all costs and expenses required for the disposal, default interest, interest and the principal of the debt.

§11. Payment of Interest and Default Interest

(1) A customer shall pay the Company monthly interest on the loan for margin transaction at the interest rate specified in the <Attachment> on the date specified in the <Attachment>, and the Company shall pay the customer compensation for the use of the margin amount deposited for short selling (“the margin amount deposited for short selling” refers to the sales price of stocks the customer borrowed from a securities company; hereinafter the same).

(2) The customer shall pay to the Company default interest specified in the <Attachment>, if it fails to redeem the loan for margin transaction by the due date or fails to pay the interest by the due date mentioned in Paragraph (1).

§12. Loss of Benefit of Time

(1) In the case any of the following events occur, the Company shall notify the customer of the fact that he/she shall lose the benefit of time via methods such as mail, electronic mail or telephone without delay. Upon receiving such notice, the customer shall lose the benefit of time (“benefit of time” refers to the benefit a person concerned enjoys for a pre-determined period; hereinafter the same) and shall repay his/her debt immediately:

1. The Company receives an order of seizure or notice of seizure for disposition on default, or a compulsory execution or disposition on default is otherwise commenced against the collateral provided by the customer;
2. An individual customer is adjudicated to be subject to commencement of adult guardianship or limited guardianship, or an individual customer is declared bankrupt or a decision of commencement of rehabilitation procedures is made against the individual customer;
3. A petition for bankruptcy or commencement of rehabilitation procedures is filed against a corporate customer or the corporate customer is recognized as a firm showing signs of insolvency under the Corporate Restructuring Promotion Act, or some or all of the creditors of the corporate customer form a consultative body and credit rescheduling procedures are commenced by the reduction of principal and

interest, extension of term of redemption or by other methods equivalent thereto;

4. A note or a check issued, endorsed, guaranteed or accepted by the customer is dishonored or bank transaction thereof is suspended due to other causes attributable to the customer; or
5. The Company receives an order of seizure or notice of seizure for disposition on default, or a compulsory execution or disposition on default is otherwise commenced against any or all deposits or other receivables of the Company.

(2) In the case the customer falls under any of the following Subparagraphs, the Company may give the customer a notice requesting to cure the applicable events such as through redemption of debt, removal of seizure/disposition on the default, or performance of agreement, etc., and in the case the applicable event is not cured within () days¹⁾ from the date the customer receives such notice, he/she shall lose the benefit of time thereafter and shall redeem his/her debt immediately:

1. When the customer fails to redeem any of the multiple debts to the Company by the redemption date, or fails to redeem an individual debt despite the loss of the benefit of time;
2. When a measure of seizure/disposition on default is taken against the customer's assets other than Subparagraphs 1 and 5 of Paragraph (1); or
3. When an auction is commenced against the customer's assets other than Subparagraph 5 of Paragraph (1) for execution, etc. of the security right under the Civil Execution Act, thereby the customer's credit significantly worsening to cause material disturbance to the collection of receivables.

(3) When the customer loses the benefit of time pursuant to Paragraphs (1) and (2), the Company may immediately offset the receivables owed by the Company to the customer such as the right to claim the return of deposits, etc. with the receivables owed by the customer to the Company, or may dispose of the collateral at its own discretion on the next day to collect the receivables.

(4) When the Company offsets the receivables with cash withdrawn not from the collateral account but from another account of the customer, the Company shall notify the customer of such fact through means agreed on with the customer in advance.

(5) When offsetting or collecting the receivables pursuant to Paragraph (3), the proceeds from the disposal shall be used to pay the debt in the order of all costs and expenses required for the disposal, default interest, interest and the principal of the debt.

1) Ten (10) days or longer as determined by the financial investment company.

§13. Prohibited Practices

The Company may refuse any act falling under the following Subparagraphs against a customer with the outstanding loan for margin transaction or outstanding amount of stock lending for margin transaction for which the due date has expired. Provided, That, the scope of refusal shall be to the extent it is necessary for the repayment of outstanding loan for margin transaction or outstanding amount of stock lending for margin transaction:

1. Receiving a trading order other than an order for redemption of such margin transaction; and
2. Withdrawal of cash or securities.

§14. Handling of the Right to Claim Dividends, etc.

Specific methods of handling the right to claim dividends, and preemptive right to new shares, etc. with regard to the margin requirements, stock certificates, etc. which the customer provided to the Company in relation to margin transactions, or stock certificates, etc. which the customer borrowed from the Company shall be in conformity with the methods determined by the Governor of the Financial Supervisory Service.

§15. Amendment of Agreement, etc.

(1) The Company shall, when intending to amend an agreement, prepare the content of such amendment at its branch offices, or post it on its Internet website, on the computer portal for online stock trading, or on other similar electronic communications media ()²⁾ 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 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 to customers, the Company shall notify them of such fact ()³⁾ 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 the existing customers or a customer has explicitly expressed his/her intention that he/she will not receive the notice of change.

(3) The Company shall, in cases where it gives the notice in Paragraph (2), deliver the following message: “A customer may cancel the agreement if he/she does not approve the

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

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

amendment of the agreement, and will be deemed to have approved the amendment of the agreement if he/she does not express his/her intention to terminate the agreement from the date of receiving this notice until the business day before 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 in Paragraph (3) until the business day before the effective date of the agreement subject to the amendment.

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

§16. Notification of Change in Address, etc.

The customer shall notify the Company of any change in its address, office or other place of contact and phone number, etc. without delay. The Company shall not be liable for any loss incurred by a delay of notification due to causes attributable to the customer, unless the causes are attributable to the Company.

§17. Compliance with Relevant Laws and Regulations

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

§18. Dispute Resolution

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

§19. Competent Court

In the case where a lawsuit arises from a dispute between the Company and the customer in relations to transactions under this Agreement, the competent court thereof shall be determined by the Civil Procedure Act.

§20. Miscellaneous

(1) Matters not stipulated in this Agreement may be agreed by and between the customer and the Company through consultation to the extent it does not violate the relevant laws and regulations.

(2) 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. The maximum credit ceiling per person “specified in the <Attachment>” in [§4] shall be as follows:

(Details are to be specified by companies.)

2. The ratio “specified in the <Attachment>” in [§5(1)] shall be as follows:

(Details are to be specified by companies.)

3. The due date “specified in the <Attachment>” in [§6(1)] shall be as follows:

(Details are to be specified by companies.)

4. The fixed ratio “specified in the <Attachment>” in [§7(3)] shall be as follows:

(Details are to be specified by companies.)

5. The period “specified in the <Attachment>” in [§7(3)] shall be as follows:

(Details are to be specified by companies.)

6. The method “specified in the <Attachment>” in [§10(3)] shall be as follows:

(Details are to be specified by companies.)

7. The method “specified in the <Attachment>” in [§10(4)] shall be as follows:

(Details are to be specified by companies.)

8. The order “specified in the <Attachment>” in [§10(5)] shall be as follows:

(Details are to be specified by companies.)

9. The due date “specified in the <Attachment>” in [§10(6)] shall be as follows:

(Details are to be specified by companies.)

10. The interest rate “specified in the <Attachment>” in [§11(1)] shall be as follows:

(Details are to be specified by companies.)

11. The date “specified in the <Attachment>” in [§11(1)] shall be as follows:

(Details are to be specified by companies.)

12. The default interest “specified in the <Attachment>” in [§11(2)] shall be as follows:

(Details are to be specified by companies.)

13. Other special arrangements.

<Form>

Agreement on Using Purchased Securities Provided as Collateral

§1. Purpose of Agreement

The purpose of this Agreement is to prescribe necessary matters including the procedure of using the purchased securities of a customer which have been provided as collateral to a financial securities company (hereinafter referred to as “collateral securities”) and the payment of fees therefor to the customer, in the case when the Company borrows from the financial securities company to extend loans for margin transactions to the customer.

§2. Consent and Revocation from Customer

(1) The Company shall receive consent from the customer in advance if the financial securities company uses collateral securities by lending them to third parties.

(2) The customer may grant or revoke consent to the financial securities company lending collateral securities to third parties.

(3) The consent and revocation set forth in Paragraph (1) and (2) shall be in accordance with methods previously agreed with the Company.

§3. Payment of Fees for Using Collateral Securities

The Company shall pay the fees to customers who agreed upon using collateral securities on () every month in accordance with the method below:

※ Explanations including specific formulas and examples shall be required to ensure that the customers who have consented to lending understand the way fees are paid for using their collateral securities.

[Sample Formula]

- The fee for using a customer's collateral securities (per issue) = The amount of fees the Company receives from the financial securities company × the amount of collateral securities consented by the customer / the aggregated amount of collateral securities consented by all customers of the Company × the payment ratio net of all costs and expenses of the Company

[Sample Explanation]

- If the Company receives the fee of KRW 10,000 from the financial securities company for using collateral securities—stocks of OO Electronics—, the number of

the stocks consented by each customer is as below, the aggregated amount of collateral securities consented by all customers of the Company equals the sum of the number of the stocks each customer consented, and the payment ratio net of all costs and expenses of the Company is 60%:

- The fee for using stocks of OO Electronics, which are the collateral securities of the customer A (KRW 1,000) = The amount of fees the Company receives from the financial securities company for using collateral securities (KRW 10,000) × the amount of collateral securities consented by customer A (100 shares) / the aggregated amount of collateral securities consented by all customers of the Company (600 shares) × the payment ratio net of all costs and expenses of the Company (60%)

The list of customers who consented to using OO Electorinics stocks for lending as of MMDDYY

Customer name	No. of consented collateral securities (Shares)	Payable fee (KRW)
Customer A	100	1,000
Customer B	200	2,000
Customer C	300	3,000
Total		6,000

※ Provided, That, regardless of whether the customer consents to lending to third parties, some or none of the issues concerned may be used depending on market conditions, etc.

§4. Exercise of Rights of Collateral Securities

(1) The Company shall pay interests and dividends generated from collateral securities to the customer. Provided, That, in the case of secondary offering, new stocks may be acquired by the customer only when he/she completes necessary procedures such as paying subscription proceeds in accordance with the previously informed process.

(2) The Company shall notify the schedule of general meetings of the collateral securities issuing company to the customer via pre-determined means after being informed thereof by the financial securities company.

(3) In the case when the customer wishes to exercise rights of collateral securities such as voting rights, he/she shall notify the Company of such fact pursuant to the previously informed process, and may exercise the right after obtaining a power of attorney required for exercising rights including voting rights from the financial securities company.