

Global Securities Service of KSD

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Next Generation System T/F
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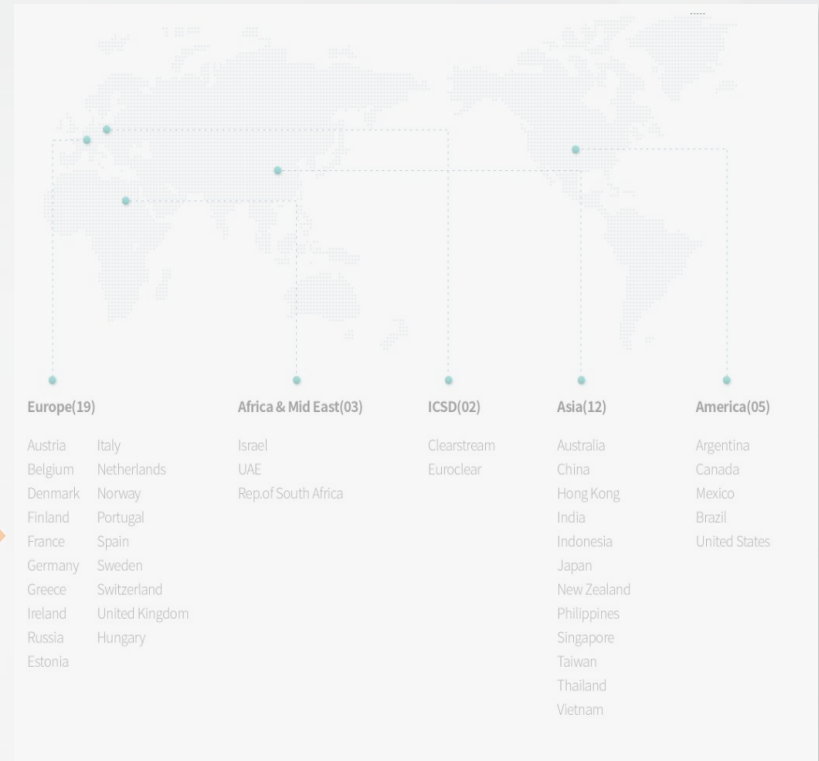
When did it begin?

- **Mandatory deposit under law* since 1994**

* Capital Market & Financial Investment Business Act

How big is it?

- **Covering +40 markets across the world (2023)**



Scope of the service?

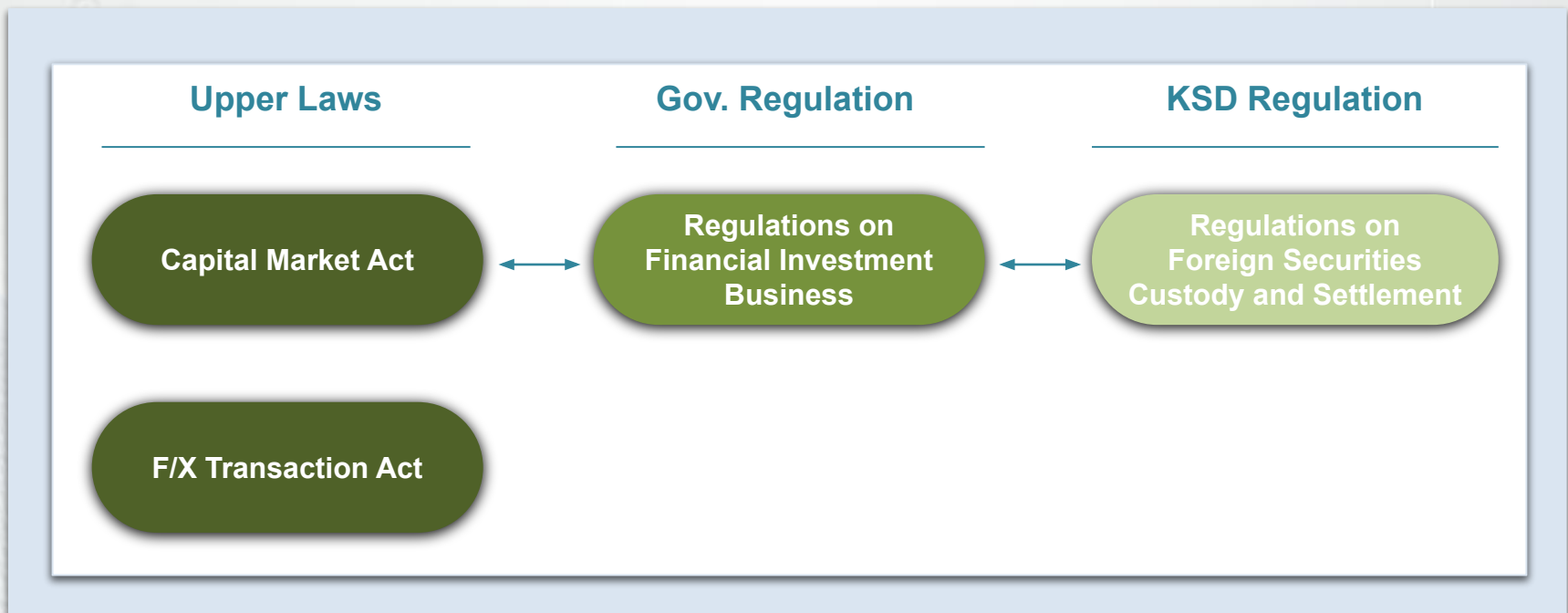
- **Cross-border custody & settlement**
- **Corporate action processing**
- **Others**

How has been changed in legal system for cross-border trading?

- ('93.4) Allowing **indirect investments** in foreign securities for **retail investors**
- ('94.7) Allowing **direct investments** in foreign securities for **retail investors**
 - ▶ **Mandatory Custody in KSD Begins**
- ('06.3) **Abolition of restrictions** on foreign securities investments for retail investors
- ('09.2) **Mandatory custody** of financial investment firms' **proprietary assets**

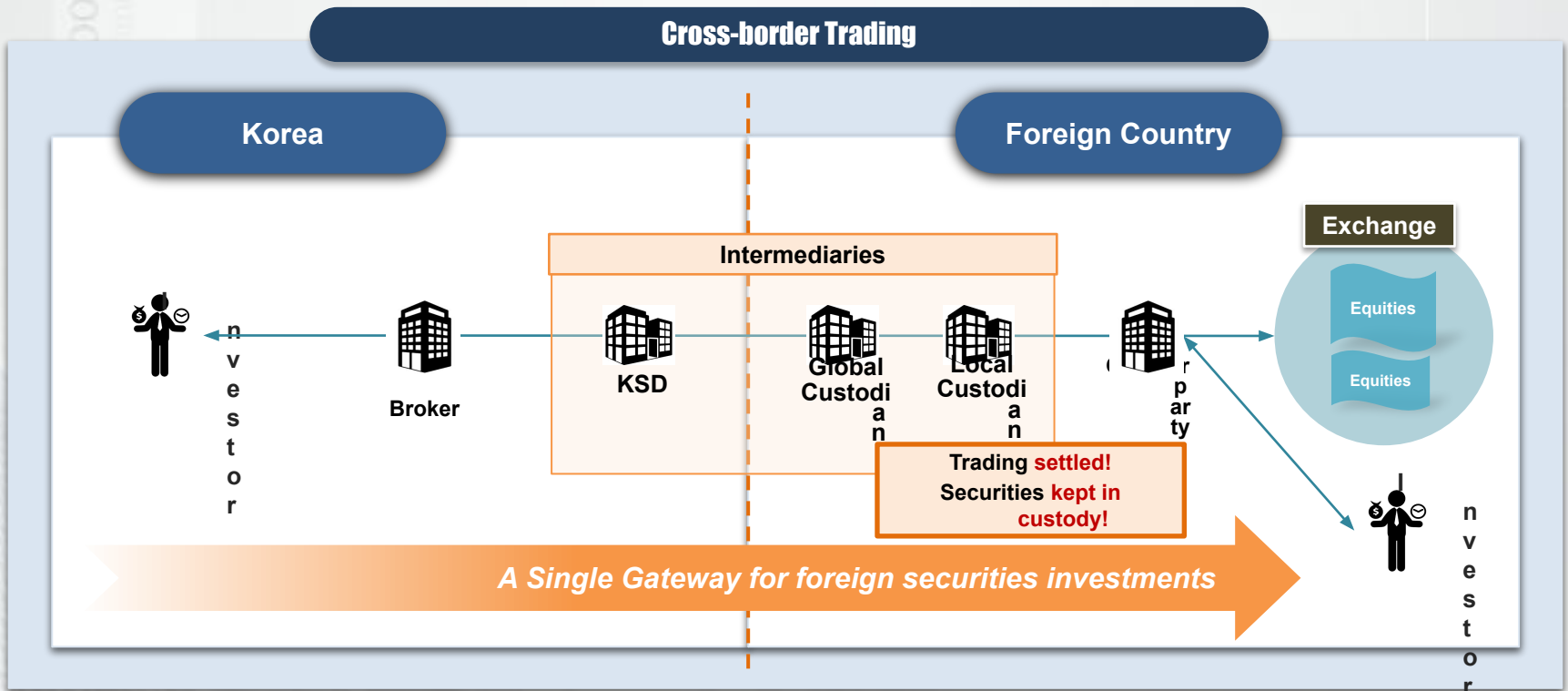
How does Korean legal system operate to allow cross-border trading?

- Korean retail investors **must necessarily safekeep** foreign securities in **KSD**
: 『Capital Market Act('94)』
- Based on **upper laws** and **government regulations**,
KSD enacted practical regulation enabling cross-border trading for Korean investors



What is KSD's role in cross-border trading?

- **Intermediary** for broker-to-broker trade between Korea and foreign country enabling the **custody** and **settlement** for foreign securities investments



Cross-border Trading

Korea

Foreign Country



Investor



Broker



KSD

Intermediaries



Global Custodian



Local Custodian



Counterparty

Exchange



Equities

Equities



Investor

Trading settled!
Securities kept in custody!

A Single Gateway for foreign securities investments

Cross-border Trading

Korea

Foreign Country



Investor



Broker



KSD



Global Custodian



Local Custodian



Counterparty Broker

Exchange

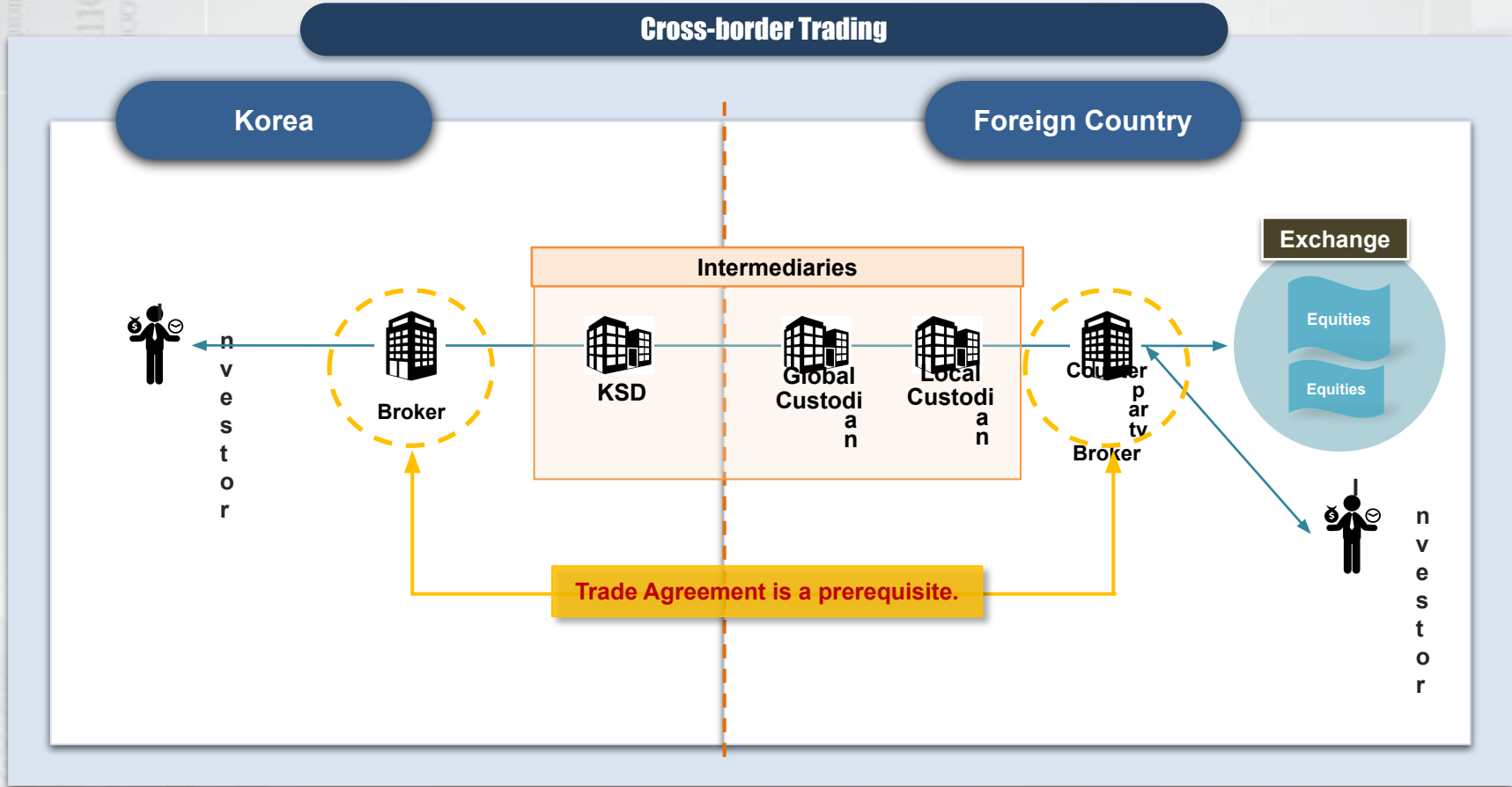


Equities



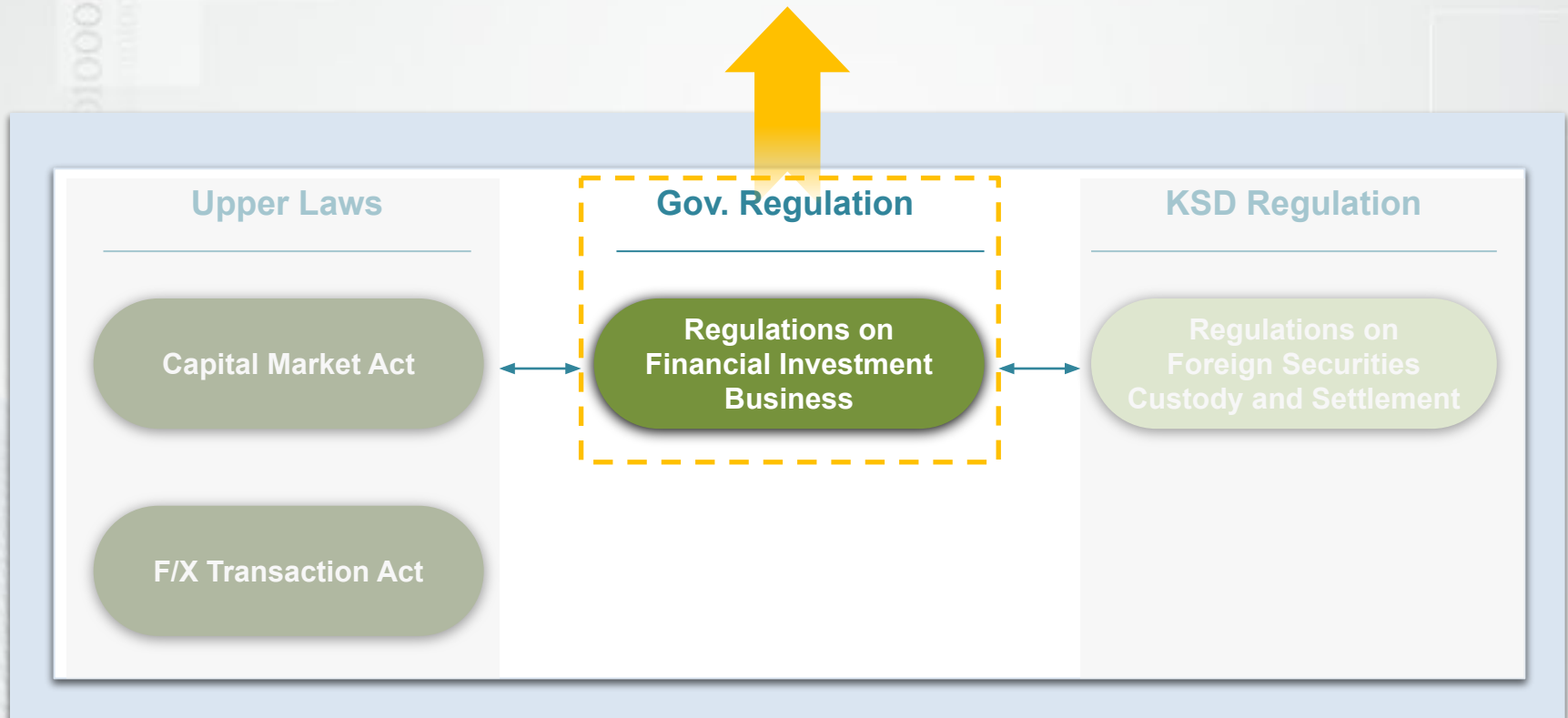
Investor

Trade Agreement is a prerequisite.



Qualification Requirements for Custodian

- ① Assets under custody exceeding \$10 billion
- ② Extensive experience in global custody services and deep understanding of local market
- ③ Capable of providing custody services global or specific regional jurisdictions



KSD's Recent Issue with Foreign Securities

- Fractional Share Trading
- Lending & Collateral Service
- Reorganize Business Process and IT Infrastructure
: SWIFT routing upgrade, ISO20022, Automation, etc.

Thank you!

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