

## FAQ for Derivatives Night Session ('25.4.28)

※ In the event of any differences between this material and KRX regulations, the relevant regulations and rules shall always take precedence.

### Trading, Clearing and Settlement

Q. What is the definition of a “trading day”?

A. With the introduction of the night session, KRX defines a “trading day” as the period from the start of the night session on T day to just before the start of the night session on T+1 day. For example, a night session that begins at 18:00 on T day is considered part of the same trading day as the regular session on T+1. As a result, the profit and loss from the night session that begins at 18:00 on T day is combined with that of the regular session on T+1 day, and settled together on T+2 day. Also, new contracts(e.g., new delivery month contract) may begin trading during the night session, except for newly listed products, which commence trading during the regular session. However, trading holidays are determined based on the start time of the night session. If a night session is scheduled to begin on a day that is a regular trading holiday, the night session will not open.

**<Example>** The night session starting at 18:00 on Wednesday, August 13, 2025 is part of the trading day for Thursday, August 14. Since August 15 (Friday) is Liberation Day and a trading holiday, there will be no night session beginning on that day. However, the night session from 18:00 on August 14 to 06:00 on August 15 will proceed as scheduled.

Q. If a Level 3 Circuit Breaker(CB) is triggered during the regular session in the stock market, will FICC products(e.g., KTB Futures, USD Futures) still be traded during the night session?

A. No. To ensure the stable operation of the night session, KRX suspends the entire night session across all product markets if a Level 3 CB is triggered during the regular session in the equity market.

### Entrustment of Trades

Q. Do existing customers who have previously traded derivatives need to agree to revised derivatives service agreement and derivatives risk warning statement to participate in the night session?

A. Yes. Even existing derivatives customers must consent to the revised agreement and submit a acknowledgement of receipt for revised risk warning statement if they wish to participate in the night session. This is a formal process to confirm their understanding of the updated rules and risks unique to night trading, regardless of their past trading activity.

Q. Is it necessary to provide a risk warning statement to customers who do not intend to participate in the night session?

A. While customers who do not agree to the new agreement or decline to participate in the night session are not required to submit acknowledgement of receipt, KRX recommends doing so as a precaution against future disputes. Also, note that the risk warning statement fall under the jurisdiction of the Korea Financial Investment Association(KOFIA), and other

matters concerning the protection of financial consumers should be confirmed with the relevant authorities.

Q. After the introduction of the night session, when do pre-reported accounts become effective?

A. Pre-reported accounts such as omnibus accounts for foreign investors, ex-post customer margin accounts, and algorithmic trading accounts become available for use in the night session if registration is completed within 30 minutes after the end of the regular session. For example, if an algorithmic trading account is reported by 16:15 on T day, it may be used from the night session starting at 18:00 that same day, and the Kill-Switch can also be used.

Q. During the night session, what price may be applied to substitute securities price before the official price is published by KRX?

A. According to the exceptions to reference price of substitute securities(Enforcement Rules, Article 124), the base price of substitute securities for the trading day may be applied. For listed stocks, for instance, the closing price of the same day may be applied. However, as substitute securities pricing generally follows the rules of the securities market, other stipulated prices such as the previous day's closing price may also be applied.

Q. If a ex-post customer margin account has a margin shortfall after the regular session, can it still be used for the night session starting that day?

A. Yes. The margin shortfall must be covered by 10:00 on the next trading day. Therefore, members may accept new orders within the exposure limit during the night session, just as they would during the regular session. Note, however, that if a intraday margin call occurs during the regular session, the exposure limit must still be kept within twice the total deposit for the night session as well. This may not apply if the member has notified the client that the margin call obligation has been released.

Q. When is the sales amount of substitute securities reflected in repayment and appropriation of customer margin?

A. Before the start of the night session, only the sales amount of substitute securities on the settlement date and the day before the settlement date could be added to the cash deposit. After the start of the night session, the sales amount of substitute securities could be added to the cash deposit regardless of the selling time. For example, if a substitute security is sold on T day(settlement date = T+2), the sales amount will not be reflected to the cash deposit during the regular session on T day, but will count toward repayment and appropriation of customer margin during the night session starting at 18:00 on the same day(i.e., the evening of T day).

Q. Is offsetting trade possible during the night session when customers fail to fulfill deposit obligations?

A. No. To prevent excessive losses in low-liquidity night hours and considering that most member firms have indicated they do not intend to perform offsetting trade at night, offsetting trade due to margin shortfalls is only allowed during the regular session.

Q. Is it necessary to refuse the quotations that increase open interests in night session when position limits are exceeded at the close of regular session?

A. Yes. If a investor exceeds position limits at the end of the regular session, during the night session the member must reject any new quotations that would further increase open interests. However, if the member can confirm that the position is for arbitrage or hedging purposes and intends to file the relevant report during the regular session, quotations may be accepted at the member's discretion(This does not apply to contracts expiring on that trading day.). Also, members should manage and prevent violations of open interests limits by managing the quantity of positions in night session using the delta at the end of previous regular session.