Derivatives Market Business Regulation

Formulated on January 21, 2005

Amended on:
February 25, 2005; July 22, 2005; October 14, 2005; April 28, 2006; October 27, 2006

Wholly amended on January 19, 2007

Amended on:
December 21, 2007; June 27, 2008

Wholly amended on January 14, 2009

Amended on:
March 4, 2009; March 18, 2009; September 23, 2009; December 29, 2009
June 23, 2010; September 1, 2010
January 26, 2011; July 6, 2011; December 28, 2011
December 12, 2012
July 3, 2013; September 11, 2013
June 3, 2014; August 27, 2014
February 11, 2015; April 29, 2015; June 24, 2015; October 21, 2015; December 30, 2015
June 8, 2016; December 28, 2016
February 8, 2017; May 2, 2017

Rules and Regulations available from this English version do not warrant or assume any liability or responsibility for the accuracy, completeness or usefulness of any information. Only Korean version shall be deemed authentic.

TABLE OF CONTENTS

PART I. GENERAL PROVISIONS 1

CHAPTER I. COMMON PROVISIONS 1
§1. Purpose 1
§2. Definitions 1

CHAPTER II. CLASSIFICATIONS OF MARKETS AND OPENING/CLOSING THEREOF 5
§3. Classification of Markets 5
§4. Trading Hours 6
§4-2. Trading Hours of KOSPI 200 Futures on CME Globex 7
§5. Market Holidays 8
§6. Temporary Closing and Reopening of Market 9
§7. Intermediation of Trades 9
§8. Execution of Trades by Exchange derivatives system 9
§8-2. Guidelines on Connection, etc. to Member Systems 9

PART II. LISTED PRODUCTS 10

CHAPTER I. GENERAL PROVISIONS 10
§9. Delivery Month Trades 10
§9-2. Quotation Quantity Units and Trading Quantity Units, etc. 10

CHAPTER II. TRADING OF EQUITY DERIVATIVES 10
Section 1. Trading of Stock Index Futures 10
§10. Underlying Assets 10
§11. Delivery Months, etc. 12
§12. Multipliers and Quotation Price Units 12
§13 [Deleted on August 27, 2014] 12
§14. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc. 12
Section 2. Trading of Stock Index Options 12
§15. Underlying Assets 12
§16. Expiration Months and Exercise Prices, etc. 13
§17. [Deleted on August 27, 2014] 13
§18. [Deleted on August 27, 2014] 13
§19. Multipliers and Quotation Price Units 13
§20. [Deleted on August 27, 2014] 13
§21. Option Exercise Settlement Methods, Last Trading Day and Final Settlement Day, etc. 13
Section 3. Trading of Volatility Index Futures 14
§21-2. Underlying Assets 14
§21-3. Delivery Months, etc. 14
§21-4. Multipliers and Quotation Price Units 14
§21-5. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc. 14
Section 4. Trading of Single Stock Futures 15

§22. Underlying Assets 15
§23. [Deleted on August 27, 2014] 15
§24. Delivery Months, etc. 15
§25. Multipliers and Quotation Price Units, etc. 15
§26. [Deleted on August 27, 2014] 16
§27. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc. 16
Section 5. Trading of Single Stock Options 16
§28. Underlying Assets 16
§29. [Deleted on August 27, 2014] 17
§30. Expiration Months and Exercise Prices, etc. 17
§31. [Deleted on August 27, 2014] 17
§32. [Deleted on August 27, 2014] 17
§33. [Deleted on August 27, 2014] 17
§34. [Deleted on August 27, 2014] 17
§35. Multipliers and Quotation Price Units, etc. 17
§36. [Deleted on August 27, 2014] 18
§37. Exercise Settlement Methods, Last Trading Day and Final Settlement Day, etc. 18
Section 6. Trading of ETF Futures 18
§37-2. Underlying Assets 18
§37-3. Delivery Months, etc. 18
§37-4. Multipliers and Quotation Price Units, etc. 18
§37-5. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc. 19
Section 7. Trading of ETF Options 19
§37-6. Underlying Assets 19
§37-7. Expiration Months and Exercise Prices, etc. 19
§37-8. Multipliers and Quotation Price Units, etc. 20
§37-9. Exercise Settlement Methods, Last Trading Day and Final Settlement Day, etc. 20

CHAPTER III. TRADING OF INTEREST RATE FUTURES 21
§38. Underlying Assets and Trading Units 21
§39. Delivery Months, etc. 21
§40. Multipliers, Quotation Price Units and Methods of Quoting Prices 21
§41. [Deleted on August 27, 2014] 21
§42. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc. 21
§43. [Deleted on September 1, 2010] 22

CHAPTER IV. TRADING OF CURRENCY DERIVERATIVES 22
Section 1. Currency Futures 22
§44. Underlying Assets and Trading Units 22
§45. Delivery Months, etc. 22
§46. Multipliers, Quotation Price Units and Methods of Quoting Prices 23
§47. [Deleted on August 27, 2014] 23
§48. Final settlement Methods, Last Trading Day and Final Settlement Day, etc. 23
Section 2. Currency Options 23
§49. Underlying Assets and Trading Units 23
§50. Expiration Months and Exercise Prices, etc. 23

§51. [Deleted on August 27, 2014] 24
§52. [Deleted on August 27, 2014] 24
§53. Multipliers, Quotation Price Units and Methods of Quoting Prices 24
§54. [Deleted on August 27, 2014] 24
§55. Exercise Settlement Methods, Last Trading Day and Final Settlement Day, etc. 24

CHAPTER V. TRADING OF COMMODITY FUTURES 24
§56. Underlying Assets and Trading Units 24
§57. Delivery Months, etc. 25
§58. Multipliers, Quotation Price Units and Methods of Quoting Prices 25
§59. [Deleted on August 27, 2014] 25
§60. Final Settlement Method, Last Trading Day and Last Settlement Day, etc. 25
§61. [Deleted on October 21, 2015] 26

CHAPTER VI. TRADING OF FUTURES SPREADS 26
§62. Futures Spread Contracts, etc. 26
§63. [Deleted on August 27, 2014] 26
§64. Deemed Execution Prices following Execution of Futures Spread Trades 26

CHAPTER VII. TRADING OF FLEX FUTURES 27
§64-2. Trading of Non-delivery Months 27
§64-3. Underlying Assets, Trading Units and Multipliers, etc. 27
§64-4. [Deleted on August 27, 2014] 27
§64-5. Final Settlement Methods, Last Trading Day and Last Settlement Day, etc. 27

PART III. TRADE EXECUTION 29

CHAPTER I. QUOTATIONS 29
Section 1. Quotation Methods, etc. 29
§65. Quotation Details to be inputted and Inputting Methods 29
§66. Quotation Receiving Hours 29
§67. Recording of Quotation and Notification Thereafter 30
§68. Validity of quotations 30
§69. Cancellation and Correction of Quotations 30
Section 2. Management of Quotation 30
§70. Quotation Price Limits 30
§70-2. Real-time Price Limit of Quotations 31
§71. Quotation Quantity Limits 31

CHAPTER II. TRADE EXECUTION 31
Section 1. Trade Execution Methods 31
§72. Principles of Individual Auction 31
§73. Periodic Call Auction 32
§74. Continuous Auction 33
Section 2. Special Cases of Trade Execution Methods 34
§75. Negotiated Trades 34

§75-2. Negotiated Block Trades 34
§75-3. Trade of Exchange of Futures for Physicals 35
§75-4. Negotiated FLEX Trades 35
§75-5. Pre-hours Negotiated Trade 35
§75-6. Conversion of Open Interests 36
Section 3. Trade Suspension 36
§76. Discretionary Trading Suspension 36
§77. Compulsory Suspension of Trading of Equity Derivatives, etc. 37
§78. [Deleted on April 29, 2015] 37
Section 4. Notification of Trade Details to Members, etc. 38
§79. Notification of Trade Details 38
§80. Confirmation of Trade Details 38
§81. Correction of Trading Errors 38
§81-2. Resolution of Large-sized Erroneous Trades by Investors 39
§81-3. Cancellation of Trades 39
§82. Public Announcement of Market Prices, etc. 39

CHAPTER III. SPECIAL CASES OF TRADES ON CME GLOBEX 40
§82-2. Application Scope 40
§82-3. Details of Quotations to be entered and inputting Methods 40
§82-4. Quotation Receiving Hours and Quotation Validity 40
§82-5. Cancellation and Correction of Quotations 41
§82-6. Price Limits of Quotations 41
§82-7. Quantity Limits of Quotations 41
§82-8. Trade Execution Methods 41
§82-9. Discretionary Trading Suspension 42
§82-10. Correction of Trading Errors 42
§82-11. Public Announcement of Market Prices 42
§82-12. Provisions Applicable *Mutatis Mutandis* 43

CHAPTER IV. MARKET MAKERS 43
§83. Market Makers 43
§84. [Deleted on August 27, 2014] 44
§85. [Deleted on August 27, 2014] 44
§86. [Deleted on August 27, 2014] 44

PART IV. CLEARING AND SETTLEMENT OF TRADES 45

CHAPTER I. MEMBER MARGINS 45
§88. Deposit of Member Margins, etc. 45
§89. Substitute Securities 46
§90. Restrictions on Use of Non-clearing Member Margins 46
§91. Methods of Deposit and Withdrawal of Member Margins, etc. 46
§92. Management and Operation of Member Margins 47
§93. Withdrawal of Member Margins, etc. 48

§93-2. Imposition of Intraday Margins 48
§93-3. Cancellation of Imposition of Intraday Margins 48

CHAPTER II. CLEARING AND SETTLEMENT BETWEEN THE EXCHANGE AND THE MEMBERS 49
Section 1. Common Provisions 49
§94. Verification of Trades for Which Obligations are to be assumed 49
§94-2. Assumption of Obligations under Novation Arrangement 49
§95. Canceling out Matching Quantities in Bids and Offers 49
Section 2. Methods for Settlement of Futures Trades 49
§96. Daily Marking-to-Market and Settlement Prices 49
§97. Payment and Receipt of Settlement Difference for the Day's Trade 50
§98. Payment and Receipt of Settlement Difference for Previous Day's Open Interests 50
Section 3. Methods for Settlement of Options Trades 50
§99. Payment and Receipt of Option Premium 50
§100. Reporting of Option Exercise 51
§101. Allotment of Option Exercise 51
§102. Expiration of Options 52
Section 4. Settlement by Netting and Settlement Deadline, etc. 52
§103. Netting and Determination of Net Cash Balance and Net Underlying Asset Balance 52
§103-2. Notification of Settlement Details 53
§104. Receipt and Delivery of Net Cash Balance and Net Underlying Asset Balance 53
§104-2. Settlement Finality of Net Cash Balance and Net Underlying Asset Balance 54
§104-3. Identification and Management of Settlement Risk 54
§105. Supply of Liquidity for Settlement Guarantee, etc. 55
§105-2. Settlement Instructions 55
§105-3. Loss Caused by Settlement Delay 56
§106. Charge of Expenses 56
§107. Measures against Non-fulfillment of Settlement Obligations by Clearing Members, etc. 56
§108. Measures against Non-fulfillment of Settlement by Non-clearing Members 58
§109. Closing out of Open Interests of Trade-Suspended Members 58
§109-2. Termination of Measures taken against Non-fulfillment of Settlement 59

PART V. ENTRUSTMENT OF TRADES 60

CHAPTER I. CONDITIONS OF ENTRUSTMENT 60
Section 1. Opening of Derivatives Accounts and Delivery of Service Agreement, etc. 60
§110. Opening of Derivatives Accounts 60
§110-2. Opening of Omnibus Accounts for Foreigners 60
§110-3. Publication and Explanation of Order Entrustment Methods, etc. 61
§111. Mandatory Descriptions of Derivatives Service Agreements 61
§112. Explanation and Delivery of Material Contents of Derivatives Service Agreement 63
§113. Delivery of Derivatives Risk Warning Statement, etc. 63
§114. Record of Customer Information, etc. 64

§114-2. Acceptance of Entrustment of Orders for Trades on CME Globex 64
§115. Retention of Agreement for Opening Derivatives Accounts, etc. 65
§116. Fiduciary Duty of Due Care of Members, etc. 65
Section 2. Methods and Conditions of Receiving Order Entrustment 65
§117. Confirmation of Order Details 65
§118. Methods of Receiving Entrustment of Orders 65
§119. [Deleted on July 6, 2011] 66
§120. [Deleted on July 6, 2011] 66
§121. [Deleted on July 6, 2011] 66
§122. Recording of order receipt time, etc. 66
§123. Receipt of Order Entrustment for Negotiated Trade 66
§124. Refusal to Accept Order Entrustment 67
§125. Notification of Trade Details to Customers 67

CHAPTER II. CUSTOMER MARGINS 68
Section 1. General Provisions 68
§126. Definitions 68
§127. Basic Deposit 68
§128. Types and Prices, etc. of Substitute Securities 69
§129. Establishment and Cancellation of the Right of Pledge of Substitute Securities 69
§129-2. Deposit and Return of Foreign Securities 70
§130. Restrictions on Use of Substitute Securities and Foreign Securities 70
§131. Mixed Safekeeping of Substitute Securities and Foreign Securities, etc. 70
Section 2. Deposit of Customer Margins 70
§132. Deposit of Customer Margin per Derivatives Account 70
§133. Application and Management of Ex-post Customer Margins 71
§134. Upfront Initial Customer Margin 72
§135. Ex-post Customer Margins 73
Section 3. Payment, Appropriation, Additional Deposit, etc. of Customer Margins 73
§136. Payment and Appropriation of Customer Margins 73
§137. Additional Deposit of Daily Customer Margins 73
§137-2. Additional Deposit of Customer Margins during Trading Sessions 74
§138. Measures against Non-deposit of Additional Customer Margins, etc. 74
§139. Restrictions on Use of Customer Margins 75

CHAPTER III. SETTLEMENT BETWEEN MEMBER AND CUSTOMER 75
Section 1. Settlement Methods of Futures Trades 75
§140. Mark-to-market and Settlement Prices 75
§141. Delivery and Receipt of Settlement Difference for the Day's Trade 75
§142. Delivery/Receipt of Settlement Difference for Previous Day's Open Interests 75
§143. Cancellation of Matching Quantities of Bids and Offers 75
§144. Final Settlement 76
Section 2. Settlement Methods of Options Trades 76
§145. Delivery/Receipt of Option Premium 76
§146. Cancellation of Matching Quantities of Bid and Ask 76
§147. Reporting of Options to be exercised by Customers 76

§148. Exercise Settlement 77
Section 3. Settlement by Netting and Settlement Deadline, etc. 77
§149. Settlement by Netting 77
§150. Settlement Deadline of Customer 78
§151. Accountability in Delivery of Underlying Asset 78
§152. Actions in Case of Settlement Failure by Customer 78

PART VI. MARKET MANAGEMENT 80
§153. Designation of Low Liquidity Products and Products warned for Delisting 80
§154. Position Limits 80
§155. Restriction on Trading of Single Stock Futures, etc. 82
§156. Emergency Measures When Derivatives System cannot be operated 82
§156-2. Restriction on Acceptance of Excessive Quotations and Charge for Excessive Quotations 83
§156-3. Management of Algorithmic Trades 83
§157. Change of Settlement Conditions, etc. 84
§158. Constant Monitoring of Market Conditions, etc. 84
§159. Measures against Members 84
§160. Reporting and Submission of Materials by Members 84
§160-2. [Deleted on July 6, 2011] 84
§161. Matters to be notified to Members 84

PART VII. SUPLEMENTARY PROVISIONS 85
§162. [Deleted on December 12, 2012] 85
§163. [Deleted on December 12, 2012] 85
§164. [Deleted on December 12, 2012] 85
§165. Recalculation of Final Settlement Prices, etc. and Waiver of Claim for Damage Compensation 85
§166. Transfer of Open Interests to Other Members 85
§166-2. Takeover of Customers' Open Interests 86
§167. Collection of Brokerage Commissions 86
§168. Collection of Expenses 86
§169. Details to Be Recorded in Derivatives Account 86
§170. Notification of Change in Settlement Conditions, etc. 86
§171. Restriction on Appointment of Agent 87
§172. Enforcement Rules 87

ADDENDA 88

PART I. GENERAL PROVISIONS

CHAPTER I. COMMON PROVISIONS

§1. Purpose

The purpose of this Regulation is to stipulate the matters necessary for the transaction, settlement and entrustment of exchange-traded derivatives in the derivatives market established by the Korea Exchange pursuant to [§393(2)] of the Financial Investment Services and Capital Markets Act.

§2. Definitions

(1) The terms used in this Regulation shall have the meanings as follows: (Amended on January 16, 2011; July 3, 2013; August 27, 2014; June 8, 2016)

1. The term “derivatives trading” shall refer to the trading of the exchange-traded derivatives prescribed in [§5(2)] of the Financial Investment Services and Capital Markets Act (hereinafter referred to as “the Act”) in the derivatives market (hereinafter referred to as “the Market”) established by the Korea Exchange (hereinafter referred to as "the Exchange").

2. The term "futures trading" shall refer to a derivatives transaction that falls under any of the followings that are carried out in the Market in accordance with the standards and methods stipulated in this Regulation:

a. A transaction in which the concerned parties agree to deliver and receive the underlying asset at a particular price at a specific time in future; and

b. A transaction in which the concerned parties agree to deliver and receive the cash amount calculated from the difference between the pre-agreed price or interest rate, indicator, unit or index (hereinafter referred to as “the value”) of underlying asset and the price or value (hereinafter referred to as “the final settlement price”) of underlying asset at a specific time in the future.

3. The term "options trading" shall refer to a derivatives transaction that is carried out in the Market according to the standards and methods stipulated in this Regulation, in which one of the concerned parties agrees to handover the right (hereinafter referred to as “the options”) to execute a trade that corresponds to any of the following transactions according to the intention expressed by the counter party and the counter party agrees to pay the price to the other party of the concerned parties:

a. A transaction of underlying asset;

b. A transaction in which the cash amount calculated from the difference between the

exercise price and the price or value of the underlying asset on the date the option is exercised (hereinafter referred to as "the base price for exercise-settlement") is delivered and received;

c. A transaction of futures noted in paragraph (1)2a; and

d. A transaction of futures noted in paragraph (1)2b.

4. The term "KOSPI Market" shall refer to the KOSPI stock market among the securities markets established by the Exchange pursuant to [§386] of the Act.

5. The term "KOSDAQ Market" shall refer to the KOSDAQ stock market among the securities markets established by the Exchange pursuant to [§386] of the Act. (Amended on June 3, 2014)

6. The term "member" shall refer to the member who is eligible to participate in derivatives trading, in whole or in part, in the Market pursuant to [§3(1)] of the Membership Regulation, and shall be classified as follows:

a. Clearing member: A member, among the clearing members noted in [§3(2)1] of the Membership Regulation, who settles under its own name the trades conducted in its own name or the trades for which settlement has been entrusted to it by non-clearing members.

b. Non-clearing member: A member, among the non-clearing members noted in [§3(2)2] of the Membership Regulation, who is allowed to conduct the trades in its own name in the Market, but is required to entrust the settlement of trades to a clearing member.

c. Designated clearing member: A clearing member who has entered into an agreement for the settlement of trades entrusted to it by non-clearing members.

7. The term "investment broker" shall refer to an entity that has obtained the authorization to engage in the investment brokerage business for all or a part of the exchange-traded derivatives pursuant to [§12] of the Act.

8. The term "investment trader" shall refer to an entity that has obtained the authorization to engage in the investment trading business for all or a part of the exchange-traded derivatives pursuant to [§12] of the Act.

9. The term "underlying asset" shall refer to the asset against which a futures contract is traded in the case of futures trade, and the asset against which the trade is executed according to the intention expressed (hereinafter referred to as "the option exercise") by the buyer in the case of options trade.

10. The term "the exercise price" shall refer to the pre-determined price or value of underlying asset for the trade accomplished by the option exercise.

11. The term "call option" shall refer to the options classified in each of the following items:

a. In the case of trading of options (referring to the options trade noted in paragraph (1)3a; the same hereinafter) or options on futures (referring to the options trade noted in paragraphs (1)3c and (1)3d; the same hereinafter), in which the underlying asset is delivered and received:

An option that can establish a trade in which the underlying asset is purchased at the exercise price through the exercise of the option.

b. In the case of option trade where cash is paid and received (referring to the options trade noted in paragraph (1)3b; the same hereinafter):

An option that can establish a trade where, if the exercise price is lower than the base price for exercise-settlement, the cash amount calculated from the difference between such prices is received through the exercise of the option.

12. The term "put option" shall refer to the options classified in each of the following items:

a. In the case of trading of options and options on futures where the underlying asset delivered and received:

An option that can establish a trade in which the underlying asset is sold at the exercise price through the exercise of the option.

b. In the case of option trade where cash is paid and received:

An option than can establish a trade in which, if the exercise price is higher than the base price for exercise-settlement, the cash amount calculated from the difference between such prices is received through the exercise of the option.

13. The term "contract" shall refer to a contractual agreement characterized according to such parameters as the underlying asset, delivery month, last trading day, final settlement method and multiplier in the case of futures trades, and to a contractual agreement characterized according to such parameters as the underlying asset, call option and put option, exercise price, expiration month, multiplier and exercise style of option (the type that the option can be exercised only on the last trading day and the type that the option may be exercised before the last trading day; the same hereinafter) in the case of options trades.

14. The term "futures spread trading" shall refer to the trade that uses the price difference between the two (2) contracts (hereinafter referred to as the "futures spread") as the underlying asset and multiplier, in order to accomplish the sale of one contract and purchase of the other contract between the two (2) futures contracts based on the same underlying asset at the same time, where the quantity of bid on one contract and the quantity of offer on the other contract are the same.

15. The term "quotation" shall refer to the intention to sell or buy that is expressed by the members of the Exchange to conduct the trade in the Market, and shall be classified into each of the following quotation types:

a. Limit quotation: A quotation that specifies the contract, quantity and price, with the intention of executing the order at the price indicated or better than the indicated price.

b. Market quotation: A quotation that specifies the contract and quantity, but not the price, with the intention of executing the order at the price specified in [§73(3) and §74(2)], respectively.

c. Limit-to-market-on-close quotation: A limit quotation with the condition to convert it into a market quotation to participate in the determination of closing price noted in [§73(1)3].

d. Immediately executable limit quotation: A quotation that specifies the contract and quantity, but is intending to use the price stipulated in the Enforcement Rules of this Regulation (hereinafter referred to as "the Enforcement Rules").

16. The term "order" shall refer to the intention to sell or buy that is expressed by the customers of the investment broker to conduct the trade in the Market, and shall be classified into each of the following order types:

a. Limit order: An order that specifies the contract, quantity and price, with the intention of executing the order at the price indicated or better than indicated price.

b. Market order: An order that specifies the contract and quantity, but not the price, with the intention of executing the order at the price specified in [§73(3) and §74(2)], respectively.

c. Limit-to-market-on-close order: A limit order with the condition to convert it into a market order to participate in the determination of final settlement price noted in [§73(1)3].

d. Immediately executable limit order: An order that specifies the contract and quantity, but is intending to use the price reckoned in the paragraph (1)15d.

17. The term "self-dealing" shall refer to the trade that a member carries out using its own name and the account under its own name or the trade that, upon receiving an entrustment of order for the asset management by the non-member investment dealing company, a member carries out using its own name and the account of non-member investment trader concerned.

18. The term "customer account transaction" shall refer to the trade that is not a self-dealing, which a member carries out upon receiving a trade entrustment from a customer.

19. The term "nearest month contract" shall refer to the contracts of delivery month for which the last trading day arrives first.

20. The term "Exchange derivatives system" shall refer to the computer system that the Exchange develops and operates to perform such functions as receipt and compilation of quotations submitted and trade execution and settlement (including the systems which are

supplied by a third party under an agreement for compilation of quotations and trade execution and settlement).

21. The term "member derivatives system" shall refer to the system that, for the purpose of performing such functions as quotation input, the member has connected to the Exchange derivatives system after obtaining the Exchange's approval.

22. The term "most recent execution price" shall refer to the price of the contract of delivery month that has been executed most recently through individual auction (excluding the price of delivery month contract that is deemed to have been executed following the execution of futures spread trade pursuant to [§64], and if there is no execution price determined in the regular session of the day, it shall be the base price noted in [§70(2)]).

23. The term "market closing" shall refer to the time when the regular session (excluding the regular session of the contract for which the last trading day has arrived) noted in the main body of [§4(1)] is closed.

(2) In applying this Regulation, the numerical value of an underlying asset shall be deemed the price. (Amended on August 27, 2014)

(3) In the case of futures trade where cash is paid and received (referring to the futures trade stipulated in paragraph (1)2b; the same hereinafter), when the final settlement price is lower than the execution price, the short position shall be the trade where the seller receives the amount calculated from the difference between such prices, but when the final settlement price is higher that the execution price, the short position shall be the trade where the seller pays the amount calculated from the difference between such prices. (Amended on August 27, 2014)

(4) In the case of futures trade where cash is paid and received, when the final settlement price is higher than the execution price, the long position shall be the trade where the buyer receives the amount calculated from the difference between such prices, but when the final settlement price is lower that the execution price, the long position shall be the trade where the buyer pays the amount calculated form the difference between such prices. (Amended on August 27, 2014)

(5) All other terms used in this Regulation, which are not specifically defined herein, shall have the same meanings given to them in the Act and other regulations concerning the businesses of the Exchange. (Amended on August 27, 2014)

CHAPTER II. CLASSIFICATIONS OF MARKETS AND OPENING/CLOSING THEREOF

§3. Classification of Markets

(1) The Market shall be classified into the equity derivatives market, the interest rate

derivatives market, the currency derivatives market, the commodity derivatives market, the futures spreads market and the FLEX market. (Amended on March 4, 2009)

(2) Each of the markets noted in paragraph (1) shall be further classified as follows: (Amended on March 4, 2009, June 24, 2015, October 21, 2015; June 8, 2016; February 8, 2017)

1. Equity derivatives markets:

   Domestic index futures, Sector index futures, Overseas index futures, Domestic index options, Volatility index futures, Domestic single stock futures, Overseas single stock futures, Domestic single stock options, ETF futures and ETF options.

2. Interest rate derivatives markets: Korea Treasury Bonds (KTB) futures

3. Currency derivatives markets: Currency futures and Currency options

4. Commodity derivatives markets: Gold futures and Lean Hog futures

5. Futures spread markets:

   Domestic index futures spread, Sector index futures spread, Overseas index futures spread, Volatility index futures spread, Domestic single stock futures spread, Overseas single stock futures spread, ETF futures spread, KTB futures spread, Currency futures spread, Gold futures spread and Lean Hog futures spread.

6. FLEX market: FLEX futures

(3) Detailed markets for each of the markets noted in paragraph (2) shall be defined in the Enforcement Rules, taking into consideration underlying assets, multipliers and types of trade, etc. [February 8, 2017]

§4. Trading Hours

(1) The trading hours of regular session of the Market shall be from 09:00 to 15:45. However, the trading hours of Lean Hog futures market (including Lean Hog futures spread market) shall be from 10:15 to 15:45, and the trading hours of overseas index futures market (including overseas index futures spread market) and overseas single stock futures market (including overseas single stock futures spread market) shall be stipulated in the Enforcement Rules in consideration of the trading hours, trade demand and trading convenience of the overseas derivatives markets (referring to the overseas derivatives markets prescribed in [§5] of the Act; the same hereinafter). (Amended on March 4, 2009)

(2) Notwithstanding paragraph (1), the trading hours of regular session of a contract of which the last trading day has arrived shall be specified in the Enforcement Rules, taking into consideration the final settlement methods, the calculation methods of the final settlement price, etc. (Amended on March 4, 2009; October 21, 2015; June 8, 2016; February 8, 2017)

(3) The trading hours for the pre-hours negotiated trades stipulated in [§75-5] (hereinafter referred to as the "pre-hours trading hours") shall be from 07:30 to 08:30. (Amended on June 8, 2016)

(4) In the case of corresponding to any of the following subparagraphs, the Exchange may change the trading hours noted in paragraphs (1) through (3): (Amended on March 18, 2009, October 21, 2015; February 8, 2017)

1. In cases where normal trading cannot be carried out due to the failure of the Exchange derivatives system or the members' derivatives system, as stipulated in the Enforcement Rules;

2. Cases where the trading hours of the underlying assets, including the trading hours of the stock markets (referring to the stock market of the KOSPI markets and the stock market of the KOSDAQ markets; the same hereinafter) and the KRX Gold Market (referring to the gold spot market that is established and operated by the Exchange; the same hereinafter) are changed;

3. In the case of futures spread, when the trading hours of the futures contracts that constitute the futures spread are changed;

4. In the case of FLEX futures, when the trading hours of the underlying futures market are changed; and

5. Additionally, in cases where the Exchange deems it necessary for market management.

§4-2. Trading Hours of KOSPI 200 Futures on CME Globex

(1) In the case of the markets that are specified in the Enforcement Rules taking into consideration the trade demand, etc., from among the domestic index futures markets and the currency futures markets, the trading (hereinafter referred to as the "trade on CME Globex") shall be carried out from 18:00 of the day to 05:00 of the following day (hereinafter referred to as the "trading hours on CME Globex"), in addition to the trading during the regular sessions (hereinafter referred to as the "regular trading"). (Amended on August 27, 2014; February 8, 2017)

(2) Notwithstanding paragraph (1), in the case of a contract of which the last trading day has arrived and in cases where it is not possible to operate the Exchange derivatives system related to the trade on CME Globex, the trade on CME Globex shall not be carried out.

(3) In the case of the situation corresponding to any of the following subparagraphs, the Exchange may change the trading hours noted in paragraph (1):

1. Case where, due to the failure of the Exchange's derivatives system or the members' derivatives system, it is deemed that the trades cannot be executed in a normal manner, as stipulated in the Enforcement Rules;

2. Case where the hours of regular trading are changed; and

3. Additionally, the cases where the Exchange deems it necessary for market management.

[September 23, 2009]

§5. Market Holidays

(1) The Exchange shall not open the Market for business on the day corresponding to any of the following subparagraphs which are regarded as market holidays. In this case, the market holiday for the trade on CME Globex shall apply on the basis of the day to which the opening time of trading hours on CME Globex belongs (in cases where the trading hours are changed, it shall be bases on the trading hours before the change was introduced). [Proviso on September 23, 2009]

1. National holidays stipulated in the Regulation on Government and Public Offices Holidays;

2. Labor Day under the Act on the Establishment of Labor Day;

3. Saturdays;

4. December 31 (the business day immediately before it, if it is a national holiday or Saturday);

5. In cases where the underlying asset is a stock or stock price index, the market holidays of the KOSPI Market or KOSDAQ Market;

6. In the case of Lean Hog Futures, the day when a majority of the livestock wholesale markets and the livestock auction markets (hereinafter referred to as "the livestock wholesale market") specified in "the Administrative Guidelines of Average Daily Price of Lean Hog", which is introduced by the Animal Products Grading Service established pursuant to the Livestock Industry Act (hereinafter referred to as "the Animal Products Grading Service"), are closed; and (Amended on June 23, 2010);

7. In cases where the underlying asset is a volatility index, the market holidays of the options market that is subject to the calculation of the volatility index;

8. In addition, the days when a sudden change in the economic conditions has occurred or expected to occur or the Exchange deems it necessary to close the Market for market management.

(2) On the day, from among the market holidays noted in paragraph (1), when only the market for some of the products noted in subparagraphs 5 through 7 of paragraph (1) is closed, the settlement amount and margins shall be delivered and received between the Exchange and clearing members, and between members and their customers. (Amended on June 23, 2010; January 26, 2011; August 27, 2014)

(3) Notwithstanding paragraph (1), when it is deemed necessary for the market management,

the Exchange may open the Market on the day corresponding to each subparagraph of paragraph (1).

§6. Temporary Closing and Reopening of Market

(1) The Exchange may temporarily close the Market, in whole or in part, in such cases where a natural disaster, warfare, disturbance, fire in the Market, or a sudden change in economic conditions has occurred or is expected to occur as well as when it is deemed necessary for market management.

(2) The Exchange shall, after closing the Market pursuant to paragraph (1), without delay, reopen the market when the reasons for the temporary market closing are resolved.

§7. Intermediation of Trades

The Exchange shall carry out the intermediation necessary to conclude the trading of derivative products between the members.

§8. Execution of Trades by Exchange derivatives system

The trading of derivative products between the members shall be executed using the Exchange derivatives system.

§8-2. Guidelines on Connection, etc. to Member Systems

(1) In order to promote the fair competition among the members and the efficient and reliable operation of the Exchange derivatives system, the Exchange shall set forth the matters including the methods of system connection between members and the Exchange, and between members and their customers, which are stipulated in the Enforcement Rules, in the "Guidelines on Connection, etc. to Member Systems". (Amended on August 27, 2014)

(2) In the case of amending the existing guidelines or adopting the new guidelines pursuant to paragraph (1), the Exchange shall notify the details of concerned amendment or adoption to the members without delay.

(3) Members shall comply with the guidelines that the Exchange has adopted pursuant to paragraph (1).

[July 6, 2011]

PART II. LISTED PRODUCTS

CHAPTER I. GENERAL PROVISIONS

§9. Delivery Month Trades

(1) Derivatives trades shall be classified into the trades with a specific trading day of the delivery month as the last trading day (hereinafter referred to as the "delivery month trade").

(2) In derivatives trading, the trading day following the last trading day of the delivery month trade of which the last trading day arrives first shall be the first trading day of the new delivery month trade.

(3) In cases where a natural disaster, warfare, disturbance, fire in the Market, a sudden change in economic conditions has occurred or is expected to occur or in cases where the change is deemed necessary for market management, the Exchange may change the last trading day, option exercise day, trading period or the first trading day of a delivery month trade.

§9-2. Quotation Quantity Units and Trading Quantity Units, etc.

(1) Quotation quantity unit (referring to minimum contract unit for quotation; the same hereinafter) and trading quantity unit (referring to minimum contract unit for trade execution; the same hereinafter) of derivatives trades shall stipulated in the Enforcement Rules considering convenience of trading, market liquidity and the level of one(1) contract amount.

(2) The amount of one (1) contract of derivatives trade shall be the amount produced by multiplying the price by multiplier.

[August 27, 2014]

CHAPTER II. TRADING OF EQUITY DERIVATIVES

Section 1. Trading of Stock Index Futures

§10. Underlying Assets

The underlying assets of stock index futures shall be the stock price indices classified in each of the following subparagraphs: (Amended on June 24, 2015; October 21, 2015; June 8, 2016; February 8, 2017)

1. In the case of domestic index futures:

From among the domestic stock indices calculated by the Exchange or index providers

for the stock market, those stipulated in the Enforcement Rules in consideration of such factors as representativeness and merchantability of the indices, the trade demand and etc.

2. [Deleted on February 8, 2017]

3. In the case of Sector Index Futures:

From among the sector indices (referring to the indices calculated by classifying the stocks listed on the stock market into industry groups or types; the same hereinafter) that satisfy the requirements specified in each of the followings, those stipulated in the Enforcement Rules in consideration of the price correlation with constituent stocks of the indices, the trade demand and etc.:

a. The index shall be calculated by the Exchange or index providers;

b. The total market capitalization of constituent stocks shall be KRW 10 trillion or more;

c. The number of constituent stocks shall be at the least ten (10). However, for the indices that are specified in the Enforcement Rules by taking into consideration the uniqueness of the industry, etc., it shall be at the least five (5).

4. In the case of overseas index futures:

From among overseas stock price indices that satisfy the requirements specified in each of the followings, those stipulated in the Enforcement Rules in consideration of such factors as the representativeness and merchantability of the indices, the trade demand and the trade convenience, etc.

a. The index shall be an underlying asset of the derivatives traded on overseas derivatives markets;

b. The index shall be calculated for overseas securities markets {referring to the overseas securities market prescribed in [§2] of the Enforcement Decree of the Financial Investment Services and Capital Markets Act (hereinafter referred to as "the Enforcement Decree of the Act"); the same hereinafter};

c. The index shall be calculated by foreign exchanges (referring to the foreign exchanges noted in [§406(1)2] of the Act; the same hereinafter) or index providers;

d. An alliance or an agreement shall have been entered into with an entity authorized for the use of the index concerned or the trade of derivatives using the index concerned as an underlying asset on the use of the said index or the trade of the said derivatives, etc.

(2) [Deleted on August 27, 2014]

(3) [Deleted on August 27, 2014]

§11. Delivery Months, etc.

(1) The delivery months, the number of delivery months and the trading period for each delivery month of stock index futures shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Amended on June 24, 2015; October 21, 2015; June 8, 2016; February 8, 2017)

(2) [Deleted on February 8, 2017]

(3) Notwithstanding [§9(2)], the first trading day of a new delivery month of overseas index futures may be the trading day stipulated in the Enforcement Rules, as determined in consideration of the first trading day and the trading hours of the overseas derivatives market. [June 8, 2016]

§12. Multipliers and Quotation Price Units

The multipliers and the quotation price units (referring to the smallest price units at which quotations can be placed; the same hereinafter) of stock index futures shall be determined in the Enforcement Rules in consideration of such factors as the index level of each stock index, the level of one (1) contract amount, trading costs, liquidity and the continuity of price formation, etc.

(Wholly amended on February 8, 2017)

§13 [Deleted on August 27, 2014]

§14. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The final settlement of stock index futures shall be accomplished by way of paying and receiving the final settlement difference (referring to the amount obtained by multiplying the difference between the settlement price on the last trading day and the final settlement price by the final settlement quantity and multiplier; the same hereinafter) for the open interests (hereinafter referred to as the "final settlement quantity") that have not been closed out by the last trading day.

(2) The last trading day, the final settlement day and the final settlement price of stock index futures shall be stipulated in the Enforcement Rules in consideration of the product features, trade convenience, impact on underlying assets and the fairness of final settlement price etc. (Amended on August 27, 2014)

Section 2. Trading of Stock Index Options

§15. Underlying Assets

(1) The underlying assets of stock index options shall be the stock price indices that are specified in the Enforcement Rules, from among the domestic stock indices calculated by the Exchange or index providers for the stock market, in consideration of such factors as the representativeness and merchantability of the indices, and the trade demand, etc. (Amended on December 28, 2011; February 8, 2017)

(2) [Deleted on August 27, 2014]

(3) [Deleted on August 27, 2014]

§16. Expiration Months and Exercise Prices, etc.

(1) The expiration months, the number of expiration months and the trading period for each expiration month of stock index options shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Amended on February 8, 2017)

(2) The exercise prices of stock index options shall be set on the first trading day of the expiration month and additional exercise prices may be provided on the trading day following the first trading day of each expiration month. [August 27, 2014]

(3) The number of exercise prices and the method of setting the exercise prices noted in paragraph (2) shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Amended on August 27, 2014; February 8, 2017)

§17. [Deleted on August 27, 2014]

§18. [Deleted on August 27, 2014]

§19. Multipliers and Quotation Price Units

The multipliers and the quotation price units of stock index options shall be determined in the Enforcement Rules in consideration of such factors as the index level of each stock index, the level of one (1) contract amount, trading costs, liquidity and the continuity of price formation, etc. (Wholly amended on February 8, 2017)

§20. [Deleted on August 27, 2014]

§21. Option Exercise Settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The settlement of stock index options exercised shall be accomplished by paying and receiving the exercise difference (referring to the amount obtained by multiplying the difference between the exercise price and the base price for exercise settlement by the exercise settlement quantity and the multiplier; the same hereinafter) for the quantity of

option exercised and allotment quantity (hereinafter referred to as “the exercise settlement quantity”).

(2) The last trading day, types of option exercise, the settlement day for the option exercise (hereinafter referred to as “option exercise settlement day”) and the base price for option exercise settlement shall be stipulated in the Enforcement Rules in consideration of the product features, trade convenience, impact on underlying assets and the fairness of final settlement price, etc. (Amended on August 27, 2014)

Section 3. Trading of Volatility Index Futures

[August 27, 2014]

§21-2. Underlying Assets

The underlying assets of volatility index futures shall be the volatility indices specified in the Enforcement Rules, which are calculated by the Exchange and indicate the volatility of a certain future period of time. [August 27, 2014] (Amended on February 8, 2017)

§21-3. Delivery Months, etc.

The delivery months, the number of delivery months and the trading period for each delivery month of volatility index futures shall be specified in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Wholly amended on February 8, 2017)

§21-4. Multipliers and Quotation Price Units

The multipliers and the quotation price units of volatility index futures shall be specified in the Enforcement Rules in consideration of trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc. (Wholly amended on February 8, 2017)

§21-5. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The final settlement of Volatility Index Futures shall be accomplished by way of paying and receiving the final settlement difference for the final settlement quantity.

(2) The last trading day, the last settlement day and the final settlement price of volatility index futures shall be stipulated in the Enforcement Rules in consideration of product features, trade convenience, impact on underlying assets and fairness of final settlement price etc.

[August 27, 2014]

Section 4. Trading of Single Stock Futures

§22. Underlying Assets

(1) The underlying assets of single stocks futures shall be the stocks classified in each of the following subparagraphs (hereinafter referred to as the "underlying stocks"): (Amended on June 2016)

1. In cases where the underlying assets are domestic stocks: From among the stocks listed on the stock market, those stocks that are stipulated in the Enforcement Rules by taking into account the liquidity, stability, market capitalization and the financial status, etc.;

2. In cases where the underlying assets are overseas stocks: From among the overseas stocks that satisfy the requirements noted in each of the followings, those stipulated in the Enforcement Rules in consideration of merchantability, trade demand and trade convenience, etc.;

a. The stocks shall be the underlying assets of the derivatives traded on overseas derivatives markets;

b. The stocks shall be the foreign stocks listed on overseas securities markets; and

c. An alliance or an agreement shall have been entered into with an entity authorized to trade the derivatives of which the underlying assets are the foreign stocks concerned on the trade, etc. of the said derivatives.

(2) The liquidity, stability, market capitalization and financial status noted in paragraph (1)1 and other matters concerning the selection of underlying stocks shall be stipulated in the Enforcement Rules. (Amended on June 8, 2016)

§23. [Deleted on August 27, 2014]

§24. Delivery Months, etc.

The delivery months, the number of delivery months and the trading period for each delivery month of single stock futures shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Wholly amended on February 8, 2017)

§25. Multipliers and Quotation Price Units, etc.

(1) The multipliers of single stock futures shall be the figures stipulated in the Enforcement Rules in consideration of the price levels of each underlying stock, the convenience of linked trades with underlying stocks and the trade demand, etc. [August 27, 2014] (Amended on June 8, 2016; February 8, 2017)

(2) Notwithstanding paragraph (1), when the price of underlying stock is adjusted due to ex-dividends, ex-rights, stock splits or reverse stock splits (hereinafter referred to as the "ex-dividends, etc."), the Exchange shall adjust the multipliers as stipulated in the Enforcement Rules. However, when the multiplier to be adjusted as the underlying stock splits up by multiple times of integer 1 becomes an integer multiple of the multiplier noted in paragraph (1), the multiplier may not be adjusted in the case of delivery month contracts without open interests and in other cases that the Exchange deems it necessary for market management. [August 27, 2014] (Amended on February 8, 2017)

(3) In cases where the multiplier is not adjusted pursuant to paragraph (2), the number of open interests may be adjusted as stipulated in the Enforcement Rules to maintain the contract amount of open interests. [August 27, 2014]

(4) The quotation price units of single stock futures shall be stipulated in the Enforcement Rules in consideration of the trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc. (Amended on August 27, 2014)

(Wholly amended on August 27, 2014)

§26. [Deleted on August 27, 2014]

§27. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The final settlement of single stock futures shall be accomplished by way of paying and receiving the final settlement difference for the final settlement quantity.

(2) The last trading day, the final settlement day and the final settlement price of single stock futures shall be stipulated in the Enforcement Rules in consideration of the product features, the trade convenience, the impact on underlying assets and the fairness of the final settlement price, etc. (Amended on July 3, 2013; August 27, 2014)

Section 5. Trading of Single Stock Options

§28. Underlying Assets

(1) The underlying assets of single stock options shall be, from among the common stocks listed on the stock market, those stipulated in the Enforcement Rules by taking into account such factors as the liquidity, stability, market capitalization and the financial status, etc. (Amended on June 8, 2016)

(2) In the case of applying paragraph (1), [§21-2(2)] shall apply *mutatis mutandis* to the matter necessary for the selection of underlying stocks. (Amended in August 27, 2014)

§29. [Deleted on August 27, 2014]

§30. Expiration Months and Exercise Prices, etc.

(1) The expiration months, the number of expiration months and the trading period for each expiration month of single stock options shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Amended on February 8, 2017)

(2) The exercise prices of single stock options shall be determined on the first trading day of the expiration month and additional exercise prices may be provided on the trading day following the first trading day of each expiration month. [August 27, 2014]

(3) The number of exercise prices and the methods of setting the exercise prices noted in paragraph (2) and other matters necessary for the determination of exercise prices shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Amended on August 27, 2014; February 8, 2017)

§31. [Deleted on August 27, 2014]

§32. [Deleted on August 27, 2014]

§33. [Deleted on August 27, 2014]

§34. [Deleted on August 27, 2014]

§35. Multipliers and Quotation Price Units, etc.

(1) The multipliers of single stock options shall be stipulated in the Enforcement Rules in consideration of the price levels of each underlying stock, the convenience of linked trades with underlying stocks and the trade demand, etc. [Amended on August 27, 2014] (Amended on February 8, 2017)

(2) Notwithstanding paragraph (1), the Exchange shall adjust the multiplier as stipulated in the Enforcement Rules, when the price of underlying stocks is adjusted due to the ex-dividends, etc. However, when the multiplier to be adjusted as the underlying stock splits up by multiple times of integer 1 becomes an integral multiple of the multiplier noted in paragraph (1), the multiplier may not be adjusted in the case of contracts without open interests and in other cases the Exchange deems it necessary for market management. [August 27, 2014] (Amended on February 8, 2017)

(3) In cases where the multiplier is not adjusted pursuant to the proviso to paragraph (2), the number of open interests may be adjusted as stipulated in the Enforcement Rules to maintain the contract amount of open interests. [August 27, 2014]

(4) In cases where the multiplier is adjusted pursuant to the main sentence of paragraph (2), apart from the exercise price adjusted pursuant to the stipulations in the Enforcement Rules,

an exercise price for one (1) contract based on the multiplier before adjustment shall be listed. [August 27, 2014] (Amended on February 8, 2017)

(5) The quotation price units of single stock options shall be stipulated in the Enforcement Rules in consideration of the trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc. (Amended on August 27, 2014)

§36. [Deleted on August 27, 2014]

§37. Exercise Settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The settlement of options exercised on single stock options shall be accomplished by way of paying and receiving the exercise difference for the exercise settlement quantity.

(2) The last trading day, type of option exercise, option exercise settlement day and the base price for option exercise settlement of single stock options shall be stipulated in the Enforcement Rules in consideration of the product features, the trade convenience, impact on underlying assets and the fairness of final settlement price, etc. (Amended on August 27, 2014)

Section 6. Trading of ETF Futures

[February 8, 2017]

§37-2. Underlying Assets

The underlying assets of ETF futures shall be the ETFs that are specified in the Enforcement Rules, taking into account the liquidity, stability, market capitalization and the trade demand, etc., from among the ETFs listed on the stock markets (referring to the ETF securities noted in subparagraph 3 under [§99] of the KOSPI Market Listing Regulation; the same hereinafter). [February 8, 2017]

§37-3. Delivery Months, etc.

The delivery months, the number of delivery months and the trading period for each delivery month of ETF futures shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. [February 8, 2017]

§37-4. Multipliers and Quotation Price Units, etc.

(1) The multiplier of ETF futures shall be the figures stipulated in the Enforcement Rules in consideration of the price levels of each ETF, the convenience of linked trades with ETFs and the trade demand, etc.

(2) Notwithstanding paragraph (1), when the price of an ETF is adjusted due to ex-distribution, etc., the Exchange shall adjust the multipliers as stipulated in the Enforcement Rules. However, in cases where the multiplier to be adjusted due to the ex-distribution, etc. becomes an integer multiple of the multiplier noted in paragraph (1), in the case of contracts without open interests and in other cases where the Exchange deems it necessary for market management, the multiplier may not be adjusted.

(3) In cases where the multiplier is not adjusted pursuant to the proviso to paragraph (2), the quantity of open interests may be adjusted as stipulated in the Enforcement Rules to maintain the contract amount of open interests.

(4) The quotation price unit of ETF futures shall be stipulated in the Enforcement Rules in consideration of the trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc.

[February 8, 2017]

§37-5. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The final settlement of ETF futures shall be accomplished by way of paying and receiving the final settlement difference for the final settlement quantity.

(2) The last trading day, the last settlement day and the final settlement price of ETF futures shall be stipulated in the Enforcement Rules in consideration of the product features, trade convenience, impact on underlying assets and the fairness of the final settlement price, etc.

[February 8, 2017]

Section 7. Trading of ETF Options

[February 8, 2017]

§37-6. Underlying Assets

The underlying assets of ETF options shall be the ETFs that are stipulated in the Enforcement Rules, from among the ETFs listed on the stock market in consideration of such factors as the liquidity, stability, market capitalization and the trade demand, etc. [February 8, 2017]

§37-7. Expiration Months and Exercise Prices, etc.

(1) The expiration months, the number of expiration months and the trading period for each expiration month of ETF options shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc.

(2) The exercise prices of ETF options shall be determined on the first trading day of each

expiration month and additional exercise prices may be provided on the trading day following the first trading day of each expiration month.

(3) The number of exercise prices and the methods of setting the exercise prices noted in paragraph (2) and other matters necessary for the determination of exercise prices shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc.

[February 8, 2017]

§37-8. Multipliers and Quotation Price Units, etc.

(1) The multipliers of ETF options shall be stipulated in the Enforcement Rules in consideration of the price levels of each ETF, the convenience of linked trades with ETFs and the trade demand, etc.

(2) Notwithstanding paragraph (1), when the price of an ETF is adjusted due to the ex-distribution, etc., the Exchange shall adjust the multiplier as stipulated in the Enforcement Rules. However, in cases where the multiplier to be adjusted due to the ex-distribution, etc. becomes an integer multiple of the multiplier noted in paragraph (1), in the case of contracts without open interests and in other cases where the Exchange deems it necessary for market management, the multiplier may not be adjusted.

(3) In cases where the multiplier is not adjusted pursuant to the proviso to paragraph (2), the quantity of open interests may be adjusted as stipulated in the Enforcement Rules to maintain the contract amount of open interests.

(4) In cases where the multiplier is adjusted pursuant to the main sentence of paragraph (2), apart from the exercise price adjusted as stipulated in the Enforcement Rules, an exercise price for one (1) contract based on the multiplier before adjustment shall be listed.

(5) The quotation price units of ETF options shall be stipulated in the Enforcement Rules in consideration of the trading costs, level of one (1) contract amount, liquidity and the continuity of price formation, etc.

[February 8, 2017]

§37-9. Exercise Settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The settlement of options exercised on ETF options shall be accomplished by way of paying and receiving the exercise difference for the exercise settlement quantity.

(2) The last trading day, the type of option exercise, the exercise settlement day and the base price for exercise settlement of ETF options shall be stipulated in the Enforcement Rules in consideration of the product features, trade convenience, impact on underlying assets and the fairness of final settlement price, etc.

[February 8, 2017]

CHAPTER III. TRADING OF INTEREST RATE FUTURES

§38. Underlying Assets and Trading Units

(1) The underlying assets of KTB (Korea Treasury Bonds) futures shall be the deliverable grade KTBs specified in the Enforcement Rules, from among the National Treasury Bonds prescribed in [§4(1)1] of the State Bond Act, in consideration of the representativeness of the interest rates by the terms to maturity, liquidity and the trade demand, etc. (Amended on August 27, 2014; February 8, 2017)

(2) The trading units of KTB futures shall be stipulated in the Enforcement Rules in consideration of the product features, trade demand, underlying assets and the convenience of linked trade with other products, etc. (Amended on September 1, 2010; January 26, 2011; August 27, 2014; February 8, 2017)

(3) [Deleted on August 27, 2014]

(4) [Deleted on August 27, 2014]

§39. Delivery Months, etc.

The delivery months, the number of delivery months and the trading period for each delivery month of KTB futures shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Wholly amended on February 8, 2017)

§40. Multipliers, Quotation Price Units and Methods of Quoting Prices

The multipliers, the quotation price units and the methods of quoting prices of KTB futures shall be stipulated in the Enforcement Rules in consideration of the trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc. (Wholly amended on February 8, 2017)

§41. [Deleted on August 27, 2014]

§42. Final Settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The final settlement of KTB futures shall be accomplished by way of delivering and receiving the final settlement difference for final settlement quantity. (Amended on September 1, 2010; February 8, 2017)

(2) The last trading day, the last settlement day and the final settlement price of KTB futures shall be stipulated in the Enforcement Rules in consideration of the product features, trade convenience, impact on underlying assets and the fairness of the final settlement price, etc. (Amended on September 1, 2010; January 26, 2011; August 27, 2014; February 8, 2017)

(3) [Deleted on August 27, 2014]

(4) [Deleted on August 27, 2014]

(5) [Deleted on January 26, 2011]

§43. [Deleted on September 1, 2010]

CHAPTER IV. TRADING OF CURRENCY DERIVERATIVES

Section 1. Currency Futures

§44. Underlying Assets and Trading Units

(1) The underlying assets of currency futures shall be the foreign currencies specified in the Enforcement Rules, from among the foreign currencies prescribed in [§3(1)2] of the Foreign Exchange Transactions Act, in consideration of the liquidity, representativeness of the international financial market and the trade demand, etc. (Amended on June 24, 2015; February 8, 2017)

(2) The trading units of currency futures shall be stipulated in the Enforcement Rules in consideration of the product features, trade demand, underlying assets and the convenience of linked trade with other products, etc. (Amended on March 4, 2009; August 27, 2014; February 8, 2017)

(3) [Deleted on August 27, 2014]

(4) [Deleted on August 27, 2014]

§45. Delivery Months, etc.

The delivery months, the number of delivery months and the trading period for each delivery month of currency futures shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Wholly amended on February 8, 2017)

§46. Multipliers, Quotation Price Units and Methods of Quoting Prices

The multipliers, quotation price units and the methods of quoting prices of currency futures shall be stipulated in the Enforcement Rules in consideration of trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc. (Wholly amended on February 8, 2017)

§47. [Deleted on August 27, 2014]

§48. Final settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The final settlement of currency futures shall be accomplished by way of delivering and receiving the currency and the final settlement amount for the final settlement quantity.

(2) The last trading day, the last settlement day and the final settlement amount, the final settlement price of currency futures shall be stipulated in the Enforcement Rules in consideration of the product features, trade convenience, impact on underlying assets and the fairness of final settlement price, etc. (Amended on August 27, 2014)

(3) The matters necessary for the delivery and receipt of currency pursuant to paragraph (1) shall be stipulated in the Enforcement Rules.

Section 2. Currency Options

§49. Underlying Assets and Trading Units

(1) The underlying assets of currency options shall be the foreign currencies specified in the Enforcement Rules, from among the foreign currencies prescribed in [§3(1)2] of the Foreign Exchange Transactions Act, in consideration of the liquidity, representativeness of the international financial market and the trade demand, etc. (Amended on August 27, 2014; February 8, 2017)

(2) The trading units of currency options shall be stipulated in the Enforcement Rules in consideration of the product features, trade demand, underlying assets and the convenience of linked trade with other products, etc. [August 27, 2014] (Amended on February 8, 2017)

(3) [Deleted on August 27, 2014]

§50. Expiration Months and Exercise Prices, etc.

(1) The expiration months, the number of expiration months and the trading period for each expiration month of currency options shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Amended on February 8, 2017)

(2) The exercise prices of currency options shall be determined on the first trading day of the

expiration month and additional exercise prices may be provided on the trading day following the first trading day of each expiration month. [August 27, 2014]

(3) The number of exercise prices and the method of setting the exercise prices noted in paragraph (2) shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Amended on August 27, 2014; February 8, 2017)

§51. [Deleted on August 27, 2014]

§52. [Deleted on August 27, 2014]

§53. Multipliers, Quotation Price Units and Methods of Quoting Prices

The multipliers, quotation price units and the methods of quoting prices of currency options shall be stipulated in the Enforcement Rules in consideration of trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc. (Wholly amended on February 8, 2017)

§54. [Deleted on August 27, 2014]

§55. Exercise Settlement Methods, Last Trading Day and Final Settlement Day, etc.

(1) The settlement of currency options exercised shall be accomplished by way of delivering and receiving the exercise difference for the exercise settlement quantity. (Amended on July 3, 2013)

(2) The last trading day, the type of option exercise, the option exercise settlement day and the base prices for exercise settlement final settlement of currency options shall be stipulated in the Enforcement Rules in consideration of the product features, trade convenience, impact on underlying assets and the fairness of final settlement price, etc.
(Amended on July 3, 2013; August 27, 2014)

CHAPTER V. TRADING OF COMMODITY FUTURES

§56. Underlying Assets and Trading Units

(1) The underlying assets of commodity futures shall be each of underlying assets classified in the following subparagraphs: (Amended on October 21, 2015)

1. In the case of Gold futures: Gold bullions (referring to the gold bullions specified in the Regulation on the Operation of KRX Gold Market)

2. In the case of Lean Hog futures: The representative price of lean hog (as the daily

representative price published by the Animal Products Grading Service pursuant to the Administrative Guidelines for Average Price of lean hog, it refers to the average price per kilogram of lean hog carcass, calculated by dividing the sum of auction prices established at the livestock wholesale market during two (2) days immediately before the publication day by the total weight of hog carcass; the same hereinafter)

(2) The trading units of commodity futures shall be stipulated in the Enforcement Rules in consideration of the product features, trade demand, underlying assets and the convenience of linked trade with other products, etc. (Amended on February 8, 2017)

(3) [Deleted on August 27, 2014]

(4) [Deleted on August 27, 2014]

§57. Delivery Months, etc.

The delivery months, the number of delivery months and the trading period for each delivery month of commodity futures shall be stipulated in the Enforcement Rules in consideration of the product features, the trade demand for each period, the underlying assets and the convenience of linked trade with other products, etc. (Wholly amended on February 8, 2017)

§58. Multipliers, Quotation Price Units and Methods of Quoting Prices

The multipliers, quotation price units and the methods of quoting prices of commodity futures shall be stipulated in the Enforcement Rules in consideration of trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc. (Wholly amended on February 8, 2017)

§59. [Deleted on August 27, 2014]

§60. Final Settlement Method, Last Trading Day and Last Settlement Day, etc.

(1) The final settlement of commodity futures shall be accomplished by way of paying and receiving the final settlement difference for the final settlement quantity. (Amended on October 21, 2015)

1. [Deleted on October 21, 2015]
2. [Deleted on October 21, 2015]

(2) The last trading day, the last settlement day, the final settlement amount and the final settlement price of commodity futures shall be stipulated in the Enforcement Rules in consideration of the product features, trade convenience, impact on underlying assets and the fairness of the final settlement price, etc. (Amended on June 23, 2010; June 3, 2014; August 27, 2014)

(3) [Deleted on August 27, 2014]

§61. [Deleted on October 21, 2015]

CHAPTER VI. TRADING OF FUTURES SPREADS

§62. Futures Spread Contracts, etc.

(1) The futures spread contracts shall be labeled by the futures spread between two (2) delivery months stipulated in the Enforcement Rules when trading the futures contracts that are based on the same underlying asset and multiplier. (Amended on August 27, 2014)

(2) In futures spread trading, the price shall be determined by subtracting the price of near month contract (referring to the contract of which the last trading day is closest to the present) from the price of farther month contract (referring to the contract of which the last trading day is furthest from the present; the same hereinafter). However, in the case of the interest rate derivative products, the price shall be determined by subtracting the price of farther month contract from the price of near month contract. (Amended on August 27, 2014)

(3) In futures spread trading, the short position shall mean the buying of the near month contract and selling of the farther month contract. However, in the case of interest rate derivatives, it shall refer to the selling of the near month contract and buying of the farther month contract. (Amended on August 27, 2014)

(4) In futures spread trading, the long position shall mean the selling of the near month contract and buying of the farther month contract. However, in the case of interest rate derivatives, it shall refer to the buying of the near month contract and selling of the farther month contract. (Amended on August 27, 2014)

(5) The quotation price units and the methods of quoting prices of futures spread contracts shall be stipulated in the Enforcement Rules in consideration of the trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc. [August 27, 2014]

§63. [Deleted on August 27, 2014]

§64. Deemed Execution Prices following Execution of Futures Spread Trades

When a futures spread trade has been executed, it shall be deemed that the trades of near month contract and farther month contract, which are based on the same underlying asset and multiplier, with the same quantity as the quantity traded in the futures spread trade, have been traded at the same time using the price stipulated in the Enforcement Rules as the execution price. (Amended on August 27, 2014)

CHAPTER VII. TRADING OF FLEX FUTURES

[March 4, 2009] (Amended on February 8, 2017)

§64-2. Trading of Non-delivery Months

(1) Notwithstanding [§9(1)], the trade of FLEX (FLexible EXchange) futures shall be arranged for each trading day. (Amended on February 8, 2017)

(2) Notwithstanding [§9(2)], the first trading day of new contracts of FLEX futures shall be the day on which the request for trading of negotiated FLEX with the specific last trading day and final settlement method pursuant to [§75-4] is first made. (Amended on February 8, 2017)

(3) In the case of natural disaster, warfare, disturbance or fire in the market, and cases where a sudden and significant change in the economic situation has occurred or is expected to occur, or in the case where it is deemed necessary for market management, the Exchange may change the last trading day of FLEX futures. (Amended on February 8, 2017)

[March 4, 2009]

§64-3. Underlying Assets, Trading Units and Multipliers, etc.

(1) The underlying assets of FLEX futures shall be specified in the Enforcement Rules, from among the listed derivative products, in consideration of such factors as the trade demand, etc.

(2) The trading units, multipliers, quotation price units and the methods of quoting prices of FLEX futures shall be stipulated in the Enforcement Rules in consideration of the trading costs, the level of one (1) contract amount, liquidity and the continuity of price formation, etc.

(Wholly amended on February 8, 2017)

§64-4. [Deleted on August 27, 2014]

§64-5. Final Settlement Methods, Last Trading Day and Last Settlement Day, etc.

(1) The final settlement of FLEX futures trades shall be accomplished by the method that was negotiated between the parties of the negotiated FLEX trades pursuant to [§75-4], from among the methods noted in each of the following subparagraphs: (Amended on February 8, 2017)

1. In the case of a contract for which the underlying asset is delivered and received:

   By delivering the underlying asset and receiving the final settlement amount for the final settlement quantity

2. In the case of a contract for which cash is paid and received:

By paying and receiving the final settlement difference for the final settlement quantity

(2) The matters necessary with respect to the delivery/receipt of underlying assets noted in subparagraph 1 under paragraph (1) shall be stipulated in the Enforcement Rules. (Amended on August 27, 2014; February 8, 2017)

(3) The last trading day, the last settlement day, the final settlement amount and the final settlement price of FLEX futures trade shall be stipulated in the Enforcement Rules in consideration of the product features, trade convenience, impact on underlying assets and the fairness of final settlement price, etc. [August 27, 2014] (Amended on February 8, 2017)

(4) [Deleted on August 27, 2014]

PART III. TRADE EXECUTION

CHAPTER I. QUOTATIONS

Section 1. Quotation Methods, etc.

§65. Quotation Details to be inputted and Inputting Methods

(1) When intending to place a quotation, members shall input the quotation details stipulated in the Enforcement Rules into the Exchange derivatives system. (Amended on August 27, 2014)

(2) Before entering the quotation details into Exchange derivatives system, members shall directly check the matters specified in the Enforcement Rules, including the suitability of the quotation (including cases where the task has been entrusted to a third party pursuant to [§42] of the Act). (Amended on July 6, 2011; August 27, 2014)

(3) Members shall input the quotation details into the Exchange derivatives system using the member derivatives systems without delay, only when the suitability of the quotation was verified as a result of checking in accordance to paragraph (2). (Amended on July 6, 2011; August 27, 2014)

(4) If a member cannot submit a quotation due to a failure in the member derivatives system, the member may enter the quotation to the Exchange derivatives system using the member derivatives terminals (referring to the terminals connected to the Exchange derivatives system with the approval of the Exchange, from among the terminals that were installed at the head office, branch offices or any other business offices of the member for the purpose inputting quotations; the same hereinafter). In this case, the provision on the suitability check by members pursuant to paragraph (2) shall not apply. [July 6, 2011]

(5) When a member changes the installation place of the member derivatives terminal, the member shall notify the Exchange of such fact without delay. (Amended on July 6, 2011)

(6) The necessary matters concerning the restriction of quotation input shall be stipulated in the Enforcement Rules. [July 6, 2011]

§66. Quotation Receiving Hours

(1) Quotations shall be placed during the quotation receiving hours.

(2) The quotation receiving hours noted in paragraph (1) shall be stipulated in the Enforcement Rules.

§67. Recording of Quotation and Notification Thereafter

(1) The Exchange shall assign a quotation receipt number, in the order of receipt, as soon as a quotation is received, and record the details of the quotation concerned to the Exchange derivatives system.

(2) The Exchange shall notify the details of quotation received or recorded to the member who inputted the concerned quotation and the notification shall be made either by inputting it to the member derivatives system or the member derivatives input device through the Exchange derivatives system or by other means.

(3) The Exchange shall record and keep the details of quotation received or recorded in the magnetic tape, magnetic disc or other auxiliary storage devices and retain the record for ten (10) years from the date of receipt or record . (Amended on August 27, 2014)

(4) Notwithstanding paragraph (1), the matters necessary for the conversion, receipt and recording of limit-to-market-on-close shall be stipulated in the Enforcement Rules.

§68. Validity of quotations

(1) A quotation shall be valid from the receipt time to the closing of trade (in cases where the trade has been executed, until the time the trade was executed) for the day. However, in the cases that are stipulated in the Enforcement Rules, the validity of quotation may be restricted. (Amended on September 23, 2009)

(2) Notwithstanding paragraph (1), as a case of suspending the trade because of coming under [§76(1)1], when there is a concern about the trading errors made by the Exchange noted in [§81(1)], the Exchange may make a decision on the quotation validity for each such case.

§69. Cancellation and Correction of Quotations

(1) Members may cancel all or a part of quotation quantity or correct the quotation type and price according to the manner stipulated in the Enforcement Rules.
(2) The cancellation and correction of quotations pursuant to paragraph (1) shall be applicable only to the quantity that has not yet been executed.

Section 2. Management of Quotation

§70. Quotation Price Limits

(1) Quotation prices shall not be placed at a price, using the base price as a reference, that is higher than the upper limit price (referring to the maximum allowable quotation price; the same hereinafter) or lower than the lower limit price (referring to the minimum allowable quotation price; the same hereinafter). (Amended on August 27, 2014)

(2) The base price, the upper limit price and the lower limit price noted in paragraph (1) and other necessary matters concerning quotation prices shall be stipulated in the Enforcement Rules.

§70-2. Real-time Price Limit of Quotations

(1) In the case of determining the execution prices of regular sessions in the manner of continuous auction pursuant to [§74], based on the immediately preceding execution prices, the price of a bid shall not exceed the real-time upper limit price [referring to a price that is the sum of the immediately preceding execution price plus the price change limit (if such price is higher than the upper limit price, it shall be the upper limit price); the same hereinafter], and the price of an offer shall not be lower than the real-time lower limit price [referring to a price obtained by subtracting the price change limit from the immediately preceding execution price (if such price is lower than the lower limit price, it shall be the lower limit price); the same hereinafter].

(2) In cases where abnormal trading situations such as a sudden change in execution prices or market circumstances occur, or where it is deemed necessary for market management, the Exchange may not apply the provisions of paragraph (1) as stipulated in the Enforcement Rules.

(3) The trades, issues, and price limits related to applying real-time upper and lower limit prices in paragraph (1), and other matters necessary for applying real-time upper and lower limit prices shall be stipulated in the Enforcement Rules.

[June 3, 2014]

§71. Quotation Quantity Limits

The quotation quantity limit (referring to the maximum quantity allowed to quote; the same hereinafter), accumulated quotation quantity limit (referring to the maximum of accumulated quotation quantity allowed to submit per derivatives account; the same hereinafter) and other matters concerning the quotation quantity shall be stipulated in the Enforcement Rules. (Wholly amended on August 27, 2014)

CHAPTER II. TRADE EXECUTION

Section 1. Trade Execution Methods

§72. Principles of Individual Auction

(1) The trades shall be executed by the method of individual auction.

(2) The individual auction shall be categorized into the periodic call auction and the continuous auction.

(3) The priority of quotations for individual auction shall be determined in accordance with each of the following subparagraphs: (Amended on August 27, 2014)

1. An offer quotation with a lower price shall have priority over an offer quotation with a higher price, and a bid quotation with a higher price shall have priority over a bid quotation with a lower price; and

2. Among the quotations for periodic call auction, the quotations received earlier shall have priority over those received later, in accordance with the sequence of receipt time. However, among the quotations for periodic call auction at upper limit price and the lower limit price, a quotation with a larger quantity shall have priority over a quotation with smaller quantity, and in case of quotations with the same quantity, the quotation received earlier shall have priority over the ones received later.

§73. Periodic Call Auction

(1) The execution price during a regular session that corresponds to any of the following subparagraphs (excluding the futures spread trading) shall be determined by means of periodic call auction: (Amended on September 23, 2009; August 27, 2014; April 29, 2015)

1. The opening execution price;

2. The first execution price after the trade has resumed pursuant to [§76(2) and §77(2)];

3. The closing execution price. However, the closing execution price of a trade stipulated in the Enforcement Rules shall be excluded; and

4. The execution prices of single stock futures and single stock options of which the underlying stock is an issue scheduled to be delisted (referring to an issue that is allowed to be traded for a fixed period just before de-listing pursuant to [§9] of the KOSPI Market Listing Regulation or [§47] of the KOSDAQ Market Listing Regulation after having suspended for trading; the same hereinafter).

(2) The range of quotations that participate in a periodic call auction noted in paragraph (1) (hereinafter referred to as the “quotations for periodic call auction”) shall be stipulated in the Enforcement Rules.

(3) When determining the execution prices pursuant to paragraph (1), market quotations shall be deemed to have been quoted at the prices specified in the Enforcement Rules. (Amended on August 27, 2014)

(4) When determining the execution prices pursuant to paragraph (1), trades shall be executed in accordance with the priority of quotations noted in [§72(3)], using the price at which the aggregated quantity of offer quotations and the aggregated quantity of bid quotations specified in each of the following subparagraphs match (hereinafter referred to as “the

matching price"), as the execution price. However, trades shall not be executed in the case where trading is suspended pursuant to [§76] and [§77] during the quotation receiving hours for periodic call auction to determine the first execution price noted in paragraph (1)2, which are stipulated in the Enforcement Rules. (Amended on August 27, 2014; April 29, 2015)

1. Total quantity of offer quotations at the prices lower than the matching price and total quantity of bid quotations at the prices higher than the matching price; and

2. For quotations at the matching price, the quantity specified in each of following items:

a. Total quantity of any side of the offer quotation or bid quotation; and

b. When there is a quotation on the other side, the quantity that is in excess of the trading unit on the other side.

(5) In cases where two (2) or more matching prices noted in paragraph (4) are available, the execution price shall be the matching price that is the same as the closing execution price if there is a matching price that is the same as the immediately preceding execution price, and the execution price shall be the matching price that is closest to the immediately preceding execution price if no matching price that is the same as the most recent execution price is available.

(6) Notwithstanding paragraph (4), when there are two (2) prices at which the aggregated quantity of offer quotations and aggregated quantity of bid quotations specified in paragraphs (4)1 and (4)2 match, trades shall be executed pursuant to the priority order stipulated in [§72(3)]. In this case, paragraph (5) shall apply *mutatis mutandis* to the determination of execution prices. (Amended on August 27, 2014)

§74. Continuous Auction

(1) The execution prices other than those noted in each subparagraph of [§73(1)] shall be determined by way of continuous auction. (Amended on August 27, 2014)

(2) When determining the execution prices pursuant to paragraph (1), market quotations shall be deemed to have been quoted at the prices stipulated in the Enforcement Rules.

(3) Notwithstanding paragraph (2), if the price of a bid market quotation becomes higher than the real-time upper limit price, it shall be deemed that the bid market quotation is converted into a limit quotation at the real-time upper limit price, and if the price of an offer market quotation becomes lower than the real-time lower limit price, it shall be deemed that the offer market quotation is converted into a limit quotation at the real-time lower limit price. In this case, matters necessary for the conversion, receipt and recording of market quotations shall be stipulated in the Enforcement Rules. [June 3, 2014]

(4) When determining the execution prices pursuant to paragraph (1), if the highest price of bid quotations is equal to or higher than the lowest price of offer quotations, trades shall be executed in accordance with the priority of quotations noted in [§72(3)], using the price of the quotation first received as the execution price.

Section 2. Special Cases of Trade Execution Methods

[August 27, 2014]

§75. Negotiated Trades

(1) Notwithstanding the provisions of [§72] through [§74], the Exchange may conclude trades noted in each of the followings (hereinafter referred to as the "negotiated trades") on the terms and conditions negotiated between the concerned parties:

1. Negotiated block trades;
2. Trade of Exchange of Futures for Physicals;
3. Negotiated FLEX trades; and
4. Pre-hours negotiated trades.

(2) Notwithstanding [§72(1)], FLEX futures shall be traded only by way of negotiated trade. (Amended on February 8, 2017)

(3) In this Regulation, the request for negotiated trades shall be construed as submission of quotations and except for the case where the provisions for negotiated trades are specifically stipulated in the relevant regulations, the provisions concerning quotations shall apply thereto.

(4) For negotiated trades, the quotation receipt number shall be assigned separately from the quotations for the individual auction pursuant to [§72].

(5) The withdrawal, correction and restricting of negotiated trades and other matters concerning negotiated trades shall be stipulated in the Enforcement Rules.

[March 4, 2009]

§75-2. Negotiated Block Trades

(1) The negotiated block trades noted in [§75(1)1] shall be made in such a way that a member makes a request to the Exchange for conclusion of a trade negotiated between the trading parties with regard to the contract, price and quantity for the trades specified in the Enforcement Rules. (Amended on March 4, 2009)

1. [Deleted on August 27, 2014]
2. [Deleted on August 27, 2014]

(2) The request for negotiated block trades shall be made during the hours set by the Enforcement Rules, which shall be within the trading hours of concerned contract. (Amended on August 27, 2014)

(3) The price of a negotiated block trade shall be the price set by the Enforcement Rules, which is between the upper limit price and the lower limit price. (Amended on August 27, 2014)

(4) The quantity, details, methods and deadline of a request for negotiated block trades, and other necessary matters concerning the negotiated block trades shall be stipulated in the Enforcement Rules. (Amended on March 4, 2009)

§75-3. Trade of Exchange of Futures for Physicals

(1) The trade of exchange of futures for physicals noted in [§75(1)2] shall be made in such a way that a member makes a request to the Exchange for execution of a trade negotiated between the trading parties concerning the contract, price and quantity of the futures specified in the Enforcement Rules to close out the open interests before the final settlement date, and delivers the underlying asset or receives the payment for the quantity of the concerned open interests. (Amended on February 8, 2017)

(2) The price of a trade of exchange of futures for physicals shall be the price set by the Enforcement Rules, which is between the upper limit price and the lower limit price. (Amended on August 27, 2014; February 8, 2017)

(3) The time, quantity, details, methods and deadline of a request for the trade of exchange of futures for physicals and other necessary matters concerning the trade of exchange of futures for physicals shall be stipulated in the Enforcement Rules. (Amended on August 27, 2014)

[March 4, 2009]

§75-4. Negotiated FLEX Trades

(1) The negotiated FLEX trades noted in [§75(1)3] shall be accomplished by way of the member requesting the Exchange to execute the trading of FLEX futures, for which the concerned trading parties have negotiated the last trading day, the final settlement method (in cases where a trade of the contract with the same last trading day and final settlement method has already been listed, it shall be such contract), the price and the quantity. (Amended on February 8, 2017)

(2) The request for execution of a negotiated FLEX trade shall be made during the period stipulated in the Enforcement Rules, which is within the trading hours of the concerned contract. (Amended on August 27, 2014)

(3) The price of a negotiated FLEX trade shall be the price set by the Enforcement Rules, which is between the upper and lower limit prices. (Amended on August 27, 2014)

(4) The quantity, details, methods and deadline of a request for negotiated FLEX trades, and other necessary matters concerning negotiated FLEX trades shall be stipulated in the Enforcement Rules.

[March 4, 2009]

§75-5. Pre-hours Negotiated Trades

(1) The pre-hours negotiated trades noted in [§75(1)4] shall be made, when intending to conclude a trade specified in the Enforcement Rules, from among the trades conducted on an overseas exchange that has entered into an alliance or an agreement with the Exchange using the derivatives of the Exchange as underlying assets, in such a way that a member makes a request to the Exchange for conclusion of the concerned trade negotiated between the concerned parties concerning the contract and quantity. (Amended on June 8, 2016)

(2) The request for pre-hours negotiated trades shall be made during the period stipulated in the Enforcement Rules, which is within the pre-hours trading hours.

(3) The price of pre-hours negotiated trade shall be the base price noted in [§70(2)].

(4) The quantity, details and methods of requesting for pre-hours negotiated trades, and other necessary matters concerning the pre-hours negotiated trades shall be stipulated in the Enforcement Rules.

[March 18, 2009]

§75-6. Conversion of Open Interests

(1) Notwithstanding the provisions of [§72] through [§74], if there is a request by a member, the Exchange may conclude a trade to convert the open interests between the contracts that are specified in the Enforcement Rules and have identical underlying assets and settlement months, etc. except for the multipliers.

(2) The quantity, details, methods and deadline of a request for conversion of open interests, and other necessary matters concerning the conversion of open interests shall be stipulated in the Enforcement Rules.

[October 21, 2015]

Section 3. Trade Suspension

§76. Discretionary Trade Suspension

(1) When falling under any of the followings, the Exchange may suspend or halt the trading of the relevant contracts: (Amended on March 4, 2009; October 21, 2015; February 8, 2017)

1. In cases stipulated in the Enforcement Rules, where a normal trade execution cannot be made due to a failure in the Exchange derivatives system or the member derivatives systems;

2. In cases where, as the failure in the trading systems of the KOSPI Market and KOSDAQ Market has lasted longer than the period stipulated in the Enforcement Rules, the number of constituent stocks of a stock price index for which the orders cannot be executed is more than the number of stocks specified in the Enforcement Rules;

3. For the single stock futures and options, the cases where the trading of underlying assets is suspended or halted, and other cases stipulated in the Enforcement Rules;

4. In the case of futures spread trading, when the trading of any of two (2) futures contracts making up the trade has been suspended;

5. In the case of Lean Hog futures, when the trading in a majority of the livestock wholesale markets that are defined by the Animal Products Grading Service defined in the Administrative Guidelines for Average Daily Price of Lean Hog is suspended;

6. In the case of FLEX futures, when the trading of the underlying futures is suspended;

7. In the case of Gold futures, when the trading in the KRX Gold Market is suspended;

8. For the trading of ETF futures and options, the cases where the trading of underlying ETFs is suspended or halted, and other cases specified in the Enforcement Rules; and

9. Additionally, in cases where the Exchange deems that it is difficult to continue the normal trading because there occurs an abnormality in the trading circumstance or there is a concern about possible occurrence of such abnormality.

(2) After having suspended or halted the trading pursuant to paragraph (1), the Exchange may resume the trading when the cause of such suspension or halt has been resolved or when it is deemed necessary for market management.

§77. Compulsory Suspension of Trades of Equity Derivatives, etc.

(1) In cases where trading of stocks in stock markets, etc. is suspended pursuant to [§25] of the KOSPI Market Business Regulation or [§26] of the KOSDAQ Market Business Regulation, respectively, the trading of all equity derivatives based on the concerned stock market, etc. (including futures spread trading for stock markets, etc.; the same hereinafter in this Article) shall be suspended. (Amended on April 29, 2015):

(2) When resuming the trading in stock markets, etc. pursuant to [§25] of the KOSPI Market Business Regulation or [§26] of the KOSDAQ Market Business Regulation after the trading of stock derivatives has been suspended pursuant to paragraph (1), the Exchange shall immediately resume the trading of equity derivative products that was suspended. (Amended on April 29, 2015)

(3) When concluding the trading of stocks, etc. pursuant to [§25] of the KOSPI Market Business Regulation or [§26] of the KOSDAQ Market Business Regulation, the Exchange shall conclude the regular trading of all equity derivatives related to the stock markets of the day. [April 29, 2015]

§78. [Deleted on April 29, 2015]

Section 4. Notification of Trade Details to Members, etc.

§79. Notification of Trade Details

(1) When a trade has been executed, the Exchange shall notify the concerned member of the trade details stipulated in the Enforcement Rules without delay. (Amended on August 27, 2014)

(2) The notification of trade details pursuant to paragraph (1) shall be made by way of entering the details into the member derivatives system or the member derivatives terminal through the Exchange derivatives system, or other methods.

(3) The Exchange shall record the trade details noted in paragraph (1) on magnetic discs, magnetic tapes or other auxiliary storage devices and keep them for ten (10) years from the trade execution date. (Amended on August 27, 2014)

§80. Confirmation of Trade Details

(1) Members shall immediately confirm the trade details notified by the Exchange.

(2) When the trade details notified by the Exchange have been delivered to the member derivatives system or the member derivatives terminal, it shall be deemed that the member has confirmed the details.

§81. Correction of Trading Errors

(1) The Exchange may, when engaging in the intermediation of trades, correct the trades that are executed to be inconsistent with the quotation details (hereinafter referred to as the "trading errors made by the Exchange") for any of the following reasons: (Amended on August 27, 2014)

1. The failure of the Exchange derivatives system;
2. The failure in program operation of the Exchange derivatives system; and
3. Other reasons that are deemed necessary by the Exchange.

(2) The Exchange may correct any trades that are executed to be inconsistent with the order details due to the errors made by the members when receiving the customer orders, inputting the quotations, etc. (hereinafter referred to as the "trading errors made by members") (Amended on August 27, 2014)

(3) The methods of correcting the trading errors made by the Exchange noted in paragraph (1) and the trading errors made by members noted in paragraph (2) and other matters necessary for error corrections shall be stipulated in the Enforcement Rules.

§81-2. Resolution of Large-sized Erroneous Trades by Investors

(1) The Exchange may resolve the large-sized erroneous trades (referring to the trades that are deemed to be difficult to settle and cause confusion in the market, and meet the requirements specified in the Enforcement Rules; the same hereinafter), at the request of members, among the trades executed contrarily to the original intent due to the errors made by members or their customers. However, this provision shall not apply to the case of a sudden change in the market condition and others deemed necessary for market management. (Amended on August 27, 2014)

(2) The methods of resolving large-sized erroneous trades by investors noted in paragraph (1) and other necessary matters shall be stipulated in the Enforcement Rules. (Amended on June 3, 2014)

§81-3. Cancellation of Trades

(1) The Exchange may cancel trades set by thee Exchange in cases where it is deemed that the trade records of the Exchange derivatives system are lost due to natural disaster, warfare, disturbance or other inevitable reasons similar thereto and it is difficult to recover the trade records. In this case, it shall be deemed that the trades concerned have not been established from the beginning.

(2) The methods of cancellation of trades noted in paragraph (1) and other necessary matters concerning cancellation of trades shall be stipulated in the Enforcement Rules.

[June 3, 2014]

§82. Public Announcement of Market Prices, etc.

(1) The Exchange shall make public announcement of market prices, etc. that fall under each of the following subparagraphs for each contract pursuant to [§364(2)] of the Enforcement Decree of the Act. (Amended on April 29, 2015)

1. Current, opening, the highest, the lowest and closing execution prices;

2. Trading volume and value;

3. Quantity of open interests;

4. The last execution prices of the most recent regular session or base prices;

5. During the quotation receiving hours for other than the receiving hours of quotation for periodic call auction, the quantity of best quotation prices; and during the receiving hours of quotations for periodic call auction, the details stipulated in the Enforcement Rules such as the total quotation quantities and expected execution price; and

6. Other matters that are deemed necessary for the market management by the Exchange.

(2) The Exchange may make public announcement of the information that may serve as a reference for investment decisions in order to protect investors. [April 29, 2015]

(3) The restrictions on correction and cancellation of quotations during the period for announcement of expected execution prices, the announcement methods of market prices, etc. noted in paragraph (1) and the announcement of references for investment noted in paragraph (2), and other necessary matters shall be stipulated in the Enforcement Rules. (Amended on April 29, 2015)

CHAPTER III. SPECIAL CASES OF TRADES ON CME GLOBEX

[September 23, 2009]

§82-2. Application Scope

This Chapter shall apply to the conclusion of contracts relating to the quotations and trades on CME Globex.

[September 23, 2009]

§82-3. Details of Quotations to be entered and inputting Methods

(1) When intending to place a quotation for the trade on CME Globex, a member shall input the quotation details stipulated in the Enforcement Rules to the Exchange derivatives system. (Amended on August 27, 2014)

(2) Quotations shall be inputted to the Exchange derivatives system using the member derivatives system.

(3) [Deleted on December 29, 2009]

(4) The necessary matters concerning the input restrictions of quotations for the trade on CME Globex shall be stipulated in the Enforcement Rules.

[September 23, 2009]

§82-4. Quotation Receiving Hours and Quotation Validity

(1) The quotations for the trades on CME Globex shall be submitted during the quotation receiving hours stipulated in the Enforcement Rules.

(2) The quotations shall remain valid from the time of receipt until the end of the quotation receiving hours for the trades on CME Globex of the concerned trading day (if the trade of a quotation has been executed, until the time of trade execution).

(3) Notwithstanding paragraph (2), as a case of suspending trades as it comes under [§82-9(1)1], if there exists a possibility of resulting in a trading error made by the Exchange noted in [§82-10(1)], the validity of quotation may be determined by the Exchange for each case.

(4) The provisions of the proviso to [§68(1)] shall apply *mutatis mutandis* to the restriction of quotation validity.

[September 23, 2009]

§82-5. Cancellation and Correction of Quotations

(1) Members may cancel or correct the quantity and price of a quotation as stipulated in the Enforcement Rules.

(2) The cancellation and price correction of quotations noted in paragraph (1) shall be limited to the quantity that is not yet executed.

[September 23, 2009]

§82-6. Price Limits of Quotations

(1) The price of a quotation for the trades on CME Globex shall not be higher than the upper limit price or lower than the lower limit price based on the base price. (Amended on August 27, 2014)

(2) The base price, upper limit price and lower limit price noted in paragraph (1) and other necessary matters concerning the prices of quotations shall be stipulated in the Enforcement Rules.

[September 23, 2009]

§82-7. Quantity Limits of Quotations

(1) The quotation quantity unit for the trades on CME Globex shall be one (1) contract.

(2) The quantity limit of quotations for the trades on CME Globex and other necessary matters concerning the quantity of quotations shall be stipulated in the Enforcement Rules. (Amended on July 3, 2013)

[September 23, 2009]

§82-8. Trade Execution Methods

(1) The trades on CME Globex shall be executed by means of continuous auction.

(2) The provisions of [§72(3)] and [§74(except for paragraph (3)] shall apply *mutatis*

mutandis to the continuous auction noted in paragraph (1). (Amended on June 3, 2014)

[September 23, 2009]

§82-9. Discretionary Trading Halt

(1) When falling under any of the followings, the Exchange may suspend or halt the trading on the CME Globex:

1. In cases that are set forth in the Enforcement Rules, and where a normal trading cannot be made due to a failure in the Exchange derivatives system or the member derivatives systems; and

2. In other cases where the Exchange deems it difficult to continue the trading because there occurs an abnormality in the trading circumstance or there is a concern about possible occurrence of such abnormality.

(2) After having suspended or halted the trading pursuant to paragraph (1), the Exchange may resume the trading when the cause of such suspension or halt has been resolved or when it is deemed necessary for market management.

(3) The matters necessary for the trade resumption pursuant paragraph (2) shall be stipulated in the Enforcement Rules.

[September 23, 2009]

§82-10. Correction of Trading Errors

(1) The Exchange may correct the trading errors made by the Exchange with regard to the intermediation of trades on CME Globex.

(2) The Exchange may correct the trading errors made by members with regard to the trades on CME Globex.

(3) The methods of correcting the trading errors made by the Exchange noted in paragraph (1) and the trading errors made by members noted in paragraph (2) and other necessary matters shall be stipulated in the Enforcement Rules.

[September 23, 2009]

§82-11. Public Announcement of Market Prices

(1) The Exchange shall make public announcement of market prices, etc. that fall under each of the following subparagraphs for each contract pursuant to [§364(2)] of the Enforcement Decree of the Act. (Amended on April 29, 2015)

1. Current, opening, the highest, the lowest and closing execution prices;

2. Trading volume and value;

3. Quantity of open interests;

4. The last execution prices of the most recent regular session or base prices;

5. The quantity of best quotation prices and etc. stipulated in the Enforcement Rules; and

6. Other matters that are deemed necessary for the market management by the Exchange.

(2) The Exchange may make public announcement of the information that may serve as a reference for investment decisions in order for the protection of investors of the trades on CME Globex. [April 29, 2015]

(3) The announcement methods of market prices, etc., the announcement of references for investment noted in paragraphs (1) and (2), and other necessary matters shall be stipulated in the Enforcement Rules. (Amended on April 29, 2015)

[September 23, 2009]

§82-12. Provisions Applicable *Mutatis Mutandis*

Concerning the conclusion of contracts relating to the quotations and trades on CME Globex, the provisions of [§67], [§79] and [§80] shall apply *mutatis mutandis*. [September 23, 2009] (Amended on August 27, 2014)

CHAPTER IV. MARKET MAKERS

§83. Market Makers

(1) A person who has entered into an agreement for market making with the Exchange to supply liquidity to the market (hereinafter referred to as the "market maker") may submit quotations to make the market. However, if it is stipulated in the market making agreement, the market maker shall be obligated to submit the market making quotations as stipulated in the agreement. (Amended on August 27, 2014)

(2) A person who intends to become a market maker shall meet the requirements stipulated in the Enforcement Rules in consideration of the professionalism in derivatives, risk management capability and financial soundness, and social credit etc. and shall enter into an agreement for market making with the Exchange in advance. (Amended on August 27, 2014)

(3) After assessing the performance of a market maker in accordance with the market making agreement, the Exchange may pay for the market making based on the member's performance, within the range of income from service fees related to derivatives trading.

[August 27, 2014]

(4) The products, contracts and the period for submitting quotations to make the market pursuant to paragraph (1), the method of entering into an agreement for market making, the time and method of submission of the quotations, the assessment of market makers and the standards for payments pursuant to paragraphs (2) and (3), and other necessary matters concerning market making and market activation shall be stipulated in the Enforcement Rules. (Amended on March 4, 2009; September 1, 2010; January 26, 2011; December 12, 2012; August 27, 2014)

(Wholly amended on August 27, 2014)

§84. [Deleted on August 27, 2014]

§85. [Deleted on August 27, 2014]

§86. [Deleted on August 27, 2014]

PART IV. CLEARING AND SETTLEMENT OF TRADES

(Amended on December 29, 2009)

CHAPTER I. MEMBER MARGINS

§88. Deposit of Member Margins, etc.

(1) Each clearing member shall deposit with the Exchange as a member margin for each account for derivatives trading (hereinafter referred to as "the derivatives account") of a member and customer (when an entrustment for intermediation has been received from an investment broker, it shall include the customer who made the entrustment to the concerned investment broker) an amount of money which is no less than the sum of the maximum net loss equivalent that may possibly result in the event that the price, value or volatility of underlying asset varies by a certain level as of the market closing time and the credit risk loss equivalent that may result in the event that the concerned maximum net loss equivalent exceeds the credit risk limit. (Amended on September 23, 2009; July 6, 2011; December 30, 2015)

(2) In the case of paragraph (1), a non-clearing member shall deposit with a designated clearing member, as a non-clearing member margin, an amount of money that is no less than the amount determined by the designated clearing member, which is no less than the maximum net loss specified in paragraph (1). (Amended on December 30, 2015)

(3) Members may deposit member margins noted in paragraph (1) in substitute securities, foreign currencies or foreign securities, in lieu of cash (referring the Korean currency under the Foreign Exchange Transactions Act and including the banker's checks issued by banks pursuant to the Check Act; the same hereinafter), within the limits set by the Enforcement Rules. (Amended on December 12, 2012; August 27, 2014)

(4) The types and valuation methods of the foreign currencies and foreign securities referred to in paragraph (3) and other necessary matters shall be stipulated in the Enforcement Rules. (Amended on December 12, 2012)

(5) A member shall deposit the member margin (in the case where a non-clearing member entrusts the settlement to a designated clearing member, it shall be the non-clearing member margin) calculated pursuant to paragraph (1), by separating it into the member's own asset and the customer's asset, by 12:00 noon (in the case of non-clearing member margin, it shall be the time set forth in the agreement for settlement entrustment, which is any time before 12:00 noon) of the trading day following the calculation date.

(6) Notwithstanding paragraph (5), in the case of natural disaster, warfare, upheaval, fire in the Market, sudden or expected sudden change in economic conditions or other incidents due to which the Exchange deems it necessary for the market management, it may change the date of deposit or the deadline for deposit, etc. of member margins and non-clearing member margins.

(7) The calculation methods of the amounts of the maximum net loss, credit risk limit and the credit risk loss equivalent under paragraph (1), and other necessary matters concerning the member margins, etc. shall be stipulated in the Enforcement Rules. (Amended on December 30, 2015)

§89. Substitute Securities

(1) The provisions of [§128] shall apply *mutatis mutandis* with regard to the types, prices, etc. of the securities, with which members can make the deposits in lieu of cash pursuant to [§88(3)] (hereinafter referred to as the "substitute securities"). (Amended on December 28, 2016)

(2) Notwithstanding paragraph (1), for the substitute securities of which liquidity, credit ratings and yields, etc. are below the level set by the Exchange, the Exchange may adjust the substitute prices of the substitute securities or may not acknowledge the validity of the substitute securities as stipulated in the Enforcement Rules. (Amended on December 28, 2016)

(3) The Exchange may set limits on the amount of substitute securities by type and issue, with which a member can make deposits, as stipulated in the Enforcement Rules. [December 28, 2016]

(4) Members shall not deposit any securities issued by them as member margins or non-clearing member margins. Provided, that this provision shall not apply to the case where the securities deposited by a customer are the securities issued by them. (Amended on August 27, 2014)

(5) A clearing member may impose necessary restrictions on the types of substitute securities that a non-clearing member, for whom the concerned clearing member is the designated clearing member, can use for the deposit of non-clearing member margins. (Amended on August 27, 2014)

§90. Restrictions on Use of Non-clearing Member Margins

Designated clearing members shall not use the cash, substitute securities, foreign currencies and foreign securities that were deposited as non-clearing member margins by non-clearing members for anyone but the concerned non-clearing members. (Amended on December 12, 2012)

§91. Methods of Deposit and Withdrawal of Member Margins, etc.

(1) The deposit and withdrawal of member margins by clearing members shall be made in a manner classified in each of the following subparagraphs: (Amended on August 27, 2014)

1. In the case of cash or foreign currencies:

The deposit shall be made by depositing the member margins in the account under the name of Exchange that was opened at the bank receiving the settlement amount for

deposit of member margins, and the withdrawal shall be made by transferring the amount from the concerned account under the name of Exchange to the account under the name of the clearing member that was opened at the concerned bank for receipt of member margins.

2. In the case of substitute securities:

The deposit shall be made in such manner that the Exchange attains the right of pledge for the deposited securities, which are registered in the depositor account of the clearing member opened with the Korea Securities Depository ("KSD"), pursuant to the Act and the withdrawal shall be made by way of terminating the concerned right of pledge.

3. In the case of foreign securities:

The deposit shall be made by the book-entry into the account under the name of Exchange that was opened with the KSD for the purpose of depositing the member margin paid with foreign securities, and the withdrawal shall be made by transferring from the concerned account under the name of Exchange to the account under the name of clearing member with the KSD that was opened for the purpose of receiving foreign securities.

(2) The deposit and withdraw of member margins stipulated in paragraph (1) by clearing members shall be made in accordance with the manner stipulated in the Enforcement Rules. (Amended on August 27, 2014)

(3) The provisions of paragraphs (1) and (2) shall apply *mutatis mutandis* with regard to the cases where a non-clearing member makes the deposit and withdrawal of non-clearing member margins with and from its designated clearing member in cash, substitute securities, foreign currency or foreign securities. (Amended on December 12, 2012; August 27, 2014)

§92. Management and Operation of Member Margins

(1) The Exchange shall manage the cash, foreign currencies or foreign securities deposited as member margins individually for each clearing member separately from the Exchange's own asset. (Amended on December 12, 2012)

(2) The Exchange may operate the cash or foreign currencies deposited by the clearing members using any of the methods stipulated in [§362(5)] of the Enforcement Decree of the Act, which secures the convertibility into cash. (Amended on June 8, 2016)

(3) The proceeds and expenses, etc. incurred from the operation of member margins deposited in cash or foreign currencies shall be reckoned in the member margins for each clearing member. (Amended on December 28, 2016)

(4) The matters necessary for the operation of member margins pursuant to paragraph (2) and the method of reckoning the proceeds and expenses, etc. in the member margins pursuant to paragraph (3) shall be stipulated in the Enforcement Rules. [December 28, 2016]

§93. Withdrawal of Member Margins, etc.

(1) In the event that a clearing member has deposited the member margin in excess of the amount specified in [§88(1)], the clearing member may withdraw the amount equivalent to the excess amount.

(2) In the event that a non-clearing member has deposited the non-clearing member margin in excess of the amount specified in [§88(2)], the non-clearing member may withdraw the amount equivalent to the excess amount.

§93-2. Imposition of Intraday Margins

(1) The Exchange may impose on the clearing member the member margin that is calculated at a specific time during a regular session (hereinafter referred to as the "intraday margin" and in cases where a non-clearing member has entrusted its settlement to a designated clearing member, it shall be referred to as the "non-clearing member intraday margin").

(2) In the case of having been imposed with the intraday margin pursuant to paragraph (1), a clearing member shall deposit the amount that is higher than the amount of intraday margin in the Exchange by the time specified in the Enforcement Rules.

(3) In the case of paragraph (1), a non-clearing member shall deposit the amount set by the designated clearing member, which is larger than the amount of intraday margin, as a non-clearing member intraday margin in the designated clearing member by the time specified in the Enforcement Rules.

(4) Member may deposit the intraday margins or non-clearing member intraday margins noted in paragraph (1) with cash, substitute securities, foreign currency or foreign securities.

(5) The methods of calculation, imposition and deposit of intraday margins pursuant to paragraph (1) and other necessary matters concerning intraday margins shall be stipulated in the Enforcement Rules.

[July 3, 2013]

§93-3. Cancellation of Imposition of Intraday Margins

(1) Notwithstanding the provisions of [§93-2], if it deems that the imposition of intraday margin is unnecessary in view of the change in market conditions, etc., the Exchange may cancel the imposition of intraday margins.

(2) In cases when the Exchange cancels the intraday margin imposed on the clearing member, the designated clearing member shall cancel the imposition of non-clearing member intraday margins.

[July 3, 2013]

CHAPTER II. CLEARING AND SETTLEMENT BETWEEN THE EXCHANGE AND THE MEMBERS

Section 1. Common Provisions

§94. Verification of Trades for Which Obligations are to be assumed

When intending to assume the obligations of a member after executing a trade, the Exchange shall verify the details of the trade that is the basis of obligations to be assumed. In this case, if the trade details were changed subsequent to the correction, adjustment and cancellation of trades pursuant to [§81], [§81-2] and [§81-3], the details of the corrected trade shall be verified. (Amended on August 27, 2014)

[December 29, 2009]

§94-2. Assumption of Obligations under Novation Arrangement

(1) For the trade verified pursuant to [§94], the Exchange shall assume the obligations that the member has to the member who is the counterparty of the trade and the concerned member bears the obligations that the Exchange assumed for it. (Amended on December 29, 2009; July 3, 2013; August 27, 2014)

(2) The member who transferred its obligations to the Exchange pursuant to paragraph (1) shall be relieved of the liability it had to the counterparty member before the transfer of obligations. (Amended on December 29, 2009)

§95. Canceling out Matching Quantities in Bids and Offers

By assuming that, of the execution quantities of bid and offer quotations (including the open interests of the previous trading day) of the same contract for each derivatives account, the matching quantities have been offset, the Exchange shall cancel them out. However, this provision shall not apply to the omnibus accounts for foreigners under [§110-2(1)]. (Amended on May 2, 2017)

Section 2. Methods for Settlement of Futures Trades

§96. Daily Marking-to-Market and Settlement Prices

(1) The Exchange and clearing members, and designated clearing members and non-clearing members shall settle each of futures contracts traded using the settlement prices as at the market closing time on each trading day. In this case, the contracts traded during the trading hours on CME Globex shall be settled by including them in the regular session opened after

the closing of trading hours of the CME Globex. (Amended on September 23, 2009)

(2) The settlement price noted in paragraph (1) shall be the execution price established most recently during the regular trading hours for each contract (excluding the execution price of a delivery month trade which is deemed to be executed as a result of the execution of futures spread trade and the execution price of the negotiated trading; the same hereinafter). However, in the case of a contract of which execution price is not available or exceeds the price of underlying asset by a certain level, or in the case that is deemed necessary for market management, the price set in the Enforcement Rules shall be the settlement price. (Amended on March 4, 2009; September 23, 2009, June 24, 2015; February 8, 2017)

§97. Payment and Receipt of Settlement Difference for the Day's Trade

(1) On each trading day, clearing members shall pay to or receive from the Exchange the amount (hereinafter referred to as the "settlement difference of for the day's trade") calculated by multiplying the difference between the execution price of the day (including the execution price of the previous day for the trade on CME Globex) and the settlement price of the day by the execution quantity and multiplier. (Amended on September 23, 2009)

(2) Non-clearing members shall pay to or receive from the designated clearing member the settlement difference for the day's trade.

§98. Payment and Receipt of Settlement Difference for Previous Day's Open Interests

(1) Clearing member shall pay to or receive from the Exchange the amount calculated (hereinafter referred to as the "settlement difference for previous day's open interests") by multiplying the difference between the settlement price of the previous day and the settlement price of the today's trade by the quantity of open interests as of the market closing time of previous day and multiplier. However, in case where the underlying stock has ex-dividends, etc. or when it is deemed necessary, it shall be calculated according to the stipulations in the Enforcement Rules. (Amended on September 23, 2009; August 27, 2014)

(2) Non-clearing members shall pay to or receive from the designated clearing members the settlement differences for previous day's open interests.

Section 3. Methods for Settlement of Options Trades

§99. Payment and Receipt of Option Premium

(1) Clearing members shall pay to and receive from the Exchange the amount (hereinafter referred to as the "option premium") calculated by multiplying the execution price by the execution quantity and multiplier for each option traded.

(2) Non-clearing members shall pay to and receive from the designated clearing member the option premium.

§100. Reporting of Option Exercise

(1) When intending to exercise options, members shall report to the Exchange the exercise quantity per contract in accordance with each of the following classifications, by the reporting deadline:

1. Classification of the trading on a member's own account and the trading on an account of a person other than the member; and

2. Classification of customers (in the case of receiving an entrustment from an investment broker, the customer who has entrusted to the concerned investment broker shall be included).

(2) Notwithstanding paragraph (1), any contract corresponding to any of the following subparagraphs (hereinafter referred to as the "loss contract") shall not be reported: (Amended on August 27, 2014)

1. Call option contract of which the base price for exercise settlement is lower than the exercise price; and

2. Put option contact of which the base price for exercise settlement is higher than the exercise price.

(3) Notwithstanding paragraph (1), in the case of a contract that falls under any of the following subparagraphs (hereinafter referred to as the "gain contract"), it shall be deemed that the reporting pursuant to paragraph (1) has been made. [Proviso deleted on July 3, 2013]

1. Call options, for which the value resulted from subtracting the exercise price from the base price for exercise settlement is higher than the value (hereinafter referred to as the "deemed value of reported option exercise") stipulated in the Enforcement Rules; and

2. Put options, for which the value resulted from subtracting the base price for exercise settlement from the exercise price is higher than the deemed value of reported option exercise.

(4) In cases where a non-clearing member has reported the option exercise pursuant to paragraphs (1) through (3), such non-clearing member shall notify the concerned report details to the designated clearing member without delay. (Amended on July 3, 2013)

(5) The reporting deadline in paragraph (1), reporting method in paragraphs (1) through (3) and notification method pursuant to paragraph (5) and other necessary matters shall be stipulated in the Enforcement Rules. (Amended on August 27, 2014)

§101. Allotment of Option Exercise

(1) The Exchange shall, in accordance with the classifications specified in each subparagraph of [§100(1)], randomly allot the quantity of each contract for which option exercise has been

reported pursuant to [§100] to the open short interest positions of the concerned contract in such manner as stipulated in the Enforcement Rules, and notify the member concerned of the allotted quantity without delay.

(2) Upon receiving the notification noted in paragraph (1), a non-clearing member shall notify the details of the notification to the designated clearing member without delay.

(3) The method of notification of the allotment of option exercise pursuant to paragraph (1) shall be stipulated in the Enforcement Rules.

§102. Expiration of Options

From among the options of which the last trading day has arrived, the options that have not been exercised or allotted, thus remain as open interests shall be deemed to be expired after the allotment of option exercise is completed.

Section 4. Settlement by Netting and Settlement Deadline, etc.

§103. Netting and Determination of Net Cash Balance and Net Underlying Asset Balance

(1) The Exchange shall determine the cash amount (hereinafter referred to as "the net cash balance" in this Section) that a member receives from and delivers to the Exchange by netting the total amount of payable and total amount of receivable for the settlement difference for the day's trade, the settlement difference for the previous day's open interests, option premium, the final settlement difference, the final settlement amount, and the exercise difference, for which the settlement dates and deadlines are the same. (Amended on December 29, 2009; July 3, 2013)

(2) The underlying asset (hereinafter referred to as "the net underlying asset balance" in this Section) that a clearing member receives from and delivers to the Exchange shall be determined by netting the total quantity of underlying asset to be delivered and total quantity of underlying asset to be received, for which the settlement dates and deadlines are the same. (Amended on December 29, 2009)

(3) A designated clearing members shall acquire and bear the final claims and obligations of the non-clearing member with whom it has entered the agreement for settlement entrustment and the concerned non-clearing member shall acquire and bear the same claims and obligations for the designated clearing member. (Amended on December 29, 2009; August 27, 2014)

(4) The settlement dates and deadlines noted in paragraphs (1) and (2) shall be each of the following dates and time. (Amended on December 29, 2009)

1. In the case of settlement difference for the day's trade and settlement difference for previous day's open interests:

16:00 on the day after the day the concerned net cash balance has resulted.

2. In case of option premium:

16:00 on the day after the day the concerned option trade was executed.

3. In the case of the final settlement difference, final settlement amount, exercise difference, and underlying asset:

16:00 on the final settlement day in case of derivatives trade where cash is paid and received, and the time specified in the Enforcement Rules on the final settlement day or exercise settlement day in case of derivatives trade where underlying asset is delivered and received.

(5) Notwithstanding paragraph (4), if it is deemed necessary for the market management, the Exchange may change the settlement date or settlement deadline. [December 29, 2009]

(6) Notwithstanding paragraphs (1) and (2), the Exchange may adjust net cash balance and net underlying asset balance, in the case where large-sized erroneous trades by investor noted in [§81-2(1)]. [June 3, 2014]

(7) The calculation methods of the net cash balance and the net underlying asset balance pursuant to paragraphs (1) and (2) shall be stipulated in the Enforcement Rules. (Amended on December 29, 2009)

§103-2. Notification of Settlement Details

The Exchange shall transmit the details of net cash balance and net underlying asset balance determined pursuant to [§103] (hereinafter referred to as the "settlement details") to the member derivatives systems or derivatives terminal devices through the Exchange derivatives system or notify the settlement details to the members via other methods. [December 29, 2009]

§104. Receipt and Delivery of Net Cash Balance and Net Underlying Asset Balance

(1) Clearing member shall pay the net cash balance and deliver the net underlying asset balance notified to the Exchange by the settlement deadline noted in [§103(4)], and the Exchange shall pay or hand over them to the clearing members according to [§105-2]. (Amended on December 29, 2009)

(2) The delivery and receipt of net cash balance and net underlying asset balance between clearing members and the Exchange under paragraph (1) shall be accomplished according to the methods noted in each of the following subparagraphs: (Amended on October 21, 2015; February 8, 2017)

1. In the case of net cash balance:

Cash transfer between the account under the clearing member name and the account under the Exchange's name that have been opened in the settlement bank for the settlement of net cash balance.

2. In the case of net underlying asset balance of currency futures and FLEX futures among the currency derivatives trades:

The methods noted in [§48(3)] and [§64-5(2)]

3. [Deleted on October 21, 2015]

(3) Non-clearing member and designated clearing members shall deliver and receive the net cash balance and net underlying asset balance by the time specified in each of the following subparagraphs: (Amended on December 29, 2009)

1. In cases where the non-clearing member pays to the clearing member:

The time specified in the agreement for settlement entrustment, which is before the delivery deadline stipulated in [§103(4)].

2. In cases where the non-clearing member receives from the clearing member:

The time specified in the agreement for settlement entrustment, which is after the delivery deadline stipulated in [§103(4)].

(4) The matters necessary for the designation of settlement banks and termination thereafter shall be stipulated in the Enforcement Rules. (Amended on December 29, 2009)

§104-2. Settlement Finality of Net Cash Balance and Net Underlying Asset Balance

In cases where the clearing member paid the net cash balance or net underlying asset balance to the Exchanges pursuant to [§104], the clearing member shall not cancel the payment. [June 13, 2014]

§104-3. Identification and Management of Settlement Risk

(1) When it is understood that the efficient settlement is difficult, the clearing member shall notify such fact to the Exchange.

(2) For the reliable and efficient settlement, the Exchange shall monitor and manage the risks affecting the settlement of clearing member.

(3) The details and time of notification noted in paragraph (1), identification and management of settlement risks of clearing member noted in paragraph (2) and other necessary matters shall be stipulated in the Enforcement Rules.

[December 29, 2009]

§105. Supply of Liquidity for Settlement Guarantee, etc.

(1) In cases where a clearing member fails to deliver the net cash balance by the settlement deadline noted in [§103(4)], the Exchange shall immediately supply the liquidity from the financial resources for settlement by the settlement deadline. However, this provision shall not apply to the case where the Exchange deems that it is difficult to supply the liquidity because of such reasons as the failure in computer system of the settlement bank and other unavoidable situation. [December 29, 2009]

(2) In cases where a clearing member who is obligated to deliver the underlying asset has failed to deliver the underlying asset to the Exchange, the Exchange shall immediately purchase the underlying assets and deliver them to the clearing member to whom the underlying asset is due.

(3) Notwithstanding paragraph (2), when it is not possible to deliver the underlying asset due to the shortage of supply or any other unavoidable reasons, the Exchange may substitute the physical delivery by the payment of cash equivalent to the value of underlying asset for each product, which is established on the final settlement day, in such manner as stipulated in the Enforcement Rules. However, when the amount equivalent to the value of underlying asset is less than the final settlement amount, the Exchange shall pay the amount equivalent to the final settlement amount. (Amended on December 29, 2009; July 3, 2013)

(4) In cases where a clearing member receives from the Exchange the amount equivalent to value of underlying asset pursuant to paragraph (3), the concerned clearing member may substitute the delivery of underlying asset by paying the amount received from the Exchange to the non-clearing member. (Amended on December 29, 2009)

(5) In the case of supplying the liquidity pursuant to paragraph (1), or delivering the underlying asset purchased or paying the cash equivalent to the value of underlying asset pursuant to paragraph (2) or (3), the Exchange shall notify such fact to the clearing member without delay. [December 29, 2009]

(6) The types of financial resources for settlement and usage method noted in paragraph (1) and other necessary matters shall be stipulated in the Enforcement Rules. [December 29, 2009]

§105-2. Settlement Instructions

The Exchange shall instruct the parties noted in each of the following subparagraphs to pay the net cash balance or deliver the net underlying asset balance according to the methods noted in [§104(1) and (2)] (hereinafter referred to as the “settlement instruction”) after the settlement deadline. However, in case where all clearing members with the delivery obligation have completed the delivery of the net cash balance or net underlying asset balance, the settlement instruction may be issued when the concerned delivery has been completed. (Amended on August 27, 2014)

1. In the case of net cash balance: The settlement bank

2. In the case of net underlying asset balance: The receivers stipulated in the Enforcement Rules

[December 29, 2009]

§105-3. Loss Caused by Settlement Delay

(1) A clearing member who failed to pay the net cash balance by the settlement deadline shall pay to the Exchange the amount of loss caused by the settlement delay. However, this provision shall not apply to the case of natural disaster, sudden change in the economic condition, failure of computer system of the settlement bank and the case where the Exchange deems it difficult to supply the liquidity until the settlement deadline. (Amended on August 27, 2014)

(2) The methods of calculation and payment of the loss caused by settlement delay noted in paragraph (1) and other matters necessary for levying the loss caused by settlement delay shall be stipulated in the Enforcement Rules.

[December 29, 2009]

§106. Charge of Expenses

Clearing member shall bear all expenses, including the bank service fees, and losses incurred as a result of settlement or non-fulfillment of settlement. In this case, with regard to all expenses and losses incurred in relation with a non-clearing member, the clearing member may charge such expenses and losses to the concerned non-clearing member.

§107. Measures against Non-fulfillment of Settlement Obligations by Clearing Members, etc.

(1) In cases where a clearing member fails to perform the settlement (referring to the payment and receipt of net cash balance and the net underlying asset balance) or the deposit of the member margins and the intraday margins, or is deemed to have a risk of not fulfilling such obligations (hereinafter referred to as “non-fulfillment of settlement”), the Exchange may take the measures noted in each of the following subparagraphs or not to assume the obligations that the concerned clearing member bears until the time specifically determined or the concerned causes are resolved: (Amended on December 29, 2009; July 3, 2013)

1. Suspension of trading privileges in whole or in part, such as the trade causing the increase of quantity of open interests;

2. Suspension of payment, in whole or in part, of the net cash balance and net underlying asset balance that the concerned clearing member is to receive from the Exchange or of the member margin and intraday margin, cash or securities that the concerned clearing member is to receive from the Exchange; and

3. In addition, the measures stipulated in the Enforcement Rules.

[December 29, 2009]

(2) The “cases where a clearing member fails to perform the settlement or the deposit of the member margins or the intraday margins, or is deemed to have a risk of not fulfilling such obligations” in paragraph (1) shall refer to the cases falling under each of the following subparagraphs: (Amended on December 29, 2009; July 3, 2013)

1. Case where the payment suspension is imposed on the clearing member and the application for commencement of rehabilitation procedures is filed and;

2. Case where the bill or check issued has been defaulted or the transaction with bank has been suspended;

3. Case where the business has been suspended by the Financial Services Commission (hereinafter referred to as "the FSC");

4. In the case of the Korean branch office of foreign investment brokerage company or investment dealing company that is engaged in the business of trading exchange-traded derivatives, the case where the head office in foreign country comes under the case equivalent to those noted in paragraphs (1) through (3);

5. Case where a financial fraud or bad loan involving a huge amount has occurred;

6. Case where the liquidity has declined rapidly; and

7. In addition, as a case equivalent to the provisions of subparagraphs 1 through 6, the case where there is a concern about non-fulfillment of settlement obligations.

(3) In cases where a clearing member was imposed of the measures noted in subparagraph 1 due to the non-fulfillment of settlement, the net cash balance, net underlying asset balance, member margins, intraday margins and other cash and securities, of which the payment was suspended pursuant to paragraph (1)2, may be used to collect the claims or offset the net cash balance or net underlying asset balance that the concerned clearing member is obligated to deliver to the Exchange. In this case, it shall be deemed that the benefit of time incurred on the claims and obligations of the clearing member against the Exchange have been lost. (Amended on December 29, 2009; July 3, 2013)

(4) The Exchange may dispose the net underlying asset balance or securities held under the payment suspension pursuant to paragraph (1)2 or purchase the net underlying asset balance using the cash held under the payment suspension pursuant to paragraph (1)2 in the manner determined by the Exchange. [February 11, 2015]

(5) The clearing member against whom the measures pursuant to paragraph (1) have been taken shall notify the customers the details of such measures and other matters that the Exchange deems necessary without delay. [December 29, 2009]

(6) When taking the measures against a clearing member pursuant to paragraph (1), if it is deemed necessary, the Exchange may post its staff to the concerned clearing member to support efficient settlement operation as stipulated in the Enforcement Rules. [December 29, 2009]

§108. Measures against Non-fulfillment of Settlement by Non-clearing Members

(1) In cases where it is deemed that a non-clearing member fails to perform the settlement or the deposit of the non-clearing member margins and the non-clearing member intraday margins, or is deemed to have a risk of not fulfilling such obligations, the designated clearing member may take the measures corresponding to any of the following subparagraphs against the non-clearing member: (Amended on July 3, 2013)

1. Suspension of payment of all or a part of the net cash balance, net underlying asset balance, non-clearing member margin, non-clearing member intraday margin or cash or securities that the non-clearing member is to receive from the clearing member;

2. Imposition of the limit on the quantity of settlement entrustment; and

3. In addition, any other measures specified in the agreement for settlement entrustment.

(2) With respect to the measures under paragraph (1), upon receiving a request from the designated clearing member, the Exchange may suspend the trading activities of the concerned non-clearing member for a specified period of time.

§109. Closing out of Open Interests of Trade-Suspended Members

(1) According to [§107] and [§108], [§36] of the Membership Regulation and [§22] of the Market Oversight Regulation, the Exchange may let a member suspended from trading (hereinafter referred to as the "trade-suspended member") close out its open interests during a specified period of time by using the method falling under any of the following subparagraphs. In this case, the Exchange may change the concerned period if it is deemed necessary. (Amended on August 27, 2014)

1. Sale, purchase, final settlement or option exercise that closes out the open interests (hereinafter referred to as “closing-out of open interests”); or

2. Transfer of open interests to another clearing member (hereinafter referred to as “transfer of open interests”).

(2) In cases where it is deemed difficult for a trade-suspended member to close out the open interests held on its own account by the methods noted in paragraph (1), or such open interests are not closed out within the period of time set forth in paragraph (1), the Exchange may have another clearing member designated by the Exchange to conduct the closing-out of

the open interests. [December 29, 2009]

(3) In cases where it is deemed difficult to close out the open interests of customers held by a trade-suspended member by the methods noted in paragraph (1), or such open interests are not closed out within the period of time set forth in paragraph (1), the Exchange may have another clearing member designated by the Exchange to close out the open interests or to transfer them to another clearing member. (Amended on December 29, 2009)

(4) It shall be deemed that an agreement for entrustment has been established between the trade-suspended member and another clearing member who performs the closing-out of the open interests according to the designation by the Exchange pursuant to paragraphs (2) and (3). [December 29, 2009]

(5) The transfer of open interests pursuant to paragraph (3) shall be made by way of entering into a transaction agreement between the trade-suspended member and the clearing member designated by the Exchange, for the quantity of open interests to be transferred. (Amended on December 29, 2009)

(6) A clearing member who has received the measures under paragraph (1) or (3) shall notify customers of the details of the measures and other matters that the Exchange deems necessary without delay. [December 29, 2009]

(7) The methods of closing-out of the open interests pursuant to the provisions of paragraphs (1) through (3), the methods of handling the entrusted works noted in paragraph (4), the methods of entering into the transaction agreement and the contract price of transaction under paragraph (5) and the methods of transferring the customer assets in relation to the open interests, and other necessary matters concerning the closing-out and transfer of open interests shall be stipulated in the Enforcement Rules. (Amended on December 29, 2009)

§109-2. Termination of Measures taken against Non-fulfillment of Settlement

(1) In cases where the Exchange has suspended a clearing member from trading without specifying the suspension period pursuant to [§107(1)], the concerned clearing member may request the Exchange for termination of the trade suspension when the cause for the suspension has been resolved.

(2) Upon receiving a request for termination of trade suspension under paragraph (1), the Exchange may terminate the concerned trade suspension if the termination of such measure is deemed appropriate.

[December 29, 2009]

PART V. ENTRUSTMENT OF TRADES

CHAPTER I. CONDITIONS OF ENTRUSTMENT

Section 1. Opening of Derivatives Accounts and Delivery of Service Agreement, etc.

§110. Opening of Derivatives Accounts

(1) When accepting an entrustment of orders from a customer, a member shall open a derivatives account for the customer before accepting the order and provide the derivatives account number to the customer as stipulated in the Enforcement Rules. (Amended on August 27, 2014)

(2) When intending to open a derivatives account for a customer pursuant to paragraph (1), a member shall enter into an agreement for opening a derivatives account in a written form (including an electronic message with the certified digital signature prescribed in "Digital Signature Act"; the same hereinafter) with the customer, which includes the matters noted in each of the following subparagraphs. However, in cases where it is judged inappropriate for the customer to conduct trades in view of the customer information noted in [§114/3], the member shall not enter into the agreement for opening a derivatives account with such customer. (Proviso amended on August 27, 2014) (Amended on October 21, 2015)

1. The statement that the member and the customer open the derivatives account for the purpose of trading in the Market; and

2. The statement that the customer consents to the terms and conditions of service agreement concerning the entrustment of trade in the Market (hereinafter referred to as "the derivatives service agreement"), which was prepared by the member in advance.

(3) In cases where a customer who opened the derivatives account pursuant to paragraphs (1) and (2) opens an additional account, the matters necessary for the delivery of derivatives service agreement and derivatives risk warning statement noted in [§113] shall be stipulated in the Enforcement Rules.

§110-2. Opening of Omnibus Accounts for Foreigners

(1) Members may open a derivatives account (hereinafter referred to as the "omnibus accounts for foreigners") for a foreign financial investment business entity (referring to a person who legitimately runs business corresponding to investment trading, investment brokerage or collective investment business in a foreign country in accordance with the statues of the foreign country; the same hereinafter), through which the order placement and trade settlement can be made en bloc for the derivatives trading of other foreign investors.

(2) When opening or changing omnibus accounts for foreigners noted in paragraph (1), members shall report the matters concerning the account to the Exchange.

(3) The foreign financial investment business entities and the foreign investors noted in paragraph (1), the report of omnibus accounts for foreigners specified in paragraph (2), the margins, the settlement amounts, the open interests, and other matters necessary for the management of omnibus accounts for foreigners shall be stipulated in the Enforcement Rules.

[May 2, 2017]

§110-3. Publication and Explanation of Order Entrustment Methods, etc.

(1) Members shall determine the matters concerning the methods of entrustment and handling of orders, the service conditions and fees thereof, etc. (hereinafter referred to as the "order entrustment methods, etc.). In this case, the members shall not restrict the service conditions or charge differential fees without reasonable grounds. (Amended on August 27, 2014)

(2) In cases where a member determines or amends the order entrustment methods, etc. mentioned in paragraph (1), the member shall publically announce such fact in advance.

(3) When entering into an agreement for opening of derivatives accounts with a customer, a member shall explain to the customer the matters concerning the order entrustment methods, etc. mentioned in paragraph (1), so that the customer would be able to choose the entrustment method appropriate for him/her.

(4) The details of the order entrustment methods, etc. and the matters necessary for the public announcement thereof under paragraphs (1) and (2) shall be stipulated in the Enforcement Rules.

[July 6, 2011]

§111. Mandatory Descriptions of Derivatives Service Agreements

(1) Members shall describe the matters noted in each of the following subparagraphs in the derivatives service agreements, to an extent that they do not contradict the laws concerning the derivatives trade and decrees thereof, the Membership Regulation and Market Oversight Regulation of the Exchange, this Regulation and any other relevant trade rules and regulations (hereinafter referred to as the "laws and regulations concerning derivatives"). (Amended on September 23, 2009; April 29, 2015; May 2, 2017)

1. Matters concerning the compliance with the laws and regulations concerning derivatives and the measures taken pursuant to the laws and regulations concerning derivatives;

2. Matters concerning the refusal to accept an entrustment;

3. Matters concerning the designated clearing members;

4. Matters concerning deposit of the basic deposit;

5. Matters concerning deposit of customer margins;

6. Matters concerning the restriction on the use of substitute securities and foreign securities;

7. Additional deposit of customer margin (referring to additional deposit of daily customer margin pursuant to [§137] or additional deposit of intraday customer margin during the regular session pursuant to [§137-2]; the same hereinafter);

8. Matters concerning collection of brokerage commission fees;

9. Matters concerning the restriction on and responsibility for the delivery of underlying assets;

10. Matters concerning the advance deposit of the final settlement amount and underlying assets;

11. Matters concerning changes in the settlement conditions of customers, re-calculation of the final settlement price, etc. and restriction of the right to claim damage compensation;

12. Matters concerning the notification of additional deposit of customer margins and other notifications to customers;

13. Matters concerning the refusal of entrustment in the case where the risk of customer subject to the ex-post customer margin according to [§133(4)] has exceeded the exposure limit;

14. Matters concerning the charge for excessive quotations pursuant to [§156-2(2)];

15. Matters concerning the conclusion of trading of equity derivatives pursuant to [§77];

16. Matters concerning the resolution of large-sized erroneous trades by investors under [§81- 2];

17. Matters concerning the cancelation of trades under [§81-3];

18. Matters concerning opening and management of omnibus accounts for foreigners, order placement and settlement through omnibus accounts for foreigners, etc.; and

19. Other matters concerning the rights and obligations of customers that the member deems necessary.

(2) In the case of preparing the derivatives service agreement or amending the details thereof for the purpose of using it as a part of the agreement for opening the derivatives account, the member shall notify the Exchange of the concerned derivatives service agreement without

delay. However, this provision shall not apply to the case where the member uses the standard agreement specified by the Korea Financial Investment Association as the derivatives service agreement. (Amended on April 29, 2015)

(3) When it is judged that the details of derivatives service agreement notified by a member contradict the laws and regulations concerning derivatives or the principle of good faith or inadequate to protect the customer, the Exchange may request the member to amend the details of concerned derivatives service agreement.

§112. Explanation and Delivery of Material Contents of Derivatives Service Agreement

When entering into an agreement for opening a derivatives account with a customer, a member shall explain the key details of the derivatives service agreement to the customer and deliver to the customer a copy of concerned derivatives service agreement.

§113. Delivery of Derivatives Risk Warning Statement, etc.

(1) When intending to enter into an agreement for opening a derivatives account with a customer, a member shall delivery to the concerned customer in advance a written statement describing the matters noted in each of the following subparagraphs (hereinafter referred to as the "derivatives risk warning statement") and provide the sufficient explanation thereof:

1. Possibility of incurring losses exceeding the customer margin;

2. Likelihood of having to deposit additional customer margin;

3. In cases where the customer fails to deposit the additional customer margin or ex-post customer margin or to settle the trade, the member may close out the open interests of the concerned customer and dispose the substitute securities, foreign currency or foreign securities deposited as customer margin;

4. Possibility of raising the customer margin depending on the market situations;

5. Difficulty in executing the order and closing out of the open interests because of the market conditions or the market measures taken by the Exchange; and

6. In addition, the matters concerning the investor protection that are established by the FSC.

(2) When delivering the derivatives risk warning statement noted in paragraph (1), a member shall collect from the customer a written statement expressing that "the customer takes the responsibility for the investment decision he/she made after carefully considering the derivatives risk warning statement" (hereinafter referred to as the "acknowledgement of receipt of the derivatives risk warning statement").

(3) A customer shall write down his/her name and sign or put his/her seal (including the

certified digital signature prescribed in "Digital Signature Act") on the acknowledgement of receipt of the derivatives risk warning statement. (Amended on October 21, 2015)

§114. Record of Customer Information, etc.

In the case of entering into an agreement for opening the derivatives account with a customer, a member shall confirm the matters specified in each of the following subparagraphs from the customer and keep a record thereof: (Amended on October 21, 2015)

1. Customer's name (in the case of a corporation, the name of the company); resident registration number (in the case of corporation, the corporate registration number, tax payment number or business registration number; in case of foreign investors, the number by which the investor can be identified, including the foreign investor registration number, business registration number or the number on identification card) and password;

2. Customer's address and telephone number (in the case of corporation, the address and telephone number of the business office);

3. Each of the following information about customer:

a. Classification of customers, such as retail investors, institutional investors, corporations and others;

b. Investment purpose of the customer;

c. Investment experiences of the customer;

d. Assets and income level of the customer;

e. Credit standing of the customer; and

f. Additionally, the information that the member deems necessary for understanding of customers.

4. Additionally, other matters specified in the Enforcement Rules.

§114-2. Acceptance of Entrustment of Orders for Trades on CME Globex

(1) When receiving an order entrustment for the trade on CME Globex, a member shall enter into an agreement for order entrustment for the trade on CME Globex in advance in a written form. (Amended on October 21, 2015)

(2) The agreement for order entrustment for trade on CME Globex noted in paragraph (1) shall include the statements on the matters noted in each of the following subparagraphs:

1. Matters concerning the participation in the trade on CME Globex;

2. Matters concerning the total entrustment amount and the restriction on withdrawal of cash deposit related to the trade on CME Globex;

3. Matters concerning the method of order entrustment for the trade on CME Globex; and

4. In addition, matters that are deemed necessary for the trade on CME Globex.

[September 23, 2009]

§115. Retention of Agreement for Opening Derivatives Accounts, etc.

Members shall prepare and maintain the written records concerning the agreement for opening the derivatives account pursuant to [§110], the acknowledgement of receipt of the derivatives risk warning statement noted in [§113(2)] and the record of customer information pursuant to [§114] for the period noted in [§62] of the Enforcement Decree of the Act. (Amended on October 21, 2015)

§116. Fiduciary Duty of Due Care of Members, etc.

(1) In the case of accepting an order entrustment from a customer, a member shall handle the order entrustment with the due care of a good manager. (Amended on July 6, 2011)

(2) With regard to the acceptance of order entrustment, members shall not conduct any acts that may undermine reasonable investment decisions; including investment recommendations that do not take into account the purpose, size and experience of investment of the customer and the provision of unfounded data for judgment on investment, etc.

(3) In the case of having accepted a trade entrustment from a customer, a member shall not conduct a trade on an account in which the member has an interest directly or indirectly before conducting the concerned entrusted trade.

Section 2. Methods and Conditions of Receiving Order Entrustment

§117. Confirmation of Order Details

When accepting an order from a customer, a member shall confirm the order details specified in the Enforcement rules. (Amended on August 27, 2014)

§118. Methods of Receiving Entrustment of Orders

(1) Members may receive the entrustment of orders from customers through the methods falling under any of the following subparagraphs:

1. In written documents;

2. Telephones, telegrams, facsimiles or other methods similar thereto (hereinafter referred to as the “telephone, etc."); and

3. Computers and other electronic communication methods similar thereto (hereinafter referred to as the “electronic communication methods").

(2) When receiving an order entrustment via an electronic communication method, a member shall make sure that the order is routed through the security device specified in the guidelines related to connection to member derivatives system noted in [§8-2(1)]. However, this provision shall not be applied to the cases where there is no concern about harming the transaction security in the course of receiving and processing the order, which are specified in the Enforcement Rules. [July 6, 2011] (Amended on August 27, 2014)

(3) The matters that are necessary for the order entrustment methods noted in each subparagraph of paragraph (1) shall be stipulated in the Enforcement Rules. [July 6, 2011]

§119. [Deleted on July 6, 2011]

§120. [Deleted on July 6, 2011]

§121. [Deleted on July 6, 2011]

§122. Recording of order receipt time, etc.

(1) When receiving an order entrustment from a customer, a member shall record the receipt time on the order slip in case of entrustment through written documents, on order slip or electronic order slip in the case of entrustment by telephone, etc. and in the member’s derivatives system in case of entrustment by using the electronic communication methods.

(2) In the case of accepting an order in written forms or by telephone, etc. from a customer, a member shall input the details of orders, in the sequence of the receipt time into the Exchange derivatives system using the member derivatives systems or derivatives input devices. (Amended on July 6, 2011)

.

(3) Members shall keep and maintain the records of orders received pursuant to paragraph (1) and [§118(1)] for the period specified in [§62] of the Enforcement Decree of the Act. (Amended on July 6, 2011)

(4) [Deleted on July 6, 2011]

§123. Receipt of Order Entrustment for Negotiated Trade

(1) Members may accept the entrustment of orders for negotiated trades noted in each subparagraph under [§75(1)]. (Amended on March 4, 2009)

(2) The matters necessary for receiving the entrustment for negotiated trades pursuant to paragraph (1), including the details to be verified shall be stipulated in the Enforcement Rules. (Amended on March 4, 2009)

§124. Refusal to accept Order Entrustment

(1) In the case of falling under any of the followings, members shall refuse to accept the entrustment of orders:

1. Case of receiving an entrustment from a customer who has failed to deposit the basic deposit;

2. Case of receiving an entrustment of a new order or an order for offsetting trade (referring to a trade where the customer margin increases if the trade is executed) that results in increase of customer margins or customer margins required to be deposited in cash (hereinafter referred to as the "cash deposit requirement") from a customer who has failed to make additional deposit of customer margin or fulfill the settlement obligations or has failed to deposit the ex-post customer margins by the deposit deadline. However, the cases stipulated in the Enforcement Rules shall be excluded;

3. Cases of receiving the entrustment of a trade that raises the quantity of net open interests over the position limits specified in [§154]. However, in the case of [§154(1)1a], it shall be as stipulated in the Enforcement Rules; and

4. Other cases of receiving the entrustment of trades stipulated in the Enforcement Rules.

(2) When calculating the quantity of open interests or the quantity of entrustment of ask or bid orders pursuant to paragraph (1)3, if it was found that the same customer holds the open interests or has placed an order through the account opened with another investment broker, the quantity of such open interests or entrustment shall be included in the calculation.

(3) In cases where it is deemed necessary for the protection of public interest and investors or the maintenance of trading order in the Market and the acceptance of order entrustment is deemed inappropriate in view of the credit standing and financial conditions of the customer, the member may refuse to accept the entrustment of orders.

(4) When refusing to accept the entrustment of orders pursuant to paragraphs (1) and (3), members shall record the reasons for the refusal on order slips, electronic order slips and other documents where the order details are recorded, and notify such fact to the customer immediately.

§125. Notification of Trade Details to Customers

(1) When an order entrusted by a customer has been executed, the member shall notify the customer of the details of the trade without delay. In this case, the details to be notified and

other matters necessary for the notification shall be stipulated in the Enforcement Rules.

(2) Members shall notify the monthly summary of trade details and the account balance at the end of a month to the customer who has a record of trading during the month by the 20th day of the following month, and the account balance at the end of a semiannual period to the customer who has no record of trading during the semiannual period by the 20th day after the end of the semiannual period, as provided by the FSC. (Amended on August 27, 2014)

(3) In cases where a member has sent the trade details noted in paragraph (1) and the monthly summary of transaction details, the month-end account balance and the half-year-end account balance noted in paragraph (2) to the address (in the case of a corporation, the office address) specified by the customer by mail or the electronic communication methods, etc., it shall be deemed that the notification has been made.

(4) The person who has notified the trade details pursuant to paragraph (1) shall record the details of the notification on the order slips or electronic order slips and write down his/her name and sign or put his/her seal thereon. However, this provision shall not apply to the case of a notification by the electronic communication methods.

CHAPTER II. CUSTOMER MARGINS

Section 1. General Provisions

§126. Definitions

(1) The "entrustment amount" in this Chapter shall refer to the amount calculated by multiplying the entrustment price (in cases of market order, limit-to-market-on-close order and immediately executable limit order, it shall be the price stipulated in the Enforcement Rules) by the entrustment quantity and multiplier. (Amended on August 27, 2014)

(2) The "execution amount" in this Chapter shall refer to the amount calculated by multiplying the execution price by the execution quantity and multiplier.

§127. Basic Deposit

(1) When receiving an entrustment of order from a customer who holds no open interests (referring to the customer for each derivatives account opened with the concerned member, and in the case of receiving an entrustment from an investment broker, the customer for each derivatives account opened with the concerned investment broker shall be included; the same hereinafter), a member shall, while taking into account the soundness of financial conditions and credit standing, etc. of the customer, collect in advance the amount of cash, substituted securities or foreign currencies that exceeds the amount stipulated in the Enforcement Rules

(hereinafter referred to as the "basic deposit amount") as the basic deposit. (Amended on December 12, 2012; August 27, 2014)

(2) The open interests shall be deemed to exist until the settlement deadline noted in [§150] arrives, even after the concerned open interests have been closed out as a result of the sale or purchase that closes out the open interests, or the arrival of the last trading day.

(3) Notwithstanding paragraph (1), in the case of receiving an entrustment of order from a customer having a derivatives account corresponding to any of the following subparagraphs, members may not collect the basic deposit: (Amended on May 2, 2017)

1. A derivatives account through which ex-post customer margins are deposited; and
2. A derivatives account that is only for hedging the deposited assets (hereinafter referred to as the "hedge-dedicated account")

(4) The types and the appraisal of foreign currencies and foreign securities noted in paragraph (1), opening of the hedge-dedicated accounts noted in subparagraph 2 under paragraph (3), the scope of deposited assets, transaction limits, and other necessary matters shall be stipulated in the Enforcement Rules. (Amended on December 12, 2012; May 2, 2017)

§128. Types and Prices, etc. of Substitute Securities

(1) The substitute securities shall be the securities corresponding to any of the following subparagraphs: (Amended on July 3, 2013)

1. The stocks designated as substitute securities pursuant to the KOSPI Market Business Regulation;

2. The stocks designated as substitute securities pursuant to the KOSDAQ Market Business Regulation;

2-2. The stocks designated as a substitute securities pursuant to the KONEX Market Business Regulation; and

3. Additionally, the securities stipulated in the Enforcement Rules.

(2) Unless otherwise stipulated in the Enforcement Rules, the method of calculating the price of substitute securities (hereinafter referred to as the "substitute price"), the calculation timing, the base price and the appraisal rate of substitute securities, and other matters necessary for the management and restriction of substitute securities shall be as stipulated in the KOSPI Market Business Regulation, the KOSDAQ Market Business Regulation and the KONEX Market Business Regulation. (Amended on July 3, 2013; September 11, 2013; August 27, 2014)

§129. Establishment and Cancellation of the Right of Pledge of Substitute Securities

When a member receives the substitute securities from a customer, the member shall acquire the right of pledge of the concerned securities in accordance with the provisions of the Act and when delivering the deposited substitute securities to the customer, the concerned member shall cancel the concerned right of pledge. (Amended on August 27, 2014)

§129-2. Deposit and Return of Foreign Securities

When accepting the deposit of the foreign securities from a customer, a member shall make the book-entry of the deposit in the account under its name opened with the KSD and when returning the foreign securities to the customer, the member shall return it by transferring the foreign securities deposited in its account to the account specified by the customer.

[December 12, 2012]

§130. Restrictions on Use of Substitute Securities and Foreign Securities

(1) A member may use the substitute securities or foreign securities deposited by a customer as member margins or non-clearing member margins, with a prior consent in writing. (Amended on December 12, 2012)

(2) In cases where a customer submits a written consent expressing that "the customer authorizes the member to deposit the substitute securities or foreign securities, which have been deposited as of today or will be deposit in the future, with the Exchange as the member margin or with the designated clearing member as the non-clearing member margin", it shall be deemed that the consent noted in paragraph (1) has been obtained. (Amended on December 12, 2012)

§131. Mixed Safekeeping of Substitute Securities and Foreign Securities, etc.

(1) Members may store the substitute securities or foreign securities in safe mixed by issue. (Amended on December 12, 2012)

(2) When returning the substitute securities or foreign securities, members may return them with the same issue. (Amended on December 12, 2012)

(3) A customer who has deposited the substitute securities or foreign securities with a defect in rights shall replace them with the substitute securities or foreign securities with no defect without delay. (Amended on December 12, 2012)

Section 2. Deposit of Customer Margins

§132. Deposit of Customer Margin per Derivatives Account

(1) Members shall collect the customer margins for each derivatives account of customers.

(2) The customer margins noted in paragraph (1) shall be divided into the customer margin collected before accepting the entrustment of order from the customers (hereinafter referred to as the "upfront initial customer margin") and the customer margin collected after closing of the regular sessions (hereinafter referred to as the "ex-post customer margin").

(3) The customer margins noted in paragraph (2) shall be deposited in cash. However, the customer margins, other than the cash deposit requirement may be deposited in substitute securities, foreign currencies or foreign securities instead of cash. (Amended on July 6, 2011; December 12, 2012)

(4) The deposit deadline of ex-post customer margins noted in paragraph (2) shall be the time of the day or the time before 10:00 of the next trading day set by the member. [January 26, 2011]

§133. Application and Management of Ex-post Customer Margins

(1) Members shall apply the ex-post customer margins to the institutional investors who meet the requirements set forth in the Enforcement Rules and are deemed to have sufficient ability to perform the settlement in view of financial soundness, credit standings, holding status of open interests and market conditions, etc. (hereinafter referred to as the "qualified institutional investors"), while applying the upfront initial customer margins to all customers other than the qualified institutional investors. (Amended on January 26, 2011; August 27, 2014)

(2) Members shall establish the maximum risk exposure amount that a customer can hold during a session for each ex-post customer margin account (hereinafter referred to as the "risk exposure limit"). In this case, the risk exposure limit shall not exceed the amount that is five (5) times the total deposit amount (it may include the sales amount of substitute securities for which the settlement deadline has not come; the same hereinafter in this Article). (Amended on January 26, 2011; July 6, 2011; July 3, 2013)

(3) Members shall identify whether the risk exposure amount calculated according to the method specified in the Enforcement Rules exceeds or is likely to exceed the risk exposure limit, and if exceeded, shall inform such fact to the customer without delay. [January 26, 2011] (Amended on July 3, 2013)

(4) If a member is entrusted with an order from a customer who has exceeded the risk exposure limit, the member shall deny the entrustment without delay. However, this provision shall not apply to the cases specified in the Enforcement Rules. [January 26, 2011] (Amended on July 6, 2011; July 3, 2013)

(5) The criteria for selecting the qualified institutional investors noted in paragraph (1), the method of determining the risk exposure limit for each ex-post customer margin account noted in paragraph (2) and the refusal of entrustment in the case of exceeding the risk exposure limit noted in paragraph (4) and other matters necessary for the risk management of

qualified institutional investors (hereinafter referred to as the "guidelines for risk management of qualified institutional investors") shall be determined by the members. [January 26, 2011] (Amended on July 3, 2013)

(6) When establishing or amending the guidelines for risk management of qualified institutional investors noted in paragraph (5), a member shall notify to the Exchange by the time specified in the Enforcement Rules. [January 26, 2011]

(7) The necessary matters concerning the guidelines of risk management of qualified institutional investors noted in paragraph (5) and the application and management of the ex-post customer margin shall be stipulated in the Enforcement Rules. [July 6, 2011]

§134. Upfront Initial Customer Margin

(1) The upfront initial customer margin shall not be less than the sum of the amounts in the following subparagraphs. However, in cases where the concerned order increases or decreases the net exposure of the customer above or below a certain level, it shall be the amount specified in the Enforcement Rules. (Amended on August 27, 2014)

1. For the order entrusted, the amount specified in each of following items:

   a. In the case of futures trades: The amount calculated by multiplying the customer margin rate by the entrustment amount;

   b. In the case of options purchase: The entrustment amount;

   c. In the case of options sale: The amount obtained by multiplying the multiplier by the price stipulated in the Enforcement Rules and the entrustment quantity; and

   d. In the case of futures spread trades: The amount calculated by multiplying the customer margin per futures spread contract by the entrustment quantity.

2. The upfront net exposure customer margins; and

3. The provisional settlement amount

4. [Deleted on July 6, 2011]

(2) The customer margin rates in paragraph (1)1a, the amount of customer margin per futures spread contract in paragraph (1)1d, the upfront net exposure customer margins in paragraph (1)2, the provisional settlement amount in paragraph (1)3, the criteria and methods of calculating the cash deposit requirement to be deposited as the upfront initial customer margin, and other necessary matters concerning the upfront customer margins shall be stipulated in the Enforcement Rules. (Amended on September 23, 2009; July 6, 2011; December 12, 2012)

§135. Ex-post Customer Margins

(1) The ex-post customer margin shall not be less than the ex-post customer margin for net exposure. (Amended on September 23, 2009; December 28, 2011)

(2) When collecting the ex-post customer margins for hedge and arbitrage, the amount lower than the amount for other trades, but higher that the amount stipulated in the Enforcement Rules, may be collected.

(3) The ex-post customer margin for net exposure in paragraph (1), the scope of arbitrage and hedge in paragraph (2) and the cash deposit requirement to be deposited as the ex-post customer margin and other necessary matters concerning the ex-post customer margins shall be stipulated in the Enforcement Rules. (Amended on September 23, 2009; July 6, 2011)

Section 3. Payment, Appropriation, Additional Deposit, etc. of Customer Margins

§136. Payment and Appropriation of Customer Margins

(1) In cases where the total amount deposited by a customer (referring to the sum of the amount of cash deposit, the substitute value of the substitute securities and the valuation amount of foreign currencies and foreign securities; the same hereinafter) exceeds the amount of customer margins or the cash deposit exceeds the cash deposit requirement, a member may return the amount not exceeding the amount exceeded to the customer or appropriate it as the customer margin to be collected from the customer. (Amended on July 6, 2011; December 12, 2012)

(2) The criteria and methods for calculating the amount of payment or appropriation in paragraph (1), payment restrictions and other necessary matters shall be stipulated in the Enforcement Rules. (Amended on September 23, 2009)

§137. Additional Deposit of Daily Customer Margins

(1) In cases where, as at the market closing, the total amount deposited by a customer to whom the upfront initial margin is applied is less than the amount of maintenance customer margin or the amount of cash deposited is less than the maintenance cash deposit requirement, members shall collect additional customer margins. (Amended on September 23, 2009; July 6, 2011; July 3, 2013)

(2) When intending to collect additional customer margins pursuant to paragraph (1), a member shall notify without delay the customer of the amount of additional customer margin.

(3) The deadline for the deposit of additional customer margins noted in paragraphs (1) and (2) shall be 12:00 noon on the trading day following the day when the shortage has occurred.

(4) Notwithstanding paragraph (3), when it is deemed necessary for the market management, the Exchange may change the date or deadline of the additional deposit of customer margins.

(5) Notwithstanding paragraphs (3) and (4), when there is a possibility that a customer may fail to fulfill the settlement obligation in view of the customer's purpose of investment and investment experience, asset and income level, credit standings and holding status of open interests or the market conditions, the member may advance the deadline for deposit of additional customer margins.

(6) The criteria and methods for calculating the amounts of the total deposit, the customer maintenance margin, the cash deposited, the maintenance cash deposit requirement, the additional customer margin noted in paragraph (1) and other necessary matters shall be stipulated in the Enforcement Rules. (Amended on July 6, 2011; July 3, 2013)

§137-2. Additional Deposit of Customer Margins during Trading Sessions

(1) In cases where the total amount of deposit of a customer is less than the amount of the intraday maintenance customer margin based on the cases specified in the Enforcement Rules during a regular session, members shall collect the additional customer margins.

(2) When intending to additionally collect the customer margins pursuant to paragraph (1), a member shall inform the customer of the amount of additional deposit without delay.

(3) In cases where a member recognizes that additional deposit of customer margin is unnecessary as specified by the Enforcement Rules after the notification is made pursuant to paragraph (2), the member may notify of the release of the additional deposit under paragraph (1).

(4) The criteria and methods for calculating the total amount of deposit, the amount of intraday maintenance customer margin, the amount of additional deposit noted in paragraph (1), the deadline of additional deposit, the release of additional deposit under paragraph (3), and other necessary matters shall be stipulated by the Enforcement Rules.

[April 29, 2015]

§138. Measures against Non-deposit of Additional Customer Margins, etc.

(1) In cases where a customer fails to make the additional deposit of customer margin or to deposit the ex-post customer margin, the member may, with the due diligence of good manager, conduct the purchase or sale that closes out the open interests held by the concerned customer or sell the substitute securities, foreign currencies or foreign securities deposited as customer margins as stipulated in the Enforcement Rules. (Amended on December 12, 2012)

(2) In cases where a shortage remains after having conducted the purchase or sale that closes out the open interests held by the concerned customer or sold the substitute securities, foreign currencies or foreign securities deposited as customer margins pursuant to paragraph (1), the

member may request the concerned customer to pay the amount of concerned shortage. (Amended on December 12, 2012)

§139. Restrictions on Use of Customer Margins

Members shall not use the cash, substitute securities, foreign currencies or foreign securities deposited by customers for the purposes other than the settlement and deposit of member margins or non-clearing member margins, which are related to the trades of concerned customer, or the purposes prescribed by the FSC. (Amended on December 12, 2012)

CHAPTER III. SETTLEMENT BETWEEN MEMBER AND CUSTOMER

Section 1. Settlement Methods of Futures Trades

§140. Mark-to-market and Settlement Prices

(1) On each trading day, members shall settle each contract of futures trades with customers using the settlement prices as at the market closing time. In this case, each contract of the trades on CME Globex shall be settled by including them in the trades conducted in the regular sessions opened after closing of the trading hours of CME Globex. (Amended on September 23, 2009)

(2) With respect to the settlement prices noted in paragraph (1), the provisions of [§96(2)] shall apply *mutatis mutandis* thereto.

§141. Delivery and Receipt of Settlement Difference for the Day's Trade

Members and customers shall receive or deliver the settlement difference for the day's trade as the settlement amount.

§142. Delivery/Receipt of Settlement Difference for Previous Day's Open Interests

Members and customers shall receive or deliver the settlement difference for previous day's open interests as the settlement amount. In this case, with respect to the calculation of settlement difference for previous day's open interests, the proviso to [§98(1)] shall apply *mutatis mutandis* thereto. (Amended on August 27, 2014)

§143. Cancellation of Matching Quantities of Bids and Offers

Assuming that the matching quantities of the same contract bought and sold (including the

quantity of open interests of the immediately preceding trading day) for each derivatives account of a customer offset each other, members shall close them out. However, this provision shall not apply to the omnibus accounts for foreigners stipulated in [§110-2(1)]. (Amended on May 2, 2017)

§144. Final Settlement

(1) Members and customers shall accomplish the final settlement for the open interests resulted from the futures trading by delivering and receiving the cash or underlying assets.

(2) The final settlement of a futures trade that delivers/receives the cash noted in paragraph (1) shall be accomplished by delivering/receiving the final settlement difference. (Amended on August 27, 2014)

(3) The final settlement of a futures trade that delivers/receives the underlying assets noted in paragraph (1) shall be accomplished by delivering/receiving the concerned underlying assets and the final settlement amount as stipulated in the Enforcement Rules. (Amended on August 27, 2014)

Section 2. Settlement Methods of Options Trades

§145. Delivery/Receipt of Option Premium

Members and customers shall deliver or receive the option premium as the settlement amount.

§146. Cancellation of Matching Quantities of Bid and Ask

Assuming that the matching quantities of the same contract bought and sold (including the quantity of open interests of the immediately preceding trading day) for each derivatives account of a customer offset each other, members shall close them out. However, this provision shall not apply to the omnibus accounts for foreigners stipulated in [§110-2(1)]. (Amended on May 2, 2017)

§147. Reporting of Options to be exercised by Customers

(1) When intending to exercise options, a customer shall report the options exercise to the member by the deadline specified in the Enforcement Rules. (Amended on August 27, 2014)

(2) With respect to the reporting of options exercise noted in paragraph (1), the provisions of [§100(2) & (3)] shall apply *mutatis mutandis* thereto. In this case, the "member" shall be construed as the "customer." (Amended on July 3, 2013)

§148. Exercise Settlement

(1) Members and customers shall accomplish the settlement of options exercise by delivering and receiving cash for the exercise settlement quantity. (Amended on July 3, 2013)

(2) The settlement of options exercise with cash noted in paragraph (1) shall be accomplished by way of delivering the exercise difference. (Amended on August 27, 2017)

(3) [Deleted on July 3, 2013]

Section 3. Settlement by Netting and Settlement Deadline, etc.

§149. Settlement by Netting

(1) The cash that a member and a customer delivers or receives shall be the difference (referred to as the "net cash settlement" hereinafter this Section) between the total amount payable and the total amount receivable for the settlement difference for the day's trade and settlement difference for the previous day's open interests, options premium, final settlement difference, final settlement amount, and the exercise difference for which the dates for delivery/receipt (referring to the settlement date noted in [§103(4)]; the same hereinafter) and the deadlines for delivery/receipt are the same. (Amended on December 29, 2009; July 3, 2013)

(2) The underlying asset that a member and a customer delivers or receives shall be the difference of underlying assets (referred to as the "net underlying asset settlement" hereinafter in this Section) to be delivered and to be received for each underlying asset for which the dates for delivery/receipt and the deadlines for delivery/receipt are the same.

(3) When settling with a customer who opened two (2) or more of derivatives accounts, the member shall accomplish the settlement by netting the cash or the underlying assets between the derivatives accounts for which the dates for delivery/receipt and the deadlines for delivery/receipt are the same. (Amended on August 27, 2014)

(4) The deadlines for delivery/receipt noted in paragraphs (1) through (3) shall be as follows:

1. For the settlement difference for the day's trade and the settlement differences for previous day's open interests:

12:00 noon on the date for delivery/receipt

2. For the option premium:

12:00 noon on the date for delivery/receipt

3. For the final settlement difference, final settlement amount, exercise difference and underlying asset:

12:00 noon on the date for delivery/receipt for the derivatives trade where cash is paid and received, and the time on the date for delivery/receipt set forth in the Enforcement Rules for the derivatives trade where the underlying asset is delivered and received.

(5) Notwithstanding paragraphs (1) and (2), members may adjust the net cash balance and the net underlying asset balance, when a large-sized erroneous trade noted in [§81-2(1)] has occurred. [June 3, 2014]

§150. Settlement Deadline of Customer

(1) The deadline for delivery/receipt of cash settlement difference and underlying asset settlement difference between a member and a customer shall be 12:00 noon on the date for delivery/receipt. However, in the case of a derivatives trade where an underlying asset is delivered and received, it shall be the time when the underlying asset noted in [§149(4)3] is delivered and received.

(2) Notwithstanding paragraph (1), if it is deemed necessary for the market management, the Exchange may change the date or deadline for delivery/receipt of the cash settlement difference and underlying asset settlement difference.

(3) Notwithstanding paragraph (1), members may advance the deadline for delivery/receipt of the cash settlement difference and underlying asset settlement difference for the customers who are deemed to fail to perform the settlement obligation pursuant to [§137(5)].

§151. Accountability in Delivery of Underlying Asset

In cases where the amount equivalent to the value of underlying asset to be delivered was paid to a member by the Exchange pursuant to [§105], the member may pay the concerned amount to the customer instead of delivering the underlying asset.

§152. Actions in Case of Settlement Failure by Customer

(1) In cases where a customer fails to deliver the net cash settlement or net underlying asset settlement, with the due care and diligence of a good manager, the member may carry out the sale or purchase that closes out the open interests held by the concerned customer or sell the substitute securities, foreign currencies or foreign securities deposited as customer margin by the concerned customer, as stipulated in the Enforcement Rules. (Amended on December 12, 2012; August 27, 2014)

(2) In cases where a shortage remains after having taken the actions pursuant to paragraph (1), members may collect the shortage from the concerned customer.

(3) Members may collect the delinquent charge from customers on the unpaid settlement amount for the overdue period.

(4) A member who has paid for the losses and expenses incurred as a result of a settlement failure by a customer may collect the amount of payment from the customer who has failed to fulfill the settlement.

PART VI. MARKET MANAGEMENT

§153. Designation of Low Liquidity Products and Products warned for Delisting

(1) The Exchange shall designate the products, for which the trade stimulation is necessary because of poor trading over a specified period as low liquidity products.

(2) When it is deemed necessary to delist a product of which trading continues to be sluggish over a specified period even after having been designated as a low liquidity product pursuant to paragraph (1), the Exchange shall designate the concerned product as a product warned for delisting.

(3) The criteria for designating the low liquidity products pursuant to paragraph (1) and the products warned for delisting pursuant to paragraph (2), the designation time and other necessary matters shall be stipulated in the Enforcement Rules.

§154. Position Limits

(1) Any member shall not hold or allow the same customer to hold open interests in excess of the quantity (excluding the quantity that the member holds in the market making account; the same hereinafter in this Article) noted in each of following subparagraphs on its own account. In this case, members may, by taking into account the customer information noted in [§114/3], set the position limits for each customer within the quantity specified in each of the following subparagraphs: (Amended on June 24, 2015; October 21, 2015; June 8, 2016; February 8, 2017)

1. In the case of equity derivatives

The quantity classified in each of the following items:

a. In the case of equity derivatives of which underlying asset is KOSPI 200 (referring to the free-float adjusted market capitalization weighted stock price index based on 200 issues listed on the KOSPI Market, which is calculated by the Exchange using the base index of 100 on the base date of January 3, 1990; the same hereinafter):

(i) 20,000 contracts based on the quantity of open interests calculated for all contracts according to the methods specified in the Enforcement Rules to prevent settlement failure and unfair trading, etc. However, for the customers specified in the Enforcement Rules in consideration of the ability to fulfill the settlement obligation, it shall be 10,000 contracts.

(ii) 20,000 contracts based on the quantity of open interests calculated for the contracts of which the last trading day has arrived according to the methods specified in the Enforcement Rules to prevent settlement failure and unfair trading, etc. However, for the customers specified in the Enforcement Rules in consideration of the ability to fulfill the settlement obligation, it shall be 10,000 contracts.

b. In the case of equity derivatives other than those noted in item a:

The quantity specified in the Enforcement Rules taking into consideration the characteristics of the underlying assets and the size of trades in the market within the scope not exceeding the economic scale of the position limits specified in item a.

c. [Deleted on February 8, 2017]

d. [Deleted on February 8, 2017]

2. [Deleted on June 24, 2015]

3. In the case of gold futures: 3,000 contracts based on the quantity of net open interests (referring to the quantity obtained by subtracting the smaller quantity between the sum of quantities of short open interests and the sum of quantities of long open interests from the larger quantities of the two sums; the same hereinafter).

4. In the case of Lean Hog futures:

3,000 contracts based on the quantity of net open interests and, for the nearest month contracts, 900 contracts based on the open interests starting from the second Thursday of the month in which the last trading day falls.

5. In the case of other derivative products:

The quantity of net open interests or total open interests (referring to the sum of the aggregated quantity of open short positions and the aggregated quantity of open long positions), which the Exchange determines in each case as it is deemed necessary for the market management.

(2) Notwithstanding paragraph (1), when the economic situation or market condition changes or is likely to change rapidly, the Exchange may reduce the quantities specified in each subparagraph of paragraph (1).

(3) In calculating the quantities of net open interests held by members or customers pursuant to subparagraphs 1 [excluding item a(ii)] and 5 of paragraph (1), the quantities relating to arbitrage and hedge shall be excluded. (Amended on June 23, 2010; January 26, 2011)

(4) When intending to exclude the quantity relating to arbitrage or hedge from the quantity of open interests held pursuant to paragraph (3), the member shall report the Exchange according to each of the following subparagraphs by the deadline specified in the Enforcement Rules. In this case, if it is deemed that the supporting documents submitted are not sufficient, the Exchange and members may request the customer to supplement the documents. (Amended on January 26, 2011; August 27, 2014)

1. For the trades on the member’s own account:

The document proving that the quantity is related to the concerned trade shall be

submitted to the Exchange according to the manner stipulated by the Enforcement Rules; and

2. For the trades entrusted (including the trade that a member conducts under its own name and on the account of a non-member investment trader after receiving a trade entrustment for the management of assets of the non-member investment trader; the same hereinafter in this Article):

After obtaining a document proving that the quantity is related to the concerned trade from the customer, the member shall verify and keep the document, and submit it to the Exchange according to the manner stipulated in the Enforcement Rules without delay.

(5) In cases where the quantity held on a member's own account exceeds the quantity specified in each subparagraph of paragraph (1), the Exchange may refuse to accept a quotation, from among the quotations placed on the member's own account, which increases the quantity of open interests for futures or options trades above the limits.

(6) The scope of the same customer noted in paragraph (1), the scope of the quantities relating to arbitrage and hedge noted in paragraph (3), reporting of the quantity of net open interests and other necessary matters shall be stipulated in the Enforcement Rules.

§155. Restriction on Trading of Single Stock Futures, etc.

(1) In cases where an underlying stock of single stock futures, single stock futures spread or single stock options is delisted or designated as administrative issue, or it is deemed necessary for the market management, the Exchange shall restrict the trading of the concerned single stock futures, single stock futures spread and single stock options as stipulated in the Enforcement Rules. (Amended on December 28, 2011; August 27, 2014)

(2) In cases where an underlying asset of an overseas index futures trade fails to meet the requirements specified in [§10(4)], where an underlying asset of an overseas single stock futures trade fails to meet the requirements specified in [§22(1)2] or where it is deemed necessary for market management, the Exchange may restrict the trading of the concerned futures or futures spreads as stipulated in the Enforcement Rules. [June 8, 2016]

(3) In cases where an ETF is delisted or designated as an administrative issue, and other cases where it is deemed necessary for market management, the Exchange may restrict the trading of ETF futures, ETF futures spreads and ETF options as stipulated in the Enforcement Rules. [February 8, 2017]

§156. Emergency Measures When Derivatives System cannot be operated

(1) In cases where it is deemed necessary due to the failure of the Exchange derivatives system, the Exchange may execute trades by the methods other than the use of Exchange derivatives system.

(2) When the trade execution is accomplished by the methods other than the Exchange

derivatives system pursuant to paragraph (1), the quotation methods, quotation priorities, trade execution methods, assignment of reported option exercise and other necessary matters shall be determined by the Exchange for each case.

§156-2. Restriction on Acceptance of Excessive Quotations and Charge for Excessive Quotations

(1) In cases where the Exchange derivatives system has failed or is likely to fail due to influx of excessive quotations from a member or it is deemed necessary for the market management, the Exchange may not accept a part or all of the quotations placed by the concerned member. [September 23, 2009]

(2) Members shall pay to the Exchange the charge for excessive influx of quotations for the derivatives account through which the number of quotations that is excessive when compared to the trade performance is submitted. In this case, the member shall collect from the concerned customer the amount equivalent to the charge for excessive quotations. [July 3, 2013]

(3) The restrictions on acceptance of excessive quotations referred to in paragraph (1), the persons subject to imposition of the charge for excessive quotations, the amount, the methods and payment deadline thereof referred to in paragraph (2) and other necessary matters shall be stipulated in the Enforcement Rules.

§156-3. Management of Algorithmic Trades

(1) Members shall analyze and manage the risks arising from algorithmic trades (referring to the trades carried out using automated system where the investment decision and generation and submission of quotations are programmed according to the predetermined rules, without human intervention; the same hereinafter).

(2) In the case of opening, changing or closing of a derivatives account for algorithmic trades, members shall notify such fact to the Exchange without delay.

(3) In cases where an emergency situation arises due to the system failure, error, etc. in relation to the algorithmic trades, a member may request the Exchange to take the measures (hereinafter referred to as the “quotation handling per account”) corresponding to each of the following subparagraphs by algorithmic trade account (limited to the derivatives account for which the opening, changing and closing have been reported pursuant to paragraph (2); the same hereinafter):

1. To cancel the quotations all at once; and

2. To reject the quotation submitted subsequently (excluding the quotations for negotiated block trading).

(4) The methods of reporting the algorithmic trade account noted in paragraph (2), the methods of requesting for the quotation handling per account and terminating thereof noted in paragraph (3) and other necessary matters shall be stipulated in the Enforcement Rules.

[July 3, 2013]

§157. Change of Settlement Conditions, etc.

(1) The Exchange may change the terms or methods of settlement in cases of the natural disaster, calamity, warfare, upheaval, fire in the Market, sudden changes or expected sudden changes in the economic conditions, or when it deems that it is impossible or difficult to carry out the settlement due to the reasons necessary for the market management.

(2) In cases where the Exchange changes the settlement conditions or methods pursuant to paragraph (1), the customers shall accept such change.

§158. Constant Monitoring of Market Conditions, etc.

The Exchange shall constantly monitor the market to ensure the timeliness and appropriateness of the market measures taken in accordance with this Regulation.

§159. Measures against Members

When it is deemed necessary for the market management, the Exchange may take necessary measures against members, including the restriction on the trading on their own account.

§160. Reporting and Submission of Materials by Members

(1) The Exchange, when it deems necessary for the market management, may request its members to report the matters relating to their trading and settlement or to submit the materials thereabout.

(2) Members shall submit to the Exchange the information on their derivatives systems relating to the input of quotation details pursuant to [§65] as stipulated in the Enforcement Rules.

§160-2. [Deleted on July 6, 2011]

§161. Matters to be notified to Members

The matters that the Exchange is required to notify the members concerning the market management and other necessary matters relating to the notification shall be stipulated in the Enforcement rules.

PART VII. SUPLEMENTARY PROVISIONS

§162. [Deleted on December 12, 2012]

§163. [Deleted on December 12, 2012]

§164. [Deleted on December 12, 2012]

§165. Recalculation of Final Settlement Prices, etc. and Waiver of Claim for Damage Compensation

(1) When an error was found in the settlement price, final settlement price, base price for exercise settlement, etc. before the settlement deadline, the Exchange may recalculate such prices.

(2) In cases where the Exchange changes the settlement price, final settlement price, base price for exercise settlement, etc. pursuant to paragraph (1), the customer shall accept such change.

(3) When having suffered a loss from the recalculation of the settlement prices, final settlement prices, base prices for exercise settlement, or the miscalculation of KOSPI 200, etc. made by the Exchange without any intention or gross negligence, members and customers cannot claim compensation for the damages against the Exchange. (Amended on October 21, 2015)

§166. Transfer of Open Interests to Other Members

(1) A non-clearing member may transfer its open interests held by a designated clearing member with whom it has entered into an agreement for settlement entrustment to another designated clearing member.

(2) A customer my transfer his or her open interests held by a member with whom it has entered into the agreement for opening of derivatives account to another member.

(3) The transfer of open interests pursuant to paragraphs (1) and (2) shall be made by way of entering into a transaction agreement between the transferor member and the transferee member for the same quantity of open interests to be transferred. (Amended on August 27, 2017)

(4) The methods of entering into the transaction agreement and the contract price of transaction under paragraph (3) and the methods of transferring the assets relating to the open interests, and other necessary matters concerning the transfer of open interests shall be stipulated in the Enforcement Rules.

§166-2. Takeover of Customers' Open Interests

(1) With respect to the open interests held by a customer who failed to additionally pay customer margins, etc. or fulfill the settlement obligation in trading FLEX Futures, when the Exchange deems it impossible to conduct the purchase or sale that closes out the concerned open interests pursuant to [§138] and [§152], the member may take over the open interests of the customer by a trade on its own account. (Amended on February 8, 2017)

(2) The matters necessary for taking over the open interests pursuant to paragraph (1) shall be stipulated in the Enforcement Rules.

[March 4, 2009]

§167. Collection of Brokerage Commissions

(1) When the trade execution, final settlement, option exercise or allotment, etc. has been carried out for an order entrusted by a customer, the member shall collect the brokerage commission from the concerned customer.

(2) Members shall establish such matters as the rate or amount of brokerage commission and the collection method and time (hereinafter referred to as "the brokerage commission collection guideline").

(3) When establishing or amending the brokerage commission collection guideline, members shall make such fact public in advance and notify the Exchange within the time specified in the Enforcement Rules.

§168. Collection of Expenses

In addition to the brokerage commission, members may collect actual expenses which are necessary for the notification of monthly transaction details, monthly balance statements and semiannual balance statements, etc. from customers. (Amended on August 27, 2014)

§169. Details to Be Recorded in Derivatives Account

Members shall record in the derivatives account the details of customer margins and settlement as well as other details such as the cash, underlying assets, substitute securities, foreign currencies or foreign securities received from/delivered to customers in relation to derivatives trading. (Amended on December 12, 2012)

§170. Notification of Change in Settlement Conditions, etc.

In cases where the matters that have significant impact on the rights and obligations of customers, including the agreement on derivatives trade, settlement conditions and rate and amount of customer margin, are changed, members shall notify customers without delay and post the matter in the head office, branch offices and other business offices for at least seven

(7) days.

§171. Restriction on Appointment of Agent

The officers and employees of a member shall not be an agent of the customer who enters into an agreement for opening of derivatives account with the member.

§172. Enforcement Rules

The matters necessary for the enforcement of this Regulation shall be stipulated in the Enforcement Rules.

ADDENDA

(January 21, 2005)

§1. Effective Date

This Regulation shall become effective on the incorporation day of the Exchange. However, the provisions concerning the foreign currency in [§48, §51, §52 and §232 through §235] shall become effective on the date to be stipulated in the Enforcement Rules, taking into account of the period required for updating the programs of the member futures/options system.

§2. Abolishment of Former Regulations

The Business Regulation of the Korea Futures Exchange shall be abolished on the effective date of this Regulation.

§3. Interim Measures on Member Margin

With regard to the futures and options trades conducted in accordance with the Business Regulation of the Korea Futures Exchange before the effective date of this Regulation, the member margins calculated on the day immediately preceding the effective date of this Regulation shall be calculated in accordance with this Regulation.

§4. Interim Measures on Settlement

With regard to the futures and options trades conducted in accordance with the Business Regulation of the Korea Futures Exchange before the effective date of this Regulation, the settlement calculated on the day immediately preceding the effective date of this Regulation shall be determined in accordance with this Regulation.

§5. Interim Measures on Open Interests

The open interests of futures and options trades conducted in accordance with the Business Regulation of the Korea Futures Exchange before the effective date of this Regulation shall be deemed as the open interests resulted under this Regulation.

§6. Interim Measures on Staff Responsible for Futures and Options, etc.

(1) The staff responsible for futures and options and staff responsible for market at the time of the effective date of this Regulation shall be regarded as the staff responsible for futures and options pursuant to this Regulation.

(2) The staff-in-charge of futures and options at the time of the effective date of this Regulation shall be regarded as the staff-in-charge of futures and options pursuant to this Regulation.

§7. Other Interim Measures

As the matters other than those specified in [§3 through §6] of this Addendum, the matters, which are concerned with the futures and options trades conducted in accordance with the Business Regulations of the Korea Futures Exchange before the effective date of this Regulation, shall be regarded as the matters undertook pursuant to this Regulation.

ADDENDUM
(February 25, 2005)

This Regulation shall become effective on March 2, 2005.

ADDENDA
(July 22, 2005)

§1. Effective Date

This Regulation shall become effective on the date to be stipulated in the Enforcement Rules, which is no later than October 31, 2005, taking into account the time required for updating the programs of the member futures/options system.

§2. Special Provision on Last Trading Days of Physical Delivery Single Stock Options

Notwithstanding [§204(1)], the last trading days of the four settlement months of Single Stock Options traded before the effective date of this Regulation (hereinafter referred to as "the physical delivery Single Stock Options") shall be the day immediately preceding the date pursuant to [§1] of this Addendum (it shall be moved forward sequentially, when the day is a market holiday).

§3. Special Provision on Trade Resumption of Physical Delivery Single Stock Options

Notwithstanding [§204(4)] of the Regulation, trading of new physical delivery Single Stock Options shall not be resumed after the last trading day pursuant to paragraph (2).

§4. Special Provision on Resumption of Trading of Single Stock Options to be settled by cash payment

Notwithstanding [§204(4)] of the Regulation, on the first trading date of Single Stock Options pursuant to the amended provision of [§196(4)] of the Regulation (hereinafter referred to as "the cash balance payment Single Stock Options"), the trading of each cash balance payment Single Stock Options of the four (4) settlement months shall begin.

ADDENDA
(October 14, 2005)

§1. Effective Date

This Regulation shall become effective on November 7, 2005. However, the provision of [§5]

of this Addendum shall become effective from the amendment date pursuant to [§5].

§2. Special Provision on Resumption of Trading of KOSDAQ 50 Futures and Options

Notwithstanding [§136, §137, §145 and §146] of the Regulation, new settlement month contracts of KOSDAQ 50 futures and options shall not be listed from the effective date of this Regulation.

§3. Special Provision on Last Trading Days of KOSDAQ 50 Futures and Options
Notwithstanding [§142 and §151], the last trading days of the settlement months for KOSDAQ 50 futures and options shall be the day when no open position of the settlement months remains as of the trading closing time, after the day (when it is a market holiday, it shall be move forward sequentially) immediately preceding the effective date of this Regulation.

§4. Special Provision on First Trading Days of KOSTAR Futures

Notwithstanding [§199(4)] of the Regulation, on the first trading days (referring to the effective date of this Regulation) of the KOSTAR Futures, the trading of KOSTAR Futures with the last trading days (when it is a market holiday, it shall be move forward sequentially) stipulated in each of the followings shall begin:

1. December 8, 2005
2. March 9, 2006
3. June 8, 2006
4. September 14, 2006

§5. Amendment of the Futures Market Business Regulation

The Futures Market Business Regulation shall be amended as follows on the day immediately following (when the market is not open for business, the day shall be the immediately following day) the last trading day of the settlement month contract of KOSDAQ 50 Futures or Options that arrives very last:

"KOSDAQ 50 Futures and Monetary Stabilization Bond Interest Rate Futures" in [§8(1)1] shall be amended to "Monetary Stabilization Bond Interest Rate Futures" and "KOSDAQ 50 Options and 3-year Korea Treasury Bond Futures" in [§8(1)2] shall be amended to "3-year Korea Treasury Bond Futures".

"Trading suspension or trading halts pursuant to [§139 and §148]" in [§18(2) and §21(1)2] shall be amended to "trading suspension" and [§21(1)3] shall be deleted.

"U.S. dollar Futures, KOSDAQ 50 Futures and 3-year Korea Treasury Bond Futures" in [§25(5)] shall be amended to "U.S. dollar Futures and 3-year Korea Treasury Bond Futures" and "U.S. dollar Futures and KOSDAQ 50 Futures" in [§25(6)1] shall be amended to "U.S. dollar Futures", and "the value corresponding to each of the following items" shall be amended to "the value corresponding to 5/1,000", and [§25(6)1a & b] shall be deleted, respectively.

The provisions of [§59(2)*p*, §60(2)5 and §65(3)2] shall be deleted, respectively.

Section 6, Chapter V (§135 through §143) and Section 7, Chapter V (§144 through §156) of Part II shall be deleted, respectively.

§6. Amendment of Other Regulations

The KOSDAQ Market Business Regulation shall be amended as follows:

"[§16] of the Futures Market Business Regulation" in [§13(1)] shall be amended to "[§213] of the Futures Market Business Regulation".

ADDENDA
(April 28, 2006)

§1. Effective Date

The Regulation shall become effective on May 26, 2006.

§2. Special Provisions on the First Trading Day of JPY Futures and EUR Futures

Notwithstanding [82] of the Regulation, the settlement month contracts of JPY Futures and EUR Futures with the each of the following last trading days shall be listed on the first trading day of JPY Futures and EUR Futures:

1. June 21, 2006
2. July 19, 2006
3. August 16, 2006
4. September 20, 2006
5. December 20, 2006
6. March 21, 2007

ADDENDUM
(October 27, 2006)

This Regulation shall become effective on the date that is stipulated in the Enforcement Rules, which is no later than December 28, 2006, while taking into consideration the time required to modify the programs of the Exchange futures/options systems and the member futures/options system.

ADDENDA
(January 19, 2007)

§1. Effective Date

This Regulation shall become effective on the date that is stipulated in the Enforcement Rules,

while taking into consideration the time required to modify the programs of the member futures/options system.

§2. Interim Measures for Member Margins

The member margin for the trade executed on the day before the effective date of this Regulation shall be calculated in accordance with the amended Regulation.

§3. Interim Measures for Settlement Deadline

The deadline for physical delivery and cash payment for the trade executed on the day before the effective date of this Regulation shall be the date stipulated in the amended Regulation.

ADDENDA

(December 21, 2007)

§1. Effective Date

This Regulation shall become effective on December 26, 2007.

§2. Special Provision on the First Trading Day and Trading Period of 10-year KTB Futures

(1) Notwithstanding the amended provision of [§9(2)] of the Regulation, the first trading day of 10-year KTB Futures shall be the date stipulated in the Enforcement Rules, while taking into account the time required for program development of the futures and options system.

(2) Notwithstanding the amended provisions of [§9(2) and §33(2)] of the Regulation, the trading of three (3) settlement month contracts of 10-year KTB Futures shall begin on the first trading day of 10-year KTB Futures.

§3. Special Provisions on the First Trading Day and Trading Period of Single Stock Futures

(1) Notwithstanding the amended provision of [§9(2)] of the Regulation, the first trading day of Single Stock Futures shall be the date stipulated in the Enforcement Rules, while taking into account the time required for program development of the futures and options system.

(2) Notwithstanding the amended provisions of [§9(2) and §21-4(2)] of the Regulation, the trading of four (4) settlement month contracts of Single Stock Futures shall begin on the first trading day of Single Stock Futures.

§4. Special Provisions on the First Trading Day and Trading Period of CD Futures and Options on 3-year KTB Futures

Notwithstanding the amended provisions of [§35] and the former provision of [§42] of the Regulation, the last trading day of each settlement month contracts of CD futures and options on 3-year KTB Futures before the effective day of this Regulation shall be the day (it shall be moved forward sequentially, if it is a market holiday) before the effective day of this Regulation.

§5. Special Provisions on the Beginning of Trading of CD Futures and Options on 3-year KTB Futures

Notwithstanding the amended provisions of [§9 and §33] and the former provision of [§38] of the Regulation, new settlement month contracts of CD futures and options on 3-year KTB Futures shall not be listed after the last trading day pursuant to [§4] of the addenda.

ADDENDA
(June 27, 2008)

§1. Effective Date

This Regulation shall become effective on the date stipulated in the Enforcement Rules, while taking into consideration the time required for the development of programs of the futures/options system for the Lean Hog Futures.

§2. Exceptions to the First Trading Day and Trading Period of Lean Hog Futures

Notwithstanding the amended provisions of [§9(2) and §56(3)2] of this Enforcement Rules, the trading of six (6) settlement month contracts shall begin on the first trading day of Lean Hog Futures.

ADDENDA
(January 14, 2009)

§1. Effective Date

This Regulation shall become effective on the date (February 4, 2009) the Financial Investment Services and Capital Markets Act are put into effect. However, the provisions of [§127] regarding the basic deposit for interest rate derivatives, currency derivatives and Gold Futures shall become effective on April 27, 2009 by taking into account the time required for updating the programs of the member system

§2. Abolishment of Futures Market Brokerage Contract Rule

The Futures Market Brokerage Contract Rule shall be abolished on the effective date of this Regulation.

§3. Interim Measures on abolishment of Futures Market Brokerage Contract Rule

With regard to the futures and options trades conducted in accordance with the Futures Market Brokerage Contract Rule before the effective date of this Regulation, the open interests of futures and options trade, the additional margins and settlement calculated on the day immediately preceding the effective date of this Regulation and other matters which are concerned with the entrustment shall be regarded as the measures undertook pursuant to this Regulation.

§4. Exceptions to the Basic Deposit

The provisions relating to basic deposit for interest rate derivatives, currency derivatives and Gold Futures shall be applied from the market closing time on the day before the effective date pursuant to [§1*p*] of this addenda

ADDENDA
(March 4, 2009)

§1. Effective Date

This Regulation shall become effective on the date stipulated in the Enforcement Rules by taking into consideration the time required for the development of programs for the member derivatives system.

§2. Applicable Example in Case of First Trading of Currency Futures

The amended provisions of [§45(3)] shall be applied starting with the currency futures for which the first trading begins after the effective date of this Regulation.

§3. Special Case of First Trading of Currency Futures

Notwithstanding [§9(2)], the first trading of two (2) delivery month contracts stipulated in the Enforcement Rules shall begin on the effective day of this Regulation.

§4. Special Case of Open Interests of Currency Futures

The quantity of open interests of currency futures shall be adjusted on the effective date of this Regulation by multiplying the quantity of open interests of currency futures by five (5).

§5. Exception to Calculation of Settlement Difference for Previous day's Open Interests for Currency Futures
Notwithstanding [§98(1)], on the effective date of this Regulation, the settlement difference for previous day's open interests shall be calculated by assuming that the quantity of open interests of the previous day is the quantity obtained by multiplying the quantity of open interests of previous day by five (5).

ADDENDUM
(March 18, 2009)

This Regulation shall become effective on the date stipulated in the Enforcement Rules by taking into consideration the time required for the development of programs for the member derivatives system.

ADDENDUM
(September 23, 2009)

This Regulation shall become effective on the date stipulated in the Enforcement Rules by taking into consideration the time required for the development of programs for the member derivatives system.

ADDENDUM
(December 29, 2009)

This Regulation shall become effective on December 31, 2009. However, the amended provisions concerning the liquidity provision in [§105(1), (5) & (6) and §105-3] shall be put into effect on February 1, 2010.

ADDENDA
(June 23, 2010)

§1. Effective Date

This Regulation shall become effective on June 24, 2010. However, in view of the time required for the development of programs for the member derivatives system, the amended provisions of [§3, §4, §56 (excluding paragraph (1)2), §57 through §60 and §154] shall become effective on the date stipulated in the Enforcement Rules.

§2. Exceptions to the first trading day and trading hours of Mini-gold Futures

Notwithstanding the amended provisions of [§9(2) and §57(3)1], the trading of seven (7) delivery month contracts of Mini-gold Futures, which are specified in the Enforcement Rules, shall begin on the first trading day.

§3. Exceptions to the last trading day and finial settlement day of Gold Futures

Notwithstanding the amended provisions of [§59], the provisions of [§59] of the former Regulation shall be applied on the last trading day and final settlement day of the delivery month contracts of Gold Futures that have accumulated the open interests as of the market closing time on the day (in case of market holiday, it shall be moved forward sequentially) before the effective date of this Regulation.

ADDENDA
(September 1, 2010)

§1. Effective Date

This Regulation shall become effective on September 13, 2010. However, in view of the time required for the development of computer programs for member derivatives system, the amended provisions of [§38 through §43, and §104(2)2] shall become effective on the date

stipulated in the Enforcement Rules.

§2. Exceptions to Restriction on Trading of 10-year KTB Futures Spreads

Even though the contracts of 10-year KTB futures are based on the same underlying asset pursuant to [§62(1)] this Regulation, if the trading unit, multiplier, etc. are different, the concerned contracts shall be excluded from the contract of futures spread trade.

§3. Interim Measures for Trading of 3-year KTB Futures and 5-year KTB Futures

(1) Notwithstanding the amended provisions of [§38(1) and §42(2)] of this Regulation, the provisions of previous Regulation shall be applied to the delivery month contracts of 3-year KTB futures and 5-year KTB futures that retain the open interests as of the market closing time on the day before the effective day of this Regulation (in case where it is the market holiday, it shall be moved forward; the same hereinafter).

(2) The amended provisions of [§38(1) and §42(2)] of this Regulation shall be applied to the delivery month contracts of 3-year KTB futures and 5-year KTB futures that retain no open interest as of the market closing time on the day before the effective day of this Regulation.

§4. Interim Measures for Trading of 10-year KTB Futures

(1) Notwithstanding the amended provisions of [§38(2) & (4), §39(2) (limited to the trading period), §40(1), §41, §42(1) & (2), §43 and §104(2)], the provisions of previous Regulation shall be applied to the delivery month contracts of 10-year KTB futures that retain the open interests as of the market closing time on the day before the effective day of this Regulation.

(2) The amended provisions of [§38(2) & (4), §40(1), §41, §42(1) & (2), §43 and §104(2)] shall be applied to 10-year KTB futures that retain no open interest as of the market closing time on the day before the effective day of this Regulation. ,

(3) With regard to the number of delivery month contracts in trading of 10-year KTB futures, notwithstanding the amended provisions of [§39(2)] of this Regulation, if the delivery month contract, for which the last trading day arrives very last at the time of the market closing time on the day before the effective date of this Regulation, retains the open interests, the provisions of previous Regulation shall be applied until the last trading day of the nearest month contract.

ADDENDA

(January 26, 2011)

§1. Effective Date

This Regulation shall become effective on February 24, 2011. However, the amended provisions of [§5, §111, §122, §124, §132, §133 and §154] shall be put into practice on the date specified in the Enforcement Rules in view of the time required for the development of programs of member derivatives systems.

§2. Exception for the Last Trading Day of Monetary Stabilization Bond Futures

Notwithstanding [§41] of this Regulation, on the basis of the market closing time of the day before the effective date of this Regulation (move forward if it is market holiday), the day when there exists no open interest of delivery month contract shall deem to be the last trading day of concerned delivery month contract.

§3. Exception in Resumption of Trading Monetary Stabilization Bond Futures

Notwithstanding [§9 and §39] of this Regulation, no new delivery month contracts of monetary stabilization bond futures shall be listed after the last trading day noted in [§2] of this Addendum (dated on January 26, 2011).

ADDENDA
(July 6, 2011)

§1. Effective Date

This Regulation shall become effective on August 1, 2011. However, the amended provisions of [§8-2, §65, §88, §110-2, §116, §118 through §122, §124(1)2, §132, §134 through §137 and §160-2] of this Regulation shall be put into effect on the date stipulated in the Enforcement Rules while taking into account the time required for the modification of programs of member derivative system.

§2. Exception to the Elimination of Special Account for Option Purchase

It shall deem that the special account for option purchase is converted to the upfront initial customer margin regular account as of the market closing time of the trading day before the effective date of this Regulation.

ADDENDA
(December 28, 2011)

§1. Effective Date

This Regulation shall become effective on the date specified by the Enforcement Rules, which is within six (6) months of the date of approval by the Financial Services Commission.

§2. Application of the Change of Multiplier of Index Options

The amended provision of [§15(3)] of this Regulation shall be put into effect starting with the expiry month contract of index options that begins new trade after the date specified in the Enforcement Rules.

ADDENDUM
(December 12, 2012)

This Regulation shall become effective on December 24, 2012. However, the amended provisions, except for [§154 and §162 through §164], shall be put into effect on the date specified in the Enforcement Rules by taking into account the time required for the development of derivatives systems of the members

ADDENDA
(July 3, 2013)

§1. Effective Date

This Regulation shall become effective on the date specified in the Enforcement Rules, in view of the time required to develop the Exchange derivatives system and the member derivatives systems.

§2. Exception to Final Trading Day of Currency Options

Notwithstanding [§54], the last trading day of four (4) expiry month contracts of currency options before the effective date of this Regulation shall be the day (to move forward sequentially, if it is a market holiday) before the date specified in the Enforcement Rules pursuant to [§1] of this Addenda.

§3. Exception to Opening of Trading of Currency Options and Trading Period

Notwithstanding [§9 and §50], on the date specified in the Enforcement Rules pursuant to [§1] of Addenda, the trading of four (4) expiry month contracts of current options shall begin.

ADDENDA
(September 11, 2013)

§1. Effective Date

This Regulation shall become effective on September 17, 2013.

§2 ~ §3. Omitted

§4. Amendment of Other Regulations

(1), (2) Omitted

(3) The part of Derivatives Market Business Regulation shall be amended as follows. The provision of [§128(1)2b] shall be established as follows and within paragraph (2) of the same Article “KOSPI Regulation, KOSDAQ Regulation” shall be amended “KOSPI Regulation, KOSDAQ Regulation, KONEX Regulation.

[§128(1)2b] Pursuant to KONEX Regulation, securities appointed as substitute securities.

ADDENDUM
(June 3, 2014)

This Regulation shall become effective on June 13, 2014. However, the amended provisions of [§70-2, § 74, § 81-2, § 81-3, § 82-8, § 103 and § 149] of this Regulation shall become effective on the date specified in the Enforcement Rules, in consideration of the time period required to develop the Exchange derivatives system and the member derivatives systems.

ADDENDUM
(August 27, 2014)

This Regulation shall become effective on September 1, 2014. However, the amended provisions of [§3(2), § 4(2), § 4-2(1), § 5(1)7, § 10/3, § 12(1)3, Section 3 CHAPTER II PART II (§21-2 through §21-5), Section 4 CHAPTER II PART II (§22 through §27), Section 5 CHAPTER II PART II (§28 through §37), §78(1), CHAPTER IV PART III (§83 through §87) and §154(1) of this Regulation shall become effective on the date specified in the Enforcement Rules, in consideration of the time period required to develop the Exchange derivatives system and the member derivatives systems.

ADDENDUM
(February 11, 2015)

This Regulation shall become effective on February 26, 2015.

ADDENDUM
(April 29, 2015)

This Regulation shall become effective on the date stipulated in the Enforcement Rules by taking into consideration the time period required for the development of programs for the Exchange's derivative system and the member derivatives systems.

ADDENDUM
(June 24, 2015)

This Regulation shall become effective on the date stipulated in the Enforcement Rules by taking into consideration the time period required for the development of programs for the Exchange's derivatives system and the members' derivatives systems.

ADDENDUM
(October 21, 2015)

This Regulation shall become effective on the date stipulated in the Enforcement Rules by taking into consideration the time period required for the development of programs for the

Exchange's derivatives system and the members' derivatives systems.

ADDENDUM
(December 30, 2015)

This Regulation shall become effective on the date stipulated in the Enforcement Rules by taking into consideration the time period required for the development of programs for the Exchange's derivatives system and the members' derivatives systems.

ADDENDUM
(June 8, 2016)

This Regulation shall become effective on June 27, 2016. However, the amended provisions of each of the following subparagraphs shall become effective on the date specified in the respective subparagraph.

1. For the amended provisions of [§4(1)] (excluding the part concerning the overseas index futures market and the overseas single stock futures market of the proviso thereto), the amended provisions of [§4(2)] (excluding the part concerning the overseas index futures market and the overseas single stock futures market of the parts other than each subparagraph): August 1, 2016; and

2. For the amended provisions concerning the overseas single stock futures and the overseas single stock futures spreads among the amended provisions of [§3(2), §4(1)&(2), §22(1), §25(1), §154(1), §155(2)]: The date specified in the Enforcement Rules, in consideration of the time period required for the development of programs for the Exchange derivatives system and the member derivatives systems.

ADDENDUM
(December 28, 2016 / Regulation No. 1393)

This Regulation shall become effective on the date stipulated in the Enforcement Rules by taking into consideration the time period required to develop the computer systems, etc.

ADDENDUM
(February 8, 2017 / Regulation No. 1414)

This Regulation shall become effective on March 27, 2017. However, the amended provisions of [§3(2)1] (limited to the ETF futures market and the ETF options market), [§3(2)5] (limited to the ETF futures spreads market), Section 6 under Chapter II of Part II ([§37-2], [§37-3], [§37-4] and [§37-5]), Section 7 under Chapter II of Part II ([§37-6], [§37-7], [§37-8] and [§37-9]), [§76(1)8 & 9], [§154(1)1a(i) & (ii)] and [§155] shall be effective on the date specified in the Enforcement Rules by taking into consideration the time period required for the development of the Exchange derivatives system and the member derivatives systems, etc.

ADDENDUM
(May 2, 2017 / Regulation No. 1451)

This Regulation shall become effective on June 26, 2017.