



Internal Control Standards

Subject	The purpose of this Procedures is to enhance the soundness of the management of financial investment companies and protect the interests of related parties by prescribing the standards and procedures that executives and/or employees of the Company must comply with when performing their duties in accordance with applicable laws and regulations in Korea.
Author(s)	Myungjin Koo
Reviewer(s) (in any)	
Approver(s)	Seoul Management Committee
Effective date	2023.04.03
Last update	2024.04.17
Scope	Natixis Asia Limited, Seoul Branch
Associated document(s)	APAC Compliance Manual
Review Frequency	12 months

Document History				
Version	Date	Description of Revision	Reviewed / Updated By:	Approved By:
1.0	2023.04.03	Establishment	Myungjin Koo	Seoul Man Co
2.0	2024.04.17	To reflect update of KOFIA standard (Art90)	Myungjin Koo	Seoul Man Co

Internal Control Standards

PART I

GENERAL PROVISIONS

§1. Purpose of the Standards

The purpose of the Internal Control Standards lies in enhancing the soundness of the management of financial investment companies and protecting the interests of related parties by prescribing the standards and procedures that executives and/or employees (including contract and part-time employees, etc.; hereinafter the same shall apply) of the Company must comply with when performing their duties in accordance with [§24] through to [§30] of the Act on Corporate Governance of Financial Companies.

§2. Scope of Application

The Standards are applied to the overall businesses of executives and/or employees of Seoul Branch of Natixis (hereinafter referred to as the “Company” or the “Branch,” and the business conduct of a party to whom the company’s services has been delegated pursuant to an agreement shall be deemed as a business conduct of the Company within the scope of the delegated service. The Standards applies along with the other global internal policies of Natixis. In case of conflict or inconsistency between the global internal policies of Natixis and the internal control standards of the Branch, the internal control standards of the Branch take precedence at all times.

§3. Definitions

(1) The definitions of the terms used in these Standards are as follows:

1. The term “internal control” is defined as all internal procedures and processes implemented by the executives and/or employees of the financial investment company to comply with applicable laws and regulations when performing their duties, improve the efficiency of managing the organization and secure the reliability of financial reports.
2. The term “internal control system” is defined as the comprehensive system required for the effective implementation of internal control activities, including the organizational structure, risk assessment, roles and responsibilities, approval procedures, and systems for communication, monitoring and information, etc..

3. The term "information barrier" is defined as all tangible and intangible measures, procedures, regulations and systems used to prevent the Financial investment company's important information from being leaked to a department, executives, employees, or an outsider without justifiable rights to access.

(2) The definitions of other terms used in these Standards shall be subject to the relevant laws and their subordinate laws including the Act on Corporate Governance of Financial Companies (hereinafter referred to as the "Corporate Governance Act)," and the Financial Investment Services and Capital Markets Act (hereinafter referred to as the "Act"), "finance related laws" stipulated in [§5] of the Enforcement Decree of the Corporate Governance Act, the Electronic Financial Transactions Act, the regulations of the Financial Services Commission and the Financial Supervisory Service, the regulations and company rules of the Korea Financial Investment Association (hereinafter referred to as the "KOFIA") and the Korea Exchange (hereinafter referred to as the "Relevant Acts, etc." in these Standards).

§4. Establishment of Detailed Guidelines, etc.

Regarding internal control, the matters not provided in these Standards and details concerning these Standards shall observe the company rules, or a separate rule or guidelines may be established for the management of the matters and details thereof.

§5. Roles and Responsibilities and Composition of the Organization

(1) The Company shall clearly define the roles and responsibilities of executives and/or employees and organize itself by considering the types of business, the nature of its duties and the levels of conflicts of interest, etc.

(2) The Company shall establish and manage separately detailed standards regarding the roles and responsibilities as well as the composition of the organization to ensure that the financial investment company organized pursuant to Paragraph (1) functions efficiently.

PART II

ORGANIZATIONAL STRUCTURE AND STANDARDS FOR INTERNAL CONTROL, ETC.

§6. Seoul Management Committee

The Seoul Management Committee shall consist of eight members including the branch representative, the corporate manager, the global market manager, the compliance officer, the risk management officer, the financial manager, the task manager, and the IT manager, and establish standards on the development and operation of the internal control system.

§7. Branch Representative

(1) The branch representative shall implement and support all relevant matters required for the establishment and management of the internal control system and establish the appropriate internal control policies.

(2) The branch representative has the responsibilities and obligations regarding the matters in the following Subparagraphs:

1. Establish, maintain, operate and supervise the internal control system required for preventing illegal and unfair acts in advance;
2. Provide support with the human and material resources required for the establishment, maintenance and operation of the internal control system;
3. Assign appropriate duties and responsibilities by organizational units, such as each department, to ensure all relevant policies and procedures related to internal control in various business areas of the organization are observed.
4. Carry out regular inspection on the internal control system and operation and report to the Seoul Management Committee on the inspection results at least once a year. In such a case, the branch representative may delegate the inspection on the internal control system and operation and the reporting thereof to the Seoul Management Committee to a compliance officer.

§8. Compliance Officer

(1) A compliance officer shall perform its duties by receiving directions from the Seoul Management Committee and the branch representative, and may report to the branch representative without any restrictions.

(2) A compliance officer shall regularly monitor the appropriateness of the company's internal control system and these Standards. In cases where there is a problem or an

area that needs improvement has been found, the compliance officer may ask for improvements and revision thereon.

§9. Department Head

A department head shall regularly monitor the appropriateness of the internal control on the concerned sales and report the results to the branch representative. In cases where there is violation of the Relevant Acts, etc., the department head shall formulate and implement measures to prevent the recurrence of such violation. In such a case, the branch representative may have the compliance officer receive the reporting on the monitoring results of the department head.

§10. Executives and/or Employees

(1) Executives and/or employees shall be fully aware of the Relevant Acts, etc., internal control standard and code of ethics, etc. and sincerely comply with them when carrying out one's duties.

(2) Executives and/or employees shall, when becoming aware of a violation of the Relevant Acts, etc., internal control standard, code of ethics, etc. (including possible violation), report thereof without delay to the compliance officer.

§11. Establishment and Revision of Internal Control Standards, etc.

(1) In cases where the financial investment company wishes to establish or revise these Standards, the resolution of the Seoul Management Committee is required.

(2) Notwithstanding Paragraph (1), in cases where there is a revision made because of the enactment, amendment or repeal of the Relevant Acts, etc. or a revision that does not change the actual contents, such as a simple change made to the wording because of a change in the organizational structure, the resolution of the Seoul Management Committee may be replaced by reporting to the Seoul Management Committee.

(3) Based on these Standards, the compliance officer may establish and implement the detailed guidelines of internal controls, the compliance manual (may include a legal and regulatory compliance program), and the code of ethics for executives and/or employees.

§12. Design of Work Process and Computer System

The financial investment company shall design the company's work process and computer system to have appropriate stages to ensure that internal control can be implemented efficiently.

PART III

OPERATION OF COMPLIANCE OFFICER AND INTERNAL CONTROL SYSTEM

CHAPTER I

COMPLIANCE OFFICER AND COMPLIANCE DEPARTMENT

§13. Appointment and Dismissal of Compliance Officer

(1) In cases where the financial investment company wishes to appoint or dismiss a compliance officer, the resolution of the Seoul Management Committee is required. In cases where the company wishes to appoint or dismiss the compliance officer, the resolution shall be passed with a consent of at least two third of the total committee members.

(2) The financial investment company shall appoint a compliance officer and have the compliance officer serve a term of two (2) years.

(3) In cases where the financial investment company appoints or dismisses a compliance officer, the company shall report such fact to the Governor of the Financial Supervisory Service.

§14. Authority and Duties of Compliance Officer

A compliance officer has the authority and obligations on the matters in each of the following Subparagraphs:

1. Regular or on-demand monitoring on compliance with the internal control standards, etc.;
2. Access to the overall business and rights to request the submission of various data and information about the executives and/or employees;
3. Request reports and corrective measures regarding any illegal and unfair acts, etc.

of the executives and/or employees from the Seoul Management Committee and the branch representative;

4. Participate and give opinions at meetings of the Seoul Management Committee and other major meetings;
5. Complete the training program to raise the expertise of the compliance duties; and
6. Other matters deemed necessary by the Seoul Management Committee.

§15. Establishment and Operation of Compliance Department

(1) The Company shall establish a support organization (hereinafter referred to as the "compliance department") consisting of an appropriate number of personnel with sufficient experience and skills to efficiently implement the compliance duties, thereby supporting the compliance officer's duties.

(2) The Company may establish and operate a Compliance Committee consisting of a compliance officer, a compliance department head, an HR department head and a lawyer, etc. to carry out the role of providing advice on the compliance duties.

(3) The Company shall, in cases where it is recognized that efficient control on the IT department is needed, assign at least one IT personnel with expertise in the IT sector to the compliance department.

(4) Other matters on the Company's organization and roles and responsibilities concerning the compliance department shall be pursuant to the company rules.

§16. Securing Independence in Compliance Duties

(1) The financial investment company shall guarantee the independence of the compliance officer and the compliance department so that they can perform their duties in a fair manner, and there shall be no disadvantages in personnel management on any ground related to performance of their duties thereof.

(2) The compliance officer and employees of the compliance department shall, when conducting their duties, fulfill the fiduciary duty of due care. They shall not conduct duties in each of the following Subparagraphs:

1. Asset management-related affairs;
2. Essential business affairs (refers to the business affairs pursuant to [§47(1)] of the Enforcement Decree of the Act) and business affairs incidental to the aforesaid business affairs of the Financial investment company;

3. Affairs of the businesses concurrently run by the financial investment company (refers to the businesses under Article 40 of the Act); and
 4. Risk management affairs (Provided, That this shall not apply in cases where the financial investment company is subject to [§20(2)] of the Enforcement Decree of the Corporate Governance Act)
- (3) The financial investment company shall formulate and implement separate standards for remuneration for and evaluation of compliance officers, which shall not be linked to the financial business performance of the Company.

CHAPTER II

OPERATION OF COMPLIANCE SYSTEM

§17. Establishment of Compliance System

- (1) The Company shall establish and operate an efficient compliance system that is required to enhance the fairness of the duties performed by the executives and/or employees and prevent illegal and unfair acts, etc. in advance.
- (2) The compliance system prescribed in Paragraph (1) shall be able to perform the matters in each of the following Subparagraphs:
 1. Formulate and manage a compliance program for the Relevant Acts, etc.;
 2. Monitor the executives and/or employees' compliance with the Relevant Acts, etc. and implement corrective measures;
 3. Review beforehand whether the matters submitted for consideration to the Seoul Management Committee comply with the Relevant Acts, etc. and request corrections;
 4. Review beforehand whether the enactment, amendment or repeal of the company rules, etc. or development of new business affairs, etc. comply with the Relevant Acts, etc. and request corrections;
 5. Provide education and advice on compliance for executives and/or employees;
 6. Cooperate with and provide support to the Financial Services Commission, the Financial Supervisory Service, the KOFIA, and the Korea Exchange;
 7. Provide support to the Seoul Management Committee, the management, and relevant departments; and
 8. Other duties incidental to Subparagraphs 1 through 7.

§18. Operation of Compliance Program

(1) A compliance officer shall establish and operate a compliance program on the overall business, including the management and sales activities, etc. of the Financial investment company, to check whether executives and/or employees are complying with the Relevant Acts, etc. and these Standards.

(2) A compliance program shall be established and operated, including details outlined in the Relevant Acts, etc. and these Standards, and it shall be supplemented in a timely manner.

(3) A compliance officer shall, in accordance with the compliance program, monitor whether executives and/or employees are complying with the Relevant Acts, etc. and these Standards, and shall record and maintain the results thereof.

(4) A compliance officer shall regularly provide an internal control report to the branch representative that includes major details about the results pursuant to Paragraph (3) and improvement plans, etc., and upon the occurrence of a special incidence, report without delay.

(5) A compliance officer may select a person that showed excellence in his/her compliance duties and ask the company to grant such person a career or financial benefit.

§19. Compliance Pledge and Education of Executives and/or Employees

(1) Executives and/or employees shall formulate a compliance pledge provided by the Company and submit it to the compliance officer.

(2) The Company shall establish an education program necessary for executives and/or employees to understand the restrictions and obligations provided in the Relevant Acts, etc. and these Standards, and hold necessary education sessions on a regular or ad hoc basis.

(3) The education program set forth in Paragraph (2) shall include the code of business ethics, investor protection, error cases, etc, and the Company shall prepare and operate management measures against any executive and/or employee who has not completed the education program.

§20. Support and Advice for Executives and/or Employees

A compliance officer shall establish and operate appropriate procedures so that executives and/or employees can receive the necessary support and advice on inquiries related to various laws and regulations that might arise during the performance of their duties.

§21. Delegation of Compliance Duties

(1) A compliance officer may delegate part of his/her compliance duties to an executive and/or employee who is in charge of compliance duties, and in such case, the scope of delegation and limitation of liability, etc. shall be clearly defined.

(2) A compliance officer may designate managers who are delegated part of the compliance officer's compliance duties for a department or a unit of several departments and have such managers supervise employees regarding compliance with the Relevant Acts, etc. and these Standards in order to ensure efficient implementation of the compliance duties.

§22. Establishment and Management of Code of Ethics

(1) The Company shall establish and manage the code of business ethics, which is required when executives and/or employees perform their duties of conducting the financial investment business.

(2) The Company shall establish and operate an internal system to secure the effectiveness of the code of ethics, such as operating a system to report violations, implementing disciplinary measures for such violations, etc.

§23. Reporting Obligation

(1) Executives and/or employees shall report to the line manager and the compliance officer all matters that fall under any of the following Subparagraphs without delay:

1. When the executives and/or employees or other executives and/or employees have violated the Relevant Acts, etc., these Standards, or the Company's policies, etc., or they are suspected of having violated them;
2. When the government, the Financial Services Commission, and the Financial Supervisory Service (hereinafter referred to as the "Supervisory Authority"), or the KOFIA, etc. requests important internal information about the Company;
3. When they are involved in illegal and unfair acts or acts that are suspected to be

illegal and unfair, or become aware that other executives and/or employees are involved in such acts; and

4. When executives and/or employees have been arrested, prosecuted, or convicted.
 - (2) Executives and/or employees shall, in cases where they have concerns while performing duties that their duties may violate the Relevant Acts, etc., these Standards, or the Company's policies, or their duties deviate from the normally implemented procedures and standards, receive confirmation from the compliance officer.

§24. Assessment and Management on Concurrent Office-Holdings

(1) A competent department (refers to the department responsible for the duties such as monitoring and managing the risk factors arising from the concurrent offices held by executives and/or employees and reporting on relevant matters, etc., hereinafter the same in this Article), in cases where an executive and/or employee of the Company intends to concurrently hold office as an executive and/or employee of another company pursuant to [§10(2) to (4)] of the Act, prior to holding the office, shall check whether the details of the concurrent office fall under the following Subparagraphs, and regularly manage the status of the concurrent offices:

1. Whether or not they undermine the management soundness of the Financial investment company;
2. Whether or not they generate conflict of interest with the customer;
3. Whether or not they undermine the stability of the financial market; or
4. Whether or not they distort the financial transaction order

(2) A competent department shall, in cases where the risks stipulated in each of the Subparagraphs of Paragraph (1) occurred or may occur as a result of the review and management pursuant to Paragraph (1) and the process of holding concurrent offices, take appropriate measures to prevent the risks and report the fact thereof to the compliance officer.

(3) A compliance officer may, in cases where he/she recognizes that it is necessary after reviewing the report from the competent department pursuant to Paragraph (2), request the competent department to take corrective measures for the concurrent office-holding or request the concurrent office-holding to be stopped, etc.

§25. Whistle-Blowing System

(1) The financial investment company shall operate a whistle-blowing system (refers to the system which allows executives and/or employees to report the illegal or unfair acts, etc. of a company or another executive and/or employee to the company) for efficient operation of internal control, and may establish detailed guidelines required for the operation.

(2) The whistle-blowing system shall include measures to protect the whistle blowers such as identity protection and prohibition of disadvantages, etc. as well as disadvantages for those that do not blow whistles despite being aware of illegal and unfair acts that could significantly impact the company, etc.

(3) In cases where it is recognized that the whistle blower has been put at a career disadvantage due to the act of whistle-blowing, the compliance officer can request the financial investment company to take corrective measures, and the company shall comply with such request unless it has justifiable reasons for non-compliance.

(4) A compliance officer may request the company to select an outstanding whistle blower and grant him/her a career advancement or financial benefit. Provided, That this shall not apply in cases where the whistle blower does not want such benefit.

§26. Measures on Illegal or Unfair Acts, etc.

(1) The Company and compliance officer shall, in cases where illegal or unfair acts of executives and/or employees are identified as a result of monitoring compliance with the Relevant Acts, etc. and these Standards, immediately take the necessary measures to ensure similar acts do not occur again, including imposing sanctions on the responsible executives and/or employees and improving the internal control system, etc.

(2) The executives and/or employees relevant to the measures taken by the financial investment company pursuant to Paragraph (1) may file an objection to the Company in accordance with the procedures set by the company. In this case, such executives and/or employees shall give clear reasons and provide the necessary documentary evidence.

§27. Mandatory Leave System

The financial investment company shall operate a mandatory leave system (refers to the system that orders executives and/or employees that perform duties with a high

risk of financial accidents to take leave for a certain period and monitoring the adequacy of their duty performance during that period) in order to prevent the illegal or unfair acts of executives and/or employees in advance. Matters required for the implementation of the mandatory leave system including executives and/or employees subject to the system, the implementation cycle, forced leave period and exclusions, etc. may be separately determined in consideration of the size of the company and the status of the workforce, etc.

§28. Criteria for Roles and Responsibilities

The Company shall formulate and operate criteria for roles and responsibilities that set out a number of personnel (or departments) to participate in single transactions (the scope of a single transaction shall be defined by the financial investment company) such as deposit or withdrawal that have a high exposure to financial accidents, or separates the relevant duties into front office and back office control procedures, etc.

PART IV

COMPLIANCE MATTERS FOR PERFORMING DUTIES

CHAPTER I

COMPLIANCE MATTERS FOR BUSINESS CONDUCT

SECTION I

GENERAL PRINCIPLE OF BUSINESS AND PROHIBITION OF UNSOUND BUSINESS CONDUCT

§29. General Principles of Business

Executives and/or employees shall faithfully comply with the principles in the following Subparagraphs to protect customers' interests and maintain a fair trading order:

1. Make appropriate recommendation on investment by identifying accurate information about customers, including the customer's investment purpose, the characteristics of investment funds, the risk preference, etc.;

2. Fulfill the fiduciary duty of due care;
3. Provide sufficient explanations to customers about important matters related to the details of financial investment instruments, such as risk factors, etc.;
4. Refrain from unfairly using or leaking the customer's personal information and trading information, etc.; and
5. Refrain from committing illegal and unfair acts, such as providing false information about customers, forging and falsifying documents, or committing fraud or deception to induce trading.

§30. Investment Trading Business or Investment Brokerage Business

(1) Executives and/or employees shall, when entrusted to place trading orders for customers which are expected to significantly affect the market price of financial investment instruments, not disclose such information to a third party before it is disclosed to the market. Provided, That this shall not apply in cases where the act of providing information satisfies all of the conditions in the following Subparagraphs:

1. In cases where the information is provided to smoothly execute the trading order;
2. In cases where there are reasonable grounds to believe that the person who received the information will not execute trading based on the expected price fluctuations or not give such information to a third party; and
3. In cases where there is no single information provided about the customer who entrusted the trading order.

(2) Executives and/or employees shall not recommend the trading of certain financial investment instruments to customers with the purpose of making the trading of the company or the trading executed at his/her discretion more favorable or easier.

(3) The Company shall not commit acts prohibited by the Relevant Acts, etc., including [§71] of the Act, [§68(5)] of the Enforcement Decree of the Act, [§4-19] and [§4-20] of the Regulations on Financial Investment Business, and other acts that may undermine investor protection and sound trading order.

SECTION II

SALES OF DERIVATIVES

§31. Designation and Change of the Person in Charge of Derivatives Business

(1) The financial investment company shall designate at least one person in charge of the derivatives business as a full-time executive (including persons referred to in each of the Subparagraphs of [§401-2(1)] of the Commercial Act).

(2) A person in charge of the derivatives business shall not be a person who falls under any of the Subparagraphs of [§24] of the Act.

§32. Duties of the Person in Charge of Derivatives Business

(1) A person in charge of the derivatives business shall perform the duties in each of the following Subparagraphs:

1. Management and supervision of the establishment and implementation of procedures and standards necessary for the protection of investors regarding derivatives;
2. Other duties prescribed in the Enforcement Decree of the Act in accordance with Subparagraph 3 of [§28-2(2)] of the Act.

(2) In cases where a new OTC derivatives product is offered to general investors, a person in charge of the derivatives business shall formulate and operate separate review procedures for the appropriateness of the structure of the new product.

(3) A company shall monitor on a regular or ad hoc basis the appropriateness of the duties performed by the person in charge of derivatives business in Paragraph (1) and whether a performance-based compensation system considering the derivatives' risks is maintained.

§33. Confirmation of General Investors' Purpose of Transaction

In cases where a general investor is a counterparty to OTC derivatives brokerage, mediation, or agency, the Company shall confirm whether the general investor meets each of the following requirements:

1. The objects of avoiding risk shall be owned or to be owned by the general investor; and
2. Any profit and loss which are likely to be generated in trading OTC derivatives during the contract term for such OTC derivative transactions shall not exceed the range of the profit and loss which are likely to be generated in the objects of avoiding risk.

SECTION III

INVESTMENT ADVERTISEMENTS AND PREVENTION OF FINANCIAL INCIDENTS

§34. Methods and Procedures for Investment Advertisements

(1) Executives and/or employees shall, when issuing investment advertisements, fully commit themselves to providing accurate information and sufficiently notify the risks based on the principle of good faith.

(2) The Company shall, when issuing investment advertisements, comply with the matters stipulated in the Regulations on Business Conduct and Services of Financial Investment Companies by the KOFIA, including matters to be included or prohibited content, methods and procedures thereof, etc. in accordance with [§22] of the Act and [§20] of the Supervisory Regulations on the Protection of Financial Consumers.

(3) A compliance officer shall establish and operate detailed standards regarding investment advertisements, including internal review procedures, methods and details indicated in the advertisements, etc. for compliance with the Relevant Acts, etc.

§35. Corporate Sales

(1) Executives and/or employees in charge of corporate sales shall not commit acts that fall under each of the following Subparagraphs:

1. Register a corporation with low credit rating or poor credit status, etc. as a business entity exempt from the collection of customer margin;
2. Be entrusted with a spoofing order;
3. Provide unfair benefits or cover losses through trading financial investment instruments linked to the proprietary account;
4. Provide unfair pecuniary benefits through methods including sale of debt securities at low prices or purchase of debt securities at high prices or signing of an investment advisory agreement, etc.
5. Other illegal and unfair trading that violates the Relevant Acts, etc.

(2) The financial investment company shall establish and operate a selection criteria for companies that are exempted from the collection of customer margin, and when establishing or revising the criteria, the company shall consult with the compliance officer beforehand.

§36. Sales of Collective Investment Securities

(1) The financial investment company and its executives and/or employees shall not make preferential promotion efforts to sell certain collective investment securities to general investors on reasons that the compensation rate or fees of those securities is higher than that of other collective investment securities. The company shall also not apply a different compensation or performance-based fee payment standard by collective investment product or encourage sales to be concentrated on certain products, etc.

(2) A department that manages the sales of collective investment securities shall regularly examine the sales remuneration rate or the sales commission rate and sales growth rate, etc. and report the information to the compliance officer.

(3) A compliance officer shall, when it is deemed that a company has made preferential promotion efforts to sell certain collective investment securities due to the strong sales growth of these securities that accompany a high sales remuneration rate or sales commission rate, identify the reasons, implement corrective measures and keep and maintain the results.

(4) Executives and/or employees shall not commit any act that falls under the following Subparagraphs targeting an investor regarding the sales of certain collective investment securities:

1. Guarantee the expected rate of return;
2. Use expressions that give a definite confirmation of the expected rate of return or suggest thereof; and
3. Make a claim or giving an explanation that goes against the intrinsic characteristics of investment-type products.

§37. Confirmation of Irregularities in Debt Securities

(1) Executives and/or employees shall, in cases where a customer moves debt securities into an account, check thoroughly to make sure there is no report of forgery, alteration or theft on the securities.

(2) In cases where debt securities are moved into an account newly opened on that day or an account that has no trading records for a long period of time since the opening of the account, and the debt securities were sold on the same day or there is a request for immediate withdrawal (including partial withdrawal) after selling on the

same day, executives and/or employees must check with the Securities Depository whether the debt securities are irregular securities.

CHAPTER II

MANAGEMENT OF CONFLICTS OF INTEREST AND INFORMATION BARRIERS

SECTION I

GENERAL PRINCIPLES

§38. Placing Top Priority on Customers' Interests

- (1) Customers' interests shall come before the interests of the Company, the head office (including overseas affiliates), and executives and/or employees.
- (2) Company benefits shall come before those of its executives and/or employees.
- (3) The benefits of all customers shall be handled in an equal manner.

§39. Prevention of Conflicts of Interest

- (1) Executives and/or employees shall, when fulfilling their duties, not seek their own profits or compensation through illegal and unfair methods.
- (2) In cases where executives and/or employees are engaged in external activities besides the duties performed at the Company with the company's prior approval, the assets and personnel of the Company or customers and the information obtained while performing their duties shall not be used for their own interests.

§40. Identification, Evaluation and Management of Conflicts of Interest, etc.

- (1) Executives and/or employees shall, in cases where there is a conflict of interest between the Company and a customer or between a customer and another customer, or there are concerns over the possibility of such conflict, consult with the compliance officer or a department head in charge of resolving conflicts of interest, etc. beforehand and take the necessary measures to ensure there is no problem with customer protection, etc.

(2) Executives and/or employees shall, in cases where a transaction could potentially create conflicts of interest, take the necessary measures to reduce the possibility of conflicts of interest as much as possible so that the customer's interests are not infringed before conducting such trading and other transactions, and in cases where it is difficult to reduce the possible occurrence of conflicts of interest, they shall notify customers and refrain from conducting such trading and other transactions.

(3) Executives and/or employees shall prevent conflicts of interest by registering and managing issues, name of companies, etc. that may cause conflicts of interest with the Company on a trading restriction list or a trading under cautionary list.

SECTION II

MAINTENANCE AND MANAGEMENT OF CONFIDENTIAL INFORMATION

§41. Definition of Confidential Information

Any undisclosed information that falls under any of the following Subparagraphs regardless of the form of record or whether it is recorded is regarded as confidential information:

1. Information that can have a significant effect on a company's financial soundness, management, etc.;
2. Information about a customer or counterparty (including executives and/or employees in cases where the counterparty is a corporation or other organization), including personal details, trading details, account number, password, etc.
3. Information about a company's management strategies, new products and businesses, etc.; and
4. Other undisclosed information comparable to Subparagraph 1 to 3

§42. Management of Confidential Information

(1) Executives and/or employees shall comply with the Relevant Acts, etc. when managing confidential information.

(2) Confidential information shall be managed as follows:

1. Information that comes from a business department or a business function that has information barriers shall be regarded as confidential information that requires confidentiality to be protected with top priority;

2. Confidential information shall only be accessible by those who have justifiable rights or are entrusted with such rights in accordance with the standards set by the Company;
3. Executives and/or employees shall not provide confidential information to a person who does not have the rights to access such information or disclose the information at a place where it is difficult to maintain confidentiality;
4. Documents with confidential information shall not be copied more than necessary or stored in a place where its safety cannot be guaranteed;
5. The place where confidential information is stored shall be a place that can be controlled effectively by a person with authority, while preventing access by unauthorized persons;
6. In cases where a company signs a confidentiality agreement, etc. with an external interested party, the relevant executives and/or employees shall faithfully fulfill their obligation to protect confidentiality;
7. Executives and/or employees shall, except for the purpose of performing duties requested by the company, in any case not use confidential information for one's own or a third party's interests;
8. Executives and/or employees shall, in cases where they leave the workplace, not carry the confidential information in the form of documents, copies, files, etc. or leak the information to outsiders without the approval of a superior who has the right to access such information;
9. Executives and/or employees shall not request other executives and/or employees to provide confidential information that is irrelevant to their duties assigned by the company;
10. In cases where executives and/or employees retire from the company, they shall return all of the confidential information including documents, records, data, customer information, etc. related to the company's management to the company before retiring;
11. A meeting that deals with confidential information shall be held in a place that is separated from the workplace of other executives and/or employees, where the leakage of such information can be prevented; and
12. Confidential information shall be only accessible by those with justifiable rights assigned by the company, and a strict control and security system shall be

established and operated to prevent access by unauthorized persons.

(3) Executives and/or employees shall, in cases where it is unclear whether a certain information is confidential, obtain the compliance officer's prior confirmation before using such information. In this case, before obtaining such confirmation, the information shall be classified and managed as confidential information in accordance with this Standard.

§43. Procedures for Providing Confidential Information

Executives and/or employees shall, in cases where they want to provide confidential information to another person (including the company's executives and/or employees), comply with the principles in each of the following Subparagraphs:

1. Confidential information shall, only in cases where it is deemed necessary, be provided according to the prior approval procedure determined by the company;
2. The prior approval procedure in Paragraph (1) above shall include the matters in the following Items:
 - a. The names of the person that requests the approval of the provision of confidential information and the person who will be provided with such information, and the departments (the name of the institution in the case the relevant person is an outsider) to which they belong;
 - b. The necessity or reasons for the provision of confidential information; and
 - c. Methods, procedures, time and date, etc. of the provision of confidential information.
3. A person who provides confidential information shall fulfill the duty of care to make sure the confidential information is not handed over to unauthorized persons;
4. A person who has received confidential information shall faithfully comply with the obligation to protect confidentiality provided in this Standard and not use it for reasons other than the original purpose for which the information was provided or allow another person to use it.

SECTION III INFORMATION BARRIERS

Subsection 1 Information and Areas Subject to Information Barrier

§44. Identification and Establishment of Information Subject to Information Barriers

(1) In order to prevent conflicts of interest and protect investors, the Company shall block the exchange of the following information as prescribed in the Standards:

1. Important undisclosed information under the Act other than the information under [§174(1)] of the Act;
2. Information on investors' sales and ownership of financial investment products that has not been disclosed to unspecified many; and
3. Information on the composition and management of collective investment properties, discretionary investment properties, and trust properties that has not been disclosed to unspecified many.

(2) The Company shall establish criteria to identify important undisclosed information under Paragraph (1) Subparagraph 1 considering the following matters regarding the corporations related to the Company's affairs including the financial investment business:

1. Facts or decisions that cause major changes to the financial structure;
2. Facts or decisions that may cause major changes to the corporate management environment;
3. Facts or decisions that cause massive loss of properties, etc. or increase in value;
4. Facts or decisions that cause major changes to creditor-debtor relationships;
5. Important facts or decisions regarding investments and investment relationships;
6. Important facts or decisions regarding changes in the profit structure;
7. Decisions on the revision of the accounting standards or assumptions with major impact on the management properties and investors' investment decisions;
8. Disclosure or announcement of information on management status, etc. as required by the relevant laws or the supervisory institution;
9. Decisions on the appointment or dismissal of external directors and auditors;
10. Trading with the largest shareholder, etc.;
11. Performance or discontinuation of open purchase; and
12. Other matters or decisions deemed equivalent under the Company's criteria that may have major impact on investors' investment decisions.

(3) The information under Paragraph (1), Subparagraph 2 that fall under the following subparagraphs shall not be subject to the information barrier:

1. Information on the total amount of electronically registered shares, etc. under subparagraph 4 of [§2] of the Act on Electronic Registration of Stocks and Bonds, and the total amount of the electronically registered shares, etc. by type;
2. Information on the total amount of securities deposited by investors, and the total amount of the securities by type;
3. Information on the total amount of debt securities by item;
4. Personal credit information for which a consent on provision has been obtained pursuant to [§32] of the Credit Information Use And Protection Act or a transmission demand has been received pursuant to [§33-2] of the same Act; and
5. Other information without risk of conflicts of interest, approved by the information barrier officer under [§47(2)], etc. (hereinafter referred to as the “information barrier officer, etc.”).

(4) The information under Paragraph (1), subparagraph 3 that fall under the following subparagraphs shall not be subject to the information barrier:

1. Information related to real properties (including superficies, easement, lease rights, sales rights, and others) or the management of special assets (including securities issued by the financial investment company for investments in real properties and special assets) that do not pose a risk of conflicts of interest
2. Information past the term prescribed in the internal control standards
3. Other information approved by the information barrier officer, etc. that does not pose a risk of conflicts of interest

(5) In cases where an employee cannot determine whether information produced or obtained in the course of the performance of his/her duties constitutes information subject to information barrier, the employee shall report the matter to the information subject to information barrier, who will assess and determine whether the information constitutes information subject to information barrier. In such cases, the employee shall regard the information as information subject to information barrier until the information subject to information barrier notifies the results.

(6) In the event that information subject to information barrier is disclosed or deemed as not requiring protection as information subject to information barrier for any other reason, the person in charge for the area or information designated pursuant to [§46]

shall notify the matter to the information exchange control organization under [§47(1)] (hereinafter referred to as “the information exchange control organization”), which may decide to release the information from information barrier.

§45. Designation of Areas Subject to Information Barrier

(1) The Company shall identify and designate areas subject to information barrier considering the following criteria:

1. The type of information subject to information barrier produced and obtained;
2. The types of the financial investment business (including those businesses allowed for comprehensive financial investment businesses under Article 77-3 of the Act), and concurrent and incidental businesses;
3. Specific characteristics of business, profit structures, and risk of conflicts of interest; and
4. Other needs for designating areas subject to information barrier.

(2) In the event that the Company determines that conflicts of interest may arise regarding specific matters within an area subject to information barrier, the company may temporarily divide the area into separate areas.

§46. Responsibilities Regarding the Use of Information Subject to Information Barrier

(1) The Company shall designate a person in charge for each area subject to information barrier under Article 45.

(2) Each person in charge shall supervise and ensure that the executives and employees in the relevant area do not use information subject to information barrier for any purpose other than the performance of their duties, or disclose the information to any employee or third party that are not affiliated with the area subject to information barrier.

(3) In the event that a person in charge determines that a temporary conflict of interest may arise regarding a specific matter within an area subject to information barrier under Paragraph (1), the person in charge may designate a separate person in charge of the information related to the matter (hereinafter referred to as the “person in charge of specific information”) in consultation with the information barrier officer, etc.

§47. Establishment and Operation of Information Exchange Control Organizations

(1) The information exchange control organization shall establish an information exchange control organization tasked with blocking information exchange, determine the appropriateness of allowed exchanges, and coordinate all duties regarding information barrier.

(2) The Company shall designate information barrier officers, etc. coordinating the information exchange control organization (including those under [§4-6(2)] of the Regulations on Financial Investment Business).

(3) The information barrier officer, etc. may delegate a part of its information barrier duties to executives and employees of the information exchange control organization, in which case the scope of delegation and the limit of responsibility must be clearly defined.

(4) To the executives and employees under Paragraph (1) to 3 above, the Company shall require stricter compliance with confidentiality, prohibition of use of illegitimate information, or prohibition of front running, etc.

(5) For the purpose of tasks related to information barrier, [§8] and [§14] shall apply mutatis mutandis to information barrier officer, etc.

§48. Employees Allowed to Exchange Information

(1) The Company may appoint executives (refers to executives defined in [§2], Subparagraph 2 of the Act On Corporate Governance of Financial Companies; The same applies hereinafter in this provision) allowed to exchange information, who will be tasked with coordinating works between areas subject to information barrier, and between an area subject to information barrier and an area not designated as an area subject to information barrier (hereinafter referred to as an “area not subject to information barrier”) in accordance with the executives’ positions, duties, or supervisory responsibilities.

(2) An executive appointed under Paragraph (1) above shall access the information in areas subject to information barrier within the scope required for his/her duties, and comply with other requirements and limitations prescribed by the information barrier officer, etc. including confidentiality, prohibition on the use of illegitimate information, and prohibition of front running.

(3) Notwithstanding Paragraph (1) above, in consideration of the need to access the information for job performance and the possibility of conflicts of interest, the information subject to information barrier, etc. may define and manage the scope of information subject to information barrier that an executive under Paragraph (1) above may access at all times.

Subsection 2. Information Barrier within the Company and Allowed Exchange

§49. General Principle of Information Barrier

(1) The Company shall ensure that information subject to information barrier is not shared with any person other than the executives and employees related to the tasks.

(2) All executives and employees using information subject to information barrier for the performance of their duties shall use the information only within the scope required to perform the duties.

(3) An executive or employee holding any information subject to information barrier may not disclose the information subject to information barrier to any third party, including the executives and employees who are not affiliated with the areas subject to information barrier.

(4) In the event that any person other than the executives and employees affiliated with the areas subject to information barrier access any information subject to information barrier unrelated to his/her duties, the relevant executive or employee shall promptly notify the matter to the information exchange control organization.

(5) The executives and employees under paragraph 4 above shall comply with the obligations and restrictions applicable to the executives and employees within the areas subject to information barrier, within the scope of information that they obtained.

(6) The information barrier officer, etc. shall establish a monitoring system to verify compliance with paragraphs 2 to 5 above on a regular basis.

§50. Permanent Information Barrier

(1) In consideration of the characteristics and scope of its businesses and the degree of conflicts of interest, the Company shall use one or more of the following methods to establish and operate an effective information barrier for each area subject to information barrier under [§57]:

1. Separation of work spaces;
 2. Electronic separation, including restriction of access to information systems;
 3. Continued record-keeping or restriction of meetings and communication between areas subject to information barrier and between areas subject to information barrier and areas not subject to information barrier; and/or
 4. Establishment and operation of other tangible and intangible information barriers capable effectively preventing exchange of other information.
- (2) The Company may not allow any executive or employee to concurrently hold positions in different areas subject to information barrier or areas subject to information barrier and area not subject to information barrier. However, the same does not apply to cases falling under [§48(1)] or [§51(2)3].

§51. Methods for Allowed Exchange

(1) In the event all of the following requirements are satisfied, the Company may allow information exchange between areas subject to information barrier and/or between areas subject to information barrier and areas not subject to information barrier:

1. A legitimate reason for accessing the information subject to information barrier;
2. A prior approval by the persons in charge of the relevant areas and the information barrier officer, etc. (including an umbrella approval of repeated exchange of information subject to information barrier deemed to be identical);
3. The restriction of the provided information subject to information barrier to the minimum scope required for the tasks;
4. The executives and employees that obtained the information subject to information barrier may not use the information for any purpose other than the relevant tasks;
5. The executives and employees granted access to the information subject to information barrier under this provision must comply with the requirements and restrictions applicable to executives and employees in the relevant areas subject to information barrier; and
6. The Company must keep records of allowed exchange of information subject to information barrier under this provision, and retain/maintain the records for at least the minimum retention period for internal control records under Attached Table 12 of the Regulations on Financial Investment Business.

(2) The information barrier officer, etc. may require the following methods or other methods equivalent thereto to be used for allowed exchanges under Paragraph (1) above;

1. Provision of information within the areas subject to information barrier;
2. Granting of temporary access to information within the areas subject to information barrier; and
3. Inclusion of specific executives and employees requiring access to information subject to information barrier in the relevant area subject to information barrier for a limited period.

§52. Allowed Exchange for Back Office Operation

(1) Notwithstanding [§51], the Company may grant permanent permission for information exchange with areas subject to information barrier to executives and employees in areas not subject to information barrier whose responsibility is auditing, human resource management, accounting, finance, management support, management analysis, product development, payment, legal affairs, compliance, and/or risk management, etc.

(2) An executive or employee appointed under Paragraph (1) above shall access the information in areas subject to information barrier within the scope required for his/her duties, and comply with the requirements and limitations prescribed by the information barrier officer, etc. including confidentiality, prohibition on the use of illegitimate information, and prohibition of front running.

Subsection 3 Creation, Management, and Monitoring of Trading Under Cautionary and Trading Restriction Lists

§53. Trading Under Cautionary and Trading Restriction Lists

(1) In the event that the information barrier officer, etc. deems necessary to prevent conflicts of interest, including the acquisition of important undisclosed information or trading or business information equivalent to important undisclosed information, the financial investment company may include the financial investment products related to the corporation in the trading under cautionary or trading restriction lists.

(2) The information barrier officer, etc. shall monitor trading of financial investment products included in the trading under cautionary list at all times, and prepare appropriate measures to prevent conflicts of interest between the financial investment company, the executives and employees, and the customers, and between the Company and the executives and employees.

(3) The information barrier officer, etc. shall restrict the trading of financial investment products included in the trading restriction list at the financial investment company's expenses or the expenses of any executive or employee.

(4) The information barrier officer, etc. may determine the scope of subject to trading restriction under Paragraph (3) above, and notify the trading restriction list to the executives and employees or allow them to view the list.

§54. Transactions with Risks of Conflicts of Interest

(1) The Company shall identify transactions posing risks of conflicts of interest with regard to its businesses, and prepare and manage a list of specific types of the transactions.

(2) The Company shall prepare measures to minimize conflicts of interest for each type of transaction under Paragraph (1) above, including discontinuation of transactions and notification of the conflicts of interest to customers.

Subsection 4 Information Barrier Outside the Company

§55. Information Exchange with Affiliates and Other Third Parties

(1) The Company shall establish and operate information barriers pursuant to §50 against third parties including affiliates (for financial investment businesses that are branches or other offices of foreign financial investment businesses under [§16(10)] of the Enforcement Decree of the Act, including the foreign financial investment businesses; the same applies hereinafter in this provision. However, the same does not apply to the exchange of information that does not pose a risk of conflict of interest, including information not related to information subject to information barrier, and the exchange of information in areas not subject to information barrier.

(2) For the purpose of applying Paragraph (1) above, the Company may identify the types of third parties including affiliates based on risks of conflicts of interests and the

efficiency of internal control, and establish different internal control standards for each type or manage internal control standards by specifying the scope of third parties against whom the Company establishes and operates information barriers.

(3) Notwithstanding Paragraph (1) above, in any of the following cases, the Company may disclose information subject to information barrier to third parties including affiliates:

1. Provision of information to third parties including affiliates to comply with the reporting and disclosure requirements for shareholding, etc. under the laws of the Republic of Korea and other countries;
2. Provision of information to third parties to which the Company delegated its businesses or with which the financial investment company formed a partnership, for the purpose of the delegated businesses or the partnership;
3. Provision of information for compliance with, or verification of compliance with, the Company's internal control standards;
4. Provision of information for the purpose of handling tasks such as auditing, human resource management, accounting, finance, management support, management analysis, product development, computer, payment, legal affairs, compliance, and/or risk management;
5. Provision of information required to jointly carry out its financial investment business and other businesses with third parties including affiliates; or
6. Provision of information for legitimate business-related reasons that does not pose significant risks of conflicts of interest, as approved by the information barrier officer, etc.

(4) [§51] and [§52] shall apply mutatis mutandis to the exchange of information subject to information barrier between the financial investment company and third parties including affiliates.

§56. Demand for Provision or Transmission of Personal Credit Information

In the event that the Company receives a consent on the provision of personal credit information from a customer pursuant to [§32(1)] of the Act on the Use and Protection of Credit Information, or a demand for the transmission of personal credit information under [§33-2(2)] of the same Act, the Company may disclose the information to third parties including affiliates.

§57. Concurrent Positions

The Company may allow the executives and employees of third parties including affiliates to concurrently hold executive and employee positions at the financial investment company.

Subsection 5 Miscellaneous

§58. Keeping and Inspection of Information Barrier Records

(1) The information barrier officer, etc. shall maintain the following records regarding the allowed exchange of information and the inclusion in the trading under cautionary and trading restriction lists, for at least the retention periods for internal control data specified in Annexed Table 12 of the Regulations on Financial Investment Business:

1. Allowed exchange of information: The affiliation and names of the persons receiving the information subject to information barrier (or persons temporarily included in the relevant areas), the date of reception or inclusion and the termination thereof, and summaries of information exchanged; and
2. Trading under cautionary and trading restriction lists: reason for, and date of, inclusion in the lists and release therefrom.

(2) The information barrier officer, etc. may have the areas subject to information barrier keep the records in Paragraph (1) above.

(3) The financial investment company shall keep the records of the list of persons in charge of areas subject to information barrier, persons in charge of specific information, and executives and employees allowed to exchange information, and retain them for at least the minimum retention period under Paragraph (1) above.

(4) The information barrier officer, etc. shall review the appropriateness of records kept pursuant to Paragraph (1) above, the allowed exchange of information, and the inclusion in/release from the trading under cautionary and trading restriction lists on a regular basis.

§59. Training of Executives and Employees

(1) The Company shall post the internal control standards regarding information barrier and the relevant policies on the company intranet so that executives and employees can review the standards and policies.

(2) The Company shall require its executives and employees to complete training on a regular basis including the following items, so that they can familiarize themselves with the internal control standards regarding information barrier and the related guidelines:

1. Matters applicable to executives and employees in areas subject to information barrier;
2. Matters that all executives and employees should comply to prevent exchange of information;
3. Administrative sanctions and criminal punishments against illegitimate use of information subject to information barrier; and
4. Other matters deemed necessary by the information barrier officer, etc.

(3) The Company shall promptly notify its executives and employees in case of a revision to the internal control standards on information barrier or other relevant guidelines.

§60. Disclosure of Information Barrier Details

The Company shall disclose the following items regarding its conflicts of interest policies and information barrier policies on its website (including, in the absence of an website, the placement of the policies at the company so that customers can access them, or sending them via email at customers' request):

1. Information excluded from information subject to information barrier under [§44(3) and (4)];
2. Areas subject to information barrier under [§45] and the types of information subject to information barrier in each area;
3. Criteria for inclusion in the trading under cautionary and trading restriction lists under [§53];
4. Types of transactions under [§54] that pose risks of conflicts of interest and measures to address them; and
5. Other key items of the conflicts of interest and information barrier policies.

CHAPTER III

COMPLIANCE FOR CONDUCTING OTHER DUTIES

SECTION I

TRADING OF FINANCIAL INVESTMENT INSTRUMENTS BY EXECUTIVES AND/OR EMPLOYEES

§61. Basic Principles

(1) Executives and/or employees shall comply with matters in the following Subparagraphs regarding the trading of financial investment instruments.

1. Actual or potential conflicts of interest between investors, customers, or the financial investment company should not occur;
2. Commit actions that cause a loss to investors, customers or companies by using their official position at the company;
3. Cause difficulties in the performance of duties due to excessive trading in terms of the amount and number of trading, etc.;
4. Meet the characteristics of a sound investment and do not speculate;
5. All procedures for trading shall be fair and transparent and refrain from violating the Relevant Acts, etc., and committing inappropriate actions as executives and/or employees, including market price manipulation, etc.;
6. Refrain from doing any form of trading based on undisclosed information on the financial investment company or a company subject to investment; and
7. The account for the trading of financial investment instruments shall be set up under one's own real name.

(2) The Company shall not impose discriminating fees for the trading of financial investment instruments between customers and executives and/or employees without justifiable reasons.

§62. Opening and Reporting of Accounts

(1) Executives and/or employees shall, when trading financial investment instruments (hereinafter referred to as the "equity securities, etc.") that are subject to each of the Subparagraphs of [§64(2)] of the Enforcement Decree of the Act on their own account, trade under their real name.

(2) Executives and/or employees shall, in cases where they want to trade equity securities, etc., trade through the Company except in the cases in the following Subparagraphs:

1. In the case of trading financial investment instruments that are not dealt by the Company;
2. In the case of subscribing for securities issued or traded through public offering or public sales;
3. In the case of selling financial investment instruments acquired through inheritance, gift (including testamentary gift), exercise of security right, receipt of payment through accord and satisfaction; and
4. In the case of selling financial investment instruments acquired before joining as executives and/or employees of the Company.

(3) Executives and/or employees shall use one account for the trading of equity securities, etc. on their account except for cases in the following Subparagraphs:

1. In the case of dividing and designating the accounts by financial investment instruments;
2. In the case of opening a separate account to receive tax benefits in accordance with the Restriction of Special Taxation Act;
3. In the case of selling financial investment instruments acquired through inheritance, gift (including testamentary gift), exercise of security right, receipt of payment through accord and satisfaction, etc.

(4) Executives and/or employees shall, in cases where an account for trading equity securities, etc. of another financial investment business entity has been set up, immediately report the matters provided in the following Subparagraphs to the compliance officer.

1. Account name;
2. Account number; and
3. Branch office of account opening

(5) Executives and/or employees engaged in corporate finance, research and analysis, and other business affairs acknowledged by the financial investment company to be needed for the prevention of conflicts of interest, shall, in cases where an account is opened by their spouse or underage children for the trading of equity securities, etc., report the matters prescribed in the Subparagraphs of Paragraph (4) immediately to

the compliance officer. However, this shall not apply in cases where an account is opened to trade the following financial investment instruments:

1. Derivatives-linked securities (excluding ELW); and
2. Newly issued securities via public offering or public sale.

(6) Executives and/or employees shall, in cases where the compliance officer makes a request for explanation about the trading and other trades, comply faithfully.

§63. Reporting Trading Details and Abnormal Trading

Trading statements (excluding the matters that have already been reported) of equity securities, etc., shall be reported to the compliance officer in a monthly (or quarterly) manner, by the end of the following month after each month ends in the case accounts are opened by a Certified Investment Advisor, a Certified Research Analyst and a Certified Investment Manager, and by the end of the following month after each quarter ends in the case accounts are opened by other executives and/or employees and their spouse or underage children registered pursuant to [§62(5)]. Provided, That in cases where the financial investment company (with the consent of executives and/or employees, and their spouse or children) has established a computer system, etc., where the details of the trading of financial investment instruments may be regularly checked and if the appropriateness of the trading details are checked monthly (or quarterly) through such system, the obligation to report may be exempted.

§63-2. Internal Control

(1) Executives and/or employees, in the case they want to trade the financial investment instruments pursuant to Subparagraph 1 of [§64(2)] of the Enforcement Decree of the Act (hereinafter referred to as the "listed equity securities" in this Article), gain prior approval of the person in charge appointed by the company such as the compliance officer or head of department or branch office. The effective period of the prior approval shall be within two (2) business days including the approval date, decided by the Financial investment company.

(2) Notwithstanding Paragraph (1), the executives and/or employees may trade the listed equity securities without having to gain prior approval, in the case the Company establishes and operates a filtering system on matters prescribed in the following Subparagraphs for the trading of listed equity securities:

1. Whether or not products included in the trading under cautionary list or the trading restriction list under [§53] are traded;
2. Whether or not the mandatory number of holding days or turnover rate stipulated in Paragraph (3) are complied with; and
3. Whether or not there is an occurrence of front-running that uses trading order information that may significantly affect the price of listed equity securities, or other matters that the financial investment company has designated to be needed to prevent conflicts of interest.

(3) In the case executives and/or employees buy listed equity securities pursuant to any of the following Subparagraphs, they shall retain the securities for at least five (5) business days from the buy date (in the case the same securities have been bought over a number of days, the most recent buy date):

1. The Company restricts the trading of listed equity securities to have the monthly turnover rate of no more than 500%, and number of buy orders (cancellation or revision of a buy order shall not be counted as a buy order) to be no more than 3 (three) on a daily basis and thirty (30) on a monthly basis;
2. There is an occurrence of over 10% of unrealized valuation loss among the bought equity securities; and
3. The compliance officer has granted prior approval.

(4) In the case the executives and/or employees sell the listed equity securities pursuant to the reasons stipulated in Subparagraph 2 and 3 of Paragraph (3), and the financial investment company exceeds the monthly turnover rate stipulated in Subparagraph 1 of Paragraph (3), it shall not be deemed for the monthly turnover rate to have been exceeded.

(5) The annual investment limit of the executives and/or employees for listed equity securities and exchange-traded derivatives shall not exceed their annual salary, and the gross investment amount shall not exceed the limit (500 million won) set by the Financial investment company. However, in the cases prescribed in the following Subparagraphs, the investment shall not be deemed to have exceeded the limit set by the company and in such cases, only selling or withdrawal shall be allowed for the amount exceeding the limit set by the company or approved in advance by the compliance officer pursuant to Subparagraph 3.

1. The amount invested before the effective date of this Standard exceeds the limit set

by the Company;

2. The allocation into subscription for publicly issued equity securities exceeds the limit set by the Company; and

3. The compliance officer has granted prior approval.

(6) Notwithstanding Paragraph (5), the following Subparagraphs shall not be counted as investment of executives and/or employees:

1. When investment is acquired through stock options or employee stock ownership association;

2. When investment is acquired through inheritance, gift (including testamentary gift), exercise of security right, receipt of payment through accord and satisfaction; and

3. The compliance officer has granted prior approval.

(7) Executives and/or employees shall not engage in credit transaction of equity securities or trade the following financial investment instruments:

1. Exchange-traded derivatives or ELW. However, this does not apply in the case the compliance officer has granted prior approval for the investment amount and trading period for executives and/or employees' job training purposes; and

2. Other types of financial investment instruments designated by the company.

(8) The Company should establish and operate a system that can immediately block orders from the accounts of executives and/or employees in the event of an emergency, such as the occurrence of fat-finger error.

(9) Paragraphs (1) and (2) shall not apply to financial investment companies not engaged in the investment brokerage of equity securities or the investment and management of collective investment property into equity securities.

SECTION II

MANAGEMENT AND PROTECTION OF PERSONAL CREDIT INFORMATION

§64. Establishment of Management and Protection Policies for Personal Credit Information

The Company shall establish management and protection policies for personal credit information and establish and operate a system needed for the management and protection of personal credit information, including the enactment of a detailed regulation that can guarantee the implementation of such policy.

§65. Designation and Operation of the Person in Charge of Managing and Protecting Personal Credit Information

The Company shall designate a person in charge of the management and protection of personal credit information to oversee such duties with the supervision of the compliance officer (or auditor) and ensure the performance of the duties in the following Subparagraphs:

1. Formulation and implementation of plans for the management and protection of credit information, such as the collection, keeping, provision, and deletion thereof;
2. Regular inspection and improvement of the status and practice of the management of credit information, such as the collection, keeping, provision, and deletion thereof;
3. Exercise of rights of owners of credit information, such as the perusal of and the request for correction of credit information, and damage relief;
4. Establishment and operation of internal control system to prevent disclosure, etc. of credit information;
5. Formulation and execution of a plan to protect credit information for its executives and/or employees, exclusive solicitors, etc.;
6. Inspection for compliance with the statutes and regulations related to the protection of credit information by its executives and/or employees, exclusive solicitors, etc.; and
7. Other duties prescribed by the Enforcement Decree of the Credit Information Use and Protection Act to manage and protect credit information.

§66. Prevention of Misuse of Customer's Credit Information by Executives and/or Employees

(1) The Company shall give different grades to executives and/or employees regarding the right to access to customer's credit information according to their duties and position and the appropriateness of the customer's credit information shall be regularly checked.

(2) The Company shall establish the standard of sanction for inappropriate inquiries on customer's information and clearly divide the role and management responsibility of the person in charge of handling personal credit information.

(3) The Company shall establish measures to prevent the leakage and misuse of customer's credit information for the executives and/or employees in service and those who retire.

§67. Security Measures on Computer System

The Company shall formulate and implement technological, physical and administrative security measures with respect to the unlawful access by a third party and alteration, compromise and destruction to the information entered and thoroughly check to ensure its implementation.

SECTION III

ESTABLISHMENT AND OPERATION OF ANTI-MONEY LAUNDERING SYSTEM

§68. Establishment of Anti-Money Laundering System

(1) The Company (excluding investment advisory business entity; the same will apply hereinafter) shall establish an anti-money laundering system that comprehensively considers the regulations, procedures, organizations and systems for the smooth implementation of suspicious transaction report (STR), currency transaction report (CTR) for a large sum of money, and obligation of customer verification, etc.

(2) The Company shall establish the organizational structure and internal guidelines, such as designating a person in charge of reporting, needed to smoothly implement the report obligations stipulated in the Act on Reporting and Using Specified Financial Transaction Information to efficiently prevent money laundering activities (hereinafter referred to as "money laundering activities, etc.").

(3) The Company shall establish a continuous training and educational system for the efficient operation of internal controls.

(4) The Company shall establish and operate an independent audit system where a department independent of the department performing duties to prevent money laundering activities, etc. or an external expert can review and evaluate the adequacy and effectiveness of the duties performed and resolve problems identified.

(5) The Company shall check the verification information of executives and/or employees to prevent them from engaging in or being involved in money laundering activities, etc.

§69. Establishment of Risk-Based Procedures for Anti-Money Laundering

(1) The Company shall establish and operate a money laundering risk evaluation system that can identify and assess the risks of money laundering and the financing of terrorism by considering the business environment and characteristics, and establish procedures for duty of customer verification and monitoring according to the level of risks.

(2) The Company shall establish and operate a monitoring system to prevent money laundering by utilizing diverse analysis methods, including rule and scoring, to effectively monitor abnormal transactions or trading patterns.

§70. Establishment of Reporting System (STR, CTR)

The Company shall establish a reporting system divided into the internal reporting system, which shall report the transactions subject to STR and CTR to the person in charge of such report, and the external reporting system, which shall submit such reports to the Korea Financial Intelligence Unit.

§71. Maintenance of Data Related to Anti-Money Laundering

(1) The Company shall maintain internal/external reports and related data, including customer verification record, financial trading record, STR and CTR, for more than five years.

(2) The following Subparagraphs prescribe the data that the Company has to maintain regarding customer verification: :

1. A customer verification statement, a copy of real name confirmation statement or materials acquired to verify or certify the information on the customer (including a proxy and an actual owner);
2. Materials confirmed additionally to identify the purpose and characteristics of the financial trading other than customer identity information;
3. Materials related to internal approval for the customer verification; and
4. Materials related to opening accounts, including the date of account opening, the person in charge of account opening, etc.

(3) The data that the Company has to maintain regarding the financial trading records is in the following Subparagraphs:

1. Computer data, trading applications, agreements, statements, copies of statement, business letters, including the account number used in the trading, product type, trading date, type of currency, and trading amount; and
 2. Evidence regarding the internal approval on financial trading, etc.
- (4) The data that the Company has to maintain regarding internal and external reporting is in the following Subparagraphs:
1. Suspicious transaction report (a copy or approval form) and financial trading data subject to such reports;
 2. Data that provides evidence of reasons for suspicion;
 3. Investigation record and other data regarding the possibility of money laundering activities, etc. for unreported suspicious transactions; and
 4. Management reports of the person in charge of the report for anti-money laundering activities, etc.
- (5) The Company shall maintain the data in the following Subparagraphs for five (5) years excluding the data from Paragraphs (2) to (4).
1. Data related to the design, operation and assessment of internal control activities for anti-money laundering, etc.;
 2. Records on independent audits and follow-up measures; and
 3. Matters related to training, including training details, date and participants, regarding anti-money laundering.

§72. Maintenance Method of Data, etc.

- (1) The Company shall establish and operate procedures for maintaining and managing data in accordance with the [§71].
- (2) The Company shall maintain data in various forms, including the original, copies, microfilms, scans, and computer data, etc., according to the internal management procedures.
- (3) The Company shall manage the data to ensure that it is kept confidential under the responsibility of the person in charge of reporting.
- (4) The Company shall maintain the data that should be kept at the head office or document storage (hereinafter referred to as the "head office, etc."). Provided, That in cases where it is difficult to keep such data at the head office, etc., it may be kept somewhere else.

(5) The Company shall, in cases where there is request for the data pursuant to [§71] by the head of the Korea Financial Intelligence Unit or the head of an institution entrusted with the audit duties in accordance with [§11(6)] of the Act on Reporting and Using Specified Financial Transaction Information (hereinafter referred to as the "Act" in this Article), provide such information in a timely manner.

§73. Protecting the Confidentiality of Reporting

The Company shall ensure the confidentiality of the reporting related to reports made on suspicious transactions of executives and/or employees, and the person in charge of reporting or employees in charge of duties regarding suspicious transactions shall not disclose or offer information and data provided by executives and/or employees to other person, or use thereof for purposes other than defined.

SECTION IV

TREATMENT OF CLIENTCLIENT COMPLAINTS AND DISPUTES

§74. Policy of Handling Complaints

The Company, executives and/or employees shall promptly and fairly handle various complaints and grievances (hereinafter referred to as "client complaints") raised through the methods of phone calls, visits, documents (including posting on the website), etc. by a customer.

§75. Procedures for Client Complaints and Disputes

- (1) Client complaints and disputes shall be promptly handled prior to other duties.
- (2) A department head shall faithfully respond to the complaints raised by customers by fully explaining the reasons, etc., and the person in charge of client complaints at the financial investment company shall consult with department head to give an earnest letter of reply to the customer.
- (3) In cases where the problem has not been resolved with the letter of reply in Paragraph (2), the head of the applicable department shall report the details of the complaint to the head of the department in charge of client complaints or the compliance officer.

§76. Handling of Client Complaints and Disputes

- (1) The Company shall establish an organization to be in charge of handling client complaints and disputes in a fair manner. Provided, That in cases where it is difficult to establish a separate organization, the audit department or the compliance department shall perform the duties of handling client complaints and disputes.
- (2) The Company shall establish and operate a separate guideline for the procedures, reporting and reply of handling client complaints and disputes. In this case, it requires the prior approval of the compliance officer.
- (3) A compliance department shall operate the training program needed to train employees in charge of client complaints and prevent thereof and make and distribute related manuals, etc. to ensure the efficient handling of client complaints and disputes. In cases where there is request for cooperation from another department regarding training, the applicable department shall provide full cooperation.
- (4) Executives and/or employees shall, in cases where a systematic or procedural problem has been found during the process of handling client complaints and disputes, express their opinion about such problem to the compliance department.
- (5) The Company shall establish a system where customers can efficiently raise complaints, including the operation of a section for receiving complaints on the website, and actively promote such fact to customers.

SECTION V

PROVISION OF INFORMATION AND USE OF ELECTRONIC COMMUNICATIONS MEANS

§77. Compliance Matters for Provision of Information

- (1) Executives and/or employees shall, in cases where information is provided to the media, etc. regarding the performance of their duties, consult with the relevant department beforehand.
- (2) Executives and/or employees shall, in cases where information on the market condition or investment on financial investment instruments is provided externally, sufficiently review matters in the following Subparagraphs:
 1. Whether the information provided is false, lacks of evidence, or contains statement or prediction that may cause a misunderstanding to the general public;

2. Whether the information may cause unnecessary misunderstanding from the overall perspective;
3. Whether the person providing the information has sufficient knowledge and qualification about the subject being mentioned; and
4. Whether the information provided to the media, etc. is appropriate considering the complexity or expertise of the contents, etc.

§78. Compliance Matters for Using Electronic Communications Means

Executives and/or employees shall, in cases where electronic communications means including e-mail, chat rooms, bulletin boards, and websites, etc. are being used, fully acquaint themselves with and comply with the matters in the following Subparagraphs:

1. An e-mail exchanged between executives and/or employees and customers is applicable to the Relevant Acts, etc. and this Standard regardless of location;
2. Executives and/or employees' participation in an external chat room shall be considered a public forum and must comply with the standards of each Subparagraph of [§77(2)] ; and
3. Executives and/or employees shall, in cases where they want to post details analyzing or recommending certain financial investment instruments on an internet bulletin board or website, etc., comply with the procedures and methods provided by the compliance officer beforehand. Provided, That in cases where the information has been quoted with the indication of its source or it is a recommendation based on technical analysis, it shall not be applied.

SECTION VI

COMPUTER SYSTEM

§79. Computer Facility and Trading System

(1) The Company's computer facility shall certify the safety and function related to the performance of duties, including host, database server, storage device, device, exclusive line, etc., and make sure it is established without causing inconvenience to conducting duties when the business increases rapidly in the future.

(2) Executives and/or employees in charge of IT shall regularly check the effectiveness and appropriateness of the matters in the following Subparagraphs after the establishment or improvement of the computerized trading system.

1. Safety of the computer system;
2. Appropriateness of the security of the customer or trading information;
3. Appropriateness of the capacity of the computer system; and
4. Fairness and accuracy of the computerized processing process for trading order.

§80. Security Management

(1) The Company shall establish and operate security management regulations on the system security, integrated terminal security, application security, network security and management security, and regularly check the matters in the following Subparagraphs to report the details to the compliance officer or the person in charge of the related duties.

1. Whether an intrusion prevention program certified by a national institution has been installed and the operational status of the system;
2. Whether a password program certified by a national institution has been used to encrypt electronic financial transactions and the operational status of the program;
3. Whether an intrusion detection system has been installed and its operational status;
4. Whether a recovery plan and an emergency plan has been established and its effectiveness;
5. Whether a team dedicated to recovery is in place; and
6. Security safety of cyber trading system and cyber branches.

(2) Important information, such as account numbers, passwords, etc. shall be encrypted before being stored and sent when using the internet or wireless communications, etc. for trading, and in cases where there is a change in the person who is in charge of creating and managing the keys for encryption, an appropriate measure shall be taken, including the change of password number, the change of access authority, etc.

(3) The head of the IT department shall establish and operate a system that controls the access, including establishing a restricted area and providing card keys, etc., to ensure the security of the information system.

(4) The Company shall always change the access password for entering the department and information system when executives and/or employees in IT retires or moves to

another department so that persons without the appropriate rights are prevented from access to the department and information system.

§81. Management and Countermeasures for Computer Failure

(1) The head of the IT department shall establish standards for classification of computer failures and keep a daily record on all of them, and in cases where there is a computer failure that is above certain levels, the details of such failure shall be immediately reported to the compliance officer.

(2) The Company shall promptly notify the occurrence of a computer failure to customers in accordance with the established procedures, making sure trading orders can be placed through alternative means.

CHAPTER IV

PREVENTION OF UNFAIR TRADING, ETC.

SECTION I

UNFAIR TRADING

§82. Definition

“Unfair trading” refers to the following Subparagraphs:

1. The use of important undisclosed information pursuant to [§174] of the Act;
2. Market price manipulation pursuant to [§176] of the Act;
3. Unfair trading pursuant to [§178] of the Act; and
4. Market disturbances pursuant to [§178-2] of the Act.

§83. Restrictions for Executives and/or Employees

(1) Executives and/or employees are prohibited from engaging in “unfair trading” pursuant to each of the Subparagraphs of [§82].

(2) Executives and/or employees are prohibited from consigning a transaction related to “unfair trading” pursuant to each of the Subparagraphs of [§82].

SECTION II

DISTURBANCES ON THE USE OF INFORMATION

§84. Definition

- (1) "Disturbances on the use of information" refers to unfair trading pursuant to [§178-2(1)] of the Act.
- (2) "Important information" refers to information pursuant to Subparagraph 2 of [§178-2(1)] of the Act.

§85. Management of Information that may cause Market Disturbances

- (1) Executives and/or employees shall manage "important information" pursuant to [§ 42].
- (2) The establishment and operation of information barriers, determination of access rights and information barrier pass-through with regards to "important information" shall comply by matters prescribed in [§49] and [§52].
- (3) The Company shall register "designated financial investment instruments" related to "important information" on the trading restriction list or the trading under cautionary list pursuant to [§53] by taking into account the level of importance of the information and impact it may have on the market, to restrict the executives and/or employees' trading and company's trading of proprietary property, and inspect the appropriateness of the trading.
- (4) Executives and/or employees shall, when engaged in meetings inside or outside the company or communications related to "important information", comply with the procedures and standards prescribed in [§49] to [§52].

SECTION III

DISTURBANCES ON MARKET PRICE

§86. Definition

- (1) "Disturbances on market price" refers to unfair trading pursuant to [§178-2(2)] of the Act.

(2) "Algorithm trading" refers to the trading conducted by an automated system without human intervention with regards to investment decisions or the creation and submission of prices based on consistent rules.

(3) "Algorithm trading management department" refers to IT, compliance, risk management departments, etc., and the scope shall be determined according to the company's policy.

§87. Establishment and Operation of a Monitoring System

The Company shall establish and operate a system that monitors the occurrence of disturbances on market price pursuant to [§86(1)].

§88. Management of Algorithm Trading

(1) A department that operates the "algorithm trading" program to trade "designated financial investment instruments" shall establish and operate the program without incurring "disturbances on market price."

(2) In the case the Company purchases or develops an "algorithm trading" program or uses the existing program after making changes, it shall gain prior approval from the "algorithm trading management department" on the appropriateness of the program, such as the inclusion of trading techniques that can incur "disturbances on market price", before starting to use the program.

(3) The "algorithm trading management department" shall monitor the program on a periodic or timely basis to prevent market price disturbances from occurring due to the arbitrary changes and mistakes made by the "algorithm trading" program user or hacking.

(4) In the case an investor connects the separately purchased "algorithm trading" program to the Company's system, the company shall notify the investors in advance on matters on "disturbances on market price" and maintain and store related documentary evidence.

SECTION IV COMMON AFFAIRS

§89. Provision of Preventive Education

The Company shall provide education on a periodic or timely basis to prevent “unfair trading” of executives and/or employees.

§90. Response to Market Disturbances

(1) The Company and its executives and/or employees must promptly report any “suspicion of unfair trading” to the financial authorities.

(2) In the case “unfair trading” by executives and/or employees occur, the Company shall promptly implement measures to respond in a way that minimizes impact on the market.(3) If the Company and its executives and/or employees receive a request from the supervisory authority to submit data in accordance with relevant laws and regulations for the purpose of investigating suspicions of unfair trade, etc., they must not disclose the facts and details of the request for submission of the data to a third party.