

Korea Financial Services Commission's Enhanced Measures on Contract for Difference

Dear Client,

Starting from September 1, 2023, to enhance investor protection and market transparency in Korea, Korea Financial Investment Business Regulations and Enforcement rules of KRX Market Business Regulation requires all transaction orders attributable to or originating from contract(s) for difference on Korean securities¹ entered into by Korean individual professional investor(s)² or Korean corporate professional investor(s)³ ("Korean CFD(s)") to be identified based on the type of investor. Even a hedging order for OTC derivatives such as a swap used by a swap counterparty to hedge Korean CFD(s) directly or indirectly will have to be identified and reported based on the type of end investor of such Korean CFD(s) and not based on the status of the swap counterparty.

BNP Paribas and its affiliates ("BNP group") have implemented two FIX tags for you to provide us with the required information. The first tag is for you to notify us when your order is related to Korean CFD(s) (which shall include an order for a derivative transaction used to hedge Korean CFD(s) directly or indirectly). The second tag is for you to identify if the end investor of the Korea CFD(s) is a Korean individual or a Korean corporate professional investor. For order tagging specifications and testing, please reach us at dl.apac.fix.onboarding@asia.bnpparibas.com.

You are responsible for ensuring compliance with the new Korean regulations including ensuring that your client or counterparty is providing you the necessary information so that your orders will be identified correctly in accordance with Korean regulations.

Placing Orders related to Korean CFD:

With effect from September 1, 2023,

- (1) by placing an order to trade Korea securities or derivatives relating to Korean securities⁴, you will identify if your order is related to Korean CFD(s) and if so, you will provide BNP group with the type of end investor of the Korean CFD(s) in accordance with the Korean regulations,
- (2) if you do not identify your order as being related to Korea CFD(s), you represent to BNP group and any broker which we may use ("Broker group") that your order is not related to any Korean CFD and not to be used for hedging any Korean CFD, and
- (3) if your order is related to Korean CFD(s), you shall identify the order as such by using the FIX tag prescribed by BNP group and in addition, you shall use the second FIX tag to identify if the end investor of the Korean CFD(s) is a Korean individual or a Korean corporate professional investor.

This document may be updated from time to time to address legal, regulatory, market or industry developments or changes to internal policies, procedures or practices and you shall refer to the latest version available. Should you have any questions, please contact your usual sales representatives or relationship managers with us.

BNP Paribas SA (for and on behalf of any entity in the Broker group you place order(s) with)

¹ As defined in the Korea Financial Investment Business Regulations.

² As defined in the Enforcement Decree of the Financial Investment Services and Capital Markets Act.

³ As defined in the Enforcement Decree of the Financial Investment Services and Capital Markets Act.

⁴ For the avoidance of doubt, it includes derivatives referencing an index with Korean security components.