KSD’s Role in Corporate Actions

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June 2021
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KSD’s Role in Market

Central Securities Depository

- Offers substantial and reliable capital market infrastructures
- Enhances efficiency in Primary Market & Secondary Market
- Protects investors in capital market

Electronic Registry

- Built Electronic Securities System which has been carried out since Sep 16\textsuperscript{th}, 2019
- Manages securities efficiently from issuance to expiration in a standardized process
- Improves market efficiency and saves social costs
KSD’s Role in CA

Features
• KSD supports almost every type of CA process to protect shareholders’ rights
• Centralized CA process
  - is efficient to manage CA data
  - enhances reliability on data
  - simplifies Issuers/AMIs’ business process
  - increases shareholders’ convenience

Process
① Issuers announce events’ info
④ KSD informs AMIs (incl. shareholders) of the events’ information and exercises rights to issuers on behalf of shareholders
⑤ KSD notifies and effectuates the results of exercising rights
## CA Services

<table>
<thead>
<tr>
<th>Register of Holders</th>
<th>Voting Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Collects Shareholders’ information from AMIs when issuers set the record date</td>
<td>• Supports Foreign Investors to exercise their voting rights (Proxy Voting)</td>
</tr>
<tr>
<td>• Provides the data to transfer agents (issuers) to fill in the register of shareholders</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dividends</th>
<th>Bonus Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cash Dividends: offers consolidated channel to distribute dividends from issuers to AMIs (shareholders)</td>
<td>• Registers and allocates bonus stocks</td>
</tr>
<tr>
<td>• Stock Dividends: registers and allocates newly added stocks</td>
<td>• Taxation depends on the source of capital</td>
</tr>
</tbody>
</table>
### CA Services

<table>
<thead>
<tr>
<th>Paid-in Capital Increase</th>
<th>Untransferred Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Differs from Bonus Issue in terms that it increases capital as well as the number of stocks</td>
<td>• Definition: Stocks withdrawn from deposit and not transferred by the record date</td>
</tr>
<tr>
<td>• Types</td>
<td>• Manages Untransferred Shares and its dividends, bonus stocks, etc.</td>
</tr>
<tr>
<td>1) Subscription Offering to Shareholders</td>
<td></td>
</tr>
<tr>
<td>2) Shareholder Priority Public Offering</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Merger, etc.</th>
<th>Hybrid Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Secures stockholders’ rights</td>
<td>• Exercises rights on Convertible Bonds and Bonds with Warrants on behalf of shareholders</td>
</tr>
<tr>
<td>• Allocates/Replaces stocks</td>
<td>• Receives and distributes converted stocks and fractional payments</td>
</tr>
<tr>
<td>• Supports Exercising Appraisal Rights to protect shareholders’ interest</td>
<td></td>
</tr>
</tbody>
</table>
Quick Statistics
- Q1, 2021

- Foreign Investors’ Voting Rights: Over 2,300
- Stock Dividends: 29.8 million stocks
- Cash Dividends Paid: 34.8 trillion KRW
- For Companies with a December fiscal year-end

- Individual: 50%
- Institution: 37%
- Foreigner: 13%

- Appraisal Rights: over 20
- Register of Holders: Over 4,700
- Small-scale Merger: 50
- Bonus Issue: Over 70
- Paid-in Capital Increase: 20

Over 4,700
Process of Appraisal Rights

Case 1) Merger, Transfer of Business, etc

- Announce Events (Issuers)
- Confirm CA Schedules (KSD)
- Deliver payment & stocks (Issuers ↔ KSD ↔ AMIs)
- Inform of CA info & Receive SHs’ dissent (KSD ↔ AMIs ↔ SHs)
- Receive SHs’ request for purchase (KSD ↔ AMIs ↔ SHs)
- Notify to issuers (KSD)
- Hold General SHs’ Meeting (Issuers)

Case 2) Small-scale Merger, etc

- Hold BOD Meeting (Issuers)
- Notify to issuers (KSD)
- Confirm CA Schedules (KSD)
- Inform of CA info & Receive SHs’ dissent (KSD ↔ AMIs ↔ SHs)
- Announce Events (Issuers)
Thank you.

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