KSDs Crowdfunding Services for Investors

Seohyun Oh / Assistant Manager, Global Cooperation Team
We provide reliable **financial services** by endlessly pursuing **innovations**

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<th>SERVICES</th>
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<td><strong>2010s ~</strong></td>
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<td>• Electronic Short-term Bond</td>
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<td>• Crowdfunding Central Repository</td>
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<tr>
<td>• Gold Custody</td>
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<td>• Securities Information Management</td>
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<td>• Legal Entity Identifier</td>
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<td>• Fund administration</td>
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<td>• PensionClear platform</td>
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<td>• KOFR Publication</td>
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<td>• Off-shore Financial Hub Support</td>
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<td><strong>2000s ~ 2010s</strong></td>
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<td>• Equity administration Consulting</td>
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<td>• E-voting &amp; E-proxy</td>
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<td>• FundNet platform</td>
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<td>• Collateral Management</td>
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<td>• Deposit and Settlement System Exportation</td>
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<td><strong>1990s ~ 2000s</strong></td>
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<td>• Bond Registration</td>
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<td>• Securities Lending and Borrowing</td>
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<td>• Repo Transactions</td>
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<td>• Cross-border Deposit and Settlement</td>
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<td>• DR/CB</td>
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<td><strong>1970s ~ 1980s</strong></td>
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<td>• Transfer Agent</td>
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<td>• Securities Deposit and Settlement</td>
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<td>• Corporate Actions</td>
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<td>• Securities Financing</td>
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<td>• Asset Management</td>
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<td>• Secondary Market</td>
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<tr>
<td>• Global Market</td>
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<tr>
<td>• Primary Market</td>
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Crowdfunding (CF)?

Crowd + Funding

Investor Online Idea/Company

Anyone with creative ideas can raise funding from a large number of investors by tapping the "Wisdom of Crowds" via an Internet-based platform.

※ Type of CF: Donation, Reward, Loan, Securities

Securities based CF

Legislation
Amendment of The Capital Market Act
(June 6, 2015)

Background
Alternative Financing to support the growth of Korean startups

Participants
Issuer, Investor, Online Intermediary, Central Repository etc
Life Cycle of Corporation

3F, Individual Investors

Angel
Governme
Accelerator

MicroV
VC

Individual Investors

3F, Individual Investors

Crowd fundin

Valley of Death

1st
2nd
3rd

Mezzanine

IPO

REVENUE

TIME

3F Family Friend Fool
03

Market Players

Issue
- Small and medium-size enterprise
  - 7 years or less since its establishment

Investor
- General
  - Investors with Income over 100 million KRW
- Qualified Income
  - Venture Capital, Angel Investors

Online Intermediary
- Funding Review
- Investment Ads
- Subscription administration

KS D
- Central Repository
- Transfer Agent(TA)
- Central Securities Depository(CSD)
### Investment Limit

- **Caps** on investment per issuer and the aggregated investment amount **according to investor type** to prevent substantial losses from excessive investments.

<table>
<thead>
<tr>
<th>Type of Investors</th>
<th>Issuer</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Investors</td>
<td>5 million KRW ($4,000)</td>
<td>10 million KRW ($8,000)</td>
</tr>
<tr>
<td>Qualified income (Income over 100 million won)</td>
<td>10 million KRW ($8,000)</td>
<td>20 million KRW ($16,000)</td>
</tr>
<tr>
<td>Professional (VC, Angel)</td>
<td>No Limit</td>
<td>No Limit</td>
</tr>
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#### Central Repository Serv

**Management of Information on Investors**

Manages information of issuers and investors received from online intermediary.

**Management of Investment Limit**

Effectively manages the limits of investors.
No resale of Investors

• All securities issued via crowdfunding shall be deposited or kept separately in custody with KSD, and may not be sold or transferred for six months.
• If counterpart is a professional investors or the securities are listed on market the securities may be sold or transferred even if within six months.

<table>
<thead>
<tr>
<th>Type</th>
<th>No sales period</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors</td>
<td>6 month</td>
<td>Encouraging long-term investment</td>
</tr>
<tr>
<td>Largest shareholders</td>
<td>1 year</td>
<td>Protecting small-amount investors</td>
</tr>
</tbody>
</table>

Securities Deposit Service

Securities Deposit and Separate Safe Custody

Keeps securities in deposit and takes measures to restrict the sale and transfer.
www.crowdnet.or.kr

Crowdfunding
KSD is running for crowdfunding in Korea.

- No. of Success Companies: 365
- Amount of Funding Raised: 66.1 Billion (KRW)
- Crowdfunding in progress: 22
- No. of Investors: 34.6 Thousands

CrowdNet supports the social enterprise fulfilling the social responsibility and contributing to the ethical growth.

Go to Social Enterprise Mall

Introduction of the Crowdfunding system
More

Funding Info Archive
More
www.crowdnet.or.kr

- **General Information**
  - Statistics, Introduction of system
  - Funding information etc

- **Investment History**
  - History of investment, Ceiling amount

- **Company Information**
  - Crowdfunded company information
    (terms and condition of securities, financial statement etc)
“The Crowd” leads the Market

Investment Overview

- Total Investors: 85,102
  - General Investors are 92% of Total Investors
- Total Investment Amount: 183.9 billion KRW
  - General Investors funded 60% of Total Investment

Investment by Age/Gender Group

- Male 68%  Female 32%
- High interests from 30s and under (63%)

General Investors funded 1.5 million KRW per person
(Qualified Investors 3 million, Professional Investors 25 million)