Global Securities Service

I. Overview

When did it begin?

- Mandatory deposit under law* since 1994
  * Capital Market & Financial Investment Business Act

How big is it?

- Covering +40 markets across the world (2023)

Scope of the service?

- Cross-border custody & settlement
- Corporate action processing
- Others
How has been changed in legal system for cross-border trading?

- ('93.4) Allowing indirect investments in foreign securities for retail investors

- ('94.7) Allowing direct investments in foreign securities for retail investors
  - Mandatory Custody in KSD Begins

- ('06.3) Abolition of restrictions on foreign securities investments for retail investors

- ('09.2) Mandatory custody of financial investment firms’ proprietary assets
How does Korean legal system operate to allow cross-border trading?

- Korean retail investors must necessarily safekeep foreign securities in KSD:『Capital Market Act(’94)』

- Based on upper laws and government regulations, KSD enacted practical regulation enabling cross-border trading for Korean investors.
What is KSD's role in cross-border trading?

- **Intermediary** for broker-to-broker trade between Korea and foreign country, enabling the **custody** and **settlement** for foreign securities investments.
III. Cross-border Custody & Settlement

Cross-border Trading

Korea

Foreign Country

Intermediaries

Investor → Broker → KSD → Global Custodian → Local Custodian

Equities

Exchange

A Single Gateway for foreign securities investments

Securities kept in custody!
Cross-border Custody & Settlement

Trade Agreement is a prerequisite.
Qualification Requirements for Custodian

① Assets under custody exceeding $10 billion

② Extensive experience in global custody services and deep understanding of local market

③ Capable of providing custody services for global or specific regional jurisdictions
KSD's Recent Issue with Foreign Securities

- Fractional Share Trading
- Lending & Collateral Service
- Reorganize Business Process and IT Infrastructure

: SWIFT routing upgrade, ISO20022, Automation, etc.
Thank you!

**Contact**

Edward Goo
Assistant Manager
Next Generation System T/F
Global Business Department

Email: Contact@ksd.or.kr
     bwk17@ksd.or.kr