I. Financial Markets

Stock Market

2008 Peak at 1,888.9 pt. (May)
2009 Peak at 1,713.22 pt. (Sept.)
2008 Lowest at 938.75 pt. (Oct.)

Bond Market

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Changes*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call Rate</td>
<td>5.02</td>
<td>3.02</td>
<td>1.96</td>
<td>1.96</td>
<td>1.95</td>
<td>107</td>
</tr>
<tr>
<td>CD(91days)</td>
<td>5.82</td>
<td>3.93</td>
<td>2.41</td>
<td>0.41</td>
<td>2.41</td>
<td>152</td>
</tr>
<tr>
<td>Treasury Bond (3yrs)</td>
<td>5.74</td>
<td>3.41</td>
<td>3.83</td>
<td>4.16</td>
<td>4.26</td>
<td>85</td>
</tr>
<tr>
<td>Corporate Bond(3yrs)</td>
<td>6.77</td>
<td>7.72</td>
<td>4.98</td>
<td>5.39</td>
<td>5.68</td>
<td>204</td>
</tr>
</tbody>
</table>

Changes = \l data value of July 2009 – data value of 2008 \r

(End period, %)
I. Financial Markets

### Derivatives Market

<table>
<thead>
<tr>
<th>Derivatives</th>
<th>Average Daily Trading Volume</th>
<th>Average Daily Trading Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>KOSPI-200 Futures</td>
<td>194,139</td>
<td>267,878</td>
</tr>
<tr>
<td>KOSPI-200 Options</td>
<td>11,015,626</td>
<td>11,155,139</td>
</tr>
</tbody>
</table>

### Asset Management

**Fund Trends**

- Sales Balance
- Number of Accts.
II. Major Market Developments

Globalization of Derivatives Market

- CME Group and the KRX concluded an agreement to pursue the trading of KOSPI 200 Futures in the Global Market
  - 24 hours trading of KOSPI 200 Futures will be possible
- Eurex/KRX link to trade KOSPI 200 Options on EUREX will be scheduled at the beginning of 2010
II. Major Market Developments

Proliferation of Green Funds
- Korea government encourages green growth by providing the several tax benefits for green funds
- The more green funds are expected to be launched

Tax-benefit for the Long-term Fund Investor
- The fund investors are eligible for the taxable income deduction with ceiling and tax-exemption for interest income

Investor Education
- Korea led the launch of Korea Council for Investor Education (KCIE) (June 2005)
- KOFIA and KCIE plans the launch of the Asian Forum for Investor Education (AFIE) (Feb. 2010)
III. Major Regulatory Developments

- Enactment of the Financial Investment Services and Capital Market Act (FISCMA)
  
  - **Shift to Functional Regulation**
    - FISCMA shifts from institution-based regulations to functional-based regulation
  
  - **Comprehensive System Regulation**
    - FISCMA defines “Financial Investment Products” in a broad and abstract way to allow for greater financial investment innovation
  
  - **Expand Business Scope**
    - FISCMA was designed to promote synergy by facilitating the integration of financial investment services
  
  - **Improve Investor Protection**
    - FISCMA requires financial investment companies to explain the details of financial products, to details about their customers and to implement investor protection policies
III. Major Regulatory Developments

Unification of Self-Regulatory Organizations (SRO)

New SRO

KOREA Financial Investment Association

SRO of Securities Industry
Korea Securities Dealers Association

SRO of Asset Management Industry
Asset Management Association of Korea

SRO of Futures Industry
Korea Futures Association
III. Major Regulatory Developments

Payment and Settlement System

- Financial investment firms are allowed to directly access to the payment and settlement system by FISCMA

- Possible for a customer to send and receive money and pay for bills using the customer’s account at a financial investment firm, without a banking account

- Able to provide low-cost money transfer services for clients of financial investment firms

- Strengthening the competitiveness of financial investment firms
IV. Prospects for Financial Sector

More Efficient Money Brokerage Function in the Capital Market

- Businesses will be able to better finance their business and hedge risks
- Investors will be beneficial by more stable flow of reserve funds into the capital market
- Financial investment companies will become much larger in size and more competitive than current market players

Investor Protection and the Subsequent Investor Confidence in the Market

- Will help investors make informed decisions when making investment choices
- Will help businesses to raise capital by offering better market capability
Thank You