

Guide to Trading in the Korean Stock Market

Trading Days and Holidays

The Korean securities markets are opened from Monday to Friday. However, the markets are closed on Labor Day (May 1), the last trading day of the year, etc.

Quotation receiving and trading hours

		Quotation Receiving Hours	Trading Hours
Regular Session		08:00-15:30 (7.5h)	09:00-15:30 (6.5h)
Off-hours session	Pre-hours	07:30-09:00 (1.5h)	07:30-09:00 (1.5h)
	After-hours	15:30-18:00 (2.5h)	15:40-18:00 (2h 20m)

Trading units

	unit
Stocks, ETFs, ETNs	1 share
Subscription Warrants, Subscription Right Certificates, Beneficiary Certificates	1 warrant(certIFICATE)
ELWs	10 warrants

Daily Price limit $\pm 30\%$ of base prices

Clearing/Settlement Netting payment for bid and ask, settlement on T+2

Tick size

		KOSPI Market	KOSDAQ Market
	Less than 1,000 KRW	1 KRW	1 KRW
1,000 or higher	Less than 5,000 KRW	5 KRW	5 KRW
5,000 or higher	Less than 10,000 KRW	10 KRW	10 KRW
10,000 or higher	Less than 50,000 KRW	50 KRW	50 KRW
50,000 or higher	Less than 100,000 KRW	100 KRW	100 KRW
100,000 or higher	Less than 500,000 KRW	500 KRW	100 KRW
500,000 or higher		1,000 KRW	100 KRW

※ As for ETFs, ETNs, and ELWs, the tick size is 5 KRW regardless of price ranges due to the characteristics of the products.

Quotation types available by quotation receiving hour

Quotation Type	Opening Auction Session	Regular Session	Closing Auction Session	Pre/ After-hours Closing Price Trade	After-hours Periodic Call Auction Trade	Block/Basket Trade	Last trading day of stock index futures & options
Limit Order	O	O	O	O	O	O	O
Market Order	O	O	O	X	X	X	O
Limit-to-market-On-close order	O	O	X	X	X	X	O*
Immediately Executable Limit Order	X	O	X	X	X	X	O
Best Limit Order	X	O	X	X	X	X	O
Auction-based Block Trade Order	X	X	X	X	X	X	O
With Conditions (FOK, IOC)	X	O	X	X	X	X	O

* Program trading quotation is not available.

☞ Method of Trade Execution

- **Regular session** : Continuous auction

When new (or modified) orders are received, trade is executed immediately based on the principles of price priority and time priority. (not applied to issues with low liquidity)

- **Opening/Closing auction session** : Periodic call auction

☞ Block/basket trade

Classification	Block/basket trade of Regular session	Off-hours block/basket trade
Tradable securities	Equities, DRs, ETFs, ETNs (excluding issues that are not traded in the regular session)	
Trading Hours	09:00 - 15:30	07:30-09:00/ 15:40-18:00
Price Range	from highest price to lowest price established on the day right before the quotation submission	Within the range of daily price limit of the day
Method of ordering	Mutual bid and ask orders that match each other (application through K-Blox of the Exchange)	
Minimum Quantity for Order	- Block trade KOSPI: 5,000 times trading unit (500 times for ETFs and ETNs), or 100 million KRW or more KOSDAQ : 50 million KRW or more	
	- Basket trade KOSPI: 5 issues or more, and 1 billion KRW or more KOSDAQ: 5 issues or more, and 200 million KRW or more	
Execution Price	Price on which bidding and asking parties have agreed	
Modification / Cancellation	An order can be modified or cancelled before the time of execution.	
Trading Unit	1 share	
Requirement	Either a bidding or asking party should be a single member.	

☞ Short-selling

All types of short-selling are prohibited in principle; however, selling securities with borrowing(covered short-selling) is permitted exceptionally.

- **Uptick rule** : Short-selling orders may not be quoted at or under the most recently matched price.
- **Reporting and disclosing short-selling balance**

	Reporting	Disclosing
Responsible party	Investors	
Conditions	<ul style="list-style-type: none"> • When the ratio of the net holding balance is at or below negative (-) 0.01% and the value of the net holding balance is at or below negative (-) KRW 100 million • When, regardless of the above ratio, the value of the net holding balance is at or below negative (-) KRW 1 billion 	<ul style="list-style-type: none"> • When the ratio of the net holding balance is at or below negative (-) 0.5%
Deadline	Right after market closing on T+2	

👑 Market Suspension (Circuit Breakers)

Phase	Condition	Market Measure
1	<ul style="list-style-type: none"> KOSPI (KOSDAQ) index falls by 8% or more compared to the previous day. (The fall lasts for one minute.) 	<ul style="list-style-type: none"> The entire market is suspended for 20 minutes. (Only cancellation of quotations is allowed.)
2	<ul style="list-style-type: none"> KOSPI (KOSDAQ) index falls by 15% or more compared to the previous day. An additional fall by 1% or more follows compared to the first activation point. (Both conditions should be satisfied and the fall should last for one minute.) 	<ul style="list-style-type: none"> After CB activation, single price call auction is in operation for 10 minutes, followed by continuous auction.
3	<ul style="list-style-type: none"> KOSPI (KOSDAQ) index falls by 20% or more compared to the previous day. An additional fall by 1% or more follows compared to the second activation point. (Both conditions should be satisfied and the fall should last for one minute.) 	<ul style="list-style-type: none"> The market is closed when the third phase is activated. (All quotations including quotations to be cancelled may not be submitted.) All kinds of trading, such as after-hours trade, purchasing treasury stocks, etc. are not allowed after the market close.

👑 Sidecar

It is activated once a day regardless of the direction of the quotations. (09:05-)

When the price rises, the validity of bid quotations for program trading is suspended for five minutes while that of ask quotations is suspended when the price falls.

market	Activation criteria
KOSPI	the futures price of KOSPI200 index changes 5% or more compared to the base price and the change lasts for one minute
KOSDAQ	the futures price of KOSDAQ150 rises (drops) 6% or more compared to the base price and the KOSDAQ150 index rises (drops) 3% or further and the rise (fall) lasts for one minute

👑 Volatility Interruption

When VI is activated during continuous auction session, continuous auction is switched to single price call auction for two minutes. When VI is triggered during periodic call auction, two more minutes are extended at the end of periodic call auction. The quotation which triggers VI is not executed at a potential execution price.

• Reference Price

Dynamic VI	Static VI
Execution price right before quotation submission	Single price right before quotation submission

• Activation price : reference price ± (reference price x activation price rate)

		Dynamic VI			Static VI
Equities	ETFs/ETNs	Continuous auction (09:00 - 15:20)	Closing auction (15:20 - 15:30)*	After-hours periodic call auction (16:00 - 18:00)	All sessions of regular sessions
KOSPI 200 constituents	KOSPI200/100/50, KRX100, inverse, bonds	±3%	±2%	±3%	±10%
Other issues	Leverage, sector and overseas indexes, commodity index, etc.	±6%	±4%	±6%	

* On the final trading day of equity-based derivatives, 1% VI rate applies when the closing price of underlying assets of futures & options in the derivatives market is determined.

👑 Trading suspension of Individual Issue

The Exchange may halt trade of an issue when enough time to inform investors of company information is required or normal trade execution of the issue is disrupted by a surge of trade.

• Trading suspension in compliance with the disclosure regulations

Reason	Duration of trading suspension
Disclosing material information of a listed company	for 30 minutes from the disclosure
Designation of unfaithful disclosure corporation (5 point penalty)	the designation day (one day)
A surge in trading volume due to rumors or news reports is likely	30 minutes should pass from when a disclosure is requested to when the response to the inquired disclosure is made
When a company does not respond to the inquired disclosure	<ul style="list-style-type: none"> • KOSPI : trade is suspended from when the company misses the deadline for a disclosure to when the disclosure is made • KOSDAQ : trade is suspended from when the company misses the deadline for a disclosure to 30 minutes after the disclosure is made
When the Exchange deems necessary to protect investors	for one day

• Trading suspension in compliance with other regulations

Reason	Duration of trading suspension
Designation of administrative issues	for one day
When a cause of delisting or listing maintenance review arises	from the day when the cause of delisting is identified to the day when the cause is solved
When there is a request for submission of stock certificates for stock split, reverse stock split, stock swap, stock transfer, etc	until the day of listing change of the stock certificates
When an exchange clearing Member fails to deliver securities that has been sold by the settlement deadline or is likely to do so	by the day when the cause of trading suspension is deemed to be solved
Designation of investment alert issues or investment risk issues	the requested period
When there is likely to be an electronic system error due to a surge in quotations	trading is resumed after considering quotations and trading situations
When a case deemed to be necessary for public interests and investor protection	until the cause of trading suspension is deemed to be solved
if necessary for market management	trading is resumed after considering market and trading situations