



*International Swaps and Derivatives Association, Inc.*

**REGULATORY MARGIN SELF-DISCLOSURE LETTER – KOREA SUPPLEMENT**  
**published on June 12, 2017**  
**by the International Swaps and Derivatives Association, Inc.**

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*Various jurisdictions are implementing regulatory margin requirements for uncleared derivatives transactions based on the framework published by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions.<sup>1</sup> Regulatory margin requirements based on the BCBS-IOSCO Framework have been proposed or adopted in, relevantly, (i) Canada, (ii) the European Union, (iii) Japan, (iv) Switzerland, (v) the United States, (vi) Australia, (vii) Singapore, (viii) Hong Kong and (ix) Korea, and it is expected that other jurisdictions will propose and adopt similar requirements. The ISDA Regulatory Margin Self-Disclosure Letter, published on June 30, 2016 (“Original Self-Disclosure Letter”) is intended to assist market participants with the exchange of the information necessary to determine if, and when, their trading relationship will become subject to regulatory margin requirements for uncleared swaps in one or more of the following jurisdictions: (i) Canada, (ii) the European Union, (iii) Japan, (iv) Switzerland, and (v) the United States. The Original Self-Disclosure Letter is available at <http://www2.isda.org/functional-areas/wgmr-implementation/isda-regulatory-margin-self-disclosure-letter/>. This Self-Disclosure Letter is intended to provide market participants with a standard form for providing counterparties with information necessary to determine if and when compliance with the Korea regulatory margin regime will be required. The information provided in this Letter is being provided solely for making such determinations. This Self-Disclosure Letter is a stand-alone document. Counterparties may exchange information using this Letter without exchanging the Original Self-Disclosure Letter. Market participants who wish to provide information necessary to determine if and when the Korea regulatory margin regime and one or more of the regulatory margin regimes covered by the Original Self Disclosure Letter apply should exchange both this Letter and the Original Self-Disclosure Letter.*

**Capitalized terms used in this Letter are defined in Appendices I-II.**

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<sup>1</sup> See *Margin requirements for non-centrally cleared derivatives* (Mar. 2015) (“BCBS-IOSCO Framework”), available at <https://www.bis.org/bcbs/publ/d317.htm>.

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### **Instructions:**

**Section 1 of this Self-Disclosure Letter (the “Letter”) requests general information about the market participant on whose behalf this Letter will be delivered (referred to herein as “Principal”). Section 2 of this Letter requests Korea-specific information.**

**This Letter should be completed and delivered on behalf of Principal to another market participant (referred to herein as “Recipient”) if Principal or Recipient may be subject to the Korea regulatory margin regime, including if Korea is a jurisdiction that they have been informed or otherwise have reason to conclude is a jurisdiction in which Recipient is generally regulated for purposes of uncleared derivatives margin. In addition, market participants that are subject to direct regulation under the uncleared derivatives margin rules of Korea should complete this Letter. This Letter does not need to be completed if Korea-specific information is not required for the particular relationship between Principal and Recipient.**

**For example, if this Letter is being delivered to a Recipient that is an FSS Covered Entity, such Recipient will likely need the information requested in this Letter to determine whether and how the Korea regulatory margin regime apply to the particular relationship**

**between Principal and Recipient. At the same time, if Principal is itself an FSS Covered Entity, Recipient will likely need this information for its own purposes, including (if it is regulated in a different jurisdiction) potential application of substituted compliance and other rules.**

**Thus, when preparing to fill out this Letter for particular Recipients, market participants should consider obtaining instructions from the Recipient ahead of time if it is not clear whether the Recipient needs this Letter completed.**

**If you are unsure of whether the Korea regulatory margin regime will apply to Principal's relationship with a Recipient, you should contact the applicable Recipient. Market participants may exchange contact information for this purpose by using Section 1(c).**

**1. General Biographical Information**

*Please complete this Section 1 with the biographical information of Principal. Definitions of certain terms used in this Section 1 are set forth in Appendix I to this Letter.*

**(a) Principal Information**

Legal Name: \_\_\_\_\_  
Entity Identifier: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Country: \_\_\_\_\_  
State/Province: \_\_\_\_\_  
Zip/Postal Code: \_\_\_\_\_

**(b) Multibranch Entity Information<sup>2</sup>**

Is Principal a Multibranch Entity?

- Yes
- No

**(c) Contact Information**

*This space may be used to provide contact information to a Recipient who may have questions about information provided by Principal in its Letter or about what information to provide in its corresponding Letter to Principal. This contact information is not required and is solely for purposes of providing an address for Recipient to direct questions regarding this Letter or Principal.*

Name: \_\_\_\_\_  
E-Mail: \_\_\_\_\_  
Phone: \_\_\_\_\_

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<sup>2</sup> It may be necessary to track branches for purposes of establishing when a pair of counterparties is within the scope of margin rules. *See, e.g.*, paragraph IV. 1. of the Korean Margin Guidelines.

## 2. Korea Information

*If the Korean Margin Guidelines may apply to the relationship between Principal and Recipient (i.e. if each of Principal and Recipient is an entity subject to the Korean Margin Guidelines and/or Non-Korean Margin Guidelines<sup>3</sup>), please complete each relevant subsection of this Section 2. Definitions of certain terms used in this Section 2 are set forth in Appendix II to this Letter.*

### (a) ***FSS Covered Entity Status***

*Please check one box for each of the questions below. By checking a box, Principal is indicating that its entity status for the purposes of the Korean Margin Guidelines is the status specified next to the box checked.*

#### (i) Excluded Entity

*If Principal is an Excluded Entity, please check the relevant boxes below to indicate what type of Excluded Entity it is. If Principal identifies itself as an Excluded Entity by checking one or more boxes, it does not need to complete the rest of this Letter.*

- A central bank in Korea or in a jurisdiction other than Korea
- A Public Institution in Korea or a public institution in a jurisdiction other than Korea
- An Exempt Multilateral Organisation
- A Korean entity which is not a Financial Company<sup>4</sup>
- A trustee under the FSCMA who will enter into a transaction only for the benefit of a third party under a trust<sup>5</sup>
- A Financial Company whose most recent Korean AANA is less than KRW 3 trillion

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<sup>3</sup> Please refer to III. 4.1 of the Korean Margin Guidelines.

<sup>4</sup> This includes any collective investment vehicles that are not in the form of “trust”. See footnote 8 of the Korean Margin Guidelines.

<sup>5</sup> Please refer to footnote 8 of the Korean Margin Guidelines. This includes a collective investment vehicle that is in the form of “trust”.

(ii) In-scope Financial Company

*If Principal has not been identified as an Excluded Entity in Section 2(a)(i), please indicate if Principal (including any of its Korean branches) is an In-scope Financial Company.<sup>6</sup>*

Yes

No

(iii) Overseas Regulated Entity

*If Principal has not been identified as an Excluded Entity in Section 2(a)(i) nor an In-scope Financial Company in Section 2(a)(ii), please indicate if Principal is an Overseas Regulated Entity<sup>7</sup>*

Yes

No

(b) ***Korea Cross-Border Status***

(i) Place of incorporation of In-scope Financial Company

*If Principal has been identified as an In-scope Financial Company in Section 2(a)(ii), is Principal incorporated in Korea or outside Korea?*

Incorporated in Korea

Incorporated outside Korea

(ii) In-scope Financial Company incorporated outside Korea

*If Principal has been identified as an In-scope Financial Company incorporated outside Korea in Section 2(b)(i) and has also indicated that it is a Multibranch Entity in Section 1(b), please indicate whether Principal will transact in NCC Derivatives with Recipient through a Korean branch. If Principal checks the box next to “No Korean Branch Transactions”, it is indicating that it will not enter into NCC Derivatives with Recipient through one or more branches in Korea. If Principal checks the box next to “Korean Branch Transactions”, it is indicating*

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<sup>6</sup> Please note that a threshold applies: see definition of “In-scope Financial Company”.

<sup>7</sup> Please refer to III 4.1 of the Korean Margin Guidelines. Please note that this question does not apply to In-scope Financial Companies nor Excluded Entities – see definition of “Overseas Regulated Entity”.

that it may enter into NCC Derivatives with Recipient through one or more branches in Korea.

No Korean Branch Transactions

Korean Branch Transactions

(iii) In-scope Financial Company incorporated in Korea

*If Principal has been identified as an In-scope Financial Company incorporated in Korea in Section 2(b)(i) and has also indicated that it is a Multibranch Entity in Section 1(b), please indicate whether Principal will transact in NCC Derivatives with Recipient through a branch outside Korea. If Principal checks the box next to “No Overseas Branch Transactions”, it is indicating that it will not enter into NCC Derivatives with Recipient through one or more branches outside Korea. If Principal checks the box next to “Overseas Branch Transactions”, it is indicating that it may enter into NCC Derivatives with Recipient through one or more branches outside Korea.*

No Overseas Branch Transactions

Overseas Branch Transactions

(c) ***Korean AANA Information***

*If Principal has been identified as an In-scope Financial Company or Overseas Regulated Entity in Section 2(a)(ii) or 2(a)(iii), please complete each of the questions below, as applicable.*

(i) Korean AANA Group Information

(1) Is Principal a member of a Korean AANA Group?

Yes

No

(2) If Principal is a member of a Korean AANA Group, please provide the following information for the ultimate parent entity of such Korean AANA Group (the “**Korean Ultimate Parent**”):

Legal Name: \_\_\_\_\_

Entity Identifier: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Country: \_\_\_\_\_ City: \_\_\_\_\_  
Province/State: \_\_\_\_\_  
Postal Code/Zip Code: \_\_\_\_\_

(ii) 2017 Korean AANA Threshold<sup>8</sup>

*Please check one of the boxes below.*

- *Checking the first box below indicates that Principal's Korean AANA for 2017 is above KRW 3.0 quadrillion.*
- *Checking the second box below indicates that Principal's Korean AANA for 2017 is not above KRW 3.0 quadrillion.*
- *Checking the third box below indicates that Principal's Korean AANA information will be separately reported by its Korean Ultimate Parent.*
- *By checking the fourth box below, Principal is indicating that its Korean AANA information will be separately reported by a third party other than its Korean Ultimate Parent; if the fourth box is checked, Principal should also provide appropriate contact information regarding who that third party is.*

Above KRW 3.0 quadrillion Korean AANA

Not above KRW 3.0 quadrillion Korean AANA

Korean AANA information will be separately reported by Principal's Korean Ultimate Parent

Korean AANA information will be separately reported by the following person:

Legal Name: \_\_\_\_\_

Entity Identifier: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Country: \_\_\_\_\_ City: \_\_\_\_\_

Province/State: \_\_\_\_\_

Postal Code/Zip Code: \_\_\_\_\_

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<sup>8</sup> Please note that counterparties may have to exchange AANA information on an annual basis, for which ISDA may publish a separate form, and ISDA Amend will be built to facilitate, subsequent exchanges of AANA information.



(iii) Korean AANA Threshold Estimate

*If Principal's Korean AANA is not above KRW 3.0 quadrillion in 2017, please indicate the estimated year (if any) in which Principal expects to cross the relevant Korean AANA threshold by checking the appropriate box below. A person completing this form may also select "Decline to answer" in this section.*

*This information is not mandatory, is not a representation that Principal will, in fact, cross the relevant threshold in the indicated year, and is provided solely to enable Recipient to plan for future documentation or other changes that may be necessary to comply with regulatory initial margin requirements.*

2018 (KRW 2.0 quadrillion Korean AANA)

2019 (KRW 1.0 quadrillion Korean AANA)

2020 (KRW 10.0 trillion Korean AANA)

None of the above

Decline to answer

The information provided in this Letter is, to the best of Principal’s knowledge and belief, accurate as of the date of completion of this Regulatory Margin Self-Disclosure Letter – Korea Supplement. As to information other than answers provided in Sections 2(c)(iii), Principal agrees to promptly provide updates if any such information changes in any material respect.

[Name of Principal]<sup>9</sup>

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Completion:

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<sup>9</sup> If this Letter is being delivered by an agent on behalf of one or more Principals, the agent should insert “as agent for [name of Principal][the Principals named on the attached sheet].” If the agent is acting on behalf of more than one Principal, (i) it may list the names of such Principals on a separate sheet and (ii) this Letter should be treated as if it were a separate Letter with respect to each Principal listed on such sheet. Similarly, if this Letter is being delivered by a trustee on behalf of one or more trusts or trust funds, the trustee should insert “as trustee for [name of trust or trust fund][the [trusts][trust funds] named on the attached sheet].”

## **Appendix I: Definitions – General Biographical Information**

“**Entity Identifier**” means an [LEI/GEI/other acceptable identifier].

“**Letter**” or “**Self-Disclosure Letter**” means this Regulatory Margin Self-Disclosure Letter – Korea Supplement, as published by the International Swaps and Derivatives Association, Inc. on June 12, 2017.

“**Multibranch Entity**” means a bank or other entity that has local branches, offices or agencies in multiple jurisdictions for purposes of the Korean Margin Guidelines.

“**Principal**” means the market participant whose information is disclosed in this Letter, as identified in Section 1(a).

“**Recipient**” means the derivatives counterparty of Principal to whom this Letter is or will be delivered.

## **Appendix II: Definitions – Korea Information**

“**Central Counterparty**” means the central counterparties and foreign central counterparties specified in Article 186-3 of the Enforcement Decree of the FSCMA.

“**Excluded Entity**” means (i) a central bank in Korea or in a jurisdiction other than Korea, (ii) a Public Institution in Korea or a public institution in a jurisdiction other than Korea, (iii) an Exempt Multilateral Organisation, (iv) a Korean corporation which is not a Financial Company, (v) a trustee under the FSCMA who that will enter into a transaction only for the benefit of a third party under a trust or (vi) a Financial Company whose Korean AANA is less than KRW 3 trillion.

“**Excluded Transaction**” means a non-centrally cleared OTC derivatives contract which is: (a) a physically-settled foreign exchange forward, physically-settled foreign exchange swap and cross currency swap; (b) a foreign exchange spot transaction and (c) a physically-settled commodity forward contract.

“**Exempt Multilateral Organisation**” means an international organization (e.g., the Bank for International Settlements, etc.) and a multilateral development bank (e.g., the Asian Development Bank, the World Bank, etc.)

“**Financial Company**” means a company which is licensed to conduct finance business by the Finance Services Commission of Korea pursuant to financial-related laws (e.g., the Banking Act, FSCMA and Insurance Business Act) and which is subject to inspection pursuant to Article 38 of the Act on Establishment of Financial Services Commission of Korea, including:

1. Banks established with authorization under the Banking Act;
2. Broker/dealers, collective investment companies, trustees, securities companies, merchant banks under the FSCMA;
3. Insurance companies under the Insurance Business Act;
4. Mutual savings banks and their National Federation under the Mutual Savings Banks Act;
5. Credit unions and their National Federation under the Credit Unions Act;
6. Specialized credit finance companies under the Specialized Credit Finance Business Act;
7. Nonghyup Bank under the Agricultural Cooperatives Act;
8. Suhyup Bank under the Fisheries Cooperatives Act; and
9. Institutions subject to inspection by the Financial Supervisory Service of Korea as prescribed by other laws (e.g., financial holding companies).

Each reference in this definition to an “Act” is to the applicable law or act promulgated in Korea.

“**FSCMA**” means Financial Investment Services and Capital Markets Act of Korea.

“**FSS Covered Entity**” means an In-scope Financial Company or an Overseas Regulated Entity.

“**In-scope Financial Company**” means a Financial Company whose Korean AANA is equal to or greater than KRW 3 trillion.

“**Korea**” means the Republic of Korea.

“**Korean AANA**” means an aggregate month-end average notional amount in Korean won equal to a simple average of the outstanding total month-end gross notional amount of non-centrally cleared OTC derivatives exposure for March, April and May of a given year for a Korean AANA Group, and including Excluded Transactions.

“**Korean AANA Group**” means a group of entities as set forth in Article 3 of the Enforcement Decree of the Monopoly Regulation and Fair Trade Act of Korea and a subsidiary of a financial holding company according to Article 2 of the Financial Holding Companies Act of Korea.

“**Korean Margin Guidelines**” means the Guidelines on Margin Requirements for Non-Centrally Cleared OTC Derivatives Transactions (Management No. 2017-11002), effective as of March 1, 2017.

“**Korean Ultimate Parent**” means the person identified in Section 2(c)(i)(2) of this Letter.

“**NCC Derivative**” means a non-centrally cleared OTC derivatives contract that is not an Excluded Transaction.

“**non-centrally cleared OTC derivatives contract**” refers to an OTC derivatives contract that is not cleared through a Central Counterparty.

“**Non-Korean Margin Guidelines**” means any margin guidelines or standards, analogous to the Korean Margin Guidelines, of a competent non-Korean financial regulator.

“**OTC derivatives**” means an OTC derivative product set out in Article 5 of the FSCMA.

“**Overseas Regulated Entity**” means an entity that is (i) not an Excluded Entity nor an In-Scope Financial Company, and (ii) is subject to Non-Korean Margin Guidelines.

“**Public Institution**” means an institution which is designated by the Ministry of Strategy and Finance of Korea as an institution established and managed through governmental investment and financing or governmental financial aid pursuant to Article 4 of the Act on the Management of Public Institutions.