

CSD's Central Repository Services for Crowdfunding & Startups Supporting Services

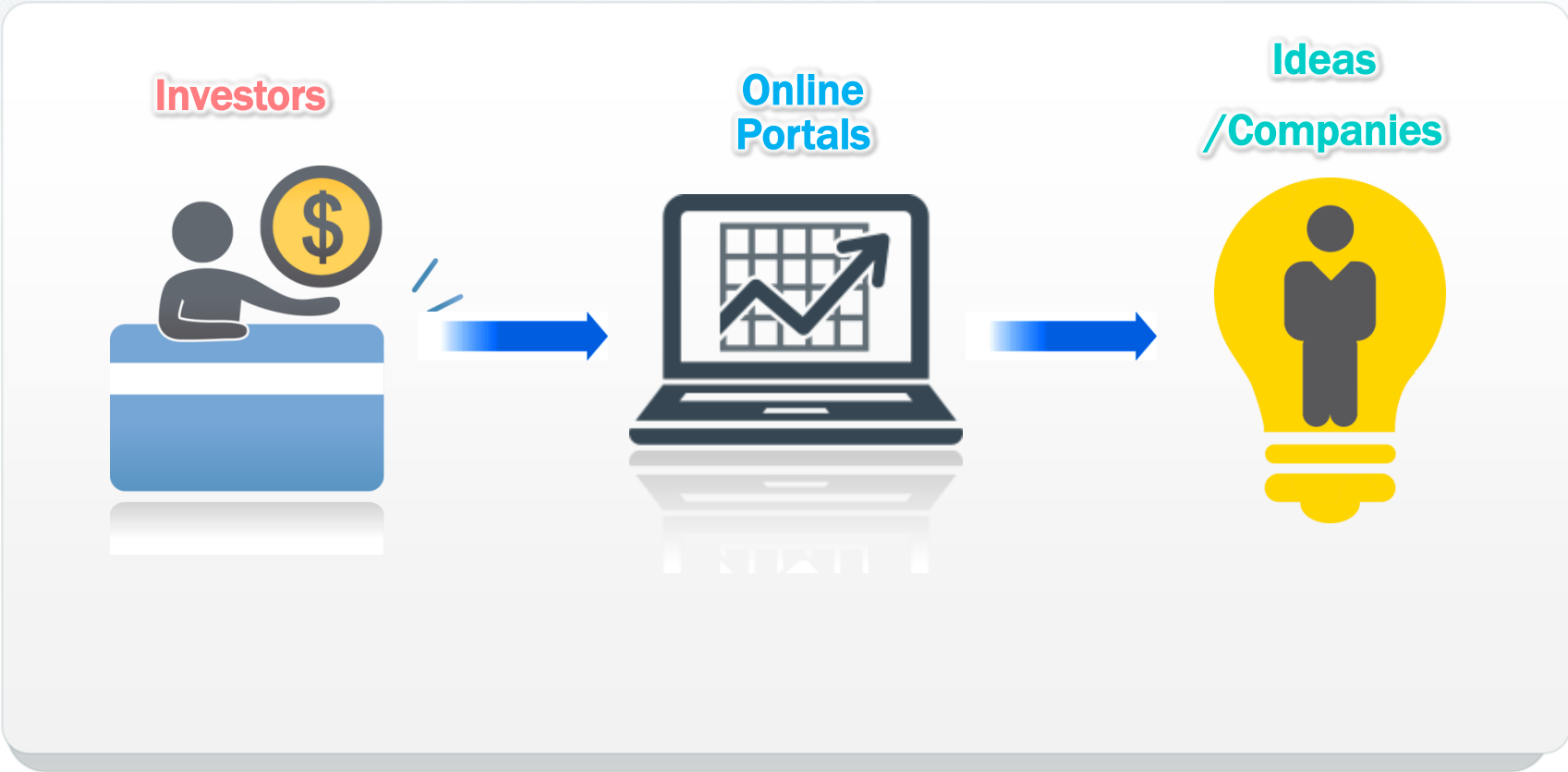
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June 2021



“ Overview of Securities-type Crowdfunding ”

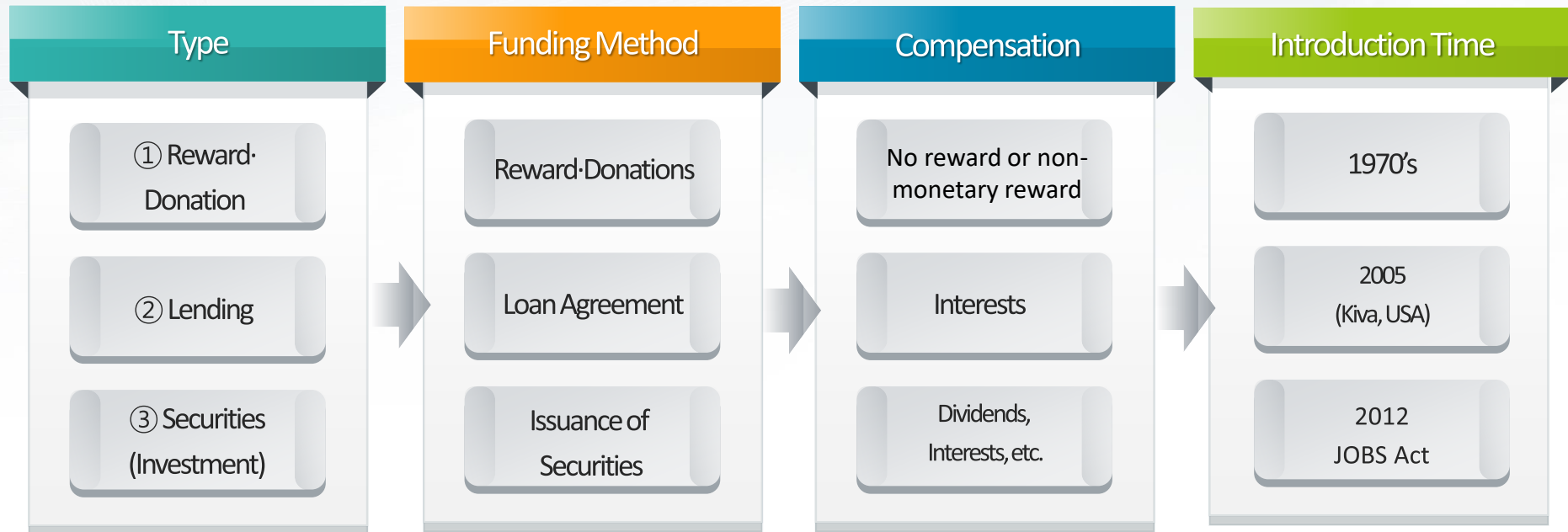
Crowdfunding



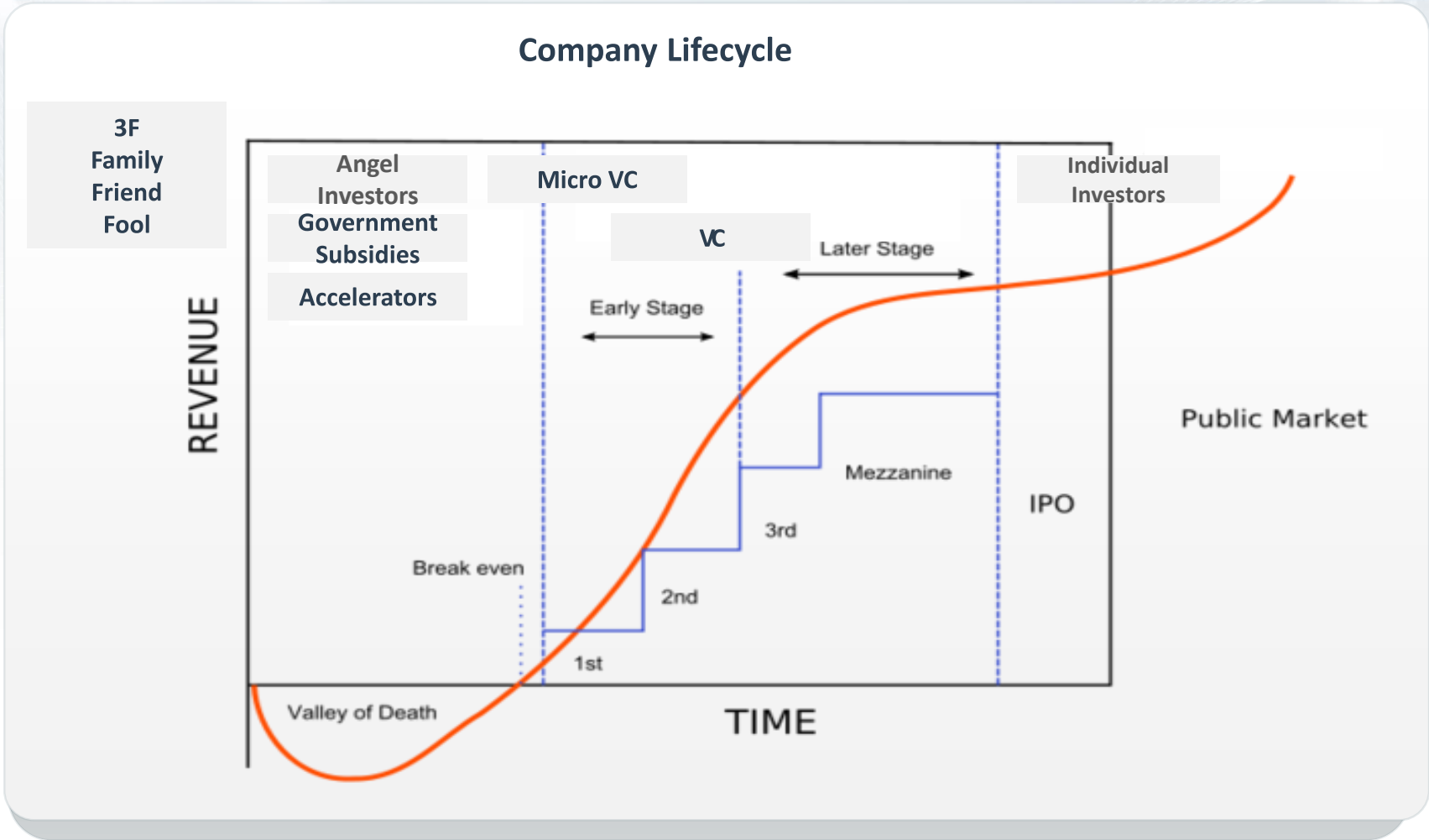
Types of Crowdfunding

✓ According to the method of funding and compensation,

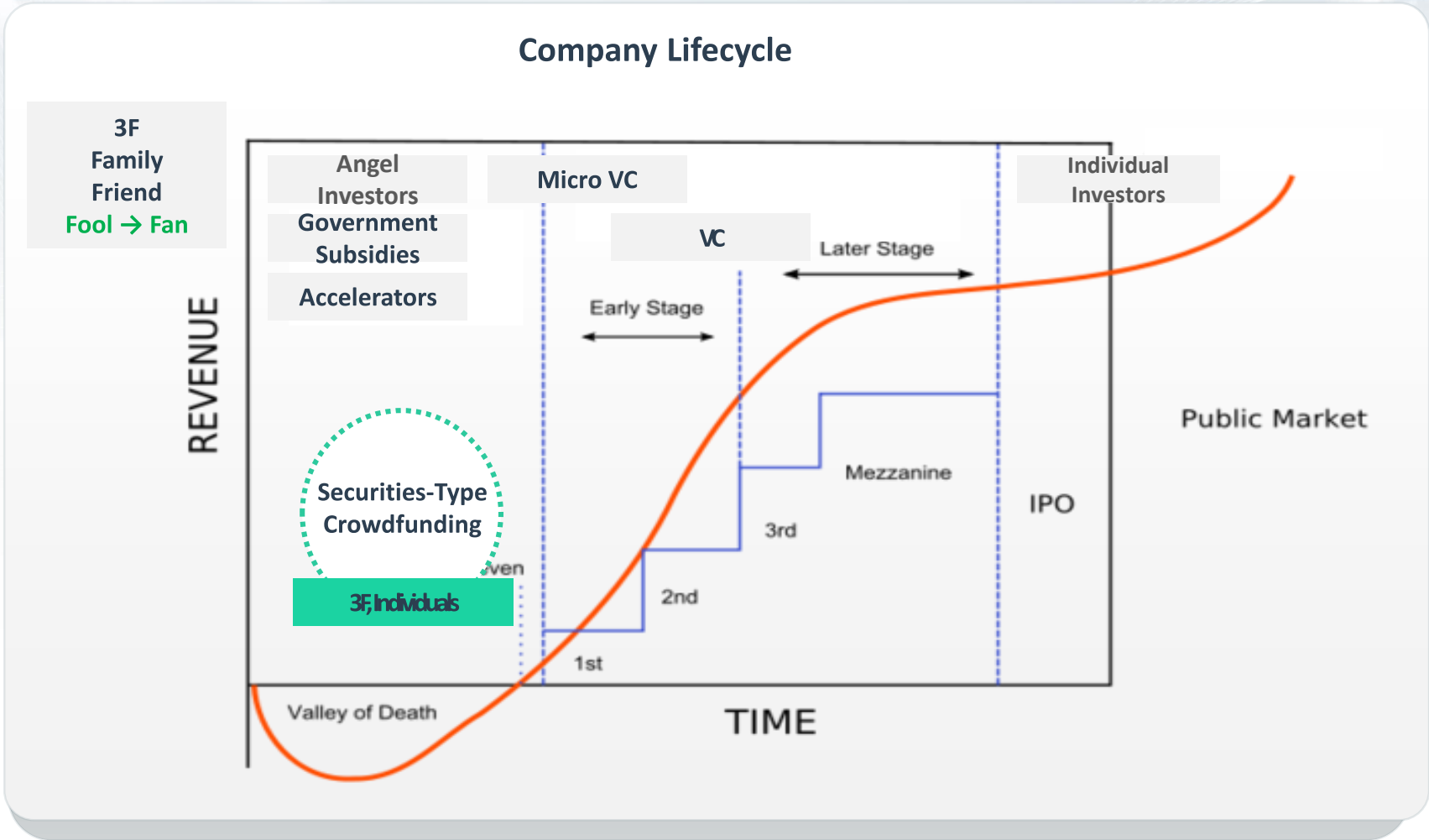
- ① Reward · Donation ② Lending ③ Securities (Investment) Type



Funding Method by Company Lifecycle



Funding Method by Company Lifecycle





Power of Connected Crowds, a Driving Force that changes the World!

Reward → 3F → Trust Capital → Viral Crowd



“Crowdfunding in Korea”

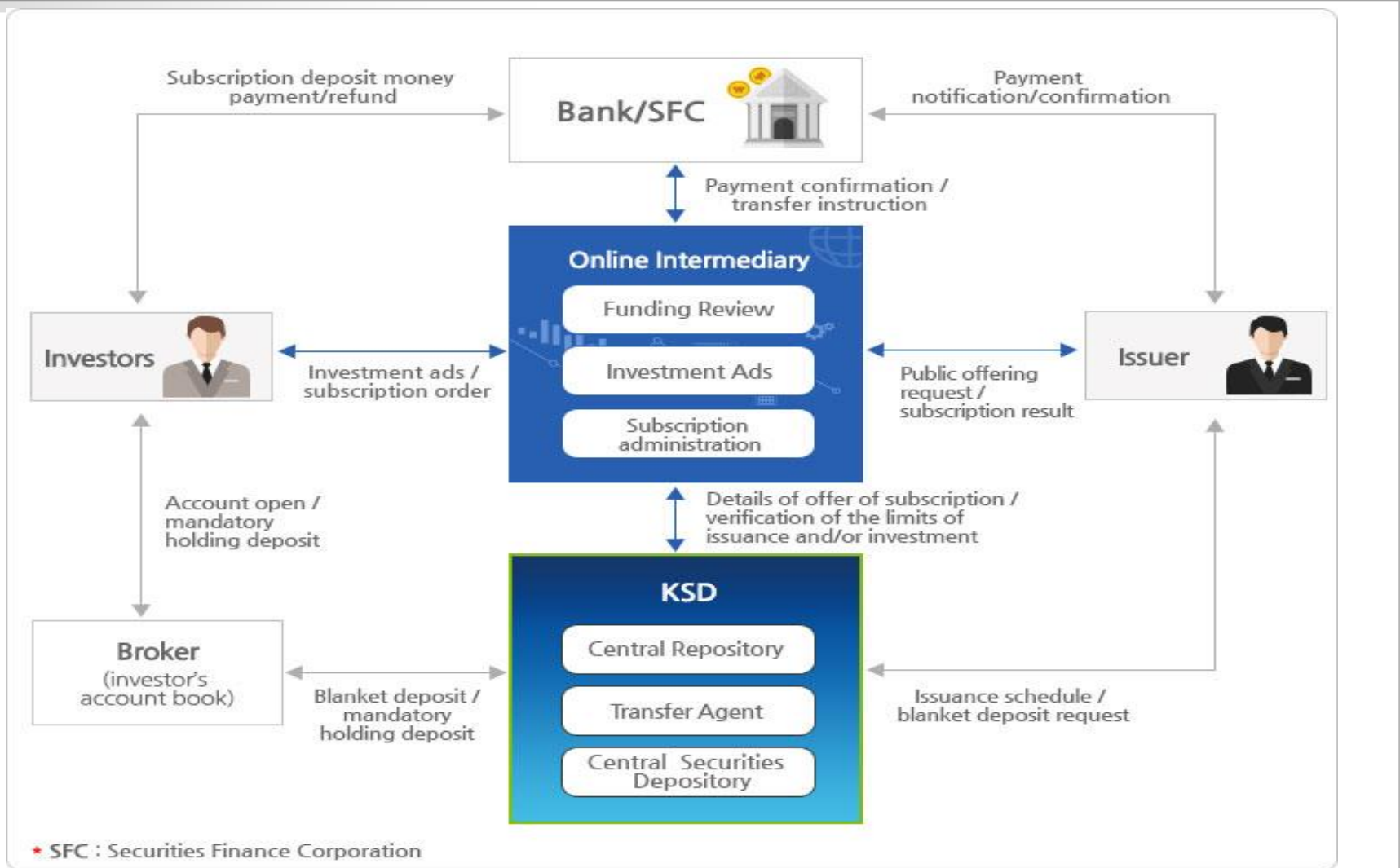


Background and History

- ▶ In order to support the growth of startups, and create new jobs for young generation and new investment opportunities, the Korean government legislated securities-type crowdfunding system
- ▶ Amendment of Capital Market Act (June 6, 2015)
 - ⇒ KSD, appointed as the Central Repository (August 31, 2015)
- ▶ Launch of Crowdfunding System (January 25, 2016)
 - ⇒ Crowdnet, the official portal website of Crowdfunding in Korea
- ▶ KSM(KRX Startup Market) Open (Nov. 14, 2016)
- ▶ Exceeds 100 successful companies (Dec. 9, 2016)
- ▶ Exceeds 100 billion KRW(Sep. 3, 2019)



Operating Structure



Central Repository

- (1) manages data and information on crowdfunding issuers and investors provided by online intermediaries
- (2) controls limits on issuance and investment as entrusted by online intermediaries
- (3) maintains and administers materials supplied by online intermediaries
- (4) provides support to the supervisory authorities

Online Intermediaries

- (1) only intermediates the offer and sale of securities between issuers and investors via online
- (2) does not hold or manage investor assets
- (3) must meet certain requirements including the minimum capital requirement as well as adequate human and material resources
- (4) and must register with the Financial Services Commission to ensure investor protection and maintain an orderly market

Central Securities Depository

- (1) Investors must deposit the securities in separate safe custody with KSD any and all securities issued via crowdfunding.
- (2) KSD acts as the central securities depository for crowdfunded securities.

Transfer Agent

- (1) Issuers must entrust the keeping of the shareholder lists to Korea Securities Depository (“KSD”).
- (2) KSD is responsible for maintaining the shareholder lists for securities crowdfunding.

Subscription Deposit Management Organization

- (1) Online intermediaries must deposit or entrust investors' subscription funds to a commercial bank or the Securities Finance Company
 - (2) The subscription deposit management organization must keep the subscription deposits segregated from its own assets.
- * The online intermediary is not permitted to hold investor funds, securities, or other assets in custody or deposit.

Issuer for Crowdfunding

- (1) Limited to unlisted small and medium-sized enterprises
- (2) Eligible not more than 7 years since its establishment
- (3) Certain industries as below are excluded from issuance via crowdfunding.

	Included	Excluded
Not more than 7 years	<ul style="list-style-type: none"> • Startups 	<ul style="list-style-type: none"> • Listed Companies • Finance·Insurance • Real Estate Business • Dance Halls • Gambling Business
Over 7 years	<ul style="list-style-type: none"> • Venture companies • Technology Innovation Biz companies • Management Innovation Biz companies 	



“Special Provisions on Crowdfunding”





Much Easier than IPO

IPO, Small Sum Public Offering

Complicated Documents

Public Offering	Small Sum Public Offering
Registration Statement (27 types)	Disclosure Documents (17 types)
Acceptance by FSC required	Submitted to FSC

Acceptance by FSC (Disclosure) Required

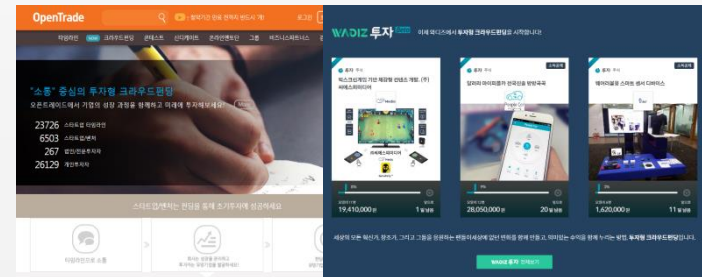


Securities-type Crowdfunding

Simplified Documents

Securities-type Crowdfunding
Terms and Conditions of Securities, Financial Statements, Prospectus, etc.
Posting on Online Intermediaries' website

Posting on Website is OK



Issuance Cap

▼ KRW 1.5 billion (equivalent to USD 1,350,000) per year

- The aggregate amount of the crowdfunding offering and securities issued during the past 12 months (including securities issued under the registration statement + small sum public offerings + crowdfunding) shall not exceed KRW 1.5 billion.

80% Rule

▼ Wisdom of Crowds

- The whole issue will be cancelled, and any subscription deposits will be refunded if the total subscribed amount is less than 80% of the target amount of the public offering.

Upload of Issuance Information

▼ Upload of Issuance Information before offering

- Terms and conditions of issuance, financial conditions, prospectus, etc., on the website of the online intermediary
- Shall keep up to date all such information posted on the website of the online intermediary.

▼ Indemnification Liabilities of Issuer

- Shall be liable to indemnify investors from any losses or damages arising out of the misrepresentation or omission of information on the website of the online intermediary.

Investment Cap

▼ Caps on the aggregate investment amount to prevent substantial losses from excessive investments

Investment Cap by Investor Types

Investors	Investment per Issuer	Annual Total Investment
Individual Investors	KRW 5 mil. (USD 4,500)	KRW 10 mil. (USD 9,000)
Investor with qualified income <ul style="list-style-type: none"> • Subject to aggregate taxation on financial income • Investor with income over KRW 100 mil. (USD 90,000) 	KRW 10 mil. (USD 9,000)	KRW 20 mil. (USD 18,000)
Professional Investors	No Cap	No Cap



“Crowdfunding Statistics”



Funding Volume steadily grows

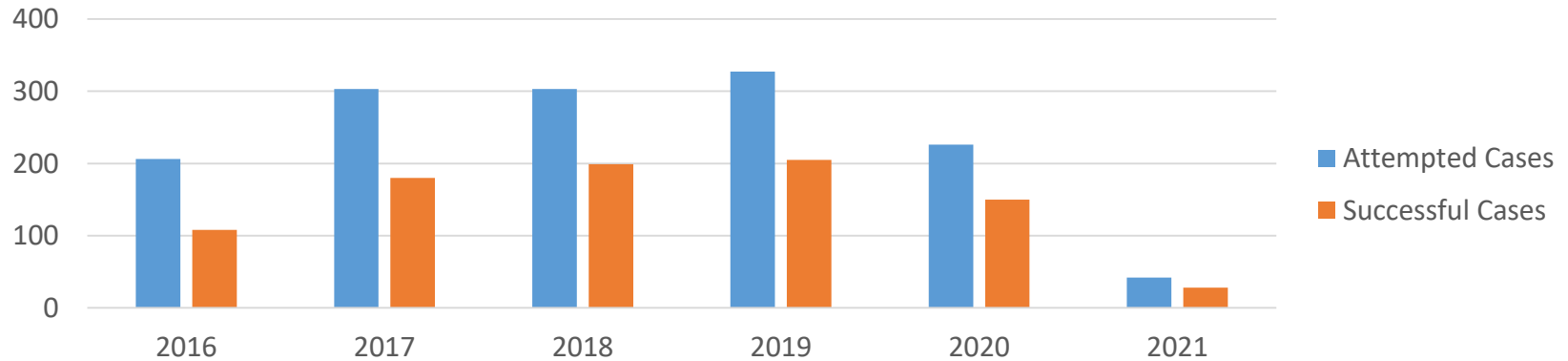
1. Funding Volume

- Funding Volume**

-Total 1,407 attempts, 877 successes, KRW146.9 bil. funded (Equivalent to USD 131.5 Mil.)

Completed			Pending			Total		
Attempted Cases	Successful Cases	Issued (Bil. KRW)	Attempted Cases	Successful Cases	Issued (Bil. KRW)	Attempted Cases	Successful Cases	Issued (Bil.KRW)
1,400	873	146.6	7	4	0.3	1,407	877	146.9

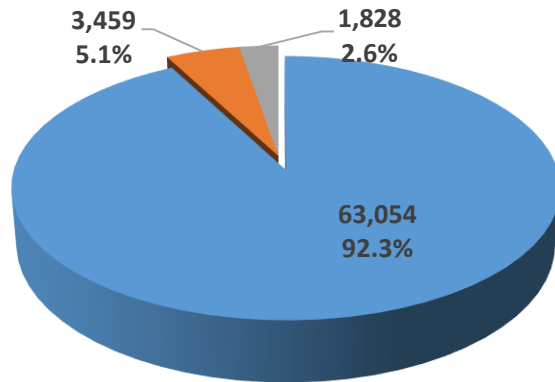
- Attempted Cases Vs. Successful Cases (Cumulative Success Rate: 62.3%) Jan. 25, 2016 ~ June. 4, 2021



“The Crowd” leads the market

2. Investors

- Total No. of Investors: **68,341**
- Individual investors are 92.3% of the total.

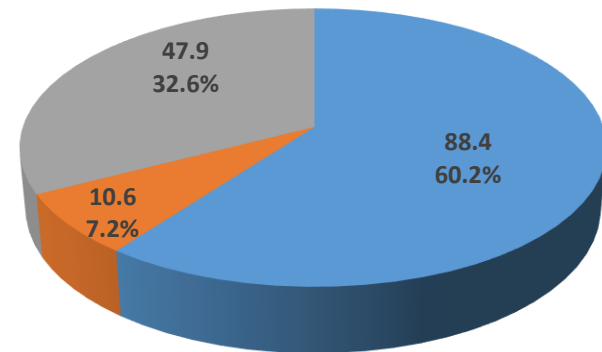


- Individual Investors
- Investors with qualified income
- Professional investors

Jan. 25, 2016 ~ June 4, 2021

3. Investment Volume by investors

- Total Investment Volume : **KRW 146.9 Bil.(USD 131.5 Mil.)**
- Individual Investors invest 60.2% of the total



- Individual Investors
- Investors with qualified income
- Professional investors

(Unit: Bil. KRW)
Jan. 25, 2016 ~ June 4, 2021



Official Crowdfunding Website in Korea



[Crowdfunding Overview](#) [Foreign Investor Guide](#) [Funding-Info Archive](#) [Information Center](#) [CrowdNet Overview](#)

KOREAN



As a securities service provider, KSD supports the creation of a **thriving crowdfunding ecosystem.**



Foreign Investor Guide


CrowdNet Overview


Crowdfunding Overview


Issuance Guide


Investment Guide

Notices ▾

Resources

06/29 2016 List of securities companies for crowdfunding investmen..

06/29 2016 KSD renewed English version of CrowdNet

Funding-Info Archive

Company Info - Crowdfunding In Progress

Company Info - Crowdfunding Completed

Issuer Information

Information on Deregistered or Dissoluted Intermediaries

Company Info - Crowdfunding In Progress

2 You can search company informations where crowdfunding are in progress.

Sort by Subscription Starting Date Subscription End Date Company Name Intermediary Name


Search

No	Company	Introduction	Subscription period	Intermediary
1	Ecoplus	Manufacturing, R&D, Marketing and Sales of Artificial Fish Shelter for Sea Cucumber and Building and Operation of Sea Cucumber Farm	01/16/2017 04/29/2017	WADIZ
2	3D KOREA	3D Korea is total solution company that produces 3D Printing materials, 3D Printer, extruder of Filament	02/08/2017 03/31/2017	KOREA ASSET INVESTMENT SECURITIES
3	Car Platform	Platform service for car after marker	02/23/2017 04/13/2017	WADIZ
4	CAR HOSPITAL	Mobile Car assistant manager O2O service "Car hospital" operation company	02/23/2017 04/25/2017	WADIZ
5	APRIL STUDIO	We are 'April Studio' which develops a shopping service "Celebaid" sharing experiences among customers.	02/23/2017 04/25/2017	WADIZ
6	Linno	Specialized in built-up linear LED, we provide all kinds of lightings with smart IoT package.	02/24/2017 04/28/2017	Y CROWDFUNDING

Funding-Info Archive

Company Info - Crowdfunding Completed

Company Info - Crowdfunding In Progress

 You can search company informations on crowdfunding completed.

Company Info - Crowdfunding Completed

Sort by Date Company Intermediaries From/To  ~ 

Search

Issuer Information

No	Company	Introduction	File	Issue Date/ Amount(KRW)	Intermediaries
141	DBFT Co.,Ltd.	The company builds and operates Bio Flock farms to prevent viruses and environmental pollution, and produce more shrimp.	-	03/20/2017 252,500,000	IBK SECURITIES
142	onestepopencrow Co.,Ltd.	SPC for crowdfunding to movie which named 'OneStep'.	-	03/20/2017 100,000,000	Opentrade
143	Lmeca Inc.	A company producing artificial intelligence suction devices for critical patients	-	03/28/2017 190,030,500	KTB Investment & Securities

Information on Deregistered or Dissoluted Intermediaries

Crowdfunding Via Central Repository



- New Investment Opportunities

- New Business Horizon
- New Earning Source

- New Investors
- New Customers
- New Media Channels
- New Markets

- New Business Opportunities
- Avoid Overlapping Investment

- Effective Support Policy to SMB
- Basis for Robust Economic Development






“Startups Supporting Services”



Background

- ▼ As a pivotal infrastructure in the Korean capital market, **KSD** serves as the **Central Repository for Securities-type Crowdfunding**
- ➔ Working on a **business model to foster and facilitate innovative startups**

Brand Logo			
Goal	To Establish “Capital Market-based Innovative Startups Supporting Model”		
Category	Forward Support 	Securities-type Crowdfunding	 Backward Support
Sub-category	K-Camp Accelerating Program	Securities-type Crowdfunding Central Repository Services	K-Camp IR Concert



Overview

Rationale

- ▼ KSD supports and facilitates local startups through its Accelerating Program
- ➔ To Help Innovative Startups Grow as Participants in Korean Capital Market

Facilitate Local
Startups Ecosystem

Create Breeding
Ground for Future
Market Participants

Allow for Sustainable
Growth with Capital
Market

Background

- ▼ Heavy concentration of startup ecosystem in the capital area widens the gap between big and small cities in terms of entrepreneurship development.
 - ▼ Many startups outside the metropolitan area miss out on opportunities, visible or invisible, and begrudgingly pull up the stakes to move to Seoul
 - Startups within the Seoul area account for more than 56% of the whole startups in Korea
- ➔ Reduce Regional Inequality by Facilitating Local Entrepreneurship Ecosystem



Overview

Accelerating

- ▶ To provide early stage startups with the services of training, consulting, networking, investment, etc.

Accelerator

- ▶ Legal entity established pursuant to the article 24 of the Venture Investment Promotion Act in order to accelerate startup companies



Brand Logo



- ▶ KSD + BaseCamp
- ▶ **Combination of K initial and a map pointer shape**
 - Red color represents the dynamics of K-Camp, as well as the enthusiasm of startups
- ▶ Each program reflects upon local character using its local color

Achievement in 2020

Category	Region	Current Status(Completed)
부산	Busan-Ulsan-Gyeongnam	1st Round(13 startups) 2nd Round(15 startups)
대전	Daejeon-Chungcheong	1st Round(12 startups)
광주	Gwangju-Jeolla	1st Round(10 startups)
대구	Daegu-Gyeongbuk	1st Round(8 startups)



Total Startup Training **60** Startups

58 startups completed



Follow-on Investment Attracted **KRW 15.1** Billion

for 39 startups



Jobs Newly Created **137** People

for 40 startups

※ Participants, though with less than 7 years of history, have bore meaningful fruit in less than half a year

K-Camp Final Round

On March 24, 2021, KSD held K-Camp Final Round, online and offline, to appoint and award prizes to K-Camp Excellent Startups in each region

KSD endowed the five startups (selected as “K-Camp Excellent Startups”) with a total of KRW 150 million for implementing their crowdfunding”

* As for the 2nd round, KSD is considering directly investing in startups

< 2020, K-Camp Excellent Startups >

Prize	Startup	Business	Logo
Grand	Proabtech	Innovative biologics that reside in human body	
Gold	Foresys	Ocean debris cleaning infrastructure	
Silver	Lilycover	Online subscription service for custom-order cosmetics	
Bronze	Green System	Environment-friendly Biodegradation Products	
Encouragement	Goodplace	Cashier-free store service platforms	



2021 Accelerating Program



▼ Finding innovative startups with growth potential in each region

- Implementing a six-month Accelerating Program for startups no older than 7 years in each region
- Running tailored programs under the guidance of professional accelerators
- Giving startups crowdfunding-linked supports (Crowdfunding Education, Crowdfunding Execution, etc.)

▼ Securities-type Crowdfunding, Job Creation, Maintenance, etc.



K-Camp Jeju Program Launching

▼ K-camp Jeju Program will be held Yearly (since 2022)

 Forges ahead to galvanize shared growth between startups and capital market by supporting local startups outside the Seoul metropolitan area 

Thank you.



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