

Achievement of KRX Gold Market For the Last One Year and Way Forward

The Korea Exchange (KRX) announced that the volume of gold traded in its gold market (the first gold spot market in Korea) during the period of last one year from the date of its launch on March 24, 2014 to March 20, 2015 reached 1,472kg or approximately KRW 63.1 billion, and added that its gold market is continuing a stable growth momentum as indicated by the gold inventory amounting to 1,068kg and also by the market participating accounts numbered at 2,941.

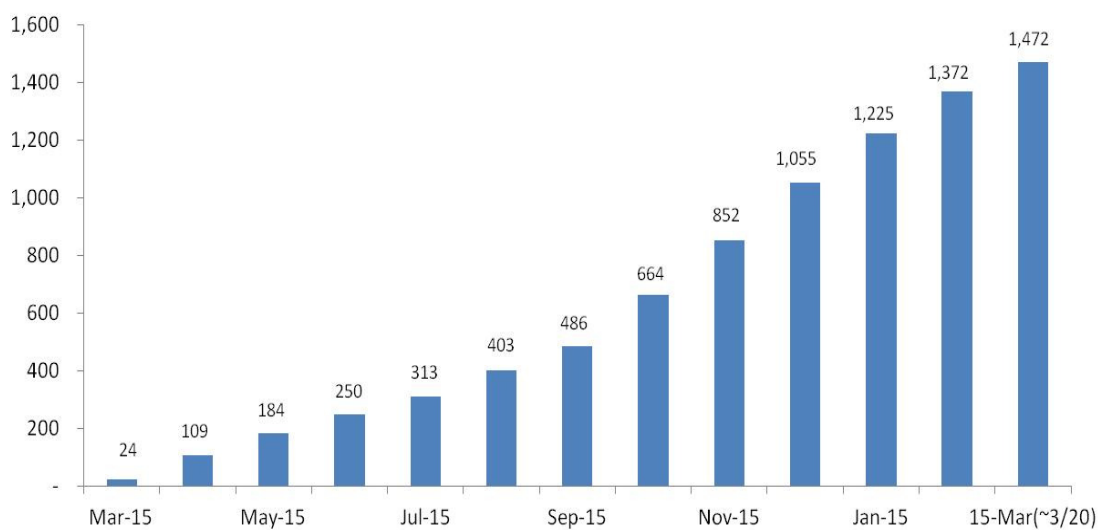
1. Market Achievement

<Trading Volume>

For the last one year since the market launch, a total of 1,472kg worth approximately KRW 63.1 billion has been traded. The average daily trading volume has increased consistently* as shown in approximately 220% rise from 3.8kg during the initial six months (March 24, 2014- September 23, 2014) to 8.3kg during the last six months (September 24, 2014- March, 20 2015).

*Daily peak: 28.2kg (December 16, 2014)

<Cumulative Trading Volume for the Last One Year (in kg)>



<Price Movement>

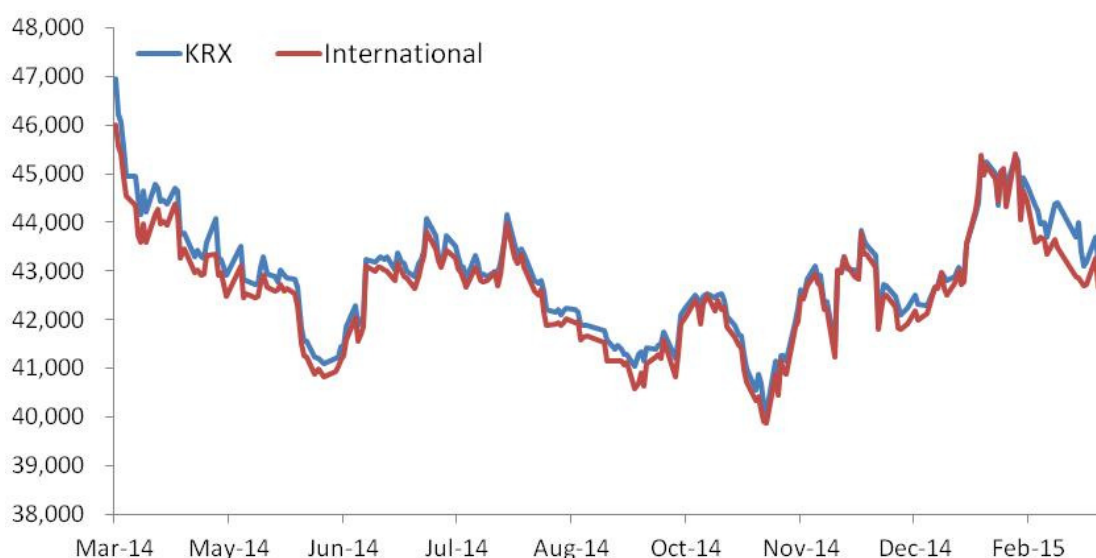
The gold traded in the KRX market has been fairly priced as it has been moving largely in line with the fluctuations of international gold prices.

The price* of gold traded in the KRX market when compared to international gold prices is currently at a stable level after dropping to 100.2 in January 2015 from 101.4 posted at an early stage of the market.

** KRX market price against international prices means the price level of the KRX gold market when it is assumed that the international gold prices based on the Tenfore price is 100.*

However, both the OTC wholesale and KRX gold market prices are being formed at a higher level than international gold prices due to the recent shortage of gold supply in the domestic market.

<International Gold Prices and KRX Gold Market Price for the Last One Year>



<Gold Bullion Storage/Withdrawal>

The gold bullion that suppliers had deposited in the Korea Securities Depository (a safekeeping institution for the KRX gold market) amounted to 1,068kg or approximately KRW 46 billion as of March 20.

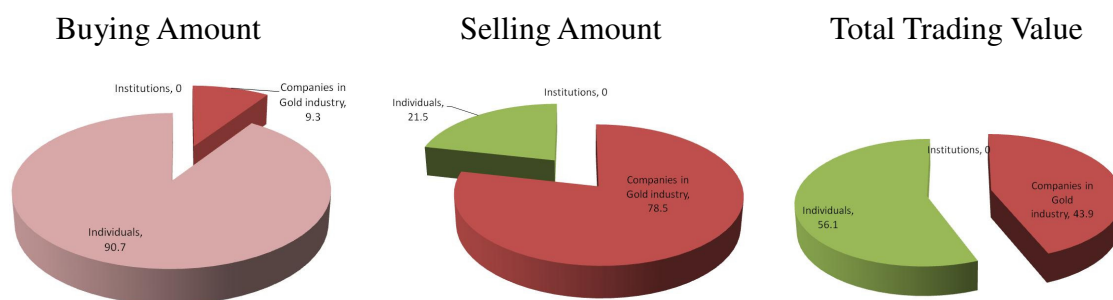
The gold bullion worth 120kg, which is equivalent to 11% of the deposited gold, has been withdrawn physically.

<Proportion of Investors>

Companies in gold industry are the primary sellers (the proportion of selling at 78.5%), while individual investors are the main buyers (the proportion of buying at 90.7%).

In general, the proportion of selling is high among the companies in gold industry. In the event of a rise in gold prices, however, individual investors who bought gold at a low price tend to sell a large volume of gold in order to take profits.

<Proportion of Trading Value by Buying/Selling Investor>



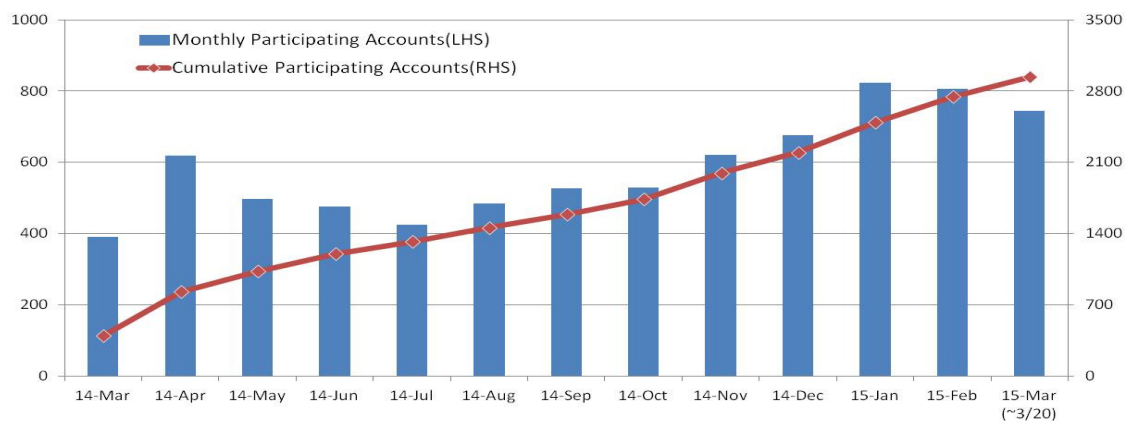
<Number of Participating Accounts>

The number of accounts* participating in the KRX gold market has increased sharply to 2,941 as of March 20 after breaking the 1,000-mark and the 2,000-mark on June 3, 2014 and December 4, 2014, respectively.

* The number of accounts that have participated in trades

The KRX gold market is expected to grow consistently in the future given the continuous rise in the number of participating accounts.

<Monthly and Cumulative Trends of Participating Accounts>



<Number of Members>

The number of members in the KRX gold market increased from 48 (8 securities firms and 40 companies in gold industry) at an early stage to 69 (11 securities firms and 58 companies in gold industry) as of March 20.

2. Performance Review

The amount of deposited gold exceeded the 1-ton level (1,068kg), and 120kg of gold bullion or approximately 11% of the deposited gold has been physically withdrawn. This paved the way for a vibrant gold market. The expanded market participation by companies in gold industry in the future are expected to bring the underground gold trading into the light and contribute to the nurturing of the precious metal industry.

The demand for gold investment has been absorbed by the on-Exchange market thanks to better conditions when compared to the OTC market such as lower prices, lower transaction costs and tax breaks (e.g. exemption of VAT and dividend income tax). Gold products including gold banking and differentiated investment methods apart from those applicable to OTC trades have successfully met the demands for gold investments and thus emerged as a new investment tool.

3. Way Forward

The KRX will seek to vitalize the gold market by improving market regulations and infrastructures for sustainable growth of the market and enhancing trading convenience of market participants. Since March 18, the KRX has been operating a task force team aimed at cooperating with related institutions* for improving regulations and infrastructure in an effort to vitalize the KRX gold market.

**Related institutions: KRX, Korea Securities Depository, Korea Minting, Security Printing & ID Card Operating Corp., Shinhan Bank and Korea Financial Investment Association*

The KRX will strengthen promotional and marketing activities in order to expand the number of participants in the KRX gold market by encouraging the companies in gold industry to take part in trades, increasing the number of members such as securities firms and diversifying investor base.

[Contact]

Gold Market, Commodity Market Services, Derivatives Market

(Tel: +82-51-662-2765, E-mail: david@krx.co.kr)