



KOR

# Narrative Explaining Fitness Standards of the Board

2021-04-01

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## History

Date	Description of change	Sections Updated
2021-04-01	Original Document	All

## **1. Size of Board**

KOR Reporting's Board consists of 3 directors, 2 of whom qualify as independent and 1 of whom is the Chief Executive Officer.

## **2. Board Membership Criteria**

As set forth in the organizational documents and governance policies of KOR Financial and KOR Reporting (together, "KOR"), the Board seeks Directors from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have integrity, objectivity, sound judgement and leadership; the relevant expertise and experience required to offer advice and guidance to the KOR Reporting senior management; the ability to make independent and analytical inquiries; and an understanding of KOR Reporting's business, strategy and challenges; should be willing to devote adequate time and effort to Board responsibilities and to serve on Board committees at the request of the Board and is not a "Disqualified Person" as defined in the Governance Principles. Each Director is expected to ensure that his or her other commitments do not materially interfere with his or her service overall as a Director.

## **3. Determination of Independent Directors**

The Board shall review annually the relationships that each Director has with the KOR. Following such annual review, only those Directors who the Board affirmatively determines have no "material relationship" with KOR Reporting will be considered Independent Directors. Each Director shall notify the Board as soon as practicable of any event, situation or condition that may affect the Board's evaluation of his or her independence of status as a public director. If warranted, following the receipt of such information, the Board shall determine whether such Director continues to be an Independent Director.

For these purposes, a director shall not be deemed to have a "material relationship" with KOR Reporting and will be presumed to be "independent" if he or she meets each of the following:

- a. The director does not (directly or indirectly as a partner, equity holder or officer of another company) provide consulting, legal or financial advisory services to the Company or the Company's present or former auditors.
- b. Neither the director nor any member of his or her immediate family is a significant equity holder in the Company. For purposes of this categorical standard, an equity holder shall be considered significant if the aggregate total is greater than three percent (3%) of KOR.
- c. Neither the director nor any member of his or her immediate family serves as an executive officer of a civic or charitable organization that receives financial contributions from KOR. The Board shall also consider whether any charitable

donations made to a civic or charitable organization in which a director or member of his or her immediate family serves as a director, trustee or employed fundraiser impact the particular director's independence; provided, however, donations less than \$25,000 per year shall be presumed to be insignificant and, therefore, not impact such director's independence.

Please refer to the KOR Reporting Board of Directors Governance Principles for more information.

## Appendix A: Exhibits

Regulator	Exhibit	Exhibit Description
CFTC	B-1	Attach as Exhibit 8 to this application a narrative that sets forth the fitness standards for the board of directors and its composition including the number or percentage of public directors.
SEC	D-3	Attach as Exhibit D a copy of documents relating to the governance arrangements of the applicant, including, but not limited to, the nomination and selection process of the members on the applicant's board of directors, a person or group performing a function similar to a board of directors (collectively, "board"), or any committee that has the authority to act on behalf of the board; the responsibilities of the board and each such committee; the composition of the board and each such committee; and the applicant's policies and procedures reasonably designed to ensure that the applicant's senior management and each member of the board or such committee possess requisite skills and expertise to fulfill their responsibilities in the management and governance of the applicant, to have a clear understanding of their responsibilities, and to exercise sound judgment about the applicant's affairs.