



KOR

Core Principles Chart

2021-04-01

1. Table of Contents

.....	0
Table of Contents	1
History	2
Compliance with Core Principles	3
Appendix A: Exhibits.....	19

History

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

1. Compliance with Core Principles

KOR SDR shall comply with the core principles as described in CFTC Regulation 49.19 at all times while using reasonable discretion in establishing the manner in which the swap data repository complies with the core principles

The Chief Compliance Officer (“CCO”) shall review compliance with all core principles annually in the compliance report.

Core Principle(s)	KOR SDR Compliance	Referenced Exhibits
<p>1: <u>Antitrust considerations</u></p> <p>Unless necessary or appropriate to achieve the purposes of the Act, a swap data repository shall avoid adopting any rule or taking any action that results in any unreasonable restraint of trade; or imposing any material anticompetitive burden on trading, clearing or reporting swaps.</p>	<p>Unless necessary or appropriate to achieve the purposes of the Act, KOR SDR shall avoid adopting any rule or taking any action that results in any unreasonable restraint of trade; or imposing any material anticompetitive burden on trading, clearing, or reporting swaps.</p> <p>To ensure anti-trust considerations are not overlooked, the CCO is intimately involved in the rule making process of the SDR. The rulemaking process involves an analysis of any implications of inherent violations of the SDR core principles.</p>	<p>Exhibit D-2: Compliance Manual</p> <p>Section: “6.2 Anti-trust considerations”</p> <p>KOR will avoid adopting any rule or taking any action that results in any anticompetitive burden on the reporting of derivatives.</p> <p>To ensure anti-trust considerations are not overlooked, the CCO is intimately involved in the rule making process of the SDR as set forth in <u>4.2 Error! Reference source not found.</u>. The rulemaking process involves an analysis of any implications of inherent violations of SDR core principles.</p> <p>Exhibit J: Rulebook</p> <p>Section: “Preamble”</p> <p>Unless necessary or appropriate to achieve the purposes of the Act, KOR SDR shall avoid adopting any rule or taking any action that results in any unreasonable restraint of trade; or imposing any material anticompetitive burden on trading, clearing or reporting swaps.</p>

		<p>Exhibit O-1: Fee Schedule (document in its entirety)</p>
<p>2: <u>Governance arrangements</u></p> <p>Swap data repositories shall establish governance arrangements as set forth in § 49.20.</p>	<p>KOR SDR shall maintain governance arrangements that are transparent to fulfil public interest requirements and to support the objectives of the CFTC, Owners, and market participants.</p> <p>Such arrangements are well defined and include a clear organizational structure and effective internal controls.</p> <p>KOR SDR governance arrangements are transparent. They include the charter for the Board of Directors (“BOD”) and each committee thereof, the nomination process for the BOD, the names of all the directors, an explanation of how the directors maintain an independent perspective, and the lines of responsibility and accountability.</p> <p>The following information will be made available to the Commission and the public on KOR SDR’s website in a sufficiently comprehensive and detailed fashion as to permit the public and relevant authorities, including the Commission, to understand the policies or procedures of the swap data repository:</p> <ul style="list-style-type: none"> a. KOR SDR’s mission statement; b. The mission statement and/or charter of the board of directors, as well as of each committee of KOR SDR that has: <ul style="list-style-type: none"> i. The authority to act on behalf of the board of directors or ii. The authority to amend or constrain actions of the board of directors; 	<p>Exhibit D-2: Compliance Manual <i>Section: “Governance core principle”</i></p> <p>KOR SDR will maintain governance arrangements that are transparent to fulfill public interest requirements and to support the objectives of the CFTC, owners, and market participants.</p> <p>Such arrangements are well-defined and include a clear organizational structure and effective internal controls.</p> <p>Exhibit D-1: SDR Governance Principles (document in its entirety)</p>

	<ul style="list-style-type: none"> c. KOR SDR’s board of directors’ nomination process, as well as the process for assigning members of the board of directors or other persons to any committee; d. For the board of directors and each committee, the names of all members; e. The lines of responsibility and accountability for each operational unit of KOR SDR to any committee thereof and/or the board of directors; and f. Summaries of significant decisions impacting the public interest, the rationale for such decisions, and the process for reaching such decisions. Such significant decisions shall include decisions relating to the pricing of repository services, offering of ancillary services, access to SDR data, and the use of section 8 material, SDR information, and intellectual property. Such summaries of significant decisions shall not require KOR SDR to disclose section 8 material or, where appropriate, information that KOR SDR received on a confidential basis. g. A description of the manner in which the BOD, as well as any committee considers an “independent perspective” in its decision making process. <p>The information described in items a through g above is made available on the KOR website using commonly used language.</p> <p>KOR shall not disclose minutes from meetings of its board of directors or committees to the public, although it shall disclose such minutes to the Commission upon request.</p>	
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3. Conflicts of interest

Swap data repositories shall manage and minimize conflicts of interest and establish processes for resolving such conflicts of interest as set forth in § 49.21.

A conflict of interest arises when the interests of KOR compete with the interests of the employee or director or when such individual has a personal or financial relationship or other interest that could interfere with the person’s obligation to act solely in the best interest of KOR SDR. As discussed in the Conflicts of Interest Policy and KOR Code of Conduct, actual and potential conflicts must be disclosed to the Compliance department for documentation and tracking of certain relationships/activities/affiliations that could result in a conflict of interest.

While we cannot identify in advance every situation that could present a conflict or an appearance of a conflict, there are a few instances where conflicts typically arise:

1. Personal relationships
2. Outside activities
3. IP development
4. Financial interests
5. Loans
6. Business opportunities
7. Misuse of corporate assets
8. Personal interest that conflict with the interests of a Client

All KOR employees and consultants are required to annually certify to the KOR Code of Conduct, which provides a non-exclusive definition of a conflict of interest and requires that employees disclose any potential conflicts of interest that they may have. As part of each

Exhibit D-2: Compliance Manual

Section: “6.5 Conflicts of interest”

A conflict of interest arises when the interests of KOR compete with the interests of the employee or director or when such individual has a personal or financial relationship or other interest that could interfere with the person’s obligation to act solely in the best interests of KOR SDR. As discussed in the Conflicts of Interest Policy and KOR Code of Conduct, actual and potential conflicts must be disclosed to the Compliance department for documentation and tracking of certain compliance requirements including the certification of compliance policies, reporting of gifts and entertainment, and disclosure of certain relationships/activities/affiliations that could result in a conflict of interest.

The following is a non-exhaustive list of conflicts that may arise:

- a. Outside business activity – non-software development
- a. Outside business activity – software development
- b. Vendor relationship

	<p>disclosure, employees and consultants are required to identify where their role falls within the SDR. By virtue of this designation, the CCO will be notified of their requirement to review and remediate the potential conflict, in conjunction with a senior officer of the SDR in accordance with the KOR Conflict of Interest Policy. All disclosures where a conflict is identified will be reviewed within five (5) business days of being submitted.</p> <p>To the extent that conflicts of interest arise and/or are disclosed by any member of the BOD, the CCO will be notified to review and remediate any such conflict, which may require recusal from any decision-making with respect to the SDR to ensure impartiality in SDR decision making process.</p> <p>To protect the data maintained by the SDR, safeguards have been put in place that function to protect the data regardless of the presence of conflicts of interest. The KOR Access Policy prescribes who may access the SDR. Access is restricted to those individuals who require the data to perform their assigned job responsibilities. More</p>	<p>c. Discrimination against certain reporting entities¹</p> <ul style="list-style-type: none"> i. <i>Relationship with a reporting party of reporting entity</i> ii. Unfair or anticompetitive disclosure <p>All KOR employees and consultants are required to annually certify to the <u>KOR Code of Conduct</u>, which provides a non-exclusive definition of a conflict interest and requires that employees disclose any potential conflicts of interest that they may have. As part of each disclosure, employees and consultants are required to identify where their role falls within the SDR. By virtue of this designation, the CCO will be notified of their requirement to review and remediate the potential conflict, in conjunction with a senior officer of the SDR in accordance with the <u>KOR Conflict of Interest Policy</u>. All disclosures where a conflict is identified will be reviewed within five (5) business days of being submitted.</p>
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¹ Commentary to the Final Rule – Part§49 states that such conflicts may originate in the control of an SDR by one reporting entity or a subset of reporting entities (a “control group”). Such control may result from representation on SDR governing bodies, whether through (i) ownership of voting equity or the exercise of voting rights, or (ii) other direct or indirect means. A control group may compete with other reporting entities in the execution or clearing of swap transactions and may have an incentive to leverage its influence over the registered SDR to gain a competitive advantage in relation to other reporting entities. Additionally, because all swaps are required to be reported to a registered SDR, SDR data and SDR analyses of SDR information could have great commercial value. A control group may have incentive to (i) limit or burden access to such analyses on a discriminatory basis or (ii) disclose or use the data of other reporting entities for its own competitive purposes (e.g. front-running). The control group may also have an incentive to cause the SDR to provide such data to an affiliate for derivative application or ancillary services (especially if such application or services are bundled).

	<p>specifically, this includes individuals that are employees directly by the SDR or are operating pursuant to a documented Service Level Agreement, all must have a “need to know”. In addition, pursuant to the KOR Confidentiality and Data Protection Policy, which is applicable to all KOR employees, the data maintained by the SDR classified as KOR Highly Sensitive. This classification represents the highest level of sensitivity of the four data classifications. Data with the classification cannot be provided outside of KOR unless appropriately authorized and subjected to protective measures such as non-disclosure agreements.</p>	<p>To the extent that conflicts of interest arise and/or are disclosed by any member of the BOD, the CCO will be notified to review and remediate any such conflict, which may require recusal from any decision-making with respect to the SDR to ensure impartiality in SDR decision making process.</p> <p>To protect the data maintained by the SDR, safeguards have been put in place that function to protect the data regardless of the presence of conflicts of interest. The <u>KOR Access Policy</u> prescribes who may access the SDR. Access is restricted to those individuals who require the data to perform their assigned job responsibilities. More specifically, this includes individuals that are employed directly by the SDR or are operating pursuant to a documented Service Level Agreement, all must have a “need to know”. In addition, pursuant to the <u>KOR Confidentiality and Data Protection Policy</u> which is applicable to all KOR employees, the data maintained by the SDR classified as KOR Highly Sensitive. This classification represents the highest level of sensitivity of the four data classifications. Data with this classification cannot be provided outside of KOR unless appropriately authorized and subjected to protective measures such as non-disclosure agreements.</p> <p><i>The chief compliance officer of the SDR shall review the compliance of the SDR with this core principle.</i></p> <p>Exhibit GG-1: Code of Conduct</p> <p>Section: “1 Overview”</p>
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		<p>Action by members of your immediate family, significant others or other persons who live in your household (referred to in the Code as “family members”) also may potentially result in ethical issues to the extent that they involve KOR business. For example, acceptance of inappropriate gifts by a family member from one of our suppliers could create a conflict of interest and result in a Code violation attributable to you. Consequently, in complying with the Code, you should consider not only your own conduct, but also that of your immediate family members, significant others and other persons who live in your household.</p> <p><i>Section: “16 Speak Up and Escalation Policy”</i></p> <p>KOR Reporting is committed to fairness, integrity and respect for the law throughout our business lines. It is very important that our employees, as valuable eyes and ears of the Company, can raise and discuss acts, or potential acts, of misconduct (known as “Speaking Up”) with confidence. By doing so, employees give our Company the opportunity to deal with the issue appropriately.</p> <p>Employees (including temporary and casual employees, agency staff, consultants, work experience or other trainees and contractors) who reasonably believe that malpractice has occurred or is likely to occur can raise concerns via the Speak Up Policy (“Speak Up”).</p> <p><i>16.1 What is the purpose of the Speak Up and Escalation Policy?</i></p> <p>The purpose of this policy is to explain how you can raise concerns about suspected misconduct in confidence without</p>
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		<p>fear of retaliation. It also describes what process you can expect if you Speak Up.</p> <p>16.2 What concerns are covered</p> <p>16.2.1 Types of Concerns to report</p> <p>Stakeholders must report, to their manager or Chief Compliance Officer (CCO) or the Speaking Up Program; any known or suspected misconduct relating to:</p> <ul style="list-style-type: none"> a. Breaches of law or regulation, b. Improper conduct or unethical behavior; c. Failure to comply with a legal obligation, regulatory directives or statutes; d. All forms of financial malpractice or impropriety; e. Insider abuses; f. Non-compliance with KOR Policies, Procedures; or Codes of Conduct; g. Other forms of corporate governance breaches; h. Non- disclosure of conflict of interest; i. The concealment, or deliberate failure to report, a known control breach or weakness; j. any criminal offense (such as fraud, theft, bribery, insider trading etc.); k. improper use of company resources; l. inappropriate disclosure of confidential information; m. endangering someone’s health and safety;
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		<ul style="list-style-type: none"> n. damaging the environment; o. Any threat to the KOR's reputation; or p. Attempts to conceal any of these, etc. <p>16.2.2 Inappropriate Use</p> <p>This policy is not to be used for:</p> <ul style="list-style-type: none"> a. raising any grievances you may have in relation to your employment; b. settling personal disputes; or c. any accusations of a false nature. <p>16.3 Procedure for raising concerns under the Speak Up and Escalation Policy</p> <p>16.3.1 How to Speak Up</p> <p>There are several internal channels available to you should you need to Speak Up:</p> <ul style="list-style-type: none"> a. You can discuss any concerns with your direct manager, who will attempt to resolve the matter as soon as reasonably possible or will pass on the matter to the Chief Compliance Officer to investigate. b. You can send an email to speakup@korfinancial. c. If this is not appropriate or if you consider that the concern has not been dealt with sufficiently, you can raise the concern directly with the Chief Compliance Officer.
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		<p>d. If you reasonably consider that the concern has still not been dealt with sufficiently or at all, or if someone in your chain of communication is involved in the malpractice, you can raise the concern by contacting the General Council.</p> <p>16.3.2 Investigation</p> <p>Once a disclosure has been made, the process will be as follows:</p> <p>a. The person hearing your concern will arrange a confidential meeting with you to gather the information needed to understand the situation and may ask you to put your concern in writing, for clarity, prior to the meeting.</p> <p>b. Following the meeting, the person hearing your complaint will decide if any further action needs to be taken and, if so, what action. This may include arranging another meeting for you to speak to someone at a more senior level of management and/or asking you to provide some additional evidence.</p> <p>c. If your concern is valid and is not already subject to internal or legal proceedings, a decision will be taken by the Company as how to proceed, which may include referral to one or more of the following:</p> <p><i>the Board of Directors or relevant subsidiary board with a view to an internal investigation;</i></p> <p><i>an appropriate external regulatory body for investigation; or</i></p> <p><i>the police.</i></p>
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		<p>d. You will be advised of timescales that may apply and you will be informed of any decision taken. <u>Please treat the investigation and any decision taken as confidential.</u></p> <p>16.4 Confidentiality</p> <p>As far as possible, any concerns raised via Speak Up and Escalation Policy will be treated by the Company in the strictest confidence. All reasonable steps will be taken to maintain the confidentiality, where it is requested, of anyone Speaking Up. A possible exception to this may be if it is required (e.g. by law) to break that confidentiality. Should this be the case, you will be told in advance.</p> <p>Anonymous information is just as important to the Company as information that is disclosed with an identity. However, if you feel you can reveal your identity, you are encouraged to do so as this would enhance the Company’s ability to pursue your concern and feedback will be limited if you cannot be contacted.</p> <p>The Company is committed to treating all disclosures consistently and fairly, and victimization of any individual Speaking Up will not be tolerated. Any instances of victimization will be taken very seriously and managed appropriately.</p> <p>16.5 Misuse of the Speak Up and Escalation Policy</p> <p>If, at any time, it is found that an individual has raised a concern in bad faith, they may lose the protection granted under Speak</p>
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		<p>Up and may be subject to disciplinary action under the Company’s disciplinary procedure.</p> <p>Exhibit F-1: Conflicts of Interest Policy (document in its entirety)</p> <p>Exhibit F-2: Board of Directors Conflicts of Interest Policy (document in its entirety)</p> <p>Exhibit V-1: SDR Access Policy (document in its entirety)</p> <p>Exhibit GG-2: Confidentiality and Data Protection Policy (document in its entirety)</p>
<p><u>4.(a) Additional duties - Financial resources</u></p> <p>Swap data repositories shall maintain sufficient financial resources as set forth in § 49.25.</p>	<p>As an SDR, KOR is required to maintain sufficient financial resources to comply with all CFTC Regulations. The financial resources maintained in the account for the SDR shall be at least equal to a total amount that would enable the SDR to cover its operating costs for at least one year, calculated on a rolling basis.</p> <p>Financial resources that satisfy these requirements include:</p> <ul style="list-style-type: none"> a. KOR’s own capital; and b. Any other financial resource deemed acceptable by the Commission. <p>Financial resources must include unencumbered, liquid financial assets equal to at least 6 months’ operating costs. KOR may take into account a committed line of credit or similar facility for purposes of meeting this 6-month liquidity requirement.</p>	<p>Exhibit D-2: Compliance Manual <i>Section: “10 Financial resources”</i></p> <p>As an SDR, KOR is required to maintain sufficient financial resources to comply with all CFTC Regulations. The financial resources maintained in the account for the SDR shall be at least equal to a total amount that would enable the SDR to cover its operating costs for at least one year, calculated on a rolling basis.</p> <p>Financial resources that satisfy these requirements include:</p> <ul style="list-style-type: none"> a. KOR’s own capital; and b. Any other financial resource deemed acceptable by the Commission.

	<p>The financial resources must be independent and separately dedicated ensuring that assets and capital are not used for multiple purposes.</p>	<p>Financial resources must include unencumbered, liquid financial assets equal to at least 6 months’ operating costs. KOR may take into account a committed line of credit or similar facility for purposes of meeting this 6-month liquidity requirement.</p> <p>The financial resources must be independent and separately dedicated ensuring that assets and capital are not used for multiple purposes.</p> <p>Exhibit M: Financial Information (exhibits in their entirety)</p>
<p><u>4.(b) Additional duties - Disclosure requirements</u></p> <p>Swap data repositories shall furnish an appropriate disclosure document setting forth the risks and costs of swap data repository services as detailed in § 49.26.</p>	<p>Prior to accepting SDR data from any Client, KOR shall provide the <u>KOR SDR Disclosure Document</u> that contains the required information which will allow the reporting entity to identify and evaluate accurately the risks and costs associated with using the services of the SDR.</p> <p>The following information will be included in the Disclosure Document:</p> <ul style="list-style-type: none"> a. The criteria for providing access to services offered and SDR data maintained by KOR SDR; b. The criteria for those seeking to connect to or link with KOR SDR; c. A description of the policies and procedures regarding the safeguarding of SDR data and operational reliability to protect the confidentiality and security of such data (see Section above); 	<p>Exhibit D-2: Compliance Manual</p> <p><i>Section: “11 Disclosure requirements”</i></p> <p>Prior to accepting SDR data from any Client, KOR shall provide the <u>KOR SDR Disclosure Document</u> that contains the required information which will allow the reporting entity to identify and evaluate accurately the risks and costs associated with using the services of the SDR.</p> <p>The following information will be included in the Disclosure Document:</p> <ul style="list-style-type: none"> a. The criteria for providing access to services offered and SDR data maintained by KOR SDR; b. The criteria for those seeking to connect to or link with KOR SDR; c. A description of the policies and procedures regarding the safeguarding of SDR data and

	<ul style="list-style-type: none"> d. The policies and procedures reasonably designed to protect the privacy of any and all SDR data that KOR SDR receives from a SEF, DCM, or Reporting Counterparty; e. The policies and procedures regarding the non-commercial and/or commercial use of the SDR data that it receives from a SEF, DCM, or Reporting Counterparty; f. The dispute resolution procedures; g. A description of all of the SDR Services, including any ancillary services; h. The updated schedule of any fees, rates, dues, unbundled prices, or other charges for all of SDR Services, including any ancillary services; any discounts or rebates offered; and the criteria to benefit from such discounts or rebates; i. A description of the governance arrangements; and j. The policies and procedures regarding the reporting of SDR data to KOR SDR, including KOR’s SDR data validation procedures, swap data verification procedures, and procedures for correcting SDR data errors and omissions. 	<ul style="list-style-type: none"> operational reliability to protect the confidentiality and security of such data (see Section above); d. The policies and procedures reasonably designed to protect the privacy of any and all SDR data that KOR SDR receives from a SEF, DCM, or Reporting Counterparty; e. The policies and procedures regarding the non-commercial and/or commercial use of the SDR data that it receives from a SEF, DCM, or Reporting Counterparty; f. The dispute resolution procedures; g. A description of all of the SDR Services, including any ancillary services; h. The updated schedule of any fees, rates, dues, unbundled prices, or other charges for all of SDR Services, including any ancillary services; any discounts or rebates offered; and the criteria to benefit from such discounts or rebates; i. A description of the governance arrangements; and <p>The policies and procedures regarding the reporting of SDR data to KOR SDR, including KOR’s SDR data validation procedures, swap data verification procedures, and procedures for correcting SDR data errors and omissions.</p> <p>Exhibit FF-2: Disclosure document (document in its entirety)</p>
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4.(c) Additional duties - Access and Fees

Swap data repositories shall adhere to Commission requirements regarding fair and open access and the charging of any fees, dues or other similar type charges as detailed in § 49.27.

Access to the SDR shall be fair, open and equal; this includes access to data required to be publicly disseminated. SDR Services will be provided on a non-discriminatory basis. Additionally, KOR SDR does not obligate a Client to use a second KOR or third-party service to utilize or gain access to SDR. KOR SDR will not as a condition of use, require that a Client consent to the external commercial or business use of any reported data, including that which is required to be publicly disseminated. Likewise, KOR SDR will not, as a condition of accepting SDR data from any market participant, require the waiver of any privacy rights by such reporting entity.

Fees are assessed in a consistent, non-preferential manner and are not permitted to be used as a barrier to entry. KOR SDR will not offer preferential pricing arrangements to any Client on any basis, including volume discounts or reductions unless such discounts or reductions apply to all Clients uniformly and are not otherwise established in a manner that would effectively limit the application of such discount or reduction to a select number of Clients.

Any fee or charge assessed by KOR SDR for the collection of real-time Swap Transaction and Pricing Data shall be equitable and non-discriminatory. If KOR SDR allows a fee discount based on the volume of data reported to it for Public Dissemination, then such discount shall be made available to all Reporting Counterparties, SEFs and DCMs that are Clients in an equitable and non-discriminatory manner.

All fees are fully disclosed and available on the KOR SDR Website.

Exhibit D-2: Compliance Manual

Section: "11.1 Access to SDR services"

Access to the SDR shall be fair, open and equal; this includes access to data required to be publicly disseminated. SDR Services will be provided on a non-discriminatory basis. Additionally, KOR SDR does not obligate a Client to use a second KOR or third-party service to utilize or gain access to SDR. KOR SDR will not as a condition of use, require that a Client consent to the external commercial or business use of any reported data, including that which is required to be publicly disseminated. Likewise, KOR SDR will not, as a condition of accepting SDR data from any market participant, require the waiver of any privacy rights by such reporting entity.

Exhibit J: Rulebook

Section: "14.4 Fees"

Fees are assessed in a consistent, non-preferential manner and are not permitted to be used as a barrier to entry. KOR SDR will not offer preferential pricing arrangements to any Client on any basis, including volume discounts or reductions unless such discounts or reductions apply to all Clients uniformly and are not otherwise established in a manner that would effectively limit the application of such discount or reduction to a select number of Clients.

Any fee or charge assessed by KOR SDR for the collection of real-time Swap Transaction and Pricing Data shall be equitable and non-discriminatory. If KOR SDR allows a fee discount based on

	<p>Changes to the SDR fee schedule will be consistent with the principles set forth in this section and must be processed through the rule amendment process.</p>	<p>the volume of data reported to it for Public Dissemination, then such discount shall be made available to all Reporting Counterparties, SEFs and DCMs that are Clients in an equitable and non-discriminatory manner.</p> <p>All fees are fully disclosed and available on the KOR SDR Website.</p> <p><i>Changes to the SDR fee schedule will be consistent with the principles set forth in this section and must be processed through the rule amendment process.</i></p> <p>Exhibit O-1: Fee Schedule (document in its entirety)</p> <p>Exhibit O-2: Fee Schedule Methodology and Differentiation (document in its entirety)</p>
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2. Appendix A: Exhibits

Regulator	Exhibit	Exhibit Description
CFTC	FF-1	Attach as Exhibit FF, a narrative and supporting documents that may be provided under other Exhibits herein, that describes the manner in which the Applicant is able to comply with each core principle and other requirements pursuant to Commission Regulation § 49.19.