

From: The Bank of Korea, DaeKeun Song
Subject: Reserve Requirements of Depository Institutions

Comments:

Dear,

This is DaeKeun Song of the Bank of Korea

If Term Deposits are span a Board meeting date and the federal funds rate is changed in the meeting,

could the interest rate on term deposits is changed?

If the change of the federal funds rate is reflected in the interest of term deposit,

there is no issue of monetary policy expectations affecting the bid.

In the case of Reseve Bank of Austraila, term deposit has been adopted since Sep, 2008.

The interest rate payable on these deposits will be set as a margin (which may be negative) to the Reserve Bank's target for the cash rate.

The margin applicable to each deposit will be determined in a tender undertaken by the Reserve Bank.

Successful bids will be paid a rate of interest equal to the weighted average cash rate target over the term of the deposit plus the margin of that bid.

Happy New Year

Yours Sincerely,

DaeKeun Song
The Bank of Korea, Republic of Korea