

Best Execution Policy

November 2023

HSBC Securities (Japan) Co., Ltd.

This Best Execution Policy establishes the policy and method in order to execute orders on the best possible terms for the client as stipulated in Article 40-2, Paragraph 1 of the Financial Instruments and Exchange Law. When HSBC Securities (Japan) Co., Ltd. ("HSBC Japan") receives an order from a client involving securities listed on financial markets in Japan, we will do our best to execute the order in accordance with the following policy, unless the client provides other instructions concerning how the transaction should be executed.

(Note that HSBC Japan does not currently conduct equities business related to Listed stocks, etc. as defined below.)

1. Applicable securities

(1) "Listed stocks, etc." as defined in Article 16-6 of the Enforcement Ordinance of the Financial Instruments and Exchange Law, which includes stocks, convertible bonds, exchange-traded funds (beneficiary certificates of investment trusts linked to equity indexes), real estate investment trusts (REITs), etc.

(2) Although "securities handled" as defined in Article 67-18, Item 4 of the Financial Instruments and Exchange Law, which includes Phoenix stocks, convertible bonds, etc., are legally covered by the best execution policy, we do not perform transactions for these securities.

2. Method for executing orders on the best terms

We will handle all orders received from clients as brokerage orders and will not serve as the direct counterparty for these transactions. At our company, we primarily consider matters that are in our clients' interest other than executing at the most advantageous price as the best trading conditions, and therefore all orders from clients concerning listed stocks, etc. will be executed on financial markets in Japan. We will not use off-exchange transactions, including proprietary trading systems (PTS). (1) When an order is received from a client, we will immediately execute the transaction on a financial market in Japan where the applicable security is listed. When an order is received after trading hours for financial markets, the order will be executed after the financial market reopens. (2) Orders from clients will be executed

on financial markets as follows. (a) For securities listed on a single financial market, the order will be executed on that market. (b) For securities listed on multiple financial markets, the order will be executed on the market that we select as having the highest liquidity based on trading volume and other items during a specific period. Specific reasons for selection of a particular market, in addition to the items that we already disclose, will be provided to clients upon request. (c) If we are not a participant or member of the market used in (a) or selected as described in (b), we will execute the transaction on that market using a party that is a participant or member of that market and with which we have a brokerage contract for orders on that market.

3. Reason for selection of a particular method

We use financial markets rather than off-exchange transactions because we believe that financial market transactions are better from the clients' standpoint. Financial markets attract a large volume of orders from investors, resulting in greater liquidity, a better possibility of completing a transaction, faster transactions, and other advantages. For securities listed on multiple financial markets, we use the market with the highest liquidity because we believe that this is in the best interests of the client.

4. Other items

(1) Given the explanation in 2. above of the order execution method used, the transactions listed below will be executed as follows.

(a) For transactions where the client specifies a particular execution method (request for HSBC Japan to act as the direct counterparty, request for execution on a particular financial market, request for execution during a particular time of day, etc.), we will use the specified method.

(b) For transactions involving odd lots or amounts of less than one trading unit (tangen), we will use financial product companies that handle these transactions.

(c) Transactions where the execution method is specified in the transaction terms and conditions, such as stock cumulative investment and stock mini-investment, etc.

(d) On open and on close orders.

(2) There may be instances where we are forced to select an order execution method that is not consistent with this best execution policy due to a computer system malfunction or other problem. In this case, we will do our best to execute the order on the best terms possible at that time.

If a system failure occurs in a financial market, etc., since it may be difficult to use the method outlined in 2 above, the order may be executed by a method different from the method outlined in 2 above. Even in such a case, we will endeavor to execute the transaction under the best terms at that time.

Our obligation involving the best execution of orders is not restricted to the price. We are obligated to execute orders in the best manner by also taking into account cost, speed, reliability and many other factors associated with the order. Consequently, there may be instances where, following the execution of an order, the terms do not appear to be the best possible based on price alone. However, it is not possible to use solely the price as the basis for determining whether or not a particular transaction is in violation of the best-execution obligation.