

## Correspondence Chart Regarding FSA's Principles of Customer-Orientated Business Conduct

Entity Name		HSBC Securities (Japan) Co., Ltd.		
■URL for Policy:		<a href="https://www.hsbc.co.jp/ja-jp/hsbc-securities-legal-information">https://www.hsbc.co.jp/ja-jp/hsbc-securities-legal-information</a>		
■URL for Action and Status:		<a href="https://www.hsbc.co.jp/ja-jp/hsbc-securities-legal-information">https://www.hsbc.co.jp/ja-jp/hsbc-securities-legal-information</a>		
Principle		Status	Section in the Policy	Section in the Actions and Status Report
Principle 1	<p><b>【Pursuit of the Customers' Best Interests】</b></p> <p>Financial Business Operators should act in the best interests of their customers through carrying out business towards customers in a faithful and fair manner, maintaining a high level of sophistication and professional ethics. Financial Business Operators should endeavor to solidify such business conduct as part of the corporate culture.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>2. Pursuit of the Customers' Best Interests</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 2: Pursuit of Customers' Best Interests</p>
	<p>Note</p> <p>Financial Business Operators should aim to maintain a stable customer base and revenue raising via providing good quality service based on the efforts to carry out Customer Orientated Business and pursuing the customers' best interests when transacting with customers.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>2. Pursuit of the Customers' Best Interests</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 2: Pursuit of Customers' Best Interests</p>
Principle 3	<p><b>【Appropriate Management of Conflicts of Interests】</b></p> <p>Financial Business Operators should correctly understand potential conflict of interests when transacting with customers, and when a conflict of interests potentially exists, to manage such conflict appropriately. Financial Business Operators should have in place detailed policies regarding this topic.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>3. Appropriate Management of Conflicts of Interest</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 3: Appropriate Management of Conflicts of Interest</p>
	<p>Note</p> <p>Financial Business Operators should also take into consideration points such as the impact the following items may have on transactions or businesses, when determining the possibility of a conflict of interest:</p> <ul style="list-style-type: none"> <li>• Cases where a Financial Business Operator receives an agency commission for the sale or solicitation of a financial product, from the firm who provided the product;</li> <li>• Cases where a Financial Business Operator sells a financial product, which is provided from another firm in the same group entity, to their customers</li> <li>• Cases where an asset management team, who is within the same entity or the same group as corporate-facing sales force, invests in firms with whom the corporate-facing sales force has business relationship.</li> </ul>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>3. Appropriate Management of Conflicts of Interest</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 3: Appropriate Management of Conflicts of Interest</p>
Principle 4	<p><b>【Disclosure of Commissions, Fees and Other Costs】</b></p> <p>Financial Business Operators should provide their customers with detailed information of commissions or other fees charged to the customer, including for what service such commissions or fees are for, in a way the customer can understand.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>4. Disclosure of Commissions, Fees, and Other Costs</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 4: Disclosure of Commissions, Fees, and Other Costs</p>
Principle 5	<p><b>【Provide Important Information in a Clear Way】</b></p> <p>Financial Business Operators should provide their customer with important information regarding the sale or solicitation etc. of financial products or/and services in addition to what is stated under Principle 4 above, in a way the customer can easily understand, considering the asymmetry in the amount and quality of information that can be obtained between the customer and the Financial Business Operator.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>5. Provide Important Information in a Clear Way</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 5: Provide Important Information in a Clear Way</p>
	<p>Note1</p> <p>Important information should include:</p> <ul style="list-style-type: none"> <li>• Basic returns, losses and other risks, and conditions of the trade of the financial product / service being offered towards customers;</li> <li>• Type of customers which the Financial Business Operator involved in the manufacturing of the products or services offered assumes.</li> <li>• Reason for selecting the financial product / service being offered to the customers (including reasons for the Financial Business Operator to determine that the products or services fit the customer's needs and intention);</li> <li>• Conflict of interest, if any, and its details (including, commission fees, etc., paid from third-parties) as well as explanation on the effect such conflict has on the transaction or business regarding the financial product / service sold or solicited to customers;</li> </ul>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>5. Provide Important Information in a Clear Way</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 5: Provide Important Information in a Clear Way</p>
	<p>Note2</p> <p>When selling or soliciting multiple financial products or services as a package, Financial Business Operators should not only provide information on whether it is possible to purchase individual products separately, but also important information regarding both the packaged and the unpackaged versions so that the customer is able to compare (Note 2) – (Note 5) applies when providing information regarding commission fees, etc.</p>	Not Applicable	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>5. Provide Important Information in a Clear Way</p>	<p>(Explanation on the non-applicability)</p> <p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>5. Provide Important Information in a Clear Way</p>
	<p>Note3</p> <p>Financial Business Operators should provide information in a clear and easy to understand manner with faithful contents which would is not misleading, taking into account the customers' transaction record and financial knowledge.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>5. Provide Important Information in a Clear Way</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 5: Provide Important Information in a Clear Way</p>
	<p>Note4</p> <p>Financial Business Operators should provide information in a manner easy to understand, corresponding to the complexity of the financial product / service being offered to customers. While Financial Business Operators may conduct simple information provision when selling or soliciting simple and low-risk products, Financial Business Operators, when selling or soliciting complex or high-risk products must endeavor to ensure that a more clear and thorough information provision is conducted, including the basic structure such as the risk vs return, and by using materials arranged to make it easier for customers to compare the product to similar products.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>5. Provide Important Information in a Clear Way</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 5: Provide Important Information in a Clear Way</p>
	<p>Note5</p> <p>When providing information to customers, Financial Business Operators should distinguish the information by level of importance, and regarding the more important information, to, for instance, emphasize it especially to draw customers' attention to it.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>5. Provide Important Information in a Clear Way</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 5: Provide Important Information in a Clear Way</p>
Principle 6	<p><b>【Provide Suitable Financial Products/Services to Customers】</b></p> <p>Financial Business Operators should structure / sell / solicit financial products / services that are suitable for the particular customer, by understanding the customer's status of assets, transaction record, knowledge level, purpose of transaction and needs.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>6. Provide Suitable Financial Products/Services to Customers</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 6: Provide Suitable Financial Products/Services to Customers</p>
	<p>Note1</p> <p>Financial Business Operators should be mindful of the following then propose specific financial products and services based on this.</p> <p>Proposals for specific financial products and services (including fees) must be provided in comparison to similar products / services and substitute products / services handled by the Financial Business Operator, in a transversal way beyond the boundaries of each business law.</p> <p>Conduct appropriate follow-up after the sale of financial products and services, with a long-term perspective, and based on the customer's intent.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>6. Provide Suitable Financial Products/Services to Customers</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 6: Provide Suitable Financial Products/Services to Customers</p>
	<p>Note2</p> <p>When selling or soliciting multiple financial products / services as a package, Financial Business Operators should consider whether the overall package is suitable for the specific customer.</p>	Not Applicable	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>6. Provide Suitable Financial Products/Services to Customers</p>	<p>(Explanation on the non-applicability)</p> <p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>6. Provide Suitable Financial Products/Services to Customers</p>
	<p>Note3</p> <p>Financial Business Operators structuring a financial product should, taking into account the characteristics of the product being structured, specify and publicize target clients' investor type to whom the product is expected to be sold, and make sure that the Financial Business Operator who is selling the product will ensure that such expectation is met when selling.</p>	Partially Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>6. Provide Suitable Financial Products/Services to Customers</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 6: Provide Suitable Financial Products/Services to Customers</p>
	<p>Note4</p> <p>Financial Business Operators should, especially when selling / soliciting complex or high-risk financial products, as well as when selling / soliciting products to customers belonging to investor-types that are more likely to incur damage from financial transactions, carry out careful due diligence on whether it is appropriate or not to be selling / soliciting the particular product, in accordance with the product or the customer's investor-type.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>6. Provide Suitable Financial Products/Services to Customers</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 6: Provide Suitable Financial Products/Services to Customers</p>
	<p>Note5</p> <p>Financial Business Operators should endeavor to deepen the understanding by their employees regarding the structure, etc., of the financial products they handle, and simultaneously, to proactively provide basic information on financial transactions to customers, based on their investor type.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>6. Provide Suitable Financial Products/Services to Customers</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 6: Provide Suitable Financial Products/Services to Customers</p>
Principle 7	<p><b>【Appropriate Framework Etc. to Incentivize Employees】</b></p> <p>Financial Business Operators should establish a compensation / performance evaluation processes, training framework, and other framework which appropriately incentivizes employees, as well as an effective corporate governance framework designed to promote the pursuit of customers' best interests, fair treatment of customers and effective management of conflicts of interests.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>7.Appropriate Framework etc. to Incentivize Employees</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 7: Appropriate Framework etc. to Incentivize Employees</p>
	<p>Note</p> <p>Financial Business Operators should notify the employees who are involved in these measures about the content implemented in accordance with these principles (including the notes attached thereto), as well as the content of alternative measures to be taken in instead if not implemented, and establish a system to support and validate the business operations of the employees.</p>	Conducted	<p>Policy in relation to Principles of Customer-Orientated Business Conduct</p> <p>7.Appropriate Framework etc. to Incentivize Employees</p>	<p>Actions and Status Report Regarding Customer-Orientated Business Conduct</p> <p>2. Our Action Plan and Status (As of 17 November 2024)</p> <p>Principle 7: Appropriate Framework etc. to Incentivize Employees</p>
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