

MUFG Bank Ltd, Paris Branch – French Appendix to MUFG EMEA Best Execution Policy

January 2022

Context

MUFG Bank Ltd, Paris Branch (**MUFG Paris**) is the French branch of MUFG Bank Ltd, a Japanese credit institution supervised by the Japanese Financial Services Agency and the Japanese Government. As such, it is supervised by the *Autorité de contrôle prudentiel et de résolution* (the **ACPR**) and the *Autorité des marchés financiers* (the **AMF**).

MUFG Paris is authorised to provide the investment services of (i) execution of orders on behalf of clients and (ii) dealing on own account on the French territory.

MUFG Paris only provides investment services to clients that are classified professional clients and eligible counterparties on:

- derivative instruments, including notably contracts for differences, futures (excluding a commodity future and rolling spot Forex contracts), and options (excluding a commodity option and options on commodity futures); and
- structured deposits.

This appendix (the **Appendix**) to the MUFG EMEA Best Execution Policy (the **Policy**) sets out MUFG's Paris general approach to best execution and how it assesses whether a transaction is in scope of best execution.

Capitalised terms and/or abbreviations not otherwise defined in this Appendix have the meaning set out in the Policy.

1. Scope

French rules providing for the best execution requirement are set out in:

- (i) EU regulation that is directly applicable under French law (including in particular the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 as well as the doctrine published by the EU supervisory authorities (e.g. ESMA);
- (ii) the French monetary and financial code, which implements MiFID II under French law; and
- (iii) the AMF doctrine, and in particular the Position-Recommendation 2014-07 setting out guidance on the best execution duties.

2. Applicability

MUFG Paris applies *mutatis mutandis* the applicability principles set out under Section 3 of the Policy, it being specified that MUFG Paris does not deal with retail clients.

MUFG Paris applies the provisions of this Appendix in a proportionate manner, taking into account the level of knowledge and experience of its clients.

This French Appendix does not apply to business conducted with clients classified as Eligible Counterparties, to the extent that MUFG Paris will not owe best execution duties to such clients.

3. Best Execution

MUFG Paris only executes client's transactions on an over-the-counter (**OTC**) basis. It therefore acts as the sole execution venue (i.e. MUFG Paris does not execute clients' orders with a counterparty).

MUFG Paris applies section 4.3 of the Policy and ensures, on an ex-ante basis, that the price at which it executes a client's transaction is fair, which is notably achieved by comparing the execution price it has offered with current market prices for the same or similar financial instruments.

4. Specific Instructions

MUFG Paris applies *mutatis mutandis* Section 5 of the Policy in relation to the specific instructions received from the client.

Where MUFG Paris receives specific instructions (including specifying the characteristics of a bespoke financial instrument), relating to an order or a particular aspect of an order, it will execute the order in accordance with these instructions. When acting based on specific instruction, MUFG Paris may be prevented from taking the steps to obtain the best possible result for the execution of these orders in respect of the portion of the trade covered by the specific instruction.

5. Non-application of certain provisions of the Policy

In light of MUFG Paris' activities, certain provisions of the Policy are not relevant in the context of the execution of the clients' orders, namely:

- Client limit orders (Section 5 of the Policy): MUFG Paris does not offer execution services in respect of shares admitted to trading on a RM, OTF or MTF;
- Execution venues (Section 6 of the Policy): MUFG Paris only provides execution services on an OTC basis and does not execute clients' orders on a venue;
- No fiduciary responsibility (Section 10 of the Policy): although the concept of "fiduciary responsibility" is not relevant for MUFG Paris, it should be noted that this Appendix does not create responsibilities for MUFG Paris that would be over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between MUFG Paris and its clients.

6. Monitoring and Review

MUFG Paris monitors on an ongoing basis the effectiveness of its order execution arrangements. In this context, this Appendix is reviewed at least annually.

MUFG Paris will also conduct a review of this Appendix whenever a material change occurs that affects its ability to continue to achieve the best possible results for its clients. Such material changes could be, *inter alia*:

- a change to the Policy;
- the existence of significant market incidents;
- a change of the scope of financial instruments on which MUFG Paris' offers an investment service;
- a change in its operating or business model;

- a major change of existing systems, such as a significant change in the human or technical resources on which MUFG Paris relies on to be able to provide best execution; and/or
- the existence of clients' complaints highlighting a major dysfunction.

Should there be any material changes to our transaction execution arrangements, to the Policy, or the Appendix, MUFG Paris will notify you and will also post an updated version of this document on:

<https://www.mufigsecurities.com/AboutUs/SitePages/LegalAndRegulatory.aspx>.

7. Consent

MUFG Paris considers the continued placement of orders by a client to constitute the client's continued consent to this Policy and this Appendix, as in effect from time to time.

Subject to your prior express consent, MUFG Paris will execute your order outside of a RM, MTF or OTF, insofar as MUFG Paris acts as the sole execution venue on an OTC basis.

8. Best Execution principles per financial instrument

The table below sets out detailed information with respect to the type of product on which MUFG Paris offers execution services. For the avoidance of doubt, Annex 1 of the Policy does not apply to MUFG Paris.

OTC derivatives - Currency derivatives - Credit, Interest Rate and Securitised derivatives - Equity derivatives Structured Deposits	
<i>Instrument Types</i>	<ul style="list-style-type: none"> • derivative instruments, including notably contracts for differences (CFD), futures (excluding a commodity future and rolling spot Forex contracts); • options (excluding a commodity option and options on commodity futures); • structured deposits.
<i>Execution factors taken into account</i>	When executing a client order, MUFG Paris should assess whether the client is: <ul style="list-style-type: none"> • a Professional client; • dealing in financial instruments in order to manage risk; and • subject to any specific instructions that MUFG Paris may receive from a client or if the client wish their order to be executed immediately. MUFG Paris will only execute transactions on a RFQ basis, <i>i.e.</i> clients must request and

	accept a quote prior to any execution. MUFG Paris deems the time of execution to be the time a client accepts a quote.
<i>Execution venues on which MUFG places reliance</i>	MUFG Paris on a bilateral basis only and as such MUFG Paris acts as the sole execution venue at all times. It will use other execution venues to source liquidity and cover off credit risk.
<i>Trading outside a trading venue and associated risks</i>	MUFG Paris acts as counterparty in all trades and as such there could be counterparty risk in the unlikely event that MUFG Paris cannot meet its liabilities. In addition, as OTC transactions are negotiated and priced individually, and in the absence of central price information, it is more difficult to compare prices between similar products.
<i>Execution strategy</i>	For all derivative transactions, MUFG Paris will endeavour to provide a “fair price”. This means that we will ensure that any quoted price is in line with prices of similar derivatives that are being traded on the EEA markets at the time the quote is offered.
<i>Controls for monitoring best execution</i>	MUFG Paris will monitor the effectiveness of its order execution arrangements - including the qualitative and quantitative factors taken into account when trading CFDs - and reviews this Appendix at least annually.