

MUFG Bank (Europe) N.V.  
Summary of Best Execution Policy

**June 2024**

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## 1. Introduction

MUFG Bank (Europe) N.V. (“MBE”) operates a Best Execution Policy (“the Policy”) that is in accordance with the requirements of the second EU Markets in Financial Instruments Directive (hereinafter: “MiFID II”). When executing a transaction in Financial Instruments (as defined in MiFID II) for Clients, MBE takes all reasonable steps to obtain the best possible results for our Clients (hereafter this obligation is referred to as “Best Execution”).

Best execution requirements for MBE are dependent on the type of transaction and the categorisation of the Client under MiFID II.

## 2. Scope

### 2.1 Client categorisation and Financial Instruments concerned

The Policy applies only to business conducted with Clients classified by MBE as Professional Clients under MiFID II, and is not applicable to retail clients or Eligible Counterparties.

The Policy applies to all transactions in Financial Instruments as defined in MiFID II. MBE currently executes transactions in the following classes of Financial Instruments:

- FX Swaps;
- FX Forwards;
- FX Options.

### 2.2 Type of transaction: Request for Quote

MBE only transacts with Clients on the basis of “Request For Quote” (“RFQ”). RFQ means that a Client submits a request for a quote for (the price of) a certain Financial Instrument to MBE, to which MBE responds with a quote. MBE’s quote is only meant for the requesting Client and the Client may conclude a transaction with MBE in the Financial Instrument by accepting this quote. This means that where a Client requests the execution of a transaction, the transaction must take place according to the specific instructions of the Client (i.e. the transaction must be executed on the basis of the price quoted by MBE, subject to limited exceptions in the case of an outdated quote).

MBE does not handle or execute any orders for transactions in Financial Instruments on behalf of Clients.

All Client transactions in Financial Instruments will be executed with MBE as counterparty. Transactions may be executed outside a trading venue (as defined in MiFID II). Information can be provided on request with regards to the possible consequences of trading off-venue.

### 2.3 Scope of Best Execution obligation: legitimate reliance

The Policy applies to all transactions in Financial Instruments where the Client “legitimately relies” on MBE to protect its interests in relation to pricing and other important elements of the transaction. When executing transactions for Professional Clients, MBE will determine whether there is “legitimate reliance” on MBE to provide Best Execution through application of a “four-fold cumulative test”.

## 3. Best Execution

### 3.1 Request for Quote: Professional Clients

Since MBE is dealing with Clients on a RFQ basis only, the Best Execution obligation can be applied on a limited basis as many of its Clients do not legitimately rely on MBE to protect their interests in relation to pricing and other elements of the transaction that may be affected by choices made by MBE.

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In order to reach the conclusion that Clients do not legitimately rely on MBE to protect their interests in relation to the transaction, MBE applies the Four-Fold Test published by the European Commission, which addresses:

- Which party (the Client or MBE) initiates the transaction;
- Questions of market practice and a convention to 'shop around';
- The relative levels of price transparency within a market; and
- The information provided by MBE to the Client and any agreement reached.

In order to assess if Best Execution can be applied on a limited basis, MBE will perform a general assessment of the Four Fold Test upon on-boarding a Client and at periodic intervals. If the Four Fold Test for Professional Clients is not met, either a specific instruction is given (see below) or MBE must decline to enter into the transaction.

#### **4. Specific Instructions**

Where a Client provides MBE with specific instructions, MBE will execute the transaction in accordance with those instructions. In doing so, MBE will be deemed to have satisfied its Best Execution obligations. Where a Client's instructions relate to only part of the transaction, MBE will continue to apply the Policy to those aspects of the transaction not covered by specific instructions.

Clients should be aware that providing specific instructions to MBE in relation to the execution of a particular transaction may prevent MBE from taking steps that MBE have designed and implemented in the Policy to apply Best Execution.

#### **5. Monitoring and Review**

MBE will monitor the effectiveness of execution arrangements and the Policy and will assess on a regular basis whether these arrangements provide the best possible result for its Clients on a consistent basis.

MBE will review the Policy and applicable execution arrangements on a regular basis. MBE will also conduct a review whenever a material change occurs that affects its ability to continue to achieve the best possible results for its Clients.

Should there be any material changes to applicable execution arrangements or the Policy, MBE will notify its Clients and will also post an updated version of this document on: <https://www.nl.bk.mufg.jp/>

#### **6. Consent**

Clients will be deemed to provide consent to MBE's Best Execution Policy when entering into a transaction with MBE following receipt of the Terms of Business that reference the Policy.

In relation to Financial Instruments admitted to trading on a Regulated Market, Multilateral Trading Facility or Organised Trading Facility, MBE is required to obtain a Client's prior express consent before MBE executes a transaction in such instruments outside these venues. Clients are requested to provide such consent by one of the means provided in the consent form, as without such consent MBE will be unable to undertake such transactions on your behalf.

#### **7. No Fiduciary Responsibility**

MBE's commitment to provide its Clients with Best Execution does not mean that MBE owes its Clients any fiduciary responsibilities over and above the specific regulatory obligations placed upon it or as may be otherwise contracted between MBE and its Clients.

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