

Correspondence table with the "Principles for Customer-Oriented Business Conduct" and "Supplementary Principles for Product Governance" published by the Financial Services Agency					
Name of financial business operator		Morgan Stanley MUFG Securities Co., Ltd.			
■URL of the website regarding the policies:		https://www.morganstanley.co.jp/ja/legal-notices/client-oriented-business-conduct-msms			
■URL of the website regarding the status of compliance:		https://www.morganstanley.co.jp/ja/legal-notices/client-oriented-business-conduct-msms/progress-update202607_en.pdf			
Principles*		Implemented or not	Corresponding section of the policies		Corresponding section of the status of compliance
Principle 2	Parasit of customers' best interests A financial business operator should maintain in the highest level of specialized expertise and professional ethics, conduct its business with integrity and fairness for customers, and pursue customers' best interests. A financial business operator should endeavor to ensure that such business activities become part of its corporate culture.	Implemented	1. Our Core Value to Put Clients First (Corresponding to Principle 2, Supplementary Principle 1)		1. Status of Compliance with Putting Clients First (Corresponding to Principle 2, Supplementary Principle 1)
	Note When conducting transactions with customers, a financial business operator should aim to secure its stable customer base and profits by providing high-quality, customer-oriented services and by pursuing the best interests of customers.	Implemented	1. Our Core Value to Put Clients First (Corresponding to Principle 2, Supplementary Principle 1)		1. Status of Compliance with Putting Clients First (Corresponding to Principle 2, Supplementary Principle 1)
Principle 3	Proper Management of Conflict of Interest A financial business operator should accurately identify potential conflicts of interest with customers in transactions, and if there is a potential conflict of interest, it should manage such conflicts of interest appropriately. A financial business operator should establish a specific policy in advance for this purpose.	Implemented	2. Our Policy on Proper Management of Conflict of Interest (Corresponding to Principle 3)		2. Proper Management of Conflict of Interest (Corresponding to Principle 3)
	Note When determining potential conflicts of interest, a financial business operator should also consider, for example, the impact of the following circumstances on transactions or business: • when a distributor receives payment of fees, etc. from a company that provides financial products in connection with the sale, recommendation, etc. of such financial products to customers; • when a distributor sells, recommends, etc. products provided by another company in the same group; and • when a corporate sales division and an investment division exist within the same entity or group, and when the investment division selects a company that has a business relationship or the like with the corporate sales division as its target for investment of assets.	Implemented	2. Our Policy on Proper Management of Conflict of Interest (Corresponding to Principle 3)		2. Proper Management of Conflict of Interest (Corresponding to Principle 3)
Principle 4	Clarification of Fees, etc. A financial business operator should provide detailed information of fees and other costs incurred by customers regardless of names, in a manner that customers can understand, including what kind of services are provided in exchange for such fees, etc.	Implemented	3. Our Policy on Clarification of Pricing and Applicable Fees for the Financial Products and Services (Corresponding to Principle 4)		3. Clarification of Pricing and Applicable Fees for the Financial Products and Services (Corresponding to Principle 4)
Principle 5	Provide Important Information in an Understandable Manner Given the asymmetry of information with customers, a financial business operator should provide important information related to the sales and recommendations of financial products and services, in addition to the matters indicated in Principle 4 above, in an understandable manner so that customers can understand.	Implemented	4. Our Policy on Providing Important Information in an Understandable Manner (Corresponding to Principle 5)		4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)
	Note 1 The followings should be included in the important information: • basic profits (returns), losses and other risks, and transaction terms and conditions of financial products and services sold, recommended, etc. to customers; • customer attributes that are assumed to be the target of financial products sold by a financial business operator that is involved in structuring the financial products to be sold, recommended, etc. to customers; • reasons for the selection of financial products and services to be sold or recommended to customers (including reasons for the determination that they are based on needs and intentions of customers); and • if there is a potential conflict of interest with customers regarding financial products or services to be sold or recommended to customers, the specific details thereof (including fees, etc. to be received from third parties) and the impact thereof on the transaction or business.	Implemented	4. Our Policy on Providing Important Information in an Understandable Manner (Corresponding to Principle 5)		4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)
	Note 2 When a financial business operator sells or recommends multiple financial products or services as a package, the financial business operator should indicate to customers whether it is possible to purchase them separately and should provide important information about each financial product or service so that the customers can compare the packaged and non-packaged products and services. (Note 2 through Note 5 also applies to the cases when providing information on fees, etc.)	Implemented	4. Our Policy on Providing Important Information in an Understandable Manner (Corresponding to Principle 5)		4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)
	Note 3 A financial business operator should provide information in a clear, plain, and sincere manner that is not misleading, taking into account the transaction experience and financial knowledge of its customers.	Implemented	4. Our Policy on Providing Important Information in an Understandable Manner (Corresponding to Principle 5)		4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)
	Note 4 A financial business operator should provide information in an understandable manner that is commensurate with the complexity of the financial products and services it sells or recommends to customers. When selling or recommending simple, low-risk products, a financial business operator should provide concise information. On the other hand, when selling or recommending complex or high-risk products, a financial business operator should make efforts to provide detailed and easy-to-understand information including basic structures such as the relationship between risk and return by using materials that enable customers to compare the product with similar products.	Implemented	4. Our Policy on Providing Important Information in an Understandable Manner (Corresponding to Principle 5)		4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)
	Note 5 When providing information to customers, a financial business operators should differentiate information according to its importance, draw the customers' attention to more important information by placing special emphasis on such information.	Implemented	4. Our Policy on Providing Important Information in an Understandable Manner (Corresponding to Principle 5)		4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)
Principle 6	Providing Suitable Service for Customers A financial business operator should understand the customers' status of assets, transaction experiences, knowledge, transaction purpose, and needs and structure, sell, recommend, etc. financial products or services suitable for each customer.	Implemented	5. Our Policy on Providing Suitable Service for Clients (Corresponding to Principle 6)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 1 A financial business operator should keep in mind the following points in selling, recommending, etc. financial products and services: • after confirming a customer's intentions, a financial business operator should first consider the target amount of assets and the appropriate ratio of safe assets and investment assets based on the customer's life plan, etc., and then, the financial business operator should propose specific financial products or services based on such consideration; • when proposing specific financial products or services, a financial business operator should make comparisons with similar and alternative products or services (including fees) it offers across the boundaries of each business law; and • after the sale of financial products or services, a financial business operator should provide appropriate follow-up based on the customers' intentions and with consideration for the long-term perspective.	Implemented	5. Our Policy on Providing Suitable Service for Clients (Corresponding to Principle 6)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 2 When a financial business operator sells, recommends, etc. multiple financial products or services as a package to customers, it should consider whether the package as a whole is suitable for the customers.	Implemented	5. Our Policy on Providing Suitable Service for Clients (Corresponding to Principle 6)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 3 When structuring products, a financial business operator, which is involved in structuring financial products, should specify and disclose the customer attributes that they expect to sell the products to, based on the characteristics of the products. Also, a financial business operator, which is involved in selling the products, should ensure that the products will be sold in accordance with the specified attributes of the customers.	Implemented	5. Our Policy on Providing Suitable Service for Clients (Corresponding to Principle 6)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 4 When selling, recommending, etc. particularly complex or risky financial products, or when selling, recommending, etc. products to a group of customers who are vulnerable to damage from financial transactions, a financial business operator should examine more carefully whether such sales, recommendations, etc. are appropriate, depending on the products and the attributes of customers.	Implemented	5. Our Policy on Providing Suitable Service for Clients (Corresponding to Principle 6)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 5 A financial business operator should strive to deepen employees' understanding of the structure, etc. of the financial products it offers, and actively provide information to its customers so that they can obtain basic knowledge of the financial transactions in accordance with their attributes.	Implemented	5. Our Policy on Providing Suitable Service for Clients (Corresponding to Principle 6)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 6 In order to achieve the best interests of customers by originating firm and distributing firm as a whole, financial institutions involved in the distributions of financial products should cooperate with financial institutions involved in the origination of financial products, such as providing originator of financial products with information on the customer attributes actually purchased the financial products and information on the reaction and sales status of customers, depending on the complexity and risk of the products, etc.	Implemented	5. Our Policy on Providing Suitable Service for Clients (Corresponding to Principle 6)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
Note 7 Financial institutions involved in distribution of financial products should strive to understand what initiatives are being taken by financial institutions involved in origination of financial products to ensure the effectiveness of product governance, and should use them in the selection, etc. of financial institutions involved in the origination and products, as necessary, in accordance with the complexity and risks of the products.	Implemented	5. Our Policy on Providing Suitable Service for Clients (Corresponding to Principle 6)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)	
Principle 7	Framework for Proper Incentives for Employees A financial business operator should establish a proper framework for incentives and proper governance system such as a compensation/performance evaluation system, employee training, etc. designed to promote actions to pursue best interests of customers, fair treatment of customers, and appropriate management of conflict of interest.	Implemented	6. Our Policy on Proper Training and Incentives for Employees (Corresponding to Principle 7)		6. Proper Training and Incentives for Employees (Corresponding to Principle 7)
	Note A financial business operator should inform measures to be implemented regarding each principle (including notes attached to them), any alternative measures to be taken, and its employees who participate in these measures, and should establish a system to support and verify the performance of such employees.	Implemented	6. Our Policy on Proper Training and Incentives for Employees (Corresponding to Principle 7)		6. Proper Training and Incentives for Employees (Corresponding to Principle 7)
Supplementary Principle	Basic Principles Financial institutions engaging in origination of financial products should establish and implement governance in accordance with the philosophy of providing better financial instruments to customers, under the leadership of persons with sufficient quality as a manager of financial institutions involving origination of financial product, in order to add value to customers and at the same time, make their own operations sustainable through providing financial products and services.	Implemented	1. Our Core Value to Put Clients First (Corresponding to Principle 2, Supplementary Principle 1)		1. Status of Compliance with Putting Clients First (Corresponding to Principle 2, Supplementary Principle 1)
Supplementary Principle 2	Establishment of system Financial institutions involved in the origination of financial products should consolidate a system to ensure the effectiveness of product governance throughout the life cycle of financial product, based on the philosophy of providing better financial instruments to customers. In addition, financial institutions engaging in origination of financial products should appropriately perform quality control in each process of composition, provision, and management of financial product and establish a system to ensure their effectiveness.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 1 Financial institutions involved in the origination of financial products should establish a verification framework by management departments, etc., to ensure the effectiveness of product governance throughout the life cycle of financial products from the origination of financial products to redemption, and the effectiveness of quality control in each process of origination, provision, and management. Depending on the size of the business and the characteristics of the financial products to be provided, if necessary, a mechanism should be considered to incorporate opinions from outside directors, outside experts, and third party organizations, etc. that evaluate funds.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 2 Financial institutions involved in the origination of financial products should establish a PCA cycle, such as reviewing the system to provide customers with a review of the financial products in a timely manner, based on verifications, etc., of the effectiveness of product governance.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
Supplementary Principle 3	Response when originating financial products Financial institutions involved in the origination of financial products should examine the sustainability and the reasonableness of financial products, etc., by assuming the true needs of customers and considering whether the financial products they originate best meet those needs. In addition, based on the characteristics of financial instruments such as its complexity and risk of products, from the perspective of realizing the best interests of customers, the appropriate assumed customer attributes should be identified as targets of sale, and such information should be shared so that financial institutions involved in the sale of financial instruments have a sufficient understanding.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 1 Financial institutions involved in the origination of financial products should verify whether the financial products they originate are sustainable through medium to long-term, and should verify the reasonableness of risk, return and costs under an appropriate verification period without arbitrariness.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 2 When identifying the expected customer attributes, financial institutions involved in the origination of financial products should specify the customer's asset status, transaction experience, knowledge, purpose of transactions, needs, etc. based on the characteristics, etc. of financial products such as the complexity and risk, and should also pay attention to the expected sales method as necessary. At that time, customers who should not purchase the products (e.g., selling products that may lose the principal, to customers with the purpose of securing principal) should also be identified. In addition, with regard to special financial products such as complex financial products or investment and its distribution methods, it is necessary to carefully identify the expected customer attributes in more detail by verifying what kind of customer needs are being met and whether they are appropriately reflected in the financial products.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
Supplementary Principle 4	Note 3 Financial institutions involved in the origination of financial products should work on information coordination with financial institutions involved in the sales of financial products and, as necessary, surveys to ascertain the actual situation, etc., for understanding the customer's needs and identifying the expected customer attributes, depending on the characteristics, etc., of financial instruments such as the complexity and risk of the products, in order to provide customers with the optimal financial products for the overall manufacturing and sales business. In addition, from the perspective of increasing the effectiveness of verification after the financial products are originated, prior arrangements should be made regarding information, etc., that should be coordinated with financial institutions involved in the sale of the financial products.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Response after the origination of financial products Financial institutions involved in the origination of financial products should continuously verify whether the expected merchantabilities are secured when the financial products are originated, and use the results to improve and review financial products, as well as to review the overall product governance system including the process of product origination, provision, and management of financial products. In addition, in order to realize the best interests of customers as a whole, it is necessary to verify whether the expected customer attributes to be the target of sale match the customer attributes actually purchased, etc., through information coordination with financial institutions involved in the sale of financial products, and to use them to improve investment and product provision and subsequently improve the origination of financial instruments as necessary.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 1 Financial institutions involved in the origination of financial products should continuously verify the appropriate balance of risk, return and costs under an appropriate verification period without arbitrariness when verifying the merchantabilities. In the event that the provision of added value that is intended to be provided by the financial instruments cannot be achieved, it should be used as necessary to improve financial products, consolidate with other financial products, consider advance redemptions, etc., and to review the product governance system including the process of product origination, provision, and management thereafter.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
Supplementary Principle 5	Note 2 Financial institutions involved in the origination of financial products should receive information necessary from financial institutions involved in the sale of financial products, for verification after the origination of financial products, depending on the characteristics of the financial products, such as complexity and risks. The information to be coordinated should be effective from the perspective of providing better financial products to customers, and in addition to information on the customer attributes actually purchased, complaints from customers, sales status, etc. could be considered. In the event that information cannot be provided by financial institutions involved in the sale of financial products, a review of the sales methods of such financial products should also be re-considered as necessary. In addition, the verification results based on information obtained from financial institutions involved in the sale of financial products should be returned back to financial institutions involved in the sale of financial products as necessary.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Note 3 Financial institutions involved in the origination of financial products, should also make investments at an outsourcing contractor subject to verification when outsourcing investments, and should make improvements and review of such financial products as necessary based on the results. Information that coordinated between financial institutions involved in the origination and financial institutions involved in the sale of financial products, should also be shared to external contractors as necessary.	Implemented	5. Our Policy on Providing Suitable Financial Products / Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)		5. Providing Suitable Service for Clients (Corresponding to Principle 6, Supplementary Principle 2, Supplementary Principle 3, Supplementary Principle 4)
	Providing information to customers in an understandable manner Financial institutions involved in the origination of financial products should provide customers with information in an understandable manner regarding the management system and product governance system, etc., so that customers can select better financial instruments.	Implemented	4. Our Policy on Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)		4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)
Supplementary Principle 5	Note 1 Financial institutions involved in the origination of financial products should provide information to customers about their operating systems in accordance with the merchantabilities of individual financial products, either from themselves or through financial institutions involved in sale of financial products as necessary. For example, with respect to financial products which the decision of the person conducting the investment is important, the name, business performance, investment philosophy, etc. of the manager and the person who is substantially responsible for the investment should be provided with the consent of them, or the composition of the investment team and business performance, etc. should be provided, depending on the business model of the financial operator concerned.	Implemented	4. Our Policy on Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)		4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)
	Note 2 Financial institutions involved in the origination of financial products should also cooperate with financial institutions involved in the sale of financial instruments to provide information on the merchantabilities of financial products in an understandable manner.	Implemented	4. Our Policy on Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)		4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5, Supplementary Principle 5)

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