

Best Execution Policy

BNP Paribas Securities (Japan) Limited

Enacted on July 16, 2013

This Best Execution Policy, set forth in accordance with Article 40-2(i) of the Financial Instruments and Exchange Act, defines our policy and methods to execute client orders on the best conditions for clients.

When we accept client order for securities listed on a financial instruments exchange in Japan, and when there is no specific instruction from client regarding execution, we endeavour to execute the order in accordance with this Policy described in the below.

1. Securities covered in this Policy

This Policy applies to the “listed share certificates, etc.” prescribed under Article 16-6 of the Financial Instruments and Exchange Act Enforcement Order, including stocks, corporate bonds with warrant, ETFs (beneficiary certificates in investment trusts linked to a stock index), and REITs (Real Estate Investment Trusts) which are listed on a financial instruments exchange in Japan. The “securities handled” defined in Article 67-(18)(iv) of the Financial Instruments and Exchange Act including stocks and corporate bonds with warrant of Green sheet issues and Phoenix issues are outside the scope of this Policy.

2. Methods of Best Execution

We place all client orders on listed stocks, etc. to the financial instruments exchanges where the stocks are listed unless we receive any specific instruction from client regarding execution. When client gives us consent in advance, we may execute client order of the financial instruments exchanges including the use of PTS (Proprietary Trading Systems). When client has given us prior consent but no specific instruction regarding trade execution, for the choice of the execution method, we may prioritize the means of cross trade where the Company acts as the counterparty to the client or cross trade where the Company acts as an intermediary for our affiliated company who becomes the counterparty.

- i) Client orders that are received outside the auction hours are placed to the financial instruments exchange after the trading reopens in such financial instruments exchange.
- ii) Client orders received pursuant to (i) are placed to the financial instruments exchange as follows:

- (a) If the instrument is listed on one financial instruments exchange (single listing), we will place the order to such financial instruments exchange. If we are not a participant or a member of such financial instruments exchange, we will place client orders on such financial instruments exchange through a financial instruments exchange participant with whom we have entered into an agreement for handling orders on such financial instruments exchange (however, we may not be able to accept orders depending on specific conditions.)
- (b) If the instrument is listed on more than one financial instruments exchanges (multiple listing), we will place the orders to the financial instruments exchange of which we are a participant or a member. (As of 16th July, 2013, we are a trading participant of the Tokyo Stock Exchange.)
- (c) Regarding standardised margin trade, the governing rules require us to place reverse order to the same financial instruments exchange where we placed the first order. Therefore, even though the aforementioned "Principal Market" has changed when we place a reverse order, we execute a reverse order on the same financial instrument exchange where we placed the first order and where the open interest of the margin trade is held. However, if the financial instruments exchange or securities finance company instructs us otherwise, we follow the instruction.

3. Reasons to select Execution Method

Since the majority of the demand from investors concentrate on financial instruments exchanges, such exchanges are considered to offer benefits in liquidity, speed, chances for execution, etc. Thus, we consider it best and most reasonable for our clients to execute their orders on such exchanges. We also believe that it is most reasonable to execute your orders on a financial exchange that has the highest liquidity if the instrument is listed on more than one exchange.

When we decide to execute orders from clients who are Professional Investors through cross trade with us or our overseas affiliate at a reasonable price we decide considering the market price, the basis for such decision is that the execution is more secure and the trading cost is lower in the said cross trade compared with the execution on a financial instruments exchange.

4. Others

- (1) Regardless of the methods explained in 2. above, we execute the following types of trades as is described below:

- i) Orders for which client has specified the execution method (e.g. requesting us to act as the direct counterparty, choosing specific financial instruments exchange, or specifying certain execution time, etc.):
 - The method instructed by client
- ii) Orders placed under a discretionary trading agreement
 - The method we choose within the range of discretion permitted to us under the contract.
- iii) Orders for which the execution method is specified in the General Terms or the like.
 - The designated execution method
- iv) Orders on odd-lot shares or shares less than a trading unit:
 - We place the orders with financial instruments dealer that handles odd-lot shares or shares less than a trading unit OR we act as a counterparty to execute cross trade.
- v) Orders on foreign securities listed on financial instruments exchanges in Japan
 - We execute the orders in overseas exchanges through our overseas affiliates unless otherwise instructed by clients.

(2) As a result of system error, etc., we may have to choose a method other than what we normally choose based on this Best Execution Policy in some cases. In such cases though, we will still endeavour to execute orders on the best terms possible.

The duty of Best Execution not only relates to price but also involves comprehensive consideration of various factors such as cost, speed and certainty of execution. Therefore, even if an execution price is found not being the best possible price then after a trade takes place, that alone is not necessarily regarded as a violation of the duty of Best Execution.