

Best Execution Policy

This best execution policy sets forth, in accordance with Article 40-2(1) of the Financial Instruments and Exchange Law, our policy and methodology for execution under the best trading conditions for the customer.

Upon acceptance of a customer order for securities listed on a financial instrument exchange in Japan (hereinafter “Exchange”), we will endeavor to execute it in accordance with the following policy when there is no specific customer instruction regarding the execution method.

1. Securities covered in the policy

- (1) “Listed share certificates, etc.,” that are listed on the domestic financial exchanges and other securities that have the nature of shares as prescribed under Article 2 Paragraph 1 item 17 of the Financial Instruments and Exchange Law.
- (2) We do not deal with “Tradable Securities”, such as Phoenix Stocks and bonds with share option, as set forth in Article 67-18(iv) of the Financial Instruments and Exchange Law.

2. Method of executing a trade under the best conditions

In principle, we will treat all customer orders for listed share certificates, etc. as agency order and place them with an Exchange, and will not execute such orders on the “off-exchange” market including by means of our acting as the direct counterparty or using a PTS (Proprietary Trading System).

- (i) Upon receipt of an agency order we will promptly place it with an Exchange where the issue is listed. Orders received from a customer outside of floor-trading hours of the Exchange will be placed after the floor-trading reopens on that Exchange.
- (ii) Agency orders received pursuant to (i) will be placed with an Exchange as follows:
 - (a) if the issue is listed on a single Exchange (single listing), we will place the order with said Exchange;
 - (b) if the issue is listed on more than one Exchange (multiple listing), we will place the order with the Exchange that Bloomberg Terminal initially shows (chosen as having the highest trading volume during a certain period by a computation method prescribed by Bloomberg. Please call the Firm for details.) when Securities Code No. is inputted into such terminal as of the date of execution;
 - (c) if the Firm is not a participant or member of the Exchange selected through (a) or (b) above, we will place the order with said Exchange through an exchange participant or member with whom we have entered into an agreement for handling agency orders on said Exchange;
 - (d) if we receive an order with a specified period of time for execution, we will execute it before the expiration of the time period on the Exchange selected through (b) above at the time of accepting the order, unless we are instructed to execute it on a specific Exchange by the customer; and
 - (e) if we receive an order for repayment of margin borrowing relating to Standardized Margin Transaction (Seido Shinyo), we will execute reverse trade on the Exchange on which relevant margin order was executed.

3. Reasons for selecting the execution methods stated above

In case of the receipt of customer orders for Listed shares, etc..

Financial instruments exchange markets have a high concentration of the demand from many investors, and they are believed to be a superior marketplace in terms of liquidity, execution probability and execution speed, etc. in comparison with off-exchange trade. We believe that execution on an Exchange would be the most reasonable method for our customers.

If a security is listed on more than one Exchange, we believe that it would be most reasonable for the customer to execute it on the Exchange with the highest liquidity for that security.

4. Others

- (1) Notwithstanding 2. above, we will execute the following types of transactions as indicated below:
 - (i) Execution by a method instructed by the customer (our acting as the direct counterparty, on a specific Exchange, during specific period of time, etc):
We will execute the order as instructed.

If the client wishes to execute orders by using the Smart Order Router (SOR), the following procedure will be followed when placing orders.

- (a) By comparing the current price at PTS contractor and Exchange provided by Reuter, the algorithm of our IT system selects either PTS contractor or Exchange that can offer the best execution price;
 - (b) If the best execution is to place an order through Exchange where our Firm holds the membership of, we will directly place the order to the Exchange;
 - (c) If the best execution is to place an order through Exchange where our Firm does not hold a membership, then the order will be placed via Nomura Securities;
 - (d) In addition, since the Firm only places limit orders to PTS contractors, there are possibilities that the orders will not be filled due to the timing of delivery to contractor or market condition. In such case, our Firm will process Step (a) again upon receiving the failure notice. However, clients need to be aware that there are possibilities where the new price will be different from the initial best execution price.
- (ii) Execution under a discretionary trading agreement, etc.:
We will execute the order by a method we choose within the range of discretion permitted under the contract.
 - (iii) Transaction in which execution method is specified under General Terms, etc. such as cumulative stock investment and stock mini investment, etc.:
We will execute the order by the prescribed execution method.
 - (iv) Odd-lot shares or shares of less than a trading unit:
We will place the order with a financial instruments firm that handles such shares.
- (2) In some cases as a result of a system failure, etc we may have no alternative but to execute an order by a method other than the one selected based on this best execution policy. In such cases, we will endeavor to execute it on the best terms possible.

<p>The duty of best execution requires the broker to execute orders taking into consideration not just the price but various factors such as cost, speed and certainty of execution. That a trade appears after the fact not to have been executed at the best possible price does not by itself necessarily constitute a violation of the duty of best execution.</p>
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Supplementary Provision
This rule is effective as of June 17, 2013.