Best Execution Policy

Revised on October 26th, 2026

CITIC Securities Japan Co., Ltd

This Best Execution Policy sets forth the policies and methods for executing orders on the best terms and conditions for clients in accordance with the provisions of Article 40-2-1 of the Financial Instruments and Exchange Law.

With respect to securities listed on Japanese stock exchanges, we will execute client orders in accordance with this policy unless clients give us specific instructions on the execution of their orders.

※ Unless otherwise instructed by the clients, we shall not be the principal party to the transaction facing clients, but we shall intermediate client orders to the financial markets as agency orders. Securities transactions in foreign markets handled by our overseas affiliates shall be executed in accordance with the respective Best Execution Policies, based on the contractual terms between clients and our overseas affiliates.

1. Smart Order Routing

Our best execution is carried out through our Smart Order Routing (SOR)[1] system operated by us. If the clients choose to use SOR, their orders will be routed to the Exchange or Private Trading System (PTS)[2] in accordance with their settings.

If clients select Crossing Engine ("CE") that is our internal trading system[3] (aka Dark Pool (“DP”)), SOR will forward client orders to CE and External DP in addition to the routing mentioned above. Client orders matched by CE are executed at ToSTNeT through us, and client orders matched by external DP are executed by ToSTNeT through external vendors.

In our default settings, the use of SOR and CE is automatically selected unless otherwise requested by the clients. In light of the increasing liquidity of listed stocks in the PTSs and DPs in recent years, we believe that providing execution opportunities in PTSs and DPs in addition to the Exchange best meets the interest of the clients who chose this setting.

[1] In-house system that automatically selects the most advantageous execution price from multiple venues, etc. Also referred to as the Smart Order Routing system.
[2] Private Trading System as defined in Article 26-2, Paragraph 7 of the Order for Enforcement of the Financial Instruments and Exchange Act.
[3] In-house trading system as defined in Article 70-2, Paragraph 7 of the Cabinet Office Ordinance on Financial Instruments Business, etc.

2. Eligible securities

The eligible securities include listed stocks, bonds with stock acquisition rights, ETFs (Exchange-Traded Funds), and REITs (Real Estate Investment Trusts) listed on domestic Exchanges, as specified in Article 16-6 of the Order for Enforcement of the Financial Instruments and Exchange Act. We do not trade Phoenix names, (i.e., delisted stocks and bonds with stock acquisition rights); that are defined as tradable securities in Item 4 of Article 67-18 of the Financial Instruments and Exchange Law.

3. Markets to compare prices

Among the markets available, we have selected the following three markets[4] (collectively and severally, "Market(s)") and DPs, which we have assessed to be sufficiently liquid to our clients. (Note that there is no capital relationship between CITICS and the securities brokers that operate the following PTSs and external DPs.)

- Tokyo Stock Exchange (we are a trading participant)
- J-Market (Japannext Co., Ltd.)
- X-Market (Japannext Co., Ltd.)
- JAX Market (Japan Alternative Market Co., Ltd.)
- Crossing Engine (Our DP)
- External DPs (DPs operated by an external vendors)

4. Methods and rationales for executing at the best trading terms

The following explains the terms and conditions for best execution by using the SOR and not using the SOR.

		Routed to		
		Markets and DPs	Markets Only	DPs only
SOR settings	On	1	2	3
	Off	4	5	6

(1) When using SOR

In accordance with the above SOR characteristics, client orders will be forwarded to the Markets and DPs as follows: We deem it to be the preference of the clients who chose this setting.

[4] Exchanges and PTSs as defined in the main clause of Article 124(2) of a Cabinet Office Order on Financial Instruments Business, etc.

i. For settings that use SOR and forward to Markets and DPs (Table 1 above)

(a) The SOR automatically selects a Market or DP where the best price is offered.

(b) In (a) above, if there is more than one Market or DP with the most favorable price being simultaneously quoted, the SOR automatically selects the most liquid Market or DP.

(c) In (b) above, if multiple Markets or DPs with equal liquidity are identified, a Market with the highest probability of being executed by the SOR will be automatically selected.

(d) If multiple Markets or DPs are identified as a result of following the selection method in (c) above, a client order will be sliced and sent simultaneously to the selected Markets or DPs.

(e) In DPs, client orders are matched only when the matching prices in DPs are (i) the same as or better than the best bid/ask in the Markets, and (ii) within the range of the highest and lowest prices in the Markets for that day.

(f) If the whole or a part of the client orders has not yet been executed (e.g. if the size of the client orders is larger than the size of the matched order), then the execution of the order of the non-executed part will be attempted again as above until all of the client orders has been executed.

(g) To control conflict, a client order is placed to multiple Markets and/or DPs simultaneously to prevent latency arbitrage[5]. In addition, orders from our group companies are always deferred to client orders.

ii. When using SOR and forwarding to the Markets only (Table 2 above)

Your orders are automatically selected and forwarded from multiple Markets at the most favorable price by the SOR. In this case, except that it is not forwarded to DPs, it is forwarded according to the same procedure as i above.

iii. When using SOR and forwarding to DPs only (Table 3 above)

Client orders will be forwarded to DPs only. In this case, it is routed to CE or external DPs, whichever can execute at the most favorable price.

(2) When SOR is not used

If a client chooses not to use SOR, all orders will be processed as agency orders and promptly routed to either the Tokyo Stock Exchange (referred to as "TSE") or CE, by the manner described below, unless otherwise specifically instructed by the client. Orders will not be forwarded to PTSs or external DPs.

i. Forwarding to TSE and CE without SOR (Table 4 above)

[5] The act of abusing the time difference (latency) between multiple markets when routing an order to multiple markets. It involves obtaining a quote from the first market reached and attempting to execute at more favorable prices in other markets.

Client orders are first forwarded to CE. In accordance with its specifications (see (1) i. (e) above), CE shall compare between CE and the TSE and execute orders by selecting the most favorable price.

ii. Forwarding to TSE only without SOR (Table 5 above)

Client orders are forwarded to the TSE.

iii. Setting to forward only to CE without using SOR (Table 6 above)

Client orders are forwarded to CE only.

5. When clients instruct to trade at the Exchanges that we are not a participant of

If the clients instruct us to trade securities listed on the exchanges that we are not a member of (including cases where the securities are also listed on the TSE), we will route such orders to relevant exchanges via Hirota Securities Co., Ltd, or Nomura Securities Co., Ltd, our intermediary broker for such orders.

Unless specifically instructed by the clients, if clients have opted out for SOR, we will not handle off-exchange transactions including those at PTSs and DPs.

6. Miscellaneous

If the settings you have selected are different from your preference, please let us know. We will propose the settings that meet your intention, to the extent technically possible. Transactions of odd lots will be handed over to the securities brokers specialized in odd lots.

Due to system failures, etc., we may have to execute your orders differently from this policy. Even in that case, we will execute at the best conditions available at that time.

We do not onboard individuals as clients, or deal in discretionary investment contracts and margin contracts. For those orders for which execution methods are specified in the terms and conditions, we will execute them in accordance with the specified execution methods.

Agency orders received outside trading hours of the exchanges will be sent to the exchanges since when they are reopened.

The obligation to execute at the best terms and conditions is an obligation that obligates us to comprehensively consider not only price level but also various factors such as cost, speed, and certainty of execution. Thus, depending on the markets condition, the priorities of each factor may vary, and prices may not always be the dominant factor (for example, in the case of illiquid securities, the speed and probability of execution and settlement may be more important than the price). Even if it may not be the best execution, post facto, if solely focused on price, it does not necessarily constitute a breach of the best execution obligation. In addition, the price at which an order is matched by DPs do not necessarily guarantee a favorable price at the time of execution.

Please also refer to CITICS Group Policy for the control and administration of the Best Execution Policy, as attached Appendix.

Appendix

1. Monitoring and Control mechanisms

   CITICS has an obligation to monitor the effectiveness of its order execution arrangements and this policy. This obligation has been incorporated into CITICS's general compliance monitoring process and business procedures and policies. CITICS assesses, on a regular basis, whether the Execution Venues provide the best possible result for clients or whether it needs to make changes to its execution arrangements. The assessment takes into account the information on execution quality distributed by Execution Venues and Brokers where available. CITICS conducts regular reviews and post trade checking through random sampling of transactions to ascertain whether the best possible result was obtained in respect of those transactions. The performance of electronic trading algorithms against the intended benchmarks (where applicable) is ongoing and prompts a continual enhancement cycle and a feedback loop with users with respect to their usage of electronic trading tools.

2. Review of Policy

   Once every two years, CITICS will review this policy and its execution arrangements. The review will focus on whether CITICS would obtain better results for its clients if it was to: (A) include additional or different Execution Venues or brokers; (B) modify the process by which Execution Venues and Brokers are selected; and (C) modify any other aspects of this policy and/or its execution arrangements. CITICS will also review this policy and/or its execution arrangements whenever a material change occurs that could affect its ability to obtain the best possible result for the execution of its client orders on a consistent basis. CITICS will provide staff with periodic training on best execution as well as updates on internal policies and regulatory and technology developments.

3. Client Disclosure

   CITICS will provide its clients with appropriate information on this policy. To the extent that CITICS makes any material changes to this policy, it will notify the changes to its clients by publishing an updated version of this policy on the company web-site.

4. Roles of the Operational and control functions

   CITICS has implemented a Best Execution Committee consisting of senior management which is responsible for overseeing the best execution arrangements to protect clients' best interest, ensure fair treatment and to minimize conflict of interest. Responsibility for monitoring day to day activities with respect to Best Execution lies with the relevant desk who will assess execution quality against appropriate metrics and reference benchmarks. The compliance department samples transactions to review the quality of execution and detect and address anomalies. The Internal Audit department will undertake periodic audits which may include a review of execution quality.