

# **An Outline of Our Customer-Oriented Business Conduct Policy**

## **Formulation and Publication of the Customer-Oriented Business Conduct Policy**

To provide products and services that meet the needs of each individual customer and continue to realize customer-oriented business conduct, Monex, Inc. ("the Company") describes its customer-oriented business conduct policy ("the Policy") below in an easy-to-understand way on its website. The Company will regularly review the status and results of its activities.

To confirm its compliance with the Policy, the Company will set key performance indicators ("KPIs") measuring its compliance. The Company will set KPIs measuring its customer-oriented business conduct based on the opinions and requests of customers and customer satisfaction surveys. The Company will publish the KPIs as part of its activities to realize customer-oriented business conduct and will use the PDCA (plan-do-check-adjust) cycle to improve the KPIs and its customer-oriented business conduct.

## **Pursuit of the customers' best interests**

The Company will conduct its business to ensure that its actions are in the customers' best interests and constantly review its corporate governance and business conduct to create a customer-oriented corporate culture. As an online securities company, the Company will provide many options (opportunities) to trade financial instruments and a range of information, and as a result, will conduct its business to enable customers to make choices in their best interest.

## **Proper management of conflicts of interest with customers**

When the Company starts to choose and sell individual financial instruments, including investment trusts and bonds, it will accurately determine the potential for conflicts of interest to arise with customers. If there is any potential for a conflict of interest to arise, the Company

will disclose accurate information to customers and properly manage the conflict of interest. The Company has formulated a conflict of interest management policy. The Company will identify and classify transactions which involve a risk of unreasonably harming the interests of customers and make clear its methods and systems for managing those transactions and the Monex Group companies within the scope of management. In that way, the Company will properly manage the identified transactions to ensure it does not unreasonably harm customers' interests.

### **Explanation about important matters, such as risk and commissions**

When customers trade securities through Monex, Inc., they may have to pay commissions or expenses, etc. set for each product, etc. Losses may be incurred due to changes in the prices of products, etc.

If the customer conducts margin transactions, stock index futures transactions, stock index options transactions, foreign exchange margin transactions, or cryptocurrency CFD trading, they may have to pay predetermined margins or deposits. In those transactions, losses exceeding margins or deposits (initial principal) may be incurred.

### **Explanations about commission, etc.**

Before providing services, the Company will explain to the customer in an easy-to-understand way on the Company's website or through call center operators what service is to be provided by the Company, and the commissions or other expenses, whatever they may be named, ("Commissions, Etc.") are charged for the service. Commissions, Etc. are expenses charged at the time of purchase and the expenses that the customer has to pay according to the period for which they hold financial instruments. The Company will state these in a document to be delivered prior to the conclusion of a contract or other documents and explain the Commissions, Etc. to the customer in plain and clear language.

### **Provision of important information in an easy-to-understand way from the**

### **customer's perspective**

The Company will explain the risks involved in the financial instruments that the customer will buy and the returns that are possible if they take those risks using plain language on the Company's website or through call center operators so that even customers buying financial instruments for the first time can fully understand the explanation. The Company will explain the details that are important and necessary for the customer to understand when the customer is making an investment decision, such as how great or complicated the risks are, according to the characteristics of the specific financial instruments. The Company will explain this information from the customer's perspective, using language that the customer can understand.

### **Provision of services appropriate for customers**

The Company will continue to improve the financial instruments and services that it provides to customers to increase their quality and user-friendliness, while expanding its lineup of financial instruments to provide the best selection of options to customers according to their life stage, financial situation and risk preference, based on the principle of suitability.

Specifically, the Company will continue to improve by taking the following measures:

- Enhancing financial instruments to fulfill each customer's needs
- Enhancing financial instruments according to customers' risk tolerance and investment style
- Developing an environment suitable for small investments, an environment where risk is low and which makes it easier for first-time investors to make small investments in mutual-fund cumulative purchase plans and make equity investments

To enable customers to conduct transactions without worries at their own discretion and on their own responsibility, the Company has formulated a solicitation policy and solicits investment in the following manner.

The Company carefully examines whether complex products and high-risk products are appropriate for customers, taking into consideration the characteristics of products. As a result, the Company may refrain from offering products or services or soliciting investment. The Company asks customers about their investment policies and purpose, experience, income, assets, occupation, transactional motives, etc. and enters their answers in their

customer card to provide appropriate information. The Company will actively hold seminars leveraging the characteristics of Internet securities. In addition, the Company will continually improve its tools and services for helping customers examine their own life plan and optimal asset allocation and supporting their follow-up activities after their purchase of financial instruments appropriately and in an easy-to-understand manner.

The Company will strive to provide useful information to customers when it sells products to them and after the sale through a number of seminars, and the publication of content on the internet, reports, etc.

When the Company starts to handle a type of security that it has not handled previously and when it introduces products using schemes that it has not used, the Company will provide call center training and strive to deepen its staff's understanding of financial instruments in other ways. To improve officers and employees' knowledge, the Company will conduct a training program to enhance the qualifications of its sales representatives every year. The Company will make annual training plans and hold regular and irregular training to improve day-to-day operations.

### **A framework for appropriately motivating the Company's officers and employees**

The Company will ensure that its corporate philosophy is practiced and that its ethical code is observed companywide. The Company will constantly improve its officers and employees' knowledge about and skills for handling financial instruments, IT technology, and regulatory compliance by providing training to them so that they can make decisions and act in the customers' best interests. The Company will evaluate officers and employees and determine their compensation based on factors beyond simply the achievement of quantifiable targets. It will also take behavior for compliance with the Policy into full consideration.

### **Specific policies**

To increase the visibility of its activities enhancing the quality of its customer-oriented business conduct, the Company has formulated specific policies focusing on the four priorities (A to D) stated below.

To improve the quality of the activities in these four priority areas, the Company will set key performance indicators ("KPIs") in each priority area to measure the activities and it will publish these KPIs quarterly.

**(A) A lineup including a variety of financial instruments**

The Company will offer a lineup of a variety of financial instruments according to the asset formation purposes and investment purposes of the customer in consideration of each customer's risk tolerance and investment style to create an environment that will enable customers to choose at their own discretion the financial instruments that are in their best interest.

**(B) Provision of information that will deepen understanding of financial instruments and services**

The Company will provide information and services useful for the trading of financial instruments in an easy-to-understand manner to a wide range of customers, using the website, seminars, and other tools to create an environment that will enable customers to choose at their own discretion the financial instruments that are in their best interest.

**(C) Creation of opportunities for two-way communication with customers**

The Company has undertaken initiatives for listening directly to customers to accurately determine their real needs and the causes of their dissatisfaction.

**An initiative for listening to customers**

Orientation Committee

Policy

Although the Company specializes in online securities trading, it has established an Orientation Committee to create opportunities to exchange opinions with customers directly. Since November 1999, immediately following the Company's foundation, the Company has held committee meetings quarterly to discuss many different topics.

Results

The 84th Orientation Committee meeting was an online meeting, in the same manner as the previous meeting, instead of being held face-to-face to prevent COVID-19 infections. The Zoom online meeting system was used.

In the discussion, we listened to a customer who told us about margin transactions they had conducted. The customer also talked about the Company's services related to margin transactions, including our commission system, and compared the Company to its competitors. We also listened to a customer who was interested in margin transactions, but had not conducted them, talk about their impression of margin transactions. We listened to why that customer had not conducted margin transactions and the customer's explanation of

the information they wanted to obtain. We heard a variety of opinions about margin transactions.

We will improve our services based on the opinions and requests that we have heard. We strive to provide better services.

**(D) Control functions for the effective operation of our customer-oriented business conduct system**

The Company has developed a system where management takes the lead in the development of systematic control functions by increasing officers and employees' awareness of customer-oriented business conduct through training and ensuring that business conduct is reflected in personnel evaluations to guide each officer and employee's business activities in the right direction and to enable the activities described in (A), (B) and (C) to work effectively and to increase their quality.

**1. Activities enabling management to lead**

(a) Holding meetings for the realization of customer-oriented business conduct (monthly)\*

Measuring performance in the priority areas and monitoring investments

Quarterly reporting to the Board of Directors

\*The main participants are members of management. The Company has a business unit system. In principle, the head of a business unit is a Director or an Executive Officer.

(b) Holding Board of Directors meetings

Determining the status of, and evaluating business conduct based on, (quarterly) reports from the meeting for the realization of customer-oriented business conduct at regular meetings of the Board of Directors

Giving instructions regarding the improvements of investments and corrections to them

**2. Activities encouraging officers and employees to act autonomously**

(a) Making information known to officers and employees

In-house training and briefings (customer-oriented business conduct policy)

(b) Fair evaluation of activities that contribute to customer-oriented business conduct

Ensuring that performance, such as quality improvement in priority areas and the achievement of targets, is reflected in personnel evaluations