

Global Wholesale Foreign Exchange Dealing Disclosures

March 2022

- A. This notice sets out certain disclosures in respect of Mitsubishi UFJ Trust and Banking Corporation's ("the **Bank**") standard dealings with clients and other market participants (together "**counterparties**") in principal-to-principal transactions in the wholesale FX markets, including with respect to FX options, spot, swaps, deliverable and non-deliverable forwards (together, "**FX Products**"). The Bank's FX Products offering, and the disclosures made in this document, are subject to any applicable local law restrictions.
- B. This notice explains how the Bank will communicate and transact in relation to requests for quotes, requests for indicative prices, discussion or placement of orders and all other expressions of interests ("Trading Interests") that may lead to the execution of transactions and management of certain potential or actual conflicts of interest in our FX principal-dealing and market-making activities. Counterparties may also refer to the Liquidity Provider Disclosure Cover Sheet summarising certain key disclosures made herein and certain technical matters. <http://www.tr.mufg.jp/english/pdf/dcs.pdf>
- C. The nature of obligations owed to a particular counterparty may vary depending on the precise nature of the Bank's relationship with the counterparty and the jurisdiction(s) in which such relationship is maintained. However, when you enter into FX transactions with the Bank in the wholesale FX markets, it will be on the basis of this notice, except to the extent otherwise expressly agreed, provided for in other applicable terms of dealing, ancillary trading documentation, product specific disclosures or notices issued by the Bank or as otherwise required by applicable law or regulation. For the avoidance of doubt, this notice is not intended to exclude any mandatory obligations that the Bank may owe to counterparties under any applicable law or regulation.
- D. The Bank acts as a dealer and a market-maker in FX markets. Accordingly, the Bank engages in price quoting, order taking, trade execution and other related activities ("**wholesale FX services**") in respect of FX Products both for its own account and in a principal capacity with counterparties and for its own account. The Bank executes FX transactions as principal through various interdealer or other electronic FX platforms ("**eFX**") and through its voice trading facilities (this includes transactions completed using a combination of voice and other means of electronic communication other than eFX) ("**Voice Trading**").
- E. By continuing to engage with the Bank in wholesale FX services after disclosures set out in this notice, counterparties are deemed to acknowledge, agree and consent to the basis on which the Bank undertakes wholesale FX services.

Nature of the Trading Relationship

1. *Dealing as principal* – The Bank undertakes FX dealing as principal for its own account as a dealer or market-maker. The Bank will treat each counterparty as principal including where the counterparty acts as agent for another principal. When acting in a principal capacity, the Bank acts as an arm's length party to transactions with its counterparties. This means that the Bank does not act as agent, fiduciary, financial advisor or in any similar capacity on behalf of a counterparty and thus does not undertake any of the duties that an entity acting in such a capacity would ordinarily perform, unless otherwise explicitly agreed in writing with a counterparty.
2. *No recommendations or advice* – The Bank's FX sales and trading personnel and eFX electronic solutions do not serve as brokers or agents to a counterparty and accordingly any statements (including, for example, any statements relating to market colour and trading ideas) made by, or communicated through, them should not be construed as recommendations or advice. A counterparty should evaluate the appropriateness of any transaction based on the counterparty's own facts and circumstances and its assessment of the transaction's merits.

Conflicts of interest arising from the Bank's wholesale FX activities

3. *Trading activities* – The Bank acts in the wholesale FX markets as a “market-maker” meaning that it may offer prices (which may be buy and/or sell prices) in a variety of currencies on a continuous basis. As a market maker the Bank receives and executes transactions for multiple counterparties whose interests might compete against each other and the Bank. The Bank may trade prior to or alongside a counterparty's transaction or may adjust and/or close positions or otherwise take action for its own account to manage risk (including for pre-hedging purposes) or for other reasons. The Bank may also facilitate execution of transactions with other counterparties. These activities may impact both the prices the Bank is able to offer a counterparty on a transaction and the liquidity available to execute counterparty orders and may result in profit, or loss, to the Bank. The Bank's trading activity may also trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions. In conducting these activities, the Bank has policies and procedures in place to avoid undue market impact.
4. *Pre-hedging* – The Bank undertakes pre-hedging activity in a manner that is not intended to disadvantage the counterparty and/or disrupt the market. Pre-hedging may impact the prices the Bank is able to offer a counterparty on a transaction, the liquidity available to execute counterparty orders and may result in profit, or loss, to the Bank. When the Bank receives a clear and explicit request from a counterparty not to pre-hedge on a certain ‘request for quote’ (“RFQ”) (as defined below), the Bank will not conduct pre-hedging for the RFQ, provided, however, that the Bank may decline to quote or refuse the order upon the counterparty's request not to pre-hedge. Each counterparty should acknowledge that, when the Bank receives a clear and explicit request from a counterparty not to pre-hedge and does not conduct pre-hedging for a RFQ, the impacts of such execution on the price and liquidity could be larger than the impacts when the Bank pre-hedges.

Counterparty Trading Interests

5. *Voice Trading – Requests for quote* – A counterparty may submit the RFQ in response to which the Bank will provide the counterparty with a quoted price. The counterparty may instantaneously accept the quoted price which will result in a contractual commitment by the Bank to execute the counterparty's order in full at the quoted price. Failure of a counterparty to accept a quoted price instantaneously may result in the price quoted by the Bank no longer being available. In such circumstances, the counterparty will be required to request a further quote from the Bank.
6. *Voice Trading – Orders* – A counterparty may alternatively submit an order requesting the Bank to use its discretion to execute an order. Counterparties may choose to attach parameters to such orders (for example, ‘at-best’ orders, ‘limit’ orders, ‘stop loss’ orders and ‘benchmark’ orders. The Bank is not under any obligation to accept or act upon an order. The order may be accepted by the Bank at its sole discretion. When the Bank accepts a counterparty's order it is indicating its willingness to attempt to execute the order. The Bank may return an accepted order to the counterparty at any time and acceptance by the Bank of an order does not oblige the Bank to execute an order in whole or in part or in any particular way. The Bank will, at its sole discretion, establish the reference price (which can be used by the Bank to determine whether or not a certain condition(s) specified in an order is satisfied) in an appropriate and reasonable manner.
7. ‘Cover and Deal’ – In response to the counterparty's Trading Interest, whether voice trading or eFX, the Bank may, in the Bank's discretion, fill the Trading Interest without taking on market risk in connection with the Trading Interest, by first entering into offsetting transactions in the market (this arrangement is referred to as “Cover and Deal”). Notwithstanding other sections of this notice, under the Cover and Deal arrangement: the Bank may acquire an indication from another market participant and provide the counterparty with a quoted price based on such acquired indication; and if the counterparty accepts the Bank's quoted price, the Bank will trade with the market participant that has provided the indication to the Bank and then the traded volume will be passed on to the counterparty. In addition to the above, each counterparty should understand that certain information related to the counterparty's Trading Interest (which does not include information that, by itself, could make the counterparty identifiable, such as the name of the counterparty) will be inevitably delivered to the market participant from which the Bank obtains an indication to the extent necessary for such purpose. Each counterparty should also understand that the use of the Cover and Deal arrangement is not

limited to certain currency pairs or certain operating hours, and that whether or not the Cover and Deal arrangement is utilised will be determined by the Bank at its discretion depending on multiple factors, such as the Bank's policies on trade execution and/or risk management, market conditions and liquidity.

eFX

8. *eFX platforms* – The Bank may stream prices (indicative or firm) on the 3rd party algorithmic multi-dealer eFX platform. The Bank streams prices on such platforms in accordance with the applicable rules governing the operation of the applicable multi-dealer platform.
9. *Access and pricing* – Different eFX platforms are subject to different counterparty access requirements and access may not be granted to all counterparties. Different eFX platforms have different characteristics and the Bank may provide different price quotations by eFX platform, venue or communication method, and may change any of its pricing strategies at any time without notice.

Pricing

10. *All-in pricing* – Unless otherwise explicitly agreed, any firm or indicative price that a counterparty may receive is an “all-in” price that includes but is not limited to sales margin, bid/offer spread and execution costs over the price at which the Bank traded or may have been able to trade with other counterparties. The Bank's all-in prices are tailored to individual counterparties and are based on a broad range of standard commercial factors, including but not limited to, market conditions, the Bank's own costs and transactions, the Bank's relationship with the counterparty, including the nature and extent of services previously provided or anticipated, as well as any relevant operating costs. For these reasons, the Bank has discretion to offer different prices to different counterparties for the same or substantially similar transactions. Furthermore, the Bank may provide different price quotations by trading platform, venue or communication method, and may change any of its pricing strategies at any time without notice. The Bank is not required to disclose the amount of revenue it is expected to earn from a transaction nor is the Bank required to disclose the components of its all-in price on any particular transaction. The Bank has policies and procedures in place providing that all-in prices charged to counterparties are fair and reasonable considering applicable market conditions and the Bank's internal risk management practices and policies. The Bank personnel are required to act honestly, fairly and professionally when determining its all-in price.
11. *Sales margin and order execution* – For certain orders, the addition of sales margin may impact the price at which the order is executed.
12. *Execution price* – The actual executed prices between the Bank and a counterparty do not imply that the Bank held, acquired, or would acquire, inventory to execute the transaction at the order price level. As principal, the Bank always attempts to execute an order to make an appropriate return on the transaction if possible, taking into account the Bank's position, including its inventory strategy and overall risk management strategies, its costs, its risks and other business factors and objectives, in the Bank's discretion.

Execution

13. *Execution* – Unless otherwise expressly agreed, the Bank will act in accordance with its internal policies and procedures when deciding which orders it is willing to accept and execute (or not accept and execute), when it is willing to accept and execute them (or not accept and execute them), and how it will execute them, including whether to execute all or part of the order. Acceptance and execution of orders are dependent on market conditions (such as price adequacy and market liquidity) and the Bank's own risk appetite (which is related to various risks, including, but not limited to, market risks, credit risks, operational risks and systemic risks, and to the Bank's criteria for providing its services). Once the Bank determines that a counterparty's order has been executed (whether in part or full), this will create a contract between the counterparty and the Bank on terms consistent with the order received. When the order is accepted, and at the time of any execution of the order, the Bank strives to ensure a time stamp is applied as soon as practicable.

14. *Discretion* – Where the acceptance of a Trading Interest by the Bank grants the Bank some discretion in the execution of that Trading Interest, the Bank will exercise that discretion reasonably, fairly and in such a way that is not designed or intended to disadvantage the counterparty.
15. *Partial fills* – Where possible Trading Interests will be filled within the parameters specified, but where fair and reasonable, based on prevailing market circumstances or otherwise in accordance with the Bank’s internal policies and procedures, a decision may be made to only partially fill a Trading Interest; such decisions will be communicated to counterparties as soon as practicable.
16. *Order execution* – The Bank may receive multiple Trading Interests for the same or related currency pairs. The Bank acts as principal and may seek to satisfy the Trading Interest of all of its counterparties, as well as its independent risk management objectives. However, the Bank retains discretion with respect to how to satisfy its counterparties, including with respect to execution of Trading Interests (which may involve execution against the Bank’s inventory or on the market, or passing to other centres for completion), aggregation, priority and pricing. The Bank is not required to disclose to a counterparty at the time a counterparty submits a Trading Interest that the Bank is handling other counterparties’ Trading Interests or its own risk management trades or others ahead of, or at the same time as, or on an aggregated basis with, the counterparty’s Trading Interest.

Communications

17. Communications of orders – Counterparties must ensure that all Trading Interests are communicated clearly to the Bank personnel (including details on price limitations, order type, size, currency, time limitations etc. as appropriate).
18. Communication methods – Counterparties must communicate through approved methods of communication as communicated by the Bank from time to time. Regarding Trading Interest submitted for Voice Trading, where the Bank agrees to the use of fax or electronic messaging (e.g., e-mail, chat-rooms, instant messaging systems etc.) as a mode for communicating Trading Interests, any Trading Interest sent to the Bank by fax or electronic messaging will not be considered to be received by the Bank until Bank personnel verify the Trading Interest with the counterparty. The Bank does not accept counterparty Trading Interests sent via voicemail systems.
19. The need to employ manual operational processes to execute Trading Interests transmitted by fax or electronic messaging systems may result in a Trading Interest so transmitted either not being filled or being filled at a much later time than when first received into the Bank’s e-mail or other electronic messaging system. During the period between the electronic transmission of a Trading Interest and the point at which it is verified and acknowledged, counterparties will be exposed to the risk that the Trading Interest may not be filled (including where the market has moved in the counterparty’s favour) or may be filled at a less favourable level because market conditions have changed in the interim.

Information Handling

20. *Counterparty information* – The Bank takes protection of counterparty information very seriously and aims to ensure that information is not disseminated more widely than necessary. The Bank has policies and controls that are designed to protect counterparty information. Counterparties should understand, however, that the Bank makes use of information provided to it as principal in order to effectuate trades and risk-manage transactions. The Bank only discloses counterparties’ confidential information externally to those parties who have a valid reason for receiving such information, such as to meet management, legal and compliance needs and in certain circumstances including:
 - a. to agents, market intermediaries (such as brokers or trading platforms) or other market participants to the extent necessary for executing, processing, clearing, novating, or settling a transaction;
 - b. with the consent of, or at the request of, the counterparty;
 - c. where it is required to be publicly disclosed under relevant law or regulations, or otherwise requested by a relevant regulatory or public authority, trade repository or central counterparty;

- d. at the request of a central bank acting for public policy purposes; and
 - e. to advisors and consultants on the condition that they protect counterparties' confidential information.
21. *Transaction information and record keeping*– Unless otherwise agreed, the Bank may use the economic terms of a transaction (but not the counterparty identity) in order to source liquidity in anticipation of counterparty needs, execute hedging or risk-mitigating transactions, and/or manage the associated trading risk the Bank assumes as market maker. With regard to executed transactions, the Bank analyses this information on an individual and aggregate basis for a variety of purposes, including counterparty risk management, sales coverage, quotation levels and transaction pricing and execution, and counterparty relationship management. The Bank will share such transaction information internally in accordance with its internal rules provided for minimizing risks of conflicts with the counterparties' interest by the internally shared information, such as by strictly limiting the purpose of such sharing (e.g., sharing is made when it is essential for the appropriate execution of the transaction). Separately, the Bank will keep a record of orders and transactions to create an audit trail for review and to provide transparency to its counterparties where appropriate in accordance with the FX Global Code. However, the counterparty should understand that such record keeping is subject to the Bank's operational and technical restrictions as well as legal requirements (if applicable) (e.g., the period of retention).
22. *Market colour* – The Bank collates data in the markets, in order to provide counterparties and internal trading desks with information or 'market colour'. The Bank generates this information from a variety of public sources (for example, economic and political developments) as well as its own generated anonymised and aggregated data regarding orders and executed transactions. Counterparties should understand that information regarding orders and executed transactions may form a constituent part of the market colour that the Bank provides to its counterparties. Market colour will be generated and disseminated in a manner that does not compromise counterparties' confidential information.

Compliance and Integrity at the Bank

23. *FX Global Code* – The Bank has reviewed the content of the FX Global Code (“Code”) and acknowledges that the Code represents a set of principles generally recognised as good practice in the wholesale FX market. The Bank confirms that it acts as a Market Participant (as defined in the Code) and is committed to conducting its wholesale FX business in a manner consistent with the principles of the Code. To this end, the Bank has taken appropriate steps, based on the size and complexity of its wholesale FX business, and the nature of its engagement in the wholesale FX market, to align its wholesale FX business with the principles of the Code. The Bank's Statement of Commitment to the FX Global Code is available here: <https://www.tr.mufg.jp/english/pdf/soc.pdf>
24. *Ethical standards* – The Bank is committed to acting honestly, fairly and with the highest standards of integrity in its dealing with counterparties conducting its wholesale FX business. The purpose of the disclosures set out in this notice is to describe relevant practices of the Bank when conducting wholesale FX services and to ensure consistency and transparency in these practices for its counterparties.
25. *Professional standards* – The Bank strives for the highest standards of professionalism in its wholesale FX business. Accordingly, its sales and trading personnel are appropriately trained and have sufficient relevant experience, technical knowledge and qualifications to discharge their employment duties in a professional manner. The Bank maintains policies and procedures to provide confidential channels for personnel and external parties to raise concerns about potentially improper practices and behaviours and the Bank investigates and responds to such reports as appropriate. If you wish to raise a concern please reach out to your senior representative at the Bank.
26. *Policies and procedures* – The Bank has internal policies and procedures to govern execution of Trading Interests, conflicts of interest, and market conduct as well as a risk management framework with systems and internal controls to identify, manage and mitigate risk. Strict information security requirements are also in place. The Bank employs appropriate processes designed to prevent and detect abusive, collusive, or manipulative practices, fraud and financial crime and to mitigate material risk that could arise in the general conduct of its wholesale FX business. These policies and procedures are supported by regular and specific

training of relevant personnel and programmes for review, surveillance and other monitoring of its wholesale FX business.

Agreement Architecture

27. *Local regulatory requirements* – While the disclosures set out in this notice are applicable globally, due to regulatory requirements applying in particular jurisdictions, additional terms of dealing may apply to the Bank's wholesale FX services in particular jurisdictions. If you wish to obtain further information please approach your local contact at the Bank.
28. *Other agreements* – The disclosures set out in this notice supplement any other agreements (including locally issued terms of dealing) or disclosures regarding FX transactions in the wholesale market that the Bank has or may provide to you, including any master agreement for financial instruments and any applicable terms of business which apply to business conducted between you and us, the Bank. For the avoidance of doubt, in the event of any conflict between the disclosures set out in this notice and any provision of any other agreements or disclosures regarding FX transactions, including but not limited to any master agreement, then the provisions of those other agreements and disclosures shall prevail to the extent of the conflict over the disclosures set out in this notice.
29. *Amendment* – This communication may be updated from time to time in order to address changing regulatory, industry and any other applicable developments. It is your responsibility to check for any other changes to these disclosures as published from time to time on the Bank's website.