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Macquarie Capital Securities (Japan) Limited (Tokyo Branch)

## **Policy for Customer-Oriented Business Conduct**

Macquarie is a diversified financial group providing clients with asset management finance, banking, advisory and risk and capital solutions across debt, equity, and commodities.

In Japan, we offer services to corporate, government and institutional clients through Macquarie Capital Securities (Japan) Limited (Tokyo Branch) and Macquarie Asset Management Japan Co., Ltd. This includes advisory services, cash equities and research, equity derivatives and structured products, asset management services, and trading in fixed income, currencies and commodities.

Macquarie's purpose is to realise opportunity for the benefit of our clients, our shareholders and our people. ***What We Stand For*** is based on three fundamental and long-held principles which guide the way we conduct business and interact with our clients – ***Opportunity, Accountability, Integrity.***

### **Opportunity**

At Macquarie we seek to identify opportunity and realise it for our clients.

In respect of our clients, this principle requires Macquarie to:

- use our expertise to find real opportunities for the benefit of our clients;
- provide superior value and service which stands the test of time; and
- offer our clients access to a diverse range of capabilities and products.

### **Accountability**

At Macquarie, we are accountable for all our actions to our clients. In respect of our clients, this principle requires Macquarie to:

- be committed to our clients. We work hard to produce the best outcome;
- give our clients the best advice that is right for them; and
- protect our clients' information as if it were our own.



## **Integrity**

At Macquarie we always act honestly, fairly and honour our promises.

In respect of our clients, this principle requires Macquarie to:

- earn the trust of our clients through our high ethical standards;
- honour the spirit of our commitments; and
- act honestly and fairly and always disclose the nature of our role.

Macquarie's [Code of Conduct](#) (the Code) sets out the way staff are expected to behave and conduct themselves.

To support a strong risk culture and good conduct, in particular in relation to clients, the Code incorporates practical guidance on how staff should conduct themselves and a good decision making guide.

The Code, together with Macquarie's policies and procedures, contain the key elements of how we maintain and enhances customer-oriented business conduct.

## **Conduct risk management**

Macquarie defines conduct risk as the risk of improper, unlawful, unethical behaviour or action that may have a negative impact on Macquarie's clients, counterparties or the fair and effective operation of the markets in which Macquarie operates. Within our core risk management processes such as new product approvals and risk-assessments, we integrate a conduct risk lens, which includes ensuring good and fair outcomes for our clients.

## **Good decision making guide**

Macquarie has developed a framework with the following key questions to guide more complex decisions:

### **Stakeholders – who will this affect?**

- Who might your decision affect - your client, customer, shareholders, community, counterparty, colleagues, team, family, or friends?
- What facts do you have and what assumptions are you making to form your decision?

Think about the impact of your decision on all stakeholders.



**Integrity – is it the right thing to do?**

- Are you doing what you said you would do? Are you being honest? Is it fair?  
How would you feel if you were in the other person's shoes?
- Are you in compliance with the law, regulation or policy? And even if you *can* do it, *should* you?

Consider if your decision is consistent with the principles of *What We Stand For*.

**Long term – will my decisions stand the test of time?**

- How would you feel if you were held publicly accountable for your action?  
Would you be comfortable with this being on the front page of the newspaper?
- Will you be able to look back on your decision with pride?

Weigh up any short term gain against the longer term implications for the business, your reputation and the trust of the people you deal with.

We hereby confirm that we shall adopt the “Principles on Customer-Oriented Business Conduct” announced by FSA, to the extent relevant to our businesses in Japan, which is consistent with Macquarie’s principles and Code of Conduct. We as financial instruments business operator, shall seek to maintain and enhance customer-oriented business conduct on an ongoing basis.



## **1. Pursuit of the Customer's Best Interests**

We have a fundamental responsibility to deal fairly with clients and counterparties. Macquarie seeks not take unfair advantage of anyone through any form of fraud, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

## **2. Appropriate Management of Conflicts of Interests**

Macquarie has a framework for identifying and managing conflicts of interests with the aim of managing risks and mitigating potential negative impacts on Macquarie's clients, counterparties or the fair and effective operation of the markets in which Macquarie operates.

This framework comprises various policies, procedures and controls, including conflicts checks, disclosures, information barriers, and personal dealing and outside business declarations.

## **3. Disclosure of Commissions and Other Costs**

Dealing fairly with clients and counterparties is a fundamental principle of doing business in Macquarie. This includes seeking to be transparent and disclosing to clients all relevant commissions and other costs.

## **4. Provide Important Information About Financial Products/Services in a Way Which Customers Can Easily Understand**

Dealing fairly with clients and counterparties is a fundamental principle of doing business in Macquarie. Macquarie seeks to communicate with clients in a manner that they can easily understand

and that:

- is fair, accurate, and in good taste
- does not initiate or refer to information that is unsubstantiated or knowingly false
- is balanced, equally presenting both the potential opportunities or advantages and risks



- does not include guarantees, exaggerations, nor unwarranted, confusing, ambiguous or unreasonable claims
- does not include omissions of material facts, which can be just as misleading as exaggerations or inaccuracies
- does not disclose confidential information

## **5. Provide Suitable Financial Products/Services to Customers**

Macquarie's businesses that design and issue products and arrange for their distributions are committed to ensuring suitable outcomes for end investors. This includes ensuring that:

- products are designed to meet the objectives of the target market segment so that products are more likely to be suitable for them
- steps are taken to confirm that products are distributed by suitable third parties in an appropriate manner.

## **6. Establishing the Framework for Appropriately Motivating its Personnel on Client-Oriented Business Conduct**

Macquarie's remuneration framework encourages a long term view in risk-return decision making. Employees are required to have risk and conduct related objectives as part of the performance management process, which is used as input to remuneration and promotion decisions. Employee conduct is monitored, and where behaviors that fall below the expectation set out in the Code are identified, consequences are applied proportionately.

Macquarie's Conduct risk framework requires consideration of client interests and outcomes in key risk management processes and decision making.



## **7. Establishing the Framework for Appropriately Motivating its Personnel on Client-Oriented Business Conduct**

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Macquarie's Conduct risk framework requires consideration of client interests and outcomes in key risk management processes and decision making. Training and education programs are in place to enhance staff focus on client interests and outcomes.

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