

Mitsubishi UFJ Financial Group, Inc. (MUFG)
MUFG Bank, Ltd. (MUFG Bank)
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (MUMSS)

Regarding the Securities and Exchange Surveillance Commission's Recommendation for Administrative Action

Tokyo June 14, 2024 --- Japan's Securities and Exchange Surveillance Commission ("SESC") today announced that, based on the results of its investigation, it has recommended that the Prime Minister and the Commissioner of the Financial Services Agency ("FSA") take administrative action against MUFG Bank and MUMSS.

We sincerely apologize for the inconvenience and concern this has caused our customers and other stakeholders.

The SESC's recommendation was made in response to requests for administrative action in relation to problems with MUFG Bank and MUMSS' banking-securities collaborative business, management of information (including pertaining to corporate relationships), and monitoring systems in relation to these matters.

MUFG, MUFG Bank, and MUMSS (collectively, the "MUFG Group Companies") take this recommendation very seriously.

In line with amendments to the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.," in June 2022, the MUFG Group Companies recognized issues related to compliance systems, internal control systems, etc., pertaining to our banking-securities collaborative business, and have made various adjustments. We accept that the current recommendation calls for the appropriate enhancement and acceleration of internal control and checking functions of the MUFG Group Companies in a manner that suits the actual conditions of the banking-securities collaborative business, etc.

In light of this recommendation, the MUFG Group Companies will renew their efforts to strengthen control systems and make every effort to implement measures to prevent recurrence that include more effective and specific measures to further enhance and strengthen internal control systems.

1. Factual background to the recommendation relating to MUFG Bank

- (1) Inappropriate sharing, etc., of customer information between MUFG Bank and MUMSS.
- (2) Securities-related business at a registered financial institution.

2. Factual background to the recommendation relating to MUMSS

- (1) Inappropriate sharing, etc., of customer information between MUFG Bank and MUMSS.
- (2) A situation where financial product transaction contracts are inappropriately concluded after overlooking the prohibition of—or encouraging—securities-related business at registered financial institutions.

3. MUFG companies' recognition

MUFG has been promoting Group collaboration, including banking-securities collaboration, to meet diverse customer needs and realize customer-centric sales activities that leverage the Group's collective strengths.

In this context, particularly with regard to collaboration between MUFG Bank and MUMSS, it is necessary to comply with firewall regulations when sharing information, which is necessary for collaboration to occur, and the proper handling and management of corporate-related information is essential due to the nature of transactions that MUFG Bank and MUMSS collaborate on. As specified in the SESC's recommendation, it discovered inappropriate cases at MUFG Bank and MUMSS.

In light of this recommendation, we recognize that, in addition to insufficient awareness of compliance with the Banking Act and the Financial Instruments and Exchange Act based on a correct understanding of these laws, systems for checking and detection at our monitoring departments were insufficient.

MUFG Group Companies have recognized the challenges of the legal compliance and internal control frameworks related to banking-securities collaborative business since the revision of the FSA's supervisory guidelines and policies in June 2022, and have improved their frameworks by enhancing training on customer information management, revising procedures, etc., based on the Need to Know principles and various laws and regulations, and by using AI and other systems to strengthen constant monitoring and control.

We take the issuance of this recommendation seriously and will work to prevent recurrence by strengthening our management system, spreading awareness of

compliance with laws and regulations in banking-securities collaborative business, thoroughly managing information on customers, etc., and strengthening our monitoring system to further improve our internal control and checking functions in a manner suited to actual conditions in banking-securities collaborative business.

4. Formulation of measures for preventing recurrence

In response to the recommendation, the MUFG Group Companies will further strengthen their systems and formulate more effective measures to prevent recurrence at MUFG Bank, MUMSS, and MUFG to ensure compliance with laws and regulations in banking-securities collaborative business.

Specifically, we are considering the formulation and thorough implementation of procedures and rules in line with case studies and actual conditions, more practical training, and more in-depth enhancement of detection and checking functions in branches and relevant head office divisions. Specifics will be announced once they have been decided.

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About MUFG

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with approximately 2,000 locations in more than 40 countries. The Group has about 120,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing. The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world.

MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges.

For more information, visit <https://www.mufg.jp/english>.