

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

## **Regarding Administrative Action by the Financial Services Agency**

**Tokyo June 24, 2024** --- On June 14, Japan's Securities and Exchange Surveillance Commission announced that it had recommended that the Prime Minister and the Commissioner of the Financial Services Agency ("FSA") take administrative action against MUFG Bank and MUMSS.

Today, the FSA announced that it has issued business improvement orders to MUFG Bank and MUMSS under Article 51, paragraph 2 and Article 51 of the Financial Instruments and Exchange Act, and orders to submit reports to MUFG and MUFG Bank under Article 52, paragraph 31-1 and Article 24, paragraph 1, of the Banking Act.

We sincerely apologize for the inconvenience and concern this is causing our customers and other stakeholders.

MUFG has been promoting Group collaboration, including between MUFG Bank and MUMSS, to realize customer-centric sales activities that leverage the Group's collective strengths. However, we recognize that our management systems were insufficient for the reality of banking-securities collaborative business at our major subsidiaries MUFG Bank and MUMSS and are deeply aware that this situation was a catalyst for these incidents.

MUFG, MUFG Bank, and MUMSS take this administrative action very seriously, and all three will further strengthen their frameworks and enact more effective policies for legal compliance, etc., related to banking-securities collaborative business to prevent recurrence.

Specifically, as an outline of the measures, we are considering using training and study sessions to thoroughly disseminate information internally as soon as possible, formulating and disseminating procedures and rules suited to actual cases and conditions in the short-term, and will strengthen monitoring systems, including system development, in the medium- to long-term.

MUFG, MUFG Bank, and MUMSS plan to submit business improvement plans and reports related to this issue to the FSA based on these business improvement orders and orders to submit reports, and will make an announcement when they have done so.

## **Details of the FSA's administrative action**

1. Regarding the administrative action against MUFG Bank (Article 51, paragraph 2 of the Financial Instruments and Exchange Act)

### *Business improvement order*

- (1) In order to ensure sound and appropriate operation of business with respect to this matter, we shall implement the following.
  - A. Clarify where responsibility lies, including of management, in light of these administrative actions.
  - B. Promptly develop and steadily implement an effective business improvement plan, based on an analysis of the fundamental causes of these incidents, including the following points, to prevent recurrence:
    - Strengthen internal control systems including management systems, legal compliance systems related to banking-securities collaboration, and customer information management systems.
- (2) Report the implementation status of A and the business improvement plan in writing by July 24, 2024.
- (3) Report the implementation status of B in the immediate future, no later than within 15 days from the end of the quarter.

2. Regarding the administrative action against MUMSS (Article 51 of the Financial Instruments and Exchange Act)

### *Business improvement order*

- (1) In order to ensure sound and appropriate operation of business with respect to this matter, we shall implement the following.
  - A. Clarify where responsibility lies, including of management, in light of these administrative actions.
  - B. Promptly develop and steadily implement an effective business improvement plan, based on an analysis of the fundamental causes of these incidents, including the following points, to prevent recurrence:
    - Strengthen internal control systems including management systems, legal compliance systems related to banking-securities collaboration, etc., and customer information management systems.
- (2) Report the implementation status of A and the business improvement plan in writing by July 24, 2024.
- (3) Report the implementation status of B in the immediate future, no later than within 15 days from the end of the quarter.

3. Regarding the order to MUFG to submit report (Article 52, paragraph 31-1 of the Banking Act)

### *Order to submit report*

- (1) In order to ensure sound and appropriate operation of business with respect to this matter, we shall implement the following.
  - A. Confirm the facts of the recognized incidents at MUFG's subsidiary MUFG Bank related to the prohibition on engaging in other business as specified in Article 12

of the Banking Act and management of customer information as specified in Article 12, paragraph 2-2 of the Banking Act, analyze their causes (including background causes) as MUFG Bank's parent company, and identify issues based on these analyses.

B. Promptly develop and steadily implement effective improvement measures based on these incidents, including the following points, to prevent recurrence (including a plan for implementing improvement measures, implementation status, etc.):

- Strengthen internal control systems including management systems, legal compliance systems related to banking-securities collaboration, and customer information management systems.

(2) Report the implementation status of A and the business improvement plan in writing by July 24, 2024.

(3) Report the implementation status of B in the immediate future, no later than within 15 days from the end of the quarter.

4. Regarding the order to MUFG Bank to submit report (Article 24, paragraph 1 of the Banking Act)

*Order to submit report*

(1) In order to ensure sound and appropriate operation of business with respect to this matter, we shall implement the following.

A. Confirm the facts of the recognized incidents related to the prohibition on engaging in other business as specified in Article 12 of the Banking Act and management of customer information as specified in Article 12, paragraph 2-2 of the Banking Act, analyze their causes (including background causes), and identify issues based on these analyses.

B. Promptly develop and steadily implement effective improvement measures based on A, including the following points, to prevent recurrence (including a plan for implementing improvement measures, implementation status, etc.):

- Strengthen internal control systems including management systems, legal compliance systems related to banking-securities collaboration, and customer information management systems.

(2) Report the implementation status of A and the business improvement plan in writing by July 24, 2024.

(3) Report the implementation status of B in the immediate future, no later than within 15 days from the end of the quarter.

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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>.