



Provisional Translation for your Reference Only

Best Execution Policy

(as of February 22, 2011)

Interactive Brokers Securities Japan Inc. (“IBSJ”)

This document provides our policy for the best trade execution for our clients, in accordance with the provisions of Paragraph 1 of Article 40-2 Paragraph 1 of the Financial Instruments and Exchange Law including the definition of the terms used in the policy.

When commissioned to enter orders from customers for the financial products listed on the stock exchange in Japan, and in the absence of specific directed orders for the execution of transactions, we will work to have transactions executed in accordance with the following policies:

1. The Subject Financial Instruments

Of the Financial Instruments that defined as “Derivatives transactions” in the Enforcement Act on FIEL Article 16-6, we will offer TOPIX Futures, Mini TOPIX, JGB Futures and JGB Futures Options listed on Tokyo Stock Exchange (“TSE Derivatives instruments” hereinafter) as well as Nikkei 225 Futures, Nikkei 225 Futures Options, Nikkei 225 Futures “mini” listed on the Osaka Securities Exchange (“NK225 Derivatives instruments.” hereinafter) and other financial instruments.

Regarding the listed stocks, including ETF, REIT etc., on TSE (“TSE Cash products”), we will take orders from our affiliated companies (regardless domestic or global) for the time being.

2. The Method For Best Execution

All customer orders received by IBSJ are carried out as agency orders (Tokyo Stock Exchange and Osaka Securities Exchange). The company does not act as counterparty in OTC trades. In principle, we act as a broker to execute (including TosTNet trade and J-Net trade) the entrusted orders in the following exchanges.

(1) TSE Derivatives instruments

We will execute all entrusted orders as a member broker to the TSE or through member broker or licensed securities house carrying 1st degree registration. For

orders received outside of the trading hours at the TSE, we shall place such orders immediately after the session starts. Please note however, in the event of an unavoidable system failure, we may be forced to entrust an order to other brokers and the best execution policy of such broker may apply to that order execution.

(2) NK225 Derivatives instruments

When we receive an order of the NK225 Derivatives instruments from our customer (including our affiliates all over the world, not limited to Japan), we will promptly place the entrusted order to OSE, as a member broker or entrust the order to another member broker. For orders received outside of the trading hours at the OSE, we shall place such orders immediately after the session starts as a member broker or entrust the order to another member broker immediately after the session starts.

(3) Regarding the listed stocks, ETF, REIT etc., on TSE (“TSE Cash products”), we will take orders only from our affiliated companies (including our affiliates all over the world, not limited to Japan regardless domestic or global) for the time being. The following two primary methods of routing your orders will be applied.

3. Reason Why We Chose This Policy

(1) TSE Derivatives instruments

These instruments are listed only TSE domestically.

(2) NK225 Derivatives instruments

These derivatives instruments are listed only OSE domestically.

(3) TSE Cash products

(4) See below 4. Other Provision – (2) IB’s Smart Routing Application on Policy

This policy applies to single or multi listed instruments

4. Other Provision

(1) Our best execution obligation

Our best execution obligation is the obligation to consider different elements such as prices, costs, speed and certainty of execution and conduct order in accordance with those. There are the cases where we may use different means than described above in our best execution policy due to system issues. Even then, we will strive to provide the best execution in accordance with the conditions at the time.

(2) IB’s Smart Routing

Interactive Brokers Securities Japan, Inc. and its affiliated brokers (“IB”) offer its customers two primary methods of routing their orders to the market for execution. First, IB customers may directly route their orders to a particular market of their choice. For stocks and options traded at exchanges or ECNs, however, IB recommends that customers use IB's intelligent Best Execution Order Routing System (“Smart Routing”), which is designed to optimize both speed and total cost of execution. IB's Smart Routing system continually scans competing market centers and automatically seeks to route orders to the best market, taking into account factors such as quote size, quote price, liquidity-taker costs, liquidity-provider rebates and the availability of automatic order execution.

Please note that markets can be especially volatile near the opening of a trading session, with prices and available volume often changing rapidly and with data feeds from various markets potentially being slow or temporarily unavailable. IB cannot guarantee that orders sent near the opening of trading necessarily will receive the best posted price. You may want to consider the use of limit orders at the open, although market orders should be used if you want a higher certainty of getting a fill.

IB may convert certain order types or apply conditions to certain IB customer orders sent to IB via Smart Routing in order to facilitate an execution. For example, order types not offered by certain exchanges may be simulated by the IB system using order designations. In addition, orders may be sent Immediate or Cancel, Fill-Or-Kill, All-Or-None, etc. in order to facilitate an immediate automatic execution, consistent with the objectives of the customer order.

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