

## **Best Execution RTS 28 (Top 5 venues and quality of Execution) Best Efforts report**

This report has been prepared by Daiwa Capital Market Europe Limited (DCME) for the period ending 31 December 2017 (the “Reporting Period”) for the purposes of meeting DCME’s regulatory obligations under Commission Delegated Regulation (EU) 2017/576 (“MiFID II”) which requires DCME to annually publish:

- (i) the top five venues where it executed clients orders; and
- (ii) the top five firms to whom it transmitted or placed client orders for execution, in respect of each class of financial instruments noted below.

This report also provides information on DCME’s assessment of the quality of execution it obtained from these execution venues and firms (based on its internal monitoring) for each class of financial instruments.

Please note that information for the Reporting Period has been collated based on the regulatory obligations that applied to DCME, its affiliates, brokers and execution venues during that time.

In respect of DCME and other financial institutions to whom MiFID II applies, those regulatory obligations were different to those that apply to them now and pursuant to which this report has been prepared.

Consequently, there are certain sections in this report for which information required under MiFID II for the Reporting Period

- (i) was not available;
- (ii) was only available partly
- (iii) was available in a different format.

As a result this report has been prepared on a best efforts basis and only for the last 6 months of 2017 and is proportionately representative of 2017 annual data for that specific period.

Eligible Counterparties have been considered as Professional Clients for the purpose of this report.

The assumptions and available information used to prepare this report may result in inconsistencies in information across asset classes presented herein and therefore may not accurately reflect the trading activities undertaken by DCME during 2017.

Please also note that the assumptions and methodologies used to produce this report may not be used for the preparation of future reports.

DCME does not guarantee the correctness or completeness of the information in this report and shall not be responsible for or have any liability whatsoever for any loss or damage caused by errors, inaccuracies or omissions in connection with use or reliance on this information.

DCME has a degree of discretion in how to apply the different execution factors and this may result in a range of different permissible approaches to executing client orders. For further information on DCME's best execution arrangements please refer to the relevant summaries which are available at: <http://www.uk.daiwacm.com/about-us/corporate-governance-regulatory>

### **Top 5 Execution Venues for 2017**

#### **International Convertible Bonds Business**

<b>Class of instrument : Debt Instruments, Bonds</b>							
<b>Notification if &lt; 1 average trade per business day in the previous year: N</b>							
<b>Top five execution venues ranked in terms of trading volumes (descending order) *</b>							
<b>Rank</b>	<b>MIC</b>	<b>Venue Name</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive order</b>	<b>Percentage of directed order</b>
<b>1</b>	<b>DAIW</b>	<b>Daiwa Capital Markets Europe Limited</b>	<b>99.94%</b>	<b>99.57%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>2</b>	<b>TREU</b>	<b>Tradeweb Europe Limited</b>	<b>0.06%</b>	<b>0.29%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>3</b>	<b>XTKS</b>	<b>Tokyo Stock Exchange</b>	<b>0%</b>	<b>0.14%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total</b>			<b>100%</b>	<b>100%</b>			

\* Note: The order volume routed through Tokyo Stock exchange represented less than 0.05% of volume and due to rounding is shown as zero.

International Convertible Bonds (Continued)

Class of instrument : Shares and Depositary Receipts							
Notification if < 1 average trade per business day in the previous year: N							
Top five execution venues ranked in terms of trading volumes (descending order)							
Rank	MIC	Venue Name	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive order	Percentage of directed order
1	DAIW	Daiwa Capital Markets Europe Limited	67.43%	59.52%	N/A	N/A	N/A
2	XTKS	Tokyo Stock Exchange	31.93%	38.99%	N/A	N/A	N/A
3	XHKG	Hong Kong Exchanges and Clearing Ltd	0.64%	1.49%	N/A	N/A	N/A
Total			100%	100%			

Fixed Income Business

Class of instrument: Debt Instruments: Bonds							
Notification if < 1 average trade per business day in the previous year: N							
Top five execution venues ranked in terms of trading volumes (descending order)							
Rank	MIC	Venue Name	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive order	Percentage of directed order
1	DAIW	Daiwa Capital Markets Europe Limited	87.36%	81.56%	N/A	N/A	N/A
2	TREU	Tradeweb Europe Limited	7.57%	6.78%	N/A	N/A	N/A
3	BMTF	Bloomberg Trading Facility Limited	4.52%	4.23%	N/A	N/A	N/A
4	MTXX	MarketAxess Corporation	0.55%	7.43%	N/A	N/A	N/A
Total			100%	100%			

Fixed Income Business (Continued)

Class of instrument: Debt Instruments: Money Market Instruments							
Notification if < 1 average trade per business day in the previous year: N							
Top five execution venues ranked in terms of trading volumes (descending order)							
Rank	MIC	Venue Name	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive order	Percentage of directed order
1	DAIW	Daiwa Capital Markets Europe Limited	91.23%	88.62%	N/A	N/A	N/A
2	BMTF	Bloomberg Trading Facility Limited	4.73%	4.60%	N/A	N/A	N/A
3	TREU	Tradeweb Europe Limited	3.99%	5.51%	N/A	N/A	N/A
4	MTXX	MarketAxess Corporation	0.05%	1.27%	N/A	N/A	N/A
Total			100%	100%			

Class of instrument: Debt Instruments: Structured Finance Instruments (SFTs)				
Notification if < 1 average trade per business day in the previous year: N/A				
Top five execution venues ranked in terms of trading volumes (descending order)				
Rank	MIC	Venue Name	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
1	DAIW	Daiwa Capital Markets Europe Limited	100%	100%

**Equity Business**

<b>Class of instrument: Shares and Depositary receipts</b>							
<b>Notification if &lt; 1 average trade per business day in the previous year: N</b>							
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>							
<b>Rank</b>	<b>MIC</b>	<b>Venue Name</b>	<b>Proportion of volume traded as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive order</b>	<b>Percentage of directed order</b>
1		Daiwa Securities Co. LTD	85.56%	85.87%	N/A	N/A	N/A
2		Daiwa Capital Markets Hong Kong	12.87%	9.82%	N/A	N/A	N/A
3	BRNX	Sanford C. Bernstein Limited	1.17%	3.7%	N/A	N/A	N/A
4		Daiwa Capital Markets America Inc	0.21%	0.48%	N/A	N/A	N/A
5	MAQL	Macquarie Capital Europe Limited	0.19%	0.13%	N/A	N/A	N/A
<b>Total</b>			<b>100%</b>	<b>100%</b>			

Equity Business (Continued)

Class of instrument: Exchange Traded Products							
Notification if < 1 average trade per business day in the previous year: N							
Top five execution venues ranked in terms of trading volumes (descending order) *							
Rank	MIC	Venue Name	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive order	Percentage of directed order
1		Daiwa Securities Co. LTD	43.55%	27.42	N/A	N/A	N/A
2		Daiwa Capital Markets Hong Kong	40.80%	44.76%	N/A	N/A	N/A
3	BRNX	Sanford C. Bernstein Limited	13.45%	20.16%	N/A	N/A	N/A
4		Daiwa Capital Markets America Inc	2.2%	7.66%	N/A	N/A	N/A
5	MAQL	Macquarie Capital Europe Limited	0%	0%	N/A	N/A	N/A
<b>Total</b>			<b>100%</b>	<b>100%</b>			

\* Note: The order volume routed through Macquarie Capital Europe Limited represented less than 0.05% of volume and due to rounding is shown as zero.