

Costs and Charges Disclosure Notice

Daiwa Capital Markets Europe Limited (“DCME” or “we”) is providing information in relation to ex-ante aggregated costs and associated charges for our investment services and financial instruments in accordance with MiFID 24(4)(c).

Following the ESMA guidance, DCME uses actually incurred costs as a proxy for ex-ante cost disclosure purpose. The information provided here is only indicative and estimated on the basis of historical transaction data DCME undertook. DCME is entitled to vary the actual costs and charges depending on, for example but not limited to, service level, nature of order, cost incurred by DCME, market condition and risks involved. DCME is providing this information in accordance with the DCME’s terms of conditions.

This notice discloses the estimated costs related to the investment services and the financial instruments DCME may recommend or market. This may involve third party payments received by DCME where relevant. Where DCME agrees with the counterparty (Professional Client or Eligible Counterparty) the explicit fee or cost before the provision of service (for example, fee/commission rate or research fee), it also consists of the ex-ante disclosure of the actual cost.

For completeness, there may be additional transactional costs for which DCME does not have discretion, such as stamp duty, transaction tax and foreign exchange costs. These costs may be affected by various external factors (for example, jurisdiction/rules/regulations) so it is included in the ex-ante indicative transaction cost.

DCME estimates the costs and charges based on the transaction data of the previous years. DCME will periodically review the estimation and update this notice yearly basis. DCME may also update this where it observes the significant change in the middle of the year.

Costs and Charges for investment services

Unless otherwise noted, these tables are based on the estimation of costs related to transactions initiated in the course of the provision of our investment service.

Cash Bonds

(bp)

| | Currency | Issuer | Rating | Tenor | | |
|--------|----------|------------|---------|--------|---------|---------|
| | | | | < 5yrs | 5-10yrs | 10yrs + |
| Rates | G7 | Government | A-AAA | 0.2 | 0.3 | 0.4 |
| | | | below A | 0.4 | 0.6 | 0.8 |
| | | SSA | A-AAA | 0.7 | 1.0 | 1.5 |
| | | | below A | 1.1 | 1.5 | 2.3 |
| | Others | Government | A-AAA | 1.2 | 1.8 | 2.4 |
| | | | below A | 2.4 | 3.6 | 4.8 |
| | | SSA | A-AAA | 4.2 | 6.0 | 9.0 |
| | | | below A | 6.3 | 9.0 | 13.5 |
| Credit | G7 | IG | 2.4 | 3.0 | 4.5 | |
| | | below IG | 4.8 | 6.0 | 9.0 | |
| | Others | IG | 4.1 | 5.1 | 7.7 | |
| | | below IG | 7.7 | 9.6 | 14.4 | |

Derivatives

IRS

(bp)

| | Tenor | | |
|--------|--------|---------|---------|
| | < 5yrs | 5-10yrs | 10yrs + |
| G7 | 0.3 | 0.3 | 0.3 |
| ZAR | 5 | 6 | 6 |
| TRY | 6 | 8 | 8.5 |
| RUB | 8 | 12 | 13 |
| Others | 1.3 | 1.5 | |

*Others: AUD, NZD, etc. Currency

CDS

(bp)

| Index | Tenor | |
|----------|--------|---------|
| | < 5yrs | 5-10yrs |
| IG Index | 0.5 | 0.625 |

Convertible Bonds

DCME Convertible Bonds Desk periodically publishes the price list of major convertible bonds we trade, including Japanese and Asia ex-Japan names. The estimated transactions cost is calculated by these published prices, i.e., DCME uses the half of the average bid-ask spread across the published names as a proxy of expected transaction cost.

Please note that in many cases the transaction cost may be smaller than that because:

- the transaction cost is not equal to the half of bid-ask spread but it is embedded in it;
- where you specifically request, the actual price quoted by DCME may be different and in many cases the spread is tighter; and
- the price list used to calculate includes names which are relatively illiquid and it may affect the average bid-ask spread.

The half of the average bid-ask spread published that embeds the transaction cost: **74.26 bps**

Equities

Where DCME undertakes the transaction on an agency basis, DCME will explicitly agree the commission rates before the provision of service.

On some occasions DCME undertakes the transaction on “all-in” price basis; this is typically the case where DCME/Daiwa Affiliates acts on a principal basis. In this case, commission is included in the “all-in” price and DCME understands that this consists of the transaction costs initiated in the course of the provision of an investment service.

To calculate its estimated transaction cost incurred by a client, DCME aggregated total commission incurred by the client for one year period (until November 2017) for both “agency” and “principal” trades. Then we calculated its volume weighted average.

The estimated transaction cost: **6.43 bps**

Costs and charges related to financial instruments

Structured Note

DCME may market and/or recommend structured notes which DCME or a Daiwa affiliate has manufactured. The costs and charges for these notes consist of (1) one-off charges (e.g. fee) and (2) costs (explicit or implicit) related to embedded transactions. Please note that structured notes are tailor made products. Therefore, the actual costs and charges for your transaction may differ/exceed the figures indicated below.

Table 1: Cost and Charges

| | <5yrs | 5-10yrs | 10yrs + |
|--|-------|---------|--------------------|
| (1) One-off charges* | 30 c | 70 c | Data not available |
| (2) Costs related to the transactions* | 5 c | 60 c | Data not available |

* DCME uses the historical data of the issuance for the purpose of estimation.

Plain Vanilla Note

DCME may market and/or recommend third party issuer's plain vanilla notes that DCME (together with an issuer) has manufactured as a form of private placement.

The costs and charges for these notes consist of

- (1) One-off charges (e.g. fee) and
- (2) Costs (explicit or implicit) related to embedded transactions.

Please note that these notes are tailor made products. Therefore, the actual costs and charges for your transaction may differ/ exceed the estimates indicated in the figures below.

Table 1: Costs and Charges

| | <5yrs | 5-10yrs | 10yrs + |
|------------------------------------|---|---------|---------|
| One-off charges* | 7c | 16c | 25c |
| Costs related to* the transactions | See Table 2: Cross Currency Swap charges matrix below | | |

*DCME uses the historical data of the issuance for the purpose of estimation.

Table 2: Cross Currency (XCCY) Swap Charges Matrix

| | | (bp) | | | | | | | | |
|---|--|--------|------|-------|---------|------|-------|---------|------|-------|
| | | Tenor | | | | | | | | |
| | | < 5yrs | | | 5-10yrs | | | 10yrs + | | |
| | | A | B | C | A | B | C | A | B | C |
| A | | 1.46 | 4.75 | 10.75 | 1.46 | 4.75 | 10.75 | 1.92 | 4.75 | 10.75 |

Currency group A: AUD, EUR, JPY, USD

Currency group B: G10 Currency except AUD, EUR, JPY, USD (e.g. NOK, SEK etc.)

Currency group C: Other currency (e.g. BRL, INR, MXN, ZAR, TRY etc.)