

Public

# UK Tax Strategy

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March 2019

Daiwa Securities Group Inc.

**Daiwa**  
Capital Markets

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## Introduction

This UK Tax Strategy has been adopted by all UK entities that are controlled by Daiwa Securities Group Inc. including Daiwa Capital Markets Europe Limited (DCME), Daiwa Corporate Advisory Holdings Limited (DCAH), Daiwa Corporate Advisory Limited (DCA), Daiwa Asset Management (Europe) Ltd (DAMEL) and Daiwa Institute of Research Ltd – London Branch (DIR); collectively referred to as UK Group for purposes of this UK Tax Strategy.

The approach of the Daiwa Securities Group to corporate tax matters is governed by the Tax Policy enacted by the Group.

## Daiwa Securities Group Tax Policy

1. Daiwa Securities Group complies with laws and ordinances, and contributes to the sustainable development of society through appropriate tax payments with high ethical standards.
2. Daiwa Securities Group rewards our shareholders by achieving sound profits based on proper and fair tax planning.
3. For cross border intra group transactions, Daiwa Securities Group sets an appropriate price, which achieves adequate accountability under transfer pricing tax regulations.
4. The Chief Financial Officer (CFO), executive officer in charge of Finance, and Head of Finance Department of Daiwa Securities Group Inc. from time to time provide guidance and advice to subsidiaries and other departments within the group as necessary, so that corporate governance over tax matters is shared and implemented throughout the Daiwa Securities Group.

## Tax Governance and Risk Management in relation to UK taxation

Ultimate responsibility for the UK tax strategy rests with the Board of each company or senior management in the case of DIR. The CFO or equivalent position in each company has overall responsibility for UK taxation matters. For DCME, the day-to-day responsibility is delegated to the Head of Tax who reports to the CFO. The finance teams or management of the other entities manage the tax affairs on a day-to-day basis with support from DCME.

DCME has an in-house tax department, staffed by qualified and experienced tax professionals. The Head of Tax is responsible for the management of tax risk. The tax risk management process is aligned with the company's overall risk management framework for

identifying, managing and controlling risks. The department maintains documented policies and procedures with respect to compliance obligations which are reviewed regularly and updated for changes in tax legislation.

For DCME, the Head of Tax reports quarterly on tax matters and key tax risks to the Risk and Asset Liability Committee (RALCO). Tax risks considered to be material are escalated to the Board Risk Committee.

For DCA and DCAH, the CFO and finance team meet regularly with DCME tax department to ensure compliance with UK tax obligations. The CFO reports at least annually on tax matters and key tax risks to the Boards of DCA and DCAH after consultation with the DCME Head of Tax.

DAMEL senior management manages all the company's risk including tax. DAMEL is supported by the DCME Tax and Human Resources departments in regards to tax.

For DIR, the chief representative manages risk including tax. DIR is supported by the DCME Tax and Human Resources departments in regards to tax.

### **Attitude towards UK Tax Planning**

The UK Group will only undertake tax planning that is aligned with the business strategy and supports genuine commercial activity. The companies listed above do not enter into arrangements that would lead to a failure under Part I of the Code of Practice on Taxation for Banks which has been adopted.

### **Level of UK tax risk**

The UK Group's appetite for tax risk is low. It does not participate in aggressive tax planning or complex structured arrangements designed to minimise tax liabilities.

### **Tax Compliance and Relationship with HMRC**

The UK Group is committed to full compliance with its UK tax obligations. The UK Group strives for an open, transparent and cooperative relationship with HMRC. This includes a timely tax compliance process in respect of applicable UK taxes and timely response to HMRC requests or enquiries.

The companies listed above regard this publication as their sub-group or company UK tax strategy for the year ended 31 March 2019 (complying with their duty under paragraph 19(2) and 20 or 22(2), as appropriate of Schedule 19, Finance Act 2016