

Costs and Charges Disclosure Notice

Daiwa Capital Markets Deutschland GmbH (“DCMD” 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, DCMD uses costs actually incurred as a proxy for ex-ante cost disclosure purpose. The information provided here is only indicative and, because DCMD is a new trading entity, estimated on basis of historical transaction data undertaken by DCMD’s parent entity Daiwa Capital Markets Europe Limited (DCME). DCMD 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 DCMD, market condition and risks involved. DCMD is providing this information in accordance with the DCMD’s terms of conditions.

This notice discloses the estimated costs related to the investment services and the financial instruments DCMD may recommend or market. This may involve third party payments received by DCMD where relevant. Where DCMD 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 costs for which DCMD 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 not included in the ex-ante indicative cost.

DCMD has estimated the costs and charges based on the combined transaction data with its parent DCME in previous years. DCMD will periodically review the estimation and update this notice on a yearly basis or in case of significant changes to the figures.

Costs and Charges for investment services

Unless otherwise noted, these tables base 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	

Convertible Bonds

The 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. the half of the average bid-ask spread across the published names is used 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 us may be different and in many cases the spread is tighter; and
- The price list used to calculate includes names which are relatively liquid 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 we undertake the transaction on an agency basis, we will explicitly agree the commission rates before the provision of service.

On some occasions we undertake the transaction on “all-in” price basis; this is typically the case where DCMD/Daiwa Affiliates acts/act on a principal basis. In this case, commission is included in the “all-in” price and we understand 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, our parent company DCME aggregated total commission incurred by clients for a one-year period for both “agency” and “principal” trades. Then, it calculated its volume weighted average.

The estimated transaction cost: 6.43 bps

Costs and charges related to financial instruments

Structured Note

We may market and/or recommend structured notes, which we or a Daiwa affiliate have 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 be different and in some cases more than the estimation below. We use the historical data of the issuance for the purpose of estimation.

	<5yrs	5-10yrs	10yrs +
(1) One-off charges	25 c	60 c	60 c
(2) Costs related to the transactions	5 c	50 c	105 c