

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

This report has been prepared by Daiwa Capital Market Europe Limited (DCME) for the period starting 1<sup>st</sup> January 2018 ending 31 December 2018 (the “Reporting Period”). DCME’s regulatory obligations under Commission Delegated Regulation (EU) 2017/576 (“MiFID II”) 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.

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 2018.

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 2018****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>Venue Name &amp; MIC</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>Daiwa Capital Markets Europe OTC MIC - XOFF</b>	<b>99.66%</b>	<b>94.14%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>2</b>	<b>Daiwa Capital Markets Europe SI MIC - DAIW</b>	<b>0.31%</b>	<b>4.47%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>3</b>	<b>Tradeweb Europe Limited MIC – TREU</b>	<b>0.02%</b>	<b>0.99%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>4</b>	<b>Tokyo Stock Exchange MIC - XTKS</b>	<b>0.01%</b>	<b>0.39%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Fixed Income 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>Venue Name &amp; MIC</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 Capital Markets Europe Limited OTC MIC - XOFF	75%	42%	N/A	N/A	N/A
2	Tradeweb Europe Limited MIC – TREU	9%	11%	N/A	N/A	N/A
3	Daiwa Capital Markets Europe SI MIC – DAIW	7%	3%	N/A	N/A	N/A
4	Bloomberg Trading Facility Limited MIC – BMTF	7%	35%	N/A	N/A	N/A
5	Marketaxess Europe Limited MIC - MAEL	2%	9%	N/A	N/A	N/A

**Equity Business**

<b>Class of instrument: Shares and Depository 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>Venue Name &amp; LEI</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 Capital Markets Hong Kong Limited 5493006QFGLW3R4JYW87	55.70%	4.72%	N/A	N/A	N/A
2	Daiwa Securities Co. Ltd 549300D405BPQ5DDVJ61	42.11%	88.75%	N/A	N/A	N/A
3	Sanford C. Bernstein Limited 54930049G8WQ50OUSD19	1.53%	5.84%	N/A	N/A	N/A
4	Macquarie Bank Limited 4ZHCHI4KYZG2WVRT8631	0.34%	0.28%	N/A	N/A	N/A
5	Forsyth Barr Limited 213800B5JIJ6CLE1UB91	0.14%	0.09%	N/A	N/A	N/A

Equity Business

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	Venue Name & LEI	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	Macquarie Bank Limited 4ZHCHI4KYZG2WVRT8631	43.67%	13.99%	N/A	N/A	N/A
2	Flow Traders BV 549300CLJ19XDH12XV51	28.04%	1.40%	N/A	N/A	N/A
3	Daiwa Securities Co. Ltd 549300D405BPQ5DDVJ61	22.83%	50.35%	N/A	N/A	N/A
4	Sanford C. Bernstein Limited 54930049G8WQ50OUSD19	5.01%	32.87%	N/A	N/A	N/A
5	Daiwa Capital Markets America Inc M67H5PRC0NQKM73ZAS82	0.45%	1.40%	N/A	N/A	N/A