

Investment Business - Information Pack (Capital Markets)

SMBC Bank EU AG

01 January 2023



SMBC BANK EU AG

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Glossary

Term	Definition
Compliance	The Compliance Department of SMBC EU AG
The Bank	SMBC EU AG, including former SMBC Nikko Capital Markets Europe GmbH (SMBC Nikko CM Europe)
DMA	Direct Market Access
EEA	European Economic Area
MAR	Market Abuse Regulation
MiFID II	Markets in Financial Instruments Directive 2014/65/EU
MiFIR	Markets in Financial Instruments Regulation (EU) No 600/2014
MTF	Multilateral Trading Facilities
OTF	Organised Trading Facilities
RFP	Request for Proposal
RFQ	Request for Quote
ToSTNeT	Tokyo Stock Exchange Trading Network
WpHG	Wertpapierhandelsgesetz (Securities Trading Act)
KWG	Kreditwesengesetz (Banking Act)

1. Information about the Bank and its Services

In accordance with the requirements of Art. 24 (4) MiFID II, Art. 47 (1) MiFIR and § 63 (7) WpHG, we hereby provide you with the following information about SMBC Bank EU AG (“the Bank” or “we”) and our investment services.

Business	Universal Bank (Commercial & Investment Banking)
Establishment date	25 September 2017, merged with SMBC Nikko Capital Markets Europe GmbH (SMBC Nikko CM Europe) since 25 April 2022
Executive board	Naoki Okubo (Chair), Stanislas Roger, Tetsuji Ueno, Dr. Niklas Dieterich, Isabelle Saadjian
Supervisory board	Keiichiro Nakamura
Legal form	Aktiengesellschaft (stock corporation)
Capital stock	€ 5.1bn
Ownership	100% Sumitomo Mitsui Banking Corporation (SMBC subsidiary incorporated in Germany)
Head office	Main Tower, Neue Mainzer Straße 52-58, 60311 Frankfurt am Main, Germany
Network	Head office in Frankfurt and branches in Amsterdam, Dublin, Düsseldorf, Madrid, Milan, Paris and Prague
Commercial register	<i>Amtsgericht</i> (District Court) in Frankfurt am Main under HRB 110214
VAT-ID	DE815784709
Banking permission	The Bank has the banking permission according to § 32 KWG
Intermediary	In connection with the provision of our services, the Bank use contractually bound intermediaries who are registered in Germany

Contact	Tel +49 (0)69 22229-8200 Fax +49 (0)69 22229-8202 Email smbceu@de.smbcgroup.com
Authorisation authority	European Central Bank. Authorised since 9 November 2018
Supervision authority	Bundesanstalt für Finanzdienstleistungsaufsicht 'BaFin' (Federal Financial Supervisory Authority) Bankenaufsicht (banking supervision) Graurheindorfer Straße 108, 53117 Bonn, Germany Wertpapieraufsicht (securities supervision) Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany For proof of our authorisation, please see the relevant entry in the BaFin Unternehmensdatenbank (company register)

The Bank provides business and financial services in the European Economic Area (EEA) as a wholly owned European subsidiary of Sumitomo Mitsui Banking Corporation, one of the largest commercial banks in Japan. Therefore, we are ideally positioned to provide our clients with additional value as a partner for investments in the increasingly important Japanese financial markets.

In April 2022, the Bank merged with SMBC Nikko Capital Markets Europe GmbH (SMBC Nikko CM Europe), enabling us to offer investment services as a universal bank, thereby better serving clients by offering banking and securities products through a single entity with a full range of financial services.

The Bank strives to offer a broader range of high value-added financial products, services and solutions in order to become a long-term strategic partner for all our clients. We conduct all customary banking transactions, in particular securities and derivative products. However, we do not offer investment advice. In the case of advisory-free business, you make your investment decision independently of any investment recommendation on our part. In this case we only obtain the necessary information about your knowledge and experience; this does not include information about your investment objectives and financial circumstances.

We provide all information required to clients or potential clients in electronic format, except where the client or potential client is a retail client or potential retail client who has requested receiving the information on paper, in which case that information will be provided on paper, free of charge.

2. General Description of the Nature and Risks of Financial Instruments

This document contains a general description of the nature and risks of financial instruments. However, this document is not intended to be a complete listing of all financial instruments in which you may invest, nor is this document intended to provide an exhaustive description of all the risks that may be associated with all financial instruments.

Rather, it is a description of the principal risks arising from those financial instruments, techniques and services that we generally offer to our clients. We may supplement these descriptions from time to time, including by providing information that relates to a particular financial instrument (for example in our marketing material).

In particular, the scope and content of the information provided takes into consideration (a) your categorisation as a professional or eligible counterparty client within the meaning of the MiFID II and (b) given your categorisation our reasonable assessment of the scope and level of your knowledge and understanding of the nature and risks of financial instruments. If you do not agree with your client categorisation please let us know as we will need to revise it our client relationship, the nature of the services that we provide to you and the information that we must provide to you with respect to the nature and risks of financial instruments. Similarly, please let us know if you do not understand any of the contents of the descriptions below.

2.1 General Introduction

You should not make an investment unless you are prepared to bear the risk of loss arising from that investment.

All financial instruments involve a certain degree of risk and even low-risk financial instruments and strategies contain an element of uncertainty and past performance is not a reliable indicator of future performance. The value of an investment and the income received from an investment can go down as well as up, and investors may not get back the amount that they invested. There can be no assurance that expected or targeted returns for any investor will be achieved. Even if a financial instrument performs as anticipated, changes in exchange rates or taxation may have an adverse effect on the price or value of, or income received from, the financial instrument. Investment returns may be constrained by charges levied and inflation may reduce the value of investments. Also, financial instruments (even those which share similar characteristics) may be exposed to different risks, different combinations of risk, or may exhibit or be exposed to those risks to different degrees. Furthermore, where an investor's portfolio holds two or more financial instruments, the aggregate risk of the portfolio may be different in nature or extent from the risks of the individual financial instruments of which the portfolio is comprised. As set out in the descriptions below, certain principal risks typically impact particular financial instruments. However, they may be subject to other risks, for example, because of any specific features of the particular financial instrument. Further, many of the risks described below apply generally to financial instruments and individual financial instruments may be impacted by multiple risks.

The terminology used to describe different types of financial instruments may not be used uniformly or consistently, may differ between markets or countries /jurisdictions, and may have

different meanings in different contexts (for example, for the purposes of financial services regulation and taxation). The precise features (and, therefore, the risks) of a particular financial instrument will depend on the specific terms and conditions that apply to that financial instrument. A financial instrument might have peculiar features that distinguish it from similarly categorised financial instruments and those distinctions may only become apparent in certain market conditions or upon the occurrence of certain events that may be issuer-specific and therefore may result in unexpected outcomes. For example, without limitation, broad discretion may be granted to the issuer, counterparty or another person to (a) amend the terms and conditions of the financial instrument; (b) determine the economic outcome (which may include unilateral termination); (c) determine the value of the financial instrument; or (d) determine whether and in what form collateral must be provided (including the value of such collateral). Therefore, it is important to review and understand those terms before making any investment.

Certain financial instruments may be highly speculative and may be suitable only for experienced and financially sophisticated investors who are willing to bear the risks associated with such investments, which can include the loss of all or a substantial portion of any the value of or all such investments. Investors should ensure that they fully understand the features of the financial instrument and the risks involved, before deciding whether or not to invest in any such financial instrument.

2.2 Types of Financial Instruments

2.2.1 Shares

A share is an instrument representing a shareholder's rights in a company. Shares may be issued in bearer or registered form and may be certificated or non-certificated. One share represents a fraction of a corporation's share capital. Dividend payments and an increase in the value of the security are both possible, although not guaranteed. The shareholder has financial and ownership rights which are determined by law and the issuing company's articles of association. Unless otherwise provided, transfers of bearer shares do not entail any formalities. However, transfers of registered shares are often subject to limitations.

2.2.2 Bonds

A bond is a negotiable debt instrument issued in bearer or registered form by a company or a government body to creditors and whose par value at issuance represents a fraction of the total amount of the debt. The duration of the debt as well as the terms and conditions of repayment are determined in advance. Unless stipulated otherwise, a bond is repaid either at the maturity date, or by means of annual payments, or at different rates determined by drawing lots. The interest payments on bonds may be either: (i) fixed for the entire duration; or (ii) variable and often linked to reference rates, e.g. Interbank Offered Rate (IBOR)). The purchaser of a bond (the creditor) has a claim against the issuer (the debtor).

2.2.3 Derivates

There are many different types of derivative financial instruments, with different characteristics and subject to different conditions. As mentioned elsewhere, derivatives are sometimes combined or embedded in other financial instruments. Derivatives are complex instruments

and individual transactions may comprise more than one derivative and may be tailored to the particular requirements of the parties. Certain of the risks arising from the use of derivatives may depend on whether the derivative is exchange traded or over-the counter (“OTC”).

The main categories of derivatives are: options, futures (forwards) and swaps. The term “contract for difference” (used, in particular, in the UK) is sometimes used to describe certain types of cash settled derivatives transaction. The terminology used to describe the different types of derivatives may not be used uniformly or consistently, may differ between markets or countries and may have different meanings in different contexts (for example, for the purposes of financial services regulation and taxation). Derivatives are suitable only for sophisticated investors and investors should carefully review all the terms and conditions of the derivative transaction to ensure they have a comprehensive understanding of their rights and obligations and of how the derivative may function in different market conditions.

a) Options:

An option, in this context, is simply the right to buy or sell an underlying asset. Options are broadly divided into puts and calls. Simplistically:

a) a call option gives the purchaser (holder) the right to buy an underlying asset from the seller (writer) of the option, and imposes the obligation on the seller of the option to sell the underlying asset to the option purchaser; and

b) a put option gives the purchaser the right to sell an underlying asset to the seller of the option, and imposes the obligation on the seller of the option to buy the underlying asset from the option purchaser.

Instead of the physical delivery of an underlying asset, an option may give the purchaser the right to receive a cash amount (for example, an index option) or the right to require the seller to enter into another transaction with the purchaser (for example, a “**swaption**”, which is an option to enter into a swap transaction). The terms of the option will typically specify, as well as the identity and amount of the underlying asset, the price at which that asset will be purchased/sold (the “**strike price**”), whether it is physically or cash settled, the date(s) on which the option may be exercised (by the purchaser) and the date on which the option expires (after which the purchaser can no longer exercise the option). The purchase price payable by the purchaser for the option is called the “**premium**” and it is usually (but not necessarily) paid up front when the option is purchased.

Buying options generally involves less risk than selling (writing) options as the purchaser can allow the option to lapse (i.e., not exercise the option). For example, in the case of a call option, a purchaser of an option would likely not exercise the option if the market price of the underlying asset is less than the strike price. However, selling (writing) options involves considerably more risk. The seller of an option assumes the legal obligation to purchase or sell the underlying asset (or pay the cash settlement amount) if the option is exercised, regardless as to the difference between the strike price and the market price prevailing at the time of exercise. In the case of call options, if the seller of the option does not own the underlying asset, the seller is exposed to unlimited risk as the seller will need to purchase the underlying asset in the market (or, as relevant, pay the cash settlement amount) and the market price may be significantly higher than the strike price.

This risk could be increased further by other factors, for example, if the underlying asset is illiquid. If the option seller owns the underlying asset (a “**covered call**”), the risk is reduced. The maximum loss arising from the purchase of an option is, essentially, the cost of that option (also known as the premium) plus any associated commissions and other transaction-related costs.

If an option is not exercised before expiry, in accordance with its terms, it may expire worthless. Accordingly, it is important to identify the applicable terms for exercise, which may include specific provisions relating to time and method of notification. Failure to observe those terms may invalidate any purported exercise of the option.

b) Futures:

Futures involve the obligation to make, or to take, delivery of the underlying asset at a future date, or in some cases the payment of a cash amount. Futures transactions share the characteristics of forward transactions however, historically, the term “futures” has typically been used to describe standardised exchange traded transactions (whether physically or cash settled) and the term “forwards” has typically referred to individually negotiated over-the-counter physically settled transactions, in both cases where the delivery date is for a future date that is beyond the date on which a “spot” transaction for the relevant underlying asset commonly settles. However, this terminology is not consistently applied and, for example, currency forwards may be structured as “non-deliverable forwards” meaning that the relevant currencies in the currency pair are not exchanged on the settlement date. Where a future is physically settled, an investor who does not want to make or take physical delivery must close out the position (typically by entering into an equal and opposite position) before any applicable cut-off time. There can be no assurance that it will be possible to close out the position on advantageous terms or at all.

c) Swaps:

This term typically describes a financial instrument under which the parties agree to exchange certain cash flows based on the value of, or return from, one or more underlying assets or other reference points (for example, an index or interest rate). Parties are exposed to the market risk of the relevant underlying.

The term “contract for difference” (or “CFD”) is generally used to describe a contract between two parties, typically described as “buyer” and “seller”, stipulating that the seller will pay to the buyer the difference between the value of an asset (often a share or an index) on one date and its value at a subsequent date (if the difference is negative, then the buyer pays the difference to the seller). In effect CFDs are financial derivatives that allow traders to take advantage of prices moving up (long positions) or prices moving down (short positions) on underlying financial instruments and are often used to speculate on those markets.

The terms “swap” and “contract for difference” are sometimes used interchangeably to refer to the same financial instrument.

Some examples of swaps include the following:

- **Interest rate swaps** – Typically, these swaps involve the exchange of cash flows based on two or more interest rates, where the cash flows exchanged are calculated

by reference to a notional principal amount. For example, one party might pay the other a floating or variable rate of interest (based on the notional principal amount) in return for the payment by the other party of a fixed rate of interest (based on the notional principal amount). Companies use interest rate swaps to alter their interest rate exposure. A company paying floating interest rate can obtain fixed rate exposure by entering into a swap. Therefore, the company can enter into a swap in which they receive floating rate and pay the fixed rate.

- **FX/currency swaps** – FX swaps are risk management tools that can be utilised in order to hedge FX risks and exposures generated through commercial activity. These products allow users to guarantee future cash-flows and remove the risks presented by market fluctuations for known future revenues or expenditures. Under a bilateral swap contract a party simultaneously borrows one currency and lends another in order to hedge against unfavourable movements in exchange rates. A cross currency swap is, similarly to an FX swap, a bilateral agreement, where two parties exchange interest payments and principal denominated in two different currencies. Depending on the market conditions at inception, the bid/offer spread of an FX or currency swap can vary. When market circumstances are negative the spread will be wider and vice versa when market circumstances are positive. During the lifetime of a product, the market conditions (positive or negative) will be reflected in the way the contract is marked to market. Whilst trading FX swaps companies can hedge against FX risk, inflation risks and interest rate risk but if interest rate developments differ from expectations, there is a risk that choosing a different strategy would have led to better financial results. In the event of (interim) termination, one party may be faced with an amount payable to the other party close to/equal to the negative market value of the FX swap taking into account normal market conditions
- **Inflation linked swaps** – An inflation swap is a contract under which risk is transferred from one party to another. Party 1 pays a fixed cash flow to party 2, while party 2 pays a floating cash flow which is linked to inflation. The cash flow paid is linked to a notional amount, however the notional is not exchanged.
- **RPI swap** – An RPI swap is a swap which involves an exchange of interest calculated by reference to the Retail Prices Index (RPI) and another reference rate (e.g. LIBOR). This swap allows parties to hedge the risk of inflation being lower or higher than expected.

OTC derivatives, such as the swaps described above, are typically documented under industry standard terms (for example, the ISDA Master Agreement) which contain key provisions governing the contractual relationship between the parties, including their respective rights, liabilities and obligations. These terms (which, in fact, comprise a number of documents, including a master agreement, a schedule, relevant definitions and the individual confirmation containing specific provisions relating to the particular transaction) govern how the derivative will operate in different circumstances, including where there is a market disruption event impacting the relevant underlying asset. In these circumstances, the investor may have no ability to influence the outcome. Although the terms and conditions used by banks, investment firms and other participants for these transactions may be based on industry standard terms, they may be tailored by the particular bank, investment firm or other participant and an investor may have limited ability to make amendments. These are often very technical and complex

documents and the parties should ensure that they have appropriate expertise to review and understand them and/or seek independent advice before entering into a transaction.

Collateral (sometimes referred to as “margin”) is an important feature of derivatives transactions. This relates to the “contingent liabilities” that typically arise under a derivatives transaction and where one or both parties are exposed to the credit (or performance) risk of the other party. Collateral is used to manage the credit exposure between the parties to the derivatives transaction until the obligations of the parties have been completed. The risks arising from the provision of collateral are described further below.

2.2.4 Money Market Instruments

Money market instruments are a class of short term instruments that are normally dealt on the money market and include treasury bills, certificates of deposit and commercial papers (including euro commercial paper). Money market instruments are similar to other fixed income securities where the investor becomes a creditor of the issue of the security. They have maturities at issuance of 397 days or less. They have a nominal value which should be returned to you when the investment matures at the end of its term. However if instruments are sold before reaching maturity a capital gain or loss may be realised.

A certificate of deposit is a promissory note issued by a bank in exchange for a deposit. Holders of the certificate of deposit have restricted access to the funds deposited until the maturity date, at which point the funds are returned with interest. The major risk of purchasing a certificate of deposit in the money markets, other than counterparty risk, is that there is greater uncertainty associated with holding the investment for a long period of time and the holder of the certificate foregoes the opportunity to invest in other instruments.

Commercial paper (including euro commercial paper) is an unsecured short-term debt instrument issued by a company to meet short-term liabilities. The maturity date on commercial paper is normally close to its issue date. Commercial paper is typically issued at a discount (for lower interest rates). Commercial paper is often unsecured meaning that counterparty default risk is higher than with other debt securities. As with certificates of deposit, there are risks associated with holding a more illiquid asset than a debt or equity security – however, the short maturity period for commercial paper mitigates this risk. Treasury bills are short-term debt instruments backed by governments with a maturity of less than one year. The principal and interest rates of bills are paid to investors cumulatively at the maturity date; as such investors do not receive regular interest payments. Bills are issued at relatively low value and are therefore accessible to a wide range of investors. However, due to their low risk they offer low returns and do not generate steady cash flows.

Money market instruments are exposed to a number of risks, including liquidity risk, interest rate risk, credit risk and FX risk.

2.2.5 Structured Deposits

Our structured product range is currently limited to structured deposits.

Structured deposits are deposits where the interest rate or return is derived from or based on an underlying asset or index (similar to a structured product). The deposits are placed with a

credit institution (such as a bank or building society) and, therefore, the investor is subject to the credit risk of that credit institution as well as other risks, principally the market risk relating to the underlying asset or index. The terms of structured deposits may prohibit termination prior to the scheduled maturity or provide that such termination can only occur upon payment of an exit fee that may not be a fixed amount or a percentage of the original amount invested. All structured deposits are capital protected but may be affected by withdrawal before maturity.

2.2.6 Dual Currency Investments

Dual currency investments - The dual currency investment (also known as option linked premium deposit) allows a client to earn interest over a flexible term with the added feature that if the prevailing spot market is at a predefined rate on maturity the deposit will convert. In this scenario the client will, on expiry, be returned their deposit plus interest in an alternate currency. Dual currency investments are “capital at risk” investments and are subject to the following main risks:

- Market risk – This can materialise due to macroeconomic factors and may have an impact on a particular instrument or more broadly on currency markets as a whole. The client deposit is subject to a potential conversion dependent upon pre-defined market conditions on expiry.
- Credit risk – When investing in a dual currency investment the client is taking on a credit risk to the deposit taking bank. In the event that bank should default on its obligations or become insolvent a client may receive back less, in original currency terms, than originally deposited. This is dependent upon market conditions on expiry.
- Dual currency investments are also subject to volatility risk if there are adverse market conditions and this can increase market risk. Levels of volatility will depend on the currency pairs which are relevant for each dual currency deposit. Major currencies may be more stable than emerging market currencies.
- FX risk arises when investing in dual currency investments. Fluctuations in the market will have a direct impact on the outcome for the client. Liquidity risk may also arise. FX markets are typically highly liquid but this may depend on the currency pairs selected.

2.3 Principal Investment Risks

This section contains a list of the principal categories of general investment risks that are typically associated with financial instruments. Not all of these risks will apply to all financial instruments and different financial instruments (including those which share similar characteristics) may exhibit some or all of these risks to different degrees.

2.3.1 Company Risk

A share purchaser does not lend funds to the company, but becomes a co-owner of the company. He or she thus participates in its development as well as in chances for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.

2.3.2 Price Risk

Share prices may undergo unforeseeable price fluctuations causing risks of loss. Price increases and decreases in the short, medium and long-term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence share prices.

2.3.3 Dividend Risk

The dividend per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or losses, dividend payments may be reduced or not made at all.

2.3.4 Issuer Risk

This refers to the risks associated with the particular issuer of a particular financial instrument. The value of a financial instrument may decline because of a number of reasons, which directly relate to the issuer, such as (without limitation) insolvency, management performance, the availability and/or cost of financing, financial leverage, reputation, and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

The issuer may also fail to perform its obligations under the terms and conditions applicable to the financial instrument. Issuer risk also relates to the risk arising from corporate events such as mergers, acquisitions and takeovers (including the failure to execute any such transaction), as well as other events that may result in the dilution of any ownership interest of an investor in the issuer.

2.3.5 Credit Risk

Credit (or counterparty) risk arises from the inability or unwillingness of a counterparty, issuer or other relevant person (for example, a custodian or broker) to perform their contractual obligations, or the perception or expectation that this may be the case or may occur in the future. As such, there is some overlap with issuer risk, described above.

For example, an investor will be exposed to the credit risk of (a) the parties with whom it enters into transactions (including derivatives transactions and stock loans); (b) any person with whom it deposits its assets or funds or to whom it transfers collateral; (c) the issuer of a fixed income security; (d) and any person who owes monies to the investor.

This risk may arise in the course of the settlement of a transaction, for example, where the purchase price for a financial instrument has been paid but where the financial instrument has not been delivered.

2.3.6 Credit Rating Risk

Credit ratings are opinions about credit risk. They express an opinion about the ability and willingness of an issuer, such as a company or state or government, to meet its financial obligations in full and on time. Credit ratings can also speak to the credit quality of an individual financial instrument, such as a corporate or government bond, and the relative likelihood that

the issuer may default. Credit ratings are not an absolute measure of default probability. Since there are future events and developments that cannot be foreseen, the assignment of credit ratings is not an exact science. Credit ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or debt issue will (or will not) default.

As they are opinions, credit ratings assigned by different ratings agencies (or other ratings providers) may differ in respect of the same issuer or financial instrument.

2.3.7 Interest Rate Risk

Interest rates may fluctuate significantly at any time and from time to time. As a result of such fluctuations, the value of financial instruments may increase or decrease in value. For example, when interest rates increase, fixed income instruments will generally decline in value. Long - term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income instruments. A wide variety of market factors can cause interest rates to rise, including central bank monetary policy, rising inflation and changes in general economic conditions.

2.3.8 Market Risk

The term “market risk” is sometimes used generically to describe the systematic risk to which investors may be exposed and which may result in losses due to factors affecting financial markets generally, or particular geographies, countries, sectors or issuers. As such, many of the risks described elsewhere in this document may comprise components of market risk.

The value of a financial instrument may decline due to general market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, inflation, adverse investor sentiment generally and the forces of supply and demand. The value of financial instruments may also be impacted by market disruptions and by the activities of other market participants which influence prices. The value of particular financial instruments may be impacted by the price or value of other financial instruments (whether or not there is a direct relationship with those other financial instruments); and values may go up or down, sometimes rapidly or unpredictably.

2.3.9 Currency Risk

This refers to the risks relating to the currency in which the financial instrument is denominated. Where a financial instrument is denominated in a currency that is different from the investor’s “base currency” (this generally refers to the currency in which the performance of the portfolio is measured and is typically, but not always, the currency in which the investor is located), the investor is exposed to the risk that the relative value of the two currencies (or exchange rate) may deviate over time. So, although the value of the financial instrument might increase when measured in the currency of denomination, when measured in (or converted into) the base currency, the investor might experience a loss. This would happen where the currency in which the financial instrument is denominated falls in value relative to the base currency. This risk also arises where the investor hold funds in a currency other than the base currency.

Currency rates may fluctuate significantly, including over short periods of time, for a number of reasons, including changes in interest rates; intervention (or the failure to intervene) by foreign governments; central banks or supranational entities such as the International Monetary Fund; or by the imposition of currency controls or other political developments.

Currency risk also refers to the risk that events may occur that adversely impact the currency in which a financial instrument is denominated. For example, a government may impose exchange controls (which may artificially impact the applicable exchange rate) or other restrictions on the repatriation of the proceeds of sale.

2.3.10 Legal and Regulatory Risk

Changes in, or the introduction of new, rules, regulations and laws (including with respect to particular categories of financial instruments, issuers, and taxation) or the way in which they are applied or interpreted may impact your financial instruments and/or the implementation of your investment strategies.

Investors may be exposed to the risks arising under the rules, laws and regulations of jurisdictions other than the jurisdiction in which the investor is located and/or with which the investor is familiar. For example, where you invest in financial instruments that are subject to the rules, laws and regulations in other jurisdictions and/or you invest in financial instruments traded in markets in other jurisdictions, it is important to recognise that those laws and regulations may differ from those with which you are familiar and may have unexpected consequences.

Further, such rules, regulations and laws may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries might not be experienced in the areas of business and corporate law. Legislatures might revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that an overseas investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts. This may be exacerbated by the arrangements under which financial instruments are held in custody; for example, if an investor's ownership interest is not recognised in the overseas jurisdiction where the arrangements for holding the relevant financial instrument involve a nominee.

Governments or their agencies may also acquire distressed assets from financial institutions and acquire ownership interests in those institutions. The implications of government ownership and disposition of these assets will vary, and such a program may have positive or negative effects on the liquidity, valuation and performance of an investor's holdings.

2.3.11 Liquidity Risk

Liquidity risk exists when particular financial instruments are difficult to purchase or sell (e.g., if they are not publicly traded and/or have no market that is currently available or may become less liquid in response to market developments). This can reduce a portfolio's returns because

the portfolio may be unable to transact at advantageous times or prices, or at all. Investments that are illiquid or that trade in lower volumes may be more difficult to value.

Liquidity risk may be attributable to a number of factors including: the particular terms and conditions of the instrument; legal, regulatory or contractual restrictions on their sale or transfer; the fact that the instrument is not publicly traded (for example, because it is not listed on an exchange); or in response to market developments or adverse investor perceptions. Liquidity risk may arise where ownership in a particular financial instrument is concentrated in one or a small number of investors, and this may impact the value of the instrument. Liquidity risk may also arise as the result of the reduced number and capacity of traditional market participants to make a market in the relevant financial instrument. Additionally, market participants may attempt to sell holdings at the same time as the investor, and there may be insufficient liquidity to accommodate all these intended sales. These factors may exist at the time of investment or may arise subsequently.

Certain financial instruments may be intended to be held until maturity. Although the issuer or another person (who may be associated with the issuer) may agree to act as market maker in the relevant financial instrument, they may place limitations on their responsibilities to make a market (for example, in certain market conditions). Also, if there is only one market maker (and, particularly if that person is associated with the issuer), it will be difficult to verify whether the price offered by the market maker represents fair value.

2.3.12 Call or Redemption Risk

Certain financial instruments, in particular fixed income securities (including hybrid investments such as structured products), will be subject to the risk that the issuer may exercise its right to redeem the security earlier than expected (a “call”). Issuers may redeem or call the financial instrument prior to the original scheduled maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer’s credit quality and, in the case of structured products or hybrid investments, changes in the reference price of the relevant asset, reference rate or index). If an issuer redeems or calls a financial instrument before the original scheduled maturity, the investor’s objective in acquiring that financial instrument may be frustrated and may receive a return that is lower than the return the investor would receive at maturity. The investor may not realise the full anticipated investment returns and may be forced to reinvest in lower-yielding financial instruments or financial instruments with greater credit risks or other less favourable features

2.3.13 Hedging Risk

The execution of certain strategies are intended to reduce (or “hedge”) one or more risks relating to one or more financial instruments held in the investor’s portfolio or certain risks in the portfolio as a whole. There can be no assurance that such risk reduction techniques will be successful or, indeed, that we will be able to execute the relevant transactions.

Hedging transactions (for example, through the use of derivatives) may not correlate perfectly with, or may be more sensitive to market events than, the exposure that is being hedged. Furthermore, hedging transactions will involve additional risks, for example (in relation to derivatives transactions) credit risk to the counterparty. Therefore, not only might hedging

transactions fail to accomplish their objective, they may also result in additional or increased risks.

Hedging transactions (such as derivatives) typically have a defined termination or maturity date and this maturity date might not coincide with the period of time for which the underlying financial instrument is held. When the hedging transaction terminates, it might not be possible to execute a similar hedging transaction or an investor may only be able to enter into a similar hedging transaction on terms that are less advantageous.

2.3.14 Leverage or Gearing Risk

Leverage and gearing describe various techniques and investment strategies that are typically intended to generate returns through increased exposure to financial instruments or other assets (including currencies and indices). Examples of these techniques include the following: borrowing (often using a portfolio of financial instruments as collateral) and investing the proceeds in financial instruments; and using derivatives to gain an (increased) exposure to a financial instrument, greater than the exposure that would be achieved by purchasing the financial instrument directly. These techniques and strategies may be applied to one or more financial instruments or may be embedded in a financial instrument (for example, a structured product or a hedge fund).

These techniques and strategies can magnify both profits and losses in a financial instrument or portfolio, even where there is a relatively small movement in the relevant underlying asset(s). Depending on the technique or strategy used and (as applicable) the terms and conditions of the financial instrument in which the technique or strategy is embedded, the amount of losses incurred by an investor could result in the loss of the entire amount committed. In certain circumstances, the investor may be liable to make further payments: for example, where an investor has borrowed money secured against a portfolio of financial instruments and uses the proceeds of the loan to make further investments, the investor would be liable to repay the loan even in the event of the entire loss of value of the portfolio.

2.3.15 Non-Domestic Market Risk

Where an investment is made outside the investor's domestic (or home) market, the investor will be exposed to the risks of that market, as well as practical issues, for example relating to local language considerations. The precise nature and extent of those risks will be specific to that market and the following describes, in general terms, some of the risks that might be encountered.

Even in developed markets, the laws, rules, regulations, trading conventions and practices may differ from those with which the investor is familiar. For example, the nature and extent of investor protections, the level of transparency (including with respect to accounting, auditing and reporting standards) and relevant corporate governance standards may be different.

Further, the rights typically associated with particular financial instruments, including with respect to the exercise of voting rights, may differ and these may be impacted by the arrangements under which financial instruments are held in custody. For example, an investor's ownership interest may not be recognised in the overseas jurisdiction where the arrangements for holding the relevant financial instrument involve a nominee. Information

relating to the financial instruments distributed from the issuer may not be received on a timely basis or at all. This may also impact the processing of corporate actions.

2.3.16 Tax Risk

Dividends, interest and other amounts payable (including, without limitation, principal amounts) with respect to financial instruments and other funds held by an investor may be subject to taxes, including withholding taxes. The effect of taxation will reduce the return on the relevant financial instrument. Where tax is withheld (which may be effected by a tax authority in another jurisdiction), an investor may be able to recover the amount withheld or otherwise offset part or all of the amount withheld against the investor's tax liability. However, there can be no assurance that any such recovery will be successful. The location of the custodian (or its nominee) may also impact the tax treatment and (where applicable) the process for recovery of tax withheld.

Tax laws and regulations, and their interpretation and application, may change from time to time, including with retroactive effect. As a result of such changes, investors might incur unanticipated tax liabilities and/ or may lose tax benefits previously attaching to particular financial instruments. As a result, the actual investment return may differ (potentially, significantly) from the expected return. Unless otherwise agreed in writing, we are not responsible for providing tax advice and are not responsible for and provide no guarantee or assurance with respect to the tax treatment of any financial instrument.

2.3.17 Bail-In Risk

This is the risk that the financial instruments of certain issuers, including banking institutions, building societies, investment firms and certain banking group companies, may be subject to action taken by governmental, banking and/or other regulatory authorities, for example to address banking crises pre-emptively, whether or not the express terms of such financial instruments anticipate such action. The relevant authorities may have broad discretion on the action that they may take and their powers may be extended in response to particular events. Examples of the actions that they may be able to take could include the following:

- a) The reduction, including to zero, of the principal of the fixed income instruments of such issuers;
- b) The conversion of such fixed income instruments into equity securities or other instruments of ownership (resulting in the dilution of ownership interests of existing shareholders);
- c) The variation of the terms, including with respect to maturity, of such fixed income instruments; and
- d) Shareholders being divested of their shares.

In addition to bail-in risk, certain issuers (principally, banking institutions) may issue a hybrid form of subordinated fixed income security known as contingent convertible securities ("CoCos"). These financial instruments are intended to either convert into equity or have their principal written down upon the occurrence of certain "triggers" linked to regulatory capital

thresholds or where the issuer's regulatory authorities question the continued viability of the entity as a going -concern. There may be broad discretion conferred on the issuer with respect to the determination as to whether any of these triggers have occurred and the specific features and characteristics of CoCos may vary significantly, as they are typically tailored to the particular issuer and its regulatory requirements. Therefore, it is particularly important to review the relevant terms and conditions.

Some additional risks associated with CoCo s are:

- a) Typically, there is no stated maturity and the coupon is fully discretionary. This means coupons can potentially be cancelled at the issuer's discretion or at the request of the relevant regulatory authority in order to help the issuer to absorb losses;
- b) If the CoCos are converted into the issuer's underlying equity securities following a conversion event, each holder will be subordinated due to their conversion from being the holder of a debt instrument to being the holder of an equity instrument;
- c) The market value of the CoCos will fluctuate based on unpredictable factors including, without limitation: i. the creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; ii. supply and demand for the CoCos; iii. general market conditions and available liquidity; and iv. economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

2.3.18 Unlisted and Non-Exchange Traded Financial Instruments Risk

Financial instruments that are not traded or listed on an exchange may present greater risks. For example, these may include increased liquidity risk and lower levels of transparency with respect to accounting, auditing and reporting standards. It may also be more difficult to assess the value of such financial instruments; bid and offer prices might not be quoted, and even where they are, it may be difficult to establish a fair price.

2.3.19 Collateral Risk

Financial instruments and/or strategies relating to financial instruments may involve exposure to the risks associated with the provision of collateral (sometimes referred to as "margin"). For example, if an investor enters into a derivatives transaction, the investor may be required to provide the counterparty with collateral to mitigate the risk that the investor might fail to perform the obligations arising under the derivatives transaction and, depending on the nature of the derivatives transaction and changes in the value of the underlying asset, the investor may be required to deposit additional collateral. Failure to provide collateral may result in the termination of the relevant transaction and the investor will remain liable for any remaining losses.

Please note that the arrangements for the provision of collateral are typically not mutual or bilateral. This means that the investor might not receive collateral in circumstances where the investor is exposed to the counterparty to the transaction, but will be required to deliver collateral in circumstances where the counterparty is exposed to the investor.

Where collateral is provided, the recipient of the collateral may reserve the right to return “equivalent” collateral rather than the same collateral. In many circumstances, this right is primarily intended to address issues relating to the delivery of collateral that is “fungible” in nature. Assets are fungible where they are equivalent and, therefore, interchangeable. For example, ordinary shares of the same issuer are fungible with one another. However, those rights may entitle the counterparty to return other assets and/or cash.

Further, the investor may be exposed to the credit risk of the person (typically the counterparty to the transaction) to whom the collateral is provided in the event that the collateral is not returned and the investor may be an unsecured creditor with respect to any claim in the event of the insolvency of the person to whom the collateral has been provided.

In certain circumstances (for example, in the case of exchange traded derivatives), the investor’s collateral may be passed on to third parties, including clearing houses and clearing brokers. In such circumstances, the investor may be exposed to the risk that the third party fails to return the collateral, for example in the event of that third party’s insolvency.

The arrangements under which collateral is provided and held may be governed by the laws of jurisdictions other than the jurisdiction in which the investor is located and/or with which the investor is familiar.

A detailed analysis and explanation of the consequences of providing collateral (including the concept of fungibility) is beyond the scope of this document and involves complex legal concepts and analysis. Before entering into transactions that require (or may require) the provision of collateral, investors should ensure that they understand the arrangements applicable to the collateral, the circumstances in which they may be required to provide additional collateral, and the legal and practical consequences of such arrangements. Where necessary, investors should obtain their own independent advice.

2.3.20 Clearing House Risk

On many exchanges, the performance of a transaction may be “guaranteed” by the exchange or a clearing house. However, in most circumstances, an end investor is unlikely to obtain the direct benefit of the guarantee and the investor may not be protected in the event that a broker or other intermediary involved in the execution or settlement and clearing of the transaction fails to perform its obligations. Investors are also exposed, although typically indirectly, to the credit or default risk of the exchange or clearing house, as well as any broker or other intermediary involved. In the event of the default of any of these persons, the investor’s transactions may be terminated unilaterally and the investor may lose part or all of the amount invested.

2.3.21 Risks specific to certain types of bond

Additional risks may be associated with certain types of bond, for example floating rate notes, reverse floating rate notes, zero coupon bonds, foreign currency bonds, convertible bonds, reverse convertible notes, structured bonds, high yield bonds, indexed bonds and subordinated bonds. For such bonds, you are advised to make inquiries about the risks referred to in the issuance prospectus and not to purchase such securities before being certain that all risks are fully understood. In the case of subordinated bonds, you are advised to

enquire about the ranking of the debenture compared with the issuer's other debentures. Indeed, if the issuer becomes bankrupt, those bonds will only be redeemed after repayment of all higher ranked creditors and as such there is a risk that you will not be reimbursed. In the case of reverse convertible notes, there is a risk that you will not be entirely reimbursed, but will receive only an amount equivalent to the underlying securities at maturity.

2.3.22 Off-exchange transactions

When trading financial derivative products with us, you will be entering into off exchange derivative transactions. All positions entered into with us must be executed with us and cannot be executed with any other entity. Transactions in off-exchange derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted by us, and, even where they are, we may find it difficult to establish a fair price, particularly when the relevant exchange or market for the underlying is closed or suspended.

2.3.23 Suspensions of Trading:

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the price stipulated.

2.3.24 Insolvency:

Our insolvency or default, or that of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments in cash.

3. Conflicts of Interest

3.1 Purpose

As a multi-service financial institutions engaging in a variety of activities and offering a wide variety of products and services to a broad and diverse client base, the Bank will from time to time encounter actual and potential conflicts of interest that arise from the Bank as well as from all entities of SMBC taking multiple roles in a transaction, or providing products and services across different desks, divisions, legal entities or the Bank operated trading venues.

A conflict of interest is generally a situation in which the firm or part of the firm or a business unit or any of its employees and contingent workers has a business or personal interest which potentially competes with such an interest of any or more of a client, the firm or part of a firm and business unit. Whereby client means existing client, a potential client or past client where fiduciary or other duties remain.

In accordance with the regulatory obligations set by MiFID II, as amended and implemented nationally, the Bank will manage conflicts fairly and will put in place policies and procedures to ensure that any actual or potential conflicts of interest are identified and managed effectively. In this way, the Bank seeks to avoid the risk of material damage to the interests of the clients.

The Bank has the obligation to manage conflicts of interest effectively by implementing adequate procedures and a robust control environment with effective systems to identify, mitigate and manage the risks. Not doing so risks clients' interests being overlooked in favour of commercial or personal interests.

Conflicts identification and resolution is a critical tool to prevent conflicts arising that could result in: legal/regulatory risk, reputational risk and damage to client relationships. One policy cannot describe all circumstances in which conflicts of interest arise. Rather, it is the aim to provide an overarching framework for the identification and management of conflicts of interest. Therefore, this policy is to be revised annually, and aims at setting out key principles and relevant measures.

Where actual or potential conflicts of interest were identified, their materiality has to be assessed; they should be prevented where possible or mitigated appropriately. In any case, an actual or potential conflict of interest has to be located within the conflicts of interest register.

Disclosing a conflict of interest remains to be the last resort (*ultima ratio* principle), meaning that all other instruments which are suitable for handling the conflict of interest will be preferred.

3.2 Procedures and Measures for Managing Conflicts of Interest

The Bank maintains a Conflicts of Interest Policy and has implemented procedures to identify, prevent and manage any actual or potential conflict of interest that may arise between the Bank, its managers, employees, other SMBC Group companies and its customers, or between one customer and another.

3.2.1 Identifying Conflicts of Interest

The Bank and its employees have to undertake all appropriate steps to identify conflicts of interest that arise or could arise with regards to conducting business.

For the purposes of identifying the types of conflicts of interest that arise or may arise in the context of providing a service which entails a risk of damage to the interests or our client or the integrity of the financial market, the Bank and its employees must take into account whether:

- the Bank is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- the Bank has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- the Bank has a financial or other incentive to favour the interests of one client or group of clients over the interests over another;
- the Bank receives or will receive a monetary or non-monetary inducement from a third party or another Sumitomo Mitsui Financial Group entity or related division in relation to a service provided to the client;
- The interests of one client may be preferred to those of another;
- the Bank or its employees carry on the same business as the client;
- Employees of the Bank have multiple roles across more than one legal entity or have multiple roles outside of the company with an impact on the client relationship;
- Business is being placed on behalf of the client with another group entity, which may not be in the client's best interest.

These criteria should be taken into account when considering, if a behaviour entails or may entail a conflict of interest. Self-understanding, the mentioned criteria are a non-exhaustive list and other factors need to be considered on a case-by-case basis.

Where identified through the above outlined criteria, conflicts of interest must be recorded immediately within the conflicts of interest register.

3.2.2 Methods of Conflicts Management

Segregation of Duties - establishing adequate segregation of duties, e.g. entrusting conflicting activities within the chain of transactions or of services to different employees, or entrusting supervisory and reporting responsibilities for conflicting activities to different employees.

Information Barriers - establishing information barriers and physical separation of certain departments specifically between private and public side business lines in order to prevent information flow between conflicting business activities. This also includes system access restrictions.

Outside Activities - preventing employees who are also active outside the institution from having inappropriate influence within the institution regarding those other activities; This also includes preventing members of the management body from holding directorships in competing institutions.

Multi-Level-Procedures and Deal-Treeing - establishing adequate procedures for transactions with related parties (e.g. requiring transactions to be conducted at arm's length; requiring that all relevant internal control procedures fully apply to such transactions; requiring a binding consultative advice by members of the supervisory board; an approval by shareholders of the most relevant transactions; limits to the exposure of such transactions).

3.2.3 Consent

Where the Bank is not reasonably confident that the arrangements it has in place to manage conflicts of interest are sufficient to ensure that the risk of damage to the interest of the client may be prevented, the Bank must disclose the general nature and/or source of the conflict to the client which may be impacted, if it wishes to proceed to undertake the business for that client.

Consenting conflicts of interest should aim at enabling existing or potential clients or third parties to make an informed decision before conducting business with the Bank.

3.2.4 Declining to act

In certain circumstances, bearing in mind the nature of the conflict and the risks involved, the Bank may wish to refrain from acting for the client. Therefore, each division must ensure that its established organizational and administrative arrangements are effective to identify and manage relevant conflicts of interest.

In the case that applied measures and procedures are not effective it has to be decided whether 1) the Conflict of Interest will be disclosed or 2) acting for the client or undoing an action which would lead to harming the client's interest or potentially harming the interests of the client is the adequate measure. With special regards to transactions refusing, discontinuing or changing any part of the transaction is the remaining option.

3.2.5 Disclosure of Conflicts of Interest

Where there is no reasonable confidence that the arrangements that are in place to manage conflicts of interest are sufficient to ensure that the risk of damage to the client's interests will be prevented, the Bank must disclose the general nature and/or source of the conflict to the client or potential client. Disclosure is not a sole measure being used to manage the conflict but it should be highlighted, that disclosing a conflict of interests as a measure remains a last resort.

The disclosure has to be provided promptly and clearly. It has to include a description of the conflict of interest and potential risk of the conflict in sufficient detail which needs to be written in a suitable way so that it is understood by the client. The disclosure has to include the statement, that organizational and administrative measures set out by the Bank to prevent or manage the conflict are not sufficient in order to ensure with confidence that the risk of damage to the clients' interest will be prevented.

The disclosure must be made in a durable medium (paper or any other instrument which enables the client to store the information for future reference for an adequate period of time and which allows for the unchanged reproduction of that information) and must include

sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service, in the context of which the conflict of interest arises.

The disclosure must be addressed personally to the client.

3.2.6 Procedures & Policy Application

The Bank will manage conflicts of interest where the client's interest threatens to be unduly harmed and will manage the conflicts of interest.

Therefore, various arrangements have been established by Compliance, designed to achieve these objectives:

- Relevant policies and procedures for inter client conflicts including policies for order management and execution, allocation policies and procedures for treeing.
- Identification of actual, potential or perceived conflicts of interest for advisory transactions is managed through the group wide Sumitomo Mitsui Financial Group Conflicts process where all relevant client transactions are reported;
- Controls over the handling and flows of confidential and inside information are outlined in the Information Barriers policies;
- Restricted lists are in place in order to prevent before entering a relationship and check an ongoing base whether relationships are effected by sanctions or other restrictions

3.2.7 Training & Awareness

All Bank employees have to receive a COI training as part of the new joiner induction process. Furthermore all business divisions are responsible for ensuring their employees understand the responsibilities under this policy for the identification, management and escalation of conflicts of interest. Each department is responsible to extend the relevant training material in order to suit their divisional requirements.

3.3 General Types of Situations Leading to Conflicts of Interest

3.3.1 Outside Business Interest

Every business activity (e.g. consultancy, management positions, heading a trust, business participations or ventures) outside the Bank needs to be reported and the approval of the responsible business area head / board member is required. Where either new joiners or existing employees have affiliations or personal relationships which could conflict with their roles, these should be disclosed.

3.3.2 Personal Account Dealing

The Bank's Personal Account Dealing Policy sets out the conditions for the Employees' personal account dealing activities. The main goal, besides avoiding market abuse, is to avoid conflicts of interest between clients of the firm and Employees of the firm.

3.3.3 Remuneration

The Bank has policies and procedures in place in accordance with regulatory requirements, taking into account the interests of all the clients, and designed to ensure that clients are treated fairly and their interests are not impaired by the remuneration practices.

3.3.4 Gifts & Entertainment

It is prohibited for all Employees to receive or offer gifts and entertainment for themselves or their families which would negatively influence their integrity which might constitute an inappropriate incentive.

3.3.5 Inducements

Inducements from third parties in relation to a service provided to you are acceptable to the Bank only if: a) the inducement is disclosed to you; b) it is either the payment of a normal fee or commission to continue the quality of our services to you; and c) it does not impair our duty to act in your best interests.

3.3.6 Order Execution

The Bank has defined and implemented an Order Execution policy which describes how clients' orders are executed. The Order Execution policy sets out how the Bank deals with clients' orders to act in their best interest.

3.3.7 Strategic and Proprietary Information

The Bank employees will have access to information relating to its clients, employees, service providers, controls, policies & procedures, security and data which must be safeguarded and treated as confidential. The Bank has Information Security policies and controls in place which must be adhered to.

3.4 Regulatory References

- Provisions of Part 11 of the German Securities Trading Act (WpHG) and the German Ordinance specifying the rules of conduct and organisational requirements for investment service providers (WpDVerOV)
- BaFin's Minimum Requirements for the Compliance Function and Additional Requirements Governing Rules of Conduct, Organisation and Transparency (MaComp)
- BaFin's Minimum Requirements for Risk Management (MaRisk)
- BaFin's Issuer guideline (Emittentenleitfaden)
- MiFID II and MiFIR
- The EBA Guidelines on internal governance (GL 44)

4. Order Execution

4.1 Purpose

This section is designed to inform you, the client, on how transactions are executed to provide a general understanding of our dealing arrangements per product type in line with the Best Execution requirements as defined in MiFID II and based on the client classification for which you have received a notification letter from the Bank.

Best Execution applies to Professional Clients of the Bank regardless of whether they are an Elective Professional Client or per se Professional Client and does generally not apply to business conducted with Eligible Counterparties. The Bank does not undertake business with Retail clients.

Best Execution is in relation to the following products:

- Cash Equities
- Equity Linked Products (incl. Convertible Bonds and Covered Warrants)
- Credit
- Rates
- Derivatives

4.2 What is Best Execution

Best Execution is the requirement to take all sufficient steps to obtain, when executing orders, the best possible result for the client taking into account various execution factors relevant to the execution of an order.

The execution factors are in general:

- Price – the price at which a financial instrument is executed –
- Costs – the costs that will be payable by the client as a result of the execution of the transaction
- Speed and Settlement – the speed of execution and settlement of the order
- The likelihood of Execution and Settlement – the likelihood that the transaction will be executed and settled
- Nature of the transaction and any other consideration relevant to the execution

In coming to your determination with regards to the priority of such execution factors, a variety of criteria may be taken into account which may include, but are not limited to, the type of financial instrument that is the subject to the order, the type of order and its specific characteristics, such as the size of the order or the liquidity of the underlying, as well as the execution venues to which the order could be directed. Appropriate consideration must be made based on a transaction by transaction basis and may vary per asset class.

4.3 When does Best Execution apply

The obligation to provide best execution will always arise in circumstances where the Bank receives instructions from a client to execute a transaction on their behalf, that gives rise to contractual or agency obligations owed by the Bank to the client. Such contractual or agency obligations will arise where we are required to exercise discretion in relation to the execution of a client instruction or order.

The best execution obligation may also apply when the Bank deals on its own account, acting in a principal capacity, and a client is placing a legitimate reliance on us to protect their interest in relation to the execution of a transaction.

Where we receive **specific instructions** from you in relation to every aspect of a transaction, such that we have no discretion over how an order is executed, we will execute so far as reasonably possible the transaction in accordance with those instructions. Specific instructions may prevent us from taking some or all of the steps set out in the Policy that are designed to obtain best execution. By following client specific instructions we will satisfy our obligation to provide best execution in relation to the order. In respect of those aspects of execution which are not covered by the specific instruction, we will process the order in accordance with this section.

4.4 Execution Venues

When executing your transactions or when placing your orders with (or transmitting your orders to) other entities (including affiliates) to execute, the Bank will take all reasonable steps in order to obtain on a consistent basis the best possible result.

The factors affecting choice of execution venue include, but are not limited to financial instrument, price, market liquidity, the size and nature of the order, credit and settlement risk, realized performance (latency, liquidity, price improvement), and whether you have informed us you do not consent to your orders being executed outside of a regulated market or MTF.

The factors affecting choice of execution venue include, but are not limited to financial instrument, price, market liquidity, the size and nature of the order, credit and settlement risk, realized performance (latency, liquidity, price improvement), and whether a client has informed us they do not consent to their orders being executed outside of a regulated market or MTF.

Our choice of venue may be constrained by the fact that there may be only one venue where an order can be executed due to the nature of the instrument, your order or your individual requirements.

Venues:

- Regulated Markets, Multilateral Trading Facilities and Organised Trading Facilities
- The Bank and its Affiliates where we internalise orders (either on a risk or as a riskless principal basis)
- Other exchanges that are not Regulated Markets,
- Systematic Internalisers,
- Market makers or other liquidity providers

- Non-EEA entities performing a similar function to any of the above.

Execution venues can include venues of which we are direct members or participant and venues that we access through third party brokers or dealers.

The Bank is not a member of any exchanges or other regulated markets. For the purposes of ensuring efficiency and access to a wider range of markets, particularly in relation to Japanese equities, the Bank has entered into agreements with third party brokers, including SMBC Nikko Securities Inc. ("SMBC Nikko"). In addition the Bank may be a member of MTFs and transact with a number of third parties who may be an OTF or Systematic Internaliser. Accordingly, the "execution venues" referred to herein are SMBC Nikko, MTFs, OTFs, Systemic Internalisers and other third party brokers.

Where the Bank has access to multiple venues for execution, the Bank will select the most appropriate execution venue.

4.5 Aggregation and allocation of orders

The Bank may aggregate orders of (i) multiple clients and (ii) one or more clients and its own orders, where the Bank believes the aggregation to be fair and equitable taking into account received, any relevant instructions received from the client, the relative sizes of the orders and the current liquidity of the market for the relevant financial product, and the Bank's obligations to act in the interests of its clients and to avoid conflicts of interest.

Where the Bank executes an aggregated order, unfair preference will not be given to own account orders, or to any particular client, in the subsequent allocation procedure. Where a client order and an own account order have been aggregated, priority will be given to satisfying the client order if the aggregate total of all orders cannot be satisfied, unless the Bank can demonstrate on reasonable grounds that without the Bank's participation it would not have been possible to execute those orders on such favourable terms, or at all.

4.6 Monitoring and Notification

The Bank will monitor the effectiveness of its execution arrangements and Order Execution Policy and assess on a regular basis whether the execution venues it has selected provide for the best possible result for orders it executes on your behalf.

The Bank will also notify you of any material changes to its order execution arrangements; such notification may be made via the Bank website.

4.7 Asset Class Information

4.7.1 General

The Bank owes a duty of best execution when executing Client Orders. We consider ourselves to be in receipt of an order where an execution instruction is given to us that give rise to contractual or agency-like obligations to client. Specifically, this will be the case where clients commit to a trade that is not immediately executable, leaving discretion with us as to the manner of execution and exact terms of the resulting transaction; and the execution can be

booked to the clients account, without the need to re-confirm the price, size or any other factor(s) with you; or where we execute an order usually on a riskless principal basis on their behalf.

Best execution obligations are unlikely to apply where clients have asked us for a quote (RFQ). However, this should be reviewed on a transaction by transaction basis depending on the circumstances of the request. Furthermore, where clients provide us with a specific instruction, such as the time an order should be placed, to the extent that we follow such instructions, we have satisfied any best execution requirements with respect to that aspect of the order.

4.7.2 Cash Equities

For the majority of Cash Equity executions, except in certain circumstances, the obligation to provide best execution will ordinarily apply.

The Bank is not a member of any exchanges or other regulated markets, nor is it a systematic internaliser in cash equities. For the purposes of ensuring access to Japanese exchanges and markets in relation to Japanese equities, the Bank has entered into execution agreements with SMBC Nikko Securities Inc. ("SMBC Nikko").

The Cash Equities Desk of the Bank and/or SMBC Nikko assess each client order based on their accompanying instructions. Client specific instructions determine how each order is split into components and also dictate how these are executed. Consequently, the prioritisation of execution factors may vary on a per-order basis.

Outside of any specific instructions provided by the client, the most important execution factor when handling orders will be the price of the relevant financial instrument. Subject to any specific instruction, the following provides an example of the execution factors prioritisation that may be applied:

1. Price
2. Likelihood of Execution
3. Size
4. Costs
5. Speed
6. Other Considerations

Once an order has been received it is split for execution in accordance with any accompanying Specific Instructions. As part of assessing how to split a client order, this may be done manually, via an algorithm provided by SMBC Nikko or by a combination of the two. This process will follow a differing priority of execution factors to meet the desired overall objective on a per order basis. Client Specific Instructions permitting, market impact is taken into consideration.

In order to meet the obligation to take all necessary steps to obtain on a consistent basis the best possible result for the execution of client orders SMBC Nikko (the Cash Equities Desk) may use one or more of the execution venues listed below:

- Execution venues

- Chi-X Japan
- Fukuoka Stock Exchange
- Nagoya Stock Exchange
- Sapporo Stock Exchange
- SBI Japan Next
- Tokyo Stock Exchange
- ToSTNET

Direct Markets Access (“DMA”) orders received by the Bank are passed through a Smart Order Router unless a specific venue is instructed. In circumstances, when we do not take an active role in determining client execution parameters, we will seek to transact that order in accordance with their instructions. The Bank reserves the right however to intervene in the routing and execution of DMA orders where the original parameters could result in adverse market impact.

4.7.3 Equity Linked Products

For Equity Linked Products, the Bank primarily trades in a principal capacity providing responses to client’s Requests for Quotes (RFQ) and therefore we may act as a liquidity provider. As the Bank operates in a competitive market for the execution of clients RFQ’s in Equity Linked Products, the expectation is that clients have access to multiple dealers and pricing sources and hence are in competition. .

As with RFQ/reverse inquiries, if the Bank provides quotes or negotiates a price on an RFP basis with you based on your requirements, we will not generally presume to receive a Client Order where best execution will apply.

Typically executions in convertible bond markets are undertaken via two main approaches, through a RFQ or via a Resting Order. In a resting order in the over-the-counter markets, clients give us an instruction to buy or sell on their behalf a specified size in a specified convertible bond with the aim of achieving the best possible outcome within the available appetite or supply in the market. We will attempt to fill their Resting Order on an over-the-counter basis.

When seeking to execute a client resting order the Bank will seek to fill the transaction as soon as possible, at the target price or a better price, whilst applying a mark-up or spread as compensation for our work and (residual) risks. This mark-up or spread should be within a range of what we consider reasonable for the product type, tenor and size of the trade.

The Bank does not charge a commission but we do impose a mark-up/down or spread on where we execute trades in the market and where we execute them with clients (there is no agreed consistent mark up and reasonableness is based on a number of factors such as time of day, market conditions, order size, maturity of the transaction, counterparty credit risk).

Generally, an important execution factor for our clients will be the price the relevant financial instrument is executed at. As part of the price finding process for Equity Linked Product transactions, we will also take into consideration a number of other execution factors such as

liquidity of the underlying, maturity of the transaction, counterparty credit risk and platform/technology dependencies.

However, depending on the complexity of the product, client engagement in creating the product/transaction and bespoke nature of the transaction, the primary execution factors may vary, with likelihood and speed of execution potentially being a more important factor than price.

For equity linked products, the following provides an example of the execution factors prioritisation that may be applied:

1. Price
2. Size
3. Costs
4. Speed
5. Likelihood of Execution
6. Other Considerations.

As we trade Equity Linked Products on a principal basis, the execution venue will usually be the Bank and its affiliates. The Bank will look to hedge its risks through a variety of Trading Venues including brokers, exchanges and other dealers.

- Bloomberg AIQ
- BGC
- CHU
- CME
- GFI
- Nagoya Stock Exchange
- Osaka Exchange
- OTC
- SBU
- SGX Singapore Stock Exchange
- ToSTNET
- Tradeweb
- Tradition
- Tokyo Stock Exchange
- Vantage Capital Markets LLP.

4.7.4 Credit

Typically executions in Credit securities are undertaken via two main approaches, via a resting order or through a RFQ.

When seeking to execute a client resting order the Bank will seek to fill their transaction as soon as possible, at the target price or a better price, whilst applying a mark-up or spread as compensation for our work and (residual) risks. This mark-up or spread will be within a range of what we consider reasonable for the product type, tenor and size of the trade.

Generally, the most important execution factor for our clients will be the price the relevant financial instrument is executed at. However, in more illiquid markets, the primary execution factors may vary, as such, likelihood of execution may become the primary execution factor. Subject to any Specific Instruction, the following provides an example of the execution factors prioritisation that may be applied:

1. Price
2. Likelihood of Execution
3. Size
4. Costs
5. Speed
6. Other Considerations.

As we trade Credit securities on a principal basis often, the execution venue will usually be the Bank or our affiliates. Below, we list the other execution venues that we use frequently to hedge our own market risk, or as a riskless principal, we may use them to fill a resting order that you have left with us.

- Barx
- Bloomberg AIQ
- BGC
- Chicago Board Options Exchange
- EMSX
- Eurex
- GFI
- ICAP
- Market Axess
- OTC
- Tradeweb
- Tradition.

4.7.5 Rates

Typically executions in Rates securities are undertaken via two main approaches, via a resting order or through a RFQ. Most trading in the market for Rates securities instruments happens through RFQ.

When seeking to execute a client resting order the Bank will seek to fill their transaction as soon as possible, at the target price or a better price, whilst applying a mark-up or spread as compensation for our work and (residual) risks. This mark-up or spread will be within a range of what we consider reasonable for the product type, tenor and size of the trade.

Generally, the most important execution factor for our clients will be the price the relevant financial instrument is executed at. However, in more illiquid markets, the primary execution factors may vary, as such likelihood of execution may become the primary execution factor.

Subject to any Specific Instruction, the following provides an example of the execution factors prioritisation that may be applied:

1. Price
2. Likelihood of Execution
3. Size
4. Costs
5. Speed
6. Other Considerations.

As we always trade Interest Rate Products on a principal or riskless principal basis, the execution venue will usually be the Bank or our affiliates. Below, we list the other execution venues that we use frequently to hedge our own market risk, or as a riskless principal, we may use them to fill a resting order that a client has left with us.

- Barx
- BGG
- Bloomberg AIQ
- Bond Broker
- EMSX
- Eurex
- Osaka Exchange
- OTC
- Tradeweb
- Tradition
- Tokyo Stock Exchange.

4.7.6 Derivatives

The Bank arranges derivative transactions between its clients and approved group booking entities and does not execute derivative transactions on a principal basis. Thus the provision of Best Execution will be a relatively rare occurrence.

As the Bank operates in a competitive market for the execution of client RFQ's in derivatives, the expectation is that clients have access to multiple dealers and pricing sources or alternatively employ independent benchmark advisers to assess market prices and hence are in competition. Best execution obligations are unlikely to apply where clients have asked us for a quote, as we generally take the view that there is no legitimate reliance being placed on us to meet the relevant best execution requirements; however in all cases we endeavour to provide the most competitive pricing achievable.

The markets for vanilla and complex interest rate, foreign exchange, cross currency and commodity derivatives are in most instances well established and competitive, whereby multiple market participants will stand ready to respond to clients' RFQ/reverse inquiry or

requests for proposal (RFP). Such processes are carried out via direct requests through meetings, voice, email or electronic messaging.

In relation to RFQs or reverse inquiries (e.g. the client approaches the Bank to provide banking services), where we provide quotes or negotiate a price with clients on request, we will not generally presume to be receiving a Client Order where best execution will apply.

When transacting on a RFP basis, clients will usually, after an initial broad contest, choose a small number of providers to discuss the transaction in detail. This process will eventually lead to a (potentially exclusive) quote based on the parameters requested by the client. The time between the initial client contact and the quote varies from a few days to a very protracted period. As with RFQ/reverse inquiries, if the Bank provides quotes or negotiates a price with you based on your requirements, we will not generally presume to receive a Client Order where best execution will apply.

Furthermore, where clients provide us with a Specific Instruction, such as the time an order should be placed, to the extent that we follow such instructions, we have satisfied any best execution requirements with respect to that aspect of the order.

The Bank does not charge a commission but we do impose a mark-up/down or spread on where the relevant group entities execute trades in the market and where we execute them with clients (there is no agreed consistent mark up and reasonableness is based on a number of factors such as, but not limited to, time of day, market conditions, order size, maturity of the transaction, counterparty credit risk).

When seeking to execute a resting order the Bank will seek to fill the transaction as soon as possible, at the target price or a better price, whilst applying a mark-up or spread as compensation for our work and (residual) risks. This mark-up or spread will be within a range of what we consider reasonable for the product type, tenor and size of the trade.

Generally, an important execution factor for our clients will be the price the relevant financial instrument is executed at. As part of the price finding process for Derivative transactions, we will also take into consideration a number of other execution factors such as liquidity of the underlying, maturity of the transaction, counterparty credit risk and platform/technology dependencies.

However, depending on the complexity of the product, client engagement in creating the product/transaction and bespoke nature of the transaction, the primary execution factors may vary, with likelihood and speed of execution potentially being a more important factor than price.

Subject to any Specific Instruction, the following provides an example of the execution factors prioritisation that may be applied:

1. Price
2. Likelihood of Execution
3. Size
4. Costs
5. Speed

6. Other Considerations.

The Bank does not trade derivatives on a principal basis, but arranges them between the clients and relevant affiliates. The execution venue will usually be the Bank's affiliates, who will look to hedge their risks through a variety of trading venues including brokers, exchanges and other dealers, such as:

- 360T
- Autobahn
- Barx
- Bloomberg FXGo
- Bloomberg BBTI
- OTC
- Thompson Reuters FXAll
- Tradeweb
- XTrader

5. Product Governance

5.1 The Bank as a Distributor

As a distributor of financial products we have certain obligations, including a requirement to check the target market of the manufacturer and if necessary to identify a target market for the products we distribute. We distribute products which have been manufactured either by us or by third parties. We will distribute products and/or related services to you, only if they are appropriate to you.

5.2 Onward distribution

To the extent you are not the end investor in any distribution chain for a particular product, you will define your own target market for the relevant product having regard to your knowledge of your own client base. Since we do not possess sufficient information in order to assess whether all purchasers of products distributed by us fall within the relevant target market, you should take into account the target market identified by the manufacturer and confirm in each case that the relevant product meets your investment needs and objectives or those of your underlying clients as the case may be.

5.3 Proportionality Types

We have categorised our investment products according to their risk and complexity into one of three types:

- Type 1 (Low) are those non-complex products (e.g. government bonds) for which it is determined that our existing governance arrangements adequately address the requirements of the product governance rules.
- Type 2 (Medium) are those investment products (e.g. convertible bond or fixed/float swap) for which it is determined that our existing governance arrangements provide a strong framework to support the requirements of the product governance rules but that certain additional protections are required.
- Type 3 (High) are those investment products (e.g. structured notes or deal contingent hedges) which require the highest level of protections to ensure compliance with product governance rules. While existing governance arrangements and the additional enhancements for Type 2 products provide a strong framework for Type 3 products, certain additional protections are required

The overview of all products with their proportionality types can be found in section 5.5

5.4 Appropriateness

Since we offer only products to clients that are available to both professional clients and ECPs and only ever deal with Professional Clients and ECPs, thus there is no need at the current stage to consider the client category when perform a target market reconciliation / appropriateness test.

When assessing appropriateness for non-advised services, a firm is also required to determine whether the client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or service offered or demanded. Where such an appropriateness test requirement applies in respect of a client, the firm may assume that a professional client or ECP has the necessary experience and knowledge in order to understand the risks involved in relation to those particular investment services or transactions, or types of transaction or product, for which the client is classified as a professional client or ECP.

Thus, we take the following approach for the appropriateness test:

Where you request at your own initiative the provision of services in relation to the execution or reception and transmission of your orders in respect of type 1 and 2 products, then, unless otherwise agreed, we are not required to assess the appropriateness of such transaction or service for you and you will not, therefore, have the benefit of certain conduct of business regulations relating to the assessment of appropriateness.

Since type 3 products are highly complex and require specific background we will perform an appropriateness check on a case-by-case basis (for the point of sale) if you wish to trade such product and we may inform you on this assessment. Only if you have sufficient knowledge and experience and understand the risks of type 3 products, thus are deemed appropriate you may enter into a transaction.

5.5 Current product list and categorisation

Nr.	Product	Dept	Product complexity	Product type
1	Listed Japanese equities (incl. listed preferred stock)	ECM	Non-complex	1
2	Listed J-REITs and Infra funds	ECM	Non-complex	1
3	Non-Japanese equities / rights issues	ECM	Non-complex	1
4	Convertible Bonds	ECM	Complex	2
5	Third party allotment of Convertible Bond	ECM	Complex	2
6	Japanese Equities	EST	Non-complex	1
7	Convertible Bonds	EST	Complex	2
8	Covered Warrants	EST	Complex	2
9	Repackaged warrants	EST	Complex	2
10	Repackaged notes	EST	Complex	2
11	Govt. bonds	DCM	Non-complex	1
12	Corporate bonds	DCM	Non-complex	1
13	Structured bonds (ABS etc.)	DCM (SF)	Complex	2

14	Structured Notes (inc. CoCo AT1, CLN's etc.)	DCM (SF)	Complex	2
15	Project Bonds	DCM (SF)	Complex	2
16	MTNs (private placement)	DCM (SF)	Non-complex	1
Nr.	Product	Dept	Product complexity	Product type
17	Uridashi	DCM	Complex	2
18	Namensschuldverschreibung	DCM	Non-complex	1
19	Corporate Bonds	FIST	Non-complex	1
20	Government Bonds	FIST	Non-complex	1
21	Structured notes ("self-led")	FIST	Complex	2
22	Structured notes	FIST	Complex	2
23	Nikko Warrants	FIST	Complex	2
24	Repackaged notes	FIST	Complex	2
25	Sukuk	FIST	Non-complex	1
26	Credit Default Swap (CDS)	FIST	Complex	2
27	Repo (internal)	FIST	Non-complex	1
28	Interest Rate Swap	FX & Derivatives	Complex	2
29	Single Currency Basis Swap	FX & Derivatives	Complex	2
30	Cap	FX & Derivatives	Complex	2
31	Floor	FX & Derivatives	Complex	2
32	Swaption	FX & Derivatives	Complex	2
33	Caption	FX & Derivatives	Complex	2
34	FRA	FX & Derivatives	Complex	2
35	ND IRS	FX & Derivatives	Complex	2
36	Cross Currency Swap	FX & Derivatives	Complex	2
37	Long Term FX	FX & Derivatives	Complex	2
38	FX Forward	FX & Derivatives	Complex	2
39	EX Strategy	FX & Derivatives	Complex	2
40	ND FX Forward	FX & Derivatives	Complex	2
41	ND Cross Currency Swap	FX & Derivatives	Complex	2
42	FX Swap	FX & Derivatives	Complex	2
43	Mark to Market Basis Swap	FX & Derivatives	Complex	2

44	Commodity Swap	FX & Derivatives	Complex	2
45	Inflation Swap	FX & Derivatives	Complex	2
46	Index CDS (internal hedging only)	DPG	Complex	2
47	Single Name CDS (internal hedging only)	FX & Derivatives	Complex	2
48	Deal Contingent Hedge (FX and IRS)	FX & Derivatives	Complex	3
49	Flexible Start Swap	DPG	Complex	3
50	Exotic/Bespoke/Highly Complex Derivative products (may be a combination of Type 2 (medium) products above or other Exotic type product)	FX & Derivatives	Complex	3

6. Information about Investment Firm and Systematic Internaliser

6.1 Scope

The Bank has elected to be a Systematic Internaliser (SI) for the following non-equity asset classes / sub asset classes that are “Traded on a Trading Venue” (TOTV) where we provide quotes:

- Structured Finance Products
- Sovereign Bonds
- Other Public Bonds
- Corporate Bonds
- Convertible Bonds
- Covered Bond

6.2 Provision of quotes

As an SI when we are requested for a quote in respect of a financial instrument which is traded on trading venue and agree to provide a quote (an “SI quote”) outside of a trading venue, we will make public such an SI quote where the quote is in respect of a “liquid instrument” and is at or below the size specific to the instrument (SSTI). Note that we are not required to publish (or to give you access to) quotes in instruments that are not deemed liquid by the European Securities and Markets Authority (ESMA) or where the quote size is above SSTI.

6.3 Publication mechanism

Where we are obliged to make SI quotes public, these will be made available through traxapa.com, which is our selected quote publication service. Quote Identification SI quotes published by the Bank can be identified as follows: Market Identifier Code (MIC) NCML

6.4 Access to quotes

If as an on-boarded client you are interested in trading on the same terms as a published SI quote, you should note the SI quote ID and enquire with your usual the Bank contact via your regular method of communication who will confirm whether the SI quote is still executable

6.5 Access criteria

We have established access criteria which we will take into account when determining whether you may be given access to a published quote, which we apply in an objective and non-discriminatory way. We may decline to trade with you at the published SI quote on the basis of:

- (a) commercial considerations, including risk limits and capital costs associated with our relationship with you and the economic value of our relationship with you;
- (b) operational considerations, including any operational preferences or requirements you may have;

(c) legal and regulatory considerations, including whether you are on-boarded and in compliance with the terms of any agreements with us, and whether there are any legal or regulatory restrictions preventing us from dealing with you.

6.6 Quote validity

If the SI quote is no longer executable you may be offered an updated SI quote. We reserve the right to update our published SI quotes at any time or withdraw such SI quotes without cancelling or amending the published information due to exceptional market conditions. Factors influencing whether the SI quote is still available include whether the SI quote has already been executed against by another client, price movements, market conditions, inventory status and the time elapsed since the provision of the SI quote. In any event the Bank reserves the right to limit the number of transactions it is willing to enter into on the basis of a published SI quote to one transaction.

6.7 Reporting Obligations

Where we act as an SI and enter into a transaction in a TOTV instrument, we will support you by virtue of our responsibility to make a post trade report.

7. Data Privacy Notice

The Bank respects an individual's privacy and complies with applicable privacy laws in jurisdictions in which we provide and receive services. Our Notice sets out how we, as data controller, will collect and use personal data.

You can easily find our Data Protection Notice for your country under the following link:

Germany:

<https://www.smbcgroup.com/emea/images/SMBC/media/SMBC/pdf/CIN/privacy-smbceu-germany.pdf>

France: <https://www.smbcgroup.com/emea/images/SMBC/media/SMBC/pdf/CIN/privacy-smbceu-paris.pdf>

Netherlands:

<https://www.smbcgroup.com/emea/images/SMBC/media/SMBC/pdf/CIN/privacy-smbceu-amsterdam.pdf>

Italy: <https://www.smbcgroup.com/emea/images/SMBC/media/SMBC/pdf/CIN/privacy-smbceu-milan.pdf>

Spain: <https://www.smbcgroup.com/emea/images/SMBC/media/SMBC/pdf/CIN/privacy-smbceu-madrid.pdf>

Czech: <https://www.smbcgroup.com/emea/images/SMBC/media/SMBC/pdf/CIN/privacy-smbceu-prague.pdf>

Ireland: <https://www.smbcgroup.com/emea/images/SMBC/media/SMBC/pdf/CIN/privacy-smbceu-dublin.pdf>

The above documents are also available on our website: [EMEA-Privacy](#)

In all cases, any complaints, and requests to exercise data subject rights can be addressed to the Data Protection Officer whose contact details are DEFRPrivacyOffice@de.smbcgroup.com