

## **Fixed Income and Currency Products Dealing Disclosures**

This notice sets out certain disclosures in respect of MUFG Securities EMEA plc (acting through its subsidiaries, branches and affiliates – collectively “MUSE”) standard dealings in a broad range of activities, including transactions in fixed income securities (including but not limited to corporate and sovereign bonds) and swaps (including but not limited to interest rate, currency and credit) (collectively “**FI Products**”) for a variety of purposes.

This notice explains how MUSE will communicate and transact in relation to requests for quotes, requests for indicative prices, discussion or placement of orders and all other expressions of interest that may lead to the execution of transactions.

### **Nature of the Trading Relationship**

Dealing as Principal – MUSE trades as principal in the fixed income market in relation to its dealing and market-making activities for its clients and to hedge its risk with respect to such activities.

MUSE will treat its clients as principal including where the client acts as agent for another principal. When acting in a principal capacity, MUSE acts as an arm’s length party to transactions with clients. This means MUSE does not act as agent, fiduciary, financial advisor or in any similar capacity on behalf of a client, unless otherwise explicitly agreed with the client in writing beforehand.

No recommendations or advice – MUSE deals on an execution only basis and does not provide personal recommendations or advice on the merits, appropriateness or suitability for particular Transactions or services, or their taxation consequences. Accordingly any statements (including but not limited to for example relating to market colour and trading ideas) made by, or communicated by them should not be construed as recommendations or advice. All clients are expected to evaluate the appropriateness of any transaction based on the client’s own facts and circumstances and its own assessment of the merits of the transaction.

### **MUFG’s role as market maker**

In all of our communications with clients, including in the handling of requests for quotes, requests for indicative prices, discussion or placement of orders and all other expressions of interest that may lead to the execution of transactions in our principal dealing and market making activities in FI products, there exists the potential that MUSE’s interests may conflict with, diverge from or adversely impact that of the client.

MUSE may provide liquidity for multiple counterparties on the same or related products. MUSE may also hold a trading interest in such product(s). In these cases, a client’s interest may conflict with the interest of MUSE or other MUSE clients.

As a market maker, MUSE may trade and/ or maintain positions in FI products, whether as the result of trades with clients, or orders or trade requests received from clients. MUSE’s trading personnel may anticipate near term demand and take positions in connection with MUSE’s risk management activities. These activities are intended to provide MUSE with sufficient liquidity to service clients. MUSE may engage in these activities prior to, alongside or post execution of a client’s transactions

- i. for its own proprietary accounts to manage risk;
- ii. to facilitate transactions for the purpose of providing a quote on behalf of clients (including for pre-hedging purposes),
- iii. to undertake, for risk management purposes, hedging before, during or after the pricing call of a new issue.
- iv. for any other reasons.

In engaging in pre-hedging MUSE will act as a principal and expects to take on market risk associated with such activity and such activity is undertaken at MUSE's own risk. MUSE will seek to ensure any such activity is reasonable relative to the size and nature of the anticipated transaction (or portfolio of transactions) taking into account prevailing market conditions (such as liquidity).

MUSE's intention in undertaking any such activity will be to minimise the impact of the activity on the market and to facilitate the transaction (or portfolio of transactions). Pre-hedging will be undertaken with the intention to benefit the relevant counterparty or counterparties and executed in a manner that is not intended to disadvantage the relevant counterparty or counterparties.

Notwithstanding this general intention, and irrespective of any pre-hedging that MUSE undertakes, there is no guarantee that these activities will result in the desired outcome. Nevertheless, where MUSE receives or expects to receive such transaction(s) the client acknowledges and understands that MUSE may pre-hedge (to the extent permitted by applicable regulation and/or market) which, depending on market conditions, may adversely have a direct or indirect impact on liquidity and/or market prices, including the relevant benchmark price, against the client's interests.

MUSE's market-making and risk management activities may impact the prices communicated to clients for a transaction and the availability of liquidity at levels necessary to execute orders or trade requests. These activities may also trigger or prevent triggering of stop loss orders and similar terms or conditions.

MUSE generally retains discretion in managing these conflicts, with respect to pre-hedging, order execution, prioritisation and pricing, which may prevent MUSE from fully satisfying the client's interests.

### **Conflicts of Interest**

MUSE are engaged in a range of regulated activities in the UK in addition to other activities in the UK and elsewhere that MUSE or its affiliates undertake. This may give rise to situations where MUSE, under the applicable regulations:

- may have interests, relationships and/or arrangements which conflict with clients or counterparties interests, relationships and/or arrangements whether in relation to a transaction or otherwise; and/or
- may have clients whose interests conflict with other clients' interests.

MUSE has measures and controls in place to identify both potential and actual conflicts of interest. This includes, for example, identifying situations where MUSE are likely to make a financial gain, or avoid a financial loss, at a client's expense or where MUSE carries out the same business as the client. MUSE has identified a wide range of scenarios where a potential conflict of interest may arise, in particular where MUSE or its affiliates provide corporate finance business and where MUSE deals on own account.

In addition to identifying conflicts, MUSE has procedures to try and prevent conflicts from arising and also to manage conflicts of interests that do arise. Where MUSE does not consider that its measures and controls to manage conflicts are sufficient to manage a conflict, MUSE may:

- choose to disclose specific conflicts to clients and to ask for their informed consent to continue to act, notwithstanding the existence of any such conflict; and/or
- decline to act, for example where the group is already acting for another client and MUSE considers that it would be inappropriate for it to undertake business and MUSE are not in a position to manage the conflict of interest on a reasonable basis or are precluded from doing so by a legal or regulatory constraint.

MUSE has in place a written conflicts management policy. A summary of the conflicts management policy can be found on our website or may be provided to you upon written request.

## **Pricing**

Unless otherwise advised or expressly agreed by MUSE, any firm price quoted to a client incorporates sales margin, bid/offer spread and execution costs over the price at which MUSE traded or may have been able to trade with other clients. MUSE's prices are tailored to individual clients and are based on a broad range of standard commercial factors, including but not limited to, (i) risks, including market risk, which MUSE assumes under the transaction taking into account MUSE's risk appetite, business strategy and positions; (ii) market conditions, (iii) MUSE's own costs and transactions, including risk management costs, and (iv) MUSE's relationship with the client, including the nature and extent of services previously provided or anticipated. MUSE has discretion to offer different prices to different clients for the same or substantially similar transactions.

Where a client transmits a trade request to MUSE on any electronic platform, the prices that MUSE quotes are indicative, unless advised otherwise in writing. MUSE may update these prices in its sole discretion as and when it deems appropriate. Consequently, when a client submits a trade request electronically it is possible that MUSE may have refreshed its pricing independent of and prior to receiving the request. Accordingly, MUSE is not obliged to accept the client's trade request transmitted prior to the pricing update and may send this updated price to the client. The client will then have the opportunity to accept or reject the updated price.