

Ex-Ante Costs and
Charges Disclosure for
Transactions with MUFG
Securities EMEA plc.

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B. Disclosure

- MUS(EMEA) provides its services to professional and eligible counterparties on an execution only basis and therefore it will apply a limited ex-ante cost and charges disclosure in case the financial instruments do not embed derivatives.
- MUS(EMEA)'s ex-ante cost and charges are published in a generic way on MUFG's website and about which clients are informed at on-boarding.
- MUS(EMEA) charges only Entry Costs, which are defined as one-off charges.
- Ongoing costs are recurrent costs. MUS(EMEA) doesn't charge ongoing costs, unless agreed otherwise the client.
- Exit Costs will not be incurred, if the investment in the financial instrument will be held to maturity. However, if the investment is terminated or unwound prior to maturity, MUS(EMEA) may charge Exit Costs in accordance with the methodology applicable to Entry Costs as described in this document.
- MUS(EMEA) doesn't charge costs that have a cumulative effect on the value (return) of the investment.

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- The actual cost and charges may vary from the indicative cost and charges as described in this document. The client may request a personalized cost and charges disclosure prior to execution of a transaction.

Contained herein is an overview of on the indicative cost and charges applicable to transactions with MUS(EMEA).

The indicative costs and charges relevant to transactions with MUS(EMEA) are split by category and product type as follows:

- Structured Solutions: Notes
- Flow activities: Bonds, Interest rate swaps, Credit derivatives
- Japanese Cash Equities
- Bespoke financing derivatives: interest rate swaps and cross currency swaps

If you have any queries relating to this disclosure please contact your relationship manager or MiFIDClientRequests@mufgsecurities.com

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Category: Structured Solutions

Products: Notes

For notes arranged by MUS(EMEA) for third party issuers (which are generally distributed to investors in Japan through Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), the costs for arranging the notes and as well as any costs related to the swap connected to note issuance is disclosed to the “client-issuer” in the term sheet or another durable medium which is sent prior to the transaction.

Please note, the methodology for determining the costs is not disclosed to the third party.

Category: Bonds, interest rate derivatives and credit derivatives (flow activities)

The costs are calculated on the basis of the difference between the mid-price of the relevant instrument and MUS (EU)’s quoted price. The mid-price is derived from external pricing sources (such as Bloomberg CBBT / BVAL and IHS Markit). When the (market) mid-price is not available, the mid-price used is based on MUS (EU)’s own pricing model. The costs are disclosed in the quote message.

Cost and charges for bond trading via voice is provided at point of execution via the VCON message.

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Product: Bonds

Costs & charges in % or bps	
Commission charged (value)	Notional x (Quoted clean price – mid clean price)/100
Commission charged (%)	(Quoted clean price – mid clean price) x 100

Illustration:

Sale EUR1 million of a bond with a mid-price of 100 is sold for 101

Commission charged (value)	1,000,000 x (101 – 100.95)/100 = EUR 500
Commission charged (%)	(101 – 100.95) x 100 = 5c (5c=0.05% or 5 bps)

Costs and Charges					
Notional	Entry Cost	Ongoing Cost	Exit Cost	Total Cost	Total Cost %
€1.000.0000	€ 500	€ 0	€ 0	€ 5,00	0.005%
€2.500.0000	€ 1,250	€ 0	€ 0	€ 1,250	0.005%
€10.000.0000	€ 5,000	€ 0	€ 0	€ 5,000	0.005%

Financials

Costs as percentage and bps (notional €1,000,000)						
	2 year		5 year		10 year	
Spread USD	100.94/101	6c	100.85/101	15c	100.7/101	30c
Mid/Turn	100.97	3c	100.925	7.5c	100.85	15c
Entry costs	3bps	0.03%	7.5bps	0.075%	15bps	0.15%
Ongoing Costs	0	0	0	0	0	0
Exit Costs	0	0	0	0	0	0
Total Costs	€300	0.0003%	€750	0.0075%	€1,500	0.015%

Emerging Markets

Costs as percentage and bps (notional €1,000,000)						
	2 year		5 year		10 year	
Spread USD	100.98/101	2c	100.97/101	3c	100.95/101	5c
Mid/Turn	100.99	1c	100.985	1.5c	100.975	2.5c
Entry costs	1bp	0.01%	1.5bps	0.015%	2.5bps	0.025%
Ongoing Costs	0	0	0	0	0	0
Exit Costs	0	0	0	0	0	0
Total Costs	€100	0.001%	€150	0.015%	€250	0.025%

Ex-Ante Costs and Charges Disclosure for Transactions with MUFG Securities EMEA plc

Product: Credit derivatives

Costs & charges in % or bps	
Commission charged (value)	(mid-price (bp) – traded price (bp)) x DV01, where DV01 – Is the derivative of price with respect to yield i.e. the dollar price change respect to a 1 basis point change in yield
Commission charged (%)	Commission charged (value) / notional

Illustration:

A 5 year USD 10m Credit Default swap on ABC Corp traded at 70bps. The mid-price is shown as 71bps and the DV01 is 4935
 $(71-70) \times 4935 = \text{USD } 4,935.00$
 $4,935 / 10,000,000 = 0.049\%$

Spread Costs and Charges USD					
Notional	Entry Cost	Ongoing Cost	Exit Cost	Total Cost	Total Cost %
\$1.000.0000	\$493.5	\$0	\$0	\$493.5	0.049%
\$10.000.0000	\$4,935	\$0	\$0	\$4,935	0.049%
\$20.000.0000	\$9,870	\$0	\$0	\$9,870	0.049%

Costs as percentage and bps (notional €10,000,000)						
	2 year		5 year		10 year	
Spread USD	10 bps	0.1%	10 bps	0.1%	10bps	0.1%
Mid/Turn	5bps	0.5%	5bps	0.5%	5bps	0.05%
Entry costs	5bps x DV01		5bps x DV01		5bps x DV01	
DV01	2120	0.0212%	5183	0.052%	9681	0.097%
Ongoing Costs	0	0	0	0	0	0
Exit Costs	0	0	0	0	0	0
Total Costs	10,600	0.106%	25,915	0.259%	48,405	0.484%

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Product: Interest rate swaps

Costs & charges	
Commission charged (value)	(Quote price – Internal Mid price) x Basis Point Value (BPV), where Quote price and Internal Mid price are in basis points and BPV is the Present Value of 1 basis point running
Commission charged (%)	Commission charged (value) / Notional

Illustration:

A 5 year USD 100m Fixed/Floating Interest Rate swap traded at a fixed rate of 2.35% (MUFG receives), with an Internal Mid of 2.34%. Assuming the BPV is USD 46,246 we would have

Commission charged in USD: $(235 - 234) \times 46,246 = 46,246$

Commission charged in %: $46,246 / 100,000,000 = 0.046\%$

Costs and Charges USD					
Notional	Entry Cost	Ongoing Cost	Exit Cost	Total Cost	Total Cost %
\$10,000,000	\$4,624.6	\$0	\$0	\$4,624.6	0.046%
\$50,000,000	\$23,123	\$0	\$0	\$23,123	0.046%
\$100,000,000	\$46,246	\$0	\$0	\$46,246	0.046%

Costs as percentage and bps (notional €10,000,000)						
	2 year		5 year		10 year	
Spread bps	1bps	0.01%	1bps	0.01%	1bps	0.01%
Mid/Turn bps	0.5bps	0.005%	0.5bps	0.005%	0.5bps	0.005%
Entry costs	\$2,500	0.00025%	\$2,500	0.00025%	\$2,500	0.00025%
BPV	\$2,000		\$5,000		\$10,000	
Ongoing Costs	\$0	\$0	\$0	\$0	\$0	\$0
Exit Costs	\$0	\$0	\$0	\$0	\$0	\$0
Total Costs	\$4,500	0.05%	\$7,500	0.075%	\$12,000	0.12%

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Product: Japanese Cash Equities

MUS(EMEA) will agree a fixed commission rate (expressed in a percentage / basis points) which applies to each individual transaction with a client prior to the start of the trading relationship.. Deviations from the default commission rate will be communicated with the client prior to the execution of trade.

The commission amount is calculated as follows:

Costs & charges in % or bps	
Gross consideration	Number of shares executed x the execution price ¹ of those shares
Commission charged	Gross consideration x commission rate

Illustration:

Sale Japanese Cash Equity shares at JPY 500 a share.

Quoted Commission rate:	5 bps
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The following costs and charges would apply for the above example:

No. of shares x JPY500 (share price) = Consideration x (5bps = 0.05%) = Entry Cost

Consideration	Entry Cost	Ongoing Cost	Exit Cost	Total Cost	Total Cost %
¥ 500,000	¥ 250	¥ 0	¥ 0	¥ 250	0.05%
¥ 1,000,000	¥ 500	¥ 0	¥ 0	¥ 500	0.05%
¥ 2,500,000	¥ 1,250	¥ 0	¥ 0	¥ 1,250	0.05%
¥ 5,000,000	¥ 2,500	¥ 0	¥ 0	¥ 2,500	0.05%

¹ In case of partial executions the average execution price will be taken.

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Category: Bespoke financing derivatives

Product: Interest rate swaps and cross currency swaps

Costs & charges	
Commission charged (value)	(Quote price – Internal Mid price) x Basis Point Value (BPV), where Quote price and Internal Mid price are in basis points and BPV is the Present Value of 1 basis point running
Commission charged (%)	Commission charged (value) / Notional

Illustration:

A 5 year USD 100m Fixed/Floating Interest Rate swap traded at a fixed rate of 2.35% (MUFG receives), with an Internal Mid of 2.33%.

Assuming the BPV is USD 46,246 we would have:

Commission charged in USD: $(235 - 233) \times 46,246 = 92,492$

Commission charged in %: $92,492 / 100,000,000 = 0.092\%$

Notional	Entry Cost	Ongoing Cost	Exit Cost	Total Cost	Total Cost %
\$ 100,000,000	\$ 92,492	\$ 0	\$ 0	\$ 92,492	0.092%

Ex-Ante Costs and Charges Disclosure for Transactions with MUFG Securities EMEA plc

Product: Bespoke interest rate options

Costs & charges	
Commission charged (value)	(Quote price – Internal Mid price) or if Quote price and Internal Mid price are in Cents (Quote price – Internal Mid price) x Notional / 10000
Commission charged (%)	Commission charged (value) / Notional

Illustration:

A 2y USD interest rate cap at 3%, with notional USD 100m sold for a premium of USD 31,000 with an Internal Mid of USD 30,000.

Commission charged in USD: $31,000 - 30,000 = 1,000$

Commission charged in %: $1,000 / 100,000,000 = 0.001\%$

(If prices are quoted in cents: premium 3.1c with Internal Mid 3.0c)

Commission charged in USD: $(3.1 - 3.0) * 100,000,000 / 10,000 = 1,000$

Note: If the option is embedded into a swap, or the premium is paid running, then the calculation is similar to the interest rate swap detailed above.

Notional	Entry Cost	Ongoing Cost	Exit Cost	Total Cost	Total Cost %
\$ 100,000,000	\$ 1,000	\$ 0	\$ 0	\$ 1,000	0,.001