

DISCLOSURE STATEMENT

COSTS AND CHARGES

## 1. Preamble

This document aims at presenting the approach taken by KEPLER CHEUVREUX SA<sup>1</sup> (henceforth 'KC') in relation to the disclosure of Costs and Charges to its clients, hereby representing its interpretation of Articles 24.4 of the Directive 2014/65/EU and 50 of the Delegated Act, and in particular ex-ante (or pre-trade) disclosures.

## 2. Key principles

KC will provide details of Costs and Charges in a timely manner to all the clients requesting for such details, except in cases where we actively participate in the conception or the distribution of a product (please refer to section 3. b) especially when retail clients and packaged and complex products are involved. It would then be KC's responsibility to make sure that the Client is proactively informed.

KC will disclose Costs and Charges where they provide an Investment Service. The disclosure will be proportionate to the categorization and nature of the client, the complexity of the instruments and the types of services offered (whether they qualify or not as Investment Services).

Third party payments: where applicable, KC will disclose the third party payments received in line with applicable laws and regulations as part of their Costs and Charges disclosures.

As a general principle, it should be noted that where KC has established a specific agreement in relation to the way KC takes remuneration on a service provided, we consider that no extra disclosure is needed.

## 3. Disclosures

### a) KC acting as an Agency broker – Commission basis

As an agent, KC will in principle only charge a commission. Potential tax charge in relation to the products and the jurisdiction where orders are received or executed will also be made available. On a pre-trade basis, no other Costs or Charges than commissions should be expected:

- Agency: Equities, Listed Bonds, ETF, listed derivatives : Fee Grid available on demand
- Agency (name give up or matched principal): OTC derivatives and OTC Bonds: Fee Grid available on demand.

Clients may request KC to execute above mentioned classes according to specific instructions (e.g.: cross trades), KC still acting on an agency basis. In this case, the commission applicable to the transaction would be pre-agreed and communicated to the client on an ex-ante basis.

- Facilitation (Equity and Listed Bonds) and Request For Quotes on ETF:

When specifically requested and consented to by the client, KC may act as a principal to buy /sell financial instruments in a negotiation or execution platform. In this case, it is our policy to charge a

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<sup>1</sup> And its EEA branches as referred to in Kepler Cheuvreux' Terms of Business ([https://www.keplercheuvreux.com/pdf/Terms\\_of\\_business\\_Kepler\\_Cheuvreux\\_3\\_January\\_2018.pdf](https://www.keplercheuvreux.com/pdf/Terms_of_business_Kepler_Cheuvreux_3_January_2018.pdf)).

commission. Fee Grid for execution of orders resulting of Facilitation or Interests matching through platformized Requests for Quotes will be made available on demand.

**b) KC acting as a principal - Non Commission basis**

- **Bonds and other debt securities; secondary market (on bonds, other debt securities and Structured bonds and notes)**

In the cases where KC acts as a principal, and provides the Client with a bid or offer quote on the secondary market, we consider that the transactions are made at our own risk, and KC is the counterparty to the trade. In this case no Costs of products or Costs of services are charged to the client. The price that is formed in relation to the transaction is valid at one moment in time, and according to specific market and transactions conditions.

KC has developed its own internal policy with regards to indicative bid or offer spread grid which reflect the various parameters that may affect price formation and conditions of execution.

<b>Bonds and other Debt Securities</b>			
<b>description</b>	<b>S&amp;P Rating</b>	<b>Outstanding issue amount</b>	<b>Max (**)</b>
Prime	AAA	> 300MM	3 YLD BPS
		<300MM	5YLD BPS
High Grade	AA+	> 300MM	4YLD BPS
	AA AA-	<300MM	7 YLD BPS
Upper Medium Grade	A+	> 300MM	5YLD BPS
	A A-	<300MM	8 YLD BPS
Lower medium grade	BBB+	> 300MM	5 YLD BPS
	BBB BBB-	<300MM	10 YLD BPS
Non Investment Grade, Speculative	BB+	> 300MM	0,50%
	BB BB-	<300MM	0,63%
Not Rated	N/R	> 300MM	0,50%
		<300MM	0,63%
Highly Speculated	B+	> 300MM	1%
	B B-	<300MM	1%
Junk Vulnerable	CCC+ CCC CCC- CC C DDD DD D	Size not relevant	2%
Structured products		> 300MM	2%
		<300MM	3%

(\*\*): the max rates expressed in basis points or percent represent the average difference between the price and the midpoint of the spread (mid-bid or mid-ask). These were based on our observation of ex-post data at hand and our experience of the markets considered. The client may consider the

fact that factors including (but not limited to) liquidity, timing, market general conditions, size, other clients or transactions or related risks factors may influence the price observed for a transaction in a security.

KC will periodically review the estimated figures shown in the grid and make adjustments where necessary. KC does not have a duty to inform you if any individual transaction's mark-up is outside of the associated spread.

- **Structured bonds and notes (Primary)**

KC also provides placement and distribution services. In this connection, it is the responsibility of the Investment Services Provider who is in contact with the Client of the Investment Service (it may not be KC in some cases), to provide them with the detail and aggregation of Costs and Charges applicable to the Transaction.

When KC does not act as a principal in the transaction (for instance, KC does not settle), the KID, Term Sheet or EMT will be deemed to cover its obligation regarding Costs and Charges applicable to the transaction if any. The third party payments received or paid will be made available to the intermediaries that are in direct contact with the clients.

When KC acts a principal in the transaction, the following disclosures will apply:

	Retail	Professional Clients	Eligible (with re-distribution)	Eligible with no redistribution
Disclosure	KID + applicable Costs of service a <b>trade by trade basis</b>	Costs of service and products on a <b>trade by trade basis</b>	Costs of service and products on a <b>trade by trade basis</b>	Indicative fee grid (see below)

Product 100% capital protection at maturity denominated in EUR (currency)	max 1% p.a
Product 100% capital protection at maturity <b>not</b> denominated in EUR (currency)	max 1.5% p.a
Product with no capital protection	max 2% p.a

For the provision of aggregated Costs where we act as principal, KC would like to remind that they rely upon Financial Products Issuers, for the Costs of Product part in particular. It should also be noted that some notions as the 'Fair Value' of a product, may be the result of one Issuer's own calculation method. Appropriate information on the latter will be made available on a best effort basis. In some cases, KC can include some Costs in the Costs of Products (Research and Engineering).