

Fixed Income: Information on Costs and Associated Charges

Pursuant to Article 24(4) (2014/65/EU) of MiFID II EMFI must make certain cost disclosures:

‘Appropriate information shall be provided in good time concerning... financial instruments and their related charges... all costs and charges shall be aggregated..., and where the client so requests, an itemised breakdown shall be provided.’

Recital (77) of Commission Delegated Regulation 2017/565: ‘Where investment firms have not marketed or recommended a financial instrument... firms should inform clients on an ex-ante basis about all costs and charges associated to the investment service and the price of acquiring the relevant financial instrument.’

Recital (78) ... ‘firms should provide clients with clear and comprehensible information on all costs and charges in good time before the provision of services. Ex-ante information about the costs related to the financial instrument or ancillary service can be provided based on an assumed investment amount.’

To meet the firm’s obligations for the calendar year end the following standardised costs table is set out below for secondary market transactions based on a notional of 1,000,000.

EMFI Ex-Ante Fixed Income Standard Costs Table

Bond Maturity	0-2 years		1 year		0-2 years		2 years		5 years		10 years		20 years		30 years		
		%	p.a yield reduction	€ / \$	%	p.a yield reduction	p.a yield reduction	p.a yield reduction	€ / \$	%	p.a yield reduction	€ / \$	%	p.a yield reduction	€ / \$	%	p.a yield reduction
ECB Periphery	3000	0.3	-0.3	11,500	1.15	0.575	0.23	0.115	20,000	3	2	30,000	3	0.1			
IG Corporate	3500	0.35	0.35	17,500	1.75	0.875	0.35	0.175	25,000	3	2.5	30,000	3	0.1			
Emerging Market Sovereign	4000	0.4	0.4	24,500	2.45	1.275	0.48	0.245	30,000	3	3.0	30,000	3	0.11			
Emerging Market-highly Illiquid**																	

* Recital (78) of Commission Delegated Regulation 2017/565... 'such estimations are based on assumptions and may deviate from costs and charges that will actually be incurred.'** see 2. in following Ex-Ante Costsheading

Ex-Ante Costs & Charges disclosure

There are two ways in which you will be informed of your expected cost & charges, depending on the product and your client classification:

1. If you are classified as a Professional Client or Eligible Counterparty and you are trading liquid products the standardised costs table above reflects the costs you will incur caveated by the first asterix under as stated above. If you are trading a similar product, there may be certain features that cannot be captured by the standardised costs table, for example a very long-dated trade, or an infrequently traded product, standardised costs features will not apply.

EMFI have chosen to avail themselves of the 'limited application of the detailed requirements set out in this Article' [Article 50 - Commission Delegated Regulation 2017/565], in respect of annual ex-post reporting only.

2. Illiquid instruments: EMFI upon request will provide you with the expected cost, in good time, prior to trading. The price of the fixed income instrument will be provided to the client in good time, before committing to the transaction.

Ex-Post Costs & Charges disclosure

In accordance with aforementioned Article 50 para (2)a) ex-post cost disclosure will take place via aggregated costs and charges. This will take place after each transaction via trade confirmation. Annual reporting will be made to clients at the end of the calendar year and encompass all trading activity for the calendar year. Clients are reminded in line with Article 24(4) (2014/65/EU) they may ask for a breakdown of all costs and charges, whether per transaction or end of year ex-post reporting. For fixed income this itemised breakdown follows Commission Delegated Regulation's (2017/565) Table 1 of Annex II Costs and Charges: 'markups (embedded in the transaction price)'.