

Dodging a bullet

The government has recalibrated Budget 2016 by introducing 11 measures to combat the sharp fall in crude-oil price since the original tabling to Parliament on 23 October 2015. Overall, the 3.1% fiscal deficit target is maintained via cuts in operating and development expenditures totalling RM9bn. Federal spending cuts would impact government consumption and investment segments of GDP. While it is clearly negative for economic activity, the bigger picture is that Malaysia averted a bigger danger of a downgrade by the rating agencies that would have put pressure on the Ringgit, further stress on the economy, and ultimately on the stock market.

Details of the recalibration

The recalibrated oil price from US\$48/b to US\$30/b would cause a shortfall of about RM9bn in Federal revenue. The government would plug the gap via a RM4.5bn cut in operating and RM5bn reduction in development expenditures. The cuts in operating expenditure are largely in supplies and services, government grants, and generally more prudent spending. While the cut in development spending is higher, these are for non-physical projects and those under feasibility study that have no impact on the economy. In particular, the government has said that the RM215bn private investment target is achievable and the major projects announced (ie, MRT, LRT, Pan Borneo etc) would continue.

But at a cost

However, lower government consumption and investment would impact economic activity. The government has revised down its GDP forecast to 4-4.5% from 4-5% previously, based on a Brent price of US\$30-35/b. Our Economics Team has accordingly revised its 2016 GDP growth forecast to 4.5%, from 5% previously (see [Recalibrated Budget 2016](#), 29 January 2016). Meanwhile, consumer and investor sentiment remains poor and we continue to worry that a prolonged period of pessimism could spillover into the real economy.

Averted a bigger danger

Lower oil prices and the need to recalibrate down Budget 2016 are clearly negative events. However, we are relieved that the government is able to avert the more significant risk of rating agency downgrades. As of 3Q15, foreigners held 45% of MGS and 28% of total domestic government debt. Hence, a rating downgrade would likely have resulted in a higher government debt financing burden, triggering a selldown in government securities and ultimately an outflow of funds and weakening of the Ringgit. In this light, the outcome is relatively positive, in our view.

Measures to buoy the economy

Meanwhile, the government has also introduced mitigating efforts to help buoy the economy. These include 3ppts reduction in EPF contribution by employees to 8% from March 2016 to December 2017. There is also tax relief of RM2,000 for individual income of up to RM8,000 monthly for 2015. One focus is to promote tourism via attractive packages, expediting e-Visa implementation for identified countries and Visa Free entry for Chinese tourists from 1 March through 31 December 2016. These measures should help GST collection. There is also a RM6bn fund increase to finance SMEs.

Negative for Telco sector but neutral for Construction

The continuation of big-scale infrastructure projects with a large multiplier effect is good news for the Construction sector. However, the government has indicated a competitive tender for telco spectrum, which is a negative for the sector. We make no change to our sector positioning and top pick stock list.

Strategy

Malaysia Strategy

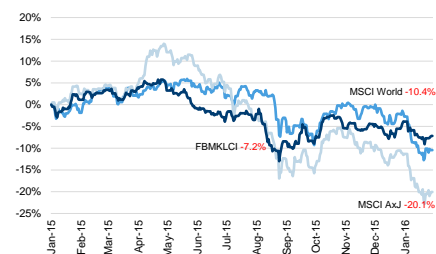
KLCI 1,635

@ 28 January 2016

POSITIVE (maintain)

2016 KLCI Target: 1,793

KLCI vs MSCI World vs MSCI AxJ (since 2015)



Source: Bloomberg

Key market statistics

	2015E	2016E
GDP growth (%)	+5.0	+4.5
KLCI EPS growth (%)	-5.2	+7.8

Source: Affin Hwang

Top calls for 2016

Stock	Rating	Price (RM)	TP (RM)
Top Buys			
AEON CREDIT	BUY	11.00	14.80
AFG	BUY	3.24	4.50
CIMB	BUY	4.10	5.15
E&O	BUY	1.40	2.54
GAMUDA	BUY	4.49	5.84
GENTING	BUY	7.50	8.40
IGB REIT	BUY	1.40	1.60
INARI	BUY	3.21	4.12
JAKS RESOURCES	BUY	1.02	1.60
KPJ	BUY	4.27	4.75
PAVILION REIT	BUY	1.59	1.90
PETRA ENERGY	BUY	1.00	1.43
PUBLIC BANK	BUY	18.24	21.80
SUNWAY	BUY	2.95	3.90
SUNWAY CONSTRUCTION	BUY	1.38	1.76
TA ANN	BUY	5.27	6.22
TENAGA	BUY	13.20	15.50
UOA DEVELOPMENT	BUY	2.05	2.57
WCT	BUY	1.60	2.16
WTK	BUY	1.34	1.36
Stocks to Avoid			
FELDA	SELL	1.59	1.26
MAXIS	HOLD	6.18	6.70
MCIL	SELL	0.64	0.48
MEDIA PRIMA	SELL	1.28	1.13
MMHE	SELL	0.92	0.97
TELEKOM	HOLD	6.52	6.85
UMW-OG	SELL	0.97	0.89
UNISEM	SELL	2.10	1.55

Source: Affin Hwang, pricing as of 28 January 2016

Chue Kwok Yan
 (603) 2146 7618
 kwokyan.chue@affinhwang.com

Research Team
 (603) 2146 7599
 research@affinhwang.com

Fig 1: Revised Government's finance

RM bn (unless stated otherwise)	2015		2016	
	Actual	Budget	Revised budget	Budget
Brent (US\$/bbl)	52.0	48.0	35.0	30.0
Revenue	219.1	225.7	217.9	216.3
Operating expenditure	217.0	215.2	211.2	210.7
Current balance	2.1	10.4	6.7	5.6
Development expenditure	40.8	50.0	46.0	45.0
loan recoveries	-1.5	-0.8	-0.8	-0.8
Overall balance	-37.2	-38.8	-38.5	-38.7
% of GDP	-3.2	-3.1	-3.1	-3.1
Federal Government debt (% of GDP)	54.3	52.2	52.5	52.7

Source: Revised budget 2016, MOF

Fig 2: Revised Government's finance

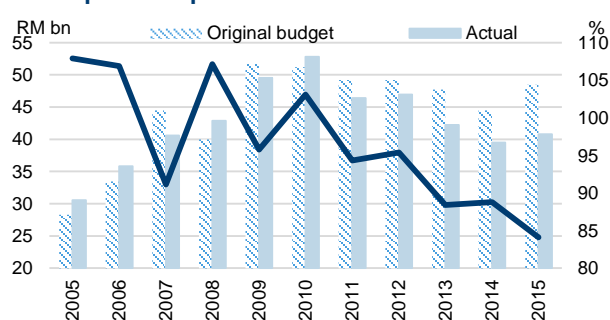
RM bn (unless stated otherwise)	Budget 2016	Revised budget 2016	
Brent price assumption (US\$/bbl)	48.0	35.0	30.0
Total revenue	225.7	217.9	216.3
Oil-related revenue**	31.8	24.0	22.4
Petronas dividend	16.0	16.0	16.0
other oil related revenue**	15.8	8.0	6.4

Source: MOF, Affin Hwang estimates

**Affin Hwang estimates

Other oil related revenues include petroleum income tax (PITA), petroleum royalties, income from exploration of O&G MTJA, export duties on crude oil/petroleum product

Fig 3: Comparison of budgeted and actual development expenditure



Source: MOF

Fig 4: Macroeconomic assumption for 2015 – 2016

	2015	2016	2016 revised
World trade (%)	2.6	4.1	3.4
World GDP (%)	3.1	3.6	3.4
Malaysia GDP (%)	5.0	4.0-5.0	4.0-4.5
Commodity prices			
Crude oil - Dated Brent (US\$/bbl)	52	48	30-35
Crude palm oil (RM/tonne)	2166	2300	2300
Rubber (RM/kg)	5.2	5.5	5.5
Consumer Price Index (%)	2.1	2.0-3.0	2.5-3.5
Current Account Surplus (% of GNI)	2.5-3.0	0.5-1.5	0.5-1.5

Source: MOF, Affin Hwang estimates

Fig 5: Affin Hwang's Malaysia GDP forecast

	%yoy				% contribution points to growth			
	2014	2015E	2016F old	2016F new	2014	2015E	2016F old	2016F new
GDP by Expenditure Components								
Total Consumption	6.4	5.7	5.8	5.2	4.2	3.7	3.8	3.4
Private consumption expenditure	7.0	6.2	6.5	6.0	3.6	3.2	3.4	3.1
Public consumption expenditure	4.4	3.8	3.0	2.0	0.6	0.5	0.4	0.3
Total Investment	4.8	5.2	5.9	4.4	1.3	1.4	1.6	1.2
Private investment expenditure	11.0	8.5	8.0	7.0	1.8	1.4	1.4	1.2
Public investment expenditure	-4.7	-0.5	2.0	-0.5	-0.5	0.0	0.2	0.0
Domestic Demand	5.9	5.6	5.8	5.0	5.4	5.1	5.4	4.6
Exports	5.1	-0.2	3.0	3.0	3.9	-0.2	2.2	2.2
Imports	4.2	0.7	3.5	3.4	2.8	0.5	2.2	2.2
GDP (2010 real prices)	6.0	5.0	5.0	4.5	6.0	5.0	5.0	4.5
GDP By Kind of Economic Activity								
Agriculture, Forestry and Fishing	2.1	1.1	1.0	0.5	0.2	0.1	0.1	0.0
Mining and Quarrying	3.3	7.0	4.0	3.5	0.3	0.6	0.4	0.3
Manufacturing	6.2	5.0	5.5	5.0	1.4	1.1	1.3	1.1
Construction	11.8	8.7	7.5	6.5	0.5	0.4	0.3	0.3
Services	6.5	5.1	5.3	5.3	3.5	2.7	2.9	2.8
GDP (2010 real prices)	6.0	5.0	5.0	4.5	6.0	5.0	5.0	4.5

Source: BNM, Affin Hwang estimates

Important Disclosures and Disclaimer

This publication is prepared by Affin Hwang Investment Bank Berhad ("Affin Hwang") and reviewed by Daiwa Securities Group Inc. and/or its non-U.S. affiliates (collectively, "Daiwa"), and is distributed and/or originated from outside Malaysia by Daiwa Securities Group Inc. and/or its non-U.S. affiliates, except to the extent expressly provided herein. The role of Daiwa Securities Group Inc. and/or its non-U.S. affiliates in connection with this publication is solely limited to the review and distribution of this publication; and Daiwa Securities Group Inc. and/or its non-U.S. affiliates are not involved in the preparation of this publication in any other way. This research is for Daiwa clients only and the publication and the contents hereof are intended for information purposes only, and may be subject to change without further notice. Other than disclosures relating to Daiwa, this research is based on current public information that Affin Hwang and Daiwa consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such.

The analysts named in this report may have from time to time discussed with clients, including Daiwa's salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analysts' published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analysts' fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage group as described herein.

Any use, disclosure, distribution, dissemination, copying, printing or reliance on this publication for any other purpose without our prior consent or approval is strictly prohibited. Neither Affin Hwang, Daiwa Securities Group Inc. nor any of its or their respective parent, holding, subsidiaries or affiliates, nor any of its or their respective directors, officers, servants and employees, represent nor warrant the accuracy or completeness of the information contained herein or as to the existence of other facts which might be significant, and will not accept any responsibility or liability whatsoever for any use of or reliance upon this publication or any of the contents hereof. Neither this publication, nor any content hereof, constitute, or are to be construed as, an offer or solicitation of an offer to buy or sell any of the securities or investments mentioned herein in any country or jurisdiction where such an offer or solicitation would be illegal nor, unless expressly provided, any recommendation or investment opinion or advice. Any view, recommendation, opinion or advice expressed in this publication constitutes the views of the analyst(s) named herein and does not necessarily reflect those of Affin Hwang, Daiwa Securities Group Inc. and/or its affiliates nor any of its respective directors, officers, servants and employees except where the publication states otherwise. This research report is not to be relied upon by any person in making any investment decision or otherwise advising with respect to, or dealing in, the securities mentioned, as it does not take into account the specific investment objectives, financial situation and particular needs of any person. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options disclosure documents in relation to such investments.

All research reports are disseminated and available to our clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Daiwa and Affin Hwang responsible for the redistribution of our research by third party aggregators.

Affin Hwang, Daiwa Securities Group Inc., its subsidiaries and affiliates, and its or their respective directors, officers and employees, from time to time may have trades as principals, or may have positions in, or have other interests in the securities of the company under research including market making activities, derivatives in respect of such securities or may have also performed investment banking and other services for the issuer of such securities. The following are additional disclosures.

Ownership of Securities

For "Ownership of Securities" information, please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Investment Banking Relationship

For "Investment Banking Relationship", please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Japan

Disclosure of Interest of Daiwa Securities Group Inc.

Investment Banking Relationship

Within the preceding 12 months, the subsidiaries and/or affiliates of Daiwa Securities Group Inc. * has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Modern Land (China) Co. Ltd (1107 HK); econtext Asia Ltd (1390 HK); Accordia Golf Trust (AGT SP); GF Securities Co Ltd (1776 HK); Mirae Asset Life Insurance Co Ltd (085620 KS); China Reinsurance Group Corporation (1508 HK).

*Subsidiaries of Daiwa Securities Group Inc. for the purposes of this section shall mean any one or more of: Daiwa Capital Markets Hong Kong Limited (大和資本市場香港有限公司), Daiwa Capital Markets Singapore Limited, Daiwa Capital Markets Australia Limited, Daiwa Capital Markets India Private Limited, Daiwa-Cathay Capital Markets Co., Ltd., Daiwa Securities Capital Markets Korea Co., Ltd.

This research may only be distributed in Japan to "qualified institutional investors", as defined in the Financial Instruments and Exchange Act (Article 2 (3) (i)), as amended from time to time.

Disclosure of Interest of Affin Hwang Investment Bank

-

Hong Kong

This research is distributed in Hong Kong by Daiwa Capital Markets Hong Kong Limited (大和資本市場香港有限公司) ("DHK") which is regulated by the Hong Kong Securities and Futures Commission. Recipients of this research in Hong Kong may contact DHK in respect of any matter arising from or in connection with this research.

Relevant Relationship (DHK)

DHK may from time to time have an individual employed by or associated with it serves as an officer of any of the companies under its research coverage.

Singapore

This research is distributed in Singapore by Daiwa Capital Markets Singapore Limited and it may only be distributed in Singapore to accredited investors, expert investors and institutional investors as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time. By virtue of distribution to these category of investors, Daiwa Capital Markets Singapore Limited and its representatives are not required to comply with Section 36 of the Financial Advisers Act (Chapter 110) (Section 36 relates to disclosure of Daiwa Capital Markets Singapore Limited's interest and/or its representative's interest in securities). Recipients of this research in Singapore may contact Daiwa Capital Markets Singapore Limited in respect of any matter arising from or in connection with the research.

Australia

This research is distributed in Australia by Daiwa Capital Markets Stockbroking Limited and it may only be distributed in Australia to wholesale investors within the meaning of the Corporations Act. Recipients of this research in Australia may contact Daiwa Capital Markets Stockbroking Limited in respect of any matter arising from or in connection with the research.

India

This research is distributed in India to Institutional Clients only by Daiwa Capital Markets India Private Limited (Daiwa India) which is an intermediary registered with Securities & Exchange Board of India as a Stock Broker, Merchant Bank and Research Analyst. Daiwa India, its Research Analyst and their family members and its associates do not have any financial interest save as disclosed or other undisclosed material conflict of interest in the securities or derivatives of any companies under coverage. Daiwa India and its associates may have received compensation for any products other than Investment Banking (as disclosed) or brokerage services from the subject company in this report during the past 12 months. Unless otherwise stated in BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>, Daiwa India and its associates do not hold more than 1% of any companies covered in this research report.

There is no material disciplinary action against Daiwa India by any regulatory authority impacting equity research analysis activities as of the date of this report.

Taiwan

This research is distributed in Taiwan by Daiwa-Cathay Capital Markets Co., Ltd and it may only be distributed in Taiwan to institutional investors or specific investors who have signed recommendation contracts with Daiwa-Cathay Capital Markets Co., Ltd in accordance with the Operational Regulations Governing Securities Firms Recommending

Trades in Securities to Customers. Recipients of this research in Taiwan may contact Daiwa-Cathay Capital Markets Co., Ltd in respect of any matter arising from or in connection with the research.

Philippines

This research is distributed in the Philippines by DBP-Daiwa Capital Markets Philippines, Inc. which is regulated by the Philippines Securities and Exchange Commission and the Philippines Stock Exchange, Inc. Recipients of this research in the Philippines may contact DBP-Daiwa Capital Markets Philippines, Inc. in respect of any matter arising from or in connection with the research. DBP-Daiwa Capital Markets Philippines, Inc. recommends that investors independently assess, with a professional advisor, the specific financial risks as well as the legal, regulatory, tax, accounting, and other consequences of a proposed transaction. DBP-Daiwa Capital Markets Philippines, Inc. may have positions or may be materially interested in the securities in any of the markets mentioned in the publication or may have performed other services for the issuers of such securities.

For relevant securities and trading rules please visit SEC and PSE link at <http://www.sec.gov.ph/irr/AmendedIRRfinalversion.pdf> and <http://www.pse.com.ph/>, respectively.

United Kingdom

This research report is produced by Daiwa Securities Co. Ltd. and/or its affiliates and is distributed in the European Union, Iceland, Liechtenstein, Norway and Switzerland. Daiwa Capital Markets Europe Limited is authorised and regulated by The Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange and Eurex. This publication is intended for investors who are not Retail Clients in the United Kingdom within the meaning of the Rules of the FCA and should not therefore be distributed to such Retail Clients in the United Kingdom. Should you enter into investment business with Daiwa Capital Markets Europe's affiliates outside the United Kingdom, we are obliged to advise that the protection afforded by the United Kingdom regulatory system may not apply; in particular, the benefits of the Financial Services Compensation Scheme may not be available.

Daiwa Capital Markets Europe Limited has in place organisational arrangements for the prevention and avoidance of conflicts of interest. Our conflict management policy is available at <http://www.uk.daiwacm.com/about-us/corporate-governance-regulatory>.

Germany

This document is distributed in Germany by Daiwa Capital Markets Europe Limited, Niederlassung Frankfurt which is regulated by BaFin (Bundesanstalt fuer Finanzdienstleistungsaufsicht) for the conduct of business in Germany.

Bahrain

This research material is distributed in Bahrain by Daiwa Capital Markets Europe Limited, Bahrain Branch, regulated by The Central Bank of Bahrain and holds Investment Business Firm – Category 2 license and having its official place of business at the Bahrain World Trade Centre, South Tower, 7th floor, P.O. Box 30069, Manama, Kingdom of Bahrain. Tel No. +973 17534452 Fax No. +973 535113

United States

This report is distributed in the U.S. by Daiwa Capital Markets America Inc. (DCMA). It may not be accurate or complete and should not be relied upon as such. It reflects the preparer's views at the time of its preparation, but may not reflect events occurring after its preparation; nor does it reflect DCMA's views at any time. Neither DCMA nor the preparer has any obligation to update this report or to continue to prepare research on this subject. This report is not an offer to sell or the solicitation of any offer to buy securities. Unless this report says otherwise, any recommendation it makes is risky and appropriate only for sophisticated speculative investors able to incur significant losses. Readers should consult their financial advisors to determine whether any such recommendation is consistent with their own investment objectives, financial situation and needs. This report does not recommend to U.S. recipients the use of any of DCMA's non-U.S. affiliates to effect trades in any security and is not supplied with any understanding that U.S. recipients of this report will direct commission business to such non-U.S. entities. Unless applicable law permits otherwise, non-U.S. customers wishing to effect a transaction in any securities referenced in this material should contact a Daiwa entity in their local jurisdiction. Most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as a process for doing so. As a result, the securities discussed in this report may not be eligible for sales in some jurisdictions. Customers wishing to obtain further information about this report should contact DCMA: Daiwa Capital Markets America Inc., Financial Square, 32 Old Slip, New York, New York 10005 (Tel no. 212-612-7000).

Ownership of Securities

For "Ownership of Securities" information please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Investment Banking Relationships

For "Investment Banking Relationships" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

DCMA Market Making

For "DCMA Market Making" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Research Analyst Conflicts

For updates on "Research Analyst Conflicts" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>. The principal research analysts who prepared this report have no financial interest in securities of the issuers covered in the report, are not (nor are any members of their household) an officer, director or advisory board member of the issuer(s) covered in the report, and are not aware of any material relevant conflict of interest involving the analyst or DCMA, and did not receive any compensation from the issuer during the past 12 months except as noted: no exceptions.

Research Analyst Certification

For updates on "Research Analyst Certification" and "Rating System" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>. The views about any and all of the subject securities and issuers expressed in this Research Report accurately reflect the personal views of the research analyst(s) primarily responsible for this report (or the views of the firm producing the report if no individual analyst[s] is named on the report); and no part of the compensation of such analyst(s) (or no part of the compensation of the firm if no individual analyst[s]) is named on the report) was, is, or will be directly or indirectly related to the specific recommendations or views contained in this Research Report.

For stocks and sectors in Malaysia covered by Affin Hwang, the following rating system is in effect:

Stocks:

BUY: Total return is expected to exceed +10% over a 12-month period

HOLD: Total return is expected to be between -5% and +10% over a 12-month period

SELL: Total return is expected to be below -5% over a 12-month period

NOT RATED: Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

Sectors:

OVERWEIGHT: Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months

NEUTRAL: Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months

UNDERWEIGHT: Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

Conflict of Interest Disclosure

Ownership of Securities

For "Ownership of Securities" information, please visit BlueMatrix disclosure Link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Investment Banking Relationships

For "Investment Banking Relationship", please visit BlueMatrix disclosure Link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Relevant Relationships

Affin Hwang may from time to time have an individual employed by or associated with it serves as an officer of any of the companies under its research coverage.

Affin Hwang Investment Bank Bhd (14389-U)
 (Formerly known as HwangDBS Investment Bank Bhd)

Affin Hwang market making

Affin Hwang may from time to time make a market in securities covered by this research.

Additional information may be available upon request.

Japan - additional notification items pursuant to Article 37 of the Financial Instruments and Exchange Law

(This Notification is only applicable where report is distributed by Daiwa Securities Co. Ltd.)

If you decide to enter into a business arrangement with us based on the information described in materials presented along with this document, we ask you to pay close attention to the following items.

- In addition to the purchase price of a financial instrument, we will collect a trading commission* for each transaction as agreed beforehand with you. Since commissions may be included in the purchase price or may not be charged for certain transactions, we recommend that you confirm the commission for each transaction.
- In some cases, we may also charge a maximum of ¥ 2 million (including tax) per year as a standing proxy fee for our deposit of your securities, if you are a non-resident of Japan.
- For derivative and margin transactions etc., we may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements.
- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.
- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by us.
- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.

*The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with us.

Corporate Name: Daiwa Securities Co. Ltd.
Financial instruments firm: chief of Kanto Local Finance Bureau (Kin-sho) No.108
Memberships: Japan Securities Dealers Association, The Financial Futures Association of Japan
Japan Investment Advisers Association
Type II Financial Instruments Firms Association