

# **Baader & Heins Capital Management AG**

## **General information for clients (WpHG Section 63(7))**

Baader & Heins Capital Management AG (the Company) is a financial services business based in Germany. The Company's headquarters are in Unterschleißheim. Seventy-five per cent of shares are owned by Baader Bank AG.

The Company currently has 17 employees (as of 1 January 2018).

The Company has been approved by the German Federal Financial Supervisory Authority (BaFin) to perform the following financial services:

- a) investment advice
- b) acquisition brokerage
- c) proprietary trading

**Our employees are in the office and available from 8.30 a.m. to 5 p.m. on trading days.**

The Company's clientele include primarily institutional clients such as banks, savings banks, insurers and pension funds. Local councils and other companies also feature amongst the Company's clients. The Company sells loans against borrower's notes and other bonds to these clients. The Company does not conduct financial commission business (per KWG [Kreditwesengesetz, banking act] Section 1(1)) and does not offer any transactions of foreign currency bonds.

## **Address:**

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Telephone: +49 (0)89 2318 000 (switchboard)  
Fax: + 49 (0)89 2318 0010  
Email: kontakt@baaderheins.de

## **Directors**

Andree Heins  
Markus Britzl

## **Commercial power of attorney (prokura)**

Marco Kromotis  
Marcus Burkhardt  
Kerstin Dürbaum

## **Supervisory board members**

Dieter Brichmann (chair)  
Nico Baader  
Christian Bacherl

## **Subsidiary**

KADEGE Kapital Devisen Geld  
Weihenstephaner Str. 4  
85716 Unterschleißheim  
Telephone: +49 (0)89 216 300 (switchboard)  
Fax: + 49 (0)89 231 800 111  
Email: info@kadege.de

## **Commercial power of attorney (prokura)**

Tobias Strelow  
Rainer Finkenzeller

## **Under the supervision of:**

German Federal Financial Supervisory Authority  
Marie-Curie-Strasse 24–28  
60439 Frankfurt am Main

## **Legal information:**

The Company is registered in the commercial register of the Local Court of Munich under HRB 163060.

## **Risk notice:**

We mainly work with ‘suitable counterparties’ and ‘professional clients’ (hereinafter referred to collectively as ‘institutional clients’) for the purposes of the WpHG (Wertpapierhandelsgesetz, securities trading act). For this reason we would like to inform you that, on the basis of having such a clientele, we presume that our clients can understand and assess the risks of the chosen forms of investment.

We do not perform any appropriateness tests for these clients to determine whether the investment form selected by each of our clients suits their profile based on previously gained knowledge and experience in securities trading. We also do not carry out suitability tests.

Information is also not sought for private clients when it is a money market instrument, bond or another securitised debt instrument being brokered, provided there is no derivative embedded in it. Consequently, Baader & Heins AG also does not carry out an appropriateness test in these situations.

We would particularly like to inform you that Baader & Heins AG operates an execution-only service. Advice and risk disclosure is offered for neither institutional clients nor private clients.

**Information on deposit protection:**  
**Securities trading companies compensation fund (EdW)**

Baader & Heins Capital Management AG is a member of the securities trading companies compensation fund (EdW). The EdW is responsible for financial service providers and financial institutions that are not deposit-taking institutes as well as for investment companies. The EdW was created as a special fund without legal capacity at the Kreditanstalt für Wiederaufbau ([www.kfw.de](http://www.kfw.de)) in accordance with AnlEntG (Anlegerentschädigungsgesetz, investor compensation act) as amended by the law dated 28 May 2015 (BGBl. [*Bundesgesetzblatt*, federal law gazette] I p 786) enacting Directive 2014/49/EU of the European Parliament and Council of 16 April 2014 on deposit guarantee schemes. AnlEntG Section 6(3) provides that the EdW is subject to the supervision of the German Federal Financial Supervisory Authority (BaFin) ([www.bafin.de](http://www.bafin.de)). You can obtain more information directly from the

Securities trading companies  
compensation fund (EdW)  
10865 Berlin

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Email: [mail@e-d-w.de](mailto:mail@e-d-w.de)  
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**Methods of communication**

You may convey your order to us electronically, by telephone, orally or in writing by fax, email or letter. Our clients may communicate with us in either German or English.

**Tied agents**

Baader & Heins Capital Management AG does not currently work with tied agents.

**Recording of telephone conversations and electronic communication**

We would strongly like to inform you that we record communication for documentation purposes, to continually improve the quality of our service and due to statutory obligations. We store these recordings for five years or, in certain cases where supervisory authorities have demanded it, for up to seven years. You can request that we stop recording at the beginning of the call.

### **Information about costs and charges**

We charge our clients a brokerage fee for the brokering of transactions, the amount of which is dependent on the nature and scope of the securities service performed. If desired, we can provide our clients with detailed information about individual costs and charges.

### **Information about securities transactions and how they are executed**

Unless otherwise agreed, Baader & Heins AG sends its clients an invoice containing the essential data of the executed transactions involving financial instruments after each transaction, though by no later than the first business day following the execution of an order.

### **Best execution**

The requirements of the WpHG for the creation of extensive execution guidelines do not apply if the securities trading company and the client together agree on a contract of sale of financial instruments at a fixed or determinable price (fixed-price contract). Baader & Heins Capital Management AG does not offer to execute orders by way of commission business in trading venues as defined by MiFID II. All brokered transactions are executed solely on the basis of fixed-price contracts. The Company also does not offer to execute limit orders.

In such cases, the obligations of the securities trading company and the client are based exclusively on their contractual arrangement. Fixed-price contracts for securities transactions, for example, involve an obligation to deliver the securities and another obligation to pay the purchase price. With fixed-price contracts, Baader & Heins Capital Management AG will fulfil its general obligation for best execution by quoting market-consistent prices after receiving an enquiry from a client. As Baader & Heins Capital Management AG only acts as a broker and does not enter into the transaction itself, these prices are based on the price offers of the parent company, Baader Bank AG, which carries out and takes over execution of the final transactions with the clients of Baader & Heins Capital Management AG.

Baader & Heins Capital Management AG will also seek its clients' explicit permission to execute commercial transactions in fixed-income securities outside of organised markets and multilateral trading systems before each such transaction.

### **Ex-ante cost transparency**

Our brokerage fee for selling securities usually amounts to between 0.01 and 0.50 per cent, depending on the respective security, and is reported clearly on the transaction confirmation. We do not charge any other service fees. We also do not offer any products that involve direct product costs in addition to service costs, such as certificates.

### **Sample charges for a loan against borrower's note**

Service charges:

Purchase par value EUR 1 million

0.2% broker fee = EUR 2,000

Theoretical costs based on spread in market:

Current spread 98.00 to 101.00, fair value/spread midpoint 99.50

Difference between purchase price and spread midpoint: 1.5% = EUR 15,000

Without costs, the yield would be EUR 17,000 higher.

If the financial instrument is sold, the return for the corresponding year would decrease by another EUR 17,000, provided the spread in the market and broker fee remain unchanged.

Note: this example is calculated based on the supervisory requirements of ESMA. The actual entry costs cannot be used ex ante as Baader Bank may have already purchased the units being brokered at an earlier time and have them in its inventory or only cover short sales at a later time.

#### Sample invoice for corporate bonds

ISIN XS1724873275

Suedzucker Intl Finance B.V. EO-Notes 2017(17/25)

Current spread in market 98.98 to 99.15

Purchase par value EUR 500,000

Service charges:

Broker commission: 0.016% = EUR 80.00

Theoretical costs based on spread in market:

Current spread 98.98 to 99.16, fair value/spread midpoint 99.07

Difference between purchase price and spread midpoint: 0.09% = EUR 450

Without costs, the yield would be EUR 530 higher.

If the financial instrument is sold, the return for the corresponding year would decrease by another EUR 530, provided the spread in the market and broker fee remain unchanged.

#### Sample invoice for bank bonds

ISIN DE000NLB8G16

Norddeutsche Landesbank IHS, matures 24.09.2018

Current spread 100.51 to 100.65

Purchase par value EUR 5,000,000

Service charges:

Broker commission: 0.0075% = EUR 375

Theoretical costs based on spread in market:

Current spread 100.51 to 100.65 fair value/spread midpoint 100.58

Difference between purchase price and spread midpoint: 0.07% = EUR 3,500

Without costs, the yield would be EUR 3,875 higher.

If the financial instrument is sold, the return for the corresponding year would decrease by another EUR 3,875.00, provided the spread in the market and broker fee remain unchanged.

### **Order execution outside of a regulated market or multilateral trading system**

Baader & Heins Capital Management AG may execute off-market, brokered transactions outside of a regulated market or multilateral trading system through its parent company, Baader Bank AG.