

408(b)(2) Service Provider Compensation Disclosure Statement

This disclosure is being provided in accordance with the United States Department of Labor final regulation under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974 (ERISA). Daiwa Capital Markets America Inc. (“DCMA”) earns compensation in connection with services provided to retirement plans. Certain fees may be considered “direct compensation” or “indirect compensation” for purposes of the section 408(b) (2) regulation 29 C.F.R. § 2550.408b-2(c) (1) (IV) (C).

It is important that fiduciaries of retirement plans understand the services that DCMA provides, and the related compensation DCMA expects to receive for those services from retirement plan clients or third parties. You should consider the following important information in connection with the services to be provided by DCMA, as a covered service provider to an employee benefit plan that is a covered plan under Section 408(b)(2) of ERISA (Plan).

We do not expect to provide services to plan clients as either a fiduciary (as that term is defined in ERISA) or as an investment adviser registered under either the Investment Adviser Acts of 1940 or any State law.

If you are a client of an introducing broker, you should contact your introducing broker for any required disclosures.

Required Information	Line of Business	Applicable Disclosure
Description of Services	Cash Equity Securities	DCMA may provide execution services as a broker in connection with the purchase and sale of equity securities executed on an agency basis.
Direct Compensation	Cash Equity Securities	We charge a commission for trades that we execute as broker for your account on an agency basis. The total amount of the brokerage commission will be confirmed in writing after the trade is executed. Commissions charged for equity securities trades vary but generally do not exceed \$0.05 per share transacted.
Indirect Compensation	Cash Equity Securities	The following arrangements and practices may constitute indirect compensation: In connection with executing transactions in the marketplace, we route orders to national securities exchanges, alternative trading systems, electronic communications networks, and broker-dealers (“Market Centers”). Certain of these Market Centers offer monetary credits for orders that provide liquidity and assess charges for orders that take liquidity. Whether a Market Center offers us a net credit or assesses us a net charge is determined based on the overall volume of business that we transact with the applicable Market Center over a given period (typically a month) and is not individually based on the activity of any particular account. In addition, we participate in the options order flow programs that are sponsored by various options exchanges and approved by the Securities and Exchange Commission (“SEC”). These exchange-sponsored programs offer payments for listed option orders that are directed to such options markets. When handling equity security orders, we pursue different execution strategies across multiple Market Centers consistent with our best execution obligation, taking into account market conditions, client instructions, liquidity, dynamics and price improvement opportunities.

<p>Indirect Compensation</p>		<p>These Market Centers competitively employ different and frequently revised pricing schedules with respect to charges, credits and other payments. As a result, it is not possible to predict with reasonable certainty the amount of indirect compensation, if any, that may be received with respect to your particular orders. In accordance with SEC Rule 606, we disclose, on a quarterly basis, the top Market Centers to which we route customer orders for execution. Please see our disclosure at us.daiwacm.com/disclosure-documents/sec-rule-605-and-606/ and a description of the material aspects of our relationships with Market Centers. In general, we expect annually to incur charges (rather than receive credits) across Market Centers on a net basis with respect to the aggregate business we transact over such period. Further information on the charge/credit schedules for Market Centers can be found at the following websites:</p> <p>Options & Equities</p> <p><i>CBOE:</i> https://www.cboe.com/us/options/notices/fee_schedule/ https://www.cboe.com/us/options/membership/fee_schedule/ https://www.cboe.com/us/options/membership/fee_schedule/bzx/ https://www.cboe.com/us/options/membership/fee_schedule/ctwo/ https://www.cboe.com/us/options/membership/fee_schedule/edgx/ https://www.cboe.com/us/equities/membership/fee_schedule/edga/</p> <p><i>NYSE:</i> https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE_American_Options_Fee_Schedule.pdf https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE_Arca_Options_Fee_Schedule.pdf</p> <p><i>NASDAQ:</i> https://listingcenter.nasdaq.com/rulebook/bx/rules/bx-equity-7 https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-options-7 https://listingcenter.nasdaq.com/rulebook/phlx/rules/phlx-equity-7</p> <p>Equities</p> <p><i>NYSE:</i> https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE_Arca_Marketplace_Fees.pdf https://www.nyse.com/publicdocs/nyse/markets/nyse-american/NYSE_America_Equities_Price_List.pdf https://www.nyse.com/publicdocs/nyse/regulation/nyse/NYSE_National_Schedule_of_Fees.pdf https://www.nyse.com/publicdocs/nyse/NYSE_Chicago_Fee_Schedule.pdf</p> <p><i>NASDAQ:</i> http://nasdaqtrader.com/Trader.aspx?id=bx_pricing http://nasdaqtrader.com/Trader.aspx?id=PSX_Pricing</p> <p><i>You should check these websites for periodic updates.</i></p>
<p>Indirect Compensation</p>	<p>All Lines of Business</p>	<p>Our internal policies prohibit our employees from accepting gifts or entertainment from ERISA fiduciaries or their representatives or on account of any ERISA plan. Thus, we do not reasonably expect to receive any gifts or entertainment or similar items that would constitute indirect compensation.</p>
<p>Compensation Paid Among Related Parties</p>	<p>All Lines of Business</p>	<p>Any DCMA related entity that performs a service for, or transacts with, a plan client's account may share some or all of its fees or other remuneration with other DCMA related entity that assist in providing that service or trans-action. For example, when a plan client executes a trade on a non-U.S. exchange, DCMA directly services the plan client may share a portion of its commission with the non-U.S. DCMA related entity that actually executed the transaction on the non-U.S. exchange. These sharing arrangements are generally structured and performed on an arm's length basis.</p>
<p>Compensation for Termination of Arrangement</p>	<p>All Lines of Business</p>	<p>We will not receive any compensation for the termination of a plan client's relationship other than the payment of commissions, fees or costs that have been incurred but not yet paid.</p>

Special note regarding Form 5500

Based on Q&A 3&4 of the U.S. Department of Labor's FAQs About The 2009 Form 5500 Schedule C, we generally expect any compensation we may receive in connection with any services that we may provide to pension plans subject to ERISA to constitute ordinary operating expenses for Form 5500 purposes. Ordinary operating expenses do not constitute indirect compensation that is reportable on Form 5500. Thus, we do not expect to receive any compensation that is reportable for Form 5500 purposes.

Disclaimer

The new DOL rules that describe the forgoing disclosures are complex and often ambiguous in their application to many arrangements described herein. These rules are also the subject of continuing DOL guidance. We have prepared the foregoing disclosures in good faith and with reasonable diligence. To the extent we have referenced agreements or other documents herein, you should review those agreements or other documents in full, as they may contain additional information that may be relevant to required disclosures under the new DOL rules.