

## Compensation for Directors and Executive Officers

As Nomura has adopted the “Company with Three Board Committees” structure, the Compensation Committee has prepared and approved the Compensation Policy of Nomura Group and Compensation Policy for Directors and Executive Officers of Nomura Holdings, Inc.

**Compensation for Directors and Executive Officers**  
<http://www.nomuraholdings.com/company/cg/compensation.html>

### Compensation Policy of Nomura Group

To enable us to achieve sustainable growth, realize a long-term increase in shareholder value, deliver added value to our clients, compete in the global market, and enhance our reputation, Nomura has developed the Compensation Policy of Nomura Group applicable to regular employees, including senior management. The policy is broadly divided into six key themes.

1. Align with Nomura values and strategies
2. Reflect firm, division, and individual performance
3. Establish appropriate performance measurement with a focus on risk
4. Align with employee and shareholder interests
5. Establish appropriate compensation structures
6. Ensure robust governance and control processes

### Compensation Policy for Directors and Executive Officers of Nomura Holdings, Inc.

The compensation of Directors and Executive Officers comprises base salary, an annual bonus, and a long-term incentive plan. The Compensation Committee has approved the following matters related to the compensation of Directors and Executive Officers:

#### 1. Base Salary

Base salary is determined based on factors such as professional background, career history, responsibilities, and compensation standards of related business fields. A portion of base salary may be paid in the form of equity-based compensation with a certain non-exercise period to ensure that the interests of Directors and Executive Officers are closely aligned with those of shareholders.

#### 2. Annual Bonus

Annual bonuses of Directors and Executive Officers are determined by taking into account both quantitative and qualitative factors. Quantitative factors include performance of the Group and the division results, while qualitative factors include achievement of individual goals and subjective assessment of individual contributions. Depending on the level of bonus payment, a portion of payment in cash may be deferred. In addition, a portion of deferred bonus may be paid in equity-based compensation with a certain non-exercise period in lieu of cash. Such deferred bonus may be unpaid or forfeited under specific circumstances.

#### 3. Long-Term Incentive Plans

Long-term incentive plans may be awarded to Directors and Executive Officers, depending on their individual responsibilities and performance. Payments under long-term incentive plans are made when a certain degree of achievements is accomplished. Payments are made in equity-linked awards with appropriate vesting periods to ensure that medium- to long-term interests of Directors and Executive Officers are closely aligned with those of shareholders.

**Form 20-F**  
<http://www.nomuraholdings.com/investor/library/sec/>

Nomura Group has established an appropriate compliance framework, and insists on compliance with all applicable laws, rules and regulations in all Group companies and departments.

## Fundamental Approach

Compliance is a top management priority for Nomura Group, and the Code of Ethics of Nomura Group defines our fundamental policy on compliance. The management and employees of the Group pledge to abide by the rules stated in this code once each

year. Also, we have established Nomura Founding Principles and Corporate Ethics Day, as a day for management and employees to annually reaffirm our corporate culture and corporate ethics, underpinned by Our Founder's Principles.

## Compliance Framework

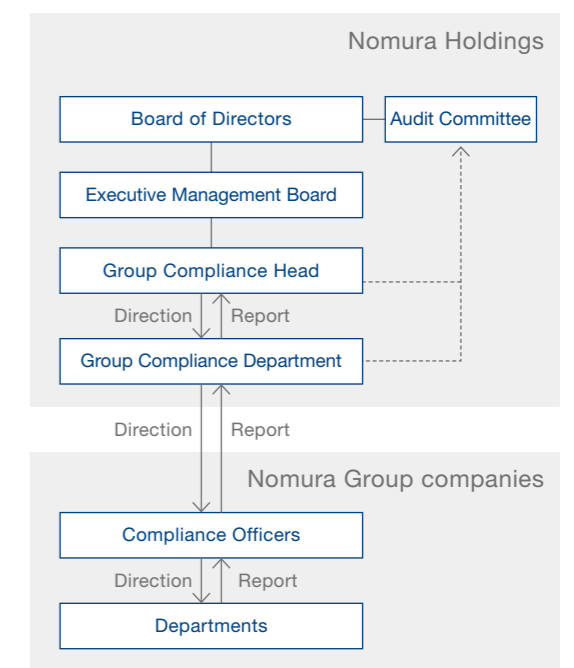
We have appointed a Group Compliance Head to oversee compliance for the Group as a whole along with a Group Compliance Department that provides support. In addition, Compliance Officers have been assigned to each Group company to strengthen our internal controls in response to global business, and to develop and maintain the respective compliance

structures of each Group company, including overseas offices.

In addition to Group-wide initiatives, Nomura Securities has established a Compliance Program as a detailed action plan, and put into place a compliance framework based on this program.

### Nomura Securities' Compliance Structure

- A Compliance Committee chaired by the President oversees Company-wide initiatives and is in charge of establishing and deliberating on important issues related to internal controls.
- The Company has established the post of Internal Administration Supervisor to monitor compliance issues in line with Japan Securities Dealers Association's rule
- The Company has established the posts of Sales Officers, Internal Controls Officers and Compliance Officers
- The Compliance Division strengthens and improves legal and regulatory compliance as well as the internal controls system by formulating internal rules and disseminating them throughout the Company.



### Legal Compliance Measures

- Insistence on legal compliance and enhancement of management systems
- Establishment of a Compliance Hotline
- Carrying out compliance training

In all Group companies and departments, Nomura Group insists on compliance with laws and regulations and endeavors to prevent the occurrence of activities that may be construed as illegal by structuring the necessary administrative systems. In the event that such issues arise, they are reported in full to management-level officers without delay, and organizations and systems are structured to respond appropriately.

Nomura employees who have become aware of potential legal or regulatory violations are able to report their concerns to persons designated

by Nomura Holdings, including Outside Directors, through the Compliance Hotline (persons reporting have the option of remaining anonymous). In FY2015/16, there were 19 calls received via the Compliance Hotline, and the status of related matters was confirmed, and appropriate measures were processed.

We conduct comprehensive compliance training for all Executive Officers and employees on topics such as the prevention of money laundering and insider trading, firewall regulations, and guidelines for managing customer information.

### Offering High-Quality Financial Services

Nomura Securities seeks to enhance the quality of financial products and services offered to customers through the following initiatives under the Guidelines for Supervision of Financial Instruments Business Operators, etc.

#### Nomura Securities' Primary Initiatives

- Appointing officers to oversee internal controls, compliance, etc., and developing systems to ensure compliance and the appropriateness of operations
- Thoroughly screening account openings and conducting proper examinations when underwriting securities
- Carefully reviewing product details and taking action to provide accurate and comprehensive information
- Conducting sales and solicitation activities in compliance with the Financial Instruments and Exchange Act and applicable laws and regulations governing each operation with an overall understanding of the customer's needs and knowledge of financial instruments and financial status
- Structuring systems that establish guidelines for sales to senior customers and requiring compliance with these guidelines
- Ensuring compliance with laws, regulations, and internal rules through compliance training

### Ensuring Fair Financial Business Practices

- Prohibition of transactions with anti-social forces
- Prevention of acceptance or giving of bribes
- Management of conflicts of interest and prevention of insider trading

Nomura Group works to prohibit transactions with anti-social forces and to prevent money laundering.

Nomura Group has established guidelines related to gifts and entertainment of public officials and private-sector groups, and by disseminating them throughout the Company, works to ensure fair

business practices to prevent the acceptance or giving of bribes.

We manage conflicts of interest and insider information from a global perspective by concentrating information in the Group Compliance Department.

### Customer Protection and Information Security


- Appropriate segregation of customer assets
- Effective protection of clients' personal information and other information assets of the Group

Under various applicable laws and regulations, including the Financial Instruments and Exchange Act and the Personal Information Protection Act, Nomura Group works to properly protect customers' assets and information.

In accord with various applicable laws and regulations, including the Financial Instruments and Exchange Act, Nomura Securities properly segregates the assets of its customers from the assets of Nomura Securities itself. Nomura Securities has received a report certifying its compliance with all material aspects of the criteria in effect under

relevant U.S. standards as regards the segregation of customer assets by Ernst & Young ShinNihon LLC.

Nomura Group Information Security Policy is the basic document governing the effective protection of clients' personal information and other information assets. Customer-related personal information is handled under stringent standards set out in Nomura Group Privacy Policy and other information security-related rules, and in full compliance with personal information-related laws and regulations. For further information, please refer to our website.

 **Privacy Policy**  
[http://www.nomuraholdings.com/policy/privacy\\_hd.html](http://www.nomuraholdings.com/policy/privacy_hd.html)

#### TOPICS

### Nomura Founding Principles and Corporate Ethics Day

Nomura Group, which celebrated its 90th anniversary in 2015, has established Nomura Founding Principles and Corporate Ethics Day. This provides an opportunity each year for all of us to reflect on our corporate culture and corporate ethics based on Our Founder's Principles and remind ourselves of the actions that have brought scrutiny upon the firm. Every year on Nomura Founding Principles and Corporate Ethics Day, we take measures for everyone in each Group company, including overseas offices, to think about Nomura's founding principles and corporate ethics to ensure we never repeat the mistakes of the past.