

Nomura's Views on the ISS Report

Tokyo, June 2, 2017—Nomura Holdings, Inc. (the “Company”) has received the following views from Nobuyuki Koga, Chairman of the Nomination Committee of the Company*, concerning Institutional Shareholder Services Inc.’s (“ISS”) recommendation to vote against the proposal for the appointment of Ms. Mari Sono (former Commissioner of the Securities and Exchange Surveillance Commission) as a director at the 113th Annual General Meeting of Shareholders of the Company.

*Decisions on director nominees of the Company, which is a company with three board committees, are made by the Nomination Committee whose members are made up of a majority of outside directors.

1. ISS' Views

ISS has recommended voting against the proposal for the appointment of Ms. Sono according to ISS' “Japan Proxy Voting Guidelines 2017” for the following reasons:

- (1) Ms. Sono does not meet the independence criteria because she worked at Ernst & Young ShinNihon LLC (“the audit firm”), the Company's auditor.

Supplementary information: ISS regards an outside director nominee who worked at a company's audit firm as non-independent regardless of how many years have passed since the nominee's retirement from the firm. As for ISS' reasoning for this, ISS mentions the lifetime employment culture in Japanese companies and the strong sense of identification that long-time employees have with their employers.

- (2) ISS' view is that at the Board of Directors of the Company, “a board seat in a sense has been reserved for an individual from ShinNihon.”
- (3) ISS' view is that, at the Company, which is a company with three board committees, the majority of the Board of Directors will not be independent after the 113th Annual General Meeting of Shareholders of the Company.

Supplementary information: the Board of Directors of the Company will consist of five independent directors and five non-independent directors after the Annual General Meeting of Shareholders because ISS regards Ms. Sono as non-independent.

2. Ms. Sono's Independence (Counterargument to 1.(1) Above)

Facts:

- Five years will have passed in August since Ms. Sono's retirement from the audit firm, after which she has had no involvement whatsoever in the audit firm's management and financial policy. Five years is well beyond the three-year look-back period under the rules of the New York Stock Exchange where the Company is listed, generally

recognized as a sufficient period for the unwinding of any conflicting relationships between directors and their former employers.

- Ms. Sono, during her tenure at the audit firm, was never involved in an accounting audit of the Company and also never belonged to the Financial Division that is responsible for accounting audits of financial institutions. Therefore there is no possibility that any conflicts of interest will occur between her past business and her duties as an outside director of the Company.
- Ms. Sono satisfies the Company's Independence Criteria for Outside Directors and the Company has designated her as an independent director prescribed by the Tokyo Stock Exchange, Inc.

The Company's Views:

- As a reason for denying independence, ISS points out that in Japan, where the culture of lifetime employment remains, many former colleagues still work at the firm that the nominee had worked at in the past, even after five or ten years have passed since the nominee's retirement, and there remains a strong sense of identification with the firm for the nominee. Although it is true that the Companies Act of Japan (hereinafter "the Act") had stated that, "If a person has worked at a company even for one day, that person cannot be appointed as an outside director of the company," pursuant to the amendment of the Act in 2014, a person may now be appointed as an outside director after a cooling-off period of ten years. From the perspective of facilitating the appointment of outside directors, the Company has substantial doubts about ISS' view that, even after the passing of three years since the amendment of the Act, independence should be permanently denied for anyone who has worked at the audit firm that is the accounting auditor of the relevant company.
- Being a certified public accountant does not automatically mean that any such person is suitable to become an outside director. With the limited number of leading audit firms, if ISS' policy is that a nominee for outside director, who is qualified for the position in terms of personality, knowledge, experience, etc., fails to meet the independence criteria without any exception only because the nominee has worked at the company's audit firm in the past, we consider that such a policy will limit the pool of outside director nominees who are certified public accountants and will prevent important knowledge regarding finance and accounting, essential for the business of any company, to be utilized by boards of directors.
- In particular, after Ms. Sono retired from the audit firm, Ms. Sono served out her three-year term of office as a Commissioner of the Securities and Exchange Surveillance Commission, which requires extremely high independence. On this point as well, we believe that there is no room for doubt regarding her independence as an outside director of the Company.

3. Concerning the Reason for the Election of Ms. Sono as an Outside Director Nominee (Counterargument to 1. (2) Above)

The Company's Views:

- The Company's Board of Directors does not have a "board seat... reserved for any individual from ShinNihon."

- The Company, from the perspective of strengthening governance as a financial services group with core subsidiaries that engage in securities businesses, chose Ms. Sono, who served for three years as a Commissioner of the Securities Exchange Surveillance Commission, as an outside director nominee.
- Although Ms. Sono's high degree of expertise was one factor for the Nomination Committee in deciding the nomination, the fact that she had experience working at the audit firm before she took office as a Commissioner of the Securities and Exchange Surveillance Commission was not at all a factor in deciding the nomination.

4. Composition of the Board of Directors (Counterargument to 1. (3) Above)

Facts:

- After the Annual General Meeting of Shareholders, out of all ten directors of the Company, six outside directors will make up the majority.
- After the Annual General Meeting of Shareholders, out of all ten directors of the Company, there will only be two persons concurrently serving as executive officers.

The Company's Views:

- At the Company, which is a company with three board committees, business execution is performed by executive officers. As directors cannot execute business unless they concurrently serve as executive officers, their main duty is the supervision of the executive officers' business execution. The majority of the Company's directors are outside directors, and further, there are no more than two directors who concurrently serve as executives out of all 10 directors, and directors who do not concurrently serve as executives make up 80 % of the Directors of the Company.
- Even if the Company accepts ISS' assertion that Ms. Sono cannot be considered independent, the Board of Directors of the Company will still be made up of a majority of "independent" outside directors. As it is necessary for the majority of the directors present at a meeting of the Board of Directors to agree for there to be an approval of a resolution, it is impossible for there to be decision-making only amongst the "non-independent" directors.
- Accordingly, as this point also does not impact on the effectiveness of the supervisory function of the Board of Directors, we believe that this cannot be a reason for excluding Ms. Sono from the Company's Board of Directors as Ms. Sono is an expert in finance and accounting and also served as a Commissioner of the Securities and Exchange Surveillance Commission, which is a position from which the markets are monitored.

5. Other

- It is thought that ISS' recommendations have a significant impact on the investment activities of institutional investors, and in the case of the Company, there was an instance in which a resolution that ISS recommended against voting for resulted in a 20% lower approval rate compared to other resolutions. Taking into account this situation where ISS has a significant impact on the capital markets regardless of whether the proxy advisory content is appropriate, for the purpose of making it possible

to secure the adequacy, sufficiency, etc., of the operational structure concerning proxy advisory services, and learning also from cases in foreign countries such as the U.S., we believe that the time has now come to consider whether governmental supervision (e.g., a registration system) should be introduced.

(Reference) Brief Biography of Ms. Sono

October 1976	Joined NISSHIN Audit Corporation (currently Ernst & Young ShinNihon LLC)
March 1979	Registered as Certified Public Accountant
November 1988	Partner of CENTURY Audit Corporation (currently Ernst & Young ShinNihon LLC)
November 1990	Member of "Certified Public Accountant Examination System Subcommittee", Certified Public Accountant Examination and Investigation Board, Ministry of Finance
April 1992	Member of "Business Accounting Council", Ministry of Finance
December 1994	Senior Partner, CENTURY Audit Corporation (currently Ernst & Young ShinNihon LLC)
October 2002	Member of Secretariat of the Information Disclosure, Cabinet Office (currently Secretariat of the Information Disclosure and Personal Information Protection Review Board, Cabinet Office)
April 2005	External Comprehensive Auditor, Tokyo
July 2008	Senior Partner of Ernst & Young ShinNihon LLC
August 2012	Retired Ernst & Young ShinNihon LLC
December 2013	Commissioner of the Securities and Exchange Surveillance Commission

(Reference) "Independence Criteria" for Outside Directors of Nomura Holdings, Inc.

Outside Directors of Nomura Holdings, Inc. (the "Company") shall satisfy the requirements set forth below to maintain their independence from the Nomura Group.

1. The person, currently, or within the last three years, shall not correspond to a person listed below.
 - (1) Person Related to the Company
A person satisfying any of the following requirements shall be considered a Person Related to the Company:
 - Executive¹ of another company where any Executive of the Company serves as a director or officer of that company;
 - Major shareholder of the Company (directly or indirectly holding more than 10% of the voting rights) or Executive of such major shareholder; or
 - Partner of the Company's accounting auditor or employee of such firm who works on the Company's audit.
 - (2) Executive of a Major Lender² of the Company.
 - (3) Executive of a Major Business Partner³ of the Company (including Partners, etc.).
 - (4) A person receiving compensation from the Nomura Group of more than 10 million yen per year, excluding director/officer compensation.
 - (5) A person executing the business of an institution receiving more than a Certain Amount of Donation⁴ from the Company.

2. The person's spouse, relatives within the second degree of kinship or anyone who lives with the person shall not correspond to a person listed below (excluding persons in unimportant positions):
- (1) Executive of the Nomura Group; or
 - (2) A person identified in any of subsections (1) to (5) in Section 1 above.

¹Executive shall mean Executive Directors (gyoumu shikkou torishimariyaku), Executive Officers (shikkouyaku) and important employees (jyuuyou na shiyounin), including Senior Managing Directors (shikkouyakuin), etc.

²Major Lender shall mean a lender from whom the Company borrows an amount equal to or greater than 2% of the consolidated total assets of the Company.

³Major Business Partner shall mean a business partner whose transactions with the Company exceed 2% of such business partner's consolidated gross revenues in the last completed fiscal year.

⁴Certain amount of donation shall mean, with respect to any given institution, any amount that exceeds 2% of the donee institution's gross revenue or ordinary income, whichever is greater, or donations that exceed 10 million yen per year.

ends

Nomura

Nomura is an Asia-headquartered financial services group with an integrated global network spanning over 30 countries. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its three business divisions: Retail, Asset Management, and Wholesale (Global Markets and Investment Banking). Founded in 1925, the firm is built on a tradition of disciplined entrepreneurship, serving clients with creative solutions and considered thought leadership. For further information about Nomura, visit www.nomura.com.