

Compliance

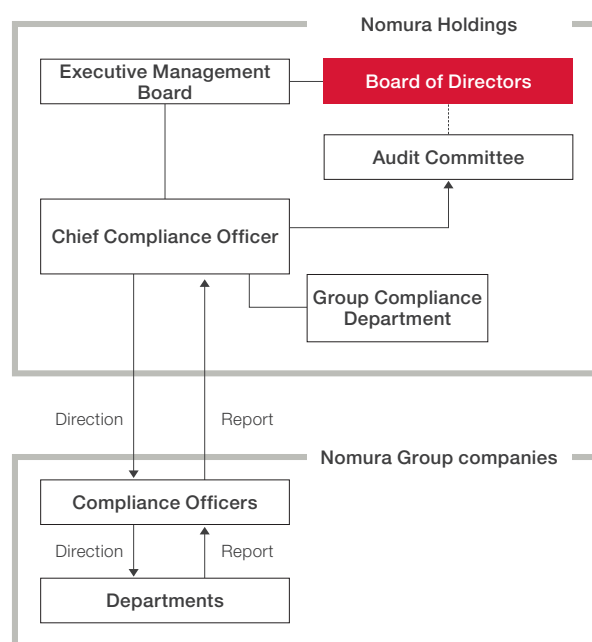


Fundamental approach

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 annually to reaffirm our corporate culture and corporate ethics, underpinned by Our Founder’s Principles, the lessons learned from past incidents, and renew our determination to prevent the recurrence of such incidents and to gain and maintain the trust of society. We will not limit ourselves to compliance with laws, regulations, and other rules. We will ensure that all executives and employees understand that “Compliance” is to act on a principles basis and with good sense in accordance with the norms and ethics required by society as a financial institution, and to fulfill the roles expected by society.

Compliance framework

We have appointed the Chief Compliance Officer to oversee compliance for the Group as a whole along with a Group Compliance Department that provides support. In addition, Compliance Officers, who report compliance-related matters in accordance with the instructions of the Chief Compliance Officer have been assigned to each Group company to strengthen our internal controls in response to global business development, and to develop and maintain the respective compliance structures of each Group company, including overseas offices.



Nomura Securities' compliance structure

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. The Company has established an Internal Control Committee chaired by the President. The Committee oversees Company-wide initiatives and is in charge of establishing and deliberating on important issues related to internal controls. It also has established the post of Internal Administration Supervisor to monitor compliance issues in line with Japan Securities Dealers Association's rule as well as Sales Managers and Internal Administrators. To raise awareness of compliance

among employees in each department and branch and to promote business operations that comply with laws and regulations, Administrative Compliance Officers have been also appointed. The Compliance Division, which strengthens and improves legal and regulatory compliance as well as the internal controls system by formulating internal rules and disseminating them throughout the Company, has been established. It also monitors the status of compliance with rules at each department and branch, and if problems are found, measures are taken to improve the compliance with laws and regulations and the internal control system.

The three lines of defense in risk management

Nomura Group has adopted the following layered structure on the grounds that all employees are accountable for proactively managing risk. As the second line of defense, compliance supports risk

management measures taken by the first line of defense, independently monitor risks, and keep trading and sales departments in check as needed.



Managing compliance risk

Nomura Group defines compliance risk in its “Risk Appetite Statement”. We are aware that each and every executive and employee is responsible for compliance and risk management, and each of us strives to manage compliance and risk independently. We have also defined conduct risk in the “Risk Appetite Statement” and positioned it as a management theme that we will focus on. Furthermore, in order to disseminate throughout the Group, the concept of the Code of Conduct, which meets the roles expected by society as a financial institution, and to establish a system to maintain and improve self-discipline, we established the “Conduct Risk Management Policy.”

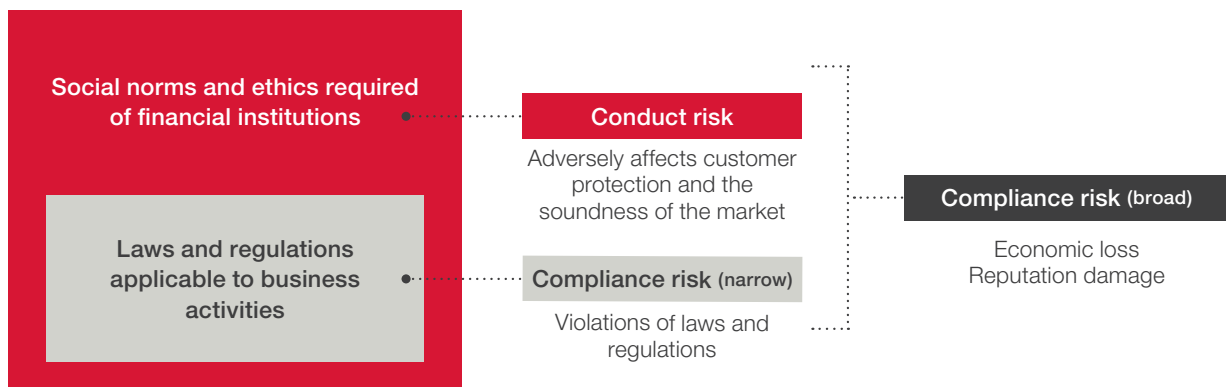
Definition of compliance risk

Compliance risk is the risk that a Nomura Group company incurs economic loss or damage to reputation through any of the following conduct by a Nomura Group executive or employee, regardless of legal or regulatory disposition.

Violations of laws and regulations applicable to business activities

Inappropriate behavior that deviates from social norms and ethics required of financial institutions*

*In particular, any risk that a financial institution deviates from the social norms and ethics required of it, and as a result, adversely affects customer protection and the soundness of the market, is referred to as “conduct risk.”



a corporate culture that goes beyond legal compliance to pursue appropriate business practices and conduct.

Major Initiatives of Nomura Securities

- Top management sends messages on the company intranet as needed to raise compliance awareness and share information about misconduct.
- Recognizing desirable actions in order to foster employees' efforts to promote compliance
- Stimulating internal communications through initiatives such as promoting dialogue between executives and all employees to share the vision for Nomura's future.
- In order to reflect on past scandals and raise awareness of legal compliance, we set August 3 every year as “Nomura Founding Principles and Corporate Ethics Day” and implemented initiatives to reconfirm our ideals through discussions among employees.

Carrying out Compliance Training

Nomura Securities conducts comprehensive compliance training for all executive officers and employees on topics such as anti-money laundering and combating the financing of terrorism, conflict of interest management, insider trading prevention, firewall regulations, and guidelines for managing customer information. We are working to raise the level of legal knowledge among executives and employees, raise compliance awareness, and foster a corporate culture of pursuing appropriate business practices.

Nomura Securities' Primary Initiatives

- Training for Sales Managers, Internal Administrators, and employees of internal administration department, as well as quality improvement training for securities sales representatives
- Training for branch managers, general administration managers, new employees, newly appointed personnel, and others, aimed at increasing knowledge and deepening the understanding of compliance
- Supplementary compliance education and drills during various training sessions and meetings
- Training for Administrative Compliance Officers
- Monthly Compliance Hour* at branch offices and departments

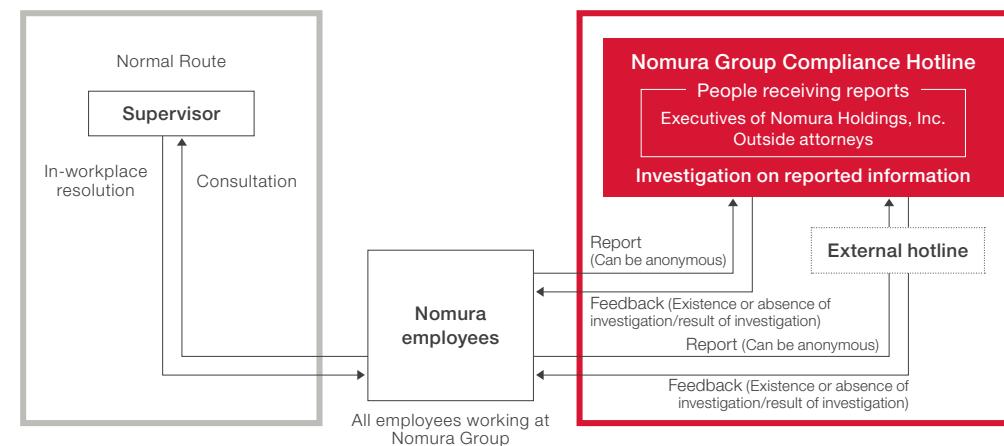
*To ensure that each and every employee throughout the Company understands the need for full compliance, training sessions are held once a month in the branches and offices of Nomura Securities.

Compliance Hotline

In order to ensure an effective compliance framework at each Nomura Group company, the firm has established and implemented a robust structure that includes a point of contact that is independent from management. 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 attorneys, through the Nomura Group Compliance Hotline (informants may report through external and independent channels and have the option of remaining anonymous). The hotline is available 24 hours a day, seven days a week, and is fully bilingual (English and Japanese). We use internal communication channels to ensure that employees are familiar with the Compliance Hotline and encourage them to use the reporting system as necessary. We believe this will contribute to building a healthy corporate culture and further enhance awareness of ethics and professional conduct. By promoting the use of the Compliance Hotline, we are working to foster an atmosphere in which anyone who feels something is wrong can "say something." In FY2018/19, there were 84 calls received via the Compliance Hotline, and in all cases a thorough review was conducted and appropriate measures were taken.

Compliance Hotline Flow Chart



Offering High-Quality Financial Services

Nomura Securities seeks to enhance the quality of financial products and services offered to customers under the Guidelines for Financial Instruments Business Supervision. To this end, the firm has implemented various initiatives that include the following:

Nomura Securities' Primary Initiatives

- Appointing officers to oversee internal controls, compliance, etc. including Internal Administrators and Administrative Compliance Officers, 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 laws and regulations governing each operation with an overall understanding of the customer's knowledge of financial instruments and financial status
- Structuring systems that establish guidelines for sales to senior customers and requiring compliance with these guidelines
- Ensuring thorough compliance with laws, regulations, and internal rules through compliance training

Ensuring fair financial business practices

Eliminating Anti-Social Forces
In order to eliminate anti-social forces Nomura Group outlines in “Code of Ethics of Nomura Group,” Nomura must reject all transactions with anti-social forces or groups, and our fundamental policy is to eradicate all ties with anti-social forces. The “Code of Ethics of Nomura Group” is applicable to all management and employees globally.

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

Nomura group has established the Code of Ethics, which requires all employees to understand and comply with the letter and spirit of all applicable laws, rules and regulations including AML. Nomura has also established the Nomura Group Anti-Money Laundering and Combating the Financing of Terrorism Policy which is a global regulation on AML/CFT, and specified the common rules to be established in each region and subsidiary, such as customer management programs. The firm continues to enhance its group-wide

Legal compliance measures

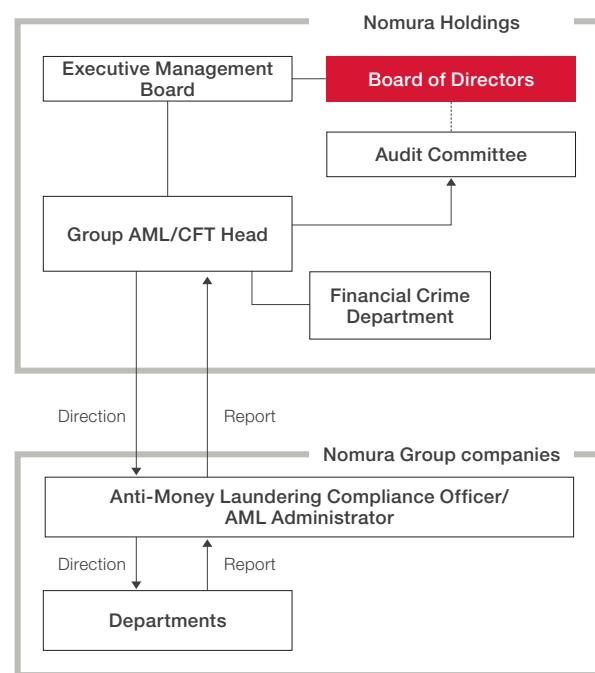
Maintenance of compliance framework and enhancement of management systems

In all Group companies and departments, Nomura Group complies with applicable laws and regulations and endeavors to prevent the occurrence of activities that may be construed as illegal by establishing effective control measures. In the event that such issues arise, they are reported in full to management-level executives without delay, and organizations and systems are structured to respond appropriately. Furthermore, in order to respond to the trust of society and clients in the Group and contribute to the further development of the financial and capital markets, we will continuously review and improve the effectiveness of our internal systems and rules so that all executives and employees can conduct business with a higher sense of ethics in addition to complying with laws and regulations.

Fostering a corporate culture that pursues compliance

Nomura Group aims to earn the trust of its clients, be selected as a true partner, and contribute to the creation of an affluent society through the development of financial markets. To achieve this, we have established a Code of Conduct that protects clients and ensures market fairness. We are working to foster and establish

governance framework through observing international regulatory trends such as the Financial Action Task Force's (FATF) recommendations on AML/CFT. In addition, while giving due consideration to the laws and regulations of each country, we have established specific standards that must be complied with. These standards are applicable to the entire Group covering important areas such as customer due diligence and measures against sanctions. In April 2018, Nomura Group established the "Anti-Money Laundering Department," a department dedicated to AML/CFT. The department was reformed into "Financial Crime Department" in April 2019 with the aim of establishing an integrated governance structure on the initiatives undertaken by Nomura Group as a whole, and establishing an effective compliance framework.



Concrete measure on Anti-Money Laundering

Nomura Securities, in accordance with "Act on the Prevention of Transfer of Criminal Proceeds" and its risk assessment based on a risk-based approach, conducts customer due diligence for individual clients including (but not limited to) name, address, date of birth, purpose of transaction, occupation, etc. For corporate clients, the due diligence covers the name, the location of the head office or principal office, purpose of the transaction, nature of the business and beneficial owners, etc. In addition, we require additional information from the customer and/or the approval of senior management according to the inherent risk in the transaction. For online transactions, additional due diligence is conducted to mitigate risks. Furthermore, a risk-based approach has been adopted to enhance due diligence, which is conducted for high-risk transactions, such as transactions with foreign

Politically Exposed Persons (PEPs) and those who reside in designated high-risk countries from an AML perspective. Overseas offices are also working on preventing unfair trading by taking AML/CFT initiatives based on a risk-based approach through measures such as customer due diligence, suspicious transaction reporting and enhanced due diligence on high-risk transactions. AML/CFT-related documents such as records of verification at the time of transaction and transaction screening are kept in line with regional policies and procedures (for Japan, the retention period is seven years in principle.).

Anti-Bribery and Corruption

As described above, the "Code of Ethics of Nomura Group" stipulates that all applicable laws and regulations, including laws regulating bribery and tax evasion, must be properly understood and observed by all executives and employees. Suspected violations of laws and regulations, including bribery, and acts in violation of the "Code of Ethics of Nomura Group" are subject to reporting under the "Nomura Group Compliance Hotline." At Nomura Securities, we have established the "Guidelines for Gifts and Entertainment" regarding communication with public servants, officers and employees of private organizations, and other external parties, and we strive to prevent bribery and ensure fair transactions by thoroughly disseminating this information. Specifically, as a general rule, meals and gifts are not offered to public officials with domestic interests. In cases where the counterparties are foreign public servants, etc., we confirm in advance whether they are acceptable in light of applicable laws and regulations. Appropriate training is provided to ensure that the guidelines are thoroughly understood. We also monitor the use of entertainment expenses to ensure that they are used appropriately. The Internal Audit Department regularly investigates and evaluates internal controls to prevent bribery from the perspective of design effectiveness and operational validity, and based on the results, recommends and makes proposals for business improvement. Overseas offices have also established procedures for reporting and approving gatherings and gift-giving for public officials to prevent unfair or suspicious transactions.

Measures to prevent conflicts of interest

Nomura Group provides global financial services through a number of Group companies, including securities companies and banks. Since conflicts of interest may arise as a result of transactions by each Group company, we have established a conflict of interest management system based on the "Nomura Group Conflicts of Interest Management Policy" so that customers can conduct transactions with peace of mind throughout the Group. Specifically, each Group company develops its own system to appropriately manage

conflicts of interest, and Nomura Holdings' Group Compliance Dept., which is the department in charge of managing conflicts of interest, examines whether there is a risk of conflicts of interest within Nomura Group. If a conflict of interest is found, the Group Compliance Dept. appropriately manages such transactions that involve conflicts of interest by, for example, setting up information barriers and implementing measures to block information, changing terms or methods of transactions, discontinuing transactions, disclosing information to customers, or monitoring those who share information regarding transactions.

Examination of Unfair Market Manipulation

At Nomura Securities, we examine transactions on a daily basis to determine whether there is a risk that transactions conducted by us or on behalf of us could constitute unfair trading, such as market manipulation, intentional market formation, or insider trading. Trading examinations are conducted in two stages. In the first stage, data extracted based on laws and regulations are added to our own standards to extract transactions suspected of unfair trading. In the second stage, transactions extracted in the first stage are examined from various angles, including account information and market information. Based on the review, we interview and give warnings to those who engage in transactions that are suspected of being unfair, and report suspicious transactions to the authorities. The audit results are recorded and monitored on an ongoing basis when it is determined that a recurrence is likely. In addition, we regularly analyze the examination results and verify the effectiveness of the examination process in order to build and maintain an appropriate trading management system.

Prevention of insider trading

Based on laws and regulations, Nomura Securities prohibits accepting orders knowing that they have violated or are likely to violate insider trading related laws and regulations. Also, in order to prevent insider trading, we have prepared an insider registration card. When accepting an order from a related party of a listed company, etc. (insider), we first confirm that there are no undisclosed material facts and then report the content of the order to the Internal Administrators and obtain his/her approval. Also, we regularly check whether there are any changes or omissions in the content of the insider registration card and whether transactions by insiders are properly approved and reported. Furthermore, Nomura Securities has established the "Regulations on Corporate Confidential Information Management" which provides for the management and reporting systems of corporate information, etc., as well as prohibited acts such as solicitation of securities in the case of corporate information, etc.

Customer Protection and Information Security

In accordance with 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.

Proper segregation of customer assets

Nomura Securities properly segregates the assets of its customers from the assets of Nomura Securities itself. Nomura Securities has requested that EY Shin Nihon LLC provide "Assurance related to legal compliance with segregated management of customer assets" in accordance with Practical Guideline No. 54 of the Industry Committee of the Japanese Institute of Certified Public Accountants. As of March 31, 2019, Nomura Securities had received from the auditor a written assurance to the effect that management's arguments in the management report on the segregation of customer assets were consistent with laws and regulations in all material respects. For more information, visit our website.

 Nomura's Segregation Management
<https://www.nomura.co.jp/guide/system/bunbetsu/>

Effective protection of clients' personal information and other information assets of the Group

The Nomura Group Information Security Policy provides the basic principles for appropriately protecting information assets.

Each Group company has its own information security-related regulations in accordance with this basic policy. We are also working to enhance the management of information provided to customers in accordance with the characteristics of each company's business activities. In particular, customer-related personal information is handled in line with rigorous standards set out in the Nomura Group Privacy Policy and other information security-related rules, and is handled in full compliance with the Personal Information Protection Act and other related laws and regulations.

For further information, please refer to our website.

 Nomura Group Privacy Policy
<https://www.nomuraholdings.com/policy/privacy.html>