

Nomura Publishes Research Findings on Use of Blockchain Technology in Financial Markets

Tokyo, November 5, 2020—Nomura Institute of Capital Markets Research (NICMR), a wholly owned subsidiary of Nomura Holdings, Inc., announced on March 30, 2020, the establishment of a dedicated research group¹ on the use of blockchain technology in financial markets, in collaboration with Nomura Securities Co., Ltd. and BOOSTRY Co., Ltd. The research group, which comprises experts from industry, government and academia, has concluded its research and NICMR has published a report on its findings.

The report points out that as a new funding tool security token offerings (STO)² could appeal to a wide range of investors, both those motivated by monetary and non-monetary reasons, as well as investors with different levels of assets.

Household financial assets are on the decline due to Japan's falling birthrate and aging population. According to the report, STOs would allow companies to raise capital from a new class of investors leading to the expansion of the capital markets, and this would contribute to the shift from savings to investing and asset accumulation in Japan.

The report also identifies three areas for attention: ensuring the smooth operation of secondary markets to support active primary markets; tax-related considerations in light of the fact that blockchain bonds are not book-entry bonds; and laws on non-monetary returns and clarification on how these returns are to be treated in practical terms.

NICMR believes that STOs and the development of secondary markets will contribute to the growth of Japan's capital markets. Through the report, NICMR hopes to contribute to these efforts.

¹ Please refer to the release entitled "Nomura Establishes Research Group on Use of Blockchain Technology in Financial Markets" issued on March 30, 2020. <https://www.nomuraholdings.com/news/nr/etc/20200330/nicmr20200330.pdf>

² STO is the offering of securities electronically registered using DLT technology (tokenization) to investors.

Participants

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JCB Co., Ltd.	Nomura Securities Co., Ltd.
Securitize Japan K.K.	The Nomura Trust and Banking Co., Ltd.
Daiichi Life Insurance Company	Nomura Research Institute, Ltd.
TMI Associates	Nomura Holdings, Inc.
Tokio Marine & Nichido Fire Insurance Co., Ltd.	BOOSTRY Co., Ltd.
Nishimura & Asahi	Fujitsu Limited
Nissay Asset Management Co., Ltd.	Mitsui & Co., Ltd.
Nippon Life	Mitsui Fudosan Co., Ltd.
Nippon Telegraph and Telephone Corporation	Mitsubishi UFJ Trust and Banking Corporation
Nomura Asset Management Co., Ltd.	Mori Hamada & Matsumoto

Established on April 1, 2004, NICMR builds on a tradition begun at the Nomura Research Institute in 1965 of studying financial and capital markets, as well as financial institution systems, structures, and trends. NICMR produces original research and policy proposals by specialists based upon actual business experience.

It is widely recognized that Japan must continue to establish a market-driven money flow in order for the country's economy to further develop. NICMR's core mission is to contribute to financial system and securities markets reforms in order to help establish a market-based financial system.

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Nomura

Nomura is a global financial services group with an integrated network spanning over 30 countries. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its four business divisions: Retail, Asset Management, Wholesale (Global Markets and Investment Banking), and Merchant 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.