

Statement on Recommendation by Japan's Securities and Exchange Surveillance Commission

Tokyo, November 2, 2012—Japan's Securities and Exchange Surveillance Commission today issued a recommendation that the Prime Minister and the Commissioner of the Financial Services Agency impose an administrative monetary penalty against Japan Advisory Ltd. on charges of insider trading committed in July 2011 in breach of Japan's Financial Instruments and Exchange Act. The Commission determined that Japan Advisory LLC. obtained non-public information from an underwriter.

As announced on June 29 and July 26, 2012, Nomura has implemented a series of improvement measures and has continued to conduct voluntary inspections and investigations in relation to internal controls for corporate-related information. During one of our voluntary investigations we learned of circumstances with a strong possibility of being related to this incident and we reported our findings to the Commission.

Nomura continues to fully cooperate with the Commission in its investigation. By implementing the improvement measures and integrating them into the firm's operations, Nomura aims to regain the trust of the capital markets and enhance its internal controls through further voluntary inspections and investigations.

Background

At the time of the incident in July 2011 Nomura broadly restricted the use of research reports on companies in the process of preparing for a public offering in which Nomura was an underwriter and the mentioning of such companies in sector reports. The restrictions were put in place for a set period of time before the announcement of the offering. This was done from the viewpoint of compliance to prevent solicitation for a public offering occurred before an official announcement.

In relation to this incident, Nomura learned through a voluntary investigation that there was a strong possibility that Japan Advisory LLC. found out about an upcoming public offering by noticing that the issuer's name had been left out of a sector report provided by Nomura. Accordingly, Nomura reported the findings of the voluntary investigation to the Commission.

Improvement measures

As a result of broadly applying the above restrictions, our client was able to infer non-public, corporate-related information from documents provided by Nomura. Since implementing the improvement measures, we have revised the scope of the restrictions and in principle now allow the name of companies preparing for a public offering to be included in research reports and sector reports. In addition, sales staff are prohibited from trying to extract information related to financing transactions from analysts, and we have adopted a code of conduct for analysts.

Nomura

Nomura is a leading financial services group and the preeminent Asian-based investment bank with worldwide reach. Nomura provides a broad range of innovative solutions tailored to the specific requirements of individual, institutional, corporate and government clients through an international network in over 30 countries. Based in Tokyo and with regional headquarters in Hong Kong, London, and New York, Nomura employs over 27,000 staff worldwide. Nomura's unique understanding of Asia enables the company to make a difference for clients through three business divisions: retail, asset management, and wholesale (fixed income, equities, and investment banking). For further information about Nomura, please visit www.nomura.com.