

Nomura Launches Impact Neutralization Trust Service

Tokyo, February 14, 2022—Nomura Securities Co., Ltd. (NSC) and The Nomura Trust and Banking Co., Ltd. (NTB), wholly owned subsidiaries of Nomura Holdings, Inc., today announced the launch of the Impact Neutralization Trust¹ (the “Neutralization Trust”) service. Today, Cross Marketing Group Inc. resolved to implement the Neutralization Trust service, the first company to do so in Japan.

The Neutralization Trust is a new trust scheme developed by NSC and NTB to respond to listed companies’ need for their shares to be sold as part of efforts to improve their corporate governance, while taking into consideration market liquidity.

This includes increasing the number of tradable shares in light of the market restructuring by the Tokyo Stock Exchange (TSE), reducing cross-shareholdings as outlined in the Corporate Governance Code, dissolving parent-subsidary listings and reducing the ownership ratios of stable shareholders.

Under the scheme, stocks held by shareholders, including large shareholders, are acquired using a trust set up by the issuing company and sold on the stock market over time based on market liquidity.

Overview of scheme

1. To strengthen corporate governance, the issuing company will set up the Neutralization Trust to increase tradable shares in light of the TSE’s market restructuring, reduce cross-shareholdings, dissolve parent-subsidary listings and reduce stable ownership ratios. The issuing company will contribute funds to the Neutralization Trust to acquire its shares held by shareholders, including large shareholders, who agree to sell their shares.
2. The Neutralization Trust will acquire the shares sold by shareholders, including large shareholders, through ToSTNeT-2 (closing price trading) via a method specified in the trust agreement. This will prevent a sudden deterioration of market supply and demand due to the sale of a large quantity of shares.
3. A trust period will be set to ensure all issuing company shares held by the Neutralization Trust are sold via floor trading. Sales via floor trading will be done in accordance with the method specified in the trust agreement, varying sales and sale periods based on market volume to avoid any impact on market supply and demand. The issuing company cannot give instructions regarding such sales.
4. The issuing company can pay dividends for the issuing company shares held by the Neutralization Trust.

¹ The Impact Neutralization Trust is a registered trademark of NSC.

5. Proceeds from the sale of the issuing company's shares by the Neutralization Trust and dividends will be paid to the issuing company periodically. Any surplus assets remaining when the Neutralization Trust closes will go to the issuing company.
6. The issuing company will have no voting rights with respect to its shares held by the Neutralization Trust. The issuing company does not have the authority to restrict or give instructions regarding the exercise of voting rights.

Nomura is committed to helping clients increase their corporate value by providing services that contribute to better corporate governance.

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