

Nomura Individual Investor Survey

March 2022

10 March 2022

Global Research Division
Nomura Securities Co., Ltd.

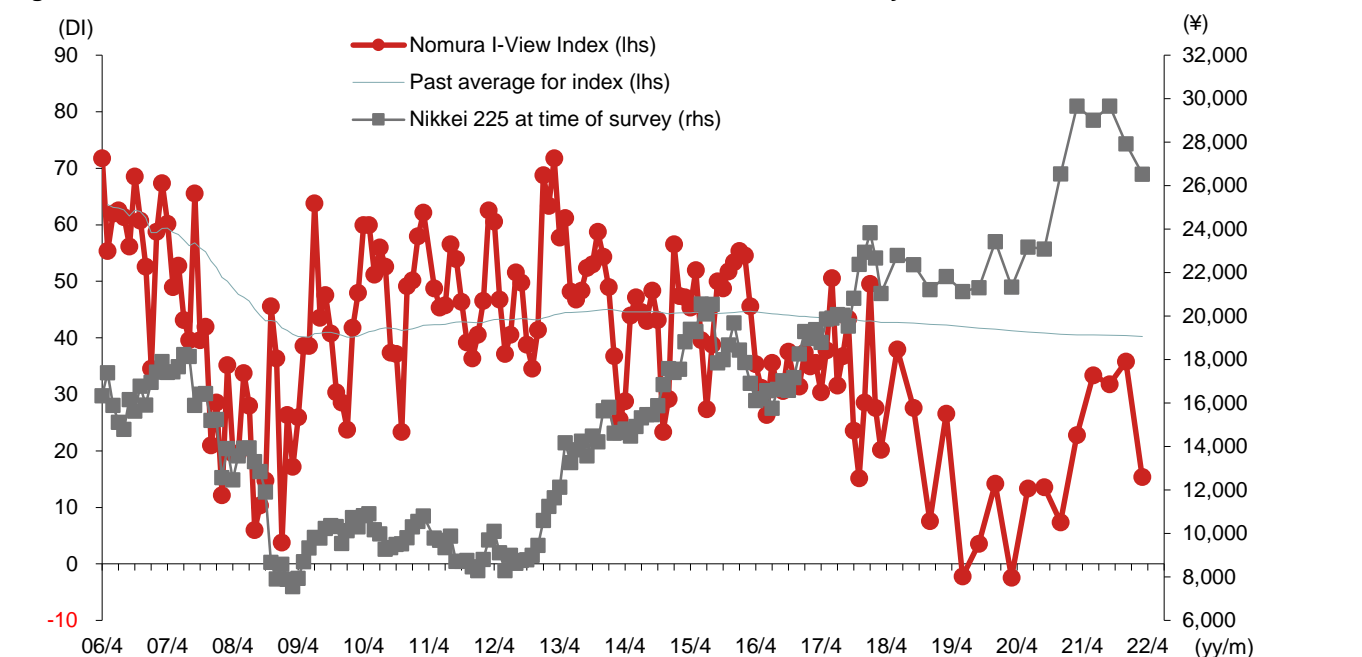
The Nomura Individual Investor Survey is a periodic survey conducted with the aim of better understanding investing activity by individuals and providing information on related trends.

1. Survey results

(1) Nomura I-View Index at 15.4, down from previous survey

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise," was 15.4 in March 2022, down 20.4pt versus the previous survey. The Nikkei 225 reference level (28 February 2022 close) was 26,526.82, down 1,400.55 versus the previous survey (6 December 2021 close of 27,927.37).

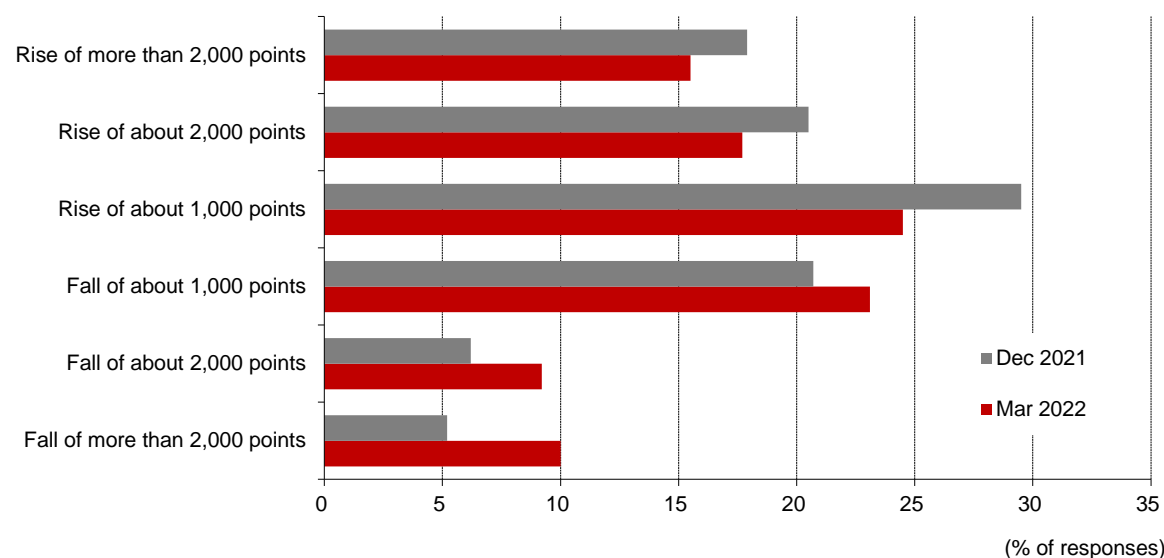
Fig. 1: The Nomura I-View Index and reference level of Nikkei 225 at time of survey



Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows: $\frac{[(\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})]}{\text{number of respondents}} \times 100$. The figure for January 2010 used here excludes those respondents who projected that the Nikkei Average would be flat. (2) The Nomura I-View Index ranges from -100 to +100. (3) The Nomura I-View Index ranges from -100 to +100. The closer to +100, the more bullish the outlook held by individual investors. The closer to -100, the more bearish the outlook held by individual investors.

The combined percentage of respondents expecting the Nikkei 225 to rise over the next three months was 57.7%, down 10.2ppt from 67.9% in the previous survey. The percentage of respondents expecting a "rise of about 1,000 points" was down 5.0ppt versus the previous survey at 24.5%. The percentage of respondents expecting a "rise of about 2,000 points" fell 2.8ppt to 17.7%, while the percentage expecting a "rise of more than 2,000 points" was down 2.4ppt at 15.5%.

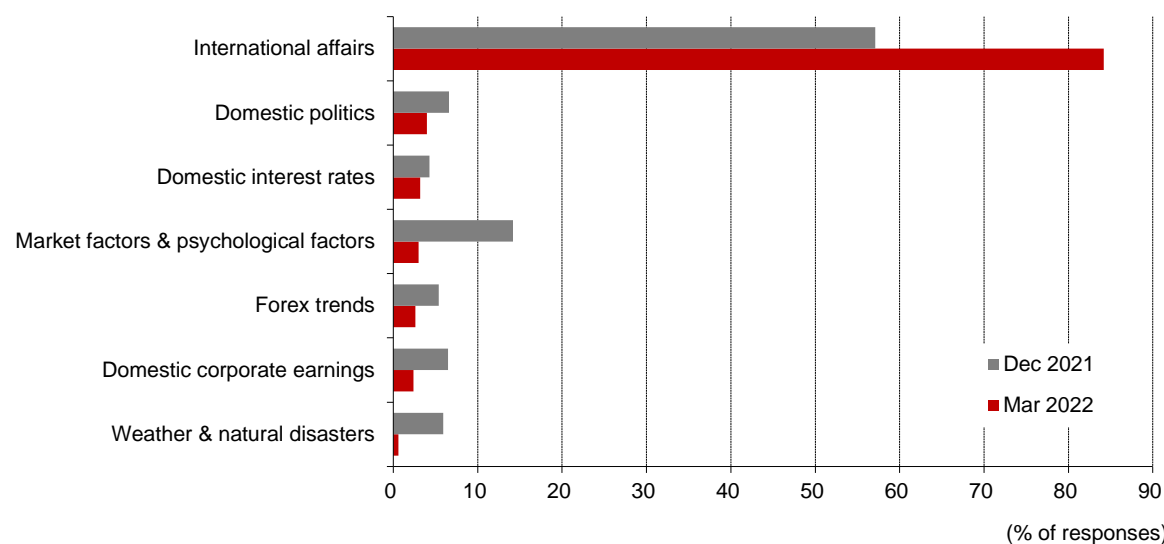
The proportion expecting a "fall of about 1,000 points" rose 2.4ppt to 23.1%. The proportion expecting a "fall of about 2,000 points" was up 3.0ppt at 9.2%, while the proportion expecting a "fall of more than 2,000 points" was up 4.8ppt at 10.0% (Figure 2).

Fig. 2: Outlook for Nikkei 225 during the next three months

Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 28 February 2022 close of 26,526. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Increased focus on "international affairs"

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose 27.1ppt versus the previous survey to 84.2%. The percentage responding "market factors & psychological factors" fell 11.2ppt to 3.0%.

Fig. 3: Impact of factors on the stock market

Note: Respondents were asked to choose one answer from a possible seven responses concerning factors likely to impact the stock market over the next three months or so.

(3) Appeal of financials and materials sectors increases, while appeal of pharmaceuticals sector declines

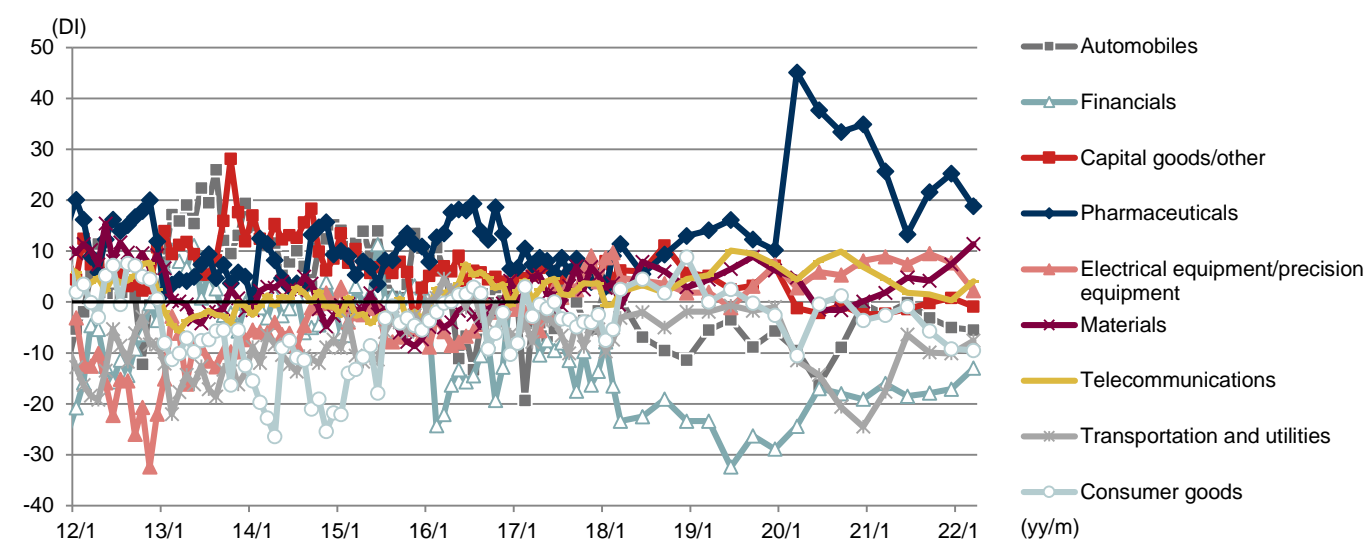
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the financials sector increased 4.1pt versus the previous survey to -13.0 and the DI for the materials sector improved 4.0pt to 11.4, while the DI for the pharmaceuticals sector declined 6.4pt to 18.8 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	18.8	22.9	4.1	25.2
Materials	11.4	20.8	9.4	7.4
Telecommunications	4.1	7.6	3.5	0.3
Electrical equipment/precision equipment	2.2	8.2	6.0	7.7
Capital goods/other	-0.9	5.9	6.8	0.8
Automobiles	-5.5	5.1	10.6	-5.0
Transportation and utilities	-7.6	10.1	17.7	-10.1
Consumer goods	-9.5	11.3	20.8	-9.2
Financials	-13.0	8.1	21.1	-17.1

Note: Respondents were given nine sectors and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. For each sector, we calculated a DI by subtracting the percentage of responses for "unappealing" from that for "appealing." The materials sector comprises mining, textiles, paper & pulp, chemicals, oil, ceramics, steel, nonferrous metals, and trading houses. The financial sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/other sector comprises construction, machinery, shipbuilding, transportation equipment, miscellaneous manufacturing, and real estate. The transportation and utilities sector comprises railroads & buses, trucking, shipping, airlines, warehousing, electric power, and gas. The consumer sector comprises marine products, food, retail, and services.

Fig. 5: DIs for selected sectors



(4) Most-watched stocks

Respondents were asked to name one stock that they would like to have in their portfolio, or that they find appealing, regardless of whether their investment horizon is the short term or long term (including stocks actually held). We show the most popular responses in Figure 6.

Fig. 6: Name a stock with appeal (1,000 valid responses)

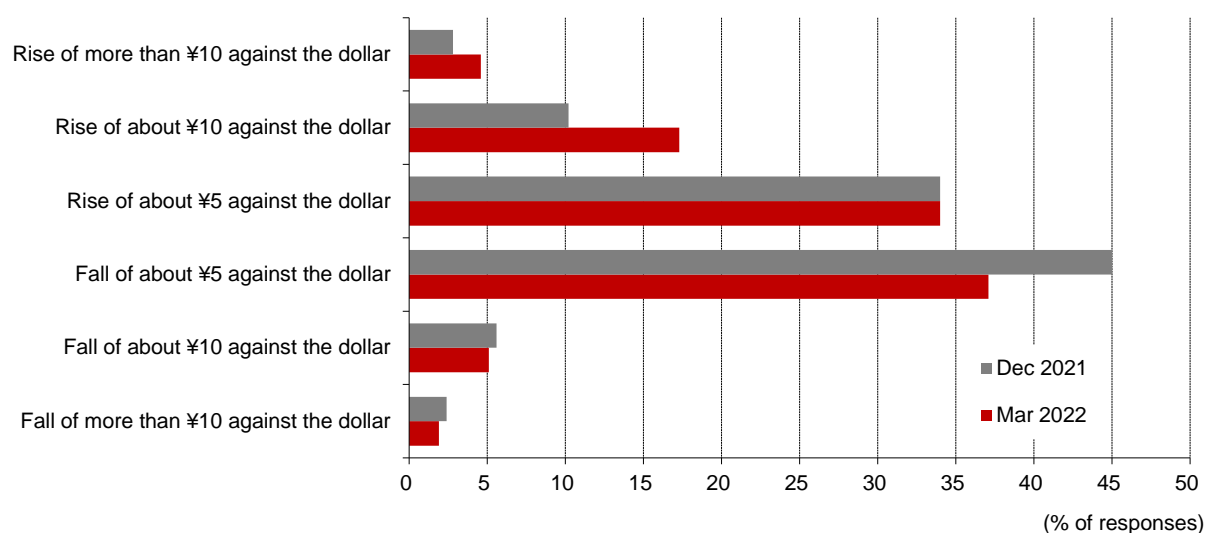
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	105	9432	Nippon Telegraph and Telephone	13
4507	Shionogi	49	8031	Mitsui & Co	12
6758	Sony Group	31	7974	Nintendo	11
8306	Mitsubishi UFJ Financial Group	29	9984	Softbank Group	11
4502	Takeda Pharmaceutical	26	8058	Mitsubishi Corp	10
2897	Nissin Foods Holdings	25	9104	Mitsui OSK Lines	10
8591	Orix	25	6594	Nidec	9
8267	Aeon	20	8001	Itochu	8
2914	Japan Tobacco	19	3105	Nisshinbo Holdings	7
9202	ANA Holdings	18	4755	Rakuten Group	7
5020	ENEOS Holdings	17	7201	Nissan Motor	7
9434	SoftBank Corp	16	9201	Japan Airlines	7
4661	Oriental Land	15	4568	Daiichi Sankyo	6
4452	Kao	14	5713	Sumitomo Metal Mining	6
9101	Nippon Yusen	13	6501	Hitachi	6

Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

(5) Rise in percentage of investors expecting yen to appreciate against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 55.9%, up 8.9ppt from the previous survey. The response rate for "rise of about ¥5 against the dollar" was unchanged at 34.0%. The response rate for "rise of about ¥10 against the dollar" rose 7.1ppt to 17.3%, and the response rate for "rise of more than ¥10 against the dollar" rose 1.8ppt to 4.6%.

The response rate for "fall of about ¥5 against the dollar" declined 7.9ppt to 37.1%. The response rate for "fall of about ¥10 against the dollar" fell 0.5ppt to 5.1%, while that for "fall of more than ¥10 against the dollar" fell 0.5ppt to 1.9% (Figure 7).

Fig. 7: Respondents' three-month outlook for USD/JPY

Note: Respondents were asked to share their outlook for USD/JPY over the next three months, referencing the 28 February 2022 indicative rate of 115.52. They could choose one answer from six possible responses ranging from a rise of more than ¥10 against the dollar to a fall of more than ¥10 against the dollar, with ¥5 increments in between.

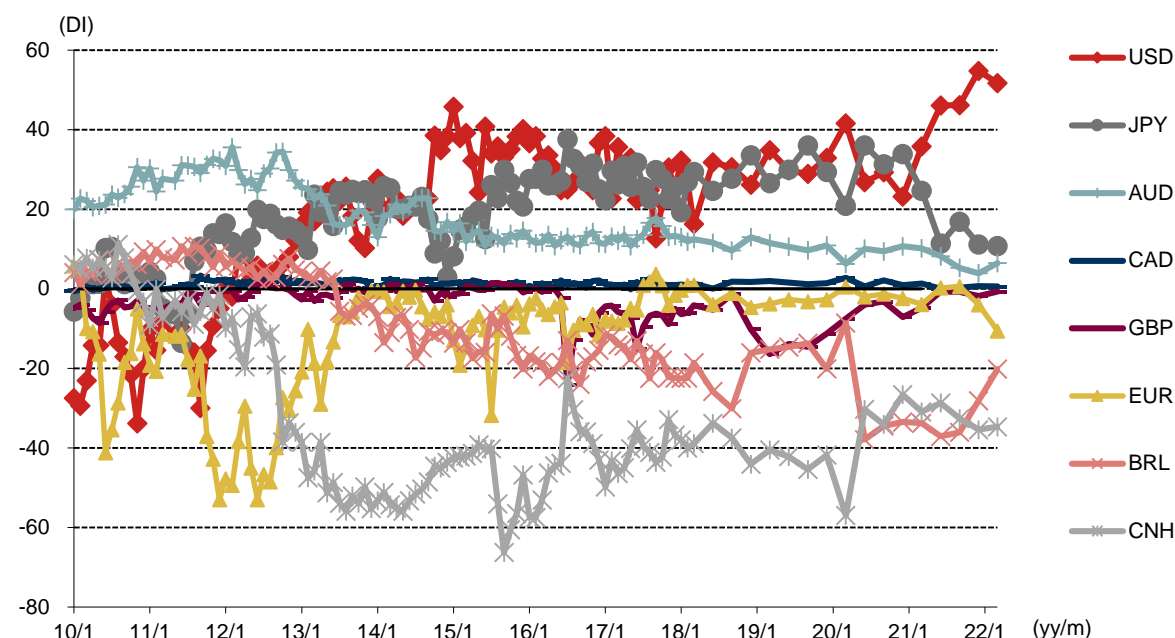
(6) Rise in DI for investment appeal of Brazilian real

On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the Brazilian real rose 7.9pt to -20.2 and the DI for the Australian dollar rose 2.6pt to 6.5. Meanwhile, the DI for the euro fell 6.6pt to -10.6 while that for the US dollar fell 3.1pt to 51.7 (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	51.7	56.7	5.0	54.8
Japanese yen	10.8	25.5	14.7	11.2
Australian dollar	6.5	7.5	1.0	3.9
Canadian dollar	0.6	1.2	0.6	0.7
Pound sterling	-0.7	1.5	2.2	-1.8
Euro	-10.6	2.8	13.4	-4.0
Brazilian real	-20.2	1.0	21.2	-28.1
Chinese yuan	-34.7	2.2	36.9	-35.4

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. Those selecting "other" were asked to specify a currency.

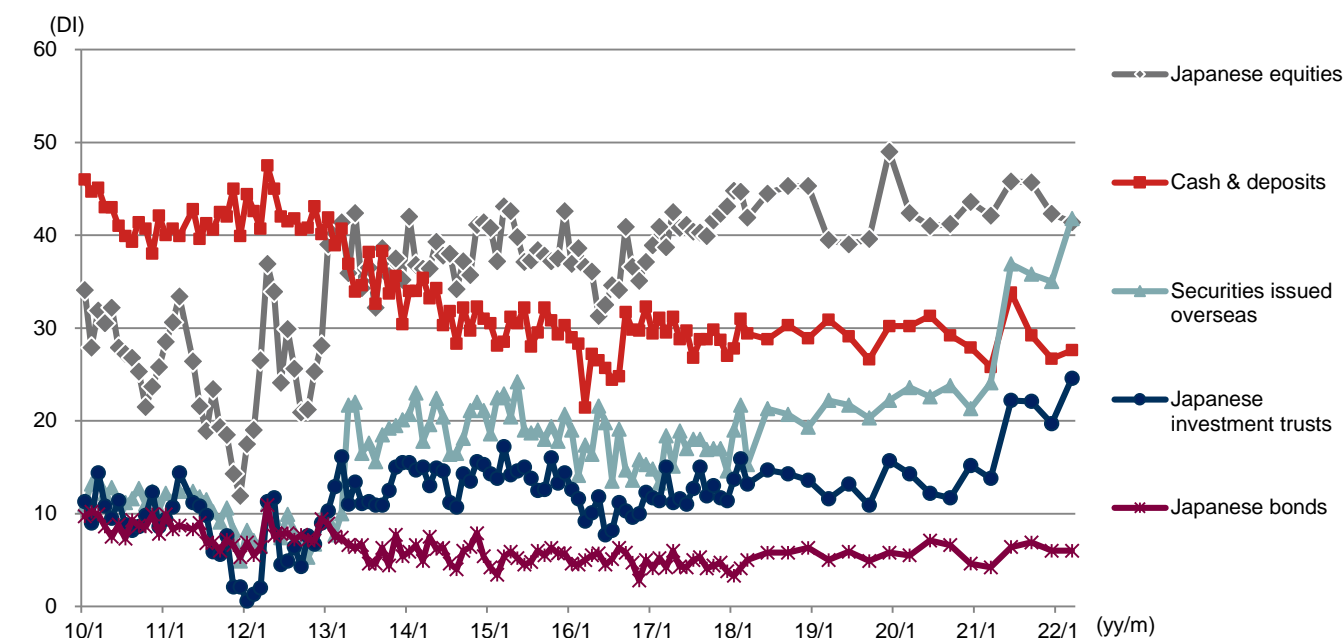
Fig. 9: DIs for investment appeal of selected currencies**(7) Among financial instruments, appeal of Japanese investment trusts and foreign equities rises**

To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese investment trusts rose 4.9pt to 24.6 while that for foreign equities rose 4.9pt to 23.5. Meanwhile, the DI for Japanese equities declined 0.9pt to 41.4 (Figure 10).

Fig. 10: Financial instruments for which investors are planning either to increase or to decrease their holdings

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	41.4	52.1	10.7	42.3
Cash & deposits	27.6	34.6	7.0	26.7
Japanese investment trusts	24.6	28.1	3.5	19.7
Foreign equities	23.5	24.1	0.6	18.6
Foreign investment trusts	14.6	15.4	0.8	12.7
Gold	11.2	11.5	0.3	7.5
Japanese bonds	6.0	7.6	1.6	6.0
Foreign bonds	3.7	4.6	0.9	3.7
Hybrid securities	2.2	2.3	0.1	2.1
Other	0.4	0.6	0.2	0.5
None	-54.9	24.1	79.0	-53.5

Note: Respondents were given a list of 11 responses and asked to choose those financial instruments for which they planned to increase their holdings and those for which they planned to decrease their holdings (multiple responses were allowed). "Plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holdings, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holdings. Hybrid securities and gold were added to the list of choices from the February 2012 survey. Since the April 2013 survey, we have divided the former category of "Securities issued overseas" into "foreign equities", "foreign investment trusts", and "foreign bonds".

Fig. 11: DIs for financial instruments in which investors are planning either to increase or to decrease their holdings

Note: "Securities issued overseas" is the total for "foreign equities," "foreign investment trusts," and "foreign bonds."

(8) Greater percentage of respondents expect prices to be higher one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 73.3% of respondents selected a "rise" response, up 10.0ppt from last time. The percentage of respondents selecting a "no change" response was down 11.0ppt at 11.1%. The percentage of respondents selecting a "fall" response rose 1.0ppt to 15.6% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	6.3	4.5
2	Fall of 2% up to 5%	7.0	5.6
3	Fall of less than 2%	2.3	4.5
4	No change (0%)	11.1	22.1
5	Rise of less than 2%	22.3	33.3
6	Rise of 2% up to 5%	34.9	21.7
7	Rise of 5% or more	16.1	8.3
	Total	100	100

Note: Respondents were asked to select one response to the question: "How do you expect prices of regularly purchased goods and services to differ from current levels one year out?"

(9) Preconditions for increasing equity investment, changes to TSE market classifications

This survey included spot questions on the preconditions for equity investment and on the planned reorganization of the TSE's markets.

We asked investors what they thought was the most important precondition for increasing their investment in equities apart from improvement in the macroeconomic environment (including the economy, forex, and corporate earnings). The most common response, at 29.2%, was as "lower tax burden on equity investment", up 0.7ppt from the March 2021 survey. The next most common was "improvement in shareholder returns (dividends, share buybacks)" at 25.6%, followed by "greater confidence in politics and policy measures" at 18.9% (Figure 13).

Fig. 13: Preconditions for increasing equity investment apart from the macroeconomic environment

	Choices	No. of respondents	% of responses	Previous survey Mar 2021 (%)
1.	Lower tax burden on equity investment	292	29.2	28.5
2.	Improved visibility of corporate disclosures	38	3.8	4.5
3.	Enhanced financial services	43	4.3	4.9
4.	Improvement in shareholder returns (dividends, share buybacks)	256	25.6	23.9
5.	Greater confidence in politics and policy measures	189	18.9	20.1
6.	Easing anxieties over funds to cover living expenses in the future	165	16.5	17.6
7.	Other	17	1.7	0.5
	Total	1,000	100.0	100.0

Note: Respondents were asked to select one response to the question: "What do you think is the most important condition for you to increase equity investment other than improvements in the macroeconomic environment (economy, forex, corporate earnings, etc)?"

Next, we asked the 292 respondents who chose the "lower tax burden on equity investment" response in Figure 13 which was the most important factor for them to increase equity investment. The response "eliminating capital gains tax on equities" was chosen by the largest number of respondents, accounting for 50.0% of the total, down 3.7ppt. The second most common response was "eliminating taxes on share dividends" at 31.8%, up 4.1ppt (Figure 14).

Fig. 14: "Lower tax burden on equity investment" key factor

	Choices	No. of respondents	% of responses	Previous survey Mar 2021 (%)
1.	Eliminating capital gains tax on equities	146	50.0	53.7
2.	Eliminating taxes on share dividends	93	31.8	27.7
3.	Expanding scope of profit/loss aggregation for financial instruments	17	5.8	5.3
4.	Lowering inheritance tax on equities	11	3.8	3.5
5.	Expanding tax-exempt scope of defined contribution pensions	9	3.1	1.8
6.	Lowering taxes on gifts of long-term shareholdings	12	4.1	4.2
7.	Extending loss deferral period	4	1.4	3.9
8.	Other	0	0.0	0.0
	Total	292	100.0	100.0

Note: We asked the respondents who chose the "lower tax burden on equity investment" response in Figure 13 to choose one response to the question: "What specific measure in terms of reducing taxes on equity investment is most important for you to increase equity investment?"

We also asked about reviews of quarterly corporate results disclosure. The most common response was "Lower frequency of reporting would be a negative for disclosure" at 26.1% (Figure 15).

Fig. 15: Review of practice of quarterly results disclosure

Choices		No. of respondents	% of responses
1.	Lower frequency of reporting would be a negative for disclosure	261	26.1
2.	Unavoidable as way to reduce burden on corporations	245	24.5
3.	Clear disclosure of longer-term strategies could instead be positive for disclosure	240	24.0
4.	Neither positive nor negative	254	25.4
Total		1,000	100.0

Note: Respondents were asked to select the response that most closely matched their views on the reviews of quarterly corporate results disclosure practices currently being discussed.

Next, we asked about the reorganization of the TSE's market classifications scheduled for 4 April. The most common view on the reorganization of the current four markets into three markets was "the current system is not particularly inconvenient, so market restructuring was unnecessary (or I have no particular interest in the issue)" at 43.2% (Figure 16).

Fig. 16: Views on reorganizing the TSE's four markets into three

Choices		No. of respondents	% of responses
1.	Reorganization should be positive, with the integration of similarly positioned markets making classifications easier to understand	377	37.7
2.	The current system is not particularly inconvenient, so market restructuring was unnecessary (or I have no particular interest in the issue)	432	43.2
3.	Markets classifications should have been narrowed further	191	19.1
Total		1,000	100.0

Note: Respondents were asked to select the response closest to their views on the following question: "The Tokyo Stock Exchange plans to reorganize its four markets (the TSE-1, TSE-2, Jasdax, and Mothers) into three (the Prime Market, Standard Market, and Growth Market) on 4 April. What are your views on this reorganization from four markets into three?"

Next, we asked respondents about the Prime Market, Standard Market, and Growth Market. The most common response about the Prime Market was "as the majority of TSE-1 stocks will be included, the difference is difficult to understand, and listing criteria should have been made stricter" at 50.7% (Figure 17).

Fig. 17: Views on the Prime Market

Choices		No. of respondents	% of responses
1.	Provides reassuring investment targets as it includes many leading large Japanese companies	249	24.9
2.	As the majority of TSE-1 stocks will be included, the difference is difficult to understand, and listing criteria should have been made stricter	507	50.7
3.	No particularly strong interest or concerns relative to other markets	244	24.4
	Total	1,000	100.0

Note: Respondents were asked to select the response closest to their views on the Prime Market (the market oriented to companies which center their business on constructive dialogue with global investors).

Regarding the Standard Market, the most common response was "no particularly strong interest or concerns relative to other markets" at 38.3% (Figure 18).

Fig. 18: Views on the Standard Market

Choices		No. of respondents	% of responses
1.	I am interested as I want to invest in companies working to improve corporate value in order to transition to the Prime Market	307	30.7
2.	I am not very interested as the market lacks much to differentiate it from the Prime and Growth markets	310	31.0
3.	No particularly strong interest or concerns relative to other markets	383	38.3
	Total	1,000	100.0

Note: Respondents were asked to select the response closest to their views on the Standard Market (the market oriented to companies with sufficient liquidity and governance levels to be investment instruments).

On the Growth Market, the most common response was "with many startups, I have concerns about earnings stability and corporate governance" at 34.9% (Figure 19).

Fig. 19: Views on the Growth Market

Choices		No. of respondents	% of responses
1.	I am interested as I want to invest in companies with growth prospects	318	31.8
2.	With many startups, I have concerns about earnings stability and corporate governance	349	34.9
3.	No particularly strong interest or concerns relative to other markets	333	33.3
	Total	1,000	100.0

Note: Respondents were asked to select the response closest to their views on the Growth Market (the market oriented to companies with high growth potential).

2. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, Nomura Securities periodically conducts a survey—the Nomura Individual Investor Survey. The results of the survey have been published since April 2006.

Survey method: Questionnaire conducted electronically using the internet monitor questionnaire service administered by Nomura Investor Relations Co., Ltd.

Survey target: Survey sent to 3,000 individual investors randomly selected from the approximately 24,000 with equity investment experience participating in Nomura Investor Relations' internet monitor questionnaire service

Number of responses: 1,000 (survey closed when 1,000 responses received)

Survey period: Survey distributed on 28 February 2022, with deadline for responses on 1 March 2022

Survey content: Questions included each time are: (1) share price outlook; (2) factors expected to impact the stock market; (3) attractive sectors and stocks; (4) USD/JPY outlook and attractive currencies; (5) financial instruments for which investors plan to change their holdings; and (6) inflation outlook (since July 2013). Respondents are also asked spot questions each time and queried about their personal profiles.

3. Nomura Individual Investor Survey (March 2022) respondents

Gender: Male (85.3%), female (14.7%)

Age: Under 30 (1.2%), 30–39 (6.6%), 40–49 (17.5%), 50–59 (27.4%), 60 and above (47.3%)

Occupation: Self-employed/fisheries, agriculture, forestry (6.1%), professional (physician/medical professional, lawyer, etc) (2.5%), company management/board member (5.6%), company employee/public servant (47.1%), student (0.0%), full-time homemaker (6.8%), part-time worker/casual worker/job-hopper (5.5%), unemployed/pensioner (23.7%), other (2.7%)

Region: Kanto (52.1%), Kinki (17.4%), Tokai/Koshinetsu/Hokuriku (14.3%), Hokkaido/Tohoku (4.3%), Chugoku/Shikoku/Kyushu (11.9%)

Financial assets held: Less than ¥1,000,000 (5.3%), ¥1,000,000–¥2,999,999 (9.8%), ¥3,000,000–¥4,999,999 (10.8%), ¥5,000,000–¥9,999,999 (18.2%), ¥10,000,000–¥29,999,999 (23.9%), ¥30,000,000–¥49,999,999 (13.7%), ¥50,000,000 or more (18.3%)

Value of Japanese stocks held: Less than ¥500,000 (11.9%), ¥500,000–¥999,999 (10.4%), ¥1,000,000–¥2,999,999 (21.6%), ¥3,000,000–¥4,999,999 (15.2%), ¥5,000,000–¥9,999,999 (16%), ¥10,000,000–¥29,999,999 (16.0%), ¥30,000,000 or more (8.9%)

Investment experience: Less than three years (7.9%), three years to less than five years (8.3%), five years to less than 10 years (15.6%), 10 years to less than 20 years (27.5%), 20 years or more (40.7%)

Investment plan for Japanese stocks: Mainly for long-term holding (48.5%), pursuit of gains from short-term appreciation (12.4%), pursuit of dividends and shareholder perks (26.0%), no particular plan (13.1%)

Notice

The next Nomura Individual Investor Survey (June 2022) is scheduled for release on Thursday, 16 June 2022.

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When bonds are purchased via public offerings, secondary distributions, or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Bonds carry the risk of losses, as prices fluctuate in line with changes in market interest rates.

Bond prices may also fall below the invested principal as a result of such factors as changes in the management and financial circumstances of the issuer, or changes in third-party valuations of the bond in question. In addition, foreign currency-denominated bonds also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When Japanese government bonds (JGBs) for individual investors are purchased via public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used.

When inflation-indexed JGBs are purchased via public offerings, secondary distributions (uridashi deals), or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Inflation-indexed JGBs carry the risk of losses, as prices fluctuate in line with changes in market interest rates and fluctuations in the nationwide consumer price index. The notional principal of inflation-indexed JGBs changes in line with the rate of change in nationwide CPI inflation from the time of its issuance. The amount of the coupon payment is calculated by multiplying the coupon rate by the notional principal at the time of payment. The maturity value is the amount of the notional principal when the issue becomes due. For J117 and subsequent issues, the maturity value shall not undercut the face amount.

Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.5% (tax included) of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset management fee (trust fee) of up to 5.5% (tax included/annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

Investment trusts invest mainly in securities such as Japanese and foreign equities and bonds, whose prices fluctuate. Investment trust unit prices fluctuate owing to price fluctuations in the underlying assets and to foreign exchange rate fluctuations. As such, investment trusts carry the risk of losses. Fees and risks vary by investment trust. Maximum applicable fees are subject to change; please thoroughly read the written materials provided, such as prospectuses or documents delivered before making a contract.

In interest rate swap transactions and USD/JPY basis swap transactions ("interest rate swap transactions, etc."), only the agreed transaction payments shall be made on the settlement dates. Some interest rate swap transactions, etc. may require pledging of margin collateral. In some of these cases, transaction payments may exceed the amount of collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the transaction. Interest rate swap transactions, etc. carry the risk of losses owing to fluctuations in

market prices in the interest rate, currency and other markets, as well as reference indices. Losses incurred as such may exceed the value of margin collateral, in which case margin calls may be triggered. In the event that both parties agree to enter a replacement (or termination) transaction, the interest rates received (paid) under the new arrangement may differ from those in the original arrangement, even if terms other than the interest rates are identical to those in the original transaction. Risks vary by transaction. Please thoroughly read the written materials provided, such as documents delivered before making a contract and disclosure statements.

In OTC transactions of credit default swaps (CDS), no sales commission will be charged. When entering into CDS transactions, the protection buyer will be required to pledge or entrust an agreed amount of margin collateral. In some of these cases, the transaction payments may exceed the amount of margin collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the financial position of the protection buyer. CDS transactions carry the risk of losses owing to changes in the credit position of some or all of the referenced entities, and/or fluctuations of the interest rate market. The amount the protection buyer receives in the event that the CDS is triggered by a credit event may undercut the total amount of premiums that he/she has paid in the course of the transaction. Similarly, the amount the protection seller pays in the event of a credit event may exceed the total amount of premiums that he/she has received in the transaction. All other conditions being equal, the amount of premiums that the protection buyer pays and that received by the protection seller shall differ. In principle, CDS transactions will be limited to financial instruments business operators and qualified institutional investors.

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