NOMURA HOLDINGS INC
Form 6-K
December 16, 2016

FORM 6-K

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

Commission File Number: 1-15270

For the month of December 2016

NOMURA HOLDINGS, INC.

(Translation of registrant s name into English)

9-1, Nihonbashi 1-chome

Chuo-ku, Tokyo 103-8645

Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F __X__ Form 40-F ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

Table of Contents

Incorporation by Reference

The registrant hereby incorporates Exhibit 1 to this report on Form 6-K by reference in the prospectus that is part of the Registration Statement on Form F-3 (Registration No. 333-209596) of the registrant, filed with the SEC on February 19, 2016.

Information furnished on this form:

EXHIBITS

Exhibit Number	
1.	Nomura Holdings, Inc. Interim Operating and Financial Review
15.	Acknowledgment Letter of Ernst & Young ShinNihon LLC
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	NOMURA HOLDINGS, INC.
Date: December 16, 2016	By: /s/ Hajime Ikeda Hajime Ikeda Senior Managing Director

Table of Contents

Exhibit 1

NOMURA HOLDINGS, INC.

INTERIM OPERATING AND FINANCIAL REVIEW

TABLE OF CONTENTS

Presentation of Financial and Other Information

As used in this Form 6-K, references to the Company , Nomura , Nomura Group , we , us and our are to Nomura Holdings, Inc. and, except context otherwise requires, its consolidated subsidiaries. As part of certain line items in Nomura s financial statements and information included in this Form 6-K, references to NHI are to Nomura Holdings, Inc.

Unless otherwise stated, references in this Form 6-K to yen and ¥ are to the lawful currency of Japan and references to U.S. dollars and $ are to the lawful currency of the United States of America (U.S.).

All ownership data with respect to us presented in this Form 6-K is presented based on the voting interest directly or indirectly held by us. Our voting interest is presented in accordance with Japanese reporting requirements, pursuant to which the amount presented with respect to each subsidiary is the percentage of voting rights of such subsidiary held directly by us or our subsidiaries. For example, wholly-owned subsidiaries of our subsidiaries are listed as 100%, regardless of the level of our direct interest in the intermediate subsidiaries.

Amounts shown within this Form 6-K have been rounded to the nearest indicated digit unless otherwise specified. In tables and graphs with rounded figures, sums may not add up due to rounding.

Except as otherwise indicated, all financial information with respect to us presented in this Form 6-K is presented on a consolidated basis. Our fiscal year ends on March 31 of each year. We prepare interim consolidated financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Our interim consolidated financial statements, including the notes thereto, for the six months ended September 30, 2015 and 2016 are included elsewhere in this Form 6-K. The interim consolidated financial statements included in this Form 6-K have been reviewed in accordance with the standards of the Public Company Accounting Oversight Board (United States) by our independent auditors.

Table of Contents

Recent Developments

Recent Developments in Capital Adequacy Regulations. In December 2010, the Basel Committee on Banking Supervision (Basel Committee) issued the overall reform package on capital adequacy ratio, liquidity and leverage ratio from Basel II (Basel III) in order to promote a more resilient banking sector. The Basel Committee has been reviewing the Basel III package and has published various proposals. After the implementation of the Capital Adequacy Notice on Final Designated Parent Company, which was revised to be in line with Basel III, the Financial Services Agency of Japan (FSA) has been considering further revisions, taking into consideration the series of proposals published by the Basel Committee. In addition to Basel III, implementation of new regulations or strengthening of existing regulations have been determined or are under consideration by internal organizations such as the G-20, Financial Stability Board (FSB), International Organization of Securities Commissions (IOSCO) and Basel Committee, or governmental and self-regulatory organizations in Japan and in virtually all other jurisdictions in which we operate. The FSB and the Basel Committee at the Group of Twenty (G-20) summit in November 2011 identified global systemically important banks (G-SIBs) on which additional capital requirements will be imposed and they update the list of G-SIBs in November of each year. We have not been designated as a G-SIB in the past, since November 2013, and we were not designated as a G-SIB in November 2016. The Basel Committee published an updated assessment methodology and the higher loss absorbency requirement on G-SIBs, as well as disclosure requirements on G-SIBs evaluation indices, and such disclosure requirements were made effect by the FSA in March 2014. Also, the Basel Committee developed and published a set of principles on the assessment methodology and the higher loss absorbency requirement for domestic systemically important banks (D-SIBs), extending the framework for G-SIBs to D-SIBs. We have been designated as a D-SIB since December 2015 by the FSA.

Regulatory Developments in the U.S. and the U.K. Our overseas offices and subsidiaries are also subject to various laws, rules and regulations applicable in the countries where they conduct their operations, including, but not limited to those promulgated and enforced by the U.S. Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), the U.S. Treasury, the Financial Stability Oversight Council, the New York Stock Exchange, the Financial Industry Regulatory Authority (a private organization with quasi-governmental authority and a regulator for all securities companies doing business in the U.S.), the National Futures Association (a self-regulatory organization for the U.S. derivatives industry) in the U.S.; and by the Prudential Regulation Authority (U.K. PRA), the Financial Conduct Authority (U.K. FCA), and the London Stock Exchange in the U.K. We are also subject to international money laundering and related regulations in various countries. For example, the USA PATRIOT Act of 2001 contains measures to prevent, detect and prosecute terrorism and international money laundering by imposing significant compliance and due diligence obligations and creating crimes and penalties. Failure to comply with such laws, rules or regulations could result in fines, suspension or expulsion, which could materially and adversely affect us.

In response to the financial markets crisis, governments and regulatory authorities in various jurisdictions have made and continue to make numerous proposals to reform the regulatory framework for, or impose a tax or levy upon, the financial services industry to enhance its resilience against future crises, contribute to the relevant economy generally or for other purposes. In July 2010, the U.S. enacted the Dodd-Frank Act, which is now the subject of a multi-agency rulemaking process. The rulemakings include the following: (i) create a tighter regulatory framework for OTC derivatives to promote transparency and impose conduct rules in that marketplace; (ii) establish a process for designating nonbank financial firms as Systemically Important Financial Institutions (SIFIs), subject to increased (and sometimes new) prudential oversight including early remediation, capital standards, resolution authority and new regulatory fees; (iii) prohibit material conflicts of interest between firms that package and sell asset-backed securities (ABS) and firms that invest in ABS; (iv) establish risk retention requirements for ABS; (v) establish rules related to the orderly liquidation of certain broker dealers; (vi) create annual stress tests; and (vii) set forth a number of executive compensation mandates, including rules to curtail incentive compensation that promotes excessive risk taking and listing standards for recovery of erroneously awarded compensation. The new regulatory framework for OTC derivatives includes mandates for clearing transactions with designated clearing organizations, exchange trading, new capital requirements, bilateral and variation margin for non-cleared derivatives, reporting and recordkeeping, and internal and external business conduct rules. Some U.S. derivatives and executive compensation rules may be applied extraterritorially and therefore impact some non-U.S. Nomura entities.

Table of Contents

Other aspects of the Dodd-Frank Act and related rulemakings include provisions that (i) prohibit deposit-taking banks and their affiliates from engaging in proprietary trading and limit their ability to make investments in hedge funds and private equity funds (the so-called Volcker Rule); (ii) empower regulators to liquidate failing nonbank financial companies that are systemically important; (iii) provide for new systemic risk oversight and increased capital requirements for both bank and non-bank SIFIs; (iv) provide for a broader regulatory oversight of hedge funds; and (v) establish new regulations regarding the role of credit rating agencies, investment advisors and others. To facilitate the transition to the requirements of the Dodd-Frank Act, the Commodity Futures Trading Commission issued an exemptive order in July 2013 (Exemptive Order) that granted market participants temporary conditional relief from certain provisions of the Commodity Exchange Act, as amended by the Dodd-Frank Act. As the Exemptive Order expired on December 21, 2013, some U.S. derivatives rules are now being applied extraterritorially and are now therefore impacting some non-U.S. Nomura entities. In addition, Title VII of the Dodd-Frank Act gives the SEC regulatory authority over security-based swaps which are defined under the act as swaps based on a single security or loan, or a narrow-based group or index of securities. Security-based swaps are included within the definition of security under the U.S. Securities and Exchange Act of 1934 and the U.S. Securities Act of 1933. The SEC continues to issue final rules and interpretive guidance addressing cross-border security-based swap activities. On June 25, 2014, the SEC initially finalized a portion of its cross-border rules, namely key foundational definitions and registration calculations that will become operative once the SEC sets a timeframe for the security-based swap dealer registration process to begin. Since then, the SEC has issued a series of final rules that will apply certain Dodd-Frank Act requirements to security-based swaps between two non-U.S. person counterparties when the security-based swaps are arranged, negotiated or executed using personnel or personnel of agents located in the United States. Specifically, on February 10, 2016, the SEC issued final rules that require a non-U.S. person that uses personnel or personnel of agents located in the United States in connection with security-based swap dealing activity to include such security-based swaps in its security-based swap dealer registration de minimis calculation. Furthermore, on April 14, 2016 the SEC issued final rules that require a non-U.S. security-based swap dealer to comply with external business conduct standards rules when facing a non-U.S. person counterparty if the non-U.S. security-based swap dealer uses personnel or personnel of agents located in the United States to arrange, negotiate or execute the security-based swap. The SEC may issue additional final rules that apply Dodd-Frank Act requirements to security-based swaps of two non-U.S. person counterparties when one or both uses personnel or personnel of agents located in the United States to arrange, negotiate or execute the security-based swap (e.g. final rules governing reporting and public dissemination of security-based swaps). Once final and effective, these cross-border rules may impact some non-U.S. Nomura entities. The exact details of the Dodd-Frank Act implementation and ultimate impact on Nomura s operations will depend on the form and substance of the final regulations adopted by various governmental agencies and oversight boards. In addition to the rulemakings required by the Dodd-Frank Act, the SEC is considering other rulemakings that will impact Nomura s U.S. entities. While these rules have not been formally proposed, they have been publicly reported in the U.S. Office of Management and Budget s (OMB) Current Regulatory Plan and Unified Agenda of Regulatory and Deregulatory Actions. The SEC s Division of Trading and Markets is considering recommending that the SEC propose an amendment to its net capital rule that would prohibit a broker-dealer that carries customer accounts from having a ratio of total assets to regulatory capital in excess of a certain level. The SEC and the CFTC are also considering a number of changes to market structure rules.

The Foreign Account Tax Compliance Act (FATCA), which was enacted in 2010 requires foreign financial institutions (FFIs) to report to the U.S. Internal Revenue Service information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. As a result, Nomura will be subject to certain reporting requirements consistent with a mutual agreement between Japanese governmental authorities and the U.S. Treasury Department. In addition, the US Treasury Department proposed new rules in April 2016 that would give the Internal Revenue Service the authority to reclassify certain related-company debt transactions as equity and as a result could impact the Company s tax liability.

On July 19, 2011, the Financial Stability Board published a consultative document to establish a global framework to improve authorities capacity to resolve failing SIFIs without systemic disruption and exposing taxpayers to the risk of loss. The proposed measures require Global SIFIs (G-SIFIs) to prepare and maintain recovery and resolution plans (RRPs) by December 2012. In light of such a global framework, the U.K. Financial Services Authority (U.K. FSA) (which has now been replaced by the U.K. PRA and FCA) published a consultation paper on August 9, 2011 containing its proposals for RRPs. The consultation paper covered a requirement for banks and large investment firms in the U.K. (including G-SIFIs) to prepare and maintain RRPs. In a separate discussion paper, the U.K. FSA explores matters relevant to resolving financial services firms, including the resolution of trading books, enhancing the resolution toolkit and bail-ins. In May 2012, the U.K. FSA published a feedback statement setting out its approach to ensure firms develop appropriate recovery plans and resolution packs and a further update was issued by the U.K. FSA in February 2013. In December 2013, the U.K. PRA published a policy statement setting out final rules which require banks, building societies and U.K. PRA-regulated investment firms to produce recovery plans (identification of options to recover financial strength in stress situations) and resolution packs (information to support resolution planning by the authorities).

Table of Contents

These rules were amended in January 2015 as part of the U.K. implementation of the EU Bank Recovery and Resolution Directive (BRRD), which was published on June 12, 2014. The BRRD also aims to implement Financial Stability Board recommendations on recovery and resolution regimes for financial institutions and for U.K. purposes it will partially supersede the existing U.K. regime. The BRRD applies to banks and investment firms operating in EU member states, including EU branches and subsidiaries of third country firms. It includes requirements for the preparation of RRPs by institutions and regulators. It also creates various powers for EU regulators to intervene to resolve institutions at risk of failure, including the ability to sell or transfer all or part of an institution (similar to existing U.K. regulatory powers) and the introduction of a debt write down or bail-in tool. Amongst other things, relevant firms are required to include a contractual recognition of the bail-in clause in a wide range of non-EU law governed contracts governing liabilities created or materially amended after January 1, 2016 under which the creditor contractually recognizes and agrees that the liability may be subject to use of the bail-in tool. Specific provision is also made to facilitate cross-border crisis management and the recognition of third country recovery and resolution action in relation to third country banking and investment groups. As part of the bail-in rules, firms will be required to maintain capital resources sufficient to meet the stipulated minimum requirement for eligible liabilities (MREL). The MREL requirement overlaps with the global capital standards on total loss absorbing capacity (TLAC) for G-SIBs issued by the Financial Stability Board on November 9, 2015. The TLAC standard defines a minimum requirement for the instruments and liabilities that should be readily available for bail-in within resolution at G-SIBs, but does not limit authorities powers under the applicable resolution law to expose other liabilities to loss through bail-in or the application of other resolution tools. G-SIBs will be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework.

There are a number of regulatory developments that impact capital requirements for U.K. regulated entities. Most significant of these is the Basel III framework, as adopted into EU law through the fourth Capital Requirements Directive and Capital Requirements Regulation (together, CRD IV), which became effective on January 1, 2014. The aim of CRD IV is to strengthen the resilience of the EU banking sector so it is better placed to absorb economic shocks while ensuring that banks continue to finance economic activity and growth. CRD IV sets out requirements for minimum capital requirements for banks and investment firms and also introduced new capital and liquidity buffers.

The framework also modifies treatment of financial institution exposures to central counterparties, resulting in increased capital charges, as well as qualifying conditions that must be met by central counterparties before institutions may benefit from preferential treatment. CRD IV introduces the concept of the leverage ratio and the net stable funding ration (NSFR) that are expected to apply from 2018, although further legislation is required to implement a binding requirement. The directive introduces corporate governance requirements with a more rigorous supervision of risks by directors as well as management or supervisory boards. The rules concern the composition of boards, their functioning and their role in risk oversight and strategy in order to improve the effectiveness of risk oversight by boards. The regulation requires financial institutions to make increased Pillar 3 disclosures about their corporate governance arrangements. CRD IV also sets out requirements in relation to remuneration policies imposing a 1:1 ratio on the basic salary relative to bonus for certain staff.

On November 23, 2016 the European Commission published the Capital Requirements Directive (CRD) 5 package. This is a legislative dossier implementing the remaining parts of Basel III in the EU as well as addressing issues identified in existing prudential requirements in CRD IV. It introduces amendments to existing legislation in the form of the CRD 5, Capital Requirements Regulation (CRR 2), Bank Recovery and Resolution Directive (BRRD 2) and Single Resolution Mechanism Regulation (SRMR). These dossiers will need to pass through the EU legislative process which usually takes about 18 months, meaning the rules will enter into force in 2019 at the earliest.

On October 20, 2011, the European Commission published draft legislation for the Directive on markets in financial instruments repealing Directive 2004/39/EC of the European Parliament and of the Council. The legislation has been split into two parts: the Markets in Financial Instruments Directive (MiFID) and the Markets in Financial Instruments Regulation (MiFIR). On May 13, 2014, the Council of the European Union announced that it had adopted MiFID II (the revised MiFID) and MiFIR. MiFID II was published in the EU Official Journal on June 12, 2014 and entered into force on July 3, 2014. The majority of the new rules under MiFID II and MiFIR will take effect from January 3, 2018 with Member States required to implement MiFID II in national legislation by July 3, 2017. The legislation seeks to introduce wide-reaching changes to markets, including the extension of market transparency rules into non-equities and potentially reducing the size of the OTC derivative market by mandating the clearing of standardized OTC transactions through central clearing counterparties and their trading through regulated trading venues. The new framework introduces a market structure which seeks to close certain loopholes and ensures that trading, wherever appropriate, takes place on regulated platforms. It introduces rules on high frequency trading and aims to improve the transparency and oversight of financial markets. The revised MiFID also aims to strengthen the protection of investors by introducing more robust organizational and conduct requirements and by strengthening the role of management bodies. The new framework also increases the role and supervisory powers of regulators and establishes powers to prohibit or restrict the marketing and distribution of certain products in well-defined circumstances. A harmonized regime for granting firms from third countries access to EU professional markets, based on an equivalence assessment of third-country jurisdictions by the Commission, will also be introduced.

Following a range of consultations and technical advice published by the European Securities and Markets Authority (ESMA), in April 2016 the European Commission adopted a MiFID Delegated Directive (Directive). The Directive contains provisions on investor protection, notably on safeguarding of clients funds and financial instruments, product governance and monetary/non-monetary compensation. The Commission also adopted a delegated regulation supplementing MiFID II. The Regulation aims at specifying, in particular, the rules relating to exemptions, the organizational requirements for investment firms, and conduct of business obligations in the provision of investment services. In May 2016, the Commission adopted a further delegated regulation supplementing MiFIR. This Regulation aims at specifying, in particular, the rules relating to determining liquidity for equity instruments, the rules on the provision of market data on a reasonable commercial basis, the rules on publication, order execution and transparency obligations for systematic internalisers, and the rules on supervisory measures on product intervention by the ESMA, the European Banking Authority, and national authorities, as well as on position management powers by the ESMA. In addition, the majority of final technical standards have also been adopted by the European Commission. There is still ongoing technical work on the technical guidelines.

In the U.K., the U.K. FCA has also published various consultations on MiFID II, including a Discussion Paper in March 2015, which discussed the FCA s approach to those areas of MiFID II for which the U.K. has discretion in relation to implementation. In March 2015, U.K. HM Treasury published a consultation on the Transposition of the MiFID II. The U.K. FCA published its first consultation paper on MiFID II implementation in December 2015. The paper focused on markets issues. The U.K. FCA published a second consultation in July 2016 on commodities, supervision, and senior management issues and a third consultation in September 2016 on a range of conduct of business issues including investment research and product governance.

The European Market Infrastructure Regulation (EMIR) introduces new requirements to improve transparency and reduce the risks associated with the derivatives market. EMIR was adopted on July 4, 2012 and became effective on August 16, 2012. EMIR applies to any entity established in the European Union that is a legal counterparty to a derivative contract, even when trading with non-EU firms. It may also have extraterritorial impact in certain circumstances. Many of the EMIR requirements became effective in 2013 and 2014, although some elements have yet to be implemented. Initial margining requirements for non-centrally cleared trades applied from September 1, 2016 for the largest institutions. This will be followed by an annual phase-in such that all other institutions that are within scope above a minimum threshold will be subject to the initial margin from September 1, 2020. Variation margining requirements for non-centrally cleared trades will apply for all other institutions that are within scope from March 1, 2017 with variation margining requirements for non-centrally cleared trades applying for the largest institutions from September 2016. When fully implemented, EMIR will require entities that enter into any form of derivative contract to: (i) report every derivative contract that they enter to a trade repository; (ii) implement new risk management standards, including operational processes and margining, for all bilateral over-the-counter derivatives trades that are not cleared by a central counterparty; and (iii) clear, through a central counterparty, over-the-counter derivatives that are subject to a mandatory clearing obligation. Nomura is in the process of implementing the various EMIR requirements across work streams in accordance with their respective compliance dates.

On January 12, 2016, the Securities Financing Transactions Regulation (SFTR), which forms part of the EU s package of legislation targeted at reforming shadow banking and aims to improve transparency in the securities financing transactions (SFT) market, came into force subject to a range of transitional provisions over a number of years. The SFTR requires counterparties to an SFT to report the SFT to a trade repository; impose various potentially onerous requirements on entities reusing financial instruments received under a collateral arrangement, and apply various related disclosure requirements.

Table of Contents

On July 3, 2016, the EU Market Abuse Regulation (MAR) came into force in all EU Member states. The new rules on market abuse update and strengthen the existing framework to ensure greater market integrity and investor protection, replacing the

existing Market Abuse Directive. The Market Abuse Regulation (MAR) strengthens the existing U.K. market abuse framework by extending its scope to new markets, new platforms and new behaviors. It contains prohibitions of insider dealing and market manipulation, and provisions to prevent and detect these.

In June 2015 the European Parliament and Council to the EU members issued the final version of the 4th Money Laundering Directive (4MLD). All EU member states, including the U.K., have two years in which to transpose the requirements of the directive into national law which will, where necessary, amend or replace the existing regulations or legislation. In February 2016, the EU Commission presented an action for strengthening the fight against terrorist financing with a proposed amendment to the 4MLD to enable the tracing of terrorists through financial movements and disrupting the sources of revenue used by terrorist organizations by targeting their capacity to raise funds. These proposed amendments are still to be agreed between all 28 member states but were included in a final version of the 4MLD issued by the EU Parliament in July 2016.

The Alternative Investment Fund Managers Directive (AIFMD) became effective on July 21, 2011. The AIFMD was required to be implemented by Member States by July 22, 2013 (subject to a one-year transitional period). The AIFMD and its related implementing legislation establish a detailed framework for the management and marketing of alternative investment funds (or AIFs) within the EEA. As the concept of an AIF is broadly defined, the AIFMD captures the majority of non-UCITs funds, including hedge funds, private equity, debt and real estate funds.

Under the AIFMD regime, fund managers operating within the EEA are subject to extensive organizational requirements, including mandatory authorization by an EEA regulator, substantial ongoing compliance, conduct of business and disclosure requirements and the obligation to appoint an independent depositary with responsibility for an AIF s assets. A separate regulatory regime applies to depositaries, which must also be authorized for this purpose. Additional restrictions and disclosure obligations apply to managers of private equity firms which acquire material holdings in EEA companies. Non-EEA fund managers seeking to target EEA investors are also subject, at a minimum, to a sub-set of the compliance requirements for EEA managers, focusing mainly on disclosure. It is open to each Member State to introduce additional restrictions for third-country managers and some jurisdictions remain very restrictive in this respect. The possibility of a passporting regime for third-country managers is, however, provided for in the AIFMD and is currently under consideration at the EU level, although further legislation would be required to introduce this. The AIFMD has material impact for Nomura insofar as it manages and markets investment funds within the EEA (which now attracts an enhanced compliance burden). Nomura also acts as depositary of an AIF and is accordingly subject to separate compliance requirements and liability provisions in this capacity.

In July 2014, the U.K. FCA and U.K. PRA issued proposals for a new regime for senior managers (SMR) and a related certification regime (CR) for a wider population of employees whose performance has the potential to pose harm to a firm or its customers. Following a range of consultations, the Senior Managers and Certification Regime was implemented on March 7, 2016 for banks, U.K. PRA designated investment firms, and insurance firms. Senior managers (but not those of U.K. branches of overseas banks) may be prosecuted by the U.K. PRA or U.K. FCA in certain prescribed circumstances for making a decision that causes a financial institution to fail. The rules also require firms to demarcate responsibilities more precisely, implement new systems and controls for certification and share with the U.K. PRA/U.K. FCA detailed information on their governance structures. Plans are now underway to roll out the regime to all financial services firms in the U.K. in 2018.

Over the past two to three years, the U.K. FCA has worked towards introducing a number of changes to the U.K. regulatory regime for the protection of client assets (CASS). These requirements are relevant to Nomura s U.K. entities that hold client money and other assets on behalf of their clients (other than in the course of deposit-taking activity). The reforms made to the CASS regime have been driven in large part by concerns of the U.K. FCA regarding the shortcomings of the previous rules that were highlighted in the U.K. case law surrounding the collapse of Lehman Brothers International (Europe). The U.K. FCA commenced its review of the CASS regime in 2012 and published final rules in 2014, the last of which came into force on June 1, 2015. The reforms aim to improve the speed and efficiency with which client assets may be distributed following the insolvency of the holding firm and to minimize negative market impact. This has resulted in extensive changes to the rules, designed to strengthen the legal and operational requirements of holding firms for effective segregation of client money and to enhance controls over institutions with which client money is deposited and third parties to whom client money is transferred. The conditions attached to exclusions from the client money rules have also been clarified and enhanced. In addition, various changes have also been made to the rules to give effect to EMIR requirements regarding client money held in the course of derivatives clearing activity. The net effect of these various changes is generally to increase the operational and compliance burden on firms that hold client money and assets.

6

Table of Contents

On July 29, 2016, the U.K. FCA released Consultation Paper 16/19: Markets in Financial Instruments Directive II Implementation (CP 16/19). CP16/19 provides for incremental changes to CASS. Many of the changes introduced by MiFID II are already part of the U.K. FCA rules. MiFID II will be implemented in CASS by closely using the MiFID II wording, but adapted, where appropriate, to align with U.K. law and practice.

The European Commission put forward its EU Data Protection Reform in January 2012. On December 15, 2015 the European Parliament, the Council and the Commission reached an agreement on the new data protection rules, establishing a modern and harmonized data protection framework across the EU. On May 4, 2016, the official texts of the Regulation and the Directive were published in the EU Official Journal in all the official languages. While the Regulation became effective on May 24, 2016 it will apply from May 25, 2018. The Regulation includes a number of important changes to existing data protection legislation including new obligations on data processors, restrictions on the transfer of personal data and the introduction of new concepts such as the right to be forgotten and a requirement for data breach notifications.

The EU Benchmark regulation entered into force on June 30, 2016 and will apply in the U.K. from January 1, 2018. It will introduce a common framework and consistent approach to benchmarks regulation across the EU. It aims to ensure that benchmarks are robust and reliable, and to minimize conflicts of interest in benchmark-setting processes.

A number of reforms are also either pending or anticipated at the EU and/or U.K. level, which may have a material impact on Nomura and on EU markets generally. In the EU, these include the Bank Structure Regulation and the Capital Markets Union (CMU) initiative (together with the related review of the Prospectus Directive and the EU securitization framework). The CMU is a plan of the European Commission to mobilize capital in Europe and an action plan has been developed which sets out a program of 33 actions and related measures, which aim to establish the building blocks of an integrated capital market in the EU by 2019. In the U.K., the Fair and Effective Markets Review (Review) and the work of the Fixed Income, Currencies and Commodities (FICC) Markets Standards Board are also likely to have a material impact on Nomura and on U.K. markets. On June 10, 2015, the Review published its Final Report, setting out 21 recommendations to raise the standards, professionalism, and accountability of individuals; improve the quality and market-wide understanding of FICC trading practices; strengthen the regulation of FICC markets in the U.K.; launch international action to raise standards in global FICC markets; and promote forward-looking conduct risk identification and mitigation. On July 28, 2016, the Chairs of the Review published a full implementation report detailing the significant progress that has been made to implement the Review s recommendations.

Following a referendum held in June 2016, in which 52% of votes were cast in favor of leaving the EU, the U.K. Prime Minister announced that the government intended to launch the formal procedure for withdrawing by the end of March 2017. This would put the U.K. on a course to leave the EU by the end of March 2019, the so-called Brexit. The terms of withdrawal have not yet been negotiated; in the meantime, the U.K. remains a full member of the EU. If no agreement on the arrangements for the U.K. s withdrawal is reached, Brexit will occur once the two year period is over, with no terms in place. The two-year period could, however, be extended if negotiations are incomplete, but only with the unanimous consent of all 28 EU Member States. The impact on U.K. financial services firms, especially, if so-called passporting rights should be lost, is likely to be significant. However, in the absence of clarity regarding the terms of withdrawal, it is too early to establish the precise impact on the U.K. financial services sector, although firms such as Nomura are working on their contingency plans.

Table of Contents

Risk Factors

There is no significant change from the risks as previously disclosed in Part I, Item 3. D Risk Factors of our annual report on Form 20-F for the year ended March 31, 2016.

Table of Contents

Special Note Regarding Forward-Looking Statements

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our business, our industry and capital markets around the world. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as may , will , expect , anticipate , estimate , plan or similar words. These statements discuss future expectations, identify strategies, contain projections of our results of operations or financial condition, or state other forward-looking information.

Known and unknown risks, uncertainties and other factors may cause our actual results, performance, achievements or financial position to differ materially from any future results, performance, achievements or financial position expressed or implied by any forward-looking statements contained in this report. Such risks, uncertainties and other factors are set forth in *Risk Factors* above and in Item 3. D of our annual report on Form 20-F for the fiscal year ended March 31, 2016, as well as elsewhere in this Form 6-K.

Table of Contents

Operating and Financial Review and Prospects

Results of Operations Six Months Ended September 30, 2015 and 2016

The interim consolidated financial statements included in this Form 6-K have not been audited but have been reviewed in accordance with the standards of the Public Company Accounting Oversight Board (United States) by our independent auditors. The unaudited interim consolidated financial statements are prepared on a basis substantially consistent with the audited consolidated financial statements included in our Form 20-F for the fiscal year ended March 31, 2016 filed on June 23, 2016.

Overview

The following table provides selected consolidated statements of income information for the six months ended September 30, 2015 and 2016.

	Millions of yen except percentages Six months ended September 30	
	2015	**2016**
Non-interest revenues:		
Commissions	¥ 241,844	¥ 150,895
Fees from investment banking	69,364	40,666
Asset management and portfolio service fees	118,117	104,752
Net gain on trading	187,299	258,901
Gain (loss) on private equity investments	1,756	(433)
Gain (loss) on investments in equity securities	(1,696)	(2,312)
Other	84,482	76,638
Total non-interest revenues	701,166	629,107
Net interest revenue	59,470	56,368
Net revenue	760,636	685,475
Non-interest expenses	634,747	540,936
Income before income taxes	125,889	144,539
Income tax expense	7,991	35,512
Net income	117,898	109,027
Less: Net income attributable to noncontrolling interests	2,597	1,022
Net income attributable to NHI shareholders	¥ 115,301	¥ 108,005
Return on shareholders equity (annualized)[1]	8.4%	8.1%

(1) Calculated as Net income attributable to NHI shareholders divided by average Total NHI shareholders equity multiplied by two.

Net revenue decreased by 9.9% from ¥760,636 million for the six months ended September 30, 2015 to ¥685,475 million for the six months ended September 30, 2016. *Commissions* decreased by 37.6%, primarily driven by a decrease in commissions received from equity and equity related products in Japan due to retail investors were in wait-and-see mode in the sluggish market. *Asset management and portfolio service fees* decreased by 11.3%, primarily due to a decrease of assets under management driven by market factors. *Net gain on trading* increased by 38.2%, primarily due to a robust client flows and market opportunities in our Fixed Income business and the impact of settlement of legal proceedings with Banca Monte dei Paschi di Siena SpA for the six months ended September 30, 2015. *Other revenue* decreased by 9.3%, primarily due to a decrease in net income from affiliated companies.

Net interest revenue was ¥59,470 million for the six months ended September 30, 2015 and ¥56,368 million for the six months ended September 30, 2016. *Net interest revenue* is a function of the level and the mix of total assets and liabilities, which includes trading assets and financing and lending transactions, and the level, term structure and volatility of interest rates. *Net interest revenue* is an integral component of our trading business. In assessing the profitability of our overall business and of our Wholesale operation in particular, we view *Net interest revenue* and *Non-interest revenues* in aggregate.

Non-interest expenses decreased by 14.8% from ¥634,747 million for the six months ended September 30, 2015 to ¥540,936 million for the six months ended September 30, 2016.

Table of Contents

We are subject to a number of different taxes in Japan and have adopted the consolidated tax filing system permitted under Japanese tax law. The consolidated tax filing system only imposes a national tax. Nomura s domestic effective statutory tax rate was approximately 38% for the fiscal year ended March 31, 2014, approximately 36% for the fiscal year ended March 31, 2015 and approximately 33% for the fiscal year ended March 31, 2016. Furthermore, as a result of revision to domestic tax laws on March 31, 2016, Nomura s effective statutory tax rate will decrease from approximately 32% to 31% for fiscal years beginning on or after April 1, 2016. Our foreign subsidiaries are subject to the income taxes of the countries in which they operate, which are generally lower than those in Japan. The Company s effective statutory tax rate in any one year is therefore dependent on our geographic mix of profits and losses and also on the specific tax treatment applicable in each location.

For the six months ended September 30, 2015, the difference between the effective statutory tax rate of 33% and the effective tax rate of 6.3% was mainly due to tax benefit recognized on the devaluation of investment in subsidiaries and affiliates, whereas an increase in valuation allowance of foreign subsidiaries.

For the six months ended September 30, 2016, the difference between the effective statutory tax rate of 31% and the effective tax rate of 24.6% was mainly due to decrease in valuation allowance of foreign subsidiaries, whereas non-deductible expenses increased the effective tax rate.

Net income attributable to NHI shareholders was ¥115,301 million for the six months ended September 30, 2015 and ¥108,005 million for the six months ended September 30, 2016, individually. Our annualized return on shareholder s equity was 8.4% for the six months ended September 30, 2015 and 8.1% for the six months ended September 30, 2016.

Retail

In our Retail Division, our sales activities focus on providing consultation services and investment proposals to clients for which we receive commissions and fees. Additionally, we receive fees from asset management companies in connection with administration services we provide in connection with investment trust certificates that we distribute. We also receive agent commissions from insurance companies for the insurance products we sell as an agent.

	Millions of yen Six months ended September 30 2015	2016
Non-interest revenues	¥ 243,509	¥ 167,657
Net interest revenue	2,838	2,258
Net revenue	246,347	169,915
Non-interest expenses	158,703	146,840
Income before income taxes	¥ 87,644	¥ 23,075

Table of Contents

Net revenue decreased by 31.0% from ¥246,347 million for the six months ended September 30, 2015 to ¥169,915 million for the six months ended September 30, 2016.

Non-interest expenses decreased by 7.5% from ¥158,703 million for the six months ended September 30, 2015 to ¥146,840 million for the six months ended September 30, 2016.

Income before income taxes decreased by 73.7% from ¥87,644 million for the six months ended September 30, 2015 to ¥23,075 million for the six months ended September 30, 2016.

The following table presents a breakdown of Retail non-interest revenues for the six months ended September 30, 2015 and

2016.

	Millions of yen	
	Six months ended September 30	
	2015	2016
Commissions	¥ 129,592	¥ 77,294
Brokerage commissions	46,438	25,469
Commissions for distribution of investment trusts	57,357	37,576
Other commissions	25,797	14,249
Net gain on trading	45,708	38,523
Fees from investment banking	22,860	10,212
Asset management fees	43,905	39,825
Others	1,444	1,803
Non-interest revenues	¥ 243,509	¥ 167,657

As shown above, *Commissions* decreased by 40.4% from ¥129,592 million for the six months ended September 30, 2015 to ¥77,294 million for the six months ended September 30, 2016, primarily due to the retail investors were wait-and-see mode in the sluggish market. *Net gain on trading* decreased by 15.7% from ¥45,708 million for the six months ended September 30, 2015 to ¥38,523 million for the six months ended September 30, 2016. *Fees from investment banking* decreased by 55.3% from ¥22,860 million for the six months ended September 30, 2015 to ¥10,212 million for the six months ended September 30, 2016, primarily due to we did not have large capital market transactions for the six months ended September 30, 2016. *Asset management fees* decreased by 9.3% from ¥43,905 million for the six months ended September 30, 2015 to ¥39,825 million for the six months ended September 30, 2016, primarily due to a decrease in revenue from investment trusts and discretionary investments attributable to the decrease of clients asset balances. *Others* increased by 24.9% from ¥1,444 million for the six months ended September 30, 2015 to ¥1,803 million for the six months ended September 30, 2016.

Retail Client Assets

The following table presents the amounts and details of Retail client assets as of March 31, 2016 and September 30, 2016. Retail client assets consist of clients assets held in our custody and assets relating to variable annuity insurance products.

	Trillions of yen From March 31, 2016 to September 30, 2016				
	Balance at March 31, 2016	Gross inflows	Gross outflows	Market appreciation / (depreciation)	Balance at September 30, 2016
Equities	¥ 60.2	¥ 5.8	¥ (5.1)	¥ (1.3)	¥ 59.6
Bonds	17.3	12.3	(11.8)	(0.6)	17.2
Stock investment trusts	8.6	1.6	(1.5)	(0.6)	8.1
Bond investment trusts	7.3	0.9	(1.5)	0.0	6.7
Overseas mutual funds	1.4	0.0	(0.1)	0.0	1.3
Others	5.8	0.9	(0.3)	(0.2)	6.2
Total	¥ 100.6	¥ 21.5	¥ (20.3)	¥ (2.7)	¥ 99.1

Retail client assets decreased by ¥ 1.5 trillion from ¥100.6 trillion as of March 31, 2016 to ¥99.1 trillion as of September 30, 2016. The balances of our clients equity and equity-related products decreased by ¥ 0.6 trillion from ¥60.2 trillion as of March 31, 2016 to ¥59.6 trillion as of September 30, 2016, mainly due to declines in Japanese equity markets. The balances of our clients investment trusts and mutual funds decreased by ¥ 1.2 trillion from ¥17.3 trillion as of March 31, 2016 to ¥16.1 trillion as of September 30, 2016, due to the impact of declining Japanese equity markets on stock investment trusts.

Asset Management

Our Asset Management Division is conducted principally through Nomura Asset Management Co. , Ltd. (NAM). We earn portfolio management fees through the development and management of investment trusts, which are distributed through Nomura Securities Co. , Ltd. (NSC), other brokers, banks, Japan Post Bank Co. , Ltd. and Japan Post Network Co. , Ltd. We also provide investment advisory services for pension funds and other institutional clients. Net revenues generally consist of asset management and portfolio service fees that are attributable to Asset Management.

	Millions of yen Six months ended September 30	
	2015	2016
Non-interest revenues	¥ 47,272	¥ 46,131
Net interest revenue	2,499	1,080
Net revenue	49,771	47,211
Non-interest expenses	29,613	27,539
Income before income taxes	¥ 20,158	¥ 19,672

Table of Contents

Net revenue decreased by 5.1% from ¥49,771 million for the six months ended September 30, 2015 to ¥47,211 million for the six months ended September 30, 2016.

Non-interest expenses decreased by 7.0% from ¥29,613 million for the six months ended September 30, 2015 to ¥27,539 million for the six months ended September 30, 2016.

Income before income taxes decreased by 2.4% from ¥20,158 million for the six months ended September 30, 2015 to ¥19,672 million for the six months ended September 30, 2016.

The following table presents assets under management of each principal Nomura entity within Asset Management Division as of March 31, 2016 and September 30, 2016.

	Billions of yen From March 31, 2016 to September 30, 2016				
	Balance at March 31, 2016	**Gross inflows**	**Gross outflows**	**Market appreciation / (depreciation)**	**Balance at September 30, 2016**
Nomura Asset Management Co., Ltd.	¥ 43,468	¥ 12,597	¥ (13,599)	¥ (1,006)	¥ 41,460
Nomura Funds Research and Technologies Co., Ltd.	3,076	250	(472)	(78)	2,776
Nomura Corporate Research and Asset Management Inc.	1,609	385	(240)	27	1,781
Combined total	48,153	13,232	(14,311)	(1,057)	46,017
Shared across group companies	(8,073)	(863)	1,699	(268)	(7,505)
Total	¥ 40,080	¥ 12,369	¥ (12,612)	¥ (1,325)	¥ 38,512

Assets under management decreased by 3.9% from ¥40.1 trillion as of March 31,2016 to ¥38.5 trillion as of September 30, 2016, primarily due to inflows from our investment trust and investment advisory businesses and decreases in the market value of assets.

Domestic publicly offered investment trust assets included in the assets under management by NAM were ¥21.5 trillion as of September 30 2016, ¥1.7 trillion or 7% decrease from September 30 2015. For our investment advisory business, assets under management were ¥13.1 trillion as of September 30, 2016, ¥0.1 trillion or 1% decrease from September 30, 2015.

The following table shows NAM s share, in terms of net asset value, in the Japanese asset management market as of September 30, 2015 and 2016.

	September 30	
	2015	**2016**
Total of publicly offered investment trusts	25%	24%
Stock investment trusts	21%	21%
Bond investment trusts	43%	44%

Table of Contents

Wholesale

In Wholesale, we are engaged in the sales and trading of debt securities and equity securities and currencies on a global basis to various institutions, providing investment banking services such as the underwriting of bonds and equities as well as mergers and acquisitions and financial advice and investing in private equity businesses with the goal of maximizing returns on these investments by increasing the corporate value of investee companies.

	Millions of yen Six months ended September 30 2015	2016
Non-interest revenues	¥ 322,744	¥ 300,063
Net interest revenue	75,351	70,732
Net revenue	398,095	370,795
Non-interest expenses	369,795	284,886
Income before income taxes	¥ 28,300	¥ 85,909

Net revenue decreased by 6.9% from ¥398,095 million for the six months ended September 30, 2015 to ¥370,795 million for the six months ended September 30, 2016.

Non-interest expenses decreased by 23.0% from ¥369,795 million for the six months ended September 30, 2015 to ¥284,886 million for the six months ended September 30, 2016.

Income before income taxes increased by 203.6% from ¥28,300 million for the six months ended September 30, 2015 to ¥85,909 million for the six months ended September 30, 2016.

The following table presents a breakdown of net revenue for Wholesale for the six months ended September 30, 2015 and 2016.

	Millions of yen Six months ended September 30 2015	2016
Fixed Income	¥ 167,306	¥ 207,505
Equities	167,556	119,081
Global Markets	334,862	326,586
Investment Banking	63,233	44,209
Net revenue	¥ 398,095	¥ 370,795
Investment Banking (Gross)[(1)(2)]	¥ 113,479	¥ 75,937

(1) Investment Banking (gross) revenue represents gross revenue mainly generated by investment banking transactions, including revenue attributable to other business lines that we allocate to Global Markets and our other business segments.
(2) We have reclassified certain prior period amounts of Investment Banking to conform to the current period presentation.

For Fixed Income, net revenue increased by 24.0% from ¥167,306 million for the six months ended September 30, 2015 to ¥207,505 million for the six months ended September 30, 2016 due to robust client flows and market opportunities. For Equities, net revenue decreased by 28.9%

from ¥167,556 million for the six months ended September 30, 2015 to ¥119,081 million for the six months ended September 30, 2016, primarily driven by sluggish client activities. For Investment Banking, net revenue decreased by 30.1% from ¥63,233 million for the six months ended September 30, 2015 to ¥44,209 million for the six months ended September 30, 2016, primarily due to the shrinking of capital market transactions in Japan.

Table of Contents

Other Operating Results

Other operating results include net gain (loss) related to economic hedging transactions, realized gain (loss) on investments in equity securities held for operating purposes, equity in earnings of affiliates, corporate items, and other financial adjustments. See Note 15 *Segment and geographic information* in our interim consolidated financial statements.

Net revenue was ¥68,324 million for the six months ended September 30, 2015 and ¥100,522 million for the six months ended September 30, 2016. Non-interest expenses were ¥76,636 million for the six months ended September 30, 2015 and ¥81,671 million for the six months ended September 30, 2016. Loss before income taxes in other operating results was ¥8,312 million for the six months ended September 30, 2015 and income before income taxes in other operating results was ¥18,851 million for the six months ended September 30, 2016.

Other operating results for the six months ended September 30, 2016 include losses from changes in the fair value of derivative liabilities attributable to the change in its own creditworthiness of ¥10.0 billion; and gains from changes in counterparty credit spreads of ¥4.7 billion.

Number of Employees

The following table presents the number of our employees as of September 30, 2015 and 2016.

	September 30	
	2015	**2016**
Japan	16,381	16,543
Europe	3,494	3,147
Americas	2,514	2,297
Asia and Oceania	6,862	6,667
Total	29,251	28,654

Table of Contents

Summary of Regional Contributions

For a summary of our net revenue, income (loss) before income taxes and long-lived assets by geographic region, see Note 15 *Segment and geographic information* in our interim consolidated financial statements.

Regulatory Capital Requirements

Many of our business activities are subject to statutory capital requirements, including those of Japan, the U.S., the U.K. and certain other countries in which we operate.

Translation Exposure

A significant portion of our business is conducted in currencies other than Japanese Yen most significantly, U.S. Dollars, British Pounds and Euros. We prepare financial statements of each of our consolidated subsidiaries in its functional currency, which is the currency of the primary economic environment in which the entity operates. Translation exposure is the risk arising from the effect of fluctuations in exchange rates on the net assets of our foreign subsidiaries. Translation exposure is not recognized in our consolidated statements of income unless and until we dispose of, or liquidate, the relevant foreign subsidiary.

Critical Accounting Policies and Estimates

Use of Estimates

In preparing our interim consolidated financial statements, management makes estimates regarding certain financial instrument and investment valuations, the outcome of litigation and tax examinations, the recovery of the carrying value of goodwill, the allowance for doubtful accounts, the realization of deferred tax assets and other matters that affect the reported amounts of assets and liabilities as well as the disclosures in these interim consolidated financial statements. Estimates, by their nature, are based on judgment and available information. Therefore, actual results may differ from estimates, which could have a material impact on the interim consolidated financial statements, and it is possible that such adjustments could occur in the near term.

Fair value for financial instruments

A significant amount of our financial instruments are carried at fair value, with changes in fair value recognized through the consolidated statements of income or the consolidated statements of comprehensive income on a recurring basis. Use of fair value is either specifically required under U.S. GAAP or we make an election to use fair value for certain eligible items under the fair value option.

Other financial assets and financial liabilities are carried at fair value on a nonrecurring basis, where the primary measurement basis is not fair value. Fair value is only used in specific circumstances after initial recognition, such as to measure impairment.

In accordance with Accounting Standard Codification (ASC) 820 *Fair Value Measurements and Disclosures* , all financial instruments measured at fair value have been categorized into a three-level hierarchy based on the transparency of valuation inputs used to establish fair value.

Level 1:

Unadjusted quoted prices for identical financial instruments in active markets accessible by Nomura at the measurement date.

Level 2:

Quoted prices in inactive markets or prices containing other inputs which are observable, either directly or indirectly. Valuation techniques using observable inputs reflect assumptions used by market participants in pricing financial instruments and are based on data obtained from independent market sources at the measurement date.

Level 3:

Unobservable inputs that are significant to the fair value measurement of the financial instrument. Valuation techniques using unobservable inputs reflect management s assumptions about the estimates used by other market participants in valuing similar financial instruments. These valuation techniques are developed based on the best available information at the measurement date.

The availability of inputs observable in the market varies by product and can be affected by a variety of factors. Significant factors include, but are not restricted to the prevalence of similar products in the market, especially for customized products, how established the product is in the market, for example, whether it is a new product or is relatively mature, and the reliability of information provided in the market which would depend, for example, on the frequency and volume of current data. A period of significant change in the market may reduce the availability of observable data. Under such circumstances, financial instruments may be reclassified into a lower level in the fair value hierarchy.

Significant judgments used in determining the classification of financial instruments include the nature of the market in which the product would be traded, the underlying risks, the type and liquidity of market data inputs and the nature of observed transactions for similar instruments.

Where valuation models include the use of parameters which are less observable or unobservable in the market, significant management judgment is used in establishing fair value. The valuations for Level 3 financial instruments, therefore, involve a greater degree of judgment than those valuations for Level 1 or Level 2 financial instruments.

Certain criteria management use to determine whether a market is active or inactive include the number of transactions, the frequency that pricing is updated by other market participants, the variability of price quotes among market participants, and the amount of publicly available information.

Level 3 financial assets as a proportion of total financial assets, carried at fair value on a recurring basis were 3% as of September 30, 2016 as listed below:

	Billions of yen September 30, 2016				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting	Total
Financial assets measured at fair value (Excluding derivative assets)	¥ 8,271	¥ 10,031	¥ 409	¥	¥ 18,711
Derivative assets	11	32,799	207	(31,859)	1,158
Total	8,282	42,830	616	(31,859)	19,869

See Note 2 *Fair value measurements* in our interim consolidated financial statements.

Table of Contents

Assets and Liabilities Associated with Investment and Financial Services Business

Exposure to Certain Financial Instruments and Counterparties

Market conditions impact numerous products to which we have certain exposures. We also have exposures to Special Purpose Entities (SPEs) and others in the normal course of business.

Leveraged Finance

We provide loans to clients in connection with leveraged buy-outs and leveraged buy-ins. As this type of finance is usually initially provided through a commitment, we have both funded and unfunded exposures on these transactions.

The following table sets forth our exposure to leveraged finance by geographic location of the target company as of September 30, 2016.

	Millions of yen September 30, 2016		
	Funded	**Unfunded**	**Total**
Europe	¥ 12,979	¥ 46,363	¥ 59,342
Americas	14,190	50,837	65,027
Total	¥ 27,169	¥ 97,200	¥ 124,369

Special Purpose Entities (SPEs)

Our involvement with these entities includes structuring, underwriting, as well as, subject to prevailing market conditions, distributing and selling debt instruments and beneficial interests issued by these entities. In the normal course of securitization and equity derivative activities business, we also act as a transferor of financial assets to, and underwriter, distributor and seller of repackaged financial instruments issued by these entities. We retain, purchase and sell variable interests in SPEs in connection with our market-making, investing and structuring activities. Our other types of involvement with SPEs include guarantee agreements and derivative contracts.

For further discussion on Nomura s involvement with variable interest entities (VIEs), see Note 6. *Securitizations and Variable Interest Entities* included in our interim consolidated financial statements.

Accounting Developments

See Note 1 *Summary of accounting policies: New accounting pronouncements recently adopted* in our interim consolidated financial statements.

Table of Contents

Deferred Tax Assets Information

Details of deferred tax assets and liabilities

The following table presents details of deferred tax assets and liabilities reported within *Other assets Other* and *Other liabilities*, respectively, in the consolidated balance sheets as of September 30, 2016.

		Millions of yen September 30, 2016
Deferred tax assets		
Depreciation, amortization and valuation of fixed assets	¥	15,423
Investments in subsidiaries and affiliates		109,081
Valuation of financial instruments		54,901
Accrued pension and severance costs		15,134
Other accrued expenses and provisions		82,958
Operating losses		388,848
Other		6,349
Gross deferred tax assets		672,694
Less Valuation allowance		(482,219)
Total deferred tax assets		190,475
Deferred tax liabilities		
Investments in subsidiaries and affiliates		121,492
Valuation of financial instruments		48,396
Undistributed earnings of foreign subsidiaries		815
Valuation of fixed assets		17,380
Other		3,111
Total deferred tax liabilities		191,194
Net deferred tax assets (liabilities)	¥	(719)

Calculation method of deferred tax assets

In accordance with U. S. GAAP, we recognize deferred tax assets to the extent we believe that it is more likely than not that a benefit will be realized. A valuation allowance is provided for tax benefits available to us, which are not deemed more likely than not to be realized.

Legal Proceedings

For a discussion of our litigation and related matters, see Note 14 *Commitments, contingencies and guarantees* in our interim consolidated financial statements.

Table of Contents

Liquidity and Capital Resources

Funding and Liquidity Management

Overview

We define liquidity risk as the risk of loss arising from difficulty in securing the necessary funding or from a significantly higher cost of funding than normal levels due to deterioration of the Nomura Group s creditworthiness or deterioration in market conditions. This risk could arise from Nomura-specific or market-wide events such as inability to access the secured or unsecured debt markets, a deterioration in our credit ratings, a failure to manage unplanned changes in funding requirements, a failure to liquidate assets quickly and with minimal loss in value, or changes in regulatory capital restrictions which may prevent the free flow of funds between different group entities. Our global liquidity risk management policy is based on liquidity risk appetite formulated by the Executive Management Board (EMB). Nomura s liquidity risk management, under market-wide stress and in addition, under Nomura-specific stress, seeks to ensure enough continuous liquidity to meet all funding requirements and unsecured debt obligations across one year and one month periods, respectively, without raising funds through unsecured funding or through the liquidation of assets. We are required to meet regulatory notice on the liquidity coverage ratio issued by the FSA.

We have in place a number of liquidity risk management frameworks that enable us to achieve our primary liquidity objective. These frameworks include (1) Centralized Control of Residual Cash and Maintenance of Liquidity Portfolio; (2) Utilization of Unencumbered Assets as Part of Our Liquidity Portfolio; (3) Appropriate Funding and Diversification of Funding Sources and Maturities Commensurate with the Composition of Assets; (4) Management of Credit Lines to Nomura Group Entities; (5) Implementation of Liquidity Stress Tests; and (6) Contingency Funding Plan.

Our EMB has the authority to make decisions concerning group liquidity management. The Chief Financial Officer (CFO) has the operational authority and responsibility over our liquidity management based on decisions made by the EMB.

1. Centralized Control of Residual Cash and Maintenance of Liquidity Portfolio.

We centrally control residual cash held at Nomura Group entities for effective liquidity utilization purposes. As for the usage of funds, the CFO decides the maximum amount of available funds, provided without posting any collateral, for allocation within Nomura and the EMB allocates the funds to each business division. Global Treasury monitors usage by businesses and reports to the EMB.

In order to enable us to transfer funds smoothly between group entities, we limit the issuance of securities by regulated broker-dealers or banking entities within the Nomura Group and seek to raise unsecured funding primarily through the Company or through unregulated subsidiaries. The primary benefits of this strategy include cost minimization, wider investor name recognition and greater flexibility in providing funding to various subsidiaries across the Nomura Group.

To meet any potential liquidity requirement, we maintain a liquidity portfolio, managed by Global Treasury apart from other assets, in the form of cash and highly liquid, unencumbered securities that may be sold or pledged to provide liquidity. As of September 30, 2016, our liquidity portfolio was ¥4,936.9 billion which generated a liquidity surplus taking into account stress scenarios.

Table of Contents

The following table presents a breakdown of our liquidity portfolio by type of financial assets as of March 31, 2016 and September 30, 2016 and averages maintained for the years ended March 31, 2016 and for six months ended September 30, 2016.

Yearly and six months averages are calculated using month-end amounts.

	Billions of yen			
	Average for year ended March 31, 2016	March 31, 2016	Average for six months ended September 30, 2016	September 30, 2016
Cash, cash equivalents and time deposits[1]	¥ 1,873.0	¥ 2,050.5	¥ 2,091.6	¥ 2,530.3
Government securities	3,821.8	3,617.9	3,084.6	2,210.8
Others[2]	230.0	278.7	245.1	195.8
Total liquidity portfolio	¥ 5,924.8	¥ 5,947.1	¥ 5,421.3	¥ 4,936.9

(1) Cash, cash equivalents, and time deposits include nostro balances and deposits with both central banks and market counterparties that are readily available to support the liquidity position of Nomura.

(2) Others include other liquid financial assets such as money market funds and U.S. agency securities.

The following table presents a breakdown of our liquidity portfolio by currency as of March 31, 2016 and September 30, 2016 and averages maintained for the years ended March 31, 2016 and for six months ended September 30, 2016. Yearly and six months averages are calculated using month-end amounts.

	Billions of yen			
	Average for year ended March 31, 2016	March 31, 2016	Average for six months ended September 30, 2016	September 30, 2016
Japanese Yen	¥ 1,859.5	¥ 2,464.5	¥ 2,121.3	¥ 1,894.2
U.S. Dollar	2,839.8	2,698.3	2,543.2	2,413.2
Euro	772.7	369.7	344.8	285.1
British Pound	319.9	248.2	300.9	235.8
Others[1]	132.9	166.4	111.1	108.6
Total liquidity portfolio	¥ 5,924.8	¥ 5,947.1	¥ 5,421.3	¥ 4,936.9

(1) Includes other currencies such as the Canadian dollar, the Australian dollar and the Swiss franc.

We assess our liquidity portfolio requirements globally as well as by each major operating entity in the Nomura Group. We primarily maintain our liquidity portfolio at Nomura Holdings, Inc. (NHI) and Nomura Securities Co. Ltd. (NSC), our other major broker-dealer subsidiaries, our bank subsidiaries, and other group entities. In determining the amounts and entities which hold this liquidity portfolio, we consider legal, regulatory and tax restrictions which may impact our ability to freely transfer liquidity across different entities in the Nomura Group.

Table of Contents

The following table presents a breakdown of our liquidity portfolio by entity as of March 31, 2016 and September 30, 2016.

	Billions of yen	
	March 31, 2016	September 30, 2016
NHI and NSC[(1)]	¥ 1,522.5	¥ 1,666.1
Major broker-dealer subsidiaries	2,958.5	2,178.9
Bank subsidiaries[(2)]	1,037.1	711.2
Other affiliates	429.0	380.7
Total liquidity portfolio	¥ 5,947.1	¥ 4,936.9

(1) NSC, a broker-dealer located in Japan, holds an account with the Bank of Japan (BOJ) and has direct access to the BOJ Lombard facility through which same day funding is available for our securities pool. Any liquidity surplus at NHI is lent to NSC via short-term intercompany loans, which can be unwound immediately when needed

(2) Includes Nomura Bank International plc (NBI), Nomura Singapore Limited and Nomura Bank Luxembourg S.A.

2. Utilization of Unencumbered Assets as Part of Our Liquidity Portfolio.

In addition to our liquidity portfolio, we had ¥2,140.8 billion of other unencumbered assets comprising mainly of unpledged trading assets that can be used as an additional source of secured funding. Global Treasury monitors other unencumbered assets and can, under a liquidity stress event when the contingency funding plan has been invoked, monetize and utilize the cash generated as a result. The aggregate value of our liquidity portfolio and other unencumbered assets as of September 30, 2016 was ¥7,077.7 billion, which represented 402.8% of our total unsecured debt maturing within one year.

	Billions of yen	
	March 31, 2016	September 30, 2016
Net liquidity value of other unencumbered assets	¥ 2,002.7	¥ 2,140.8
Liquidity portfolio	5,947.1	4,936.9
Total	¥ 7,949.8	¥ 7,077.7

3. Appropriate Funding and Diversification of Funding Sources and Maturities Commensurate with the Composition of Assets

We seek to maintain a surplus of long-term debt and equity above the cash capital requirements of our assets.

We also seek to achieve diversification of our funding by market, instrument type, investors, currency, and staggered maturities in order to reduce unsecured refinancing risk.

We diversify funding by issuing various types of debt instruments these include both structured loans and structured notes with returns linked to interest rates, currencies, equities, commodities, or related indices. We issue structured loans and structured notes in order to increase the diversity of our debt instruments. We typically hedge the returns we are obliged to pay with derivatives and/or the underlying assets to obtain funding equivalent to our unsecured long-term debt. The proportion of our non-Japanese Yen denominated long-term debt decreased to 35.1% of total long-term debt outstanding as of September 30, 2016 from 39.2% as of March 31, 2016.

Table of Contents

3.1 Short-Term Unsecured Debt

Our short-term unsecured debt consists of short-term bank borrowings (including long-term bank borrowings maturing within one year), other loans, commercial paper, deposit at banking entities, certificates of deposit and debt securities maturing within one year. Deposits at banking entities and certificates of deposit comprise customer deposits and certificates of deposit of our banking subsidiaries. Short-term unsecured debt includes the current portion of long-term unsecured debt.

The following table presents an analysis of our short-term unsecured debt by type of financial liability as of March 31, 2016 and September 30, 2016.

	Billions of yen	
	March 31, 2016	**September 30, 2016**
Short-term bank borrowings	¥ 184.9	¥ 222.7
Other loans	127.1	61.2
Commercial paper	177.9	
Deposits at banking entities	2,021.2	850.9
Certificates of deposit	32.0	16.1
Debt securities maturing within one year	760.7	606.4
Total short-term unsecured debt	¥ 3,303.8	¥ 1,757.3

3.2 Long-Term Unsecured Debt

We meet our long-term capital requirements and also achieve both cost-effective funding and an appropriate maturity profile by routinely funding through long-term debt and diversifying across various maturities and currencies.

Our long-term unsecured debt includes senior and subordinated debt issued through U. S. registered shelf offerings and our U. S. registered medium-term note programs, our Euro medium-term note programs, registered shelf offerings in Japan and various other debt programs.

As a globally competitive financial services group in Japan, we have access to multiple global markets and major funding centers. The Company, Nomura Securities Co. Ltd., Nomura Europe Finance N. V. , Nomura Bank International plc, and Nomura International Funding Pte. Ltd. are the main group entities that borrow externally, issue debt instruments and engage in other funding activities. By raising funds to match the currencies and liquidities of our assets or by using foreign exchange swaps as necessary, we pursue optimization of our funding structures.

Table of Contents

We use a wide range of products and currencies to ensure that our funding is efficient and well diversified across markets and investor types. Our unsecured senior debt is mostly issued without financial covenants, such as covenants related to adverse changes in our credit ratings, cash flows, results of operations or financial ratios, which could trigger an increase in our cost of financing or accelerate repayment of the debt.

The following table presents an analysis of our long-term unsecured debt by type of financial liability as of March 31, 2016 and September 30, 2016.

	Billions of yen	
	March 31, 2016	**September 30, 2016**
Long-term deposits at banking entities	¥ 169.8	¥ 185.4
Long-term bank borrowings	2,732.5	2,563.9
Other loans	143.9	127.4
Debt securities[(1)]	3,547.4	3,261.7
Total long-term unsecured debt	¥ 6,593.6	¥ 6,138.4

(1) Excludes long-term debt securities issued by consolidated special purpose entities and similar entities that meet the definition of variable interest entities under ASC 810 Consolidation and secured financing transactions recognized within Long-term borrowings as a result of transfers of financial assets that are accounted for as financings rather than sales in accordance with ASC 860 *Transfer and Servicing*.

3.3 Maturity Profile

We also seek to maintain an average maturity for our plain vanilla debt securities and borrowings greater than or equal to three years. The average maturity of our plain vanilla debt securities and borrowings with maturities longer than one year was 3.8 years as of September 30, 2016. A significant amount of our structured loans structured notes are and linked to interest rates, currencies, equities, or related indicies. These maturities are evaluated based on internal models and monitored by Global Treasury. Where there is a possibility that these may be called prior to their scheduled maturity date, maturities are based on our internal stress option adjusted model. This model values the embedded optionality under stress market conditions in order to determine when the debt securities or borrowing is likely to be called.

On this basis, the average maturity of our structured loans and structured notes with maturities longer than one year was 6.5 years as of September 30, 2016. The average maturity of our entire long-term debt portfolio, including plain vanilla debt securities and borrowings, was 4.8 years as of September 30, 2016. The graph below shows the distribution of maturities of our outstanding long-term debt securities and borrowings.

Redemption schedule is individually estimated by considering the probability of redemption.

3.4 Secured Borrowings

We typically fund our trading activities on a secured basis through secured borrowings, repurchase agreements and Japanese Gensaki Repo transactions. We believe these funding activities in the secured markets are more cost-efficient and less credit-rating sensitive than financing in the unsecured market. Also, repurchase agreements tend to be short-term, often overnight. We lower the liquidity risks arising from secured funding by transacting with a diverse group of global counterparties, delivering various types of securities collateral, and actively seeking long-term agreements. For more detail of secured borrowings and repurchase agreements, see Note 4 Collateralized transactions in our consolidated financial statements.

4. Management of Credit Lines to Nomura Group Entities

We maintain and expand credit lines to Nomura Group entities from other financial institutions to secure stable funding. We ensure that the maturity dates of borrowing agreements are distributed evenly throughout the year in order to prevent excessive maturities in any given period.

5. Implementation of Liquidity Stress Tests

We maintain our liquidity portfolio and monitor the sufficiency of our liquidity based on an internal model which simulates changes in cash outflow under specified stress scenarios to comply with our above mentioned liquidity management policy.

Table of Contents

We assess the liquidity requirements of the Nomura Group under various stress scenarios with differing levels of severity over multiple time horizons. We evaluate these requirements under Nomura-specific and broad market-wide events, including potential credit rating downgrades at the Company and subsidiary levels that may impact us by loss of access to unsecured capital markets, additional collateral posting requirements, limited or no access to secured funding markets and other events. We call this risk analysis our Maximum Cumulative Outflow (MCO) framework.

The MCO framework is designed to incorporate the primary liquidity risks for Nomura and models the relevant future cash flows in the following two primary scenarios:

- Stressed scenario To maintain adequate liquidity during a severe market-wide liquidity event without raising funds through unsecured financing or through the liquidation of assets for a year; and
- Acute stress scenario To maintain adequate liquidity during a severe market-wide liquidity event coupled with credit concerns regarding Nomura s liquidity position, without raising funds through unsecured funding or through the liquidation of assets for one month.

We assume that Nomura will not be able to liquidate assets or adjust its business model during the time horizons used in each of these scenarios. The MCO framework therefore defines the amount of liquidity required to be held in order to meet our expected liquidity needs in a stress event to a level we believe appropriate based on our liquidity risk appetite.

As of September 30, 2016, our liquidity portfolio exceeded net cash outflows under the stress scenarios described above.

We constantly evaluate and modify our liquidity risk assumptions based on regulatory and market changes. The model we use in order to simulate the impact of stress scenarios includes the following assumptions:

- No liquidation of assets;
- No ability to issue additional unsecured funding;
- Upcoming maturities of unsecured debt (maturities less than one year);
- Potential buybacks of our outstanding debt;
- Loss of secured funding lines particularly for less liquid assets, over and above our cash capital estimates;
- Fluctuation of funding needs under normal business circumstances;
- Cash and collateral outflows in a stress event;
- Widening of haircuts on outstanding repo funding;

Additional collateralization requirements of clearing banks and depositories;

Drawdown on loan commitments;

Loss of liquidity from market losses;

Assuming a two-notch downgrade of our credit ratings, the aggregate fair value of assets that we would be required to post as additional collateral in connection with our derivative contracts; and

Legal and regulatory requirements that can restrict the flow of funds between entities in the Nomura Group.

Table of Contents

6. Contingency Funding Plan

We have developed a detailed contingency funding plan to integrate liquidity risk control into our comprehensive risk management strategy and to enhance the quantitative aspects of our liquidity risk control procedures. As a part of our Contingency Funding Plan (CFP), we have developed an approach for analyzing and quantifying the impact of any liquidity crisis. This allows us to estimate the likely impact of both Nomura-specific and market-wide events; and specifies the immediate action to be taken to mitigate any risk. The CFP lists details of key internal and external parties to be contacted and the processes by which information is to be disseminated. This has been developed at a legal entity level in order to capture specific cash requirements at the local level it assumes that our parent company does not have access to cash that may be trapped at a subsidiary level due to regulatory, legal or tax constraints. We periodically test the effectiveness of our funding plans for different Nomura-specific and market-wide events. We also have access to central banks including, but not exclusively, the Bank of Japan, which provide financing against various types of securities. These operations are accessed in the normal course of business and are an important tool in mitigating contingent risk from market disruptions.

Liquidity Regulatory Framework

In 2008, the Basel Committee published Principles for Sound Liquidity Risk Management and Supervision . To complement these principles, the Committee has further strengthened its liquidity framework by developing two minimum standards for funding liquidity. These standards have been developed to achieve two separate but complementary objectives.

The first objective is to promote short-term resilience of a financial institution s liquidity risk profile by ensuring that it has sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. The Committee developed the Liquidity Coverage Ratio (LCR) to achieve this objective.

The second objective is to promote resilience over a longer time horizon by creating additional incentives for financial institutions to fund their activities with more stable sources of funding on an ongoing basis. The Net Stable Funding Ratio (NSFR) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities.

These two standards are comprised mainly of specific parameters which are internationally harmonized with prescribed values. Certain parameters, however, contain elements of national discretion to reflect jurisdiction-specific conditions.

In Japan, the regulatory notice on the LCR, based on the international agreement issued by the Basel Committee with necessary national revisions, was published by Financial Services Agency (on October 31, 2014). The notices have been implemented since the end of March 2015 with phased-in minimum standards. Averages of Nomura s month-end LCRs for the three months ended June 30, 2016 and September 30, 2016 was 190.8% and 181.3% respectively, and Nomura was compliant with requirements of the above notices. As for the NSFR, the international agreement was issued by the Basel Committee in October 2014, and the ratio is planned to be implemented as minimum standards in Japan in 2018.

Table of Contents

Cash Flows

Nomura s cash flows are primarily generated from operating activities undertaken in connection with our client flows and trading and from financing activities which are closely related to such activities. As a financial institution, growth in operations tends to result in cash outflows from operating activities as well as investing activities, as was generally the case for a number of years. For the six months ended September 30, 2016, we recorded net cash inflows from operating activities and net cash outflows from investing activities as discussed in the comparative analysis mentioned below.

The following is the summary information on our consolidated cash flows for the six months ended September 30, 2015 and 2016:

	Billions of yen Six months ended September 30	
	2015	2016
Net cash provided by operating activities	¥ 795.1	¥ 1,490.1
Net income	117.9	109.0
Trading assets and private equity investments	(674.2)	(1,431.8)
Trading liabilities	(593.0)	533.6
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	1,561.7	1,646.2
Securities borrowed, net of securities loaned	733.7	(30.1)
Other, net	(351.0)	663.1
Net cash used in investing activities	(13.6)	(141.0)
Net cash provided by (used in) financing activities	67.3	(1,660.6)
Long-term borrowings, net	98.8	(419.4)
Short-term borrowings, net	(101.1)	(68.9)
Other, net	69.6	(1,172.3)
Effect of exchange rate changes on cash and cash equivalents	(3.9)	(71.8)
Net increase (decrease) in cash and cash equivalents	844.9	(383.3)
Cash and cash equivalents at beginning of year	1,315.4	3,476.3
Cash and cash equivalents at end of period	¥ 2,160.3	¥ 3,093.0

See the consolidated statements of cash flows in our interim consolidated financial statements for more detailed information.

For the six months ended September 30, 2016, our cash and cash equivalents decreased by ¥383.3 billion to ¥3,093.0 billion. Net cash of ¥1,660.6 billion was used in financing activities due to cash outflows of ¥1,258.2 billion by decrease in long-term borrowings, which is included in *Long-term borrowings, net*. As part of trading activities, while there were net cash outflows of ¥1,431.8 billion due to an increase in *Trading assets and Private equity investments*, these cash outflows were offset by net cash inflows of ¥1,646.2 billion from cash inflow due to an increase in *Securities purchased under agreements to resell, net of securities sold under agreements to repurchase*. As a result, net cash of ¥1,490.1 billion was provided by operating activities.

For the six months ended September 30, 2015, our cash and cash equivalents increased by ¥844.9 billion to ¥2,160.3 billion. Net cash of ¥67.3 billion was provided by financing activities due to cash inflows of ¥1,162.9 billion by increase in long-term borrowings, which is included in *Long-term borrowings, net*. As part of trading activities, while there were net cash outflows of ¥674.2 billion due to an increase in *Trading assets and Private equity investments*, these cash outflows were offset by net cash inflows of ¥1,561.7 billion from cash inflow due to an increase in *Securities purchased under agreements to resell, net of securities sold under agreements to repurchase*. As a result, net cash of ¥795.1 billion was provided by operating activities.

Table of Contents

Balance Sheet and Financial Leverage

Total assets as of September 30, 2016, were ¥42,957.4 billion, an increase of ¥1,867.3 billion compared with ¥41,090.2 billion as of March 31, 2016, reflecting primarily due to an increase in *Securities purchased under agreements to resell*. Total liabilities as of September 30, 2016, were ¥40,257.5 billion, an increase of ¥1,910.3 billion compared with ¥38,347.2 billion as of March 31, 2016, reflecting primarily due to an increase in *Securities sold under agreements to repurchase*. NHI shareholders equity as of September 30, 2016, was ¥2,639.4 billion, a decrease of ¥60.9 billion compared with ¥2,700.2 billion as of March 31, 2016, primarily due to a decrease in *Accumulated other comprehensive income (loss)*.

We seek to maintain sufficient capital at all times to withstand losses due to extreme market movements. The EMB is responsible for implementing and enforcing capital policies. This includes the determination of our balance sheet size and required capital levels. We continuously review our equity capital base to ensure that it can support the economic risk inherent in our business. There are also regulatory requirements for minimum capital of entities that operate in regulated securities or banking businesses.

As leverage ratios are commonly used by other financial institutions similar to us, we voluntarily provide a Leverage ratio and Adjusted leverage ratio primarily for benchmarking purposes so that users of our annual report can compare our leverage against other financial institutions. Adjusted leverage ratio is a non-GAAP financial measure that Nomura considers to be a useful supplemental measure of leverage.

The following table sets forth NHI shareholders equity, total assets, adjusted assets and leverage ratios:

	Billions of yen, except ratios	
	March 31, 2016	September 30, 2016
NHI shareholders equity	¥ 2,700.2	¥ 2,639.4
Total assets	41,090.2	42,957.4
Adjusted assets(1)	26,012.5	25,891.1
Leverage ratio(2)	15.2x	16.3x
Adjusted leverage ratio(3)	9.6x	9.8x

(1) Represents total assets less *Securities purchased under agreements to resell* and *Securities borrowed.* Adjusted assets is a non-GAAP financial measure and is calculated as follows:

	Billions of yen	
	March 31, 2016	September 30, 2016
Total assets	¥ 41,090.2	¥ 42,957.4
Less:		
Securities purchased under agreements to resell	9,205.2	10,973.9
Securities borrowed	5,872.5	6,092.4
Adjusted assets	¥ 26,012.5	¥ 25,891.1

(2) Equals total assets divided by NHI shareholders equity.

(3) Equals adjusted assets divided by NHI shareholders equity.

Total assets increased by 4.5% reflecting primarily an increase in *Securities purchased under agreements to resell*. NHI shareholders equity decreased by 2.3% primarily due to a change in *Accumulated comprehensive income (loss)*. Our leverage ratio rose from 15.2 times as of March 31, 2016 to 16.3 times as of September 30, 2016.

Adjusted assets decreased primarily due to a decrease in *Cash and cash equivalents*. As a result, our adjusted leverage ratio rose from 9.6 times as of March 31, 2016 to 9.8 times as of September 30, 2016.

Table of Contents

Capital Management

Capital Management Policy

We seek to enhance shareholder value and to capture growing business opportunities by maintaining sufficient levels of capital. We will continue to review our levels of capital as appropriate, taking into consideration the economic risks inherent to operating our businesses, the regulatory requirements, and maintaining our ratings necessary to operate businesses globally.

Dividends

We believe that raising corporate value over the long term and paying dividends is essential to rewarding shareholders. We will strive to pay dividends using a consolidated pay-out ratio of 30 percent of each semi-annual consolidated earnings as a key indicator.

Dividend payments are determined taking into account a comprehensive range of factors such as the tightening of Basel regulations and other changes to the regulatory environment as well as the Company s consolidated financial performance.

Dividends will in principle be paid on a semi-annual basis with record dates of September 30 and March 31.

With respect to retained earnings, in order to implement measures to adapt to regulatory changes and to increase shareholder value, we seek to efficiently invest in business areas where high profitability and growth may reasonably be expected, including the development and expansion of infrastructure.

We consider repurchases of treasury stock as an option in our financial strategy to respond quickly to changes in the business environment and to increase shareholder value. We make announcements immediately after any decision to set up a share buyback program and conduct such programs in accordance with internal guidelines.

Based on our Capital Management Policy described above, we paid a dividend of ¥9 per share to shareholders of record as of September 30, 2016.

The following table sets forth the amounts of dividends per share paid by us in respect of the periods indicated:

Fiscal year ended or ending March 31,	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2012	¥				