NOMURA HOLDINGS INC
Form 6-K
December 01, 2008
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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

Supplement for the month of December 2008.

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): ______

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ______ No __X__

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____ .

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Information furnished on this form:

EXHIBIT

Exhibit Number

1. (English Translation) Quarterly Securities Report Pursuant to the Financial Instruments and Exchange Act for the Six Months Ended September 30, 2008

2. Confirmation Letter

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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 1, 2008	By: /s/ Shinichiro Watanabe Shinichiro Watanabe Senior Corporate Managing Director

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Quarterly Securities Report Pursuant to the Financial Instruments and Exchange Act for the Six Months Ended September 30, 2008

Items included in the Quarterly Securities Report

Note: Translations for the underlined items are attached to this form as below.

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Part I Corporate Information

Item 1. Information on the Company and Its Subsidiaries and Affiliates

1. Selected Financial Data

		Six months ended September 30, 2008	Three months ended September 30, 2008	Year ended March 31, 2008
Revenue	(Mil yen)	515,608	257,732	1,593,722
Net revenue	(Mil yen)	263,152	128,065	787,257
Loss before income taxes	(Mil yen)	(153,605)	(69,341)	(64,588)
Net loss	(Mil yen)	(149,464)	(72,872)	(67,847)
Shareholders equity	(Mil yen)		1,810,137	1,988,124
Total assets	(Mil yen)		24,758,108	25,236,054
Shareholders equity per share	(Yen)		948.34	1,042.60
Net loss per share basic	(Yen)	(78.32)	(38.18)	(35.55)
Net loss per share diluted	(Yen)	(78.42)	(38.23)	(35.57)
Shareholders equity as a percentage of total assets	(%)		7.3	7.9
Cash flows from operating activities	(Mil yen)	(403,286)		(647,906)
Cash flows from investing activities	(Mil yen)	(59,187)		(102,019)
Cash flows from financing activities	(Mil yen)	379,886		942,879
Cash and cash equivalents at end of the period	(Mil yen)		430,925	507,236
Number of staffs			18,971	18,026

(Notes)

1 The selected consolidated financial data are stated in accordance with the generally accepted accounting principles in the United States of America.

2 The consumption tax and local consumption tax on taxable transactions are accounted for based on the tax exclusion method.

3 The selected stand alone financial data are not prepared because the consolidated financial statements have been prepared.

4 In accordance with FASB Staff Position No.39-1, *Amendment of FASB Interpretation No.39* (FSP FIN 39-1), the consolidated balance sheets as of March 31, 2008 have been reclassified. Such reclassification has been made in Total assets and Shareholders equity as a percentage of total assets . The amounts previously reported are as follows:

	Year ended March 31, 2008
Total assets (Mil yen)	26,298,798
Shareholders equity as a percentage of total assets (%)	7.6

2. Business Overview

There was no significant change for the business of Nomura Holdings, Inc. (Company) and its 314 consolidated subsidiaries and variable interest entities (collectively referred to as Nomura , we , our , or us) for the three months ended September 30, 2008. There are 14 affiliated companies which were accounted for by the equity method at September 30, 2008.

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Item 2. Operating and Financial Review

1. Significant Contracts

In September 2008, Nomura reached agreements to acquire Lehman Brothers (Lehman) franchise in the Asia Pacific region including Japan and Australia as well as the European and Middle Eastern equities and investment banking operations of Lehman and it was closed in October 2008. The deals did not include any trading assets or trading liabilities. Nomura also announced in October 2008 to hire former Lehman staff in European fixed income division and to acquire Lehman s three companies which provide IT and other service related platform in India. For a further discussion, please see Item 5. Financial Information, 1. Consolidated Financial Statements, Note 5. Business combinations and Item 5. Financial Information, 2. Other.

2. Operating and Financial Analysis

(1) Operating Results

For the three months ended September 30 2008, the financial uncertainty spread from the U.S. to other markets around the world and a global plunge in share prices caused further turmoil in the financial markets. Domestic stock markets became stagnant, following a decline in the corporate sector s performance and an emergence of troubled U.S. mortgage finance companies in July, and the stock prices fell sharply after Lehman s bankruptcy made financial crisis more apparent in September.

Under these environments, Nomura reported net revenue of ¥128.1 billion, non-interest expenses of ¥197.4 billion, loss before income taxes of ¥69.3 billion, and net loss of ¥72.9 billion for the three months ended September 30, 2008.

The breakdown of Net revenue and Non-interest expenses on the consolidated statements of operations are as follows.

	Three months ended September 30, 2008 (Mil Yen)	
Commissions	¥ 84,886	
Brokerage commissions		53,840
Commissions for distribution of investment trust		24,173
Other		6,873
Fees from investment banking	10,026	
Underwriting and distribution		3,385
M&A / financial advisory fees		6,218
Other		423
Asset management and portfolio service fees	42,411	
Asset management fees		38,358
Other		4,053
Net loss on trading	(21,015)	
Merchant banking		(457)
Equity trading		1,717
Fixed income and other trading		(22,275)
Gain on private equity investments	23,167	
Net interest	(2,674)	
Loss on investments in equity securities	(9,804)	
Other	1,068	
Net revenue	¥ 128,065	

Three months ended
September 30, 2008

		(Mil Yen)
Compensation and benefits	¥	80,098
Commissions and floor brokerage		20,343
Information processing and communications		34,632
Occupancy and related depreciation		17,180
Business development expenses		7,919
Other		37,234
Non-interest expenses	¥	197,406

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Business Segment Information

Results by business segment are as follows.

Reconciliations of Net revenue and Income before income taxes on segment results of operations and the consolidated statements of operations are set forth in Item 5. Financial Information, 1. Consolidated Financial Statements, Note 11. Segment and geographic information.

Net revenue

		Three months ended September 30, 2008 (Mil Yen)
Domestic Retail	¥	74,455
Global Markets		(6,538)
Global Investment Banking		5,247
Global Merchant Banking		20,500
Asset Management		14,711
Other (Inc. elimination)		27,992
Total	¥	136,367

Non-interest expenses

		Three months ended September 30, 2008 (Mil Yen)
Domestic Retail	¥	69,137
Global Markets		80,150
Global Investment Banking		13,970
Global Merchant Banking		5,853
Asset Management		13,916
Other (Inc. elimination)		14,380
Total	¥	197,406

Income (loss) before income taxes

		Three months ended September 30, 2008 (Mil Yen)
Domestic Retail	¥	5,318
Global Markets		(86,688)
Global Investment Banking		(8,723)
Global Merchant Banking		14,647
Asset Management		795
Other (Inc. elimination)		13,612
Total	¥	(61,039)

Domestic Retail

Domestic Retail reported net revenue of ¥74.5 billion and income before income taxes was ¥5.3 billion for the three months ended September 30, 2008 and we were able to maintain a profit in Domestic Retail despite the tough operating environment. Our customer base continues to grow with an ongoing inflow of net assets and an increase in the number of customer accounts. Net inflow of domestic client assets was at ¥1.4 trillion, mainly due to an increase in physical stock certificates being brought into branch offices ahead of dematerialization of stocks in Japan. A total of six new publicly offered investment trusts were launched during the quarter, attracting some ¥590 billion. The trend among Japanese retail investors of shifting funds into investment products remains firm.

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Global Markets

Net revenue in Global Markets was minus ¥6.5 billion and loss before income taxes was ¥86.7 billion for the three months ended September 30, 2008, as losses were booked on credit, derivatives, and equities trading due to the financial market turmoil.

Included in the loss are the direct impact from Lehman s collapse of around ¥17 billion in our trading activities and a loss of ¥12 billion in Asset Finance primarily due to provisions and revaluations at fair value for real-estate related assets and loans.

Global Investment Banking

Global Investment Banking reported net revenue of ¥5.2 billion and loss before income taxes of ¥8.7 billion for the three months ended September 30, 2008, mostly as the pace of equity underwriting deals was weak and losses were booked related to Asset Finance. However, Japanese corporates continue to actively pursue large M&A deals and cross-border transactions are on the rise. We acted as financial advisor on TDK s tender offer for German firm EPCOS.

Global Merchant Banking

Net revenue in Global Merchant Banking was ¥20.5 billion and income before income taxes was ¥14.6 billion for the three months ended September 30, 2008, generated mainly from the sale of our stake in Tungaloy. We completed new investments in two Indian companies.

Asset Management

Net revenue in Asset Management was ¥14.7 billion and income before income taxes was ¥0.8 billion for the three months ended September 30, 2008 due to unrealized losses on pilot funds and a decline in asset management fees resulting from a reduction in assets under management due to the plunge in the stock market. We continued increasing the lineup of our Next Funds series, adding seven new funds. Internationally, we received new mandates to manage Asian equities for leading funds.

Other Operating Results

Other operating results include net gain on trading related to economic hedging transactions, realized gain on investments in equity securities, equity in earnings of affiliates, corporate items, and other financial adjustments. Net revenue in Other was ¥28 billion. Income before income taxes was ¥13.6 billion for the three months ended September 30, 2008.

Geographic Information

Please refer to Item 5. Financial Information, 1. Consolidated Financial Statements, Note 11. Segment and geographic information for net revenue and income (loss) before income taxes by geographic region.

Cash Flow Information

Please refer to (5) Liquidity and Capital Resource.

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(2) Assets and Liabilities Associated with Investment and Financial Services Business

1) Exposure to Certain Financial Instruments and Counterparties

Challenging market conditions continue to impact numerous products including securitization products and leveraged finance which Nomura has certain exposure to. Nomura also has exposures to Special Purpose Entities (SPEs) and monoline insurers in the normal course of business.

Securitization Products

Nomura s exposure to securitization products mainly consists of Commercial mortgage-backed securities (CMBS), Residential mortgage-backed securities (RMBS), and commercial real estate-backed securities. Nomura holds these securitization products in connection with securitization, financing, trading and other activities. The following table provides a summary of Nomura s exposure to securitization products by geographic location of the underlying collateral as of September 30, 2008.

	Millions of yen September 30, 2008				
	Japan	**Asia**	**Europe**	**America**	**Total**
Commercial mortgage-backed securities	¥ 10,950	¥	¥	¥ 12,727	¥ 23,677
Residential mortgage-backed securities	38,906				38,906
Commercial real estate-backed securities	48,796				48,796
Other securitization products	49,377	1,952	2,412	3,725	57,466
Total	¥ 148,029	¥ 1,952	¥ 2,412	¥ 16,452	¥ 168,845

(1) The balances shown exclude those for which Nomura transferred financial assets to securitization vehicles where such transfers were accounted for as secured financing rather than sales under Statement of Financial Accounting Standards No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (SFAS140), and in which Nomura has no continuing economic exposure.

(2) Nomura has ¥118,150 million exposure, as whole loans and commitment, to U.S. CMBS-related business as at September 30, 2008.

The following table sets forth Nomura s exposure to CMBS by geographical region and external credit rating of the underlying collateral as of September 30, 2008.

	Millions of yen September 30, 2008				
	AAA	**A**	**Not rated**	**Gennie Mae/GSE(1)**	**Total**
Japan	¥ 5,293	¥ 299	¥ 5,358	¥	¥ 10,950
America	10,486			2,241	12,727
Total	¥ 15,779	¥ 299	¥ 5,358	¥ 2,241	¥ 23,677

(1) Gennie Mae refers to Government National Mortgage Association. GSE refers to Government Sponsored Enterprises.

(2) Rating based on Standard & Poor s, Moody s Investors Service, Fitch Ratings Ltd, Japan Credit Rating Agency, Ltd. or Rating and Investment Information, Inc. as of September 30, 2008, depending on which rating is the lowest.

Leveraged Finance

Nomura provides 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, Nomura has both funded and unfunded exposures on these transactions.

The following table sets forth Nomura s exposure to leveraged finance by geographic location of the target company as of September 30, 2008.

	Millions of yen September 30, 2008		
	Funded	Unfunded	Total
Japan	¥ 36,068	¥ 1,895	¥ 37,963
Europe	82,539	6,189	88,728
Total	¥ 118,607	¥ 8,084	¥ 126,691

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Special Purpose Entities

In the normal course of business, Nomura is involved with numerous types of SPEs which are corporations, partnerships, funds, trusts or other legal vehicles which are designed to fulfill a limited, specific purpose. Nomura both creates and sponsors these entities, and also enters into arrangements with entities created or sponsored by others.

SPEs, which may have an impact on Nomura s future financial position and financial performance, generally meet the definition of a Variable Interest Entity (VIE) under FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities* (FIN 46-R) or meet the definition of a Qualifying Special Purpose Entity (QSPE) under SFAS 140.

For further discussion on Nomura s involvement with VIEs, see Item 5. Financial Information, 1. Consolidated Financial Statements, Note 4. Variable interest entities (VIEs)

The following table sets forth Nomura s exposure from consolidated VIEs, exposure to significant unconsolidated VIEs and exposure to unconsolidated SPEs as of September 30, 2008, arising from its significant involvement with these entities. Nomura considers maximum exposures to loss to be limited to the amounts presented below, which are reflected in the consolidated balance sheet or the footnote discussing commitments and guarantees. Maximum exposure to loss does not reflect Nomura s estimate of the actual losses that could result from adverse changes, nor does it reflect the economic hedges Nomura enters into to reduce its exposure.

	Millions of yen September 30, 2008			
	Exposure from consolidated VIEs	**Exposure to significant unconsolidated VIEs**	**Exposure to unconsolidated SPEs**	**Total**
Trading Assets:				
Equities and convertible bonds	¥ 171,627	¥	¥	¥ 171,627
Government and government agency bonds	783	1,497		2,280
Bank and corporate debt securities	4,206		41,589	45,795
Mortgage and mortgage-backed securities	59,714	205,598		265,312
Investment trust fund and other			8,877	8,877
Derivatives(1)	55		(2,449)	(2,394)
Office buildings, land, equipment and facilities	50,004			50,004
Others	1,284	31,113		32,397
Commitments to extend credit, standby letters of credit and other guarantees		22,750		22,750

(1) The amounts represent current balance sheet carrying value of derivatives. Notional amounts are ¥2,803 million for exposure from consolidated VIEs and ¥49,020 million for exposure to unconsolidated SPEs.

Monoline Insurers (Financial Guarantors)

Nomura s Global Markets business in Europe has exposure to various monoline insurers primarily arising from derivatives entered into as hedges against certain investments.

The following table sets forth Nomura s exposure to monoline insurers arising from derivatives in Global Markets in Europe as of September 30, 2008, analyzed by external credit rating.

Millions of U.S. dollars

Monoline insurers by Credit Rating[1]	Notional[2]	Gross Exposure[3]	September 30, 2008 Counterparty Risk Reserves and Other Adjustments	Net Exposure	CDS Protection[4]
AAA	$ 1,587	$ 202	$ 30	$ 172	$ 0
BBB	1,478	188	126	62	58
Total	$ 3,065	$ 390	$ 156	$ 234	$ 58

(1) Rating based on Standard & Poor s or Moody s Investors Service as of September 30, 2008 depending on which rating is lower.

(2) The gross notional value of the credit derivative contract. There is no exposure related to U.S. RMBS as reference assets.

(3) Gross exposure represents the estimated fair value prior to adjustments.

(4) Notional less estimated fair value of CDS protection acquired against the monoline insurers.

In addition to the above derivatives exposure, Nomura also has U.S.$530 million of debt securities, guaranteed by monoline insurers, the majority of which are utility bonds. The estimated fair value of the wrap included in carrying value of these debt securities is not significant.

2) Fair Value of Financial Instruments

The majority of Nomura s financial assets and financial liabilities are carried at fair value on a recurring basis. Financial assets which are carried at fair value on a recurring basis are reported in the consolidated balance sheets within *Trading assets and private equity investments*, *Loans and receivables* and *Other assets*. Financial liabilities which are carried at fair value on a recurring basis are reported within *Trading liabilities*, *Short-term borrowings* and *Long-term borrowings*. These financial instruments include the investments to which investment company accounting are applied under AICPA Statement of Position 07-1, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investment in Investment Company* , and the financial assets and financial liabilities for which the fair value option is elected under SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* (SFAS 159) or SFAS No. 155, *Accounting for Certain hybrid Financial Instruments, an amendment of FASB statements No. 133 and 140* (SFAS 155).

In accordance with SFAS No. 157, *Fair Value Measurements* (SFAS 157), all financial instruments measured at fair value have been categorized into a three-level hierarchy based on the transparency of inputs used to establish fair value.

Fair value hierarchy

Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities that Nomura has ability to access at the measurement date are classified as Level 1. Examples are listed stocks at Tokyo Stock Exchange 1st section and Japanese government bonds.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly are classified as Level 2. If the asset or liability has a specified (contractual or redemption) term, a Level 2 input must be observable for substantially the full term (contractual life) of the asset or liability. An example of financial instruments is an interest rate swap contract between short-term floating interest rate and fixed interest rate.

Level 3:

Financial assets and financial liabilities whose values are based on unobservable inputs in markets are classified as Level 3. Unobservable inputs are based on the reporting entity s own assumptions that other market participants would consider (including assumptions about risk) under the best information available in the circumstances. It is classified as Level 3, if such unobservable inputs in markets have more than insignificant impact on fair value measurement of an instrument. These assumptions include a method to estimate unobservable long-term volatilities of foreign exchange rate from volatilities within observable term in the markets and a method to estimate credit premium using for fair value measurements of individual loans.

Financial instruments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement of the instruments. In case that a derivative is valued with using a combination of Level 1, 2 and 3 inputs, it would be classified as Level 3, where the Level 3 inputs are significant in its measurement.

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The following table presents information about Nomura s financial assets and financial liabilities measured at fair value on a recurring basis as of September 30, 2008 within the fair value hierarchy.

	Billions of yen September 30, 2008				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting(1)	Balance as of September 30 2008
Assets:					
Trading assets and private equity investments					
Equities (Including private equity investments) (2)	¥ 1,039	¥ 652	¥ 786	¥	¥ 2,477
Debt securities and loans receivables	4,834	1,889	794		7,517
Investment trust fund and other	43	45	19		107
Derivative contracts	33	7,293	941	(7,362)	905
Loans and receivables (3)		32	8		40
Other assets (4)	302	76	60		438
Total	¥ 6,251	¥ 9,987	¥ 2,608	¥ (7,362)	¥ 11,484
Liabilities:					
Trading liabilities					
Equities	¥ 809	¥ 106	¥ 0	¥	¥ 915
Debt securities	3,101	125			3,226
Investment trust fund and other	1	0			1
Derivatives contracts	37	7,257	804	(7,474)	624
Short-term borrowings (5)		18	19		37
Long-term borrowings (5)(6)(7)	18	614	(139)		493
Total	¥ 3,966	¥ 8,120	¥ 684	¥ (7,474)	¥ 5,296

(1) Counterparty netting of derivative assets and liabilities in accordance with No. FIN 39, *Offsetting of Amounts Related to Certain Contracts* and cash collateral netting against net derivatives in accordance with FSP FIN 39-1.
(2) Include private equity investments that would have been accounted for under the equity method if Nomura had not chosen to apply the fair value option under SFAS 159.
(3) Include loans and receivables for which Nomura elected the fair value option under SFAS 159.
(4) Include investments in affiliated companies that would have been accounted for under the equity method if Nomura had not chosen to apply the fair value option under SFAS 159.
(5) Include structured notes which are elected for the fair value option under either SFAS 155 or SFAS 159.
(6) Include liabilities by collateralized financing transactions that are accounted for as financing rather than sales in accordance with SFAS 140. Nomura elected the fair value option under SFAS 159 for those liabilities.
(7) Include embedded derivatives bifurcated in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* from the structured notes issued. If unrealized gain is more than unrealized loss, long-term borrowings is reduced by the exceeded amount.

Level 3 Assets and Liabilities

The Level 3 financial instruments include following instruments.

Equities comprised private equity investments in the amount of ¥395 billion. Investments to unlisted companies were classified in level 3. Equities also comprised the inventory through Hedge Fund in the amount of ¥239 billion. Nomura has developed the business such as issuing structured notes linked to the inventory.

Debt securities and loans receivables comprised corporate loan in the amount of ¥128 billion, mortgage backed securities and mortgage loans in the amount of ¥327 billion. It also comprised certain notes which were illiquid and valued by pricing models. Derivative contracts are aggregated without netting of derivative assets and derivative liabilities by counterparty.

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The following table presents the proportion of the net Level 3 financial assets, which is Level 3 assets netted out with Level 3 derivative liabilities, in the net total financial assets carried at fair value, which is total assets netted out with total derivative liabilities.

	Billions of yen September 30, 2008
Level 3 Financial Assets	¥ 2,608
Deduction: Level 3 Derivatives, Liabilities	(804)
Net Level 3 Financial Assets (After netting derivative assets and liabilities)	¥ 1,804
Total Financial Assets measured at Fair Value	¥ 18,846
Deduction: Derivatives, Liabilities	(8,098)
Net Total Financial Assets measured at Fair Value (After netting derivative assets and liabilities)	¥ 10,748
The proportion of the net Level 3 financial assets in the net total financial assets carried at fair value after netting of derivative assets and liabilities	17%

(3) Trading Activities

Assets and liabilities for trading purposes

Please refer to Item 5. Financial Information, 1. Consolidated Financial Statements, Note 3. Fair value of financial instruments about the balances of assets and liabilities for trading purposes.

Risk management of trading activity

Nomura adopts Value at Risk (VaR) for measurement of market risk to the trading activity.

1) Assumption on VaR

- 2.33 standard deviations 99% confidence level

- Holding period: One day

- Consider correlation of price movement among the products

2) Records of VaR

	September 30, 2008 (Bil Yen)
Equity	¥ 2.7

Interest rate		3.4
Foreign exchange		6.3
Sub-total		12.4
Diversification benefit		(5.1)
Value at Risk (VaR)	¥	7.3

	Three months ended September 30, 2008		
	Maximum (Bil Yen)	Minimum (Bil Yen)	Average (Bil Yen)
Value at Risk (VaR)	¥ 8.2	¥ 5.9	¥ 6.7

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(4) Qualitative Disclosures about Market Risk

1) Risk Management

Our group business activities are inherently subject to various risks. Managing those risks is an integral part of management s responsibilities to secure fiscal health as well as to contribute to the maintenance and expansion of corporate value. Our risk management framework and governance structure is intended to provide comprehensive controls, monitoring and reporting.

We establish Structure for Ensuring Appropriate Business which is a principle, at the Board of Directors. Within this is established the Structure for Regulations and others regarding Management of Risk Loss . In accordance with these structures, we are constantly seeking to upgrade the risk management expertise and we are trying to strengthen and promote the risk management.

2) Global Risk Management Structure

Governance

We have independent financial management resources and risk management units (Controller s Department, Group Finance Department, Group Treasury Department and Group Risk Management Department) headquartered in Tokyo which are responsible for appropriate financial resource allocation and risk management. These units assist with the supervisory function of GMC (Group Management Committee) and the Executive Officer who is in charge of risk management, currently the Chief Financial Officer. Together they are responsible for implementation of the risk management framework and supervising risks. Supervision by the units includes establishing an enterprise-wide risk management framework, ensuring its adoption by the entire group, monitoring the appropriateness of risk management, and measuring and analyzing the risks of the entire group. In particular, the units establish and enhance all of our risk management policies and rules. The units gather necessary information for risk management and implement risk management policies for our global operations. The units report ongoing risk status and the results of their analysis to senior management. These processes are audited regularly by Internal Audit.

We have established a Risk Management Committee (RMC) under the GMC. The RMC considers significant risk matters including Basel II regulated risk items, matters related to Nomura Group s debt structure & capital policy, and implementation and updating of important policies and procedures related to risk management. Further, we have established the Risk Management Sub Committee under the RMC for the management of important positions, market risk, credit risk, risk concentration and strategic risk within the Nomura Group.

Definition and Types of Risk Managed

Risk is defined as the possibility of capital impairment due to losses in the business, and the possibility that business operations do not generate an assumed output or cannot reach an expected level or cannot meet a planned goal due to the deterioration of efficiency and/or effectiveness. We classify risks as Portfolio risk (Risk of losses arising from fluctuations and declines in the value of portfolios.) and Non portfolio risk . Portfolio risk consists of Market Risk, Credit Risk and Private Equity Risk and Non portfolio risk consists of Operational Risk and Business Risk. Further, Portfolio risk is classified into trading risk and non-trading risk.

In addition to managing each risk, we calculate economic capital for each risk.

Risk Control

Dynamic management of risk is performed within each regional front office business. These units are best placed to respond rapidly and flexibly to changing market conditions and the needs of business in each region. Risk taken and managed in this way is consistent with limits and guidelines which provide a framework for economic capital allocation. This framework consists of higher level economic capital guidelines, links to lower level limits on value-at risk (VaR) and other measures appropriate to individual business lines. We set economic capital guidelines for core business units within a business division. We also set limits designed to restrict trading activities to prescribed mandates.

The financial management resources and risk management units set and monitor the limits such as risk control limit (various types), credit line, country limit, regulatory capital limit and unsecured funding limit. The Risk Management unit reports ongoing risk status to senior management.

(5) Liquidity and Capital Resource

Liquidity Management

Overviews

Liquidity is of critical importance to Nomura Holdings, Inc. and group companies in the financial services sector. We define liquidity risk as the potential inability to meet financial obligations as they become due. Our primary liquidity objective is to ensure continuous liquidity across market cycles and periods of stress, and to ensure that all funding requirements and unsecured debt obligations that fall due within one year can be met without additional unsecured funding or forced liquidation of trading assets.

We have in place a number of liquidity policies to achieve our primary liquidity objective. These include (1) Ensure appropriate funding mix.; (2) Diversify unsecured funding sources; (3) Unsecured Funding Management; (4) Maintain Liquidity Portfolio; (5) Maintain Committed Bank Facilities and (6) Maintaining and testing Contingency Funding Plan (CFP)

1) Ensure appropriate funding mix. We seek to maintain a surplus of long term debt and equity above the cash capital requirements of our assets enables us to fund the firm for periods at least one year in a stress event, without needing to raise additional unsecured funding or forcing the liquidation of trading assets. The amount of liquidity required is based on an internal model which incorporates the following requirements.

i. Our ability to finance assets using secured funding, including repurchase agreements and securities lending transactions. The cash capital requirements are calculated using conservative estimates of the assets secured borrowing power in stressed scenarios.

ii. Goodwill and indefinable intangible assets, property, equipment and other illiquid assets.

iii. Collateral requirements on derivative contracts arising as a result of a two-notch downgrade in our credit rating. In addition, other unencumbered assets held at exchanges for chaining requirements are also funded with long-term liquidity.

iv. Commitments to lend to external counterparties based on the probability of drawdown.

v. Capital or other forms of financing in our regulated subsidiaries that is in excess of their long-term cash capital requirements.

Our internal model is calculated at the group company level in order to take into account legal, regulatory and tax restrictions that may impact the transfer of liquidity among group companies.

2) Diversify unsecured funding sources. We seek to reduce refinancing risk through diversification of our funding sources. We diversify funding by product, investor and market in order to reduce our reliance on any one funding source. We also seek to diversify funding by currency.

3) Unsecured Funding Management. We manage the overall level of unsecured funding and set the internal limits on the additional amount of unsecured funding available across the entity. The availability of unsecured funding is set by the Group Management Committee, and monitored closely by Global Treasury.

4) Maintain Liquidity Portfolios. To ensure a readily available source of liquidity, we have structured our liquidity portfolio. We maintain a liquidity portfolio at Nomura Holdings, Inc. and group companies in the form of cash and highly liquid, unencumbered securities that may be sold or pledged to provide liquidity. In addition to the liquidity portfolio, we have other unencumbered assets comprising mainly unpledged trading inventory that can be used as an additional source of secured funding. The size and structure of our liquidity portfolio takes into account immediate cash requirements arising from followings.

i. Upcoming maturities of unsecured debt (maturities less than 1 year)

ii. Potential buybacks of our outstanding debt

iii. Loss of secured funding lines particularly for less liquid assets, over and above our cash capital estimates

iv. Normal business volatility

v. Cash and collateral outflows in the event of a stress event

5) Maintain Committed Bank Facilities. In addition to our Liquidity Portfolio, we maintain un-drawn committed facilities with a group of globally recognized banks in order to provide contingent financing sources.

6) Maintaining and testing Contingency Funding Plan (CFP). We have developed a detailed contingency funding plan. As a part of the CFP, we have developed an approach for analyzing and specifying the extent of any liquidity crisis. This allows us to estimate the likely impact of both a Nomura-specific and market-wide crises; 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 the legal entity level in order to capture specific cash requirements at the local level it assumes that the parent company does not have access to cash that may be trapped at the subsidiary level due to regulatory, legal or tax constraints. We periodically test the effectiveness of our funding plans for different Nomura specific events and market-wide.

Cash Flow

Cash and cash equivalents as of September 30, 2008, decreased by ¥172.9 billion as compared to June 30, 2008. For the three months ended September 30, 2008, net cash provided by operating activities amounted to ¥62.3 billion due to a decrease of trading related assets (net of trading related assets and liabilities). Net cash used in investing activities amounted to ¥20.0 billion due to an increase of office buildings, land, equipment and facilities and non-trading debt securities. Net cash used in financing activities amounted to ¥199.1 billion due to a decrease in borrowings.

Consolidated Balance Sheets and Financial Leverage

Total assets as of September 30, 2008, were ¥24,758.1 billion, a decrease of ¥477.9 billion compared to March 31, 2008, reflecting a decrease in collateralized agreements. Total liabilities as of September 30, 2008, were ¥22,948.0 billion, a decrease of ¥300.0 billion compared to March 31, 2008, mainly due to a decrease in collateralized financing. Total shareholders equity was ¥1,810.1 billion, a decrease of ¥178.0 billion compared to March 31, 2008, due to a decrease in retained earnings from net loss for the six months ended September 30, 2008.

Our shareholders equity was ¥ 1,810.1 billion as of September 30, 2008. Our leverage ratio as of September 30, 2008 was 13.7 times. The following table sets forth our shareholders equity, total assets, adjusted assets and leverage ratios:

	(billions of yen, except ratios) September 30, 2008
Shareholders equity	¥ 1,810.1
Total assets	24,758.1
Adjusted assets[(1)]	17,024.2
Leverage ratio[(2)]	13.7x
Adjusted leverage ratio[(3)]	9.4x

(1) Adjusted assets represent total assets less securities purchased under agreements to resell and securities borrowed transactions.
(2) Leverage ratio equals total assets divided by shareholders equity.
(3) Adjusted leverage ratio equals adjusted assets divided by shareholders equity.

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(6) Current Challenges

The outlook for the global economy continues to indicate a strong slowdown due to the turbulence in the financial markets and the increasing effect this is having on the real economy. The economic environment surrounding Japan is also considered to be entering a difficult position as weakening economies abroad lead to a slowdown in exports. The turbulence in the global financial and capital markets, coupled with the downturn in global economic growth, is expected to result in a continued unfavorable business environment for Nomura Group.

In such an environment, we aim to realize our management vision and continue growing by thoroughly understanding client trends and their requirements, anticipating risks, and developing new business. To do so, we will implement the following initiatives to address the current challenges we face.

In Domestic Retail, we will continue to enhance our product and service offering provided through direct contact, online, and via call centers to accommodate the increasingly sophisticated and diverse needs of our customer. We aim to continue being a trusted partner for our clients by promptly providing world-class quality products and services that meet their individual requirements.

Global Markets will continue to be the product supply hub for Nomura. In light of the rapidly changing environment in the financial markets, we will focus on delivering high value-added products and solutions to our clients by enhancing product development expertise in areas such as derivatives, leveraging the global trading infrastructure at Instinet, and making full use of the human capital and infrastructure acquired from the former Lehman Brothers (Lehman). In Global Fixed Income, we will strengthen our marketing structure and enhance our capabilities in credit and derivative product development as well as trading by tapping into our increased pool of human capital in Asia and Europe. In Global Equity, we aim to establish ourselves as a bulge bracket firm in the Pan-Asian equity brokerage business with strengths in Japanese and Asian stocks. We will also enhance our European stocks and derivatives capabilities, while accelerating the expansion of our global services.

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In Global Investment Banking, we are expanding our M&A advisory and corporate financing advisory businesses in order to provide high value-added solutions tailored to the individual strategic requirements of each client. With the additional personnel joining from Lehman in Asia and Europe, we aim to enhance our presence as a global investment bank centered in Asia that provides world-class services, while continuing to build our business in Japan.

In Global Merchant Banking, we remain focused on increasing the enterprise value of the companies we invest in and achieving further growth as one of the largest private equity firms in Japan. In Asia and Europe, we intend to maximize the value of our investments by pursuing opportunities that are distinct to the characteristics of each region and utilizing the full resources of Nomura Group.

In Asset Management, we aim to further enhance our investment management capabilities on a global scale while aiming to become an asset management firm with a distinct competitive advantage in Japan and the rest of Asia. In Japan, we intend to enhance our overall brand value by increasingly providing a diverse range of investment opportunities through various sales channels covering both individual and institutional investors. Outside Japan, we aim to expand our client base and increase assets under management by responding to the needs of international investors for investment into Japan and Asia.

In addressing the challenges and implementing the strategies outlined above, we will remain focused on making optimal use of management resources and bringing together the collective strengths of our domestic and international operations to further develop the financial and capital markets and enhance profitability across the entire group to realize our management vision and maximize shareholder value.

In regard to fundamental policies for the treatment of shareholders holding a quantity of shares that enables them to govern decisions on Company management policy, the Company believes that the decision of whether to permit a party to seek ownership of such a volume of shares should ultimately be left to the judgment of the shareholders. Accordingly, there are no plans at the present time for the introduction of so-called takeover defense strategies such as a defense strategy of prior issue of new stock acquisition rights (a rights plan).

The Company has a management objective of building a solid position as a Japanese financial services group with global competitive strength and has made commitments to further growth and enhancement of shareholder value through broadening of the scope of its business and expansion into areas beyond the framework of the traditional securities industry. Broadening the profile of investment is critical in achieving the Company s management objectives, and we believe that having many parties become knowledgeable about the Company and become shareholders will contribute to the achievement of our management objectives. Thus, the Company lists its shares on the Tokyo Stock Exchange as well as other Japanese stock exchanges, became listed on the New York Stock Exchange, and has already taken measures such as lowering the number of shares in a trading unit, and introducing a quarterly dividend.

Given these circumstances, the Company s Board of Directors recognizes that it is necessary to protect the shareholders and investors from unfavorable result in the event of an attempt to take over the Company by parties not appropriate to the business value and common benefit to shareholders, and in accordance with the obligations of persons entrusted by shareholders and investors, will take appropriate measures. In such a case, the Corporate Value Enhancement Committee established within the Company would perform research and investigation in regard to the buyout proposal etc., and after an investigatory meeting composed of the Company s outside directors the Board of Directors would hold sufficient deliberations, and would reach a conclusion in regard to the best strategy from the viewpoint of shareholders with regard to the value of the business and common benefit to shareholders.

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Item 4. Company Information

1. Share Capital Information

(1) Total Number of Shares

A. Number of Authorized Share Capital

Type	Authorized Share Capital (shares)
Common Stock	6,000,000,000
Total	6,000,000,000

B. Issued Shares

Type	Number of Issued Shares as of September 30, 2008	Number of Issued Shares as of November 12, 2008	Trading Markets	Details
Common Stock	1,965,919,860	1,965,919,860	Tokyo Stock Exchange(*2) Osaka Stock Exchange(*2) Nagoya Stock Exchange(*2) Singapore Stock Exchange New York Stock Exchange	
Total	1,965,919,860	1,965,919,860		

(Notes)

1 Shares that may have increased from exercise of stock options between November 1, 2008 and November 12, 2008 are not included in the number of issued shares as of November 12, 2008.

2 Listed on the First Section of each stock exchange.

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(2) Stock Options

Stock Acquisition Right

Resolved by the 98th General Shareholders Meeting on June 26, 2002

Stock Acquisition Rights No. 1

	(As of September 30, 2008)
Number of Stock Acquisition Right	1,166 (*1)
Number of Stock Acquisition Right for Treasury (out of above number)	
Type of Share under the Stock Acquisition Right	Common stock
Number of Shares under the Stock Acquisition Rights	1,166,000
The Amount to be Paid upon Exercising the Stock Acquisition Right (*2)	¥1,788 per share
Exercise Period of the Stock Acquisition Right	From July 1, 2004 to June 30, 2009
Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights	Issue Price of Shares ¥1,788 Capital Inclusion Price ¥894
Conditions to Exercise of Stock Acquisition Right	1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: (1) The Optionee maintains position as a director, statutory auditor or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company s Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, statutory auditor or employee of the Company or the Company s Subsidiary in case the Optionee loses such a position by either of the following situations: a) Regarding the Optionee as a director or statutory auditor of the Company or the Company s Subsidiary: retirement from office on account of the expiration of the Optionee s term of office or other similar reasons; or

b) Regarding the Optionee as an employee of the Company or the Company s Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company s Subsidiary, retirement mainly due to sickness or injuries arising out of duty, discharge for a compelling business reason, or other similar reasons.

	(2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases:
	a) The Company or the Company s Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or
	b) There is any other reason similar to a).
	3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession.
Restriction of Transfer of Stock Acquisition Rights	Approval of the board of directors shall be required for transfer of the stock acquisition rights.
Substituted Payment	
Issue of the Stock Acquisition Right Attendant on Reorganization	

(Notes)

1. 1,000 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company issues new shares or sells its treasury shares at a price less than market price (excluding for the exercise of the stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{\text{Number of Outstanding Shares} + \frac{\text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share}}{\text{Market Price per Share}}}{\text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)}}$$

3. Executive officers are treated in the same manner with directors.

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Resolved by the 99th Gen