

NOMURA HOLDINGS INC
Form 20-F
June 30, 2009
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____

Commission file number: 1-15270

Nomura Horudingusu Kabushiki Kaisha

(Exact name of registrant as specified in its charter)

Nomura Holdings, Inc.

(Translation of registrant's name into English)

9-1, Nihonbashi 1-chome

Chuo-ku, Tokyo 103-8645

Japan

(Jurisdiction of incorporation or organization)

Japan

(Address of principal executive offices)

Takumi Kitamura, 81-3-5255-1000, 81-3-3274-4496

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock*

Name of Each Exchange On Which Registered
New York Stock Exchange

* Not for trading, but only in connection with the registration of the American Depositary Shares, each representing one share of Common Stock.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of March 31, 2009, 2,604,779,843 shares of Common Stock were outstanding, including 42,233,578 shares represented by 42,233,578 American Depositary Shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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*As used in this annual report, references to **Nomura** are to **The Nomura Securities Co., Ltd.** when the references relate to the period prior to, and including, September 30, 2001 and to **Nomura Holdings, Inc.** when the references relate to the period after, and including, October 1, 2001. See **History and Development of the Company** under **Item 4.A** of this annual report. Also, as used in this annual report, references to **we**, **our** and **us** are to **Nomura** and, except as the context otherwise requires, its subsidiaries.*

*As used in this annual report, **yen** or **¥** means the lawful currency of Japan, and **dollar** or **\$** means the lawful currency of the United States of America.*

*As used in this annual report, **ADS** means an American Depositary Share, currently representing one share of **Nomura**'s common stock, and **ADR** means an American Depositary Receipt evidencing one or more ADSs. See **Rights of Holders of ADSs** under **Item 10.B** of this annual report.*

Amounts shown in this annual report 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.

PART I

Item 1. Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data.

The following table shows selected financial information as of and for the years ended March 31, 2005, 2006, 2007, 2008 and 2009 and the information is derived from our consolidated financial statements. These financial statements were prepared in accordance with accounting principles generally accepted in the United States. Certain reclassifications of previously reported amounts have been made to conform to the current period presentation.

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The selected consolidated financial information set forth below should be read in conjunction with Item 5, Operating and Financial Review and Prospects, in this annual report and our consolidated financial statements and notes thereto included in this annual report.

	2005	2006	Year Ended March 31		2009	2009 ⁽⁶⁾
			2007	2008		
(in millions, except per share data)						
Income statement data:						
Revenue	¥ 1,126,237	¥ 1,792,840	¥ 2,049,101	¥ 1,593,722	¥ 664,511	\$ 6,702
Interest expense	327,047	647,190	958,000	806,465	351,884	3,549
Net revenue	799,190	1,145,650	1,091,101	787,257	312,627	3,153
Non-interest expenses	594,355	700,050	769,343	851,845	1,091,673	11,010
Income (loss) from continuing operations before income taxes	204,835	445,600	321,758	(64,588)	(779,046)	(7,857)
Income tax expense	110,103	188,972	145,930	3,259	(70,854)	(714)
Income (loss) from continuing operations	94,732	256,628	175,828	(67,847)	(708,192)	(7,143)
Gain on discontinued operations ⁽¹⁾		47,700				
Net income (loss)	¥ 94,732	¥ 304,328	¥ 175,828	¥ (67,847)	¥ (708,192)	\$ (7,143)
Balance sheet data (period end):						
Total assets ⁽²⁾	¥ 34,488,853	34,694,679	35,577,511	¥ 25,236,054	¥ 24,837,848	\$ 250,508
Shareholders' equity	1,868,429	2,063,327	2,185,919	1,988,124	1,539,396	15,526
Common stock	182,800	182,800	182,800	182,800	321,765	3,245
Per share data:						
Income (loss) from continuing operations basic	¥ 48.80	¥ 134.10	¥ 92.25	¥ (35.55)	¥ (364.69)	(3.68)
Net income (loss) basic	48.80	159.02	92.25	(35.55)	(364.69)	(3.68)
Income (loss) from continuing operations diluted	48.77	133.89	92.00	(35.57)	(366.16)	(3.69)
Net income (loss) diluted	48.77	158.78	92.00	(35.57)	(366.16)	(3.69)
Shareholders' equity ⁽³⁾	962.48	1,083.19	1,146.23	1,042.60	590.99	5.96
Cash dividends ⁽³⁾	20.00	48.00	44.00	34.00	25.50	0.26
Weighted average number of shares outstanding (in thousands) ⁽⁴⁾	1,941,401	1,913,759	1,906,012	1,908,399	1,941,907	
Return on equity⁽⁵⁾:	5.2%	15.5%	8.3%	(3.3)%	(40.2)%	

Notes:

- (1) In accordance with Statement of Financial Accounting Standard No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, income from discontinued operations is separately reported.
- (2) On April 1, 2008, we adopted Financial Accounting Standard Board's Staff Position No. FIN 39-1, *Amendment of FASB Interpretation No. 39* (FSP FIN 39-1). See Note 1 *Summary of Accounting Policies* in our consolidated financial statements included in this annual report. FSP FIN 39-1 was retrospectively applied to our consolidated balance sheet as of March 31, 2008. In the above table, the total assets amounts as of March 31, 2006, 2007 and 2008 reflect such retrospective application, while the total assets amount as of March 31, 2005 does not reflect such retrospective application.
- (3) Calculated using the number of shares outstanding at year end.
- (4) The number shown is used to calculate basic earnings per common share.
- (5) Calculated as net income (loss) divided by average Shareholders' equity.

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- (6) Calculated using the yen-dollar exchange rate of \$1.00 = ¥99.15, the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2009.

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Fluctuations in exchange rates between the Japanese yen and U.S. dollar will affect the U.S. dollar equivalent of the yen price of our shares and ADSs and the U.S. dollar amounts received on conversion of cash dividends. We have translated certain Japanese yen amounts presented in this annual report into U.S. dollars solely for your convenience. The rate we used for the translations was ¥99.15 equal to \$1.00, which was the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2009. These translations do not imply that the yen amounts actually represent, or have been or could be converted into, equivalent amounts in U.S. dollars.

Year ended March 31,	High	Low	Average*	Year end
2005	114.30	102.26	107.28	107.22
2006	120.93	104.41	113.67	117.48
2007	121.81	110.07	116.55	117.56
2008	124.09	96.88	113.61	99.85
2009	110.48	87.80	100.85	99.15

Calendar year 2009	High	Low
January	94.20	87.80
February	98.55	89.09
March	99.34	93.85
April	100.71	96.49
May	99.24	94.45
June (through June 26)	98.56	95.19

* Average rate represents the average of rates available on the last business day of each month during the period. The noon buying rate for Japanese yen on June 26, 2009 was \$1.00 = ¥95.19

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.**Risk Factors**

You should carefully consider the risks described below before making an investment decision. If any of the risks described below actually occurs, our business, financial condition, results of operations or cashflow could be adversely affected. In that event, the trading prices of our shares could decline, and you may lose all or part of your investment. In addition to the risks listed below, risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

Recent financial and credit crises and recessionary economies around the world have had and may continue to have adverse effects on our businesses, financial condition and results of operations

During 2008, particularly the second half of the year, and thereafter, the business environment has been extremely adverse.

Starting in mid-2007 in the United States and Europe, and particularly during the second half of 2008, the financial services industry and the securities markets generally were materially and adversely affected by

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significant declines in the values of nearly all asset classes and by a serious lack of liquidity. This was initially triggered by declines in the values of subprime mortgages in the U.S. market, but spread to all mortgage and real estate asset classes, to leveraged bank loans and to nearly all asset classes, including equities.

Market conditions have also led to the failure or merger of a number of prominent financial institutions, including monoline insurers, primarily in the United States. Financial institution failures or problems have resulted in further losses as a consequence of defaults on securities issued by them and defaults under bilateral derivatives and other contracts entered into with such entities as counterparties. The geographic reach of such consequences has extended globally.

In addition, as of March 31, 2009, the United States, large parts of Europe and Japan are all now in a recession in their economies as a whole. Business activity across a wide range of industries and regions is greatly reduced and many companies are in serious difficulty due to the lack of demand for their products or services primarily due to significantly reduced consumer spending as well as the lack of liquidity in the credit markets. Unemployment rates in these jurisdictions have increased significantly.

In response to the current harsh business environment, we are seeking to implement several strategic initiatives, including expanding customer base, focusing on client-driven flow businesses to expand market share, continuing to review and reduce asset size through selective disposition of assets not suited to our business focus, and implementing cost reduction through selective downsizing with concentration on core businesses in the short-term, as well as reengineering of our business processes in the longer-term. As to the latter, we hope to see our service-related firms in India effectively assist our operations to bring about cost reduction and productivity increases group-wide. There can be no assurance, however, that we will be able to carry out any of these strategic initiatives or that, even if they are carried out, they will have the intended effect or will be effective in addressing the difficulties we have or we may have under the then current business environment.

Overall, during 2008 and thereafter, the business environment has been extremely adverse for many of our businesses, and we expect that these conditions will not improve for some time in the future.

We may have difficulty integrating the recently acquired former Lehman Brothers operations into our business or achieving the synergy effect or other benefits from the integrated businesses, which may have a material adverse effect on our business, results of operations and financial condition

In October 2008, we acquired Lehman's operations by way of transfer of the majority of employments in the Asia-Pacific region, as well as the majority of employments in its equities and investment banking businesses in Europe and the Middle East, certain of its fixed income personnel in Europe and its specialized service companies in India, to expand and enhance our wholesale operations. The transactions did not include any trading assets or trading liabilities of Lehman.

We believe that the successful integration of these former Lehman operations into our businesses, and accomplishing the synergy and other benefits from the integrated businesses, will be fundamental to our strategy and our financial success over the coming years. The integration is a complex, time-consuming and costly process. Successful integration of the former Lehman operations and achieving the synergy effects and other benefits from the integrated businesses in a timely manner will involve a number of challenges, risks and uncertainties, including:

loss of key former Lehman employees, which risk may be heightened after the payment of retention guarantee bonuses that we have agreed to pay to a number of such employees contingent upon their continued services with us for approximately up to eighteen months from the respective dates of employment;

failure, delays or other difficulties in integrating the former Lehman employees with our original employees to form and operate efficiently as a single team, including challenges in reconciling cultural differences and attitudes of our respective employees;

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temporary or extended disruption of, or deterioration in quality of, our services caused during the integration process;

failure to implement effectively our operating standards, controls, policies and procedures; and

loss or impairment of relationships with strategic or other business partners.

If we do not successfully integrate the former Lehman operations into our business or achieve the synergy effects and other benefits from the integrated businesses in a timely manner, and as a result, fail to quickly offset the temporary high-cost structure after the Lehman acquisition, our business, results of operations and financial condition may materially suffer.

To the extent that we may be unable to achieve, or experience a delay in achieving, higher earnings to offset those expenses, our results of operations and financial condition may materially suffer in future periods.

We may have to recognize impairment charges with regard to the amount of goodwill and intangible assets recorded on our consolidated balance sheets

We have purchased all or a part of the equity interests in, or certain operations from, certain other companies in order to pursue our business expansion, and expect to continue to do so when and as we deem appropriate. We account for each of those and similar purchases and acquisitions in conformity with U.S. GAAP, as a business combination, and allocate their acquisition costs to the assets acquired and liabilities assumed, and record the remaining amount as goodwill.

We may have to record impairment charges with regard to the amount of goodwill and intangible assets. Any impairment charges for goodwill or intangible assets we recognize, if recorded, may adversely affect our results of operations and financial condition.

Market fluctuations could harm our businesses

Our businesses are materially affected by conditions in the financial markets and economic conditions in Japan and elsewhere around the world. Market downturns can occur not only as a result of purely economic factors, but also as a result of war, act of terrorism, natural disasters or other similar events. A sustained market downturn can adversely affect our business and can result in substantial losses. Even in the absence of a prolonged market downturn, we may incur substantial losses due to market volatility.

Our brokerage and asset management revenues may decline

A market downturn could result in a decline in the revenues concerning our intermediary business because of a decline in the volume and value of securities that we broker for our customers. Also, with regard to our asset management business, in most cases, we charge fees for managing our clients' portfolios that are based on the value of their portfolios. A market downturn that reduces the value of our clients' portfolios, increases the amount of withdrawals or reduces the amount of new investments in these portfolios would reduce the revenue we receive from our asset management businesses.

Our investment banking revenues may decline

Unfavorable financial or economic conditions would likely reduce the number and size of transactions for which we provide securities underwriting, financial advisory and other investment banking services. Our investment banking revenues, which include fees from these services, are directly related to the number and size of the transactions in which we participate and would therefore decrease if there is a sustained market downturn.

We may incur significant losses from our trading and investment activities

We maintain large trading and investment positions in the fixed income, equity and other markets, both for our own account and for the purpose of facilitating our customers' trades. Our positions consist of various types

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of assets, including financial derivatives transactions in interest rate, credit, equity, currency, commodity, real estate and other markets, loans and real estate. Fluctuations in the markets where the foregoing assets are traded can adversely affect the value of these assets. To the extent that we own assets, or have long positions, a market downturn could result in losses if the value of these long positions decreases. Furthermore, to the extent that we have sold assets we do not own, or have short positions, an upturn in the prices of the assets could expose us to potentially unlimited losses. This could result in losses due to the decline in value of the assets we own, although we have worked to mitigate these position risks with a variety of hedging techniques. We can incur losses if the markets move in a way we have not anticipated, as a result of specific events such as the Russian economic crisis in 1998, the terrorist attacks in the U.S. on September 11, 2001, the current global financial and credit crisis originating from U.S. subprime issues since 2007, and the global financial and credit crisis since 2008. Also, we may face losses if the level of volatility of the markets where the foregoing assets are traded differs from our expectation, which may occur particularly in the emerging markets.

Our businesses have been and may continue to be affected by changes in the levels of market volatility. Certain of our trading businesses depend on market volatility to provide trading and arbitrage opportunities, and decreases in volatility may reduce these opportunities and adversely affect the results of these businesses. On the other hand, increased volatility, while it can increase trading volumes and spreads, also increases risk as measured by value at risk (VaR) and may expose us to increased risks in connection with our market-making and proprietary businesses or cause us to reduce the size of these businesses in order to avoid increasing our VaR.

Furthermore, we commit capital to take relatively large positions for underwriting or warehousing assets to facilitate certain capital market transactions. Also, we structure and possess pilot funds for developing financial investment products and invest seed money to setup and preserve financial investment products. We may incur significant losses from these positions in the event of significant market fluctuations.

In addition, if we are the party providing collateral this can increase our costs and reduce our profitability and if we are the party receiving collateral this can also reduce our profitability by reducing the level of business done with our clients and counterparties.

Holding large and concentrated positions of securities and other assets may expose us to large losses

Holding a large amount and concentrating in specific assets can enhance our risks and expose us to large losses in our businesses such as market-making, block trading, underwriting, asset securitization and acquiring newly-issued convertible bonds through third-party allotment. We have committed substantial amounts of capital to these businesses. This often requires us to take large positions in the securities of a particular issuer or issuers in a particular industry, country or region. We may incur substantial losses due to market fluctuations on asset-backed securities such as commercial mortgage-backed securities.

Extended market decline can reduce liquidity and lead to material losses

Extended market decline can reduce the level of market activity and the liquidity of the assets traded in the market. If we cannot properly close out our associated positions, particularly with respect to over-the-counter derivatives, we may incur substantial losses du