



Translation of the Japanese press release

September 24, 2010  
Nikko Cordial Securities Inc.

**Summary of Remarks by Eiji Watanabe (President & CEO)  
at the General Managers' Meeting of Year 2010, fall, of Nikko Cordial Securities Inc.**

It will soon be one year since Nikko Cordial Securities Inc. became a member of Sumitomo Mitsui Financial Group. During last one year, Nikko has been strengthening its business platform as a securities company of comprehensive functions which provide full-range of services to our customers, and also Nikko has been working in collaboration with Sumitomo Mitsui Banking Corporation (SMBC).

FY2010 is the first year of Nikko's medium-term Management Plan announced in March 2010. During these six months Nikko has been focusing on both retail and wholesale business and attained goals in accordance with its Management Plan, even this unfavorable market environment.

During the upcoming six months, Nikko will continue steady efforts to enhance its business platform as a securities company and promote cooperation with SMBC. Also Nikko will provide higher value to our customers as a securities company with expertise in both retail and wholesale business.

**1. Stage of enhancement of Nikko's business platform as a securities company**

- Taking steady steps to strengthen wholesale businesses, including overseas market.
  - (1) Building a trading business for both corporate and institutional investors
    - Acquiring primary dealership
    - Full operation of new equity trading system for institutional investors
  - (2) Enhancing research service
    - Setting up Research Head Office and Equity Research Division
    - Hiring top-tear analysts of major industries
  - (3) Expanding overseas network
    - Setting up London-based Affiliate Preparatory Office, then now preparing for securities business in both New York and Hong Kong
    - Planning to start securities business in London on October 1, 2010, under the name of SMBC Nikko Capital Markets Limited

- Ensure Nikko's new business platform to be settled, and at the same time meet our customers needs to conclude deals.

## **2. Collaboration with SMBC**

- The number of business with SMBC has been steadily increasing.
  - (1)** Referrals of corporate customers
    - Bond business with public-service corporations and middle-size firms are increasing
    - Referrals of underwriting, M&A and IPO customers are also increasing all across domestic branches
  - (2)** Steps to promote cooperation in retail customer business
    - Started private banking business with SMBC and Barclays Bank PLC (June 29, 2010)
    - Now in preparation for integration of a part of SMBC Friend Securities Co., Ltd's business with SMBC (January 2011)
- Nikko will promote steady collaboration with SMBC in both retail and wholesale divisions, to produce fruitful results for all our customers.

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