

June 25, 2012  
SMBC Nikko Securities Inc.

**The Arrest of Former Executive Officer and Establishment of the Investigation Committee**

Today, a former executive officer of SMBC Nikko Securities Inc. (“SMBC Nikko”) was arrested by the Yokohama District Public Prosecutors Office on the suspicion of violating the Financial Instruments and Exchange Act (Provision for Prohibited Acts of Corporate Insiders). We take this incident very seriously and hereby apologize to our customers and all related parties for concerns and inconveniences we have caused.

We will continue to cooperate fully with the authority in respect of the investigation, and today established an investigation committee (“Investigation Committee”) in order to inspect the fact on this incident and organize necessary measures.

The Investigation Committee is constituted of three members, who are Tomoyoshi Arita as a chairperson (former Superintendent Prosecutor of Fukuoka High Public Prosecutors Office, attorney at law), Osamu Sudo (attorney at law) and Michinori Ando (Internal Administration Supervisor of SMBC Nikko).

We will continue to strive to enhance our internal controls including thorough awareness of the compliance and strict information controls, as well as take appropriate actions based on the facts to be revealed by the authority’s investigation and the result of the inspection by the Investigation Committee. All the executives and employees at SMBC Nikko will do our best to recover the confidence of all our customers and related parties.

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This material is an English translation of Japanese announcement made on June 25, 2012. Although the company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed and thus you are encouraged to refer to the original Japanese document.