

Notice Regarding Issuance of Stock Options Utilizing Stock Acquisition Rights

Attention

This document is an unofficial translation of a press release announced on June 25, 2011 by Daiwa Securities Group Inc. The original press release is in Japanese.

Daiwa Securities Group Inc. (hereinafter "Company") resolved to issue stock acquisition rights pursuant to Articles 236, 238, and 239 of the Companies Act for the purpose of granting stock options, at an Executive Committee held today. The delegation to decide the terms of issuance of stock acquisition rights was authorized at the Company's 74th Ordinary General Meeting of Shareholders held today. The terms are as outlined below.

1. Name of Common Stock Acquisition Rights

July 2011 Issued Stock Acquisition Rights

2. Number of Common Stock Acquisition Rights to be Issued

1,220 Stock Acquisition Rights set according to (4) below.

The aggregate number of shares to be issued upon exercise of Common Stock Acquisition Rights shall not exceed 1,220,000. If the number of granted shares is adjusted pursuant to (4) ① below, the maximum number of Common Stock Acquisition Rights to be issued shall be multiplied by the number of granted shares after the adjustment.

3. Amount to be Paid In upon Issuance of Common Stock Acquisition Rights

Common Stock Acquisition Rights shall be issued without consideration and require no payment.

4. Terms of Common Stock Acquisition Rights

① Class and Number of Shares to be Issued upon Exercise of Common Stock Acquisition Rights

The number of shares to be issued upon exercise of one (1) Common Stock Acquisition Rights (hereinafter, "Number of Granted Shares") shall be 1,000 shares of Common Stock. If the Company splits (including gratis issue of shares, same onwards) or consolidates the shares of Common Stock after the date of resolution of the Ordinary General Meeting of Shareholders (hereinafter, "Resolution Date"), the Number of Granted Shares shall be adjusted in accordance with the following formula. An

adjustment shall be made only with respect to the Number of Granted Shares for the Common Stock Acquisition Rights which have not been exercised at the time of the adjustment. Any fraction less than one (1) share resulting from the adjustment shall be disregarded.

$$\frac{\text{Number of Granted Shares after adjustment}}{\text{Number of Granted Shares before adjustment}} = \frac{\text{Number of Granted Shares before adjustment}}{\text{Number of Granted Shares before adjustment}} \times \text{Ratio of split or consolidation}$$

In addition, in the case of a merger with any other company, corporate split or capital reduction of the Company, or in any other case similar thereto where an adjustment of the Number of Granted Shares shall be required, in each case after the resolution date, the Number of Granted Shares shall be appropriately adjusted to the extent reasonable.

② Amount to be Paid In upon Exercise of Common Stock Acquisition Rights

The amount to be paid in upon exercise of Common Stock Acquisition Rights shall be one (1) yen per share and shall be multiplied by the Number of Granted Shares.

③ Exercise Period of Common Stock Acquisition Rights

From July 1, 2011 to June 30, 2031

④ Terms Regarding Increase in Capital Stock and Additional Paid-in Capital upon Exercise of Common Stock Acquisition Rights

1) The amount of capital stock to increase upon issuance of Common Stock due to exercise of Common Stock Acquisition Rights shall be half of the limit of the capital increase calculated according to Paragraph 1 of Article 17 of the Accounting Regulation Ordinance. Any fraction less than one (1) yen resulting from the calculation shall be rounded up to the nearest one (1) yen.

2) The amount of additional paid-in capital to increase upon issuance of Common Stock due to exercise of Common Stock Acquisition Rights shall be the difference between the limit of the capital increase and the increase in capital stock, both stated in 1) above.

⑤ Restriction on Transfer of Common Stock Acquisition Rights

Common Stock Acquisition Rights are non-transferable unless the Board of Directors of the Company approves such transfer.

⑥ Conditions for Exercise of Common Stock Acquisition Rights

1) Common Stock Acquisition Rights cannot be exercised in part.
2) Holders of Common Stock Acquisition Rights may exercise the rights from the day after they leave from all positions of director or executive officer of the Company or its subsidiaries as determined by the Board of Directors of the Company or the executive officers to whom the determination has been delegated by a resolution of the Board of Directors of the Company.

3) Disregarding 2) above, Common Stock Acquisition Rights can be exercised from May 31, 2031 prior to the last day of the period for exercise of the Common Stock Acquisition Rights pursuant to other conditions for exercise.

4) Other conditions for exercise shall be set forth in Stock Acquisition Rights Allocation Agreement between the Company and the holder of Common Stock Acquisition Rights.

⑦ Terms and Conditions of Acquisition of Common Stock Acquisition Rights

The Company may acquire Common Stock Acquisition Rights without consideration when a holder loses all qualifications for exercising Common Stock Acquisition Rights or waives all or part of his/her Common Stock Acquisition Rights.

⑧ Treatment of Fractional Shares Less Than One Share

Any fraction less than one (1) share of Common Stock issued upon exercise of Common Stock Acquisition Rights shall be disregarded.

5. Date of Allocation of Stock Acquisition Rights

July 1, 2011

6. Reason for Soliciting Candidates to Subscribe Common Stock Acquisition Rights at Especially Favorable Terms, and Persons to whom Stock Acquisition Rights shall be Allocated

The Company will issue Stock Acquisition Rights as stock options to directors and executive officers (both Shikkoyaku and Shikkoyakuin) of the Company and its subsidiaries, as an incentive to contribute towards increasing consolidated performance. The Stock Acquisition Rights will be allocated to a total of 112 persons. "The number of Stock Acquisition Rights to be allocated to directors and corporate executive officers of the Company" shall be in accordance with the resolution of the Compensation Committee.

< Reference >

Date of Board of Directors meeting that resolved to propose this issue to the 74th Ordinary
General Meeting of Shareholders: April 26, 2011