

**Notice Regarding Judgment in Lawsuit against UK overseas subsidiary**

**Attention**

This document is an unofficial translation of a press release announced on February 17, 2017 by Daiwa Securities Group Inc. (“the Company”). The original press release is in Japanese.

The Company announces that Daiwa Capital Markets Europe Limited (“DCME”), an UK overseas subsidiary of the Company, received a judgment from the High Court of Justice Chancery Division in the lawsuit filed by Singularis Holdings Limited (“SHL”) in July 2014. Details are as follows.

1. The Court and Date of Judgment

High Court of Justice Chancery Division  
February 16, 2017

2. Background of the Lawsuit

In June and July 2009, DCME received instructions from the Chairman of the Board of Directors of the SHL, who was the 100% shareholder and the controller of SHL, to pay moneys owed to SHL to other group companies which he also controlled. DCME took reasonable steps to ask for grounds on the payment and because there were no legitimate reason to refuse the payment, DCME paid the money based on the given instruction.

In July 2014, the Liquidators of SHL filed a lawsuit against DCME claiming damages of 204.4 million USD which was the moneys owed to SHL and which was paid to other third parties based on the fraudulent improper payment instructions of the shareholder.

3. Details of the Judgment

The High Court of Justice ordered the DCME to pay 152.8 million USD to SHL which is part of the claim amount.

The interest which rate and the duration are to be decided by the court shall be imposed on the above order amount, however, such decision has not yet been received.

4. Future Outlook

It is regrettable that the submissions of the Company’s subsidiary were not accepted in the judgment.

DCME will review this judgment and will consider all options, including appeal.

From the conservative financial point of view, there is a possibility to allocate provisions in the Company’s consolidated business performance in this fiscal year. The Company will make any timely disclosure if necessary.