

April 30, 2014

Press Release

Daiwa Securities Group Inc.

Notice regarding Partial Amendments to the Articles of Incorporation

Attention

This document is an unofficial translation of a press release announced on April 30, 2014 by Daiwa Securities Group Inc. The original press release is in Japanese.

Daiwa Securities Group Inc. (hereinafter, the “Company”) resolved at a meeting of its Board of Directors held today to submit a proposal for partial amendments to the Company’s Articles of Incorporation, as outlined below, at the Company’s 77th Ordinary General Meeting of Shareholders to be held on June 26, 2014.

1. Reasons for Amendments

Based on the experience of the recent global financial crisis which began in September 2008, Deposit Insurance Act had been revised and came into effect on March 6, 2014 for the purpose of developing a framework to stabilize the market functions in the event of a financial crisis. By this revision, the concept of “Measures for Orderly Resolution of Financial Institutions” (hereinafter, the “Measures”) was introduced to deal with a sudden change of market environment, and the scope of Financial Institutions to which the Measures shall be applicable was expanded to the entire financial industry, including the Company, in contrast with the former Act whose applicability was limited to deposit taking financial institutions.

On the other hand, the Basel Committee on Banking Supervision, a committee comprised of financial regulatory authorities of major countries, has set both higher and better-quality capital requirements applicable to global financial institutions, and its eligibility criteria for preferred shares and subordinated debt, among other things, to be included as regulatory capital has become stricter (i.e., Basel III). Specifically, under Basel III, in order for preferred shares to be included as regulatory capital, the terms and conditions of the preferred shares are required to include the following provision: (i) a write-off of the relevant preferred shares or (ii) a conversion of the relevant preferred shares into common shares shall be effected (a loss-absorption clause) in the event the Company is recognized by the regulatory authority as non-viable. This recognition trigger and its criteria in Japan are now clarified in the revised Deposit Insurance Act.

In response to recent changes of global financial regulations and newly developed framework for “Measures for Orderly Resolution of Financial Institutions”, the Company intends to add provisions into the Company’s Articles of Incorporation that make it possible to issue preferred shares in compliance with Basel III requirements and the Measures.

The Company's consolidated total capital ratio as of December 31, 2013 was 21.9%, and also, the Company has no plan to issue any particular series of the preferred shares at this time.

2. Details of Amendments

Details of proposed amendments are attached in the Exhibit.

3. Schedule

Date of resolution of the General Meeting of Shareholders:

Thursday, June 26, 2014(Scheduled)

Effective date of the amendments to the Articles of Incorporation:

Thursday, June 26, 2014(Scheduled)

Proposed Amendments to Articles of Incorporation of Daiwa Securities Group Inc.

(Underlined sections designate amendments)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER SHARES</p> <p>(Total Authorized Shares)</p> <p>Article 5. The total shares of the Company authorized to be issued by the Company shall be four billion (4,000,000,000) shares.</p> <p>(Number of Shares Constituting One Unit of Shares)</p> <p>Article 6. One unit of shares of the Company shall consist of one thousand (1,000) shares .</p> <p>Article 7. - Article 10. [Text Omitted]</p> <p style="text-align: center;">[New]</p> <p style="text-align: center;">[New]</p>	<p>CHAPTER SHARES</p> <p>(Total Authorized Shares)</p> <p>Article 5. The total shares of the Company authorized to be issued by the Company shall be four billion (4,000,000,000) shares <u>and the total number of shares of each class of share which the Company is authorized to issue shall be as set forth below:</u></p> <p style="padding-left: 40px;"><u>Common shares: 4,000,000,000 shares</u></p> <p style="padding-left: 40px;"><u>Class 1 preferred shares: 100,000,000 shares</u></p> <p style="padding-left: 40px;"><u>Class 2 preferred shares: 100,000,000 shares</u></p> <p style="padding-left: 40px;"><u>Class 3 preferred shares: 100,000,000 shares</u></p> <p>(Number of Shares Constituting One Unit of Shares)</p> <p>Article 6. One unit of shares of the Company shall consist of one thousand (1,000) shares <u>with respect to the common shares and each class of preferred share, respectively .</u></p> <p>Article 7. - Article 10. [Not amended]</p> <p><u>CHAPTER PREFERRED SHARES</u></p> <p><u>(Preferred Dividends)</u></p> <p><u>Article 11. The Company shall, fixing March 31 as the record date pursuant to Article 53, Paragraph 1 herein, distribute cash dividends from surplus on preferred shares (“Preferred Dividends”) in such respective amount as prescribed below to holders of preferred shares (“Preferred Shareholders”) or registered pledgees of preferred shares (“Registered Pledgees of Preferred Shares”), in priority to holders of common shares (“Common</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>Shareholders”) and registered pledgees of common shares (“Registered Pledgees of Common Shares”); provided, however, that in the case that Preferred Interim Dividends defined in Article 12 have been paid, fully or partially, during the business year to which that record date belongs, the amount of Preferred Interim Dividends shall be deducted from the total amount of Preferred Dividends.</u></p> <p><u>Amount per preferred share calculated by multiplying the amount equivalent to subscription money per share by the annual dividend rate specified in a resolution of the board of directors or a determination by executive officer(s) under authorities delegated by a resolution of the board of directors (“Resolution of the Board of Directors etc.”) prior to the issuance of each class of preferred share, which rate shall not exceed ten (10) percent</u></p> <p><u>2 If the aggregate amount paid to a Preferred Shareholder or Registered Pledgees of Preferred Shares as cash dividends from surplus in any particular business year is less than the relevant Preferred Dividends, the unpaid amount shall not be accumulated in subsequent business year.</u></p> <p><u>3 The Company shall not distribute any dividend from surplus to any Preferred Shareholder or Registered Pledgee of Preferred Shares in excess of the relevant Preferred Dividends; provided, however, that this shall not apply to distributions from surplus in the process of an Absorption-type Company Split (kyushu-bunkatsu) pursuant to Article 758, Item 8(b) or Article 760, Item 7(b) of the Companies Act, or the distribution from surplus in the process of a Incorporation-type Company Split</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>(shinsetsu-bunkatsu) pursuant to Article 763, Item 12(b) or Article 765, Paragraph 1, Item 8(b) of that Act.</u></p>
<p><u>[New]</u></p>	<p><u>(Preferred Interim Dividends)</u></p> <p><u>Article 12. In relation to the interim dividends of the Company as the record date of September 30 of each year as specified in Article 53, Paragraph 2 herein, the Company shall distribute cash dividends from surplus to Preferred Shareholders or Registered Pledgees of Preferred Shares in priority to Common Shareholders and Registered Pledgees of Common Shares, in the amount specified in a Resolution of the Board of Directors etc. prior to the issuance of each class of preferred share (“Preferred Interim Dividends”), which amount shall not exceed half of the amount specified in Article 11, Paragraph 1.</u></p>
<p><u>[New]</u></p>	<p><u>(Distribution of Residual Assets)</u></p> <p><u>Article 13. In the case that the Company distributes its residual assets, the Company shall pay cash to the Preferred Shareholders or Registered Pledgees of Preferred Shares in priority to the Common Shareholders and Registered Pledgees of Common Shares in the amount as prescribed below.</u></p> <p><u>Amount per share specified in a Resolution of the Board of Directors etc. prior to the issuance of each class of preferred share, given the amount equivalent to subscription money per share</u></p> <p><u>2 The Company shall not make distribution of residual assets other than as provided for in the preceding paragraph to the Preferred Shareholders or Registered Pledgees of</u></p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="448 376 526 409">[New]</p> <p data-bbox="448 1720 526 1753">[New]</p>	<p data-bbox="839 219 1070 253"><u>Preferred Shares.</u></p> <p data-bbox="813 331 1013 365"><u>(Voting Rights)</u></p> <p data-bbox="813 376 1445 1507"> <u>Article 14. Any Preferred Shareholder may not exercise voting rights on any matters at meetings of shareholders; provided, however, that (i) in the case that Article 52 is effective and the board of directors under Article 436, Paragraph 3 of the Companies Act did not resolve the distribution of Preferred Dividends in full, from that date, (ii) in the case that Article 52 is not effective and a Bill that the Company would distribute Preferred Dividends in full was not submitted to an Ordinary General Meeting of Shareholders, from that date, (iii) in the case that a Bill that the Company would distribute Preferred Dividends in full was not resolved by an Ordinary General Meeting of Shareholders, from the end of that Ordinary General Meeting of Shareholders, Preferred Shareholders will be able to exercise voting rights until the resolution of the board of directors specified in Article 52 or an Ordinary General Meeting of Shareholders which approve the distribution of Preferred Dividends in full.</u> </p> <p data-bbox="813 1574 1437 1753"> <u>(Consolidation or Split of Preferred Shares, Allotment of Shares without Contribution, Rights for Allotment of Shares for Subscription, etc.)</u> </p> <p data-bbox="813 1765 1445 1944"> <u>Article 15 . The Company shall not consolidate or split any preferred shares and shall not allot any share without contribution to the Preferred Shareholders.</u> </p> <p data-bbox="813 1955 1445 2085"> <u>2 The Company shall not grant the Preferred Shareholders any right for allotment of shares for subscription, any share acquisition right</u> </p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="448 701 526 730">[New]</p>	<p data-bbox="839 221 1445 539"><u>for subscription, any right for allotment of bonds with share acquisition right or share acquisition right for subscription which is able to be split and transferred and any right for allotment of bonds, and the Company shall not allot any share acquisition right without contribution to the Preferred Shareholders.</u></p> <p data-bbox="812 604 1369 683"><u>(Right to Demand Acquisition of Preferred Shares in Exchange for Common Shares)</u></p> <p data-bbox="812 701 1445 1447"><u>Article 16 . Any Class 1 Preferred Shareholder and Class 2 Preferred Shareholder may demand the Company to acquire his/her preferred shares in exchange for delivering common shares whose number of shares shall be determined by a Resolution of the Board of Directors etc. during the period that such Preferred Shareholder is entitled to demand the acquisition as specified in a Resolution of the Board of Directors etc. prior to the issuance of each class of preferred share (the "Period to Demand Acquisition"). Other conditions of acquisition are specified in a Resolution of the Board of Directors etc. prior to the issuance of each class of preferred share.</u></p> <p data-bbox="812 1464 1445 1785"><u>2 In the case that the calculation of the number of common shares to be delivered in exchange for the Company's acquisition of such preferred shares includes a fraction less than one (1) share, that fraction shall be handled pursuant to Article 167, Paragraph 3 of the Companies Act.</u></p> <p data-bbox="812 1850 1433 1928"><u>(Provisions for Redemption of Preferred Shares in Exchange for Cash)</u></p> <p data-bbox="812 1946 1414 2119"><u>Article 17. With respect to Class 1 preferred shares and Class 3 preferred shares, the Company may redeem in whole or in part those preferred shares in exchange for cash</u></p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="448 846 525 875">[New]</p>	<p data-bbox="841 221 1442 495"><u>acquiring price, which shall be determined by a Resolution of the Board of Directors etc. prior to the issuance of each class of preferred share, after the date which is separately specified in such Resolution of the Board of Directors etc.</u></p> <p data-bbox="813 510 1442 730"><u>2 In the case that the Company redeems a part of either class of preferred shares pursuant to the preceding paragraph, such redemption shall be made by means of a lottery or pro rata allocation.</u></p> <p data-bbox="813 797 1099 826"><u>(Blanket Redemption)</u></p> <p data-bbox="813 842 1442 1879"><u>Article 18. On the day following the last day of the Period to Demand Acquisition, the Company shall redeem all Class 1 preferred shares and Class 2 preferred shares which have not been acquired by the Company during the Period to Demand Acquisition. In this case, the Company shall deliver its common shares to such Preferred Shareholder in exchange for the Company's redemption of such preferred shares. The number of common shares to be delivered shall be equivalent to the number of preferred shares held by each Preferred Shareholder multiplied by the amount equivalent to subscription money per share divided by the market price of the Company's common shares. The details of such redemption shall be specified in Resolution of the Board of Directors etc. prior to the issuance of each class of preferred share. That resolution may specify the method to calculate an upper limit to the number of common shares to be delivered.</u></p> <p data-bbox="813 1895 1442 2114"><u>2 After the issuance of each preferred share, the Company shall redeem in whole such preferred shares as of the date indicated below in the case that certain events, which shall be specified in a Resolution of the Board</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>of Directors etc. prior to the issuance of each class of preferred share, occur. Such certain events include the event in which a supervisory agency (or an equivalent body) determines that a write-down, conversion to common shares, capital injection by a public institution or other equivalent action is deemed to be necessary for the Company to continue its business activity. The date that the Company redeems preferred shares is a date which a Resolution of the Board of Directors etc. separately specifies after such certain event occurs or a certain date which is after such certain event occurs and which date is separately specified in a Resolution of the Board of Directors etc. prior to the issuance of each class of preferred share, considering, for instance, the regulation for capital adequacy ratio which is applied to the Company. The Company shall deliver its common shares to each relevant Preferred Shareholder in exchange for such preferred shares or shall redeem its preferred shares without contribution from each relevant Preferred Shareholder, and whether such redemption shall be made in exchange for common shares or without contribution shall be determined by a Resolution of the Board of Directors etc. prior to the issuance of each class of preferred share, considering, for instance, the market condition. In the case that the Company shall deliver its common shares to each relevant Preferred Shareholder, the calculation method of the number of common shares in exchange for such preferred shares is specified in a Resolution of the Board of Directors etc. prior to the issuance of each class of preferred share, considering the subscription price of the preferred shares or the market value of the Company's common shares etc.</u></p>

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	<p><u>3 Pursuant to the preceding two paragraphs, in the case that the number of common shares includes a fraction less than one (1) share, that fraction shall be handled pursuant to Article 234 of the Companies Act.</u></p> <p><u>(Order of Priority)</u></p> <p><u>Article 19. All classes of preferred shares issued by the Company shall be pari passu in respect of the payment of Preferred Dividends, Preferred Interim Dividends and the distribution of residual assets.</u></p>
[New]	
CHAPTER __ GENERAL MEETINGS OF SHAREHOLDERS	CHAPTER __ GENERAL MEETINGS OF SHAREHOLDERS
Article <u>11</u> . - Article <u>16</u> . [Text Omitted]	Article <u>20</u> . - Article <u>25</u> . [Not Amended]
[New]	<p><u>(General Meetings of Class Shareholders)</u></p> <p><u>Article 26. The provision of Article 21 herein shall apply mutatis mutandis to the general meetings of class shareholders.</u></p> <p><u>2 The provisions of Article 22, 23, Article 24, Paragraph 1 and Article 25 herein shall apply mutatis mutandis to the general meetings of class shareholders.</u></p> <p><u>3 The provision of Article 24, Paragraph 2 herein shall apply mutatis mutandis to any resolution under Article 324, Paragraph 2 of the Companies Act.</u></p>
CHAPTER __ DIRECTORS AND BOARD OF DIRECTORS	CHAPTER __ DIRECTORS AND BOARD OF DIRECTORS
Article <u>17</u> . - Article <u>28</u> . [Text Omitted]	Article <u>27</u> . - Article <u>38</u> . [Not Amended]
CHAPTER __ EXECUTIVE OFFICERS	CHAPTER __ EXECUTIVE OFFICERS
Article <u>29</u> . - Article <u>36</u> . [Text Omitted]	Article <u>39</u> . - Article <u>46</u> . [Not Amended]

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CHAPTER __ ACCOUNTING AUDITORS Article <u>37</u> . - Article <u>40</u> . [Text Omitted]	CHAPTER __ ACCOUNTING AUDITORS Article <u>47</u> . - Article <u>50</u> . [Not Amended]
CHAPTER __ ACCOUNTING Article <u>41</u> . - Article <u>44</u> . [Text Omitted]	CHAPTER __ ACCOUNTING Article <u>51</u> . - Article <u>54</u> . [Not Amended]