

News Release

NRI to Provide Basel III Compliance Reporting Service for Asset Managers

TOKYO, October 20, 2015 – Nomura Research Institute (NRI), a leading provider of consulting services and system solutions, today announced that in spring 2016, it will begin providing asset managers with IDS-BIS^{*1}, NRI's integrated data service offering, to assist with Basel III^{*2} compliance reporting. Nomura Asset Management, Japan's largest asset manager, will be the first client to implement IDS-BIS.

The Basel III regulation calls for banks to report capital requirements, meaning asset managers are expected to assist the banks with their reporting process by detecting double gearing^{*3} and preparing an analysis of risk weights^{*4} on the fund owned by the bank. NRI's IDS-BIS provides support for the most demanding and labor-intensive aspects of the regulatory initiatives mandated by the Financial Services Agency and Basel Committee on Banking Supervision.

One of the most demanding requirements for asset managers is to classify funds' securities into various categories of the Basel rule for each name and issuer. NRI's IDS-BIS service provides asset managers with the classification logic of Basel III based on NRI's expertise of data analysts and researchers as well as an audit firm. By utilizing NRI's IDS-BIS, asset managers can systematically classify major assets while they can have this group of experts more closely examine complicated and specialized assets. The classification logic will be constantly updated to ensure that asset managers remain prepared for future changes of Basel III.

Another burden for asset managers is to prepare a Basel III compliant credit risk-weighted asset table, 'the Basel III RWT', analyzing the credit risk of securities in the fund owned by the bank. NRI's IDS-BIS service enables asset managers to smoothly create the Basel III RWT, based on the classification, by directly connecting to T-STAR/TX, NRI's back-office system service for asset managers that manage investment trusts.

Currently asset managers use different sets of data and assessments of regulatory

requirements, which create discrepancies among the classification of securities in the fund that banks receive. As more asset managers begin to utilize NRI's IDS-BIS service, the common framework for classification can be shared, resulting in minimal industry-wide workloads.

“Remaining compliant with Basel III's changing regulatory requirements means asset managers and banks need to have strategic reporting resources that effectively and accurately analyze capital data and risk,” said Katsuhiko Fujita, Senior Managing Director of NRI. “We believe implementing the IDS-BIS service as the industry standard shall lead not only to an increase in the efficiency of operations for Basel III, but also to a decrease in both asset managers' and banks' burden to comply with Basel III.”

For more information on the IDS-BIS service offering for asset managers, please visit: <http://fis.nri.co.jp/en/service/list/F-J/IDS.html>.

- *1 IDS-BIS: NRI's integrated data service offers domestic and overseas economic, financial, corporation and securities information that can be used for various purposes including investment analysis, market valuation, and risk management. IDS-BIS provides clients not only with data but also with appropriate solutions provided by experienced data analysts.
- *2 Basel III: A comprehensive set of measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector.
- *3 Detect Double Gearing: To determine whether issuers of equity securities held by a fund are financial institutions, which include not only banks but also nonbank financial service providers, such as leasing companies.
- *4 Analysis of Risk Weights: To measure the sum of risk weights of all names for each classification of the Basel rule.

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About NRI

Nomura Research Institute, Ltd. ("NRI", TYO: 4307) established in 1965, is an independent, global IT solutions and consulting services provider with annual sales of 405.9 billion yen as of FY ended March 2015. With front-to-back support for the buy- and sell-side, NRI's tradition of innovation has positioned them as a trusted international market leader. Leveraging NRI's global consulting business, NRI is able to provide innovative financial IT solutions for investment banks, asset managers, banks and insurance providers. For more information, visit www.nri.com.



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