

News Release

NRI launches New ASP Multipurpose Management System for Financial Institutions

System provides due day management for structured bonds and OTC derivatives and cash management

Tokyo, June 13, 2016 – Nomura Research Institute, Ltd. (NRI), a leading provider of consulting services and system solutions, today announced the launch of VOLCS, an ASP (Application Service Provider) multipurpose management system for financial institutions. VOLCS provides two functions such as due day management for structured bonds and OTC derivatives as well as cash management, and the former is usually not available in an existing enterprise system. Each function can be used independently and thus can be used by non-financial firms depending on their purposes.

Most recently, structured bonds and OTC derivatives have been receiving more attention due to the effects of stock price changes and Japan's negative interest rates. Both financial products are complicated and require detailed calculation and settlement day management, causing a major operational and financial burden to financial institutions. VOLCS enables its users to reduce the operational burden significantly, resulting in increased trading volume. They can also reallocate their resources from due day management to strategic division for more sales power.

Due day management of VOLCS can achieve:

Leveling and upgrading of operations while reducing risks - Due day control for structured bonds and OTC derivatives require detailed calculation and monitoring as well as reconciling foreign holidays. VOLCS calculates daily interests and redemption payment and monitoring optional clause.

Reducing system modification cost - VOLCS can manage due day for all types of structured bonds and OTC derivatives contracts by registering various contract types. VOLCS users can reduce the cost to modify systems and easily add financial products to the system.

Proper coordination between the investment and finance departments - Investment and finance departments have to coordinate properly because the high transaction value of structured bonds and OTC derivatives would affect cash management. Combined with cash management function of VOLCS, cash flow information with payment methods and netting information can be communicated properly.

The importance of cash management has been increasing due to the market fluctuations, Bank of Japan's policy change and diversification of corporate activities. In addition, the needs for shortening the time to process settlements have increased in order to reduce risks. VOLCS centrally manages scattered cash data and encourages swift and accurate cash settlement.

Cash management of VOLCS can achieve:

Standardized operations - Cash management operations are mostly manual and specific to each company. VOLCS provides the standardized flow of cash management, improving operational efficiency and reducing the risks related to cash liquidity and operations.

Storing and condensing data related to cash management – VOLCS does this through the interface of an intranet, file upload and input screen, and it is planned to be smoothly linked with THE STAR and I-STAR, NRI's ASP back-office solutions for securities firms. VOLCS enables total STP (Straight-Through Processing) by connecting easily to outside clearing houses.

Management of all currencies - This enables total, swift and accurate cash management.

“NRI believes that VOLCS can not only improve the operational efficiency at each firm, but also reduce the industry's burden as a whole, as more firms in the financial industry implement this service to increase internal efficiency. The ability for the industry to share the standardized calculations and results will provide a more streamlined environment and a decrease in operational burdens which provides significant cost reduction as well. We look forward to working with our clients to help them solve these problems.” said Minoru Yokote, Senior Managing Director of NRI.

For more information on VOLCS, please visit:
<http://fis.nri.co.jp/en/service/list/U-Z/volcs.html>

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About NRI

Founded in 1965, NRI is a leading global provider of system solutions and consulting services with annual sales above \$3.7 billion.

NRI offers clients holistic support of all aspects of operations from back- to front-office, with NRI's research expertise and innovative solutions as well as understanding of operational challenges faced by financial services firms. The clients include broker-dealers, asset managers,



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banks and insurance providers. NRI has 35 offices globally including New York, London, Tokyo, Hong Kong and Singapore, and over 10,000 employees.

For more information, visit <http://fis.nri.co.jp/en>

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