

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-93483]

October 29, 2021

Order Regarding Net Capital Computation for Nomura Global Financial Products Inc.

Nomura Global Financial Products Inc. (“NGFP”) has submitted an application to the Securities and Exchange Commission (“Commission”) for authorization to use the credit risk standards of paragraphs (d) through (f) of Rule 18a-1 to the Securities Exchange Act of 1934 (“Exchange Act”).¹

Paragraphs (d) through (f) require that a firm utilize a maximum potential exposure model equivalent to the VaR of the counterparty’s positions with a 99 percent, one-tailed confidence level with price changes equivalent to a one-year movement in rates and prices; or based on a review of the security-based swap dealer's procedures for managing collateral and if the collateral is marked to market daily and the firm has the ability to call for additional collateral daily the Commission may approve a time horizon of not less than ten business days.²

Based on the Commission staff’s ongoing monitoring and assessment of the firm’s internal risk management controls and the staff’s review of NGFP’s application, including an assessment of the firm’s financial position and of the mathematical models the firm will use for internal risk management and regulatory capital purposes, the

¹ See 17 CFR 240.18a-1(d), 17 CFR 240.18a-1(e); and 17 CFR 240.18a-1(f).

² See 17 CFR 240.18a-1(e)(2)(iii)(B) and 17 CFR 240.18a-1(d)(9)(ii)(B).

Commission has determined that the application meets the requirements of paragraphs (d) through (f) of Rule 18a-1.

Using the credit risk standards of paragraphs (d) through (f) of Rule 18a-1 should help NGFP align its supervisory risk management practices and regulatory capital requirements more closely, and would adequately capture the material risks. As a result, this also should help to ensure the integrity of the risk measurement, monitoring and management process. The Commission, therefore, finds that approval of the application is necessary or appropriate in the public interest or for the protection of investors.

Accordingly, IT IS ORDERED, under paragraph (d)(5)(i) of Rule 18a-1³ to the Exchange Act, that NGFP may calculate net capital using the credit risk standards of paragraphs (d) through (f) of Rule 18a-1 to compute a deduction for credit risk on some or all its positions instead of the provisions of paragraphs (c)(1)(iii), (iv), (vi), (vii), and (c)(1)(ix)(A) and (B) of Rule 18a-1 and Rule 18a-1b.⁴

By the Commission.

J. Matthew DeLesDernier,

Assistant Secretary.

³ See 17 CFR 240.18a-1(d)(5)(i).

⁴ See 17 CFR 240.18a-1(c)(1)(iii) and (iv); 17 CFR 240.18a-1(c)(1)(vi) and (vii); 17 CFR 240.18a-1(c)(1)(ix)(A) and (B); and 17 CFR 240.18a-1b.