NOMURA HOLDINGS INC
Form 424B3
November 08, 2010
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Product Prospectus Supplement to the Prospectus dated September 30, 2010

Nomura America Finance, LLC

Senior Global Medium-Term Notes, Series A

Fully and Unconditionally Guaranteed

by Nomura Holdings, Inc.

Underlier Spread Notes

GENERAL TERMS

Nomura America Finance, LLC (we or us) may offer and sell underlier spread notes (collectively, the notes) from time to time of any maturity. Underlier spread notes generally bear interest at a rate based on the difference, or spread, between two interest rates, indexes or other financial measures, which we call rates underliers. An example would be an interest rate based on the difference between the 10-year USD Constant Maturity Swap rate and the 2-year USD Constant Maturity Swap rate. The prospectus dated September 30, 2010 and this product prospectus supplement describe terms that will apply generally to the notes, including any notes you purchase. A separate pricing prospectus supplement or free writing prospectus, which we refer to as a pricing supplement, will describe terms that apply specifically to your notes, including any changes to the terms specified below. If the terms described in the relevant pricing supplement are inconsistent with those described herein or in the accompanying prospectus, the terms described in the relevant pricing supplement will control. **The notes are not ordinary debt securities and your notes may not bear any interest. You should carefully consider whether the notes are suited to your particular circumstances.**

If so specified in the relevant pricing supplement, at our option, we may redeem the notes, in whole or in part, on any optional redemption date specified in the relevant pricing supplement.

All notes we issue will be fully and unconditionally guaranteed by Nomura Holdings, Inc. (Nomura). Each note we issue will have a principal amount of $1,000 unless we state otherwise in the applicable pricing supplement. Your notes will mature on the maturity date specified in the applicable pricing supplement and will be denominated in, and will pay principal and interest, if any, in United States dollars unless we specify otherwise in the applicable pricing supplement. The applicable pricing supplement will specify the applicable interest rate, rates underliers, leverage factor, the interest payment date or dates for your notes, whether your notes pay interest monthly, quarterly, semi-annually, annually or only at maturity and other material terms that apply to your notes, including terms we describe in this product supplement. Your notes will not be listed on any securities exchange or other electronic trading platform or system, unless otherwise specified in the relevant pricing supplement.

Your investment in the notes involves certain risks. See Additional Risk Factors Specific to Your Notes beginning on page PS-4 to read about investment risks relating to the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the accuracy of this product prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The price at which you purchase the notes may include a selling concession and the costs and profits that we (or one of our affiliates) expect to incur in the hedging of our market risk under the notes. As a result, if the price at which you purchase your notes includes a selling concession or hedging costs, assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your notes prior to maturity will likely be less than your original purchase price.

We may use this product prospectus supplement in the initial sale of notes. In addition, Nomura Securities International, Inc. or another of our affiliates may use this product prospectus supplement in a market-making transaction in notes after their initial sale. ***Unless we or our agent informs the purchaser otherwise in the confirmation of sale, this product prospectus supplement is being used in a market-making transaction.***

We are not a bank, and the notes will not constitute deposits insured by the U.S. Federal Deposit Insurance Corporation or any other U.S. governmental agency or instrumentality.

Nomura

Product Prospectus Supplement dated November 8, 2010.

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In this product prospectus supplement, when we refer to the notes, including your notes, we mean the notes described in this product prospectus supplement unless the context requires otherwise. Also, references to the accompanying prospectus mean our accompanying prospectus, dated September 30, 2010. References to the relevant pricing supplement or the applicable pricing supplement mean the pricing supplement that describes the specific terms of your notes.

The Notes Are Part of a Series

The notes, including your notes, are part of a series of senior debt securities entitled Senior Global Medium-Term Notes, Series A, that we may issue under our guaranteed senior debt indenture, dated as of September 30, 2010, among us, as issuer, Nomura, as guarantor, and Deutsche Bank Trust Company Americas, as trustee, as amended from time to time (the indenture). This product prospectus supplement summarizes financial and other terms that apply generally to the notes, including your notes. We describe terms that apply generally to all Series A medium-term notes in Description of Debt Securities and Guarantee in the accompanying prospectus. The terms described here supplement those described in the accompanying prospectus and, if the terms described here are inconsistent with those described there, the terms described here are controlling.

Please note that the information about the settlement or trade dates, issue price discounts or commissions and net proceeds to us in the relevant pricing supplement relates only to the initial issuances and sales of your notes. If you have purchased your notes in a market-making transaction after any initial issuance and sale, any such relevant information about the sale to you will be provided in a separate confirmation of sale.

Specific Terms Will Be Described in Pricing Supplements

The specific terms of your notes will be described in the relevant pricing supplement accompanying this product prospectus supplement. The terms described there supplement those described here and in the accompanying prospectus. If the terms described in the relevant pricing supplement are inconsistent with those described here or in the accompanying prospectus, the terms described in the relevant pricing supplement are controlling. The applicable pricing supplement will specify the material terms of your notes, including:

- the maturity date
- the aggregate principal amount of notes offered
- the interest rate applicable to your notes
- the interest payment dates
- the applicable rates underliers
- the strike
- the leverage factor
- whether your notes are subject to a cap or floor; and

whether your notes are subject to early redemption by us.

You must read the applicable pricing supplement, together with this product prospectus supplement and the accompanying prospectus, to fully understand the terms of and risks associated with any notes in which you are considering an investment.

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Product Prospectus Supplement

Prospectus dated September 30, 2010

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SUMMARY INFORMATION

Issuer:	Nomura America Finance, LLC.
Guarantor:	Nomura Holdings, Inc.
Agent:	Nomura Securities International, Inc.
Issue:	Senior Global Medium-Term Notes, Series A.
Interest rate:	The relevant pricing supplement may or may not specify an initial interest rate.

Unless specified otherwise in the relevant pricing supplement, if the relevant pricing supplement specifies that one or more initial interest rate(s) apply to your notes, the interest rate for your notes will be: with respect to each initial interest period, the applicable initial interest rate, and with respect to each subsequent interest period, a rate *per annum* equal to the greater of (1) the *product* of (i) the leverage factor, *times* (ii) the spread *minus* the strike, and (2) 0.0%. *See General Terms of the Notes Interest Payments.*

Unless specified otherwise in the relevant pricing supplement, if the relevant pricing supplement does not specify that one or more initial interest rates apply to your notes, the interest rate for your notes with respect to each interest period will be a rate *per annum* equal to the greater of (1) the *product* of (i) the leverage factor, *times* (ii) the spread *minus* the strike, and (2) 0.0%. *See General Terms of the Notes Interest Payments.*

Notwithstanding the foregoing, in no event will the interest rate for any interest period be greater than the cap or less than the floor, if the relevant pricing supplement specifies that a cap or floor or both apply to your notes.

Interest payment dates:	As specified in the relevant pricing supplement. Unless otherwise specified in the applicable pricing supplement, if any interest payment date falls on a day that is not a business day, the interest payment date will be the following business day, but no additional interest will accrue for that interest period and the date on which the interest period ends will not be adjusted. This is referred to in the accompanying prospectus as the following unadjusted business day convention.
Initial interest rate:	With respect to the initial interest period, if applicable, a fixed or floating rate *per annum* (or, if more than one initial interest period is specified, a fixed or floating rate *per annum* for each such initial interest period) as specified in the applicable pricing supplement, each of which may be a rate described under *Common Interest Rates* in the accompanying prospectus, a rate or financial measure described below under *General Terms of the Notes Common Rates Underliers* or a different rate or financial measure specified in the relevant pricing supplement. If an initial interest rate is specified in the relevant pricing supplement as a floating rate, the initial interest rate that applies for the relevant interest payment date will be determined on the corresponding initial interest period determination date.

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Spread:	Unless otherwise specified in the relevant pricing supplement, on each interest determination date, the value or level of the high side rates underlier on such interest determination date *minus* the value or level of the low side rates underlier on such interest determination date.
Rates underliers:	For each interest determination date, two fixed or floating rates or other financial measures specified in the relevant pricing supplement, each of which may be a rate described under *Common Interest Rates* in the accompanying prospectus or a different rate or financial measure specified in the relevant pricing supplement. The relevant pricing supplement will specify which rates underlier is the high side rates underlier and which rates underlier is the low side rates underlier.
Strike:	A number specified in the relevant pricing supplement, which may be greater than or equal to zero.
Leverage factor:	A number specified in the relevant pricing supplement, which may be greater than, less than or equal to 1.
Interest determination dates:	As specified in the relevant pricing supplement.
Initial interest period determination dates:	If one or more initial interest periods are specified in the relevant pricing supplement, unless each initial interest rate is a fixed rate, the relevant pricing supplement will also specify the initial interest period determination dates for purposes of determining the initial interest rate for an initial interest period.
Interest periods:	Each period from and including each interest payment date (or, in the case of the first interest period, the original issue date) to but excluding the following interest payment date (or, in the case of the final interest period, the maturity date or redemption date of the notes, as applicable).
Initial interest period(s):	The interest periods as specified in the applicable pricing supplement to which the initial interest rate(s) is or are applicable, if any.
Cap:	If the applicable pricing supplement specifies that the notes are subject to a Cap, the interest rate used to calculate the interest payable on your notes, if any, on each interest payment date will be the lesser of the interest rate for that interest period and the Cap specified in the applicable pricing supplement.
Floor:	If the applicable pricing supplement specifies that the notes are subject to a Floor, the interest rate used to calculate the interest payable on your notes, if any, on each interest payment date will not be less than the greater of the interest rate for that interest period and the Floor specified in the applicable pricing supplement.
Maturity payment:	On the maturity date you will receive the principal amount of your notes plus any accrued and unpaid interest.

Early redemption:	If the applicable pricing supplement specifies that the notes are Redeemable (also known as callable), your notes may be redeemed by the issuer at a price equal to 100% of the principal amount plus accrued and unpaid interest to the redemption date on any optional redemption date specified in the applicable pricing supplement. If the applicable pricing supplement specifies that the notes are Not Redeemable, then your notes may not be redeemed before maturity by the issuer.
Redemption notice period:	Unless otherwise specified in the relevant pricing supplement, if the applicable pricing supplement specifies that the notes are Redeemable, we will give you not less than 5 nor more than 45 business days notice of our intent to redeem your notes on the next optional redemption date.
Trade date:	As specified in the relevant pricing supplement.
Original issue date:	As specified in the relevant pricing supplement.
Stated maturity date:	As specified in the relevant pricing supplement. The actual maturity date of your notes may be different if adjusted for business days as described under *General Terms of the Notes Stated Maturity Date*.
Clearance and settlement:	Unless otherwise specified in the applicable pricing supplement, the notes will clear and settle through DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under *Description of Debt Securities and Guarantee Legal Ownership and Book-Entry Issuance Global Security* in the accompanying prospectus).
Listing:	Unless otherwise specified in the applicable pricing supplement, the notes will not be listed on any securities exchange or other electronic trading platform or system.
Calculation agent:	Nomura Securities International, Inc., unless otherwise indicated in the applicable pricing supplement.

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ADDITIONAL RISK FACTORS SPECIFIC TO YOUR NOTES

An investment in your notes is subject to the risks described below, as well as the risks described under Risk Factors in the accompanying prospectus, dated September 30, 2010. Please note that references to holders mean those who own notes registered in their own names, on the books that we, Nomura or the trustee maintain for this purpose, and not those who own beneficial interests in notes registered in street name or in notes issued in book-entry form through The Depository Trust Company (DTC) or another depositary. Owners of beneficial interests in the notes should read the section entitled Description of Debt Securities and Guarantee Legal Ownership and Book-Entry Issuance in the accompanying prospectus. Your notes are not secured debt and are riskier than ordinary unsecured debt securities. Also, investing in your notes is not equivalent to investing directly in the rates underliers to which your notes are linked. You should carefully consider whether notes are suited to your particular circumstances. This product prospectus supplement should be read together with the accompanying prospectus, dated September 30, 2010, and the applicable pricing supplement. The information in the accompanying prospectus is supplemented by, and to the extent inconsistent therewith replaced and superseded by, the information in this product prospectus supplement and the applicable pricing supplement. ***This section describes the most significant risks relating to an investment in the notes. We urge you to read all of the following information about all of the risks associated with the notes, together with the other information in this product prospectus supplement, the accompanying prospectus, and the applicable pricing supplement, before investing in the notes.***

The Interest Rate Payable on the Notes Is Uncertain and Could Be 0.0%

The interest rate on the notes for any interest period (other than the initial interest period(s), if applicable) is based on the spread, which may result in an interest rate on your notes as low as 0.0%. No interest will accrue on the notes with respect to any interest period (other than the initial interest period(s), if applicable) for which the spread *minus* the strike is zero or negative on the relevant interest determination date. If the spread *minus* the strike is zero or negative on each interest determination date, holders of the notes will receive no interest for the entire term of the notes after the initial interest period(s), if applicable. The interest rate on the notes, while determined based on the difference between the rates underliers, will not necessarily equal either of the rates underliers. Accordingly, even if both rates underliers increase dramatically, you will receive no interest on your notes for an interest period if, on the relevant interest determination date, the high side rates underlier is less than or equal to the *sum of* the low side rates underlier *plus* the strike. Additionally, even if your notes have one or more initial interest periods, if the initial interest rate on your notes is a floating rate, the interest rate payable for any such initial interest period could be as low as 0.0% if the level of the floating rate declines.

Moreover, even if the spread *minus* the strike is positive on one or more interest determination dates, the interest payable on the related interest payment dates could be relatively low if the spread *minus* the strike declines or remains low, and thus the effective yield on the notes for such interest period may be less than what would be payable on conventional, fixed-rate notes of comparable maturity. Additionally, even if the spread *minus* the strike is positive on one or more interest determination dates, a leverage factor that is less than one will reduce the interest rate that would otherwise be applicable to your notes. The return on your investment may not compensate you for the opportunity cost when you take into account factors that affect the time value of money. You should, therefore, be prepared to realize no return at maturity over the principal amount of your notes.

Even assuming the spread *minus* the strike is positive on one or more interest determination dates, the interest payments on the notes and return of only the principal amount at maturity or redemption may not compensate you for the effects of inflation and other factors relating to the value of money over time.

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You Are Subject to Nomura s Credit Risk, and the Value of Your Notes May Be Adversely Affected by Negative Changes in the Market s Perception of Nomura s Creditworthiness

By purchasing the notes, you are making, in part, a decision about Nomura s ability to repay you the amounts you are owed pursuant to the terms of your notes. Substantially all of our assets will consist of loans to and other receivables from Nomura and its subsidiaries. Our obligations under your notes are also guaranteed by Nomura. Therefore, as a practical matter, our ability to repay you amounts we owe on the notes is directly or indirectly linked solely to Nomura s creditworthiness. In addition, the market s perception of Nomura s creditworthiness generally will directly impact the value of your notes. If Nomura becomes or is perceived as becoming less creditworthy following your purchase of notes, you should expect that they will decline in value in the secondary market, perhaps substantially. If you attempt to sell your notes in the secondary market in such an environment, you may incur a substantial loss.

Because Nomura is a Holding Company, Your Right to Receive Payments on Nomura s Guarantee of the Notes is Subordinated to the Liabilities of Nomura s Other Subsidiaries

The ability of Nomura to make payments, as guarantor, on the notes, depends upon Nomura s receipt of dividends, loan payments and other funds from subsidiaries. In addition, if any of Nomura s subsidiaries becomes insolvent, the direct creditors of that subsidiary will have a prior claim on its assets, and Nomura s rights and the rights of Nomura s creditors, including your rights as an owner of the notes, will be subject to that prior claim.

Nomura s subsidiaries are subject to various laws and regulations that may restrict Nomura s ability to receive dividends, loan payments and other funds from subsidiaries. In Japan, Nomura Securities Co., Ltd., as a securities company, is required to maintain an adjusted capital ratio at specified levels. In the United States, Nomura Securities International, Inc. is subject to certain minimum net capital requirements and capital adequacy requirements. In the United Kingdom, Nomura International plc is regulated by the U.K. Financial Services Authority and is subject to the capital requirements of that authority. In addition, certain of Nomura s other subsidiaries are subject to securities and banking regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which such subsidiaries operate. As a result, Nomura s ability to receive funds from those subsidiaries may be limited, and Nomura s ability to pay on its guarantee of the notes may also be limited.

The Interest Rate Payable on Each Interest Payment Date is Based on the Spread, and Thus the Value or Level of the Rates Underliers, Only on the Relevant Interest Determination Date

The interest payment amount, if any, you will receive for each interest period (other than the initial interest period(s), if applicable) will be based only on the difference between the values or levels of the rates underliers on the applicable interest determination dates. Therefore, for example, if the value or level of the high side rates underlier fell precipitously on an interest determination date, or the value or level of the low side rates underlier rose precipitously on such interest determination date, the interest payment on the related interest payment date would be significantly less than it would otherwise have been had the interest payment amount been linked to the values or levels of the rates underliers prior to such fall or rise, as applicable. If the spread *minus* the strike is zero or negative on an interest determination date, you will not receive any interest for the related interest period, even if the spread *minus* the strike would have been positive if calculated on another day during such interest period. Although the actual spread between the value or level of the high side rates underlier and the value or level of the low side rates underlier on the interest payment dates or at other times during the life of the notes may be higher or lower than such spread on the interest determination dates, you will not benefit from such spread at any time other than on the interest determination dates.

If the Notes are Subject to a Cap, the Interest Rate on the Notes Will be Limited

If the applicable pricing supplement specifies that your notes are subject to a Cap, the interest rate payable on your notes on each interest payment date (after the initial interest period(s), if applicable) will be the

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lesser of the interest rate and the Cap specified in the applicable pricing supplement. Therefore, the return you receive during any interest period may be less than what you would have received had you invested in a similar security not subject to the Cap.

The Notes May Be Subject to Early Redemption at Our Option

If the applicable pricing supplement specifies that the notes are Redeemable, we will have the right to redeem the notes on any optional redemption date specified in the applicable pricing supplement. It is more likely that we will redeem the notes prior to their stated maturity date to the extent that the interest payable on the notes is greater than the interest that would be payable on other instruments of the issuer of comparable maturity, terms and credit rating trading in the market. If the notes are redeemed prior to their stated maturity date, you may have to re-invest the proceeds in a lower interest rate environment.

The Inclusion in the Purchase Price of the Notes of a Selling Concession and of Our Cost of Hedging Our Market Risk Under the Notes is Likely to Adversely Affect the Value of the Notes Prior to the Maturity Date

The price at which you purchase the notes includes a selling concession (including a broker s commission), as well as the costs that we (or one of our affiliates) expect to incur in the hedging of our market risk under the notes. Such hedging costs include the expected cost of undertaking this hedge, as well as the profit that we (or our affiliates) expect to realize in consideration for assuming the risks inherent in providing the hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your notes prior to maturity will likely be less than your original purchase price.

Our or Our Affiliates Trading Activities May Adversely Affect the Market Value of the Notes

In addition to the costs of our or our affiliates hedging activities described above, those hedging activities may have additional effects on the market value of the notes. As described below under Use of Proceeds and Hedging, we or one or more affiliates may hedge our obligations under the notes by purchasing securities, futures, options or other derivative instruments with returns linked or related to changes in the level of the initial interest rate(s), if any, or the rates underliers, and we or they may adjust these hedges by, among other things, purchasing or selling securities, futures, options or other derivative instruments at any time. It is possible that we or one or more of our affiliates could receive substantial returns from these hedging activities while the market value of the notes declines. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the initial interest rate(s), if any, or the rates underliers for your notes. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.

Historical Levels of the Initial Interest Rate, if Applicable, or the Rates Underliers Applicable to Your Notes Should Not Be Taken as an Indication of the Future Levels of Such Initial Interest Rate or Rates Underliers

The historical performance of the initial interest rate(s) applicable to the initial interest periods, if any, on your notes and the rates underliers to which the interest rate applicable to interest periods other than the initial interest period(s), if applicable, is linked, which may be included in the applicable pricing supplement, should not be taken as an indication of the future performance of the interest rate or rates underliers during the term of the notes. Changes in the level of the interest rate and the rates underliers will affect the trading price of the notes, but it is impossible to predict whether the level of these rates and indices will rise or fall.

There May Not Be an Active Trading Market for the Notes Sales in the Secondary Market May Result in Significant Losses

There may be little or no secondary market for the notes. Unless otherwise specified in the applicable pricing supplement, the notes will not be listed on any securities exchange. Nomura Securities International, Inc. and other affiliates of ours currently intend to make a market for the notes, although they are not required to do so. Nomura Securities International, Inc. or any other affiliate of ours may stop any such market-making activities at any time. Even if a secondary market for the notes develops, it may not provide significant liquidity or trade at prices advantageous to you. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your notes in any secondary market could be substantial.

Furthermore, if you sell your notes, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount.

If you sell your notes before the maturity date, you may have to do so at a substantial discount from the issue price and as a result you may suffer substantial losses.

The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors

In addition to the hedging and trading risks described above, and our and Nomura s creditworthiness, a number of other economic and market factors will influence the value of the notes. We expect that, generally, the behavior of the initial interest rate that applies to the initial interest period(s) on your notes, if any, and the applicable rates underliers on the interest determination dates will affect the value of the notes more than any other single factor. However, you should not expect the value of the notes in the secondary market to vary in proportion to changes in the initial interest rate, if applicable, or the applicable rates underliers. The following factors, which are beyond our control, may influence the market value of your notes:

- supply and demand for the notes, including inventory positions with Nomura Securities International, Inc. or any other market-maker;
- volatility of, or the perception of expected volatility of, the applicable rates underliers, and the correlation between those volatilities. If the size and frequency of fluctuations of these rates underliers or of interest rates in general increases, the market value of the notes may decrease;
- the spread;
- the time to maturity of the notes;
- interest and yield rates in the market generally and expectations about future interest and yield rates; and
- economic, financial, political, regulatory or judicial events that affect the debt markets generally.

These factors may influence the market value of your notes if you sell your notes before maturity. If you sell your notes prior to maturity, you may receive less than the principal amount of your notes.

Certain Considerations for Insurance Companies and Employee Benefit Plans

Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended, which we call ERISA, or the Internal Revenue Code of 1986, as amended, including an IRA or a Keogh plan (or a governmental plan to which similar prohibitions apply), and that is considering purchasing the notes with the assets of the insurance company or the assets of such a plan, should consult with its counsel regarding whether the purchase or holding of the notes could become a prohibited transaction under ERISA, the Internal Revenue Code or any substantially similar prohibition in light of the representations a purchaser or holder in any of the above categories is deemed to make by purchasing and holding the notes. This is discussed in more detail under *Employee Retirement Income Security Act* below.

Your Notes May Be Subject to the Special Rules Governing Contingent Payment Debt Instruments

The appropriate tax treatment of the notes will be set forth in the relevant pricing supplement. If the notes do not satisfy the relevant conditions to be treated as variable rate debt instruments, the notes will be treated as debt instruments subject to special rules governing contingent payment debt obligations for U.S. federal income tax purposes. Under such rules, if you are a U.S. individual or taxable entity, you generally will be required to pay taxes on ordinary income over the term of the notes based on the comparable yield for the notes, even though the comparable yield may exceed the rate at which interest, if any, is actually paid on the notes. This comparable yield is determined solely to calculate the amounts you will be taxed on prior to maturity and is neither a prediction nor a guarantee of what the actual yield will be. Any gain you may recognize upon the sale, redemption, repurchase or maturity of the notes will be ordinary income. If you are a secondary purchaser of the notes, the tax consequences to you may be different. You should consult your tax advisor about your own tax situation.

Non-U.S. Investors May Be Subject to Certain Additional Risks

Unless the applicable pricing supplement otherwise specifies, the notes will be denominated in U.S. dollars. If you are a non-U.S. investor who purchases U.S. dollar-denominated notes with a currency other than U.S. dollars, changes in rates of exchange may have an adverse effect on the value or price of, or income on, your investment.

This product prospectus supplement contains a general description of certain U.S. tax considerations relating to the notes. If you are a non-U.S. investor, you should consult your tax advisors as to the consequences, under the tax laws of the country where you are resident for tax purposes, of acquiring, holding and disposing of the notes and receiving payments of principal or other amounts under the notes.

Our or Our Affiliates Business Activities May Create Conflicts of Interest

As noted above, we and our affiliates expect to engage in trading activities related to the initial interest rate(s), if applicable, and the rates underliers that are not for the account of holders of the notes or on their behalf. These trading activities may present a conflict between the holders interest in the notes and the interests we and our affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities could be adverse to the interests of the holders of the notes.

There Are Potential Conflicts of Interest Between You and the Calculation Agent

The calculation agent will, among other things, determine the amount of your payment for any interest payment date on the notes. We have initially appointed our affiliate, Nomura Securities International, Inc., to act as the calculation agent. We may change the calculation agent after the original issue date without notice to you. For a fuller description of the calculation agent s role, see *General Terms of the Notes Role of Calculation Agent*. The calculation agent will exercise its judgment when performing its functions and may take into consideration our or our affiliates ability to unwind any related hedges. Since this determination by the calculation agent will affect payments on the notes, the calculation agent may have a conflict of interest if it needs to make any such determination.

GENERAL TERMS OF THE NOTES

The following description of the terms of the notes supplements the description of the general terms of the debt securities set forth under the heading Description of Debt Securities and Guarantee in the accompanying prospectus. A separate pricing supplement will describe terms that apply specifically to your notes, including any changes to the terms specified below. If the terms described in the relevant pricing supplement are inconsistent with those described herein or in the accompanying prospectus, the terms described in the relevant pricing supplement shall control.

Please note that in this section entitled General Terms of the Notes, references to holders mean those who own notes registered in their own names, on the books that we, Nomura or the trustee maintain for this purpose, and not those who own beneficial interests in notes registered in street name or in notes issued in book-entry form through The Depository Trust Company (DTC) or another depositary. Owners of beneficial interests in the notes should read the section entitled Description of Debt Securities and Guarantee Legal Ownership and Book-Entry Issuance in the accompanying prospectus.

General

The notes are fully and unconditionally guaranteed by Nomura and are therefore senior unsecured debt obligations of Nomura. We are not a bank, and the notes will not constitute deposits insured by the U.S. Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.

The notes will be issued only in global form through DTC (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under *Description of Debt Securities and Guarantee Legal Ownership and Book-Entry Issuance Global Security* in the accompanying prospectus). The denomination of each note will be $1,000 and integral multiples of $1,000 in excess thereof, unless we state otherwise in the applicable pricing supplement. Unless otherwise specified in the relevant pricing supplement, all payments of principal and interest will be made in U.S. dollars ($).

The notes will not be listed on any securities exchange or other electronic trading platform or system, unless otherwise specified in the applicable pricing supplement.

Defeasance

Neither full defeasance nor covenant defeasance will apply to your notes.

Stated Maturity Date

Subject to early redemption, if applicable, the maturity date will be the maturity date specified in the relevant pricing supplement, unless that date is not a business day, in which case the maturity date will be the next following business day, provided that the maturity date will never be later than the third business day after the relevant specified date or, if the relevant specified date is not a business day, later than the fourth business day after the relevant specified date. No interest will accrue past the maturity date specified in the relevant pricing supplement.

Payment at Maturity

At maturity, you will receive $1,000 cash for each $1,000 principal amount note, plus accrued and unpaid interest, if any, as described under *Interest Payments* below.

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Payment upon Early Redemption

If the applicable pricing supplement specifies that the notes are Redeemable, your notes may be redeemed by the issuer at a price equal to 100% of the principal amount plus accrued and unpaid interest to the redemption date on any optional redemption date specified in the applicable pricing supplement. If the applicable pricing supplement specifies that the notes are Not Redeemable, then your notes may not be redeemed before maturity by the issuer. See *Description of Debt Securities and Guarantee Redemption and Repayment* in the accompanying prospectus.

Interest Payments

Unless specified otherwise in the relevant pricing supplement, on any interest payment date, for each of your notes, you will be paid an amount in cash equal to the *per annum* interest rate (including an initial interest rate, if applicable) specified in the relevant pricing supplement for the relevant interest period, *times* the principal amount of the note, *times* a fraction computed on the basis of a 360-day year consisting of 12 30-day months (30/360 day count convention). See *Description of Debt Securities and Guarantee Common Day Count Conventions* in the accompanying prospectus.

Interest Rate

Unless specified otherwise in the relevant pricing supplement and subject to the Cap or Floor, if applicable, the notes will bear interest at a rate equal to:

(a) if the relevant pricing supplement specifies one or more initial interest rate(s), with respect to each initial interest period, the applicable initial interest rate, and with respect to each subsequent interest period, a rate *per annum* equal to the greater of (1) the *product* of (i) the leverage factor, *times* (ii) the spread *minus* the strike, and (2) 0.00%; or

(b) if the relevant pricing supplement does not specify one or more initial interest rate(s), with respect to each interest period, a rate *per annum* equal to the greater of (1) the *product* of (i) the leverage factor, *times* (ii) the spread *minus* the strike, and (2) 0.00%.

Notwithstanding the foregoing, in no event will the interest rate for any interest period be greater than the Cap or less than the Floor, if the relevant pricing supplements specifies that a Cap or a Floor or both apply to your notes.

Initial Interest Rate

With respect to the initial interest period, if any, specified in the relevant pricing supplement, the initial interest rate will be a fixed or floating rate *per annum* (or, if more than one initial interest period is specified, a fixed or floating rate *per annum* for each such initial interest period) as specified in the applicable pricing supplement, each of which may be a rate described under *Common Interest Rates* in the accompanying prospectus, a rate or financial measure described below under *General Terms of the Notes Common Rates Underliers* or a different rate or financial measure specified in the relevant pricing supplement. If an initial interest rate is specified in the relevant pricing supplement as a floating rate, the initial interest rate that applies for the relevant interest payment date will be determined on the corresponding initial interest period determination date.

Spread

Unless otherwise specified in the relevant pricing supplement, on each interest determination date the spread will equal the value or level of the high side rates underlier on such interest determination date *minus* the value or level of the low side rates underlier on such interest determination date.

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Rates Underliers

The high side rates underlier and the low side rates underlier will each be a fixed or floating rate or other financial measure specified in the relevant pricing supplement, each of which may be a rate described under *Common Interest Rates* in the accompanying prospectus or a different rate or financial measure specified in the relevant pricing supplement.

Strike

The strike is a number that will be specified in the relevant pricing supplement, and it may be greater than or equal to zero. If the relevant pricing supplement specifies a number greater than zero for the strike, your notes will bear interest for an interest period only if the high side rates underlier on the applicable determination date is greater than the low side rates underlier on the applicable determination date *plus* the strike.

Leverage Factor

The leverage factor is a number that will be specified in the relevant pricing supplement, and it may be greater than, less than or equal to one. If the leverage factor specified for your notes is *greater* than one, it will increase the interest rate that would otherwise be applicable to your notes. If the leverage factor specified for your notes is *less* than one, it will *reduce* the interest rate that would otherwise be applicable to your notes. If the leverage factor is one, it will have no effect in the interest rate. Notwithstanding the foregoing, if the high side rates underlier on an interest determination date is *less than* or *equal to* the low side rates underlier on such interest determination date *plus* the strike, the interest rate for the corresponding interest period will be 0% and will not be affected by the leverage factor.

Cap

If the applicable pricing supplement specifies that the notes are subject to a Cap, the interest rate used to calculate the interest payable on your notes, if any, on each interest payment date will be the lesser of the interest rate and the Cap specified in the applicable pricing supplement.

Floor

If the applicable pricing supplement specifies that the notes are subject to a Floor, the interest rate used to calculate the interest payable on your notes, if any, on each interest payment date will be the greater of the interest rate and the Floor specified in the applicable pricing supplement.

Interest Periods

Unless specified otherwise in the relevant pricing supplement, each interest period will be the period from and including each interest payment date (or, in the case of the initial interest period, the original issue date, as applicable) to but excluding the following interest payment date (or, in the case of the final interest period, the maturity date or optional redemption date of the notes, as applicable). The applicable pricing supplement will specify whether one or more initial interest period(s) applies to your notes. If one or more such initial interest periods applies to your notes, an initial interest rate will be specified in the applicable pricing supplement for each such initial interest period.

Interest Determination Dates

As specified in the relevant pricing supplement. If one or more initial interest periods are specified in the relevant pricing supplement, unless each initial interest rate is a fixed rate, the relevant pricing supplement will also specify the initial interest period determination dates, if applicable, for purposes of determining the initial interest rate for an initial interest period.

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Common Rates Underliers

The applicable pricing supplement will specify the rates underliers applicable to your notes, each of which may be a rate defined under *Common Interest Rates* in the accompanying prospectus or a different rate or financial measure specified in the relevant pricing supplement.

Role of Calculation Agent

The calculation agent will make all determinations regarding the interest rate, USD CMS rate, EUR CMS rate, GBP CMS rate, LIBOR rate, EURIBOR rate, CMT rate, federal funds rate, prime rate, treasury rate, commercial paper rate, other underlier rate, the spread, the interest payable on your notes, the amount of cash that we are required to pay to you at maturity, upon early redemption if applicable, whether a day is a business day and any other determination as applicable or specified in the relevant pricing supplement. Absent manifest error, all determinations of the calculation agent will be final and binding on you and us, without any liability on the part of the calculation agent.

Please note that Nomura Securities International, Inc. is currently serving as the calculation agent for the notes. We may change the calculation agent for your notes at any time without notice and Nomura Securities International, Inc. may resign as calculation agent at any time upon 60 days written notice to us.

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HYPOTHETICAL RETURNS ON YOUR NOTES

The relevant pricing supplement may include a table or chart showing hypothetical interest payment amounts for your notes, based on a range of hypothetical performances of the rates underliers and on various key assumptions (including whether the notes would be subject to early redemption) shown in the relevant pricing supplement.

Any table or chart showing hypothetical interest payments will be provided for purposes of illustration only. It should not be viewed as an indication or prediction of future investment results. Rather, it is intended merely to illustrate the impact that various hypothetical market levels of the rates underliers on the applicable determination date, as calculated in the manner described in the relevant pricing supplement and assuming all other variables remained constant. The hypothetical amounts listed in the relevant pricing supplement will be entirely hypothetical. They will be based on market levels for the rates underliers that may not be achieved on the relevant determination date, and on assumptions that may prove to be erroneous.

As calculated in the relevant pricing supplement, the hypothetical interest payments on your notes may bear little or no relationship to the actual market value of your notes, including any time you might wish to sell your notes. In addition, you should not view the hypothetical interest payments as an indication of the possible financial return on an investment in your notes, since the financial return will be affected by various factors, including taxes, that the hypothetical information does not take into account. Moreover, whatever the financial return on your notes might be, it may bear little relation to and may be much less than the financial return that you might achieve were you to invest in a security linked directly to either of the applicable rates underliers.

We describe various risk factors that may affect the market value of your notes, and the unpredictable nature of that market value, under *Additional Risk Factors Specific to Your Notes* above.

We cannot predict the market levels of the rates underliers or, therefore, the interest payments for your notes. Moreover, the assumptions we make in connection with any hypothetical information in the relevant pricing supplement may not reflect actual events. Consequently, that information may give little or no indication of the interest payments on your notes, nor should it be viewed as an indication of the financial return on your notes.

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USE OF PROCEEDS AND HEDGING

We will use the net proceeds we receive from the sale of the notes for the purposes we describe in the accompanying prospectus under *Use of Proceeds and Hedging*. We or our affiliates may also use those proceeds in transactions intended to hedge our obligations under the notes as described below.

In anticipation of the sale of each issuance of the notes, our affiliates expect to enter into hedging transactions involving purchases of securities or over-the-counter derivative instruments linked to the applicable initial interest rate, if applicable, and/or rates underliers to which the interest payable on the notes is linked prior to or on the pricing date. From time to time, we or our affiliates may enter into additional hedging transactions or unwind those we have entered into.

Our affiliates may acquire a long or short position in securities similar to the notes from time to time and may, in their sole discretion, hold or resell those similar securities. Our affiliates may close out our or their hedge on or before the maturity date.

The price at which you purchase the notes includes the costs and profits of the hedging activity discussed above, as well as a selling concession (including a broker s commission). As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your notes prior to maturity will likely be less than your original purchase price. See *Additional Risk Factors Specific To Your Notes The Inclusion in the Purchase Price of the Notes of a Selling Concession and of Our Cost of Hedging Our Market Risk Under the Notes is Likely to Adversely Affect the Value of the Notes Prior to the Maturity Date*.

The hedging activity discussed above may adversely affect the market value of the notes from time to time. See Additional Risk Factors Specific to Your Notes Our or Our Affiliates Trading Activities May Adversely Affect the Market Value of the Notes and Our or Our Affiliates Business Activities May Create Conflicts of Interest in this product prospectus supplement for a discussion of these adverse effects.

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HISTORICAL RATE INFORMATION

We may provide historical information on the initial interest rate(s), if any, and rates underliers applicable to your notes in the relevant pricing supplement. You should not take any such historical information as an indication of the future levels of such rates. The actual performance of the initial interest rate(s), if any, and rates underliers over the life of the notes, as well as the interest payable on your notes, if any, may bear little relation to the historical levels of such rates. We cannot predict the future performance of such rates, and we cannot give you any assurance that the spread *minus* the strike will not fall to or below zero, thus reducing your return on the notes.

Because the interest payable, if any, on your notes is linked to the spread *minus* the strike on the applicable interest determination date, and is to be determined under a formula that may cap the rate of return on your notes, and because your notes may be subject to early redemption, the rate of return on your notes may not correlate directly to changes in the spread. See *Additional Risk Factors Specific to Your Notes The Interest Rate Payable on the Notes Is Uncertain and Could Be 0.0%*, *The Interest Rate Payable on Each Interest Payment Date is Based on the Spread, and Thus the Value of the Rates Underliers, Only on the Relevant Interest Determination Date* and *If the Notes are Subject to a Cap, the Interest Rate on the Notes Will be Limited* above for more information about this risk.

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SUPPLEMENTAL DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES

This section supplements the discussion of U.S. federal income taxation in the accompanying prospectus. It applies to you only if you hold notes as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a tax-exempt organization;
- a life insurance company;
- a person that owns notes that are a hedge or that are hedged against interest rate or currency risks;
- a person that holds debt securities as part of a straddle or conversion transaction;
- a U.S. holder whose functional currency is not the U.S. dollar;
- a person subject to the alternative minimum tax; or
- a bank.

This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. This discussion deals only with notes that have a term that exceeds one year and that are due to mature no more than 30 years from their date of issue. The U.S. federal income tax treatment of any notes that have a term of one year or less will be discussed in the applicable pricing supplement.

If a partnership holds the notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the notes should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the notes.

You should consult your tax advisor concerning the U.S. federal income tax and other tax consequences of your investment in the notes in your particular circumstances, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

This discussion is only applicable to you if you are a U.S. holder. You are a U.S. holder if you are a beneficial owner of a note and you are: (i) a citizen or resident of the United States, (ii) a domestic corporation, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust if a U.S. court can exercise primary supervision over the trust s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

It is the opinion of Sullivan & Cromwell LLP, our U.S. federal income tax counsel, that the notes will either be treated as variable rate debt instruments under the rules described under *United States Taxation United States Holders Variable Rate Debt Securities* in the accompanying prospectus or will be treated as debt instruments subject to the special tax rules governing contingent payment debt obligations for U.S. federal income tax purposes. The tax treatment of your notes will depend upon the specific terms of your notes. The pricing supplement will describe which rules should apply to your particular note. Any particular offering of notes may also have features or terms that cause the U.S. federal income tax treatment of the notes to differ materially from the discussion below. If such features are applicable to any particular offering, the applicable pricing supplement will so state and discuss the U.S. federal income treatment of that offering. In all cases, you should consult with your own tax advisor concerning the consequences of investing in and holding any particular note you propose to purchase.

Variable Rate Debt Instruments

If your note is treated as a variable rate debt instrument, you will generally be taxed on any interest on the notes as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes. If your notes are sold, exchanged, redeemed, or purchased prior to maturity, you should generally recognize gain or loss, which should generally be capital gain or loss except to the extent that such gain or loss is attributable to accrued but unpaid interest. See *United States Taxation United States Holders Variable Rate Debt Securities* in the accompanying prospectus for more detail.

Contingent Payment Debt Instruments

The following section applies if your notes are subject to the special rules governing contingent payment debt instruments. Under such rules, the amount of interest you are required to take into account for each accrual period will be determined by constructing a projected payment schedule for the notes, and applying the rules similar to those for accruing original issue discount on a hypothetical noncontingent debt instrument with that projected payment schedule. This method is applied by first determining the yield at which we would issue a noncontingent fixed rate debt instrument with terms and conditions similar to the notes (the comparable yield) and then determining a payment schedule as of the original issue date that would produce the comparable yield. These rules could possibly have the effect of requiring you to include amounts in income in respect of the notes prior to your receipt of cash attributable to that income. We will provide the comparable yield and projected payment schedule for the notes in the applicable pricing supplement.

The amount of interest that you will be required to include in income in each accrual period for the notes will equal the product of the adjusted issue price for the notes at the beginning of the accrual period and the comparable yield for the notes for such period. The adjusted issue price of the notes will equal the original offering price for the notes plus any interest that has accrued on the notes (under the rules governing contingent payment debt obligations) less any noncontingent interest payments that have been made on the notes and the projected amount of any contingent payments previously made on the notes.

In addition to accruing interest income in accordance with the comparable yield provided by us, you will be required to make adjustments (as described below) if the actual amount you receive in any taxable year differs from the projected payment schedule.

If, during any taxable year, you receive actual payments with respect to your notes that, in the aggregate, exceed the total amount of projected payments for that taxable year, you will incur a net positive adjustment under the contingent debt regulations equal to the amount of such excess. You will treat a net positive adjustment as additional interest income in that taxable year.

If you receive in a taxable year actual payments with respect to the notes that, in the aggregate, a