



<b>B #:</b>	0020-14
<b>Date:</b>	January 13, 2014
<b>To:</b>	All Participants
<b>Category:</b>	Dividends
<b>From:</b>	International Services
<b>Attention:</b>	Operations, Reorg & Dividend Managers, Partners & Cashiers
<b>Subject:</b>	Tax Relief – Country: Japan GCB NOMURA HLDGS INC D01/19/11 04.125% CUSIP: 65535HAC3 Record Date: 01/12/14 Payable Date: 01/19/14 EDS Cut-Off: 01/15/2014 8:00 P.M. EST

Interim procedures to reflect changes in Japanese tax rules affecting international securities offerings by Japanese issuers on or after April 1, 2010.

Effective April 1, 2010, Japanese tax law requires a new tax certification procedure. The former International Primary Market Association, IPMA Operating Manual has been modified to comply with the new provisions as described in the attached TaxInfo<sup>SM</sup> and Capital Markets Services Association, ICMSA; Capital Markets Association for Asia, CMAA; and International Capital Market Association, ICMA; jointly ICMSA CMAA ICMA Operating Manual.

Under the new law, a bond holder that is a Specially Related Person (SRP) to the issuer is not entitled to withholding relief on the interest payment and is subject to 15.315% Japanese withholding tax. The proposed ICMSA CMAA ICMA Operating Manual to handle the new requirements has been submitted to the Japanese National Tax Authority (NTA). The Japanese NTA has not yet provided a formal ruling on the proposed new procedures. In the absence of formal guidance from the Japanese NTA, the issuer, Japan Finance Organization for Municipalities has adopted the proposed procedures for this interest payment. Participants are encouraged to read and understand the attached documents prior to certifying their positions. Participants' elections for this issue and interest payment need to adhere to the proposed new procedures. Participants should submit their elections via EDS/TaxRelief<sup>SM</sup> for the positions held on behalf of "Gross Recipients" as defined in the attached Japan TaxInfo. Questions regarding the new procedure should be directed to Customer Service at 1-888-382-2781.

**Important:** For Japanese bonds that are eligible for DTC's TaxRelief<sup>SM</sup> service, DTC collects tax elections based on record date position. On interest payment date, DTC credits the participant the interest payment less any applicable withholding tax, based on participant's record date position. DTC runs interim accounting from record date +1 through payable date -1 for Japanese bonds that settle with interest to the business day before the payable date. Delivery orders during the interim period are tracked at 100% (e.g. exempt rate of 0%) where gross interest is debited from the deliverer and credited to the receiver.

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**Important Legal Information:** *The Depository Trust Company (“DTC”) does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages.*

*To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.*

**JAPAN**

**(Date modified: December 13, 2012)**

INVESTMENT/INVESTOR INFORMATION

Country of Investment: Japan (JP)

Country of Investor: All

STATUTORY RATES AND FOOTNOTES

Interest: 15.315%

Footnotes:

Interest-bearing debt obligations issued on or after April 1, 2010 outside Japan from which interest is also paid outside Japan by Japanese corporations (“Securities”) on which interest is paid to Gross Recipients; 0%

CATEGORY OF INVESTOR

\*\*\*Gross Recipient\*\*\*

A Gross Recipient is a beneficial owner that is:

- (a) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a “specially-related person of the issuer” (as defined below);
- (b) a Japanese “Designated Financial Institution” (as defined below) holding Securities for its own proprietary account; or
- (c) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Securities is made through a payment handling agent in Japan as defined in Article 2-2 paragraph (2) of the Cabinet Order (as amended on December 17, 1997) relating to Article 6 of the Act on Special Measures Concerning Taxation of Japan.

Interest on Securities will be paid free of deductions for withholding tax to beneficial owners that establish their status as Gross Recipients

\*\*\*Designated Financial Institution (“DFI”)\*\*

A Designated Financial Institution (“DFI”) is a holder that establishes that it is:

- (a) resident in Japan for tax purposes; and
- (b) is a bank, a Shinkin Bank, the Federation of Shinkin Banks, The Shoko Chukin Bank, The Norinchukin Bank, a life insurance company, a non-life insurance company or a certain financial instruments business operator as provided in Article 2, paragraph (9) of the Financial Instruments and Exchange law of Japan.

\*\*\*”Specially-Related Person (SRP) of the issuer”\*\*\*

A “specially-related person of the issuer” is a beneficial owner that is, for Japanese tax purposes, an individual non-resident of Japan or a non-Japanese corporation that in either case is a person who has a special relationship with the issuer of the Securities as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation of Japan

## LEGAL CONDITIONS

The following certifications and liabilities apply to the use of the Elective Dividend System (“EDS/TaxRelief<sup>SM</sup>”) for Japan. The procedures and standards of diligence required of Participants are described more fully in the document entitled “Compliance Procedures For International Securities Offerings By Japanese Issuers — Securities Held Through DTC”, which is provided for your reference in TAXI/Taxinfo<sup>SM</sup> (see below).

Participants use the EDS/TaxRelief<sup>SM</sup> system to certify electronically that specified quantities of a non-U.S. CUSIP are entitled to favorable tax treatment (“Electronic Certification”). Favorable tax treatment may be a reduced rate of non-resident withholding taxes, or complete exemption from withholding taxes. For some countries, a tax credit related to the issuer’s payment of home country tax may be available. Favorable tax treatment may be pursuant to international treaty or source country law.

The Participant’s Electronic Certification exposes it to certain legal liabilities. Therefore, DTC does not require Participants to use EDS/TaxRelief<sup>SM</sup>. Instead, Participants, after consultation with tax advisors, may choose to by-pass DTC and deal with foreign tax authorities directly.

The Participant’s decision whether to use EDS/TaxRelief<sup>SM</sup> should proceed from the following considerations:

\*\*\*Participant’s Electronic Certifications\*\*\*

By Electronic Certification, the Participant represents and warrants the following:

1. The Participant has read all of the DTC procedures on the Tax Information System TAXI/Taxinfo<sup>SM</sup> dealing with the “foreign securities option” of EDS/TaxRelief<sup>SM</sup> for Japan;
2. The Participant understands the “Category of Investor” section for Japan;
3. To the best of the Participant’s knowledge and belief, based on information provided by clients for whom the Participant holds Securities, the Electronic Certification corresponds to interest and underlying Securities beneficially owned on the record date by owners qualified under the “Category of Investor” for Japan;
4. The Participant authorizes DTC to make any book entries necessary in connection with the Electronic Certification;
5. The Electronic Certification revokes and replaces any previous certifications made by the DTC Participant to DTC with which the Electronic Certification conflicts

**\*\*\*Participant’s Legal Liabilities\*\*\***

1. The Participant indemnifies DTC and holds it harmless under DTC’s Rule 6, which applies (among other things) to any loss, liability or expense sustained by DTC as a result of any act done in reliance upon the Participant’s Electronic Certification or as a result of the inaccuracy of the information contained in the Electronic Certification. The Participant’s liability under this indemnity includes, but is not limited to, reimbursement to DTC for any payments made to the Japanese tax authorities, issuer, paying agent, American Depositary Receipt (“ADR”) depository, or any other person or entity for underwithheld tax, or for the erroneous payment of a treaty benefit at source, for foreign exchange fees, for interest on underwithheld funds, and for administrative costs
2. At the written request of the Japanese tax authorities explaining the reasons why a return of tax relief obtained at source via EDS is required (the “Tax Authority Request”), DTC is hereby authorized to debit the Participant’s account subsequently for the amount of tax relief received at source specified in the Tax Authority Request (the “Debit”); provided that at least 15 days before the Debit is made, DTC has given written notice to the Participant of the plan to Debit its account, along with a copy of the Tax Authority Request. If, however, within 15 days after such written notice by DTC to the Participant, the Participant in writing (i) certifies to DTC that it believes it has meritorious grounds for defending against the claim, (ii) indemnifies DTC under Rule 6 as provided in paragraph 1 of “Participant’s Legal Liabilities,” and (iii) agrees to defend DTC against any claim of the tax authority relating to the Debit, then DTC shall not effect the Debit until the earlier of the receipt by DTC of: (a) an order from a U.S. court of competent jurisdiction ordering DTC to effect the Tax Authority Request, and then only in accordance with the terms of such order; or (b) an instruction from the Participant authorizing the Debit

**RELATED WEB SITES**

**Tax Treaty Related Sites**

**Japan – U.S. Tax Treaty**

*<http://www.irs.gov/index.html>*

**Country Specific Sites**

Ministry of Finance – Japanese Tax System  
*<http://www.mof.go.jp/english/zei/report/zc001a.htm>*

Ministry of Finance  
*<http://www.mof.go.jp/english/index.htm>*

























































**APPENDIX 2: TAX CERTIFICATIONS**

[*Note:* The forms of Tax Certifications set out below are not intended to apply to Taxable Linked Bonds.]

A. DTC TaxInfo<sup>sm</sup>

[Version 2.0

JAPAN  
(Date Modified: OCTOBER 15, 2010)

INVESTMENT/INVESTOR  
INFORMATION

Country of Investment: Japan (JP)

Country of Investor: All

STATUTORY RATES AND  
FOOTNOTES

Interest [1]:..... 15.315%

Footnotes:

1. Interest-bearing debt obligations issued on or after April 1, 2010 outside Japan from which interest is also paid outside Japan by Japanese corporations (“Securities”) on which interest is paid to Gross Recipients; 0%

CATEGORY OF INVESTOR

\*\*\*Gross Recipient\*\*\*

- (d) A Gross Recipient is a beneficial owner that is:
- (e) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a “specially-related person of the issuer” (as defined below);
- (f) a Japanese “Designated Financial Institution” (as defined below) holding Securities for its own proprietary account; or
- (g) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Securities is made through a payment handling agent in Japan as defined in Article 2-2 paragraph (2) of the Cabinet Order (as amended on December 17, 1997) relating to Article 6 of the Act on Special Measures Concerning Taxation of Japan.

Interest on Securities will be paid free of deductions for withholding tax to beneficial owners that establish their status as Gross Recipients.

CATEGORY OF INVESTOR

\*\*\*Designated Financial Institution (“DFI”)\*\*

A Designated Financial Institution (“DFI”) is a holder that establishes that it is:



- (a) resident in Japan for tax purposes; and
- (b) is a bank, a Shinkin Bank, the Federation of Shinkin Banks, The Shoko Chukin Bank, The Norinchukin Bank, a life insurance company, a non-life insurance company or a certain financial instruments business operator as provided in Article 2, paragraph (9) of the Financial Instruments and Exchange law of Japan.

CATEGORY OF INVESTOR

\*\*\*"Specially-Related Person (SRP) of the issuer"\*\*\*

A "specially-related person of the issuer" is a beneficial owner that is, for Japanese tax purposes, an individual non-resident of Japan or a non-Japanese corporation that in either case is a person who has a special relationship with the issuer of the Securities as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation of Japan.

LEGAL CONDITIONS

The following certifications and liabilities apply to the use of the Elective Dividend System ("EDS/TaxRelief<sup>SM</sup>") for Japan. The procedures and standards of diligence required of Participants are described more fully in the document entitled "Compliance Procedures For International Securities Offerings By Japanese Issuers — Securities Held Through DTC", which is provided for your reference in TAXI/Taxinfo<sup>SM</sup> (see below).

Participants use the EDS/TaxRelief<sup>SM</sup> system to certify electronically that specified quantities of a non-U.S. CUSIP are entitled to favorable tax treatment ("Electronic Certification"). Favorable tax treatment may be a reduced rate of non-resident withholding taxes, or complete exemption from withholding taxes. For some countries, a tax credit related to the issuer's payment of home country tax may be available. Favorable tax treatment may be pursuant to international treaty or source country law.

The Participant's Electronic Certification exposes it to certain legal liabilities. Therefore, DTC does not require Participants to use EDS/TaxRelief<sup>SM</sup>. Instead, Participants, after consultation with tax advisors, may choose to by-pass DTC and deal with foreign tax authorities directly.

The Participant's decision whether to use EDS/TaxRelief<sup>SM</sup> should proceed from the following considerations:

\*\*\*Participant's Electronic Certifications\*\*\*

By Electronic Certification, the Participant represents and warrants the following:

- 6. The Participant has read all of the DTC procedures on the Tax Information System TAXI/Taxinfo<sup>SM</sup> dealing with the "foreign securities option" of EDS/TaxRelief<sup>SM</sup> for Japan;
- 7. The Participant understands the "Category of Investor" section for Japan;
- 8. To the best of the Participant's knowledge and belief, based on information provided by clients for whom the Participant holds Securities, the Electronic Certification corresponds to interest and underlying Securities beneficially owned on the record date by owners qualified under the

“Category of Investor” for Japan;

9. The Participant authorizes DTC to make any book entries necessary in connection with the Electronic Certification;
10. The Electronic Certification revokes and replaces any previous certifications made by the DTC Participant to DTC with which the Electronic Certification conflicts;

\*\*\*Participant’s Legal Liabilities\*\*\*

By Electronic Certification, the Participant takes on the following legal liabilities:

1. The Participant indemnifies DTC and holds it harmless under DTC’s Rule 6, which applies (among other things) to any loss, liability or expense sustained by DTC as a result of any act done in reliance upon the Participant’s Electronic Certification or as a result of the inaccuracy of the information contained in the Electronic Certification. The Participant’s liability under this indemnity includes, but is not limited to, reimbursement to DTC for any payments made to the Japanese tax authorities, issuer, paying agent, American Depositary Receipt (“ADR”) depository, or any other person or entity for underwithheld tax, or for the erroneous payment of a treaty benefit at source, for foreign exchange fees, for interest on underwithheld funds, and for administrative costs.
2. At the written request of the Japanese tax authorities explaining the reasons why a return of tax relief obtained at source via EDS is required (the “Tax Authority Request”), DTC is hereby authorized to debit the Participant’s account subsequently for the amount of tax relief received at source specified in the Tax Authority Request (the “Debit”); provided that at least 15 days before the Debit is made, DTC has given written notice to the Participant of the plan to Debit its account, along with a copy of the Tax Authority Request. If, however, within 15 days after such written notice by DTC to the Participant, the Participant in writing (i) certifies to DTC that it believes it has meritorious grounds for defending against the claim, (ii) indemnifies DTC under Rule 6 as provided in paragraph 1 of “Participant’s Legal Liabilities,” and (iii) agrees to defend DTC against any claim of the tax authority relating to the Debit, then DTC shall not effect the Debit until the earlier of the receipt by DTC of: (a) an order from a U.S. court of competent jurisdiction ordering DTC to effect the Tax Authority Request, and then only in accordance with the terms of such order; or (b) an instruction from the Participant authorizing the Debit.

\*\*\* “Compliance Procedures For International Securities Offerings By Japanese Issuers – Securities Held Through DTC”\*\*\*

[Text of Manual]

#### RELATED WEB SITES

#### Tax Treaty Related Sites

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Japan – U.S. Tax Treaty  
<http://www.irs.gov/index.html>

## Country Specific Sites

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Ministry of Finance – Japanese Tax System

*<http://www.mof.go.jp/english/zei/report/zc001a.htm>*

Ministry of Finance

*<http://www.mof.go.jp/english/index.htm>*

**B. Participant's Certificate**

NO DATA ENTERED

FEEM THE DEPOSITORY TRUST COMPANY  
D0000045-45 EDS ELECTION INSTRUCTIONS  
FOREIGN TAX WITHHOLDINGS

DATE: mm/dd/yyyy  
TIME: 15:34:15

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PARTICIPANT: #### / [name] RECORD DATE POSITION: ####  
DEFAULT ELECTION QUANTITY: 0  
CUSIP: ##### [issue name] COUNTRY: JAPAN  
CORPORATE BOND INTEREST-13 RECORD DATE: mm/dd/yyyy PAYABLE DATE: mm/dd/yyyy

INSTRUCTION CUTOFF DATE (S) ==> mm/dd/yyyy  
CASH (USD)

RATE% RATE DESCRIPTION	ELECTION QTY
-----	-----
15.315 UNFAVORABLE TAX RATE	0
-----	-----
0.00 EXEMPT FROM W/H TAX	#####
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NO MORE.  
ENTER:PROCESS PF3/15:COMPLETE PF6/18:PREVIOUS PF7/19:EDS MENU  
PF8/20:END PF9/21:SIGNOFF PF10/22:BACKWARD PF11/23:FORWARD







**D. Interest Recipient Confirmation**

To: Director of [ ] District Tax Office  
Re: Interest due: DD/MM/YYYY  
Security Code: (Cusip Number or ISIN)  
Security Description: [ ] (the “Securities”)

Dear Sir,

Pursuant to Article 6 of the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) and Article 3-2-2 of the related Cabinet Order (Cabinet Order No. 43 of 1957, as amended), we confirm that we have received proofs of exemption from Japanese withholding tax in respect of [ ] aggregate principal amount of Securities referred to below, and have made payments of interest as at DD/MM/YYYY as follows:

Aggregate principal amount of gross paying Securities: \_\_\_\_\_

Total amount of interest paid on gross paying Securities: \_\_\_\_\_

Aggregate principal amount of net paying Securities: \_\_\_\_\_

Total amount of interest paid on net paying Securities: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Corporate name and address: \_\_\_\_\_



**E. Notice of Specially-related Person of the Issuer Status (for DTC)**

To: [participant or financial intermediary]

From: [beneficial owner which is an individual non-resident of Japan or a non-Japanese corporation]

Date: [        ]

Re: Notice of Specially-related Person of the Issuer Status

Dear Sirs,

Pursuant to Article 3-2-2, paragraph (19) of the Cabinet Order relating to the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the “Act”), we hereby notify you that, as of [mm/dd/yyyy] (the “Event Date”), we became a person having a special relationship with the issuer of the following Japanese Securities that you hold on our behalf, as described in Article 6, paragraph (4) of the Act (a “specially-related person of the issuer”):

CUSIP No.: \_\_\_\_\_  
Issue Name: \_\_\_\_\_  
Issuer: \_\_\_\_\_  
Units/Quantity: \_\_\_\_\_

We understand that the beginning of the fiscal year of the issuer of the Japanese Securities described above that immediately follows the Event Date is [mm/dd/yyyy] (the “Determination Date”), and that whether we will be subject to Japanese withholding tax on interest paid on those Japanese Securities is determined as of the Determination Date. Accordingly, unless you hear from us otherwise, please assume that we are a specially-related person of the issuer as of the Determination Date, and, when the relevant participant provides the required electronic certification (or the Participant’s Certificate) to the DTC in respect of our holding of the above Japanese Securities, please apply the “15.315% UNFAVORABLE TAX RATE,” rather than the “0% EXEMPT FROM W/H TAX,” to our holding, from and including the interest payment date on the Japanese Securities immediately following the Determination Date, which is [mm/dd/yyyy].

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Corporate name and address: \_\_\_\_\_