

September 28, 2022

Sumitomo Mitsui Financial Group, Inc.
SMBC Nikko Securities Inc

Recommendation of Administrative Disposition
by Securities Exchange Surveillance Commission

On March 4 and April 24 of this year, several of former executive officers and employees of SMBC Nikko Securities Inc. (President and CEO: Yuichiro Kondo, hereinafter SMBC Nikko) were arrested by the Tokyo District Public Prosecutors Office on suspicion of violating Article 159, Paragraph 3 of the Financial Instruments and Exchange Act (illegal stabilization transactions), and on March 24 and April 13 of the same year were prosecuted and SMBC Nikko as a corporation was also prosecuted under the joint punishment provision. We sincerely apologize for the inconvenience and anxiety caused to our customers and other related parties.

Today, the Securities Exchange Surveillance Commission announced that based on the results of its investigation into SMBC Nikko, it recommended to the Prime Minister and the Commissioner of the Financial Services Agency that administrative disposition be taken against it.

We sincerely apologize once again for any inconvenience or concern this situation may have caused our customers and other stakeholders.

Sumitomo Mitsui Financial Group, Inc. (Director President and Group CEO: Jun Ohta) and SMBC Nikko take the recommendation very seriously and will continue to make improvements and prevent recurrence on a company-wide basis to restore the trust of customers and other parties concerned.

Facts relevant to recommendation

- (1) An act of illegally making purchases, etc. with the aim of stabilizing the price of listed shares
- (2) Inadequate trade screening systems
- (3) Inadequate management systems for block offer operations
- (4) Inappropriate management of operations conducted in collaboration with SMBC

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