

December 10, 2007
Nikko Cordial Securities Inc.
Nikko Global Wrap Ltd.

Transfer of discretionary management business operations concerning Nikko SMA
Premier-Port and Nikko Fund Wrap (discretionary)

This is to announce that at respective board meetings on December 10, 2007, Board of Directors of Nikko Cordial Securities Inc. and Nikko Global Wrap Ltd. passed resolution on the signing of absorption type demerger agreement for the transfer of investment management functions (“the business”) concerning Nikko SMA Premier-Port and Nikko Fund Wrap (discretionary) from Nikko Global Wrap to Nikko Cordial Securities for the purpose of restructuring the business structure to reinforce consistency and efficiency. The outline of the agreement is as follows.

Please be advised that the absorption type demerger will not require the customers of Nikko SMA Premier-Port and Nikko Fund Wrap to take specific procedures. Upon the effective date of the absorption type demerger agreement, the concerned discretionary investment management agreements between Nikko Global Wrap and its clients will be succeeded by Nikko Cordial Securities.

1. Purpose of the absorption type demerger

Among the products provided by Investment Management team of Nikko Global Wrap, “external wrap scheme (the scheme where wrap account provider and investment management company are different)” was introduced for Nikko SMA Premier-Port in April 2004, and for Nikko Fund Wrap in November 2006. After the regulatory changes etc., environment of wrap services is different now and wrap service providers have more options such as “in-house wrap scheme(The roles of wrap account provider and investment management company are played by one securities company)”. At Nikko Cordial Securities, preparations for the absorption type demerger are underway such as application for the registration as investment management operator.

Through the restructuring the business by the planned absorption type demerger, we are scheduled to implement the migration from “external wrap “to “in-house wrap”. As a consequence, Nikko Cordial Securities, more familiar name for customers, will be able to provide not only wrap accounts but also investment management services, which is expected to enable us to provide more consistent and efficient service for our customers.

2. Schedule of the absorption type demerger

December 10, 2007	Board approval for the absorption type demerger agreement
December 10, 2007	Signing of the absorption type demerger agreement
April 1, 2008 (planned)	Effective date of the absorption type demerger agreement

3. Method of the absorption type demerger

Partial business transfer from Nikko Global Wrap to Nikko Cordial Securities.

4. The authorities and liabilities to be succeeded by Nikko Cordial Securities

Upon the effective date of the absorption type demerger agreement, Nikko Cordial Securities is scheduled to succeed all authorities and liabilities including assets, obligations and agreements concerning Nikko SMA Premier-Port and Nikko Fund Wrap (discretionary) from the investment management business of Nikko Global Wrap.

5. Financial capability to fulfill the obligations

As both Nikko Cordial Securities and Nikko Global Wrap are considered to maintain financial capability of fulfilling the obligations that are scheduled to become due on or after the effective date of the agreement, we have no concern about the fulfillment of the obligations by Nikko Cordial Securities and Nikko Global Wrap.

【Company outline】

The succeeding company	Company Name Nikko Cordial Securities Inc. Director of Kanto Local Finance Bureau (Financial instruments firms) No.129 Associations in which a Member : Japan Securities Dealers Association, The Investment Trusts Association, Japan Securities Investment Advisers Association, The Financial Futures Association of Japan
The divesting company	Company Name Nikko Global Wrap Ltd. Director of Kanto Local Finance Bureau (Financial instruments firms) No.449 Associations in which a Member : Japan Securities Investment Advisers Association,

End