

Nomura Global Financial Products Inc.

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Mr. Thomas Smith  
Deputy Director, Capital, Margin & Segregation  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

24 September 2021

cc: Alessandra Riccardi, National Futures Association

Dear Mr. Smith:

Nomura Global Financial Products Inc. (“NGFP” or “Firm”) hereby requests a time limited No Action Relief from regulation 23.102(f)(1) whereby NGFP calculates its credit risk charges using internal models that have not been approved for use by the Commission, the National Futures Association (“NFA”), the Securities and Exchange Commission (“SEC”), a prudential regulator, or a foreign regulatory authority in lieu of the standardized credit risk charges required under regulation 23.103(b). NGFP requests this relief for a time-limited basis not to exceed November 1, 2021.

In addition, NGFP requests to amend its election pursuant to CFTC Rule 23.102(f) for the use of internal model(s) approved by another qualified regulator, Japanese Financial Services Agency (JFSA), to calculate market risk exposures as authorized in CFTC Rule 23.102(f)(1).

### **Background**

NGFP is provisionally registered with the CFTC as a Swap Dealer (“SD”), the SEC as an Over-the-Counter Derivatives Dealer (“OTCDD”) and intends to register with the SEC as a non-bank Security-Based Swap Dealer (“SBSD”) on November 1, 2021. NGFP is also a subsidiary of Nomura Holdings Americas (NHA) which is a subsidiary of Nomura Holdings Inc (NHI) registered with the JFSA.

Ahead of the SBSB registration, NGFP has been working with the SEC since 2017 to obtain model approval from the SEC for its credit risk Maximum Potential Exposure (MPE) model. NGFP has VAR model approval for Market Risk capital under SEC rule 240.15c3-1f. In addition, NHI has VAR, Stressed VAR and Incremental Risk Charge models approved under the JFSA’s capital adequacy requirements consistent with the capital requirements issued by the Basel Committee on Banking Supervision.

NGFP intends to file their application for model approval with the NFA on or before October 6, 2021. NGFP will file the Chief Risk Officer certification that both model requirements NGFP is following are substantially compliant with the CFTC regulations. NGFP will provide prompt notification to the Division of the SEC’s approval or denial of its credit risk model application. NGFP will file its 4S attestation stating that they have policies and procedures reasonably designed to support our compliance with the CFTC capital regulations. Lastly, NGFP will maintain compliance with the minimum capital requirements under regulation 23.101(a)(1)(ii) on October 6, 2021.

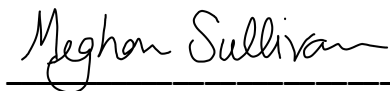
**Request**

Given that a complete application for NGFPs MPE model is pending at the SEC, NGFP request relief from regulations 23.102(f)(1) and 23.103 for NGFP to use its credit risk model that is currently pending approval with the SEC to compute its regulatory capital under CFTC regulation 23.101(a)(1)(ii) in lieu of the standardized charges required under regulation 23.103. NGFP requests this relief on a time-limited basis not to exceed November 1, 2021.

In addition, NGFP requests to amend its election pursuant to CFTC Rule 23.102(f)(1) to calculate regulatory market risk capital charges 23.101(a)(1)(ii) using Market Risk models pending approval by the JFSA.

Please let us know if you have any questions or require additional information.

**Sincerely,**



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Meghan Sullivan

Executive Director

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CC: Bruce Jin

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Americas Chief Risk Officer

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