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NOMURA

Nomura Index Modification – GBP-Libor Interest Rate Swaps – Stakeholder Consultation

24th March 2021

Nomura International plc ("NIP") as administrator of the Nomura Indices hereby announces a period of consultation commencing on **26th March 2021** and ending on **30th April 2021** for the proposed Index Modification as detailed in this document. Please see below a list of Nomura Indices directly affected by this Index Modification (Directly Affected Indices) and further a list of Indices that reference the Directly Affected Indices (Indirectly Affected Indices).

The Index Administrator intends to modify the Directly Affected Indices by replacing the index components that reference GBP Libor-linked Interest Rate Swaps with SONIA-linked Overnight Index Swaps.

The Financial Conduct Authority (the "**FCA**") announced on 5 March 2021, the future cessation or loss of representativeness of all 35 LIBOR benchmark settings currently published by IBA (the "**FCA Announcement**"). The FCA Announcement follows the notification by ICE Benchmark Administration (the "**IBA**") to the FCA that it intends to cease providing all LIBOR settings for all currencies, subject to any rights of the FCA to compel IBA to continue publication. The FCA confirmed that all GBP LIBOR settings will either cease to be provided or no longer be representative after 31 December 2021.

Further, the Working Group on Sterling Risk Free Reference Rates (RFR Working Group) published a statement recommending, amongst other things, by end-Q1 to cease initiation of new GBP Libor-linked linear derivatives that expire after the end of 2021 and by end-Q2 to cease initiation of new GBP Libor-linked non-linear derivatives that expire after the end of 2021, except for risk management of existing positions.

The Index Administrator intends for the Directly Affected Indices to stop taking new positions in index components that reference GBP Libor-linked Interest Rate Swaps from some future date, to be determined after this consultation, and instead to start taking positions in index components that reference SONIA-linked Overnight Index Swaps.

As a result of the Index Modification there will be no impact on historical Index levels. The Index Administrator has also performed historical backtesting of the modification which suggests that future performance of the affected Indices is not expected to be materially affected. More details on the associated risks can be found in the Index Summary of the affected Indices.

Stakeholders are able to provide feedback on the proposed Index Modification throughout the consultation period. Feedback can either be sent to your Sales representative at Nomura or directly to the Index Administrator at indexstructuring@nomura.com.

The Index Administrator will collect feedback on the Index Modification throughout the consultation period and may alter the Index Modification where it deems necessary. The Index Administrator will then notify stakeholders of the outcome of the stakeholder consultation and communicate a timeline for the implementation of the Index Modification.

For further details please contact indexstructuring@nomura.com

Directly Affected Indices

Bloomberg Ticker	Index name
NMRSCA0U Index	Nomura Interest Rate Swaps Absolute Carry Index - 10% target vol in USD
NMRSCAIU Index	Nomura Interest Rate Swaps Absolute Carry Index - 1x in USD
NMRSCA3U Index	Nomura Interest Rate Swaps Absolute Carry Index - 3% target vol in USD
NMRSCAVU Index	Nomura Interest Rate Swaps Absolute Carry Index - 5x in USD
NMRSCA9U Index	Nomura Interest Rate Swaps Absolute Carry Index - 9% target vol in USD
NMRSCM3U Index	Nomura Interest Rate Swaps Cross Sectional Momentum Index - 3% target vol in USD
NMRSMG0P Index	Nomura Interest Rate Swaps GBP Momentum+ Index - 10% target vol in GBP
NMRSMG3P Index	Nomura Interest Rate Swaps GBP Momentum+ Index - 3% target vol in GBP
NMRSMGVP Index	Nomura Interest Rate Swaps GBP Momentum+ Index - Duration 5 in GBP
NMRSMB0U Index	Nomura Interest Rate Swaps Momentum B Index - 10% target vol in USD
NMRSMB3U Index	Nomura Interest Rate Swaps Momentum B Index - 3% target vol in USD
NMRSMB9U Index	Nomura Interest Rate Swaps Momentum B Index - 9% target vol in USD
NMRSMBIU Index	Nomura Interest Rate Swaps Momentum B Index - Duration 1 in USD
NMRSMBVU Index	Nomura Interest Rate Swaps Momentum B Index - Duration 5 in USD
NMRSMO0U Index	Nomura Interest Rate Swaps Momentum Index - 10% target vol in USD
NMRSMO3U Index	Nomura Interest Rate Swaps Momentum Index - 3% target vol in USD
NMRSMOIU Index	Nomura Interest Rate Swaps Momentum Index - Duration 1 in USD
NMRSMOVU Index	Nomura Interest Rate Swaps Momentum Index - Duration 5 in USD
NMRSMO3Y Index	Nomura Interest Rate Swaps Momentum Index with 3% target volatility in JPY
NMRSMP3U Index	Nomura Interest Rate Swaps Momentum+ Index - 3% target vol in USD
NMRSMP9U Index	Nomura Interest Rate Swaps Momentum+ Index - 9% target vol in USD
NMRSMPVU Index	Nomura Interest Rate Swaps Momentum+ Index - Duration 5 in USD
NMRSCO3U Index	Nomura Interest Rate Swaps Outright Carry Index - 3% target vol in USD
NMRSCOIU Index	Nomura Interest Rate Swaps Outright Carry Index - Duration 1 in USD
NMRSCOVU Index	Nomura Interest Rate Swaps Outright Carry Index - Duration 5 in USD
NMRSVW3U Index	Nomura Interest Rate Swaps Value Daily G3 Index - 3% target vol in USD
NMRSVW9U Index	Nomura Interest Rate Swaps Value Daily G3 Index - 9% target vol in USD
NMRSVD0U Index	Nomura Interest Rate Swaps Value Daily Index - 10% target vol in USD
NMRSVDIU Index	Nomura Interest Rate Swaps Value Daily Index - 1x in USD
NMRSVD3Y Index	Nomura Interest Rate Swaps Value Daily Index - 3% target vol in JPY
NMRSVD3U Index	Nomura Interest Rate Swaps Value Daily Index - 3% target vol in USD
NMRSVDVU Index	Nomura Interest Rate Swaps Value Daily Index - 5x in USD
NMRSVD9U Index	Nomura Interest Rate Swaps Value Daily Index - 9% target vol in USD
NMRSVA0U Index	Nomura Interest Rate Swaps Value Index - 10% target vol in USD
NMRSVA3U Index	Nomura Interest Rate Swaps Value Index - 3% target vol in USD
NMRSVA9E Index	Nomura Interest Rate Swaps Value Index - 9% target vol in EUR
NMRSVA9U Index	Nomura Interest Rate Swaps Value Index - 9% target vol in USD
NMRSVAIU Index	Nomura Interest Rate Swaps Value Index - Duration 1 in USD
NMRSVAVU Index	Nomura Interest Rate Swaps Value Index - Duration 5 in USD
NMRMT11V Index	Nomura Interest Rate Swaps G11 Trend Index - Duration 5 in USD
NMRMT1EV Index	Nomura Interest Rate Swaps G11 Equal Weight Trend Index - Duration 5 in USD
NMRMT7V Index	Nomura Interest Rate Swaps G7 Trend Index - Duration 5 in USD
NMRMTPV Index	Nomura Interest Rate Swaps GBP Trend Index - Duration 5 in USD
NMRMTP1V Index	Nomura Interest Rate Swaps 1Y GBP Trend Index - Duration 5 in USD
NMRMTP2V Index	Nomura Interest Rate Swaps 2Y GBP Trend Index - Duration 5 in USD
NMRMTP5V Index	Nomura Interest Rate Swaps 5Y GBP Trend Index - Duration 5 in USD
NMRMTPXV Index	Nomura Interest Rate Swaps 10Y GBP Trend Index - Duration 5 in USD
NMRMV11V Index	Nomura Interest Rate Swaps G11 Value Index - Duration 5 in USD
NMRMC11V Index	Nomura Interest Rate Swaps G11 Absolute Carry Index - Duration 5 in USD
NMRMCL1V Index	Nomura Interest Rate Swaps G11 Absolute Carry Long Only Index - Duration 5 in US
NMRMM11V Index	Nomura Interest Rate Swaps G11 Cross Sectional Momentum Index-Duration 5 in USD
NMRSMP8Y Index	Nomura Interest Rate Swaps Momentum+ Index - 8% target vol in JPY

Indirectly Affected Indices

Bloomberg Ticker	Index name
NMX2XBXB Index	Nomura Bespoke Transaction Multi Asset Risk Premia Basket B in USD
NMX2XBXC Index	Nomura Bespoke Transaction Multi Asset Risk Premia Basket C in USD
NMX2XBXA Index	Nomura Bespoke Transaction Multi Asset Risk Premia Basket A in JPY
NMX2XBXF Index	Nomura Bespoke Transaction Multi Asset Risk Premia Basket F in JPY
NMX2XMCA Index	Nomura Bespoke Risk Premia Strategy Series 1 Index
NMXCMO8U Index	Nomura Cross Asset Momentum Index - 8% target vol in USD
NMXCMO1U Index	Nomura Cross Asset Momentum Index in USD
NMSOMO1U Index	Nomura Cross Asset Momentum Index in USD
NMXCMODU Index	Nomura Cross Asset Momentum Daily Index
NMSOMODU Index	Nomura Cross Asset Momentum Daily Index in USD
NMXCFI1U Index	Nomura Fixed Income Risk Premia Index in USD
NMXCCA1U Index	Nomura Multi Asset Carry Index in USD
NMX2CWCU Index	Nomura Multi Asset Carry without Credit Index in USD
NMSOCWCU Index	Nomura Multi Asset Carry without Credit Index in USD
NMXCTB1U Index	Nomura Multi Asset Trend B Index in USD
NMXCVA1U Index	Nomura Multi Asset Value Index in USD
NMSOVA1U Index	Nomura Multi Asset Value Index in USD
NMX2XBIE Index	Nomura Bespoke Transaction Interest Rate Risk Premia Basket E in JPY
NMXCIR1U Index	Nomura Interest Rates Risk Premia Index in USD
NMRSMV3E Index	Nomura Interest Rate Swaps Momentum & Value Index - 3% target vol EUR
NMRSMV3U Index	Nomura Interest Rate Swaps Momentum & Value Index - 3% target vol USD
NMRSMV9E Index	Nomura Interest Rate Swaps Momentum & Value Index - 9% target vol EUR
NMRSMV9U Index	Nomura Interest Rate Swaps Momentum & Value Index - 9% target vol USD
NMRMT110 Index	Nomura Interest Rate Swaps G11 Trend Index - 10% Target Vol in USD
NMRMV113 Index	Nomura Interest Rate Swaps G11 Value Index - 3% Target Vol in USD
NMRMV110 Index	Nomura Interest Rate Swaps G11 Value Index - 10% Target Vol in USD
NMRMC113 Index	Nomura Interest Rate Swaps G11 Absolute Carry Index - 3% Target Vol in USD
NMRMC110 Index	Nomura Interest Rate Swaps G11 Absolute Carry Index - 10% Target Vol in USD
NMRMM113 Index	Nomura Interest Rate Swaps G11 Cross Sectional Momentum Index - 3% Target Vol USD

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• Call or put vertical spread purchasing (same expiration month for both options): The basic risk of effecting a long spread transaction is limited to the premium paid when the position is established.

• Call or put vertical spread writing (same expiration month for both options): The basic risk of effecting a short spread transaction is limited to the difference between the strike prices less the amount received in premiums.

• Call or put calendar spread purchasing (different expiration months & short must expire prior to the long): The basic risk of effecting a long calendar spread transaction is limited to the premium paid when the position is established.

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