

Nomura Index Modification – JPY and CHF Libor Interest Rate Swaps – Stakeholder Consultation

9th July 2021

Nomura International plc (“NIP”) as administrator of the Nomura Indices hereby announces a period of consultation commencing on **14th July 2021** and ending on **11th August 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 JPY and CHF Libor linked Interest Rate Swaps with TONAR and SARON linked Overnight Index Swaps respectively.

The Financial Conduct Authority (the “FCA”) [announced](#) on 5th 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 31st December 2021.

Further, the Bank of Japan (BoJ) and FINMA published a statements ([BoJ statement](#), [FINMA statement](#)) recommending, amongst other things, by end-Q3 2021 to cease initiation of new JPY LIBOR IRS, except for risk management of existing positions, and by end-Q4 2021 to complete the transition away from JPY and CHF LIBOR to OIS.

The Index Administrator intends for the Directly Affected Indices to stop taking new positions in index components that reference JPY and CHF 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 TONAR and SARON 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
NMRSMJ0Y Index	Nomura Interest Rate Swaps JPY Momentum+ Index - 10% target vol in JPY
NMRSMJ3Y Index	Nomura Interest Rate Swaps JPY Momentum+ Index - 3% target vol in JPY
NMRSMJVY Index	Nomura Interest Rate Swaps JPY Momentum+ Index - Duration 5 in JPY
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
NMRSAVU 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
NMRMTYV Index	Nomura Interest Rate Swaps JPY Trend Index - Duration 5 in USD
NMRMTY1V Index	Nomura Interest Rate Swaps 1Y JPY Trend Index - Duration 5 in USD
NMRMTY2V Index	Nomura Interest Rate Swaps 2Y JPY Trend Index - Duration 5 in USD
NMRMTY5V Index	Nomura Interest Rate Swaps 5Y JPY Trend Index - Duration 5 in USD
NMRMTYXV Index	Nomura Interest Rate Swaps 10Y JPY Trend Index - Duration 5 in USD
NMRMTFV Index	Nomura Interest Rate Swaps CHF Trend Index - Duration 5 in USD
NMRMTF2V Index	Nomura Interest Rate Swaps 2Y CHF Trend Index - Duration 5 in USD
NMRMTF5V Index	Nomura Interest Rate Swaps 5Y CHF Trend Index - Duration 5 in USD
NMRMTFXV Index	Nomura Interest Rate Swaps 10Y CHF 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
NMRSM8Y 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
NMXCF11U 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

Disclaimer

This material has been prepared/distributed by the Sales/Trading departments of Nomura International plc ("NIplc"), which is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority in the UK, and is a member of the London Stock Exchange; Nomura Financial Products Europe GmbH ("NFPE"), which is authorised and regulated by the Federal Financial Supervisory Authority; Nomura International (Hong Kong) Limited ("NIHK"), which is regulated by the Hong Kong Securities and Futures Commission, and Nomura Securities International, Inc. Nomura Securities Co, Ltd. ("NSC"), which is regulated by the Japan Financial Services Agency ("JFSA"), Nomura Singapore Limited ("NSL"), which is regulated by the Monetary Authority of Singapore ("MAS"), P.T. Nomura Indonesia ("PTNI") which is regulated by Otoritas Jasa Keuangan ("OJK"), Nomura International (Hong Kong) Limited, Taipei Branch, ("NIHK Taipei Branch"), which is regulated by Securities and Futures Bureau of Financial Supervisory Commission ("SFB"), Taiwan Stock Exchange ("TSE") and Gretai Securities Market ("GSM"), Nomura Securities Malaysia Sdn Bhd ("NSM"), which is regulated by the Companies Commission of Malaysia, Nomura Financial Advisory and Securities (India) Private Limited ("NFAS"), which is regulated by Securities and Exchange Board of India ("SEBI"), Nomura Financial Investment (Korea) Co., Ltd Korea ("NIFK"), which is regulated by the Korea Financial Investment Association ("KOFIA") (Information on Nomura analysts registered with the Korea Financial Investment Association ("KOFIA") can be found on the KOFIA Intranet at <http://dis.kofia.or.kr>), Nomura Securities International, Inc, ("NSI"), which is a registered broker-dealer in the United States and a member of Securities Investor Protection Corporation ("SIPC") and Nomura Australia Ltd ("NAL"), which is authorised and regulated by the Australian Securities and Investment Commission ("ASIC").

This material is not investment research as defined by US rules and regulations, the applicable rules in Hong Kong, and the FCA. This material is made available to you by NIplc, NIHK, NSC, NSL, PTNA, NIHK Taipei Branch, NSM, NFAS, NIFK, NSI and NSL and/or its affiliates (collectively, "Nomura Group"), as the case may be. This is not investment research as defined by the FCA nor is it research under the applicable rules in Hong Kong. It does not constitute a personal recommendation, as defined by the FCA, or take into account the particular investment objectives, financial situations, or needs of individual investors. It is intended only for investors who are "eligible market counterparties" or "professional clients" as defined by the FCA, and may not, therefore, be redistributed to other classes of investors. This material does not fall within the definition of an analyst report as defined by the Japan Securities Dealer's Association. It is intended for professional and institutional investors only.

This material is: (i) for your private information only, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such offer or solicitation would be illegal; and (iii) is based upon information that we consider reliable, and it should not be relied upon as such. While all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, no representation, warranty or undertaking, expressed or implied, is made and no responsibility or liability is accepted by the Nomura Group and/or its directors, officers and employees as to the accuracy, completeness, merchantability or fitness for a particular purpose of the information contained herein or any other information provided by any other person in connection with the information described herein or their distribution or for the results obtained from the use of this information.

Nomura Group and/or its directors, officers and employees do not accept any liability whatsoever for any loss or damage (including, without limitation, direct, indirect or consequential loss or loss of profits or loss of opportunity) suffered by you or any third party in connection with the use of this material or its content. It is being provided to you because you have requested a copy and it is not intended for investors who are unfamiliar with the relevant markets or who are unwilling or unable to bear the risks associated with the investment. You should refrain from entering into any transaction unless you fully understand all the risks involved and you have independently determined that the investment is suitable for you. We are not your designated investment adviser. If you are in doubt as to any aspect of this material, you should consult a stockbroker or another licensed securities dealer, a bank manager, a solicitor, an accountant or other professional advisers. Any prices, yields and opinions expressed are current opinions as of the date appearing on this material only and are subject to change without notice. Derivative investments require investors to assess several characteristics and risk factors that may not be present in other types of transactions. You should consider the specific return and risk profile of a particular derivative investment before effecting, or agreeing to effect, any transaction. In reaching a determination as to the appropriateness of any proposed transaction, clients should undertake a thorough independent review of the legal, regulatory, credit, tax, accounting and economic consequences of such action.

The information presented has been obtained from or based upon sources believed by the trader or sales person to be reliable, but none of Nomura Group or its employees, the trader or sales person represents or warrants its accuracy or completeness and is not responsible for losses or damages arising out of errors, omissions or changes in market factors. The Nomura Group may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, the Nomura Group, and/or its officers, directors and employees, including persons, without limitation, involved in the preparation or issuance of this material may, from time to time, have long or short positions in, and buy or sell, the securities, or in options, futures or other derivatives based thereon, of companies

mentioned herein, or related securities or in options, futures or other derivative instruments based thereon. In addition, the Nomura Group may act as a market maker and principal, willing to buy and sell certain of the securities or in options, futures or other derivatives of companies mentioned herein. Further, the Nomura Group may buy and sell certain securities or in options, futures or other derivatives of companies mentioned herein, as agent for its clients.

Nomura manages conflicts identified through the following: their Chinese Wall, confidentiality and independence policies, maintenance of a Stop List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of securities and impartial investment research and disclosure to clients via client documentation. Disclosure information is available at <http://www.nomura.com/research/>. Neither Niplc nor NIHK hold an Australian financial services licence as both are exempt from the requirements to hold this licence in respect of the financial services either provides. NIPlc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under UK laws, and is a member of the London Stock Exchange, NIHK is regulated by the Securities and Futures Commission under Hong Kong laws, both of which differ from Australian laws, and NSI is a member of SIPC.

No part of this material may be (i) copied, photocopied, or duplicated in any form, by any means, or (ii) redistributed without our prior express consent. Further information on any of the securities mentioned herein may be obtained upon request. If this publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this publication, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

If distributed into the US, the following section will also apply to US clients:

NSI does not provide legal, accounting or tax advice. In compliance with Internal Revenue Service Circular 230, we hereby notify you that any discussion of tax matters set forth herein was written in connection with the promotion or marketing of the matters described herein and was not intended or written to be used, and cannot be used by any person, for the purposes of avoiding tax-related penalties under federal, state or local tax law. Each person should seek legal, accounting and tax advice based on its particular circumstances from independent advisors.

Options: Options involve risk and are not suitable for all investors. Please ensure that you have read and understood the current options risk disclosure document provided by the Options Clearing Corporation before entering into any options transactions. The Options Clearing Corporation's publication, "Characteristics and Risks of Standardized Options", is available at: <http://www.theocc.com/about/publications/character-risks.jsp>

The risks of options trading should be weighed against the potential rewards. The Risks include but may not be limited to:

- Call or put purchasing: The risk of purchasing a call/put is that investors will lose the entire premium paid.
- Uncovered call writing: The risk of selling an uncovered call is unlimited and may result in losses significantly greater than the premium received.
- Uncovered put writing: The risk of selling an uncovered put is significant and may result in losses significantly greater than the premium received.
- 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.

Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions. Supporting documents that form the basis of our recommendations are available on request. Commissions and taxes will affect the returns on option transactions and each leg of a multi-legged strategy will incur commission charges.