

Nomura Commodity Forward Select Spread Indices

23 April 2025

Overview

Index

The Nomura Commodity Forward Select Spread Indices (each, an “Index” and together the “Indices”) consists of a set of 50 quantitative, rules-based spread Indices. These Indices are split equally, whereby 25 Indices are categorised as “notional neutral” spread Indices [Description of “notional neutral”]

The remaining 25 Indices are categorised as “volatility neutral” spread Indices [Description of “volatility neutral”] [Description to calculate signal]

The Nomura Commodity Forward Select Indices or the Long-only Index consists of a set of 25 quantitative, rules-based Indices. [Description to calculate signal] Each Nomura Commodity i-month Forward Index maintains a position in a commodity futures contract that is held by the “first to expire index” in “i” month(s) time, which is then rolled into the subsequent commodity futures contract, thus providing a long exposure to individual commodity markets.

The Index will likely perform well when futures prices on the index components of the Long-only Index are outperforming the futures prices on the [Number] to expire futures of the relevant commodities. Alternatively, the Index will likely perform poorly when futures prices on the index components of the Long-only Index are underperforming the futures prices on the [Number] to expire futures of the relevant commodities.

The Indices and the Sub-Indices were created by Nomura International plc, the Index Sponsor and the index calculation agent, and are published daily on Bloomberg under Index Price Source. The list of Indices and the corresponding Sub-Indices are detailed in the Index Specifications Table and the Sub-Index Specification Table respectively. For more information regarding the determination of the Sub-Indices, see the Index Description of the Nomura Commodity Forward Select Indices and the Nomura Commodity Futures Indices.

Volatility Scale

[Description of Volatility Scale]

Impact of a Limit Event

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the participation of speculators and government regulation and intervention. U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits”, and the maximum or minimum price of a futures contract on any given day as a result of these limits is referred to as a “limit price”. Once the limit price has been reached for a particular futures contract, no trades may be executed at a different price. Limit prices have the effect of precluding trading in a particular futures contract or forcing the liquidation of futures contracts at disadvantageous times or prices.

If any of the sub-index component had a limit event, the Index will postpone any rebalancing. Specifically, it will postpone the monthly index compounding (i.e. the periodic adjustment of the exposure taken by the Index in line with its performance) until the next day that is no longer subject to the limit event for both Sub-Indices. In addition, if [Redacted] the short leg had a limit event, the “volatility neutral” spread Indices will postpone any adjustment of the short position. Specifically, the “volatility neutral” spread Index will postpone the application of Volatility Scaling until the next day that is no longer subject to the limit event for the short leg.

Further upon a limit event certain areas of the calculation of the Sub-Indices are modified, for more information regarding the impact of the limit event on the calculation of the Sub-Indices, see the Index Rulebook of the Nomura Commodity Forward Select Indices and the Nomura Commodity Futures Indices.

Index Charges

[Index Charges]

Index Disruption Events and Adjustments

Upon the occurrence of certain disruption events in the underlying instruments, the Index Sponsor may exercise a certain amount of discretion in determining the prices of the components of the Sub-indices and the Indices. In such circumstance, the Index Sponsor may estimate the value of a disrupted index component to determine the level of the respective Sub-Index and/or the Index or may make such further adjustments to the respective Sub-Index and/or the Index as it deems necessary. This may include the removal or replacement of any affected Sub-Index or its index component by the Index Sponsor, in which case the Index Sponsor shall make any other adjustments to the Index to account for the price or value of the affected Sub-Index or its component at the time of its removal and any related costs. This may mean that the economic benefit, if any, of the replacement component is reduced or that the replacement has a material adverse effect on the Index performance. For example, and without limitation, the value of the replacement Sub-Index or its component may be adjusted by the same proportion as any fall in the value of the affected Sub-Index or its component at the time of its removal relative to the Index live date and may be further reduced to account for the cost to the Index Sponsor for implementing the replacement instrument.

The Index Sponsor has the authority to amend the methodology of the Indices and/or Sub-Indices and/or make such adjustments to the relevant index methodology as it considers appropriate, in each case in its sole discretion acting in good faith, in order to take into account events or changes in the relevant underlying markets or to preserve the investability and objective of an Index. The Index Sponsor may also make adjustments to an Index upon the occurrence of certain events, including changes in law, regulation or regulatory policy.

The Index Sponsor may decide to permanently cancel and discontinue calculating and publishing the Indices at any time. There is no guarantee that the Indices will continue to be calculated for the full duration of any transaction linked to the Index.

Index Determination

Index Sponsor

Nomura International plc (“NIP”) who is responsible for the administration of the Index.

Index Start Date

For each index, the relevant start date as set out in the Index Specifications Table in the Appendix.

Level of Index^z

The level of the Index^z in respect of Index Business Day t, for z as defined in Index Specifications Table.

Index_t^z

For each Index Business Day t,

$$\text{Index}_t^z = \text{Index}_{t-1}^z + \text{Index}_{t-1,\text{reset}}^z \times \text{Daily Return}_t^{z,j}$$

Where

Index_t^z for Index_{Start Date}^z = 100,

t-1 denotes the Index Business Day immediately preceding Index Business Day t, and

Daily Return_t^{z,j} is calculated based on Sub-Index^{i,S} and Sub-Index^{j,F,0} marked as applicable for Index^z as specified in the Index Specification Table.

Index_{t,reset}^z

For each Index^z, with respect to each Index Business Day t where Index Limit Event_t^z does not occur, the Level of Index_t^z on a day that is one Index Business Day prior to:

- (i) if Index Business Day t is a Scheduled Roll Date, Index Business Day t, otherwise
- (ii) the immediately preceding Scheduled Roll Date

Otherwise

$$\text{Index}_{t,\text{reset}}^z = \text{Index}_{t-1,\text{reset}}^z$$

Where

t-1 denotes the Index Business Day immediately preceding Index Business Day t.

Return Calculation

Daily Return_t^{z,j}

With respect to each Index Business Day t,

$$\text{Daily Return}_t^{z,j} = \text{Sub-Index Daily Return}_t^{j,S} - \text{Volatility Scale}_t^{z,j} \times \text{Sub-Index Daily Return}_t^{j,F,0}$$

Where

t-1 denotes the Index Business Day immediately preceding Index Business Day t.

Index Limit Event^z

With respect to each Index Business Day t, Index Limit Event^z is deemed to have occurred if

Sub-Index Limit Event^{j,S} has occurred for Sub-Index^{j,S} or Sub-Index Limit Event^{j,F,i} has occurred for Sub-Index^{j,F,0} marked as applicable for Index^z as specified in the Index Specification Table.

Index Position

Volatility Scale^{z,j}

[Formula to calculate Volatility Scale]

Volatility^{j,F,i,y}

[Formula to calculate Volatility]

Index Components

Sub-Index Daily Return^{j,S}

With respect to each Index Business Day t, the Daily Return^j of Sub-Index^{j,S} for day t as determined by the Index Sponsor in accordance with the methodology of Sub-Index^{j,S}.

Sub-Index Daily Return^{j,F,i}

With respect to each Index Business Day t, the Return^{j,F,i} of Sub-Index^{j,F,i} for day t as determined by the Index Sponsor in accordance with the methodology of Sub-Index^{j,F,i}.

Current Position

Volatility^{j,y}_{t,s}

With respect to each Index Business Day t, the Current Position Volatility^{j,y}_{t,s} of Sub-Index^{j,S} for day t as determined by the Index Sponsor in accordance with the methodology of Sub-Index^{j,S}.

Sub-Index Limit Event^{j,S}

With respect to each Index Business Day t, the Index Limit Event^j of Sub-Index^{j,S} for day t as determined by the Index Sponsor in accordance with the methodology of Sub-Index^{j,S}.

Sub-Index Limit Event^{j,F,i}

With respect to each Index Business Day t, the Index^{j,F,i} Limit Event of Sub-Index^{j,F,i} for day t as determined by the Index Sponsor in accordance with the methodology of Sub-Index^{j,F,i}.

Sub-Index^{j,S}

Index^j as defined in the methodology of Nomura Commodity Forward Select Indices.

Sub-Index^{j,F,i}

Index^{j,F,i} as defined in the methodology of Nomura Commodity Futures Indices.

General Definitions

Index Business Day

As defined in the methodology of Nomura Commodity Futures Indices

Index Trading Business Day

Each Index Business Day

Scheduled Roll Date

As defined in the methodology of Nomura Commodity Futures Indices

Index^z Publication

With respect to each Index Business Day, the Rounded Index^z Level will be published to the Index^z Price Source specified in the Index Specifications Table.

Rounded Index^z Level

Rounded Index^z Level means the Index Level (Index^z_t) rounded to the nearest number decimal places specified in the Index Specifications Table.

Disruption Events and Fallbacks

Index Adjustment

If, due to the occurrence of an error (i) in relation to the calculation or publication of the level of the Index, or (ii) in the method for determining the Index, the Index Sponsor has determined on any day (an “**Adjustment Determination Date**”) that an adjustment to the Index is necessary in order to correct such error (an “Index Adjustment”), then the Index Sponsor will make such corresponding adjustments to the Index as it deems necessary, if any, in order to reflect the Index Adjustment (in each case in accordance with the principles and methodology of the Index).

The Index Sponsor may correct errors in accordance with Appendix 2, Section 13 of the Control Framework Summary (“Correction of Errors”) and Appendix 2, Section 15 (“Changes to Methodology”) where remediation requires change to the Index methodology.

Consequences of Sub-Index Correction

If in a relation to a Sub-Index, at any time the Index Sponsor of that Sub-Index corrects the level or value of a Sub-Index subsequent to publication, the Index Sponsor will make all calculations and determinations in respect of the Index by reference to such corrected level of the Sub-Index.

Index Disruption

If, in the opinion of the Index Sponsor, on any day an Index Disruption Event has occurred or exists or is occurring in respect of a Sub-Index or the Index then the Index Sponsor may take one or more of the following actions in its discretion, with a view to preserving the objective of the Sub-Index or Index (regardless of whether or not a level of the affected Sub-Index has been published by the Index Sponsor in respect of such day):

- (i) delay any rebalancing and/or calculation of the Index (an “**Index Determination Date**”) until the relevant Index Disruption Event no longer exists, *provided that*, if such Index Disruption Event is continuing on the 5th Index Business Day following any such Index Determination Date (the “**Delayed Index Determination Date**”), then the Index Sponsor will determine the level of the relevant Sub-Index (including any affected Sub-Index component) in respect of such Index Determination Date as of on the related Delayed Index Determination Date in accordance with (ii) below; and/or
- (ii) determine the level of the affected Sub-Index for such day in accordance with the formula for and method of calculating such Sub-Index taking into account the relevant Index Disruption Event, latest available quotation of the Sub-Index and its Sub-Index Components and any other information the Index Sponsor deems relevant in its discretion, having regard to the standard of input data quality for the Sub-Index or Index as determined by the Index Sponsor during the design of the Sub-Index or Index, as set out in Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Input Data”), and/or
- (iii) not calculate and publish the Index level for such day or delay the publication; and/or
- (iv) make any adjustments to the Index methodology to account for the relevant Index Disruption Event as it deems necessary

Index Disruption Event

Means in respect of a Sub-Index:

- (i) any of the events or circumstances as specified in the in the disruption section in the relevant Index Description of such Sub-Index (as maybe amended and updated from time to time by the Sub-Index Sponsor of such Sub-Index), occurs or exists in relation to a Sub-Index and its components (including, without limitation, any index adjustment, index modification or index disruption); and/or
- (ii) the Sub-Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a Sub-Index or in any other way materially modifies or announces that it will materially modify a Sub-Index; and/or
- (iii) on any relevant date on which an Index determination is scheduled to occur, the Sub-Index Sponsor fails to calculate and announce a Sub-Index; and/or

Index Modification

- (iv) on any relevant date on which an Index determination is scheduled to occur, the Sub-Index Price Source fails to publish a level for a Sub-Index.

Means in respect of any Index Component other than a Sub-Index Component:

- (i) the material suspension of, a material limitation imposed on, or the cessation of the trading in such Index Component;
- (ii) the failure of any Price Source to announce or publish any relevant price, level, rate or other data necessary for the determination of such Index Component;
- (iii) the level published on any Price Source in relation to any price, level, rate or other data necessary to determine such Index Component is significantly different to the level of such data prevailing in the market;
- (iv) a material change by the Price Source in the content, composition, constitution of, or in the formula for or method of calculating (a "Material Change") such Index Component (including where any such Material Change is due to an amendment or other modification to the rules and/or regulations of the Price Source);
- (v) the failure of any Price Source to open for trading during a scheduled trading session, or the early closure thereof (without 48 hours prior notice to the market);

Means in respect of the Index and any Index Component:

- (i) the Index Sponsor determines that a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstances beyond its reasonable control exists, has occurred or is occurring in respect of an Index Component or the Index, and which prevents, disrupts, or impairs the ability of the Index to achieve its economic objective, the prompt or accurate determination of the level of the Index, and/or the ability of the Index Sponsor or Index calculation agent to perform its role in respect of the Index; and/or
- (ii) any other event or circumstance that, in the opinion of the Index Sponsor, prevents, disrupts or impairs the ability of the Index to achieve its economic objective or the prompt or accurate determination of the level of the Index, or any other event or circumstance which causes the Index Sponsor to reasonably conclude that as a consequence of such event or circumstance, if the Level of the Index were to be determined, it should not be relied upon to represent the market or economic reality that the Index is intended to measure.

Upon the occurrence of an Index Modification Event, the Index Sponsor may make such adjustment(s) to the Index as it deems appropriate, to account for any affect such event has on the Index; such as, but not limited to

- (i) removing or replacing such affected Index Component and/or its Price Source with an alternative futures or options contract, currency, rate, variable or other component or other source (a "**Replacement Instrument**") which, in its sole determination, is consistent with the objective of the Index and, where possible, is of the same or equivalent standard of quality as any input data and/or price source used prior to the occurrence of the Index Modification Event, having regard to the standard of input data quality for the Index as determined by the Index Sponsor during the design of the Index, as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Input Data"); removing or replacing;
- (ii) adjusting Sub-Index weights and/or related charges, fees or taxes; and/or
- (iii) making such other adjustments as it deems appropriate to take such event into account.

The Index Sponsor may refrain from publishing the Index until the Index Modification Event ceases to exist

For the purpose of the removal or replacement of any affected Index Component and/or its Price Source, the Index Sponsor shall make any other adjustments to the Index Rules to account for the price or value of the affected Index Component at the time of its removal and any related charges, fees or taxes as well as the cost to the Index Sponsor for implementing any Replacement Instrument.

The Index Sponsor may modify the Index in accordance with Appendix 2, Section 15 of the Control Framework Summary ("Changes to Methodology").

If the Index Sponsor determines that no such adjustment(s) would preserve the objective of the Index and/or such adjustment(s) are not economically, operationally, legally or otherwise feasible (after using commercially reasonable efforts) ("**Index Modification Failure**") it may cancel the Index in accordance with the Index Cancellation provisions herein.

Index Modification Event

Means the existence or occurrence of a (i) Sub-Index Modification Event or (ii) Input Data Decline Event or (iii) Component Discontinuation Event, or (iv) Extraordinary Event.

“**Component Discontinuation Event**” means the Index Sponsor determines, in its sole discretion, that an Index Component (i) is no longer available (whether due to a permanent discontinuation, disappearance or otherwise) or (ii) has been the subject of a Material Change in a manner which has or will have a material adverse effect on the Index achieving its stated objective.

“**Input Data Decline Event**” means if the Index Sponsor determines that the input data and/or price source in relation to a Sub-Index Component or Index Component used to calculate the Sub-Index or Index is no longer sufficient to represent accurately and reliably the market and economic reality that the Sub-Index or Index is intended to measure, or is otherwise not appropriate, or no longer meets the standard of input data quality for the Sub-Index or Index as determined by the Index Sponsor during the design of the Sub-Index or Index, as set out in Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Input Data”)

Sub-Index Modification means an “Index Modification Event” in respect of the relevant Sub-Index as specified in the in the disruption section in the relevant Index Description of such Sub-Index (as maybe amended and updated from time to time by the Sub-Index Sponsor of such Sub-Index).

Extraordinary Events

Extraordinary Event means any Change in Law, Instrument Disruption and/or Increased Cost of Index Implementation.

Change in Law means that, on or after the Index Live Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Index Sponsor determines in good faith that (x) it has become illegal to hold, acquire or dispose of an Sub-Index component, or (y) there is a materially increased cost of trading in a Sub-Index component for the Index Sponsor or its affiliates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

Instrument Disruption means that the Index Sponsor or any of its affiliates or agents is unable, or it is impractical, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to implement the Index, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), including, without limitation, where such inability or impracticability has arisen by reason of any restriction on making new or additional investments in any Sub-Index and its components.

Increased Cost of Index Implementation means that the Index Sponsor or any of its affiliates would incur a materially increased (as compared with circumstances existing on the Effective Date) amount of tax, duty, expense or fee to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to implement the Index, or (ii) realise, recover or remit the proceeds of any transaction(s) or asset(s).

Consequences of a Sub-Index Cancellation

If upon the occurrence of a Sub-Index Cancellation there is a Successor Sub-Index then such Successor Sub-Index shall be deemed to be the relevant Sub-Index and the Index Sponsor may make such adjustment(s) to the Index methodology that it determines appropriate, in order to account for the effect of the replacement of that Sub-Index with the Successor Sub-Index.

If a Sub-Index Cancellation occurs for a period of fifteen (15) Index Business Days measured from the first day of such Sub-Index Cancellation and as at the end of such period of time there is no Successor Sub-Index (“**Sub-Index Replacement Failure**”), then the Index Sponsor may

- a) remove the cancelled Sub-Index and make such adjustment(s) to the Index methodology that it determines appropriate, in order to account for the effect of such removal of the cancelled Sub-Index, or
- b) cancel the Index in accordance with the Index Cancellation provisions below.

Index Cancellation

The Index Sponsor may permanently cancel and discontinue calculating and publishing the Index, in accordance with Appendix 2, Section 17 of the Control Framework Summary (“Termination of Indices and Transitional Arrangements”), including upon the occurrence of:

- (a) Sub-Index Replacement Failure; and/or
- (b) an Index Modification Failure.

Index Component

In respect of the Index, each underlying Sub-Index Component and any other index, futures contract, currency, rate, variable or other component necessary in order to determine a level of the Index, in each case, in line with the then existing methodology of the Index.

Sub-Index Component

In respect of a Sub-Index, each underlying component index, futures contract, currency, rate, variable or other component necessary in order to determine a level of such Sub-Index, in each case, in line with the then existing methodology of the Sub-Index.

Sub-Index Sponsor

Nomura International plc (“NIP”), who is responsible for the administration of the relevant Sub-Index.

Sub-Index Price Source

In respect of a Sub-Index, the relevant Bloomberg page as specified in Sub-Index Specifications Table under the column headed “Sub-Index Price Source” in the row corresponding to such Sub-Index. References to Sub-Index Price Source shall be construed as referring also to any successor publication, page or source on which the relevant Sub-Index levels may be disseminated, as determined by the Index Sponsor in its sole discretion and acting in a commercially reasonable manner.

Sub-Index Cancellation

A Sub-Index is permanently cancelled or the relevant Sub-Index Sponsor announces (including through an agent, if applicable) its intention to permanently cancel a Sub-Index or its intention to cease to calculate and announce a level for a Sub-Index.

Successor Sub-Index

A successor or replacement index using, in the determination of the Index Sponsor, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Sub-Index or, if non, a replacement with the same or similar investment objective as the Sub-Index and that is acceptable to the Index Sponsor.

ADDITIONAL INFORMATION IN RESPECT OF THE INDEX METHODOLOGY

Governance Policy and Control Framework

The Index Sponsor has established a governance framework (the “**Governance Policy and Control Framework**”) to ensure compliance with UK BMR¹ and the IOSCO Principles and any related measures and applicable FCA rules (each as amended or replaced from time to time)². The Governance Policy and Control Framework governs (amongst other things) the development,

¹ UK BMR means the United Kingdom Benchmark Regulation which comprises Regulation (EU) 2016/1011 (“**EU BMR**”) as amended by Regulation (EU) 2019/2089 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks insofar as they are applicable in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 and other United Kingdom legislation which implements and amends retained European Union law in the United Kingdom including, but without limitation, the Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019, SI 2019/657.

²<https://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf> . The Governance Policy and Control Framework will be periodically reviewed and has been updated to reflect the requirements of EU BMR and will be updated in due course to reflect the requirements of UK BMR, as well as related measures and applicable FCA rules.

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| | <p>determination and operation of indices administered by the Index Sponsor. A summary of the Governance Policy and Control Framework (the “Control Framework Summary”) is published on: www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml. Please refer to the summary of the Governance Policy and Control Framework in respect of the following information applying to the Index methodology:</p> |
| Criteria for Index Development and Input Data and Source Selection | <p>The criteria and procedures used to develop this Index, and for selecting the sources of data inputs used in the Index, are set out in Appendix 2, Section 3 of the Control Framework Summary (“Index Design and Creation of New Indices”) and Appendix 2, Section 6 (“Data Sufficiency and Hierarchy of Data Inputs”).</p> |
| Exercise of Expert Judgment and discretion | <p>The Index Sponsor has adopted guidelines and procedures designed to promote consistency in the exercise of Expert Judgment and discretion for Index determinations. Further details are contained in Appendix 2, Section 14 of the Control Framework Summary (“Expert Judgment and Discretion”).</p> |
| Input Data Type Priority | <p>The Index Sponsor applied the hierarchy for data inputs as set out in Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Data Inputs”) when considering the data inputs used to construct the Index.</p> |
| Index Error Reports and Revision | <p>The Index Sponsor has adopted procedures for analysis and remediation of Index errors, and for potential restatement of a published Index level. Further details are contained in Appendix 2, Section 13 of the Control Framework Summary (“Correction of Errors”) and Appendix 2, Section 15 (“Changes to Methodology”) where remediation requires change to the Index Methodology.</p> |
| Quantity and Quality of Input Data | <p>The Index is constructed by the Index Sponsor using single prices or levels prescribed by the Index Methodology. The Index Sponsor therefore considers that the requirement to determine the thresholds of the quantity of data inputs, necessary to determine the Index accurately and reliably, has been met.</p> <p>The Index Sponsor determines the standards of quality of the data inputs used in this Index at the design stage of the Index in accordance with Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Data Inputs”). These standards are reflected in the Index Methodology, as described in this Rulebook. The Index Sponsor will review these standards and the data inputs on a periodic basis in accordance with Appendix 2, Section 16 of the Control Framework Summary (“Periodic Review of Indices”) and in the full policies and procedures available on the Index Sponsor’s public website, to ensure that the data inputs used continue to be of sufficient quality to determine the Index accurately and reliably, and will accordingly determine whether an Index Modification Event has occurred.</p> |
| Internal Reviews of the Index | <p>The Index Sponsor is required to conduct internal reviews of the Index on a periodic basis. Further details regarding the frequency of those reviews, the procedures to be followed, and the bodies or functions within the Index Sponsor’s organisational structure involved in such reviews, are contained in Appendix 2, Section 16 of the Control Framework Summary (“Periodic Review of Indices”) and in the full policies and procedures available on the Index Sponsor’s public website.</p> <p>Reviews will further be conducted where the Index Sponsor considers it desirable or necessary to do so, including in response to specific events or otherwise. Specific events may include (without limitation) any index errors, index disruptions, or other index life-cycle events; changes in market circumstances; changes in the applicable legal or regulatory environment; any challenges or complaints or other feedback from stakeholders, and/or any material audit findings. Further information regarding the procedures to be followed in response to certain specific events, and the bodies or functions within the Index Sponsor’s organisational structure involved in such reviews, can be found in Appendix 2, Sections 13 (“Correction of Errors”), 14 (“Expert Judgment and Discretion”), 15 (“Changes to Methodology”), 19 (“Complaints Handling Policy”), 21 (“Audits”), and any other sections of the Control Framework Summary which may be relevant from time to time.</p> |
| Index Approval | <p>The criteria and procedures used to approve the Index, and the bodies or functions within the Index Sponsor’s organisational structure involved in such approval, are set out in Appendix 3 of the Control Framework Summary (“Main Features of Index Committee Constitution and Terms of Reference”) and Appendix 2, Section 3 (“Index Design and Creation of New Indices”).</p> |
| Investor Consultation upon Index termination and material changes to the Index methodology | <p>The Index Sponsor is required to consult investors of index linked products when proposing material changes to the Index methodology and termination of the Index. Further details on the circumstances and procedures under which consultation takes place are contained in Appendix 2, Section 15 of the Control Framework Summary (“Changes to Methodology”), Appendix 2, Section 17 (“Termination of Indices and Transitional Arrangements”) and in the full policies and procedures available on the Index Sponsor’s public website.</p> |

Active Market of the Index

As of the date of this Index Description, the Index Sponsor considers the underlying market of the Index to be active, in accordance with in Appendix 2, Sections 3 (“Index Design and Creation of New Indices and Methodologies”) of the Control Framework Summary.

Outsourcing of Index Determination

The Index Sponsor has outsourced certain IT, Quants, Middle Office and Structuring functions to Nomura Structured Finance Services (India) Private Limited subject to a corporate service agreement between the entities. Further details are contained in Appendix 2, Section 1 of the Control Framework Summary (“Oversight of Third Parties”).

Appendix**Index Specifications Table**

| z | Commodity | Index ² | Index Price Source (Bloomberg page) | Applicable Sub-Index (j) | Index Start Date | Index Live Date | Rounding |
|----|-----------------|---|-------------------------------------|--------------------------|--------------------|-------------------|----------|
| 1 | WTI Crude Oil | Nomura WTI Crude Oil Notional Neutral Forward Select Spread Index | NMCFNCL Index | 1 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 2 | Brent Crude Oil | Nomura Brent Crude Oil Notional Neutral Forward Select Spread Index | NMCFNCO Index | 2 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 3 | Heating Oil | Nomura Heating Oil Notional Neutral Forward Select Spread Index | NMCFNHO Index | 3 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 4 | Gasoline | Nomura Gasoline Notional Neutral Forward Select Spread Index | NMCFNXB Index | 4 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 5 | Gas Oil | Nomura Gas Oil Notional Neutral Forward Select Spread Index | NMCFNQS Index | 5 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 6 | Natural Gas | Nomura Natural Gas Notional Neutral Forward Select Spread Index | NMCFNNG Index | 6 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 7 | Gold | Nomura Gold Notional Neutral Forward Select Spread Index | NMCFNGC Index | 7 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 8 | Silver | Nomura Silver Notional Neutral Forward Select Spread Index | NMCFNSI Index | 8 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 9 | Copper | Nomura Copper Notional Neutral Forward Select Spread Index | NMCFNLP Index | 9 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 10 | Aluminium | Nomura Aluminium Notional Neutral Forward Select Spread Index | NMCFNLA Index | 10 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 11 | Zinc | Nomura Zinc Notional Neutral Forward Select Spread Index | NMCFNLX Index | 11 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 12 | Nickel | Nomura Nickel Notional Neutral Forward Select Spread Index | NMCFNLN Index | 12 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 13 | Lead | Nomura Lead Notional Neutral Forward Select Spread Index | NMCFNLL Index | 13 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 14 | Corn | Nomura Corn Notional Neutral Forward Select Spread Index | NMCFNC Index | 14 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 15 | Soybean | Nomura Soybean Notional Neutral Forward Select Spread Index | NMCFNS Index | 15 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 16 | Soy Meal | Nomura Soy Meal Notional Neutral Forward Select Spread Index | NMCFNSM Index | 16 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 17 | Soybean Oil | Nomura Soybean Oil Notional Neutral Forward Select Spread Index | NMCFNBO Index | 17 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 18 | Wheat | Nomura Wheat Notional Neutral Forward Select Spread Index | NMCFNW Index | 18 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 19 | Kansas Wheat | Nomura Kansas Wheat Notional Neutral Forward Select Spread Index | NMCFNKW Index | 19 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 20 | Sugar | Nomura Sugar Notional Neutral Forward Select Spread Index | NMCFNSB Index | 20 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 21 | Coffee | Nomura Coffee Notional Neutral Forward Select Spread Index | NMCFNKC Index | 21 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 22 | Cocoa | Nomura Cocoa Notional Neutral Forward Select Spread Index | NMCFNCC Index | 22 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 23 | Cotton | Nomura Cotton Notional Neutral Forward Select Spread Index | NMCFNCT Index | 23 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 24 | Live Cattle | Nomura Live Cattle Notional Neutral Forward Select Spread Index | NMCFNLC Index | 24 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 25 | Lean Hogs | Nomura Lean Hogs Notional Neutral Forward Select Spread Index | NMCFNLH Index | 25 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 26 | WTI Crude Oil | Nomura WTI Crude Oil Volatility Neutral Forward Select Spread Index | NMCFVCL Index | 1 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 27 | Brent Crude Oil | Nomura Brent Crude Oil Volatility Neutral Forward Select Spread Index | NMCFVCO Index | 2 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 28 | Heating Oil | Nomura Heating Oil Volatility Neutral Forward Select Spread Index | NMCFVHO Index | 3 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 29 | Gasoline | Nomura Gasoline Volatility Neutral Forward Select Spread Index | NMCFVXB Index | 4 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 30 | Gas Oil | Nomura Gas Oil Volatility Neutral Forward Select Spread Index | NMCFVQS Index | 5 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 31 | Natural Gas | Nomura Natural Gas Volatility Neutral Forward Select Spread Index | NMCFVNG Index | 6 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 32 | Gold | Nomura Gold Volatility Neutral Forward Select Spread Index | NMCFVGC Index | 7 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 33 | Silver | Nomura Silver Volatility Neutral Forward Select Spread Index | NMCFVSI Index | 8 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 34 | Copper | Nomura Copper Volatility Neutral Forward Select Spread Index | NMCFVLP Index | 9 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 35 | Aluminium | Nomura Aluminium Volatility Neutral Forward Select Spread Index | NMCFVLA Index | 10 | [Index Start Date] | [Index Live Date] | 3 d.p. |

| | | | | | | | |
|----|--------------|--|---------------|----|--------------------|-------------------|--------|
| 36 | Zinc | Nomura Zinc Volatility Neutral Forward Select Spread Index | NMCFVLX Index | 11 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 37 | Nickel | Nomura Nickel Volatility Neutral Forward Select Spread Index | NMCFVLN Index | 12 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 38 | Lead | Nomura Lead Volatility Neutral Forward Select Spread Index | NMCFVLL Index | 13 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 39 | Corn | Nomura Corn Volatility Neutral Forward Select Spread Index | NMCFVC Index | 14 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 40 | Soybean | Nomura Soybean Volatility Neutral Forward Select Spread Index | NMCFVS Index | 15 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 41 | Soy Meal | Nomura Soy Meal Volatility Neutral Forward Select Spread Index | NMCFVSM Index | 16 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 42 | Soybean Oil | Nomura Soybean Oil Volatility Neutral Forward Select Spread Index | NMCFVBO Index | 17 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 43 | Wheat | Nomura Wheat Volatility Neutral Forward Select Spread Index | NMCFVW Index | 18 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 44 | Kansas Wheat | Nomura Kansas Wheat Volatility Neutral Forward Select Spread Index | NMCFVKW Index | 19 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 45 | Sugar | Nomura Sugar Volatility Neutral Forward Select Spread Index | NMCFVSB Index | 20 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 46 | Coffee | Nomura Coffee Volatility Neutral Forward Select Spread Index | NMCFVKC Index | 21 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 47 | Cocoa | Nomura Cocoa Volatility Neutral Forward Select Spread Index | NMCFVCC Index | 22 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 48 | Cotton | Nomura Cotton Volatility Neutral Forward Select Spread Index | NMCFVCT Index | 23 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 49 | Live Cattle | Nomura Live Cattle Volatility Neutral Forward Select Spread Index | NMCFVLC Index | 24 | [Index Start Date] | [Index Live Date] | 3 d.p. |
| 50 | Lean Hogs | Nomura Lean Hogs Volatility Neutral Forward Select Spread Index | NMCFVLH Index | 25 | [Index Start Date] | [Index Live Date] | 3 d.p. |

Index Components

Sub-Index Specifications Table

| j | Commodity | Sub-Index ^{i,S} | Sub-Index ^{i,F,i} |
|----|-----------------|---|--|
| 1 | WTI Crude Oil | Nomura WTI Crude Oil Forward Select Index | Nomura WTI Crude Oil i-month Forward Index |
| 2 | Brent Crude Oil | Nomura Brent Crude Oil Forward Select Index | Nomura Brent Crude Oil i-month Forward Index |
| 3 | Heating Oil | Nomura Heating Oil Forward Select Index | Nomura Heating Oil i-month Forward Index |
| 4 | Gasoline | Nomura Gasoline Forward Select Index | Nomura Gasoline i-month Forward Index |
| 5 | Gas Oil | Nomura Gas Oil Forward Select Index | Nomura Gas Oil i-month Forward Index |
| 6 | Natural Gas | Nomura Natural Gas Forward Select Index | Nomura Natural Gas i-month Forward Index |
| 7 | Gold | Nomura Gold Forward Select Index | Nomura Gold i-month Forward Index |
| 8 | Silver | Nomura Silver Forward Select Index | Nomura Silver i-month Forward Index |
| 9 | Copper | Nomura Copper Forward Select Index | Nomura Copper i-month Forward Index |
| 10 | Aluminium | Nomura Aluminium Forward Select Index | Nomura Aluminium i-month Forward Index |
| 11 | Zinc | Nomura Zinc Forward Select Index | Nomura Zinc i-month Forward Index |
| 12 | Nickel | Nomura Nickel Forward Select Index | Nomura Nickel i-month Forward Index |
| 13 | Lead | Nomura Lead Forward Select Index | Nomura Lead i-month Forward Index |
| 14 | Corn | Nomura Corn Forward Select Index | Nomura Corn i-month Forward Index |
| 15 | Soybean | Nomura Soybean Forward Select Index | Nomura Soybean i-month Forward Index |
| 16 | Soy Meal | Nomura Soy Meal Forward Select Index | Nomura Soy Meal i-month Forward Index |
| 17 | Soybean Oil | Nomura Soybean Oil Forward Select Index | Nomura Soybean Oil i-month Forward Index |
| 18 | Wheat | Nomura Wheat Forward Select Index | Nomura Wheat i-month Forward Index |
| 19 | Kansas Wheat | Nomura Kansas Wheat Forward Select Index | Nomura Kansas Wheat i-month Forward Index |
| 20 | Sugar | Nomura Sugar Forward Select Index | Nomura Sugar i-month Forward Index |
| 21 | Coffee | Nomura Coffee Forward Select Index | Nomura Coffee i-month Forward Index |
| 22 | Cocoa | Nomura Cocoa Forward Select Index | Nomura Cocoa i-month Forward Index |
| 23 | Cotton | Nomura Cotton Forward Select Index | Nomura Cotton i-month Forward Index |
| 24 | Live Cattle | Nomura Live Cattle Forward Select Index | Nomura Live Cattle i-month Forward Index |
| 25 | Lean Hogs | Nomura Lean Hogs Forward Select Index | Nomura Lean Hog i-month Forward Index |

Important risks and disclosures in relation to the Indices

Suitability

Financial products and transactions which are linked to the Index (collectively “Financial Products”) are suitable only for investors who:

- (a) if distributed into the US, are or are advised by investment advisors that are qualified institutional buyers as defined in Rule 144A under the Securities Act of 1993, as amended; and if distributed into Singapore investors who are Institutional Investors as defined in Securities and Futures Act, Chapter 289, as amended;
- (b) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Financial Products;
- (c) understand thoroughly the terms and conditions of the Financial Products and are familiar with the relevant underlying and markets and how the performance thereof may affect the payments and value of the Financial Products;
- (d) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation and the impact the Financial Products will have on their overall investment portfolio;
- (e) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Financial Product; and
- (f) have reviewed thoroughly all of the materials provided with respect to the Financial Products and the relevant underlying, including the Risk Factors set forth below.

Risk Factors Relating to the Nomura Commodity Forward Select Spread Indices

Performance Risk

Each Index seeks to capture returns by taking a notional long exposure to the relevant Nomura Commodity Forward Select Index or the Long-only Index and a notional short exposure to the Nomura Commodity [Redacted] Index (the forward series [Redacted]). The Index will tend to perform well when futures prices on the index components of the Long-only Index are outperforming the futures prices on the [Number] to expire futures of the relevant commodities. On the other hand, the Index will likely perform poorly when futures prices on the index components of the Long-only Index are underperforming the futures prices on the [Number] to expire futures of the relevant commodities.

Strategy Risk

Each Index takes a view that the Long-only Index, which takes exposure to the forward series [Description of Signal] out of the 13 Nomura Commodity i-month Forward Indices (where $i=0$ to 12), will outperform the Nomura Commodity [Redacted] Forward Index, and the Index therefore seeks to capture returns by taking a notional long exposure to the Long-only Index and a notional short exposure to the Nomura Commodity [Redacted] Forward Index. However, there can be no assurance that this strategy will be effective, and the Index may not achieve its stated investment objectives. The Index has been constructed on the basis of certain historically observed trends and assumptions, which may not prove to be correct in any future period. Additionally, the Index's strategy is fixed, and the Index rules will not change in response to market conditions.

Risk of Overexposure and Underexposure

While the weight of the Long-only Index (or the long leg) is fixed at [Number] for all spread Indices, the weight of the short leg is determined by the “volatility scale”. The “volatility scale” is fixed at [Number] for “notional neutral” spread Indices, whereas it is calculated as [Description to calculate volatility scale] for “volatility neutral” spread Indices which is further capped at [Number] and floored at [Number]. The historical realised volatility for the Long-only Index is calculated as the historical realised volatility of the portfolio of current aggregate positions of all Index components over a [Number] Index Business Day window, whereas for the short leg, it is calculated as the historical realised volatility of the daily returns over the same [Number] Index Business Day window.

Therefore, the magnitude of the short position taken by each “volatility neutral” spread Index in the short leg or the respective Nomura Commodity [Redacted] Forward Index will be determined based on the volatility scaling mechanism at any given time, which is further capped at [Number] and floored at [Number]. If the Index reduces its exposure to the notional short position that proves to be advantageous, the effect of any gains achieved from holding such position will be reduced. Conversely, if the Index increases its exposure to the notional short position that proves to be disadvantageous, the effect of any losses achieved from holding such position will be enhanced.

Potential Lack of Exposure

On any given day, the portfolio held by the Nomura Commodity Forward Select Index or the Long-only Index can hold [Number] exposure to the Nomura Commodity [Redacted] Forward Index. This will result in an overall null exposure for the “notional neutral” spread Index and the Index will take no position. This might also result in an overall null exposure for the “volatility neutral” spread Index subject to the value of the “volatility scale” and the Index will take no position if the “volatility scale” is at [Number]. Therefore, investors will have no exposure to such spread Index for the given daily period, and will not benefit from any movements in the prices of the Index components during such period.

Past Performance is No Guide to Future Performance

The historical levels of the relevant index should not be viewed as an indication of future performance. The actual performance of an index during any future period may bear little relation to the historical performance of such index. No one can predict with any degree of certainty the future performance of an index. This will be particularly the case in periods of greater market stress.

Lack of Operating History; Back-Tested Performance

The index was established in [Index Live Date] and, therefore, does not have sufficient data upon which to evaluate long-term performance over various economic cycles. Any performance information for periods prior to the inception of the index represents simulated returns based on back-tested data intended to illustrate how the relevant index may have performed had it been created in the past, but those simulations are subject to many limitations. Unlike actual historical performance, such simulations do not reflect actual trading, liquidity constraints and other factors that may affect the results obtained from such back-tested data, should not be considered indicative of the actual results that might be obtained from an investment in the index, and the actual performance of the index may vary significantly from the results obtained from back-testing. Unlike an actual performance record, simulated results are achieved by means of the retroactive application of a back-tested model which was itself designed with the benefit of hindsight and knowledge of factors that may have possibly affected its performance. In addition, the model used to simulate these hypothetical returns is based on certain data, assumptions and estimates. Different models or models using different data, assumptions and estimates might result in materially different hypothetical performance results. Due to inherent limitations in hypothetical performance results, there may frequently be significant differences between hypothetical performance results and the actual results subsequently achieved. zc

No Ownership Rights in the Index Components

For calculation purposes, the index uses notional positions in the index components, but does not offer any ownership rights in the index components or the commodities underlying such index components. The index’s return will not reflect the return of a direct investment in the index components or the commodities underlying such index components.

Risks Relating to Commodities Markets

Investments linked to commodities are subject to sharp fluctuations in the prices of commodities and related contracts over short periods of time, based on a variety of factors, including: changes in supply and demand relationships; weather; climatic events; the occurrence of natural disasters; wars; political and civil upheavals; acts of terrorism; trade, fiscal, monetary, and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; technological developments; changes in interest rates; and trading activities in commodities and related contracts. These factors may affect commodity prices and the level of the index in varying and potentially inconsistent ways. As a result of these or other factors, the performance of the index may be negative and the level of the index may be, and has at times been, volatile.

Disruptions may Impact Performance

The commodity markets are subject to temporary distortions, market fragmentation or other disruptions due to various factors, including the participation of speculators and government regulation and intervention. In particular, the commodity markets are inherently less liquid than other markets. Amongst other things, such illiquidity may result in temporary distortions or other disruptions. These circumstances may trigger disruption provisions under the index and could adversely affect the level of the index. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits,” and the maximum or minimum price of a futures contract on any given day as a result of these limits is referred to as a “limit price.” Once the limit price has been reached for a particular futures contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular futures contract or forcing the liquidation of futures contracts at disadvantageous times or prices. These circumstances could adversely affect the level of the index.

Accordingly the Index Sponsor has attempted to describe in the index methodology (through appropriate fallback provisions) the particular disruptions or periods of stress that may affect the index from time to time, including circumstances where transaction data sources may become insufficient, inaccurate, unreliable or absent; as well as the potential consequences that these events may have on the determination and/or publication of the index. The index is also reviewed periodically to ensure that any input data used in the determination of the index remains appropriate, sufficient, and reliable to accurately reflect the market or economic reality that the index is intended to measure, including in response to market conditions. Changes to the data used and/or the data sources may therefore become necessary to ensure that these standards are met on an ongoing basis.

Risks Relating to Legal and Regulatory Changes

Futures contracts, including the index components, are subject to extensive statutes, regulations, and margin requirements. The Commodity Futures Trading Commission, commonly referred to as the "CFTC," and the exchanges on which such futures contracts trade, are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily limits and the suspension of trading. Furthermore, certain exchanges have regulations that limit the amount of fluctuations in futures contract prices that may occur during a single five-minute trading period. These limits could adversely affect the market prices of commodity futures contracts. The regulation of commodity transactions in the U.S. is subject to ongoing modification by government and judicial action. In addition, various non-U.S. governments have expressed concern regarding the disruptive effects of speculative trading in the commodities markets and the need to regulate the derivative markets in general. It is impossible to predict the impact of any future regulatory changes on the index, but such impact could be substantial and adverse.

For example, the "Dodd-Frank Act," which was enacted on July 21, 2010, requires the CFTC to establish limits on the amount of positions that may be held by any person in certain commodity futures contracts and swaps, futures and options that are economically equivalent to such contracts. While the effects of these or other regulatory developments are difficult to predict, when adopted, such rules may have the effect of making the markets for commodities, commodity futures contracts, options on futures contracts and other related derivatives more volatile and over time potentially less liquid. Such restrictions may force market participants, or such market participants may decide, to sell their positions in such futures contracts and other instruments subject to the limits. If this broad market-selling were to occur, it would likely lead to declines, possibly significant, sharp declines, in the price of commodity futures contracts and the level of the index.

Conflicts of Interest

Nomura International plc is the Index Sponsor of the index, and is responsible for the administration of the index, including maintaining the index, as well as calculating and publishing the levels of the index, based on a proprietary model and relying on market information. In addition, Nomura International plc (or any one of its affiliates) will be the Nomura counterparty to any investment product entered into based on the index. This gives rise to potential conflicts of interest.

In respect of any index-linked investment product Nomura International plc or any of its affiliates enters into, Nomura International plc (or any of its affiliates) will typically enter into hedging and pre-hedging transactions. Such hedging and pre-hedging activities will typically involve trading the instruments underlying the relevant index or instruments related to those underlying the relevant index. Potentially market sensitive information, such as - index signal determinations - are shared with the respective trading desk in order to risk manage Nomura International plc's (or its affiliates') index-linked investment products in the normal course of its hedging activities. There is no physical separation between the Index Sponsor and other front office functions within Nomura International plc. Nomura International plc and its affiliates may also trade otherwise (either for proprietary accounts or their client accounts), in the normal course of business, in the index, in instruments underlying the index or in instruments related to those that are linked to any of the foregoing, which may affect the level of the index. These trading activities may present a conflict between the interests of an investor that is considering whether to enter (or has already entered) into an investment product based on the index with Nomura International plc or any of its affiliates, and the interests that Nomura International plc and its affiliates will have in their risk management of any index-linked investment product, in their proprietary accounts, in facilitating transactions for their customers and in accounts under their management.

In the ordinary course of business, Nomura International plc or any of its affiliates may have expressed views on expected movements in the index and may do so in the future. These views or reports may be communicated to the clients of Nomura International plc or any of its affiliates. However, any such views are and will be subject to change from time to time. Moreover, other professionals who deal in markets relating to the index may at any time have significantly different views from those of Nomura International plc or its affiliates.

In addition, Nomura International plc or any of its affiliates may, from time to time, publish research that may influence the level of the Index, or may express opinions or provide recommendations that are inconsistent with the investment views inherent in the Index.

Neither the creation, calculation or maintenance of the Index nor any view which Nomura International plc or any of its affiliates may from time to time express constitutes a recommendation as to the merits of any investment product based on the index.

Impact of Index Pre-Hedging, Hedging and Trading Activities

Each index was designed by Nomura International plc with the intention of earning a profit for the Nomura Group through entering into transactions linked to such index, including pre-hedging and hedging transactions. Pre-hedging and hedging activities conducted by Nomura International plc, or any of its affiliates, relating to the index involve trading in the index components, which in some cases may be of low liquidity. It is possible that hedging activities conducted by Nomura International plc and its affiliates in relation to the index will lead to movements in the underlying markets that could adversely affect the performance of the index. Additionally, in the course of its trading activities, Nomura International plc and its affiliates may take long or short positions in related instruments that may affect the values of the index components. Nomura International plc and its affiliates may realize a profit in connection with pre-hedging and hedging activities regardless of whether the level of the index increases or decreases.

Index Sponsor / Index Calculation Agent Discretion

As Index Sponsor and Index Calculation Agent of the Sub-Indices, Nomura International plc is responsible for and has determinative influence over the Sub-Indices' composition, calculation and maintenance. As Index Sponsor (but not Calculation Agent) of the Index, Nomura International plc is also responsible for and has determinative influence over the Index's composition and maintenance; but when calculating the Index, the Index Calculation Agent of the Index shall take into account any adjustments to the Sub-Index levels made by the Index Sponsor, as well as any discretion exercised by Nomura International plc acting as the Index Sponsor in respect of the Index and/or any of the Sub-Indices.

The potentially subjective judgments that Nomura International plc, as Index Sponsor, makes in connection with the composition and maintenance of the Sub-Indices and the Index, could have an adverse effect on the level of the respective Sub-Index and the Index, as could the judgments that it makes as Calculation Agent of the Sub-Indices in respect of their calculation.

Nomura International plc maintains certain discretion (i) to determine whether certain types of disruption events have occurred, (ii) to determine any resulting adjustments and (in the case of Sub-Indices) calculations and (iii) to make such other determinations or adjustments necessary to calculate the level of the Sub-Indices and the Index. In such circumstances, Nomura International plc may estimate the value of a disrupted Index component to determine the level of the respective Sub-Index and/or the Index or may make such further adjustments to the respective Sub-Index and/or the Index as it deems necessary.

This may include the removal or replacement of any affected Index component by the Index Sponsor, in which case the Index Sponsor shall make any other adjustments to the Index to account for the price or value of the affected component at the time of its removal and any related costs. This may mean that the economic benefit, if any, of the replacement component is reduced or that the replacement has a material adverse effect on the Index performance. For example, and without limitation, the value of the replacement component may be adjusted by the same proportion as any fall in the value of the affected component at the time of its removal relative to the Index live date and may be further reduced to account for the cost to the Index Sponsor for implementing the replacement instrument.

The exercise by Nomura International plc of these kinds of discretion will have direct impact on the level of the Index. Nomura International plc has no obligation to take the interests of any other party into consideration when exercising discretion or making determinations with respect to the Sub-Indices and the Index.

Potential Adjustments to the Index

The Index Sponsor has the authority to amend the methodology of the index and/or make such adjustments to the index methodology as it considers appropriate, in each case in its sole discretion acting in good faith, in order to take into account events or changes in the relevant underlying markets or to preserve the investability and objective of the Index (including cancelling the Index in certain circumstances). Such action taken, or discretion exercised, by the Index Sponsor may result in benefits to Nomura International plc or any of its affiliates and/or losses to an investor.

Potential Termination of the Index

Nomura International plc may decide to permanently cancel and discontinue calculating and publishing an index at any time. There is no guarantee that the index will continue to be calculated for the full duration of any transaction linked to the index. In deciding whether or not to terminate the index, Nomura International plc has no obligation to take the interests of any other party into consideration.

If the index is terminated, any transaction linked to the index may be terminated early at a value reflecting a level of the index that may be considerably less than the last published level of the index, and such level may even be zero or negative.

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