

# Nomura EM Momentum Daily Index (Net of charges) - Index Rulebook

April 2025

|                                  |  |                                |  |     |         |              |   |        |                                |
|----------------------------------|--|--------------------------------|--|-----|---------|--------------|---|--------|--------------------------------|
| Summary Description              | <p>The Nomura EM Momentum Index (Net of Charges) (the “<b>Index</b>”) is a US Dollar denominated index. The Index is based on a strategy which aims to generate a positive return based on the performance of a basket (the “<b>Basket</b>”) of ten currencies (each a “<b>Currency</b>”) versus the US dollar. The Index gains exposure to the relevant currency through the Nomura FX Return Indices. The nominal position which the index takes in each of the currencies in the Basket is determined by a combination of the strategy’s momentum signal and a risk weighting mechanism. Leverage on the Basket is adjusted daily to target an index volatility of 8%.</p> <p>For further information please see the Index summary disclosures document for this Index, which is to be read in conjunction with this Index Rulebook (together, the “<b>Index Description</b>”).</p> |                                |  |     |         |              |   |        |                                |
| Index Currency                   | <p><b>The Index</b> is a US Dollar denominated index (“USD”)</p>   |                                |  |     |         |              |   |        |                                |
| Index Sponsor/ Calculation Agent | <p>Nomura International Plc, who is responsible for the administration of the Index.</p>   |                                |  |     |         |              |   |        |                                |
| Index Business Day               | <p>Each day which is both a London and New York Business Day is an Index Business Day.</p> <p>Each Index Business Day is denoted by t.</p> <p>t+1 shall refer to the Index Business Day immediately following Index Business Day t</p> <p>t = 0 on 23 February 1996.</p> <p><b>London Business Day</b> means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London</p> <p><b>New York Business Day</b> means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in New York</p>   |                                |  |     |         |              |   |        |                                |
| Index Trading Business Day       | <p>Each day which is a New York Business Day, London Business Day and a Local Business Day for all Currency<sup>i</sup>.</p> <p><b>Local Business Day</b> means a day which is specified by the Index Date Provider to be a business day in the relevant Holiday Centre<sup>i</sup>, subject to the occurrence of an Index Date Provider Event (as defined below).</p> <p>“<b>Index Date Provider</b>” means the external provider (or any successor) of any Local Business Day, as pre-determined by the Index Sponsor at the design stage of the Index (and as may be amended and/or updated from time to time by the Index Sponsor in accordance with Appendix 2, Section 15 of the Control Framework Summary (“Changes to Methodology.”))</p>  |                                |  |     |         |              |   |        |                                |
| Index Live Date                  | <p>09 January 2019</p>   |                                |  |     |         |              |   |        |                                |
| TRY Removal Date[x]              | <table><tr><td>[X]</td><td>Weekday</td><td>Removal Date</td></tr><tr><td>1</td><td>Monday</td><td>28<sup>th</sup> February 2022</td></tr></table>  |                                |  | [X] | Weekday | Removal Date | 1 | Monday | 28 <sup>th</sup> February 2022 |
| [X]                              | Weekday  | Removal Date                   |  |     |         |              |   |        |                                |
| 1                                | Monday   | 28 <sup>th</sup> February 2022 |  |     |         |              |   |        |                                |

|   |           |                            |
|---|-----------|----------------------------|
| 2 | Tuesday   | 1 <sup>st</sup> March 2022 |
| 3 | Wednesday | 2 <sup>nd</sup> March 2022 |
| 4 | Thursday  | 3 <sup>rd</sup> March 2022 |
| 5 | Friday    | 4 <sup>th</sup> March 2022 |

## RUB Removal Date[x]

|     |           |                            |
|-----|-----------|----------------------------|
| [X] | Weekday   | Removal Date               |
| 1   | Monday    | 4 <sup>th</sup> March 2022 |
| 2   | Tuesday   | 4 <sup>th</sup> March 2022 |
| 3   | Wednesday | 4 <sup>th</sup> March 2022 |
| 4   | Thursday  | 4 <sup>th</sup> March 2022 |
| 5   | Friday    | 4 <sup>th</sup> March 2022 |

## Index Components

## Nomura FX Return Indices as set out in Appendix 1

The Nomura FX Return Indices are separate indices which are administered by the Index Sponsor. The returns of each index represent the returns of a long position in an emerging-market ("EM") currency and a short position in USD while taking account of the cost of financing such position as set out in the Index Description of the relevant Nomura FX Return Indices.

Index<sub>0</sub>

100

Index<sub>1</sub>

100

Index<sub>t</sub>

$$\text{Round}[Index_{t-2} \times (\text{Net Return}_t - \text{Maintenance Charge}) + Index_{t-1}, 8]$$

Maintenance Charge

0.002%

Net Return<sub>t</sub>

Before and on TRY Removal Date [5]

$$\sum_{i=1}^{10} (\text{Pre} - \text{Cost Return}_t^i - \text{Trading Costs}_t^i)$$

After TRY Removal Date [5]

$$\sum_{i=1}^9 (Pre - Cost Return_t^i - Trading Costs_t^i)$$

After RUB Removal Date [5]

$$\sum_{i=1}^8 (Pre - Cost Return_t^i - Trading Costs_t^i)$$

Pre-Cost Return<sub>t</sub><sup>i</sup>

$$Pre - Cost Return_t^i = Net Position_{t-1}^i \times NMF X Return_t^i$$

Net Position<sub>t</sub><sup>i</sup>

$$\frac{1}{5} \sum_{[x]=1}^5 (Position_t^{i,[x]})$$

Position<sub>t</sub><sup>i,[x]</sup>

Before TRY Removal Date [X],

$$0.1 \times Leverage_{t-1}^{i,[x]} \times Risk Weight_{t-1}^{i,[x]} \times Momentum Signal_{t-1}^{i,[x]}$$

After and on TRY Removal Date [X],

$$(1/9) \times Leverage_t^{i,[x]} \times Risk Weight_t^{i,[x]} \times Momentum Signal_t^{i,[x]}$$

After and on the first New Leverage Day<sup>i,[x]</sup> occurring on or after RUB Removal Date [X],

$$(1/8) \times Leverage_t^{i,[x]} \times Risk Weight_t^{i,[x]} \times Momentum Signal_t^{i,[x]}$$

Leverage<sub>t</sub><sup>i,[x]</sup>If t is a New Leverage Day<sup>i,[x]</sup>, then

$$Leverage_t^{i,[x]} = \min \left[ Leveraged Cap_t^{[x]}, \frac{Volatility Target}{Annualised Volatility [Return^{[x]}]_{t-60,t-1}} \right]$$

Otherwise

$$Leverage_t^{i,[x]} = Leverage_{t-1}^{i,[x]}$$

New Leverage Day<sub>t</sub><sup>i,[x]</sup>Any Week Day[x] that is an Index Business Day and a Currency Business Day<sup>i</sup>.Leverage Cap<sub>t</sub><sup>[x]</sup>

$$Leverage Cap_t^{[x]} = \min \left[ 400\%, 75th \text{ percentile of } \left( \frac{Volatility Target}{Annualised Volatility [Return^{[x]}]_{k-60,k-1}} \right) \right]$$

The 75<sup>th</sup> percentile is calculated using the rolling series computed by taking k over all available values from 24 May 1996 to t.

Volatility Target

8%

|  |  |
|--|--|
| Return <sup>[X]</sup> <sub>t</sub>                 | <p>Before and on TRY Removal Date [X],</p> $\frac{1}{10} \sum_{i=1}^{10} \left( \text{Risk Weighted Return}_t^{i,[X]} \right)$ <p>After TRY Removal Date [X],</p> $\frac{1}{9} \sum_{i=1}^9 \left( \text{Risk Weighted Return}_t^{i,[X]} \right)$ <p>After RUB Removal Date [X],</p> $\frac{1}{8} \sum_{i=1}^8 \left( \text{Risk Weighted Return}_t^{i,[X]} \right)$ |
| Risk Weighted Return <sup>i,[X]</sup> <sub>t</sub> | $\text{Risk Weighted Return}_t^{i,[X]} = \text{Momentum Signal}_{t-1}^{i,[X]} \times \text{Risk Weight}_{t-1}^{i,[X]} \times \text{NMFx Return}_t^i$   |
| Signal   |  |
| Momentum Signal <sup>i,[X]</sup> <sub>t</sub>      | <p>If t is a New Leverage Day<sup>i,[X]</sup> then</p> $\text{Momentum Signal}_t^{i,[X]} = \frac{1}{3} \times [1 \text{ Month Signal}_t^i + 3 \text{ Month Signal}_t^i + 12 \text{ Month Signal}_t^i]$ <p>Otherwise</p> $\text{Momentum Signal}_t^{i,[X]} = \text{Momentum Signal}_{t-1}^{i,[X]}$  |
| 1 Month Signal <sup>i</sup> <sub>t</sub>           | $\text{Max} \left[ -1, \text{Min} \left[ \frac{\text{Average}[\text{NMFx Return}^i]_{t-22,t-1}}{\text{Standard Deviation}[\text{Average}[\text{NMFx Return}^i]_{k-22,k-1}]_{t-1249,t}}, 1 \right] \right]$   |
| 3 Month Signal <sup>i</sup> <sub>t</sub>           | $\text{Max} \left[ -1, \text{Min} \left[ \frac{\text{Average}[\text{NMFx Return}^i]_{t-66,t-1}}{\text{Standard Deviation}[\text{Average}[\text{NMFx Return}^i]_{k-66,k-1}]_{t-1249,t}}, 1 \right] \right]$   |
| 12 Month Signal <sup>i</sup> <sub>t</sub>          | $\text{Max} \left[ -1, \text{Min} \left[ \frac{\text{Average}[\text{NMFx Return}^i]_{t-250,t-1}}{\text{Standard Deviation}[\text{Average}[\text{NMFx Return}^i]_{k-250,k-1}]_{t-1249,t}}, 1 \right] \right]$   |



**Risk Weight<sup>i,[X]</sup><sub>t</sub>****Before TRY Removal Date [X],**

If t is a New Leverage Day<sup>i,[X]</sup>, then

If  $\left[ \frac{\text{Raw Risk Weight}_t^{i,[X]}}{\sum_{i=1}^{10} \text{Raw Risk Weight}_t^{i,[X]}} \right] > \text{Risk Weight Proportion Cap}$ , then:

$$\text{Risk Weight}_t^{i,[X]} = \text{Risk Weight Proportion Cap} \times \sum_{i=1}^{10} \text{Raw Risk Weight}_t^{i,[X]}$$

Otherwise

$$\text{Risk Weight}_t^{i,[X]} = \text{Raw Risk Weight}_t^{i,[X]}$$

Otherwise

$$\text{Risk Weight}_t^{i,[X]} = \text{Risk Weight}_{t-1}^{i,[X]}$$

**After and on TRY Removal Date [X],**

If t is a New Leverage Day<sup>i,[X]</sup>, then

If  $\left[ \frac{\text{Raw Risk Weight}_t^{i,[X]}}{\sum_{i=1}^9 \text{Raw Risk Weight}_t^{i,[X]}} \right] > \text{Risk Weight Proportion Cap}$ , then:

$$\text{Risk Weight}_t^{i,[X]} = \text{Risk Weight Proportion Cap} \times \sum_{i=1}^9 \text{Raw Risk Weight}_t^{i,[X]}$$

Otherwise

$$\text{Risk Weight}_t^{i,[X]} = \text{Raw Risk Weight}_t^{i,[X]}$$

Otherwise

$$\text{Risk Weight}_t^{i,[X]} = \text{Risk Weight}_{t-1}^{i,[X]}$$

**After and on the first New Leverage Day<sup>i,[X]</sup> occurring on or after RUB Removal Date [X],**

If t is a New Leverage Day<sup>i,[X]</sup>, then

If  $\left[ \frac{\text{Raw Risk Weight}_t^{i,[X]}}{\sum_{i=1}^8 \text{Raw Risk Weight}_t^{i,[X]}} \right] > \text{Risk Weight Proportion Cap}$ , then:

$$\text{Risk Weight}_t^{i,[X]} = \text{Risk Weight Proportion Cap} \times \sum_{i=1}^8 \text{Raw Risk Weight}_t^{i,[X]}$$

Otherwise

$$\text{Risk Weight}_t^{i,[X]} = \text{Raw Risk Weight}_t^{i,[X]}$$

Otherwise

$$\text{Risk Weight}_t^{i,[X]} = \text{Risk Weight}_{t-1}^{i,[X]}$$

|   |   |
|---|---|
| <b>Raw Risk Weight<sup>i,[x]</sup><sub>t</sub></b>  | $Raw\ Risk\ Weight_t^{i,[x]} = Min \left[ Risk\ Weight\ Cap_t^i, \frac{Risk\ Weight\ Volatility\ Target}{Annualised\ Volatility[NMFX\ Return^i]_{t-60,t-1}} \right]$  |
| <b>Risk Weight Cap<sup>i</sup><sub>t</sub></b>      | $Min \left[ 300\%, 75th\ percentile\ of \left( \frac{Risk\ Weight\ Volatility\ Target}{Annualised\ Volatility[NMFX\ Return^i]_{k-60,k-1}} \right) \right]$ <p>The 75<sup>th</sup> percentile is calculated using the rolling series computed by taking k over all available values from 31 March 1995 to t.</p>   |
| <b>Risk Weight Volatility Target</b>                | 10%   |
| <b>Risk Weight Proportion Cap</b>                   | 25%   |
| <b>NMFX Return<sup>i</sup><sub>t</sub></b>          | $\frac{NMFX_t^i}{NMFX_{t-1}^i} - 1$ <p>Where NMFX<sup>i</sup> refers to the Nomura FX Return Index for Currency<sup>i</sup> as detailed in Appendix 1.</p> <p>Whilst the level of the relevant Nomura FX Return Index as published on the Price Source is typically rounded to two decimal places, to determine the EM Momentum Daily Index no such published level will be used, but the level as calculated in accordance with the Index Description of the relevant Nomura FX Return Index. Refer to Appendix 1 for the currency corresponding to each i and the corresponding Price Source for the relevant Nomura FX Return Index.</p> |
| <b>Charges</b>                                      |   |
| <b>Trading Costs<sup>i</sup><sub>t</sub></b>        | $Trading\ Costs_t^i = Transaction\ Cost_{t-1,t}^i + Roll\ Cost_{t-1,t}^i$   |
| <b>Transaction Cost<sup>i</sup><sub>t-k,t</sub></b> | $T^i \times \{ABS[Net\ Position_t^i - Net\ Position_{t-k}^i]\}$ <p>Where ABS denotes the absolute value of the function between the brackets, and T<sup>i</sup> can be found in Appendix 3.</p>   |
| <b>Roll Cost<sup>i</sup><sub>t-k,t</sub></b>        | $R^i \times ABS[Net\ Position_{t-k}^i] \times \left( \frac{12}{250} \right)$ <p>Where R<sup>i</sup> can be found in Appendix 3.</p>   |
| <b>General Definitions</b>                          |   |
| <b>Average [ α ]<sub>a,b</sub></b>                  | $\frac{1}{(b-a+1)} \times \sum_{k=a}^b \alpha_k$  |

**Standard  
Deviation [  $\alpha$  ]<sub>a,b</sub>**

$$\sqrt{\frac{\sum_{k=a}^b (\alpha_k - \text{Average}[\alpha]_{a,b})^2}{b-a}}$$

**Annualised  
Volatility[  $\alpha$  ]<sub>a,b</sub>**

$$\text{Standard Deviation}[\alpha]_{a,b} \times \sqrt{250}$$

**Round [  $\alpha$  ,  $\beta$  ]**

Rounds value  $\alpha$  to the  $\beta$ th decimal place.

**Currency  
Business Day<sup>i</sup>**

Each day that is a Business Day in Holiday Centre<sup>i</sup> as set out in Appendix 2

**Week Day[x]**

| [x] | Week Day[x] |
|-----|-------------|
| 1   | Monday      |
| 2   | Tuesday     |
| 3   | Wednesday   |
| 4   | Thursday    |
| 5   | Friday      |

**Documentation**

All capitalized terms used in this document and not otherwise defined will have the meanings given to them in the 2006 ISDA Definitions.

**Appendices**

**Appendix 1:  
Nomura FX  
Return Indices  
and Price  
Sources**

\*NMFXCNY is used until 30 April 2012. From 01 May 2012 onwards NMFXCNH replaces NMFXCNY.

\*\*NMFXINR, NMFXKRW, NMFXRUB are used until 30 September 2009. From 01 October 2009 onwards NMFXINR2, NMFXKRW2, NMFXRUBD replaces NMFXINR, NMFXKRW, NMFXRUB.

\*\*\*NMFXBRL is used until 31 March 2010. From 01 April 2010 onwards NMFXBRLW replaces NMFXBRL.

\*\*\*\* NMFXTTRY is removed from TRY Removal Date [5]

\*\*\*\*\* NMFXRUBD is removed from RUB Removal Date [5]

| i    | Currency <sup>i</sup>  | Price Source |
|------|------------------------|--------------|
| 1*** | Brazilian Real ("BRL") | NMFXBRL      |
| 1*** | Brazilian Real ("BRL") | NMFXBRLW     |
| 2*   | Chinese Yuan ("CNY")   | NMFXCNY      |
| 2*   | Chinese Yuan ("CNH")   | NMFXCNH      |

|               |                            |          |
|---------------|----------------------------|----------|
| 3**           | Indian Rupee ("INR")       | NMFXINR  |
| 3**           | Indian Rupee ("INR")       | NMFXINR2 |
| 4**           | South Korean Won ("KRW")   | NMFXKRW  |
| 4**           | South Korean Won ("KRW")   | NMFXKRW2 |
| 5             | Mexican Peso ("MXN")       | NMFXMXN  |
| 6             | Polish Zloty ("PLN")       | NMFXPLN  |
| 7**           | Russian Ruble ("RUB")      | NMFXRUB  |
| 7**,***<br>** | Russian Ruble ("RUB")      | NMFXRUBD |
| 8             | Singaporean Dollar ("SGD") | NMFXSGD  |
| 9****         | Turkish Lira ("TRY")       | NMFXTRY  |
| 10            | South African Rand ("ZAR") | NMFXZAR  |

## Appendix Currency Holidays

2:

\*CNY is used until 30 April 2012. From 01 May 2012 onwards CNH replaces CNY.

| i  | Currency <sup>i</sup> | Holiday Centre <sup>i</sup>   |
|----|-----------------------|---|
| 1  | BRL                   | Bolsa de Mercadorias y Futuros (BMF)  |
| 2* | CNY                   | Beijing   |
| 2* | CNH                   | Hong Kong, until 09 January 2018<br>Hong Kong and Beijing, from 10 January 2018 |
| 3  | INR                   | Mumbai  |
| 4  | KRW                   | Seoul   |
| 5  | MXN                   | Mexico City   |



|    |     |              |
|----|-----|--------------|
| 6  | PLN | Warsaw       |
| 7  | RUB | Moscow       |
| 8  | SGD | Singapore    |
| 9  | TRY | Istanbul     |
| 10 | ZAR | Johannesburg |

### Appendix 3: Transaction and Roll Costs

\*CNY is used until 30 April 2012. From 01 May 2012 onwards CNH replaces CNY.

| i  | Currency <sup>i</sup> | T <sup>i</sup> | R <sup>i</sup> |
|----|-----------------------|----------------|----------------|
| 1  | BRL                   | 0.050%         | 0.030%         |
| 2* | CNY                   | 0.040%         | 0.010%         |
| 2* | CNH                   | 0.040%         | 0.010%         |
| 3  | INR                   | 0.095%         | 0.020%         |
| 4  | KRW                   | 0.070%         | 0.030%         |
| 5  | MXN                   | 0.040%         | 0.015%         |
| 6  | PLN                   | 0.045%         | 0.030%         |
| 7  | RUB                   | 0.060%         | 0.020%         |
| 8  | SGD                   | 0.040%         | 0.010%         |
| 9  | TRY                   | 0.010%         | 0.020%         |
| 10 | ZAR                   | 0.040%         | 0.030%         |

### Appendix 4: Disruption Events and Fallbacks

The following Disruption Events and Fallback provisions shall apply to the Index:

**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).

**Index Disruption:** If, in the opinion of the Index Sponsor, an Index Disruption Event has occurred or is occurring, including in respect of any Index Component utilised to calculate the level of the Index on any day, then, the Index Sponsor may (with a view to preserving the objective of the Index)

- (a) delay or postpone the rebalancing and/or calculation of such Index Component; to a day not later than the Disruption Cut-off Date, notwithstanding that such day may be subject to an Index Disruption Event and in which case the Index Sponsor will determine the level of such affected Index Component as of that Disruption Cut-off Date in its sole discretion and acting in a commercially reasonable manner in accordance with (c) below; and/or
- (b) not calculate and publish the Index Level for such day or delay the publication, or
- (c) determine the level of any affected Index Component, in respect of such relevant day in its sole discretion and acting in a commercially reasonable manner (regardless of whether or not a level of such affected Index Component has been published by the Price Source in respect of such day); 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").

**"Disruption Cut-off Date"** means the 5th Index Business Day from and including the original day.

**Price Materiality:** If on any day, the level published on any Price Source in relation to any price, level, rate or other variable necessary to determine any Index Component, in the sole determination of the Index Sponsor, is significantly different to the level of such variable prevailing in the market, such variable shall instead be determined by the Index Sponsor using its sole discretion, acting in a commercially reasonable manner with a view to achieving the objective of the Index and taking into account the prevailing market level and any other factors it deems relevant (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")), and the Index Sponsor may delay the publication of the Index level for that day.

**Index Disruption Event:** means with respect to an FX Index Component the occurrence or existence of a Price Source Disruption or a Market Disruption.

**Price Source Disruption:** In the event that, in the sole determination of the Index Sponsor, in relation to any day a Price Source fails to announce or publish any relevant price, level, rate or other data necessary for the determination of any Index, the Index Sponsor will determine the level of such FX Index Component: using the Fallback Price Source specified in relation to such variable (if any). If no Fallback Price Source is specified or such Fallback Price Source is also subject to a Price Source Disruption then such event shall constitute an Index Disruption Event.

**Market Disruption:** Means the determination by the Index Sponsor in its sole discretion that one or more of the following events has occurred: (a) the material suspension of, a material limitation imposed on, or the cessation of the trading in any FX Index Component; (b) 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"**) any FX 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); (c) 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); or (d) the occurrence of any event or circumstance which generally prevents, disrupts or impairs the ability of market participants in general to enter into transactions or obtain market values of the type which would be required to implement the Index in a commercially reasonable manner (including, without limitation, a significant widening in the bid/offer and/or a significant reduction in liquidity in an FX Index Component); (e) in respect of an FX Index Component or the Index, 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 the Index Sponsor's reasonable control 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; or (f) 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..

**Index Date Provider Event** means, on any day, that:

(i) a Local Business Day specified (or to be specified) by the Index Date Provider: (A) is not published or announced by the Index Date Provider, or is (or becomes) otherwise unavailable or inaccessible; and/or (B) is in the determination of the Index Sponsor false, incorrect or different to the date prevailing in the market as the date on which the relevant Currency<sup>i</sup> can be traded without preventing, disrupting or impairing the ability of the Index to achieve its economic objective, the prompt or accurate determination of the level of the Index, or the ability of the Index Sponsor perform its role in respect of the Index; and/or

(ii) the Index Date Provider announces, or the Index Sponsor becomes aware, that a Local Business Day is different, or is reasonably likely to be different, from the date as previously specified by the Index Date Provider ("**Original Specified Date**"), at any time prior to Original Specified Date.

in each case where (i) and/or (ii) above has a material effect on the timely determination of the Index.

Upon the occurrence of an Index Date Provider Event, the Index Sponsor may (in order to preserve the economic objective of the Index and/or the prompt or accurate determination of the level of the Index) determine the relevant Local Business Day, taking into account the Original Specified Date (if any) and any other information it deems necessary (including any information announced, published or provided by the Index Date Provider).

## Appendix 5: Replacement of Index Components

**Index Modification:** Upon the occurrence of an Index Modification Event, the Index Sponsor may

(i) remove or replace such affected Index Component with an alternative etf, futures or options contract, currency, rate, variable or other component (a "**Replacement Index Component**") 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"); and/or

(ii) make 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, the Index Sponsor shall make any other adjustments to the Index 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 Index Component.

**Index Modification Event:** means (1) the existence or occurrence of an Extraordinary Event and (2) shall be deemed to have occurred if the Index Sponsor determines, in its sole discretion, that an FX Index Component (i) is no longer available (whether due to a permanent discontinuation of trading, 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 objective; and/or (3) shall be deemed to have occurred if the Index Sponsor determines, in its sole discretion, that any input data and/or price source in relation to an Index Component used to calculate the Index is no longer sufficient to represent



accurately and reliably the market and economic reality that the Index and/or Index Component is intended to measure, or no longer meets 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").

**Extraordinary Event** means in respect of any Index Component means any of 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 Index Component, or (y) there is a materially increased cost of trading in an 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 (x) any restriction on making new or additional investments in any Index Component.

**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 Index Live 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).

**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 (as defined below).

## Appendix Definitions

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**Index Component:** means, in respect of the Index, each futures contract, currency, rate, variable or other component necessary in order to determine a level of the Index.

**Price Source:** In respect of an Underlying FX Index and for any other FX Index Component, the publication, page (or any other origin of reference, including an exchange) containing (or reporting) the prices, levels, rates or other data utilised by the Index Sponsor for such FX Index Component. References to Price Source shall be construed as referring also to any successor publication, page or source on which the relevant prices, levels, rates or other data for an FX Index Component may be disseminated, as determined by the Index Sponsor in its sole discretion and acting in a commercially reasonable manner.

## 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 BMR<sup>1</sup> and the IOSCO Principles and any related measures and

<sup>1</sup>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.



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|   | <p>applicable FCA rules (each as amended or replaced from time to time)<sup>2</sup>. The Governance Policy and Control Framework governs (amongst other things) the development, determination and operation of indices administered by the Index Sponsor. A summary of the Governance Policy and Control Framework (the “<b>Control Framework Summary</b>”) is published on: <a href="http://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml">www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml</a>. Please refer to the summary of the Governance Policy and Control Framework in respect of the following information applying to the Index methodology:</p>   |
| <b>Criteria for Index Development and Input Data and Source Selection</b> | <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>  |
| <b>Exercise of Expert Judgment and discretion</b>                         | <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>   |
| <b>Input Data Type Priority</b>   | <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>   |
| <b>Index Error Reports and Revision</b>                                   | <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>   |
| <b>Quantity and Quality of Input Data</b>                                 | <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> |
| <b>Internal Reviews of the Index</b>                                      | <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</p>  |

<sup>2</sup><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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|   | 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.  |
| <b>Index Approval</b>   | 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”) and Appendix 2, Section 3 (“Index Design and Creation of New Indices”).  |
| <b>Investor Consultation upon Index termination and material changes to the Index methodology</b> | 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.   |
| <b>Active Market of the Index</b>   | 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.  |
| <b>Outsourcing of Index Determination</b>   | 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”).   |
| <b>Index Disclaimer</b>   | <p>The Index Sponsor and its affiliates make no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of an Index and/or the levels at which the relevant Index stands at a particular time on any particular date or otherwise. The Index Sponsor and its affiliates shall not be liable (whether in contract, tort or otherwise) to any person for any error in such Index.</p> <p>The Index Sponsor and its affiliates make no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any transactions or products which are linked to or deriving a value from an Index.</p> <p>Neither the Index Sponsor nor its affiliates shall have any liability for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of an Index. Although the Index Sponsor will obtain information concerning an Index from publicly available sources it believes reliable, such information may not have been independently verified. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Index Sponsor or its affiliates as to the accuracy, completeness and timeliness of information concerning an Index or any other information provided by any person in connection with the information described herein, or as to the continuance of calculation or publication of an Index.</p> <p>Nothing in this disclaimer shall exclude or limit liability to the extent such exclusion or limitation is not permitted by law or regulation to which the Index Sponsor is subject.</p> |

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