

Nomura FX Unconstrained Global Carry Index in USD

4 July 2024, v3.0

Overview

Index

The Nomura FX Unconstrained Global Carry Index in USD (the “Index”) is a quantitative, rules-based index created by Nomura International plc (the “Index Sponsor” and the “Index Calculation Agent”). The Index aims to implement a “carry” investment strategy that seeks to provide returns by buying emerging-market and/or G10 currencies with relatively high interest rates and simultaneously selling emerging-market and/or G10 currencies with relatively low interest rates.

The Index provides either long or short notional exposure to hypothetical forward contracts on emerging-market currencies and G10 currencies, each relative to the U.S. dollar. The Index provides exposure to each underlying emerging market currency by taking notional positions in the Nomura Emerging Markets FX Return Indices or Nomura Emerging Market FX Return Indices Variations, to each underlying G10 currency by taking notional positions in the Nomura FX Return Indices (each, an “underlying Sub-Index” and together, the “underlying Sub-Indices”). Each underlying Sub-Index represents a hypothetical forward contract reflecting a long position in a particular emerging-market or G10 currency and a short position in U.S. dollars, while taking into account the costs of financing such positions.

For information on the relevant investment strategies of the underlying Sub-Indices and their respective risks, please refer to the index summary document for each Sub-Index provided to you separately.

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 Index.

The Index Sponsor has the authority to amend the methodology of the Index 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.

The Index 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. For information on each of the underlying Sub-Indices please refer to the rulebook and index summary document for each Sub-Index.

Charges

The Index deducts transaction-based and roll-based charges from the level of the Index. The Index’s fixed transaction costs and roll-cost amounts are charged on a per-currency, per-transaction basis, based on the positions taken in the underlying Sub-Indices representing each currency, which means that the amount of charges incurred will vary based upon the frequency and magnitude of the notional transactions prescribed by the index methodology.

In addition to the fixed charge amounts, the Index Sponsor may charge the swap counterparty certain running fees in connection with a swap transaction linked to the Index. The amount of any such fees, which accrue to the benefit of the Index Sponsor in consideration for establishing and maintaining the Index, will be set forth in the applicable term sheet for the swap transaction.

Index Determination

Index Sponsor

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

Index_t	<p>With respect to each Index Business Day t,</p> $\text{Index}_t = \text{Index}_{t-1} + \text{Index}_{t-1, \text{reset}} \times \text{Return}_t$ <p>Where</p> <p>t-1 denotes the Index Business Day immediately preceding Index Business Day t,</p> <p>Index_t = 100 on Index Start Date, which is defined in the Index Specifications Table in Annex 1.</p>
Index_{t,reset}	<p>With respect to each Index Business Day t that is an Index Reset Date,</p> <p>the Level of Index_t as of the Index Business Day immediately preceding Index Business Day t.</p> <p>With respect to any other Index Business Day t,</p> $\text{Index}_{t-1, \text{Reset}}$ <p>Where</p> <p>t-1 denotes the Index Business Day immediately preceding Index Business Day t</p>
Index Reset Date	Each Index Trading Business Day

Returns Calculation

Return_t	<p>With respect to each Index Business Day t</p> $\text{Return}_t = \sum_{i=1}^n [\text{Position}_{t-1}^i \times \text{Sub-Index Return}_t^i - \text{Cost}_t^i]$ <p>Where</p> <p>t-1 denotes the Index Business Day immediately preceding Index Business Day t.</p> <p>i is the Eligible Currency as defined in Sub-Index Specifications Table in Annex 1.</p>
n	The total number of Eligible Currencies. As of the Index Live Date, n = 24.

Index Fees and Charges

Cost_tⁱ	<p>Transaction Costs associated with Eligible Currency “i” on Index Business Day “t”, calculated as follows:</p> $\text{Costs}_t^i = \text{RollCosts}_t^i + \text{RebalancingCosts}_t^i$ <p>Where</p> $\text{RollCosts}_t^i = \text{Position}_{t-1}^i \times \text{Roll Charge}^i \times 1/250$ $\text{RebalancingCosts}_t^i = \text{Position}_t^i - \text{Position}_{t-1}^i \times \text{Transaction Charge}^i$ <p>Where Roll Chargeⁱ and Transaction Chargeⁱ are defined in Sub-Index Specifications Table in Annex 1</p>
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Index Components

Eligible Currencies	<p>Mexican Peso (“MXN”), Brazilian Real (“BRL”), Chilean Peso (“CLP”), Polish Zloty (“PLN”), Hungarian Forint (“HUF”), Czech Koruna (“CZK”), South African Rand (“ZAR”), Indonesian Rupiah (“IDR”), Korean Won (“KRW”), Singapore Dollar (“SGD”), Taiwan Dollar (“TWD”), Indian Rupee (“INR”), Philippines Peso (“PHP”), Israeli Shekel (“ILS”), Australian Dollars (“AUD”), Canadian Dollars (“CAD”), Swiss Franc (“CHF”), Euro (“EUR”), UK Sterling (“GBP”), Japanese Yen (“JPY”), Norwegian Krone (“NOK”), New Zealand Dollar (“NZD”), Swedish Krona (“SEK”) and United States Dollars (“USD”).</p> <p>The Eligible Currencies are selected by the Calculation Agent on the basis of liquidity, tradability and freely floating such that the use of such currency in the Index determination can be relied upon to represent accurately and reliably the market or economic reality that the Index is intended to measure. Currencies may be removed from or replaced in the universe of the Eligible Currencies by the Calculation Agent subject to the satisfaction of these criteria.</p>
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Sub-Index Return_tⁱ	<p>With respect to each Index Business Day t,</p> $\text{Sub-Index Return}_t^i = \left(\frac{\text{Sub-Index}_t^i - \text{Sub-Index}_{t-1}^i}{\text{Sub-Index}_{t-1}^i} \right)$ <p>Where t-1 denotes the Index Business Day immediately preceding Index Business Day t</p>
Sub-Index_tⁱ	<p>With respect to each Index Business Day t</p> <p>The level of Sub-Indexⁱ as determined by the Index Sponsor in accordance with the methodology of Sub-Indexⁱ</p>
Position_tⁱ	<p>With respect to each Index Business Day t that is a Currency Business Dayⁱ,</p> <p>[Formula to measure Position]</p>
Weight_tⁱ	<p>With respect to each Index Business Day t,</p> <p>[Formula to measure Weight]</p>
CapFloor AverageInterestRate_tⁱ	<p>With respect to each Index Business Day t,</p> <p>[Formula to measure CapFloorAverageInterestRate]</p>
RatePositiveCap_t	<p>With respect to each Index Business Day t,</p> <p>[Formula to measure RatePositiveCap]</p>
RateNegativeFloor_t	<p>With respect to each Index Business Day t,</p> <p>[Formula to measure RateNegativeCap]</p>
AverageInterestRate_tⁱ	<p>With respect to each Index Business Day t,</p> <p>[Formula to measure AverageInterestRate]</p>
YieldPriceCurrency_mⁱ	<p>With respect to each Index Business Day m,</p> <p>[Formula to measure YieldPriceCurrency]</p>

Index Business Day	Each London and New York Business Day																																
Index Trading Business Day	Each day that is an Index Business Day and a Local Business Day for each Eligible Currency i.																																
Currency Business Dayⁱ	Each day that is an Index Business Day and a Local Business Day (where applicable) for Eligible Currency i.																																
Local Business Day	<p>A day which is specified by the Index Date Provider to be a business day in the relevant city as set out in the table below for applicable Eligible Currency i, subject to the occurrence of an Index Date Provider Event.</p> <table border="1"> <thead> <tr> <th>Eligible Currency i</th> <th>Business Day</th> </tr> </thead> <tbody> <tr> <td>BRL</td> <td>Sao Paolo</td> </tr> <tr> <td>CLP</td> <td>Santiago</td> </tr> <tr> <td>CZK</td> <td>Prague</td> </tr> <tr> <td>HUF</td> <td>Budapest</td> </tr> <tr> <td>MXN</td> <td>Mexico City</td> </tr> <tr> <td>PLN</td> <td>Warsaw</td> </tr> <tr> <td>ZAR</td> <td>Johannesburg</td> </tr> <tr> <td>IDR</td> <td>Singapore, Jakarta</td> </tr> <tr> <td>ILS</td> <td>Tel Aviv</td> </tr> <tr> <td>INR</td> <td>Mumbai</td> </tr> <tr> <td>KRW</td> <td>Seoul</td> </tr> <tr> <td>PHP</td> <td>Manila</td> </tr> <tr> <td>SGD</td> <td>Singapore</td> </tr> <tr> <td>TWD</td> <td>Taipei</td> </tr> <tr> <td>Other Eligible Currencies</td> <td>Not applicable</td> </tr> </tbody> </table>	Eligible Currency i	Business Day	BRL	Sao Paolo	CLP	Santiago	CZK	Prague	HUF	Budapest	MXN	Mexico City	PLN	Warsaw	ZAR	Johannesburg	IDR	Singapore, Jakarta	ILS	Tel Aviv	INR	Mumbai	KRW	Seoul	PHP	Manila	SGD	Singapore	TWD	Taipei	Other Eligible Currencies	Not applicable
Eligible Currency i	Business Day																																
BRL	Sao Paolo																																
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KRW	Seoul																																
PHP	Manila																																
SGD	Singapore																																
TWD	Taipei																																
Other Eligible Currencies	Not applicable																																
Index Date Provider	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.”))																																
London Business Day	A day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.																																
New York Business Day	A day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York.																																
Libor Adjustment Date	1 November 2021																																
Index Publication	With respect to each Index Business Day, the Rounded Index Level will be published to the Index Price Source specified in the Index Specifications Table.																																
Rounded Index Level	Rounded Index Level means the Index Level ($Index_t$) rounded to 2 decimal places.																																

Disruption Events & Fallbacks

Index Disruption	<p>If, in the opinion of the Index Sponsor, an Index Disruption Event has occurred or is occurring in respect of an Index Component, then the Index Sponsor may take one or more of the following actions in its discretion, with a view to preserving the objective of that Index (regardless of whether or not the level of the affected Index Component has been published in respect of such day):</p> <ol style="list-style-type: none"> 1. delay any scheduled rebalancing and/or calculation of the Index Component on such day (an “Index Determination Date”) until the relevant Index Disruption no longer exists, <i>provided that</i>, if such Index Disruption Event is continuing on the 5th Index Business Day following an Index Determination
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Date (the “**Delayed Index Determination Date**”), then the Index Sponsor will determine the level of the affected Index Component in respect of such Index Determination Date as of the Delayed Index Determination Date in accordance with (2) below; and/or

2. determine the level of the affected Index Component for such day in its sole discretion and acting in a commercially reasonable manner taking into account the relevant Index Disruption Event, latest available quotations and any other information the Index Sponsor deems relevant in its discretion and 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
3. not calculate and publish the Index Level for such day [and resume calculations on the next Index Business Day where the Index Disruption no longer exists provided that, if such Index Disruption Event is continuing on the 10th Index Business Days following the original Index Business Day (such 10th Index Business Day being the “Cut-off Day and such event being a “Continued Disruption Event”), then, as of the Cut-off Date, a Modification Event shall occur with respect to the relevant Index Component] and/or
4. make any adjustments to the Index Methodology which it deems necessary to account for the relevant Index Disruption Event.

Index Disruption Event

Means, on any day, the existence or occurrence of any of the following events, as determined by the Index Sponsor in its sole discretion:

- (a) the failure of any Price Source and its Fallback Price Source (if applicable) to announce or publish any relevant price, level, rate or other data necessary for the determination of any Index Component;
- (b) the level published on any Price Source or Fallback Price Source in relation to any price, level, rate or other data necessary to determine an Index Component is significantly different to the level of such data prevailing in the market;
- (c) the material suspension of, a material limitation imposed on, or the cessation of the trading in any Index Component;
- (d) 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 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);
- (e) 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);
- (f) 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 Index Component);
- (g) in respect of an 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 (i) the ability of the Index to achieve its economic objective, (ii) the prompt or accurate determination of the level of the Index, (iii) and/or the ability of the Index Sponsor or Index calculation agent to perform its role in respect of the Index; or
- (h) 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

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).

“**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 i 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.

Index Modification

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

- (a) removing or replacing an affected Index Component and/or its Price Source with an alternative future or options contract, currency, rate, variable or other component (a “**Replacement 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 Index’s standard of input data quality, 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
- (b) making any other adjustments to the Index methodology which it deems appropriate to preserve the objective of the Index, taking into account the relevant Index Modification Event. For example, in the event of the Index Disruption (f), the charge assumptions as defined in the Sub-Index Specifications table might be revised.

The Index Sponsor may refrain from rebalancing and calculating the Index until the Index Modification Event ceases to exist.

For the purpose of the removal or replacement of an affected Index Component and/or its Price Source, the Index Sponsor may make any other adjustments to the Index methodology to account for the price or value of the affected Index Component at the time of its removal and any related charges, fees, taxes or costs to the Index Sponsor for implementing the Replacement Component.

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, Continued Disruption Event, Dual Exchange Rate Event, Illiquidity Event, Inconvertibility Event, Non-Transferability Event, Input Data Decline Event and/or Extraordinary Event.

Dual Exchange Rate Event means that, with respect to any Currency i, the exchange rate applicable to that Currency i splits into dual or multiple currency exchange rates.

Illiquidity Event means that the Index Sponsor is generally prevented, disrupted or impaired from obtaining a firm quote of any Index Component or market participants in general are generally prevented, disrupted or impaired from entering 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 Index Component).

Inconvertibility Event means that the Index Sponsor is generally prevented, disrupted or impaired from converting generally in the currency markets any Currency i into USD through customary legal channels; or from converting a Currency i into USD at a rate at least as favourable as the rate for domestic institutions located in the Currency Jurisdiction, in each case as would be necessary to implement the Index.

Non-Transferability Event means that the Index Sponsor is generally prevented, disrupted or impaired in the markets from delivering amounts (as is necessary to implement the Index) denominated in USD as appropriate from accounts inside any Currency Jurisdiction to accounts outside that Currency Jurisdiction or amounts denominated in any Currency i between accounts inside the relevant Currency Jurisdiction or to a party that is a non-resident of that Currency Jurisdiction.

Input Data Decline Event means if the Index Sponsor determines that the input data and/or Price Source in relation to an Index Component used to calculate an Index

- 1) is no longer available (whether due to a permanent discontinuation of trading, disappearance or otherwise); and/or
- 2) is repeatedly different to a significant extent from the level of such data prevailing in the market; and/or
- 3) 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; and/or
- 4) is no longer sufficient to represent accurately and reliably the market and economic reality that the Index (as applicable) is intended to measure, or is otherwise not appropriate; and/or
- 5) 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”).

Index Correction

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

Extraordinary Event

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).

Definitions

Index Cancellation means 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 without limitations upon the occurrence of an Index Modification Failure.

Currency Jurisdiction means with respect to any Eligible Currency i, the country for which such Eligible Currency i is the lawful currency.

Index Component means each underlying Sub-Index, Currency i as specified in the Instrument Specification table and each future, forward, 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 and the Underlying Sub-Index (as applicable)

Price Source means in respect of an Index Component, the relevant publication page specified as price source in relation to such Index Component in the Appendix hereto or any other 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 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 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

The Index Sponsor has established a governance framework (the “**Governance Policy and Control Framework**”) to ensure compliance with the 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, 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. The Index here does not amount to a ‘Benchmark’ pursuant to UK BMR; nonetheless, the Index Sponsor will treat the Index in line with its Governance Policy and Control Framework. Please refer to the summary of the Governance Policy and Control Framework in respect of the following information applying to the Index methodology:

Criteria for Index Development and Input Data and Source Selection	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”).
Exercise of Expert Judgment and discretion	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”).
Input Data Type Priority	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.
Index Reports Error and Revision	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.
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	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

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.

	Framework Summary (“Main Features of Index Committee Constitution and Terms or Reference”) and Appendix 2, Section 3 (“Index Design and Creation of New Indices”).
Investor Consultation upon Index termination and material changes to the Index methodology	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.
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”).
Index Sponsor Website	https://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml

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Annex 1

Index Specifications Table

Index	Currency	Index Price Source (Bloomberg page)	Index Start Date	Index Live Date
Nomura FX Unconstrained Global Carry Index in USD	USD	NMFXCAGU Index	Start Date	Live Date

Index Components

Sub-Index Specifications Table

i	Eligible Currency	Sub-Index	Bloomberg page	Trading Time	Roll Charge	Transaction Charge
1	IDR	Nomura FX Return IDR	NMFXIDR Index	Time	Charge	Charge
2	ILS	Nomura FX Return ILS	NMFXILS Index	Time	Charge	Charge
3	INR	Nomura FX Return INR Weekly AM	NMFXINR2 Index**	Time	Charge	Charge
4	KRW	Nomura FX Return KRW Weekly AM	NMFXKRW2 Index**	Time	Charge	Charge
5	PHP	Nomura FX Return PHP	NMFXPHP Index	Time	Charge	Charge
6	SGD	Nomura FX Return SGD	NMFXSGD Index	Time	Charge	Charge
7	TWD	Nomura FX Return TWD Weekly AM	NMFXTWD2 Index**	Time	Charge	Charge
8	BRL	Nomura FX Return BRL Weekly 4pm	NMFXBRLW Index**	Time	Charge	Charge
9	CLP	Nomura FX Return CLP	NMFXCLP Index	Time	Charge	Charge
10	CZK	Nomura FX Return CZK	NMFXCZK Index	Time	Charge	Charge
11	HUF	Nomura FX Return HUF	NMFXHUF Index	Time	Charge	Charge
12	MXN	Nomura FX Return MXN	NMFXXMN Index	Time	Charge	Charge
13	PLN	Nomura FX Return PLN	NMFXPLN Index	Time	Charge	Charge
14	ZAR	Nomura FX Return ZAR	NMFXZAR Index	Time	Charge	Charge
15	AUD	Nomura FX Return AUD	NMFXAUD Index	Time	Charge	Charge
16	CAD	Nomura FX Return CAD	NMFXCAD Index	Time	Charge	Charge
17	CHF	Nomura FX Return CHF	NMFXCHF Index	Time	Charge	Charge
18	EUR	Nomura FX Return EUR	NMFXEUR Index	Time	Charge	Charge
19	GBP	Nomura FX Return GBP	NMFXGBP Index	Time	Charge	Charge
20	JPY	Nomura FX Return JPY	NMFXJPY Index	Time	Charge	Charge
21	NOK	Nomura FX Return NOK	NMFXNOK Index	Time	Charge	Charge
22	NZD	Nomura FX Return NZD	NMFXNZD Index	Time	Charge	Charge
23	SEK	Nomura FX Return SEK	NMFXSEK Index	Time	Charge	Charge
24	USD	Nomura FX Return USD*	/	/	0.00%	0.00%

G10 Currency Price Source* Table
[Table]

Annex 2

Important Risks and Disclosures in Relation to the Index

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 Products; 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 Index

Performance Risk

There is no assurance that the Index will achieve positive returns, and the level of the Index may decline significantly over any given period. The Index provides either long or short notional exposure to the underlying Sub-Indices, depending on the interest rates applicable to the related emerging-market currencies and G10 currencies, as described in the Index summary. Each underlying Sub-Index represents a hypothetical forward contract reflecting a long position in a particular emerging-market or G10 currency and a short position in U.S. dollars, while taking into account the costs of financing such positions.

As a carry-based Index, the Index seeks to generate returns through the interest-rate differentials between the “high-yielding” currencies, meaning currencies that are expected to yield a relatively higher rate of interest, and “low-yielding” currencies, meaning currencies that are expected to yield a relatively lower rate of interest. Therefore, the Index will tend to perform well when there is stability in the markets, the underlying Sub-Indices in which the Index takes notional long positions outperform the underlying Sub-Indices in which the Index takes notional short positions and any adverse price movements in the hypothetical forward contract positions notionally held by the Index are small relative to the returns generated by the interest-rate differentials. However, when there are large and sudden movements in exchange rates in the applicable currencies, or when the underlying Sub-Indices in which the Index takes notional short positions outperform the underlying Sub-Indices in which the Index takes notional long positions, the adverse price movements of the hypothetical forward contracts may be larger than any interest-rate differential, leading to potentially significant losses.

Strategy Risk

The Index aims to implement a “carry” investment strategy that seeks to provide returns by buying high-yielding currencies and selling low-yielding currencies. A carry investment strategy on currencies aims to generate a positive return based on a strategy that takes the view that by taking long positions in relatively high-yielding currencies against the U.S. dollar and short positions in relatively low-yielding currencies against the U.S. dollar, an investor’s gain from interest-rate differentials will exceed any potential losses from currency exchange rate risk.

While the carry strategy will monetize the interest-rate differential between the relatively high-yielding currencies and the relatively low-yielding currencies, adverse price movements in the currencies may more than offset such interest-rate differentials and the Index may result in significant losses. Whether the Index takes a notional long position or a notional short position in an underlying Sub-Index, the Index is exposed to foreign exchange risk because of the conversion of the relevant currency back to U.S. dollars, or of U.S. dollars back to the relevant currency, as described in the Index summary. Therefore, the level of the Index will generally increase if the currencies in which the Index takes notional long positions sufficiently outperform the currencies in which the Index takes notional short positions by an amount that more than offsets any depreciation of the long currencies relative to the U.S. dollar and/or any appreciation of the short currencies relative to the U.S. dollar. Conversely, the Index will generally decrease if the currencies in which the Index takes notional long positions do not sufficiently outperform the currencies in which the Index takes notional short positions by an amount that offsets any depreciation of the long currencies relative to the U.S. dollar and/or any appreciation of the short currencies relative to the U.S. dollar.

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 changing market conditions.

Risk of Overexposure or Underexposure

The magnitude of any long or short notional position taken by the Index in an underlying Sub-Index will be determined based on a multitude of factors relating to price movements in such underlying Sub-Index. If the Index reduces its exposure to a notional 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 a notional position that proves to be disadvantageous, the effect of any losses achieved from holding such position will be enhanced.

Lack of Exposure

The Index may not take any notional position in the underlying Sub-Index component if the "carry signal" is equal to 0% and therefore investors will have no exposure to such Sub-Index and will not benefit from any movements in the prices of such Sub-Index during such days.

Currency Exchange Rate Risk

Currency exchange rates vary over time, and may vary considerably during the term of any transaction. The values of the relevant currencies relative to the U.S. dollar are, at any time, a result of the supply and demand for those currencies. Changes in currency exchange rates result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in a relevant country, and economic and political developments in other countries. Currency exchange rates can also be affected by actions of the relevant sovereign government.

Of particular importance to potential currency exchange risk are:

- the overall growth and performance of the economies of the relevant countries;
- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments in the relevant countries and between each relevant country and its major trading partners;
- the extent of governmental surplus or deficit in the relevant countries; and
- the stability of the governments and banking systems of the relevant countries.

All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the relevant countries and those of other countries important to international trade and finance, and all of which could have a material effect on the performance of the Index.

Risks Relating to Currency Markets

Currency markets may be highly volatile. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time. Foreign currency risks include, but are not limited to, convertibility risk, market volatility and the potential impact of actions taken by governments, which may include the regulation of exchange rates or foreign investments, the imposition of taxes, the issuance of a new currency to replace an existing currency or the evaluation or revaluation of a currency. These factors may affect currency spot rates and the level of the Index in varying and potentially inconsistent ways. As a result of these or other factors, the level of the Index may be, and has at times been, volatile.

Risks Relating to Interest Rates

The performance of the Index will depend in part on the interest rate differentials of the applicable currencies and the U.S. dollar. Interest rates, however, are subject to volatility due to a variety of factors, including:

- sentiment regarding the underlying strength in the economies of the relevant countries;
- expectations regarding the levels of price inflation in such countries;
- sentiment regarding credit quality in such countries, as well as in global credit markets generally;
- the policies of worldwide central banks regarding interest rates; and
- the performance of capital markets.

Fluctuations in interest rates in the relevant countries will affect the level of the Index.

Impact of Index Charges

The Index deducts transaction-based and roll-based charges from the level of the Index. The fixed charge amounts were determined by the Index Sponsor based on a variety of factors, including the costs that would be incurred if an investor were to execute hypothetical transactions to maintain equivalent notional positions to those held by the Index. Such costs would include bid-ask spreads and costs associated with forward margining.

In addition to the fixed charge amounts, the Index Sponsor may charge the swap counterparty certain running fees in connection with a swap transaction linked to the Index. The amount of any such fees, which accrue to the benefit of the Index Sponsor in consideration for establishing and maintaining the Index, will be set forth in the applicable term sheet for the swap transaction. Also, the Index's fixed charges are in addition to any potential reduction to the levels of the underlying Sub-Indices and the Index due to any financing costs reflected in the returns of the underlying Sub-Indices.

The Index charges will reduce the level of the Index in all cases, whether the Index performs well or poorly.

The Values of the Underlying Sub-Indices Take Into Account Financing Costs, Which May Reduce the Levels of the Underlying Sub-Indices and the Index

As described in the index summary, the Index provides exposure to each currency by taking notional positions in the underlying Sub-Index corresponding to such currency. Each underlying Sub-Index represents a hypothetical forward contract reflecting a long position in a particular currency and a short position in U.S. dollars, while taking into account the costs of financing such positions.

The financing costs represent the cost of carry (i.e., the cost of borrowing money in order to enter and maintain the relevant positions). These financing costs may be positive or negative, depending on the interest rate differential between the applicable currency and the U.S. dollar and thus can reduce the levels of the underlying Sub-Indices and the Index. These costs are separate from, and in addition to, the Index's charges referred to above.

Accordingly, investments linked to the Index may underperform similar investments that are based on the actual spot exchange rates of the applicable currencies.

Past Performance is No Guide to Future Performance

The actual performance of the Index during any future period may bear little relation to the historical performance of the Index. No one can predict with any degree of certainty the future performance of the Index.

Lack of Operating History; Back-Tested Performance

The Index 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.

No Ownership Rights in the Index Components

For calculation purposes, the Index uses notional positions in the underlying instruments of the Index, but does not offer any ownership rights in such underlying instruments or the instruments underlying such underlying instruments. The return on the Index will not reflect the return of a direct investment in the underlying instruments of the Index or the instruments underlying such underlying instruments.

The Hypothetical Currency Forward Contracts Differ from Currency Exchange Rates

The underlying Sub-Indices consist of hypothetical forward contracts on particular currencies relative to the U.S. dollar. The price of each hypothetical currency forward contract reflects the expected exchange rate of the related currency relative to the U.S. dollar in the future, whereas the spot exchange rate of a currency reflects the immediate value of that currency relative to a reference currency. The price of a currency forward contract depends not only on the spot rates of the related currency, but also on other factors, including but not limited to the interest rates in the countries of both the applicable currency and the reference currency. While the changes in the price of a currency forward contract are generally correlated with changes in the spot rates of the related currency, such correlation is not exact. Accordingly, investments linked to the return of currency forward contracts may underperform similar investments that are based on the actual spot rate of the applicable currency.

The Underlying Sub-Indices Represent Hypothetical Currency Forward Contracts, and Price Data may Not be Available and will be Determined by the Index Calculation Agent

The underlying Sub-Indices are hypothetical, and price data for the underlying Sub-Indices are not always publicly available. The Index Calculation Agent determines the price of each underlying Sub-Index through a linear interpolation based on publicly available data relating to forward contracts on the applicable currency. There can be no assurance that the prices of the underlying Sub-Indices determined by the Index Calculation Agent will correspond to prices of actual currency forward contracts. You may not be able to determine the prices of the hypothetical forward contracts on any given day.

The Hypothetical Forward Contracts are Not Traded on Regulated Futures Exchanges

The prices of the underlying Sub-Indices are based on over-the-counter contracts traded on trading facilities that are subject to lesser degrees of regulation than futures contracts traded on regulated futures exchanges or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the same provisions of, and the protections afforded by, the Commodity Exchange Act, as amended, or other applicable statutes and related regulations that govern trading on regulated futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities and the inclusion of such contracts in the Index may expose you to certain risks not presented by most exchange-traded futures contracts, including risks related to the liquidity and price histories of the relevant futures contracts.

Other risks related to the Index

Disruptions may Impact Performance

The markets in which the underlying instruments of the Index are traded subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. 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.

The Index provides exposure to the underlying instruments and the respective market through sub-indices. For more information on the risks of the underlying instrument please refer to the index summary document for each Sub-Index.

Conflicts of Interest

Nomura International plc is the Index Sponsor, and is therefore responsible for maintaining the Index and its Sub-indices, as well as calculating and publishing the level of the Index, based on the allocation provided by the Index Allocation Advisor and a proprietary model to determine the volatility scaling generated by quantitative analysis. 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 that 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 allocation determinations, is 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 or not 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/or in any of the instruments underlying 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 without notice to you. Moreover, other professionals who deal in markets relating to the Index and/or any instruments underlying the Index may at any time have significantly different views from those of Nomura International plc or its affiliates.

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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

The Index was designed by Nomura International plc with the intention of earning a profit for the Nomura International plc and/or its affiliates through entering into transactions linked to the 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 are of low liquidity. It is possible that Nomura International plc's (or any of its affiliates') pre-hedging and hedging activities 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 or any of 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. In addition, with respect to any Financial Product, any of these hedging or trading activities could potentially increase the value at or above which the Index must close in order for an investor to receive a particular return on such Financial Product (including so that an investor does not suffer a loss on such Financial Product (depending on the terms)). We cannot give any assurance that our hedging activities will not affect the value of the Index and, therefore, adversely affect the value of any Financial Product or the return on such Financial Product. We may realize a profit from such activities even if investors do not receive a favorable investment return under the terms of such Financial Product.

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 any underlying Sub-Index, and/or make such adjustments to the Index or Sub-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 a Sub-Index and/or 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 a Sub-Index and/or the 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 a Sub-Index and/or 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.

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