

Nomura G10 Mean Reversion Index Rulebook

December 2019

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| Summary Description | <p>The Nomura G10 Mean Reversion Index (the “Index”) 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 “Basket”) of twenty-one G10 crosses (each a “Currency Cross” taken from the “Currency Universe”). 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 currency crosses in the Basket is determined by a mean reversion signal. The position the Index takes in each currency pair is capped and the gross exposure the Index takes to the overall basket level is capped .</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 “Index Description”).</p> |
| Index Currency | U.S. Dollar (“USD”) |
| Index Sponsor/ Calculation Agent | Nomura International Plc, who is responsible for the administration of the Index. |
| Basket | Refer to Appendix 4, 5 |
| Index Business Day | <p>Each day which is a New York and London 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 the Index Start Date</p> <p>London Business Day means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London</p> <p>New York Business Day 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 | Each day which is a New York Business Day and a London Business Day |
| Index Start Date | 14 February 1995 |
| Index Live Date | 11 November 2015 |
| Nomura FX Return Indices | 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 a G10 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. |
| Index₀ | 100 |

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| Index_t | $Index_{t-1} \times \{1 + Index\ Leverage \times Net\ Return_t\}$ |
| Net Return_t | $Portfolio\ Return_t - Portfolio\ Trading\ Costs_t$ |
| Index Leverage | Index Leverage value |
| Portfolio Return_t | $Portfolio\ Return_t = \sum_{x=2}^8 Strategy\ Return_t^x$ |
| Strategy Return_t^x | $Strategy\ Return_t^x = Aggregate\ Position_{t-1}^x \times Currency\ Cross\ Return_t^{(x,1)}$ |
| Currency Cross Position_t^(i,j) | Formulas to measure cross currency position |
| Aggregate Position_t^x | $Aggregate\ Position_t^x = Resize\ Factor_t \times Raw\ Aggregate\ Position_t^x$ |
| Raw Aggregate Position_t^x | Formulas to measure raw aggregate position |
| Cap on Aggregate Position_t^x | Aggregate Cap |
| Global Currency Position Cap | Global position cap |
| Resize Factor_t | Formulas to measure resize factor |
| Total Long Positions_t | $Total\ Long\ Positions_t = \sum_{x=1}^8 Raw\ Aggregate\ Position_t^x$ when $Raw\ Aggregate\ Position_t^x > 0$ |
| Total Short Positions_t | $Total\ Short\ Positions_t = \sum_{x=1}^8 Raw\ Aggregate\ Position_t^x$ when $Raw\ Aggregate\ Position_t^x < 0$ |
| Portfolio Trading Costs_t | $Portfolio\ Trading\ Costs_t = \sum_{x=2}^8 Portfolio\ Trading\ Costs_t^x$ |
| Portfolio Trading Costs_t^x | $Portfolio\ Trading\ Costs_t^x = Portfolio\ Transaction\ Cost_t^x + Portfolio\ Roll\ Cost_{t-1}^x$ |

Nomura International Plc (the "Index Sponsor") makes no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. The Index or Index Sponsor shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. The Index Sponsor is making no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with securities offered in relation to the Index.

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| Portfolio Transaction Cost^x_t | <p>For each Aggregate Position^x,</p> $Portfolio\ Transaction\ Cost_t^x = T^x \times ABS[Aggregate\ Position_t^x - Aggregate\ Position_{t-1}^x]$ <p>Where ABS denotes the absolute value of the function between the brackets, T^x can be found in Appendix 3.</p> |
| Portfolio Roll Cost^x_{t-1} | <p>For each Aggregate Position^x,</p> $Portfolio\ Roll\ Cost_{t-1}^x = R^x \times (ABS[Aggregate\ Position_{t-1}^x]) \times \left(\frac{1}{250}\right)$ <p>Where ABS denotes the absolute value of the function between the brackets, where R^x can be found in Appendix 3.</p> |
| Currency Cross Index^(i,j)_t | $Currency\ Cross\ Index_t^{(i,j)} = Currency\ Cross\ Index_{t-1}^{(i,j)} \times (1 + Currency\ Cross\ Return_t^{(i,j)})$ <p>where, $Currency\ Cross\ Index_0^{(i,j)} = 100$</p> |
| Currency Cross Return^(i,j)_t | <p>Formulas to measure currency cross return</p> |
| Underlying Indexⁱ or Underlying Index^j | <p><i>Underlying Indexⁱ or ^j</i> means the level of the relevant Nomura FX Return Index (each an Underlying Index). 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 Underlying Indexⁱ or ^j not such published level will be used but the level as calculated in accordance with the Rule Book of the relevant Nomura FX Return Index..</p> <p>Refer to Appendix 1, 2 for the currency corresponding to each i, and the corresponding Price Source for the relevant Nomura FX Return Index.</p> |
| General Definitions | |
| Average [α]_{a,b} | $\frac{1}{(b - a + 1)} \times \sum_{k=a}^b \alpha_k$ |
| Round [α , β] | <p>Rounds value α to the βth decimal place.</p> |
| Appendices | |
| Appendix 1: Nomura FX Return Indices | |

and Price Sources

| i, j or x | Currency ¹ or Currency ¹ | Price Source: |
|-----------|--|---------------------|
| 1 | US Dollar ("USD") | Refer to Appendix 2 |
| 2 | Great British Pound ("GBP") | NMFXGBP |
| 3 | Australian Dollar ("AUD") | NMFXAUD |
| 4 | New Zealand Dollar ("NZD") | NMFXNZD |
| 5 | Canadian Dollar ("CAD") | NMFXCAD |
| 6 | Norwegian Krone ("NOK") | NMFXNOK |
| 7 | Swedish Krone ("SEK") | NMFXSEK |
| 8 | Swiss Franc ("CHF") | NMFXCHF |

**Appendix 2:
Nomura FX
Return Index for
USD (Currency²)**

FX returns for USD

$$\text{Underlying Index}_t^1 = 100, \text{ for all } t$$

**Appendix 3:
Transaction and
Roll Costs**

The Index deducts transaction-based charges from the level of the Index. The amounts T¹ and R¹ are fixed for each Currency¹, and were determined by the Calculation Agent 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. The fixed charge amounts also include fees that accrue to the benefit of the index sponsor in consideration for establishing and maintaining the index.

**Appendix 4:
Currency
Universe**

| Currency Universe (i,j) | | | | |
|-------------------------|--------------|--------------|--------------|--------------|
| GBPAUD (2,3) | GBPSEK (2,7) | AUDSEK (3,7) | NZDCHF (4,8) | NOKSEK (6,8) |
| GBPCAD (2,5) | AUDCAD (3,5) | CADCHF (5,8) | CHFNOK (8,6) | |
| GBPCHF (2,8) | AUDCHF (3,8) | NZDCAD (4,5) | CHFSEK (8,7) | |
| GBPNZD (2,4) | AUDNZD (3,4) | CADNOK (5,6) | NZDNOK (4,6) | |
| GBPNOK (2,6) | AUDNOK (3,6) | CADSEK (5,7) | NZDSEK (4,7) | |

**Appendix 5:
Basket**

On any day the Basket consists of each Currency from the Currency Universe subject to an Eligibility Event.

"Eligibility Event" means:

- (a) any event or any condition (including without limitation any event or condition that occurs as a result of the enactment, promulgation, execution, ratification, interpretation or application of, or any

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- change in or amendment to, any law, rule or regulation by an applicable governmental authority) that results in a market for trading in a Currency which is insufficiently liquid to preserve the economic objective of the Index were such Currency to be used, or
- (b) any material lack or impairment to receive economic data in respect of a Currency in the market necessary to determine the Index, or in the determination of the Index Sponsor such data is or may be unreliable or inaccurate or unrepresentative of the level of the Index Components in respect of such Currency, or
 - (c) any other event or circumstance in relation to the Currency 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 in relation to the Currency 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 based on the affected Currency, it should not be relied upon to represent the market or economic reality that the Index is intended to measure.

Upon the occurrence of an Eligibility Event, the Index Sponsor may but shall not be obliged to (a) remove or (b) replace such affected Currency with an alternative Currency which, in its sole determination, is consistent with the economic objective of (and the market and economic reality intended to be measured by) the Index.

Index Sponsor

Nomura International plc, who is responsible for the administration of the Index.

Disruption Events and Fallbacks

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 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.

Price Materiality: If on any Business Day, the level published on any Price Source in relation to any price, level, rate or other variable necessary to determine any Index Component is, in the sole determination of the Index Sponsor, 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 Index Business Day.

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 (a “**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):

- (i) delay or postpone the rebalancing and/or calculation of such affected 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 (iii) below; and/or
- (ii) not publish the Index level for such Index Business Day or delay the publication; or
- (iii) 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 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”).

in each case regardless of whether or not a level of any such affected Index Component has been published by the Price Source in respect of such day.

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

The determination by the Index Sponsor in its sole discretion that one or more of the following events (each an “**Index Disruption Event**”) has occurred: (a) the material suspension of, a material limitation imposed on, or the cessation of the trading in any 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 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 Index Component); (e) 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 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 Modification: Upon the occurrence of an Index Modification Event, the Index Sponsor may

- (1) remove or replace such affected Index Component with an alternative futures 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”). In making such removal or replacement, the Index Sponsor will take into account any cost for existing its positions in respect of the affected Index Component and entering into any position in respect of the Replacement Index Component; and/or
- (2) make such adjustments to the Index as it considers necessary to preserve the objective of the Index

, acting in its sole discretion and a commercially reasonable manner.

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

An “**Index Modification Event**” shall be deemed to have occurred if:

- (i) the Index Sponsor determines, in its sole discretion, that an 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 stated objective; or
- (ii) an Extraordinary Event has occurred or is occurring or exists; or
- (iii) 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, and/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 Events

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).

Price Source

Means, in respect of an Underlying Index the publication page as set out in Appendix 1 and for any other 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 Index Component. References to Price Source shall be construed as referring also to any successor publication, page or source on or through which the relevant prices, levels, rates or other data for an Index Component may be published or otherwise disseminated, as determined by the Index Sponsor in its sole discretion and acting in a commercially reasonable manner.

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| Fallback Price Source | Means in respect of an Underlying Index the publication page as set out in Rule Book of the relevant Nomura FX Index. |
| Index Component | Means, in respect of the Index, each Underlying Index and each futures contract, currency, rate, variable or other component necessary in order to determine a level of the Index and/or the Underlying Index (in each case, in line with the then existing methodology of the Index and the Underlying Index, as applicable). |
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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 European Benchmark Regulation, the IOSCO Principles and any related measures and applicable FCA rules (each as amended or replaced from time to time)¹. 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. Please refer to the summary of the Governance Policy and Control Framework in respect of the following information applying to the Index methodology:

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| 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 Error Reports 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</p> |

¹<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 the Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (Regulation (EU) 2016/1011) (the “**Benchmark Regulation**”), as well as related level 2 measures and applicable FCA rules.

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.

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 Framework Summary ("Main Features of Index Committee Constitution and Terms of 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").

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