

Nomura IRVING Series C Basket Indices - Rulebook

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Overview

Index Summary

The Nomura IRVING Series C Basket Indices (each of such indices an “**Index**” and together the “**Indices**”) are quantitative, rules-based indices that seek to achieve positive returns by providing weighted exposure to two (2) Nomura IRVING Series C Indices, respectively in EUR and USD (each a “**Sub-Index**” and together the “**Sub-Indices**”). References in this Index Rulebook to the Index are to the relevant Index of the Indices.

Each Sub-Index is a quantitative, rules-based index that seeks to achieve optimal exposure to interest rate swaption volatility across a Volatility Surface, by utilising an investment strategy that seeks to select certain hypothetical swaption straddles on hypothetical interest rate swap forwards that are determined to be relatively attractive or undervalued from a price perspective, having regard to particular parameters, and so represent a potential relative value opportunity. The Index provides exposure to the two (2) Sub-Indices according to the static weights defined in Index Component Weight Table in Annex 1.

Each Sub-Index’s notional position taken in the interest rate swaption straddles and interest rate swap forwards are hypothetical, and price data for these Sub-Index Components is not publicly available. The Sub-Index Sponsor determines the price of each such Sub-Index Component by referencing data that is predominantly publicly available relating to the applicable Sub-Index Components, and by then using a proprietary model that is meant to approximate a market-standard method of determining the price of the applicable Sub-Index Component.

The level of the Index on any given day will reflect the cumulative profit and losses (adjusted for any applicable charges) arising from the performance of the notional positions taken by the underlying investment strategy of each Sub-Index corresponding to the Index, implemented since the inception date of the Index, which will include a period of back-tested performance. The change in the level of the Index from one day to another reflects the return of the investment strategy over that same period.

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

The Index and the Sub-indices have been created by Nomura International plc, in its capacity respectively as the Index Sponsor and the Sub-Index Sponsor, and are published daily on Bloomberg under the index price sources and/or pages stated in Annex 1.

Charges and Costs

The Index does not deduct or levy charges or fees from or against the Index level.

Each Sub-Index deducts charges from the respective Sub-Index level. Details of those charges are provided in the relevant Sub-Index Rulebook.

Nomura International plc as the provider of financial products and transactions linked to the Index (collectively “Financial Products”) may charge the counterparty to a Financial Product certain charges and/or fees in connection with such Financial Product, and the amount of such charges and/or fees will be set forth in the applicable documentation for the relevant Financial Product.

Index Disruption Events and Adjustments

Upon the occurrence of certain disruption events in respect of the Index and/or any Index Component(s), the Index Sponsor and/or Sub-Index Sponsor, as relevant, may exercise a certain amount of discretion in respectively determining the prices or values of the Index Components and the level of the Index and/or a Sub-Index. In such circumstance the Index Sponsor and/or Sub-Index Sponsor, as relevant, may estimate the value of any Index Components to determine the level of the respective Index and/or Sub-Index or may make such further adjustments to the respective Index and/or Sub-Index as it deems necessary.

These potentially subjective determinations may adversely affect the level of the Index and/or a Sub-Index. The Index Sponsor and the Index Administrator each has no obligation to take the interests of any other party into consideration when exercising discretion or making determinations with respect to the Index.

The Index Sponsor and/or Sub-Index Sponsor respectively has the authority to amend the methodology of the Index and/or Sub-Index and/or make such adjustments to the relevant 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 (including changes in law or regulation) or to preserve the

investibility and objective of the Index and/or Sub-Index, as relevant (including cancelling the Index and/or Sub-Index in certain circumstances).

This may include, without limitation, the removal or replacement of any affected Sub-Index or Index Component(s) 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 Index Component(s) at the time of the removal of any Index Component(s) and any related costs. This may mean that the economic benefit, if any, of the replacement component is reduced or that a replacement has a material adverse effect on the Index performance. For example, and without limitation, the value of a replacement Index Component may be adjusted by the same proportion as any fall in the value of the affected Index Component(s) 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 component(s).

The Index Calculation Agent of the Index shall take into account any adjustments to the Index Component(s) made by the Index Sponsor and/or Sub-Index Sponsor, as relevant, as well as any discretion exercised by Nomura International plc acting as the Index Sponsor and the Sub-Index Sponsor in respect of the Index and each Sub-Index respectively.

The Index Sponsor and/or Sub-Index Sponsor, as relevant, may decide to permanently cancel and discontinue calculation and publication of the Index and/or any of the Sub-Indices at any time. There is no guarantee that the Index and/or any Sub-Indices will continue to be calculated for the full duration of any transaction linked to the Index and/or any of the Sub-Indices.

Index Calculation

Index Sponsor	Nomura International plc (“NIP”)
Index Administrator	Nomura International plc (“NIP”)
Index Calculation Agent	Nomura International plc (“NIP”)
Index Start Date	As specified in the Index Specifications Table in Annex 1
Index Live Date	As specified in the Index Specifications Table in Annex 1
Index $_t^i$	<p>With respect to each Indexⁱ Business Day t,</p> $\text{Index}_t^i = \text{Index}_{t-1}^i + \text{Index Daily Return Unit}_t^i$ <p>Where,</p> <p>$t-1$ denotes the Indexⁱ Business Day immediately preceding Indexⁱ Business Day t,</p> <p>Index$_t^i$ = 100 on Index Start Date and the Indexⁱ Business Day immediately preceding Index Start Date, and,</p> <p>Index Start Date is defined in the Index Specifications Table in Annex 1</p>

Returns Calculation

Index Daily Return Unit$_t^i$	<p>With respect to each Indexⁱ Business Day t,</p> $\text{Index Daily Return Unit}_t^i = \sum_j \text{Weight}_t^j \times \text{Sub-Index Return}_t^j \times \frac{\text{FX}_t^i}{\text{FX}_{\text{SR } t-1}^i} \times \text{Index}_{\text{SR } t-1}^j$ <p>Where</p> <p>$t-1$ denotes the Sub-Index^j Business Day immediately preceding Sub-Index^j Business Day t,</p> <p>\sum_j means with respect to the Index the summation is taken over every applicable Sub-Index^j,</p> <p>Weight$_t^j$ is defined in Index Component Weight Table in Annex 1.</p>
Sub-Index Return$_t^j$	<p>With respect to each Indexⁱ Business Day t that is a Sub-Index^j Business Day,</p> $\text{Sub-Index Return}_t^j = \left(\frac{\text{Sub-Index}_t^j - \text{Sub-Index}_{t-1}^j}{\text{Sub-Index}_{\text{SR } t-1}^j} \right)$ <p>With respect to any other Indexⁱ Business Day t,</p> $\text{Sub-Index Return}_t^j = 0$

	Where $t-1$ in denotes the Sub-Index ^j Business Day immediately preceding Sub-Index ^j Business Day t .
Sub-Index^j_t	With respect to each Index ⁱ Business Day t that is a Sub-Index ^j Business Day, "Index ⁱ _t " (as defined in the Sub-Index Rulebook of Sub-Index ^j) as determined by the Sub-Index Sponsor in accordance with the methodology of Sub-Index ^j .
Sub-Index^j Rebalance Date	[Dates]
Sub-Index^j Rebalance Lag	[Number]
SR_t	With respect to each Sub-Index ^j Business Day t , The latest Sub-Index ^j Rebalance Date occurring on or immediately preceding such Sub-Index ^j Business Day t less the Sub-Index ^j Rebalance Lag
FX^j_t	With respect to each Index ⁱ Business Day t , If Sub-Index ^j Currency is different from the Index Currency, the exchange spot rate (quoted as the number of Index Currency per 1 unit of Sub-Index ^j Currency) as published on FX Price Source ^e at FX Trading Time ^e , each as defined in the Sub-Index Specifications Table in Annex 1. Otherwise $FX_t^j = 1$

General Definitions	
Indexⁱ Business Day	Each day that is a London Business Day, but excluding the London Business Day immediately prior to each 25 December and each 1 January.
Indexⁱ Trading Business Day	Each day that is a Sub-Index ^j Business Day for every applicable Sub-Index ^j
Sub-Index^j Business Day	With respect to each Sub-Index ^j , a day which is an "Index Business Day" for the relevant Sub-Index ^j , where "Index Business Day" in respect of a Sub-Index ^j is defined in the Sub-Index Rulebook of such Sub-Index ^j .
Index Publication	With respect to each Index ⁱ Business Day, the Rounded Index Level will be published to the Index Price Source specified in the Index Specifications Table in Annex 1.
London Business Day	Each day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London
Rounded Index Level	Rounded Index Level means the Index level (Index _t) rounded to the relevant number of decimal places (d.p.) as specified in the Index Specifications Table in Annex 1.
Backtest Assumptions	With respect to each Index ⁱ Business Day t from the Index Start Date for Index ⁱ to and excluding the first Sub-Index ^j Rebalance Date after the Index Start Date, Sub-Index ^j Rebalance Date equals the Index Start Date for Index ⁱ .

Index Correction and Sub-Index Correction

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 (“Correction of Errors”) and Appendix 2, Section 15 (“Changes to Methodology”) of the Control Framework where remediation requires changes to the Index methodology.

Consequences of a Sub-Index Correction

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

Index Disruption Events & Fallbacks

Index Disruption Consequences

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

1. delay any rebalancing and/or instruct the Index Calculation Agent to delay any calculation of the Index (an “**Index Determination Date**”) until the relevant Index Disruption Event no longer exists, *provided that*, if such Index Disruption Event is continuing on the tenth (10th) Index Business Day following an Index Determination Date (the “**Delayed Index Determination Date**”), then the Index Sponsor will determine the level of the relevant Sub-Index (including any affected Sub-Index Component) and/or other Index Component (as applicable) in respect of such Index Determination Date as of the related Delayed Index Determination Date in accordance with (2) below; and/or
2. determine the level of the affected Sub-Index and/or other Index Component for such day in accordance with the formula for, and method of, calculating such Sub-Index or Index Component, taking into account the relevant Index Disruption Event, latest available quotation of such Sub-Index and its Sub-Index Components and/or other Index Component, as well as any other information the Index Sponsor deems relevant, in its discretion, having regard to the standard of input data quality for the relevant Sub-Index or Index as determined by the Sub-Index Sponsor and/or Index Sponsor, respectively, during the design of such Sub-Index or Index, as set out in Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Input Data”), and then instruct the Calculation Agent to calculate the Index using such Sub-Index and/or Index Component level as determined by the Index Sponsor; 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 ten (10) 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, an Index Modification Event shall occur with respect to the relevant Index Component; and/or
4. delay the Index Level publication; and/or
5. 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:

1. in relation to a Sub-Index and its components, any “Index Disruption Event” and any of the events or circumstances specified in the section “Index Modification”, each as specified in the Sub-Index methodology, as may be amended and updated from time to time by the Index Sponsor, occurs or exists (including, without limitation, any index adjustment, index modification or index disruption); and/or
2. a material modification to a Sub-Index by the Index Sponsor or an announcement by the Index Sponsor that it will make a material modification to a Sub-Index (including a change to the formula for, or the method of, calculating a Sub-Index); and/or

3. a failure by the Sub-Index Price Source to publish a level for a Sub-Index on any Index Business Day; and/or
4. on any relevant date on which an Index determination is scheduled to occur, the Index Sponsor fails to calculate and announce a Sub-Index; and/or
5. in relation to any Index Component, the occurrence or existence of an Illiquidity Event, Index Component Disruption, Intervening Circumstances and/or an Index Frustration.

Index Component 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 Index Component.

Illiquidity Event Means 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 replicate the Index or Index Component in a commercially reasonable manner (including, without limitation, a significant widening in the bid/offer and/or a significant reduction in liquidity of an Index Component).

Intervening Circumstances Means the occurrence of a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance beyond the Index Sponsor's and/or Index Calculation Agent's reasonable control, in respect of an Index Component, and which in the determination of the Index Sponsor prevents, disrupts or impairs:

1. the ability of the Index or Sub-Index (as applicable) to achieve its economic objective; and/or
2. the prompt or accurate determination of the level of the Index or Sub-Index (as applicable); and/or
3. the ability of the Index Sponsor or Index Calculation Agent to perform its role in respect of the Index or Sub-Index (as applicable).

Index Frustration Means any event or circumstance that, in the opinion of the Index Sponsor, prevents, disrupts or impairs the ability of an Index or Sub-Index (as applicable) to achieve its economic objective or the prompt or accurate determination of the level of such Index and/or Sub-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 and/or Sub-Index were to be determined, it could not be relied upon to represent the market or economic reality that the Index and/or Sub-Index is intended to measure.

Index Modification and Sub-Index Modification

Index Modification Upon the occurrence of a (i) Sub-Index Modification Event, (ii) Continued Disruption Event, (iii) Input Data Decline Event or (iv) Extraordinary Event, (each of (i), (ii), (iii), and (iv) 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:

1. removing or replacing an affected Index Component and/or its Price Source with an alternative 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
2. 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.

The Index Sponsor may refrain from rebalancing the Index and further instruct the Index Calculation Agent to refrain from 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.

Sub-Index Modification Event	<p>The Index Sponsor may modify the Index in accordance with Appendix 2, Section 15 of the Control Framework Summary (“Changes to Methodology”).</p> <p>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.</p> <p>Means an “Index Modification Event” in respect of the relevant Sub-Index as specified in the disruption section in the relevant Sub-Index Rulebook of such Sub-Index (as maybe amended and updated from time to time by the Sub-Index Sponsor of such Sub-Index).</p>
Input Data Decline Event	<p>Means if the Index Sponsor determines that the input data and/or Price Source in relation to an Index Component and/or Sub-Index Component used to calculate an Index or Sub-Index:</p> <ol style="list-style-type: none"> 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) is no longer sufficient to represent accurately and reliably the market and economic reality that the Index or Sub-Index (as applicable) is intended to measure, or is otherwise not appropriate; and/or 4) no longer meets the standard of input data quality for the Index or Sub-Index (as applicable) as determined by the Index Sponsor during the design of the Index/ Sub-Index, as set out in Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Input Data”).
Extraordinary Event Change in Law	<p>Means any of Change in Law, and/or Increased Cost of Index Implementation.</p> <p>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 Section 871(m) of the U.S. Internal Revenue Code), or (ii) due to the promulgation of, or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction over 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) the cost of trading in an Index Component for the Index Sponsor or its affiliates has materially increased (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).</p>
Increased Cost of Index Implementation	<p>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 (as applicable), or (ii) realise, recover or remit the proceeds of any transaction(s) or asset(s).</p>

Index Cancellation and Sub-Index Cancellation

Consequence of a Sub-Index Cancellation	<p>If upon the occurrence of a Sub-Index Cancellation there is a Successor Sub-Index, then such Successor Sub-Index shall be deemed to be the relevant Sub-Index and the Index Sponsor may make such adjustment(s) to the Index methodology as it determines appropriate, to account for any effects of the replacement of the Sub-Index with the Successor Sub-Index.</p> <p>If a Sub-Index Cancellation occurs for a period of fifteen (15) Index Business Days, measured from the first day of such Sub-Index Cancellation, and at the end of such period of time there is no Successor Sub-Index (“Sub-Index Replacement Failure”), then the Index Sponsor may:</p> <ol style="list-style-type: none"> 1. remove the cancelled Sub-Index and make any adjustment(s) to the Index methodology that it determines appropriate in order to account for the effect of such removal of the cancelled Sub-Index, or 2. cancel the Index in accordance with the Index Cancellation provisions below.
Sub-Index Cancellation	<p>Means that a Sub-Index is permanently cancelled or the relevant Sub-Index Sponsor announces (including through an agent, if applicable) its intention to permanently cancel a Sub-Index or its intention to cease to calculate and announce a level for a Sub-Index.</p> <p>Index Sponsor may permanently cancel and discontinue calculating and publishing a Sub-Index at any time in accordance with the Sub-Index methodology.</p>

Index Cancellation	<p>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 limitation, upon the occurrence of:</p> <ol style="list-style-type: none"> 1. Sub-Index Replacement Failure; and/or 2. an Index Modification Failure.
Successor Sub-Index	<p>Means a successor or replacement index using, in the determination of the Index Sponsor, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Sub-Index or, if none, a replacement with the same or similar investment objective as the Sub-Index and that is acceptable to the Index Sponsor.</p>

Definitions

FX Price Source	<p>Means, in respect of a Sub-Index, the component specified in the Sub-Index Specifications Table in Annex 1.</p>
Index Component	<p>Index Component means, in respect of the Index, each Sub-Index Component, each FX Price Source and any other index, futures contract, currency, rate variable or other component necessary in order to determine a level or value of the Index, in each case, in line with the then existing methodology of the Index.</p>
Sub-Index Component	<p>Sub-Index Component means, in respect of a Sub-Index, each underlying component index, futures contract, currency, rate, variable or other component necessary in order to determine a level or value of such Sub-Index, in each case, in line with the then existing methodology of the Sub-Index.</p>
Sub-Index Sponsor	<p>Sub-Index Sponsor means Nomura International plc, who is responsible for the administration of each Sub-Index.</p>
Sub-Index Price Source	<p>Means, in respect of a Sub-Index, the relevant Bloomberg page as specified in the Sub-Index Specifications Table in Annex 1, in the row corresponding to such Sub-Index. References to Sub-Index Price Source shall be construed as referring also to any successor publication, page or source on which the relevant Sub-Index levels may be disseminated, as determined by the Sub-Index Sponsor in its sole discretion and acting in a commercially reasonable manner.</p>
Sub-Index Rulebook	<p>Means the rulebook in respect of a Sub-Index, prepared by the Sub-Index Sponsor, as such rulebook may be amended from time to time.</p>

ADDITIONAL INFORMATION IN RESPECT OF THE INDEX METHODOLOGY

Governance Policy and Control Framework	<p>The Index Sponsor has established a governance framework (the “Governance Policy and Control Framework”) to ensure compliance with UK BMR¹ and the IOSCO Principles and any related measures and applicable FCA rules (each as amended or replaced from time to time)². The Governance Policy and Control Framework governs (amongst other things) the development, determination and operation of indices administered by the Index Sponsor. A summary of the Governance Policy and Control Framework (the “Control Framework Summary”) is published on: www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml. Please refer to the summary of the Governance Policy and Control Framework in respect of the following information applying to the Index methodology:</p>
Criteria for Index Development and Input Data and Source Selection	<p>The criteria and procedures used to develop this Index, and for selecting the sources of data inputs used in the Index, are set out in Appendix 2, Section 3 (“Index Design and Creation of New Indices and Methodologies”) and Appendix 2, Section 6 (“Data Sufficiency and Hierarchy of Input Data”) of the Control Framework Summary.</p>
Exercise of Expert Judgment and discretion	<p>The Index Sponsor has adopted guidelines and procedures designed to promote consistency in the exercise of Expert Judgment and discretion for Index determinations. Further details are contained in Appendix 2, Section 14 of the Control Framework Summary (“Expert Judgment and Discretion”).</p>
Input Data Type Priority	<p>The Index Sponsor applied the hierarchy for data inputs as set out in Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Input Data”) when considering the data inputs used to construct the Index.</p>
Index Error Reports and Revision	<p>The Index Sponsor has adopted procedures for analysis and remediation of Index errors, and for potential restatement of a published Index level. Further details are contained in Appendix 2, Section 13 (“Correction of Errors”) and Appendix 2, Section 15 (“Changes to Methodology”) of the Control Framework Summary where remediation requires change to the Index methodology.</p>
Quantity and Quality of Input Data	<p>The Index is constructed by the Index Sponsor using both single prices or levels and an average or other formula of 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 Input Data”). 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”), and 21 (“Audits”) of the Control Framework Summary, and any other sections of the Control Framework Summary which may be relevant from time to time.</p>

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.

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 (“Main Features of Index Committee Constitution and Terms of Reference”) and Appendix 2, Section 3 (“Index Design and Creation of New Indices and Methodologies”) of the Control Framework Summary.																					
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 (“Changes to Methodology”) and Appendix 2, Section 17 (“Termination of Indices and Transitional Arrangements”) of the Control Framework Summary, 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 Rulebook, the Index Sponsor considers the underlying market of the Index to be active, in accordance with 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																					
Environmental, Social and Governance (ESG) Factors	<p>The Index Sponsor has established a statement on ESG factors (“ESG Statement”) to ensure compliance with UK BMR which requires an explanation of how ESG Factors are reflected in the key elements of the benchmark methodology in respect of Credit Indices, Equity Indices and Multi-Asset Indices which are comprised of Credit and/or Equity Indices.</p> <p>The Index does not pursue ESG objectives or take into account ESG factors. For full details, please see the ESG Statement for the relevant Benchmark family for the Index (and any Sub-Index, if applicable) as specified in the table below on the Index Sponsor’s Website.</p> <table border="1" data-bbox="392 1048 1513 1760"> <thead> <tr> <th data-bbox="392 1048 762 1155">i</th> <th data-bbox="762 1048 1139 1155">Benchmark Family</th> <th data-bbox="1139 1048 1513 1155">Corresponding ESG Statement</th> </tr> </thead> <tbody> <tr> <td data-bbox="392 1155 762 1218">1</td> <td data-bbox="762 1155 1139 1218">Nomura FX Indices</td> <td data-bbox="1139 1155 1513 1218">Not applicable</td> </tr> <tr> <td data-bbox="392 1218 762 1281">2</td> <td data-bbox="762 1218 1139 1281">Nomura Interest Rates Indices</td> <td data-bbox="1139 1218 1513 1281">Not applicable</td> </tr> <tr> <td data-bbox="392 1281 762 1344">3</td> <td data-bbox="762 1281 1139 1344">Nomura Commodity Indices</td> <td data-bbox="1139 1281 1513 1344">Not applicable</td> </tr> <tr> <td data-bbox="392 1344 762 1406">4</td> <td data-bbox="762 1344 1139 1406">Nomura Equity Indices</td> <td data-bbox="1139 1344 1513 1406">Equity Indices</td> </tr> <tr> <td data-bbox="392 1406 762 1469">5</td> <td data-bbox="762 1406 1139 1469">Nomura Credit Indices</td> <td data-bbox="1139 1406 1513 1469">Credit Indices</td> </tr> <tr> <td data-bbox="392 1469 762 1760">6</td> <td data-bbox="762 1469 1139 1760">Nomura Multi Asset Indices</td> <td data-bbox="1139 1469 1513 1760"> <p>In respect of Nomura Multi Asset Indices which are comprised of Credit and/or Equity Indices: Multi Asset Indices</p> <p>In respect of Nomura Multi Asset Indices which are not comprised of Credit and/or Equity Indices: Not applicable</p> </td> </tr> </tbody> </table>	i	Benchmark Family	Corresponding ESG Statement	1	Nomura FX Indices	Not applicable	2	Nomura Interest Rates Indices	Not applicable	3	Nomura Commodity Indices	Not applicable	4	Nomura Equity Indices	Equity Indices	5	Nomura Credit Indices	Credit Indices	6	Nomura Multi Asset Indices	<p>In respect of Nomura Multi Asset Indices which are comprised of Credit and/or Equity Indices: Multi Asset Indices</p> <p>In respect of Nomura Multi Asset Indices which are not comprised of Credit and/or Equity Indices: Not applicable</p>
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Index Disclaimer	<p>The Index Sponsor and its affiliates make no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at a particular time on any particular date or otherwise. The Index Sponsor and its affiliates shall not be liable (whether in contract, tort or otherwise) to any person for any error in the Index.</p> <p>The Index Sponsor and its affiliates make no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering any transactions or products which are linked to or deriving a value from the Index.</p> <p>Neither the Index Sponsor nor its affiliates shall have any liability for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Although the Index Sponsor will obtain information concerning an Index from publicly available sources it believes reliable, such information may not have been independently verified. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Index Sponsor or its</p>																					

affiliates as to the accuracy, completeness and timeliness of information concerning the Index or any other information provided by any person in connection with the information described herein, or as to the continuance of calculation or publication of the Index.

Nothing in this disclaimer shall exclude or limit liability to the extent such exclusion or limitation is not permitted by law or regulation to which the Index Sponsor is subject.

Annex 1

Index Specifications Table

i	Index	Currency	Index Price Source (Bloomberg page)	Applicable Sub-Index ^l	Index Start Date	Index Live Date	Rounding
1	Nomura IRVING Series C G2 Long Index in EUR	EUR	NMVRCLE Index	1-2	[Index Start Date]	[Index Live Date]	4 d.p.
2	Nomura IRVING Series C G2 Long Index	USD	NMVVRCL Index	1-2	[Index Start Date]	[Index Live Date]	4 d.p.

Index Component Weight Table

i	Index	Weight ⁱ	
		j=1	j=2
1	Nomura IRVING Series C G2 Long Index in EUR	[Weights]	[Weights]
2	Nomura IRVING Series C G2 Long Index	[Weights]	[Weights]

Sub-Index Specifications Table

j	Sub-Index ^l	Currency	Type	Bloomberg page	FX Price Source	FX Trading Time
1	Nomura IRVING Series C USD Long Index	USD	Interest Rate	NMVRCUL Index	[Price Source]	[Time]
2	Nomura IRVING Series C EUR Long Index	EUR	Interest Rate	NMVRCLE Index	[Price Source]	[Time]

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 1933, 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.

Investments Based On Hypothetical Swaption Straddles Are Not Suitable For All Investors

Each Sub-Index provides notional long exposure to hypothetical swaption straddles. An investment in the Index is exposed to the performance of Sub-Index notional long positions in hypothetical swaption straddles, the value of which is based on volatility and interest rate movements. The values of hypothetical swaption straddles can be volatile and move dramatically over short periods of time. Because of the large and sudden value movements associated with hypothetical swaption straddles, an investment in the Index is suitable only for sophisticated investors who understand the risks associated with investments linked to long positions in hypothetical swaption straddles and exposure to interest rate volatility

Risks Factors relating to the Sub-Indices

For information on investment strategies, risks and disclosures with respect to each of the Sub-Indices, their components and the asset class to which the relevant Sub-Index provides exposure, please refer to the important risks and disclosures section of the Sub-Index Rulebook for each Sub-Index.

Risk Factors Relating to the Index

Performance Risk

There is no assurance that the Index will achieve positive returns over any given period, and the level of the Index may decline significantly over any given period. No assurance can be given as to the closing level of the Index on any date. The performance of the Index will reflect the collective performance of the Sub-Indices, and the relative weighting of each Sub-Index within the Index. Each Sub-Index is subject to certain risks (as described in the relevant Sub-Index Rulebook). Additionally, at a time when the value of one Sub-Index increases, the value of one or more of the other Sub-Indices may decline. Therefore, in calculating the overall level of the Index, increases in the value of one Sub-Index may be moderated, offset or more than offset, by lesser increases or declines in the value of other Sub-Indices.

Each Sub-Index seeks to achieve optimal exposure to interest rate swaption volatility across the Volatility Surface, by utilizing a “value” investment strategy to select certain interest rate swaption straddle components. As a long-only investment a Sub-Index will tend to perform well when the underlying set of interest rate swaption straddle components performs well. On the other hand, the Sub-Index will likely perform poorly when levels of implied volatility and the interest rate swaption straddle components decline. Additionally, gains from Sub-Index allocations to one or more interest rate swaption straddle components may be more than offset by losses in allocations to one or more of the other Sub-Index interest rate swaption straddle components. Furthermore, a Sub-Index may allocate to certain interest rate swaption straddle components that underperform relative to interest rate swaption straddle components that such Sub-Index is not allocated to at any one point in time.

Strategy Risk

The Index's methodology is rules-based and systematic and it takes relative positions towards each Sub-Index based on the weightings for the Sub-Indices as specified in the Index Component Weight Table. The Index methodology, its mechanisms and the weighting will not change in response to market conditions or monetary policy regimes. As such the Index methodology and its strategy may not prove to be optimal for and/or successful in achieving the Index's stated investment objectives, and may adversely affect the potential and/or actual Index performance. There can be no assurance that the Index strategy will be effective, and the Index may not achieve its stated investment objectives.

However, there can be no assurance that the strategy of each Sub-Index will be effective, and the Sub-Indices may not achieve their stated investment objectives. In particular, there can be no assurance that each Sub-Index will be effective in identifying which positions in the Sub-Index components will be advantageous for a given signal period.

Each Sub-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, each Sub-Index's strategy is fixed, and the Sub-Index rules will not change in response to market conditions or monetary policy regimes.

Risk of Overexposure or Underexposure

The magnitude of each Sub-Index's long or short notional exposure to each Sub-Index's Volatility Surface points is determined based on the signal and a scale for each invested hypothetical interest rate swaption straddle. Therefore, the signal selection process and the scale will affect each Sub-Index exposure to any hypothetical interest rate swaption straddle at any given time. If a Sub-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 a Sub-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.

Potential Leveraged Exposure

The performance and volatility of the Index is a function of and exposed to the leverage characteristics of each Sub-Index, which may magnify the extent and volatility of any positive or negative performance of the Index. Each Sub-Index may at any time have leveraged exposure to the prices of one or more of its Sub-Index components. To the extent the positions taken by each Sub-Index in such Sub-Index components prove to be disadvantageous, the leveraged exposure to such Sub-Index components will result in accelerated losses. The volatility of each Sub-Index can be greater than the volatility of its Sub-Index components due to this potential embedded leverage within each Sub-Index.

Lack of Exposure

The daily performance of the Index is driven by the performance of the respective underlying Sub-Indices. Each Index has a weighted notional exposure to the underlying Sub-Indices. The weighted exposure to the underlying Sub-Indices is static. If any given underlying Sub-Index has a positive daily performance, the Index will not increase its exposure to that underlying Sub-Index relative to other underlying Sub-Indices to further enhance returns. Conversely, if any given underlying Sub-Index has a negative daily performance, the Index will not decrease its exposure to that underlying Sub-Index relative to other underlying Sub-Indices.

Past Performance is No Guide to Future Performance

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

Impact of Charges in the underlying Sub-Indices

The Index does not deduct or levy charges or fees from or against the Index level. Each Sub-Index deducts transaction-based charges from the respective Sub-Index level. The levels of the underlying Sub-Indices are impacted by the deduction of transaction-based charges from the daily performance of these indices. The charges on the respective Sub-Index are determined by the Sub-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 respective Sub-Index.

Each Sub-Index's charges are incurred upon implementation of new hypothetical interest rate swaption positions, as well as upon restriking of the hypothetical interest rate swaptions. The amount of charges deducted varies based on the size of the position taken by the Sub-Index. Generally, the more frequently the Sub-Index alters its notional positions between different points of the Volatility Surface, and the more frequently the Sub-Index restrikes its underlying hypothetical interest rate swaptions, the greater the number and size of transactions necessary to achieve the targeted notional exposure for the relevant underlying hypothetical interest rate swaptions, the greater the Sub-Index's charges will be.

The charges also include fees that accrue to the benefit of the Sub-Index Sponsor in consideration for establishing and maintaining the Sub-Index.

These charges reduce the levels of the underlying Sub-Indices in all cases, whether they perform well or poorly, which in turn reduces the level of the Index.

Please refer to the Sub-Index Rulebook of the respective Sub-Index for further information regarding such Sub-Index charges and their impact on the performance of the relevant Sub-Index.

Lack of Operating History; Back-Tested Performance

The Index was established in [Index Live Date] and, therefore, does not have sufficient data upon which to evaluate long-term performance over various economic cycles. Any performance information for periods prior to the inception of the Index represents simulated returns based on back-tested data intended to illustrate how the 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 could have 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. 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 respective Sub-Indices, but does not offer any ownership rights in the Sub-Indices or the instruments underlying such Sub-Indices. The exposure to the index components provided by the Index is purely notional and will exist solely in the records maintained by or on behalf of the Index Calculation Agent. There is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index's return will not reflect the return of a direct investment in the respective Sub-Indices or the instruments underlying such Sub-Indices.

Risks Related to Interest Rates

The performance of the Index, through the Sub-Indices, will be exposed to and will depend on the values of interest rate swaptions and interest rate swaps. Interest rates are subject to volatility due to a variety of factors, including:

- sentiment regarding underlying strength in the economies of the countries for which the currencies are legal tender;
- expectations regarding the level 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 will, through the Sub-Indices, affect the level of the Index.

Currency Exchange Rate Risk

The level of the Index is calculated in the respective Index Currency. If any underlying Index Components are denominated in currencies other than the respective Index Currency the Index may convert the returns of these components into the Index Currency on a daily basis, based on the applicable spot rate at such time.

Therefore, to the extent there is an absolute return in an applicable interest rate swap and/or interest rate swaption component during a holding period, investors will take exposure to the applicable underlying interest rate swap and/or interest rate swaption currency on that absolute return for that holding period, and increases or decreases in the applicable interest rate swap and/or interest rate swaption currency exchange rate relative to the Index Currency will have a positive or negative effect on the level of the Index.

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 Index Currency 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 following factors:

- the overall growth and performance of the economies of 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 each Sub-Index and the Index.

Other risks related to the Index

Disruptions may Impact Performance

Interest-rate markets and currency markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, market fragmentation, the participation of speculators and government regulation and intervention. These circumstances could adversely affect the level of the Index.

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

Conflicts of Interest

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

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

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

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

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

Impact of Index Pre-hedging, Hedging and Trading Activities

The Index was designed by Nomura International plc with the intention of earning a profit for the Nomura Group 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 or may become of low liquidity. It is possible that pre-hedging and/or hedging activities conducted by Nomura International plc and its affiliates in relation to the Index will lead to movements in the underlying markets that could adversely affect the performance of the Index. Additionally, in the course of its trading activities, Nomura International plc and/or its affiliates may take long or short positions in related instruments that may affect the values of the Index components. Nomura International plc and its affiliates may realise a profit in connection with pre-hedging and hedging activities regardless of whether the level of the Index increases or decreases. We cannot give any assurance that our pre-hedging and hedging activities will not affect the value of the Index and/or any Index components and, therefore, adversely affect the value of any Financial Product or the return on such Financial Product.

Index Sponsor Discretion

The Index was developed by Nomura International plc, as Index Sponsor.

As Index Sponsor and Index Calculation Agent, Nomura International plc is responsible for and has determinative influence over the Index's composition, calculation and maintenance. As Index Sponsor (but not in its capacity as Index 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 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.

The potentially subjective judgments that Nomura International plc, as Index Sponsor, makes in connection with the composition and maintenance of the Index, could have an adverse effect on the level of the Index.

Nomura International plc maintains certain discretion (i) to determine whether certain types of disruption events have occurred, (ii) to determine any resulting adjustments and calculations, and (iii) to make such other determinations or adjustments necessary to calculate the level of the Index. In such circumstances, Nomura International plc may estimate the value of a disrupted Index component to determine the level of the Index, or may make such further adjustments to 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 prescribed and non-prescribed discretions is governed by Appendix 2, Section 14 (Expert Judgement and Discretion) of the summary of the Index Sponsor's Governance Policy and Control Framework (as may be amended and/or updated from time to time), and will have direct impact on the level of the Index. The Governance Policy and Control Framework is available at: www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml.

Potential Adjustments to the Index

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

Potential Termination of the Index

Nomura International plc may decide to permanently cancel any Sub-Index and/or the Index at any time, and discontinue calculating and publishing the Index and/or any Sub-Index. There is no guarantee that a Sub-Index and/or the Index will continue to be calculated for the full duration of any transaction linked to the Index.

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

Disclaimer

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In reaching a determination as to the appropriateness of any proposed transaction linked to the Index, clients should undertake a thorough independent review of the legal, regulatory, credit, tax, accounting and economic consequences of such action. The Nomura Group may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, the Nomura Group, and/or its officers, directors and employees, including persons, without limitation, involved in the preparation or issuance of this material may, from time to time, have long or short positions in, and buy or sell, the securities, or in options, futures or other derivatives based thereon, of companies mentioned herein, or related securities or in options, futures or other derivative instruments based thereon. In addition, the Nomura Group may act as a market maker and principal, willing to buy and sell certain of the securities or in options, futures or other derivatives of companies mentioned herein. Further, the Nomura Group may buy and sell certain securities or in options, futures or other derivatives of companies mentioned herein, as agent for its clients.

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