Index Structuring
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NOMURA

Nomura IRVING Series C Indices – Rulebook

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Overview	
Index Summary	The Nomura IRVING Series C Indices suite, (each an "Index" and together the "Indices") is a suite of quantitative, rules-based indices created by Nomura International plc acting as Index Sponsor and Index Calculation Agent. There are two currency (USD and EUR) IRVING Series C Indices, and each follows the same investment strategy, seeking to achieve optimal exposure to interest rate swaption volatility across a Volatility Surface. The Volatility Surface is a selection of interest rate swaptions represented as a matrix combination of different swaption expiry dates at different swaption tenors. Each Index's notional position taken in the interest rate swaption straddles [and interest rate swap forwards] are hypothetical, and price data for these index components is not publicly available. The Index Sponsor determines the price of each such index component by referencing data that is predominantly publicly available relating to the applicable 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 index component. However, there is no single accepted market-standard method for determining the prices of the index components. The proprietary model used by the Index Sponsor may differ in certain respects from alternative methods of determining the prices of the index components, and the prices determined by the Index sponsor may therefore differ from prices determined through such alternative methods. The level of each Index on any given day reflects the cumulative profits and losses arising from the performance of the positions taken by the underlying investment strategy implemented since the inception date of the Index after deducting charges, which includes a period of back-tested performance. The change in the level of each Index from one day to another reflects the return of the investment strategy over that same period.
Charges and Costs	Each Index deducts transaction-based charges from the Index level, which means that the amount of charges incurred will vary based upon the frequency with which the Index transacts as described in this Rulebook. The transaction-based charges on the Indices have been determined by the Index Sponsor based on a variety of factors, including the costs that would be incurred if an investor were to execute hypothetical transactions to maintain equivalent notional positions to those held by the relevant Index. Such costs would include, amongst other things, bid-ask spreads and costs associated with forward margining. Each Index's charges are incurred upon implementation of new positions. The amount of charges deducted varies for each Index based on the size of the position taken in the underlying swaption straddles and interest rate receiver swaps. Generally, the more frequently a given Index alters its notional positions, the greater the Index's charges will be. The Index charges will reduce the level of the Index in all cases, whether the Index performs well or poorly. 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 running fees in connection with such Financial Product, and the amount of such fees will be set forth in the applicable documentation for the Financial Product. For more information on averaged index charges since the inception of the Indices, and highest annual charge during such period, please contact the Index Sponsor.
Index Disruption Events and Adjustments	Upon the occurrence of certain disruption events in respect of the index components, the Index Sponsor may exercise a certain amount of discretion in determining the prices or values of the index components and the level of the Index. In such circumstance, the Index Sponsor may estimate the value of index components to determine the level of the respective Index or may make such further adjustments to the respective Index as it deems necessary. These potentially subjective determinations may adversely affect the level of the Index. The Index Administrator 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 has the authority to amend the methodology of the Index and/or make such adjustments to the relevant Index methodology as it considers appropriate, in each case in its sole discretion acting in good faith, in order to take into account events or changes in the relevant underlying markets (including changes in law or regulation) or to preserve the investibility and objective of the Index (including cancelling the Index in certain circumstances). This may include, without limitation, the removal or replacement of any affected Index or its 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 components 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 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 instrument. The Index Calculation Agent of the Index shall take account any adjustments to the index components 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 Index Sponsor may decide to permanently cancel and discontinue calculation and publication of any of the Indices at any time. There is no guarantee that the Indices will continue to be calculated for the full duration of any transaction linked to any of the Indices.
Index Sponsor	Nomura International plc ("NIP"), who is responsible for the administration of each Index.
Index Sponsor Website	https://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml **Any notifications in relation to an Index (e.g. amendments to this Rulebook or other) will be available on the Index Sponsor Website.**
Index Calculation Agent	Nomura International plc ("NIP")
Index Start Date	As specified under the Index Specifications Table in Appendix A.
Index Live Date	As specified under the Index Specifications Table in Appendix A.
Index Calculation Frequency	The Index Calculation Agent will calculate the Index level on each Index^{i} Business Day. If, on any Index^{i} Business Day, an Index Disruption Event occurs or is continuing to occur with respect to an Index Component, then the provisions as set out under "Index Disruption Events & Fallbacks" herein will apply.
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 Appendix A.
Rounded Index Level	Rounded Index Level means the level of the relevant Index^{i} rounded to the number decimal places specified in the Index Specifications Table in Appendix A.

Notations	
i	The relevant Index of the Nomura IRVING Series C Indices suite, as defined in the Index Specifications Table in Appendix A.
Ccy	Currency as defined in Benchmark Points Specifications Table, e.g. "USD".
Expiry	Expiry as defined in Benchmark Points Specifications Table, e.g. "3Y".
Tenor	Tenor as defined in Benchmark Points Specifications Table, e.g. "10Y".
t	The relevant Index^{i} Business Day
t-1	Index^{i} Business Day immediately preceding Index^{i} Business Day t.
t+1	Index^{i} Business Day immediately following Index^{i} Business Day t.
z	Identifier for each swaption straddle in the index portfolio.

z_entry	With respect to each Straddle Trading Period, z_entry denotes the set of swaption straddle(s) that enters the portfolio.
z_exit	With respect to each Straddle Trading Period, z_exit denotes the set of swaption straddle(s) that exits the portfolio.
z_in	With respect to each Straddle Trading Period, z_in denotes one straddle that enters the portfolio.
z_out	With respect to each Straddle Trading Period, z_out denotes one straddle that exits the portfolio.

Index Determination	
$Index^{i}$	The relevant index of the Nomura IRVING Series C Indices suite, which is built using the methodology described in this Rulebook.
$Index^{i}_{t}$	For any $Index^{i}$ Business Day t, $$Index^{i}_{t} = Index^{i}_{t-1} + Index^{i}_{t,\ reset} \times Net\ Return^{i}_{t}$$ Where, $Index^{i}_{t}$ = 100 on Index Start Date and the $Index^{i}$ Business Day immediately preceding Index Start Date.
$Index^{i}_{t,\ reset}$	With respect to each $Index^{i}$ Business Day t, the level of $Index^{i}$ on a day that is one $Index^{i}$ Business Day prior to the $Index^{i}$ Reset Day which is immediately preceding $Index^{i}$ Business Day t.

Return Calculation	
$Net\ Return^{i}_{t}$	For any $Index^{i}$ Business Day t, $$Net\ Return^{i}_{t} = \sum_{z} \left(Return(Straddle^{z})_{t} \times Position^{i,z}_{t-1} \right) - Charge^{i}_{t}$$ Where, $\sum_{z}$ is taken over all applicable $Straddle^{z}$, where Ccy^{z} equals $Index^{i}$ Currency.

Index Position	
$Position^{i,z}_{t}$	[Formula for Position]
Straddle Trading Period	[Definition]

Signal	
$Signal^{Ccy,Expiry,Tenor}_{t}$	[Formula for signal]

Index Components	
$Straddle^{z}$	One swaption straddle with identifier z, defined by the following parameters: z = (Ccy, Expiry, Tenor, Straddle Entry First Date, Straddle Exit First Date)

	The swaption straddle enters the portfolio over a Straddle Trading Period that starts on Straddle Entry First Date, and exits the portfolio over a Straddle Trading Period that starts on Straddle Exit First Date. Ccy^z, $Expiry^z$, $Tenor^z$, Straddle Entry First $Date^z$, and Straddle Exit First $Date^z$ denote the respective parameters of the straddle z.
$Expiry\ Date^z$	Expiry date of $Straddle^z$, If Straddle Entry First Day^z falls on a Signal Trading Period: $Expiry\ Date^z$ is sthe $Expiry^{Ccy^z}$ Business Day which is period $Expiry^z$ immediately following the Straddle Entry First Day^z using a Modified Following convention. Else if Straddle Entry First Day^z falls on a Restrike Trading $Period^{(z_entry,z_exit)}$: $Expiry\ Date^z$ equals the Expiry Date of the $Straddle^{z_out \in z_exit}$ of this Restrike Trading Period which has the same Expiry, Tenor and Straddle Exit First Date as $Straddle^z$.
$Strike^z$	[Formula for Strike]
$Notional^z$	[Formula for Notional]
BS Valuation	For any $Index^i$ Business Day t and with respect to each $Straddle^z$, $\text{BS Price}(Straddle^z)_t = \text{Black}_{Straddle}(F_t^z, K^z, \sigma_t^z, T_t^z)$ $\text{BS Vega}(Straddle^z)_t = \text{Black Vega}_{Straddle}(F_t^z, K^z, \sigma_t^z, T_t^z)$ $\text{BS Delta}(Straddle^z)_t = \text{Black Delta}_{Straddle}(F_t^z, K^z, \sigma_t^z, T_t^z)$ Where, $\text{Black}_{Straddle}$, $\text{Black Vega}_{Straddle}$, and $\text{Black Delta}_{Straddle}$ calculation are defined in Appendix D, $F_t^z = \text{Swap Rate}(Forward\ Swap^z)_t$, $K^z = Strike^z$, $\sigma_t^z = \text{Implied Vol}(Straddle^z)_t$, and T_t^z = Act/Act (ISDA) day count fraction from and including t to but excluding the $Expiry\ Date^z$.
Moneyness $(Straddle^z)_t$	For any $Index^i$ Business Day t, $\text{Moneyness}(Straddle^z)_t = \text{Swap Rate}(Forward\ Swap^z)_t - Strike^z$
Vega$(Straddle^z)_t$	For any $Index^i$ Business Day t, $\text{Vega}(Straddle^z)_t = Notional^z \times \text{BS Vega}(Straddle^z)_t \times \text{PV01}(Forward\ Swap^z)_t$
Delta$(Straddle^z)_t$	For any $Index^i$ Business Day t, $\text{Delta}(Straddle^z)_t = Notional^z \times \text{BS Delta}(Straddle^z)_t \times \text{PV01}(Forward\ Swap^z)_t$
Outright Delta$(Straddle^z)_t$	For any $Index^i$ Business Day t, $\text{Outright Delta}(Straddle^z)_t = Notional^z \times \text{BS Delta}(Straddle^z)_t \times \text{Outright PV01}(Forward\ Swap^z)_t$
Spread Delta$(Straddle^z)_t$	For any $Index^i$ Business Day t, $\text{Spread Delta}(Straddle^z)_t = Notional^z \times \text{BS Delta}(Straddle^z)_t \times \text{Spread PV01}(Forward\ Swap^z)_t$
Implied Vol $(Straddle^z)_t$	For any $Index^i$ Business Day t, the basis points implied volatility of $Straddle^z$. Please refer to Appendix B for more details on the calculation. For the avoidance of doubt, $\text{Implied Vol}(Straddle^z)_t = 0.01$ for a basis points volatility of 100.

Forward Swap^z	The underlying interest rate swap of Straddle^z, denominated in Ccy^z, with a maturity equal to Tenor^z, following the standard swap conventions for such tenor and currency. The Forward Swap^z has an effective date ("Effective Date(Forward Swap^z)") on the Spot Date immediately following the Expiry Date^z and a maturity date ("Maturity Date (Forward Swap^z)") which is a period Tenor^z immediately following the effective date. Please refer to Appendix E for a list of the standard swap conventions in respect of the relevant currency and tenor.
Swap Rate (Forward Swap^z)$_t$	For any Index^i Business Day t, the mid-market forward par swap rate for the Forward Swap^z as of the Trading Time for Ccy^z as defined in Appendix F on such day, as determined using the processes and price sources specified in the Yield Curve methodology. For the avoidance of doubt, Swap Rate (Forward Swap^z)$_t$ = 0.01 for forward rate of 1%.
PV01 (Forward Swap^z)$_t$	For any Index^i Business Day t, the sensitivity of Forward Swap^z present value to a change of 0.01% in the coupon for a swap notional of 1 with the payment convention matching the Fixed Leg Payment Convention of the Forward Swap^z as defined in Appendix E as of the Trading Time for Ccy^z as defined in Appendix F on such Index^i Business Day t, as determined using the processes and price sources specified in the Yield Curve methodology. For the avoidance of doubt, PV01 (Forward Swap^z)$_t$ is the present value of running 0.0001 in Ccy^z.
Outright PV01 (Forward Swap^z)$_t$	For any Index^i Business Day t, $$\text{Outright PV01 (Forward Swap}^z)_t = \text{PV01 (Forward Swap}^z)_t$$
Spread PV01 (Forward Swap^z)$_t$	For any Index^i Business Day t, $$\text{Spread PV01 (Forward Swap}^z)_t = \text{PV01 (Spot Swap}^z)_t$$
Spot Swap^z_t	An interest rate swap denominated in Ccy^z, with an effective date on the Spot Date immediately following t, and a maturity equal to Effective Date(Forward Swap^z), following the standard swap conventions for such tenor and currency. Please refer to Appendix E for a list of the standard swap conventions in respect of the relevant currency and tenor.
PV01 (Spot Swap^z)$_t$	For any Index^i Business Day t, the sensitivity of the Spot Swap^z_t present value to a change of 0.01% in the coupon for a swap notional of 1 with the payment convention matching the Fixed Leg Payment Convention of the Spot Swap^z_t as defined in Appendix E as of the Trading Time as of the Trading Time for Ccy^z as defined in Appendix F on such Index^i Business Day t, as determined using the processes and price sources specified in the Yield Curve methodology.
Spot Date	The swap spot date as defined by the standard swap convention as defined in Appendix E for the relevant currency of the swap transaction.
Yield Curve	Yield Curve means, in respect of each Index^i and an Index^i Business Day, the relevant Yield Curve (as defined in the NIP Indices Yield Curve Methodology (as amended and/or supplemented from time to time and appended to the Control Framework Summary) in respect of such Index and Index Business Day. The Yield Curve is built using the interest rate curve determined and used by Nomura International plc in the ordinary course of its business as a dealer/market maker and for the purposes of its own audited books and records and certain other data; for more information please see the NIP Indices Yield Curve Methodology.

Index Charges

$Charge_t^i$	[Formula for Charge]

General Definitions	
$Index^i$ Business Day	For i = 1, Each day that is a London Business Day, New York Business Day and a CME Business Day, but excluding the London Business Day immediately prior to each 25 December and each 1 January For i = 2, Each day that is a London Business Day, TARGET Business Day, Eurex Business Day and an ICE Futures Europe Business Day, but excluding the London Business Day immediately prior to each 25 December and each1 January
$Index^i$ Trading Business Day	Each $Index^i$ Business Day
$Index^i$ Reset Day	[Definition]
$Index^i$ Roll Day	[Definition]
$Expiry^{Ccy}$ Business Day	For Ccy = USD, Each day that is a London Business Day and a New York Business Day For Ccy = EUR, Each day that is a London Business Day and a TARGET Business Day
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
New York 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 New York
CME Business Day	A day on which the Chicago Mercantile Exchange (Globex) is scheduled to be open (or would have been open but for the occurrence of a market disruption event) for trading in USD interest rate futures contracts
Eurex Business Day	A day on which Eurex is scheduled to be open (or would have been open but for the occurrence of a market disruption event) for trading in EUR interest rate futures contracts
TARGET Business Day	A day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) (or any successor transfer system) is open for the settlement of payments in EUR.
ICE Futures Europe Business Day	A day on which ICE Futures Europe is scheduled to be open (or would have been open but for the occurrence of a market disruption event) for trading in interest rate futures contracts
SIFMA Business Day	Each day that is not a SIFMA (The Securities Industry and Financial Markets Association) US recommended holiday

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

	The Index Sponsor may correct errors in accordance with Appendix 2, Section 13 of the Control Framework Summary ("Correction of Errors") and Appendix 2, Section 15 ("Changes to Methodology") where remediation requires change to the Index methodology.
Index Disruption	If, in the opinion of the Index Sponsor, on any day, an Index Disruption Event has occurred or exists, including in respect of an Index Component utilised to calculate the level of an Index, the Index Sponsor may take one or more of the following actions in its discretion, with a view to preserving the objective of the Index regardless of whether or not a level of the affected Index has been published by the Index Sponsor in respect of such day: i. delay any rebalancing and/or calculation of the Index (an "**Index Determination Date**") until the relevant Index Disruption Event no longer exists, provided that, if such Index Disruption is continuing on the 5th Index Business Day following any such Index Determination Date (the "**Delayed Index Determination Date**"), then the Index Sponsor will determine the level of the relevant Index Component in respect of such Index Determination Date as of the related Delayed Index Determination Date in accordance with (ii) below; and/or ii. determine the level of any affected Index Component, in respect of such relevant day (including without limitation the Yield Curve) in its sole discretion and acting in a commercially reasonable manner taking into account the relevant Index Disruption Event, latest available quotations and any other information the Index Sponsor deems relevant in its discretion (regardless of whether or not the level of such affected Index Component has been published by the Price Source in respect of such day) and having regard to the standard of input data quality for the Index as determined by the Index Sponsor during the design of the Index, as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Input Data"); and/or iii. not calculate and publish the Index level for such day or delay the publication; and/or iv. make any adjustments to the Index methodology to account for the relevant Index Disruption Event as it deems necessary.
Index Disruption Event	Means in respect of the Index: a. the material suspension of, a material limitation imposed on, or the cessation of the trading in any Index Component; b. the failure of any Price Source to announce or publish any relevant price, level, rate, swaption implied volatility or other data necessary for the determination of any Index Component; c. the level published on any Price Source in relation to any price, level, rate, swaption implied volatility or other data necessary to determine any Index Component is significantly different to the level of such data prevailing in the market; d. a material change by the Price Source in the content, composition, constitution of, or in the formula for or method of calculating (a **"Material Change"**) any Index Component (including where any such Material Change is due to an amendment or other modification to the rules and/or regulations of the Price Source); e. the failure of any Price Source to open for trading during a scheduled trading session, or the early closure thereof (without 48 hours prior notice to the market); f. the occurrence of any event or circumstance which generally prevents, disrupts or impairs the ability of market participants in general to enter into transactions or obtain market values of the type which would be required to implement the Index in a commercially reasonable manner (including, without limitation, a significant widening in the bid/offer and/or a significant reduction in liquidity in an Index Component); g. the Index Sponsor determines that a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstances beyond its reasonable control exists, has occurred or is occurring in respect of an Index Component or the Index, and which prevents, disrupts, or impairs the ability of the Index to achieve its economic objective, the prompt or accurate determination of the level of the Index, and/or the ability of the Index Sponsor or Index Calculation Agent to perform its role in respect of the Index; and/or h. any other event or circumstance that, in the opinion of the Index Sponsor, prevents, disrupts or impairs the ability of the Index to achieve its economic objective or the prompt or accurate determination of the level of the Index, or any other event or circumstance which causes the Index Sponsor to reasonably conclude that as a consequence of such event or circumstance, if the level of the Index were to be determined, it should not be relied upon to represent the market or economic reality that the Index is intended to measure.
Index Modification	(a) Upon the occurrence of a (i) Index Modification Event or (ii) Input Data Decline Event, the Index Sponsor may make such adjustment(s) to the Index as it deems appropriate, to account for any affect such event has on the Index (such as, but not limited to, the input data and/or price source used to determine the Index and/or related charges, fees or taxes) and, where possible, shall use input data which 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"). (b) Upon the occurrence of an Extraordinary Event the Index Sponsor may make such adjustment(s) to the Index that it determines appropriate such that the event ceases to exist. If the Index Sponsor determines that no such adjustment(s) would preserve the objective of the Index, would result in the use of input data which is not of the same or equivalent standard of quality as any input data and/or price source used in the Index prior to the occurrence of the Extraordinary Event, and/or is economically, operationally, legally or otherwise not feasible (after using commercially reasonable efforts) ("**Index Modification Failure**") it may cancel the Index in accordance with the Index Cancellation provisions below. The Index Sponsor may modify the Index in accordance Appendix 2, Section 15 of the Control Framework Summary ("Changes to Methodology").
Index Modification Event	Means the existence or occurrence of an (i) Index Modification Event or (ii) Input Data Decline Event. An **"Index Modification Event"** shall be deemed to have occurred if: a. the Index Sponsor determines, in its discretion, acting in good faith and in a commercially reasonable manner, 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 b. the Index Sponsor determines, in its discretion, acting in good faith and in a commercially reasonable manner, that the level published on any Price Source in relation to any price, level, rate or other data necessary to determine any Index Component (i) is discontinued, so as to materially affect the Index calculation, or (ii) is repeatedly different to a significant extent from the level of such data prevailing in the market, or (iii) no longer accurately and reliably represents the market and economic reality purported to be measured by that data; each as determined by the Index Sponsor acting in good faith and in a commercially reasonable manner; c. the Index Sponsor determines, in its discretion, acting in good faith and in a commercially reasonable manner, that any input data and/or price source in relation to an Index Component used to calculate the Index 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"); or d. an Extraordinary Event has occurred or exists. **"Input Data Decline Event"** means if the Index Sponsor determines that the input data and/or price source in relation to an Index Component used to calculate the Index is no longer sufficient to represent accurately and reliably the market and economic reality that the Index is intended to measure, or is otherwise not appropriate, or no longer meets the standard of input data quality for the Index as determined by the Index Sponsor during the design of the Index, as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Input Data"). **Extraordinary Event** means any Change in Law, Instrument Disruption and/or Increased Cost of Index Implementation. **Change in Law** means that, on or after the Index Live Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Index Sponsor determines in good faith that (x) it has become illegal to hold, acquire or dispose of an 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 any restriction on making new or additional investments in any Index Components. **Increased Cost of Index Implementation** means that the Index Sponsor or any of its affiliates would incur a materially increased (as compared with circumstances existing on the Effective Date) amount of tax, duty, expense or fee to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to implement the Index, or (ii) realise, recover or remit the proceeds of any transaction(s) or asset(s).
Index Cancellation	The Index Sponsor may permanently cancel and discontinue calculating and publishing the Index, in accordance with Appendix 2, Section 17 of the Control Framework Summary ("Termination of Indices and Transitional Arrangements"), including upon the occurrence of: a. an Index Modification Failure.
Definitions	
Price Source	**"Price Source"** means, in respect of an Index Component, the publication, page (or any other origin of reference, including an exchange), and/or Bloomberg valuation system response containing (or reporting) the prices, levels, rates or other data utilised by the Index Sponsor for such Index Component. References to Price Source shall be construed as referring also to any successor publication, page or source on which the relevant prices, levels, rates or other data for an Index Component may be disseminated, as determined by the Index Sponsor it its sole discretion and acting in a commercially reasonable manner.
Index Component	"**Index Component**" means, in respect of the Index, each index component and any other index, futures contract, currency, rate, variable or other component necessary in order to determine a level of the Index (including the Yield Curve and any data used to determine the Yield Curve), in each case, in line with the then existing methodology of the Index.
Yield Curve	"**Yield Curve**" means, in respect of each Index and an Index Business Day, the relevant Yield Curve (as defined in the NIP Indices Yield Curve Methodology (as amended and/or supplemented from time to time and appended to the Control Framework Summary) in respect of such Index and Index Business Day. The Yield Curve is built using the interest rate curve determined and used by Nomura International plc in the ordinary course of its business as a dealer/market maker and for the purposes of its own audited books and records and certain other data; for more information please see the NIP Indices Yield Curve Methodology.

Additional information in respect of the Index methodology	
Governance Policy and Control Framework	The Index Sponsor has established a governance framework (the "**Governance Policy and Control Framework**") to ensure compliance with UK BMR[1] 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:
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 Methodologies") and Appendix 2, Section 6 ("Data Sufficiency and Hierarchy of Input Data").
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 Input Data") 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	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. 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.
Internal Reviews of the Index	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. Reviews will further be conducted where the Index Sponsor considers it desirable or necessary to do so, including in response to specific events or otherwise. Specific events may include (without limitation) any index errors, index disruptions, or other index life-cycle events; changes in market circumstances; changes in the applicable legal or regulatory environment; any challenges or complaints or other feedback from stakeholders, and/or any material audit findings. Further information regarding the procedures to be followed in response to certain specific events, and the bodies or functions within the Index Sponsor's organisational structure involved in such reviews, can be found in Appendix 2, Sections 13 ("Correction of Errors"),14 ("Expert Judgment and Discretion"), 15 ("Changes to Methodology"), 19 ("Complaints Handling Policy"), 21 ("Audits"), and any other sections of the Control Framework Summary which may be relevant from time to time.
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

[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 UK BMR, as well as related measures and applicable FCA rules.*

	Summary ("Main Features of Index Committee Constitution and Terms of Reference") and Appendix 2, Section 3 ("Index Design and Creation of New Indices and Methodologies").
Investor Consultation upon Index termination and material changes to the Index methodology	The Index Sponsor is required to consult investors of index linked products when proposing material changes to the Index methodology and termination of the Index. Further details on the circumstances and procedures under which consultation takes place are contained in Appendix 2, Section 15 of the Control Framework Summary ("Changes to Methodology"), Appendix 2, Section 17 ("Termination of Indices and Transitional Arrangements") and in the full policies and procedures available on the Index Sponsor's public website.
Active Market of the Index	As of the date of this Index Description, the Index Sponsor considers the underlying market of the Index to be active, in accordance with in Appendix 2, Sections 3 ("Index Design and Creation of New Indices and Methodologies") of the Control Framework Summary.
Outsourcing of Index Determination	The Index Sponsor has outsourced certain IT, Quants, Middle Office and Structuring functions to Nomura Structured Finance Services (India) Private Limited subject to a corporate service agreement between the entities. Further details are contained in Appendix 2, Section 1 of the Control Framework Summary ("Oversight of Third Parties").
Index Disclaimer	The Index Sponsor and its affiliates make no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of an Index and/or the levels at which the relevant Index stands at a particular time on any particular date or otherwise. The Index Sponsor and its affiliates shall not be liable (whether in contract, tort or otherwise) to any person for any error in such Index. 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 an Index. Neither the Index Sponsor nor its affiliates shall have any liability for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of an Index. Although the Index Sponsor will obtain information concerning an Index from publicly available sources it believes reliable, such information may not have been independently verified. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Index Sponsor or its affiliates as to the accuracy, completeness and timeliness of information concerning an Index or any other information provided by any person in connection with the information described herein, or as to the continuance of calculation or publication of an Index. 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.

Appendix A: Specifications

Index Specifications Table

i	Index	Index Price Source (Bloomberg)	Index Currency	Index Start Date	Index Live Date	Rounding
1	Nomura IRVING Series C USD Long Index	NMVVRCUL Index	USD	[Date]	[Date]	4 d.p.
2	Nomura IRVING Series C EUR Long Index	NMVVRCEL Index	EUR	[Date]	[Date]	4 d.p.

Benchmark Points Specifications Table

Ccy	Expiry	Tenor	Scale	Forward Swap Rate Price Source	Forward Swap Rate Field
[Currency]	[Expiry]	[Tenor]	[Scale]	[Data source]	[Field]

Appendix B: Determination of σ Implied$_t^{Ccy,Expiry,Tenor}$

Appendix C: Determination of Implied Vol (Straddle^Z)$_t$

Appendix D: Normal Black Scholes Pricing

The Normal Black Scholes Pricing formulas for call and put options, which we use to link option premiums to volatilities, are:

$$\text{Black}_{\text{Call}}(F,K,\sigma,\tau) = (F-K)N(D) + \frac{\sigma\sqrt{\tau}}{\sqrt{2\pi}} e^{-D^2/2} \quad \text{and} \quad \text{Black}_{\text{Put}}(F,K,\sigma,\tau) = (K-F)N(-D) + \frac{\sigma\sqrt{\tau}}{\sqrt{2\pi}} e^{-D^2/2}$$

Where, F is the forward rate, K the strike, σ the volatility, τ time to expiry. Also: $D = \frac{F-K}{\sigma\sqrt{\tau}}$

Finally, $N(\ )$ is the cumulative normal: $N(x) = \int_{-\infty}^{x} \frac{e^{-t^2/2}}{\sqrt{2\pi}}\, dt$

The Normal Black Scholes Price for a straddle is therefore: $\text{Black}_{\text{Straddle}}(F,K,\sigma,\tau) = \text{Black}_{\text{Call}}(F,K,\sigma,\tau) + \text{Black}_{\text{Put}}(F,K,\sigma,\tau)$.

The Black Vega for a straddle is defined by

$$\text{Black Vega}_{\text{Straddle}}(F,K,\sigma,\tau) = \sqrt{\frac{2\tau}{\pi}} e^{-D^2/2}$$

With $D = \frac{F-K}{\sigma\sqrt{\tau}}$

The Black delta for a straddle is defined by

$$\text{Black Delta}_{\text{Straddle}}(F,K,\sigma,\tau) = 2N(D) - 1$$

$$\text{With } D = \frac{F-K}{\sigma\sqrt{\tau}}$$

The Black delta for a Call and a Put are defined by

$$\text{Black Delta}_{\text{Call}}(F,K,\sigma,\tau) = N(D)$$

$$\text{Black Delta}_{\text{Put}}(F,K,\sigma,\tau) = N(D)-1$$

Appendix E: Conventions

Appendix F: Trading Time

Important Risks and Disclosures in Relation to each Index

Suitability

Financial products and transactions which are linked to an 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 Index provides notional long exposure to hypothetical swaption straddles. An investment in any Index is exposed to the performance of 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 any 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.

Risk Factors Relating to each Index

Complexity of the Indices

Each Index is complex and takes positions in hypothetical swaption straddles. Hypothetical swaption straddles constitute risky investments the value of which can change dramatically over short periods of time depending upon various factors. Thus, an investor must have the requisite knowledge and understanding of hypothetical swaption straddles, hypothetical interest rate swap forwards and volatility so as to be able to assess the significant risks associated with the Indices and the Financial Products.

Performance Risk

There is no assurance that any Index will achieve positive returns, and the level of each Index may decline significantly over any given period.

The Nomura IRVING Series C Indices seek to achieve optimal exposure to interest rate swaption volatility across the Volatility Surface. The Volatility Surface is a selection of interest rate swaptions represented as a matrix combination of different swaption expiry dates at different swaption tenors.

Additionally, gains from notional long positions to one or more swaption straddles may be more than offset by losses in notional long positions to one or more of the other swaption straddles. Furthermore, each Index may allocate to certain swaption straddles that underperform swaption straddles that the Index is not allocated to at any one point in time.

By taking notional long positions in the hypothetical swaption straddles that are at-the-money on the date of entry, each Index achieves an exposure to both the implied volatility of the forward swap rate and the realised volatility of the forward swap rate. Each underlying swaption straddle will tend to perform well when the implied volatility and/or the realised volatility of the underlying hypothetical interest rate swap forward increases. On the other hand, each underlying swaption straddle will tend to perform poorly when the implied volatility and/or the realised volatility of the underlying hypothetical interest rate swap forward decreases. In addition, although the Index incorporates features meant to reduce the Index's exposure to interest rate movements and limit its exposure to volatility, these features are imperfect and will not eliminate all interest rate movement risk. Therefore, the value of the Index will also be impacted by movements in interest rates, see "Risks Relating to the Index's Exposure to Interest Rate Movements" below.

Strategy Risk

Each Index takes the view that long only exposure to the underlying swaption straddle instruments, with a dynamic investment mechanism based on the strategy signal, alongside risk management features, will outperform a corresponding fixed allocation exposure.

However, there can be no assurance that this strategy will be effective, and the Index may not achieve its stated investment objectives. The Index has been constructed on the basis of certain historically observed trends and assumptions, which may not prove to be correct in any future period. Additionally, each Index's strategy is fixed, and the Index rules will not change in response to market conditions.

Moreover, the manner in which the Indices implement their strategy may prove to be unsuccessful. The methodology of each Index has certain set parameters – for example, in determining the notional amount of its positions, pre-defined range of expiries and tenors in the Volatility Surface. A volatility based strategy of taking long positions on the hypothetical swaption straddles could alternatively be implemented by determining the notional amount of its positions by a different methodology, switching positions more frequently, . Each Index's parameters could, as such, hinder an optimal implementation of its strategy, and no assurance can be given that the Index's methodology will not fail to perform or to underperform relative to any alternative implementation.

Risk of Overexposure or Underexposure

The exposure taken by each Index to Volatility Surface points is determined based on rules defined.If the Index reduces its exposure to a notional position that proves to be advantageous, the effect of any gains achieved from holding such position will be reduced. Conversely, if the Index increases its exposure to a notional position that proves to be disadvantageous, the effect of any losses achieved from holding such position will be enhanced.

Potential Leveraged Exposure

The magnitude of the notional long exposure taken by each Index in its hypothetical interest rate swaption straddles at date of entry can result in exposure to the index components of greater than 100%. Therefore, an Index may at any time have leveraged exposure to the prices of one or more index components. To the extent the positions taken by an Index in such index components prove to be disadvantageous, the leveraged exposure to such index components will result in accelerated losses. The volatility of the Index can be greater than the volatility of the index components due to this potential embedded leverage within the Index.

Lack of Exposure

Each Index will not take an interest rate swaption position, corresponding to a point on the Volatility Surface, that is not indicated by the respective signal. Therefore, investors in the Index will have no exposure to such other points of the Volatility Surface, of any given tenor and any given maturity, and as such will not benefit from any movements in the prices of such other points of the Volatility Surface in relation to which no such position is taken.

Movements in Implied Volatility Will Affect the Value of Each Index

Each Index takes notional long positions in the hypothetical interest rate swaption straddles on the hypothetical interest rate swap forwards. The relationship of an option's price to implied volatility is such that, all else being equal, the price of the option is expected to fall as implied volatility decreases, and the price of the option is expected to rise as implied volatility increases. Each Index's notional long exposure to the hypothetical swaption straddles is therefore effectively similar to a long position in the implied volatility of the hypothetical interest rate swap forwards. Therefore, each day, changes in implied volatility levels will affect the value of each Index. Specifically, decreases in implied volatility will decrease the prices of the hypothetical interest rate swaption straddles in which each Index holds notional long positions, which will reduce the value of each Index.

The Index May be Overexposed or Underexposed to Implied Volatility

The magnitude of the hypothetical exposure is determined at entry, and any market movements after the Index enters into its hypothetical positions will result in imperfect correlation going forward.

Risks Related to the Strike Levels of the Hypothetical Swaption Straddles

Each Index's hypothetical interest rate swaption straddles are at-the-money on the first day that the Index enters into each such new hypothetical interest rate swaption straddle position, which means that the strike level of each such hypothetical interest rate swaption straddle is equal to the forward hypothetical interest rate swap rate on that day.

The determination of the strike level is fixed and will not change based on changing market conditions. Each Index's approach of using at-the-money strike levels has been set based on the Index Sponsor's ability to source publicly available data that the Index Sponsor deems appropriate to be used in this particular trading strategy. There is no guarantee that any hypothetical interest rate swaption straddles' strike levels will result in positive returns, and they may underperform a different strategy that takes notional long positions in hypothetical interest rate swaption straddles with different strikes.

Implied Volatilities used for the Signal Calculation are Sourced from a Third Party

There can be no assurance that the implied volatilities of the hypothetical interest rate swaptions sourced by the Index Sponsor will correspond to the implied volatilities of actual interest rate swaptions traded in the market. You will not necessarily have access to all of the data used by the Index Sponsor in determining the signal.

Each Index's Index Components Are Hypothetical, and Price Data is Not Publicly Available and Will Be Determined by the Index Sponsor

The Index's hypothetical interest rate swaption straddles and the notional positions taken by the Index are hypothetical, and price data for these index components is not publicly available.

The Index Sponsor determines the price of each index component by referencing data that is predominantly publicly available relating to the applicable 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 index component. However, there is no single accepted market-standard method for determining the prices of the index components. The proprietary model used by the Index Sponsor may differ in certain respects from alternative methods of determining the prices of the index components, and the prices determined by the Index Sponsor may therefore differ from prices determined through such alternative methods. In addition, the pricing of interest rate swaptions is inherently complex. The Index utilises a Black-Scholes formula to value the hypothetical interest rate swaptions. This may differ from valuation models used by other market participants, which may be more complex. In the event that any price data necessary to calculate the levels of the Indices is unavailable on the price sources set forth in the relevant Index Rulebook, the Index Calculation Agent may determine such price data in its sole discretion, acting in a manner that it reasonably believes will be consistent with the objectives of the relevant Index.

There can be no assurance that the prices of the index components determined by the Index Sponsor will correspond to prices of actual interest rate swaptions or interest rate swap forwards. You will not necessarily have access to all of the data used by the Index Sponsor in determining the prices of the index components, and you may not be able to determine the prices of the index components on any given day.

Impact of Index Charges

Each Index deducts transaction-based charges from the level of the Index. The Index's charges are incurred upon implementation of new hypothetical interest rate swaption positions. The amount of charges deducted varies based on the size of the position taken by the Index. Generally, the more frequently the Index alters its notional positions between different points of the Volatility Surface, and the more frequently the Index restrikes it's 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 Index's charges will be.

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 running fees in connection with such Financial Product, and the amount of such fees will be set forth in the applicable documentation for the Financial Product.

Each Index is Calculated on an Unfunded/Excess Return Basis

Each Index is calculated on an "unfunded" or "excess return" basis and not on a "total return" basis. As excess return Indices, each Index reflects the returns that are potentially available through an investment in the notional positions held by such Index. By contrast, a total return Index, in addition to reflecting those returns, also reflects interest that could be earned on funds committed to the trading of the underlying positions. None of the Indices include such a total return feature.

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.

Lack of Operating History; Back-Tested Performance

Each Index was established on the applicable 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.

In addition, for the Indices that reference USD swaption straddles, the hypothetical back-tested performance of such Indices was calculated by reference to LIBOR. As described in the risk factor "The Index Methodology Was Amended On 1 April 2022 Such That the USD Swaption Straddles Reference SOFR Instead of LIBOR" below the index methodology was amended on 1 Apr 2022 to replace LIBOR with SOFR for calculating the USD swaption straddles. As a result, the hypothetical back-tested performance of the Indices will not reflect how the Indices would have performed in the manner in which they are currently calculated.

The Index's Investments Are Entirely Notional; No Ownership Rights in the Index Components

The exposure to the index components provided by each 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. Consequently, you will not have any rights that holders would have with respect to any of the Index components. The Index will not reflect the return of a direct investment in any of the index components.

Risks Related to Interest Rates

The performance of an Index 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 affect the level of the Indices.

Currency Exchange Rate Risk

The level of each Index is calculated in the respective Index Currency. If any underlying interest rate swaps and/or interest rate swaptions (as applicable) of an Index 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 the 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.

The following factors are of particular importance to potential currency exchange risk:

- 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 the Indices.

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 Indices. 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 relevant 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. Each 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.

The Index Methodology Was Amended On 1 April 2022 Such That the USD Swaption Straddles Reference SOFR Instead of LIBOR

The USD swaption straddles entered on and prior to 1 April 2022 were calculated by reference to the London Interbank Offered Rate (LIBOR). In light of the announcement by the U.K. Financial Conduct Authority (FCA) that LIBOR for most tenors will either cease to be provided by any administrator or no longer be representative after June 30, 2023, the Index Sponsor has determined that the USD swaption straddles will be calculated after 15 June 2022 based on the Secured Overnight Financing Rate (SOFR) in lieu of LIBOR. SOFR differs from LIBOR in a number of respects (for example, SOFR is a secured rate while LIBOR is an unsecured rate). Therefore,

the performance of the Indices that reference USD swaption straddles in the future will differ from the performance they would have realised if such Indices' swaption straddles had continued to be based on LIBOR, and the historical performance of such Indices prior to 1 April 2022 will not reflect how the Indices would have performed had the Indices' swaption straddles been calculated based on SOFR during the historical period.

Further, (i) the composition and characteristics of SOFR are not be the same as those of LIBOR, SOFR is not the economic equivalent of LIBOR, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, and there is no guarantee that SOFR will be a comparable substitute for LIBOR, (ii) any failure of SOFR to gain market acceptance could adversely affect the Indices, (iii) SOFR is a relatively new rate and has a limited history and the future performance of SOFR may not be able to be predicted based on historical performance, (iv) the secondary trading market for swaps based on SOFR may be limited, and (v) the administrator of SOFR may make changes that could change the value of SOFR or discontinue SOFR.

Interest Rate Benchmark Reform May Adversely Affect the Value of the Index

The Index consists of market standard interest rate swaptions and swaps in major markets. The convention for swaptions is to refer to an interest rate for the floating rate leg. As of the date of this document, the USD swaptions reference SOFR (which was recently modified from LIBOR, as described herein) and the EUR swaptions refer to EURIBOR.

Certain interest rates which are deemed to be "benchmark" rates have been the subject of national, international and other regulatory guidance, reform and other actions. This has resulted in regulatory reform and changes to existing benchmarks. Such reform of benchmarks includes the EU Benchmarks Regulation and the UK Benchmarks Regulation (together with the EU Benchmarks Regulation, the "Benchmarks Regulations"), which apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and the UK, respectively. Among other things, the Benchmarks Regulations (i) require benchmark administrators to be authorised or registered (or, if non-EU-based or non-UK based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU and UK supervised entities, as applicable, of benchmarks of administrators that are not authorised or registered (or if non-EU-based or UK-based, as applicable, not deemed equivalent or recognised or endorsed). The Benchmarks Regulations could have a material impact on the Indices, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulations. Such changes could, amongst other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

In addition, in the future, benchmark rates could be subject to further regulatory scrutiny, reform efforts and/or other actions. Any such regulatory scrutiny, reform efforts and/or other actions could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with applicable regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the elimination, discontinuance or obsolescence of certain "benchmarks". Following the implementation of reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated or discontinued entirely, or there could be other consequences that cannot be predicted. Even prior to the implementation of any changes, uncertainty as to the nature of potential alternative reference rates and as to the nature and effect of potential changes to such benchmark may adversely affect such benchmark. Any of the foregoing consequences could have a material adverse effect on the Indices if they reference such benchmarks.

The Index's EUR swaption straddles reference EURIBOR. EURIBOR is subject to the Benchmarks Regulations. In response to regulatory scrutiny and applicable legal requirements, the European Money Markets Institute (EMMI), as administrator of EURIBOR, conducted a series of consultations on a proposed reformed hybrid methodology for EURIBOR. In July 2019, EMMI published its EURIBOR Benchmark Statement setting forth its reformed hybrid methodology and received regulatory authorisation for the continued administration of EURIBOR. Although EURIBOR has been reformed in order to comply with the terms of the EU Benchmarks Regulation, its future remains uncertain. It is not known how long EURIBOR will continue in its current form. Any of these developments could have a material adverse effect on the value and the return on the Indices that reference EURIBOR.

These circumstances may cause disruption events in the interest rate swaption and swap markets, including but not limited to having a material adverse effect on the liquidity of interest rate swaptions and swaps, upon which the Index Sponsor/Index Calculation Agent may exercise a certain amount of discretion in determining the prices of the index components and the level of the Indices. See the Index Rulebook for a description of potential disruption events and their consequences.

As described under "The Index Methodology Was Amended On 1-April-2022 Such That the USD Swaption Straddles Reference SOFR Instead of LIBOR" the Indices that reference USD swaption straddles have already been modified to reference SOFR in lieu of LIBOR. The Index Sponsor may further amend the methodology of an Index as it deems appropriate, including adjusting the Index's prescribed interest rate swaption and swap conventions and calculation methodology, replacing index components with those consistent with an alternative rate and accounting for any increase in cost and any spread adjustment in relation to such adjustments; or the Index Sponsor may decide to permanently cancel and discontinue calculating and publishing the Index. Such decisions would likely need to be made based on a limited sample of historical data on the new rates, and any decision to amend the methodology may require calculations to use a blend of historical IBOR swaps and RFR swaps data for a certain period. The use of any replacement rate or replacement index component and the related adjustments to the methodology of the Index made to reflect the relevant replacement may adversely affect the Index performance. Further, 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. If an Index is terminated, any transaction linked to such 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.

Conflicts of Interest

Nomura International plc is the Index Sponsor of the Indices, and is responsible for the administration of the Indices, including maintaining each 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.

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Index Sponsor Discretion

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

As Index Sponsor and Index Calculation Agent, Nomura International plc is respectively responsible for and has determinative influence over the Index's composition, calculation, publication and maintenance. As Index Sponsor (but not Index Calculation Agent) of the Indices, Nomura International plc is also responsible for and has determinative influence over the Index's composition and maintenance; but when calculating the Indices, the Index Calculation Agent of the Indices 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.

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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 Indices. In such circumstances, Nomura International plc may estimate the value of a disrupted Index component to determine the level of the respective Index, or may make such further adjustments to the respective 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.

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

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