Index Products
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NOMURA

Nomura rateBalance Real Yield Index
(USD-denominated)

29 December 2020

Index Determination	
Index	The Nomura rateBalance Real Yield Index (the "Index") is published on Bloomberg under the ticker symbol "NMBAVR1U Index." The level of the index is denominated in U.S. dollars. For further information please see the Index summary disclosures document for this Index, which is to be read in conjunction with this Index Rulebook (together, the "Index Description").
Index Sponsor	Nomura International plc ("NIP"), who is responsible for the administration of the Index.
Index Start Date	2 January 1990
Index Live Date	26 March 2012
Level of Index$_t$	In respect of an Index Business Day t, the calculated level of the Index in respect of that day, denoted Index_t , $$\text{Index}_t = \text{Index}_{t-1} \times \left[1 + \sum_{i=1}^{4} \sum_{t-1<k\leq t} \left(\text{Weight}^i \times \text{Return}_k^i\right)\right]$$ Where: t-1 denotes the Index Business Day immediately preceding Index Business Day t. $\sum_{t-1<k\leq t}$ is taken over all calendar weekdays from and excluding Index Business Day t-1 to and including Index Business Day t.
Return$_t^i$	For any day t that is a London and Local Business Day $$\text{Return}_t^i = \left[\left(\text{Daily Return}_t^i \times \text{Weekly Signal}_{t-1}^i \times \text{Weekly Vol-Scale}_{t-1}^i\right) - \text{Transaction Cost}_t^i\right] \times \frac{FX_t^i}{FX_{t-1}^i}$$ For any day t that is not a London and Local Business Day $$\text{Return}_t^i = 0$$ Where: t-1 denotes the London and Local Business Day immediately preceding London and Local Business Day t
Daily Return$_t^i$	For any London and Local Business Day t $$\text{Daily Return}_t^i = \left(\text{Future}_{t,t}^i - \text{Future}_{t,t-1}^i\right) \times \frac{1}{100}$$ Where: t-1 denotes the London and Local Business Day immediately preceding London and Local Business Day t

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Index Components

$Future^i_{t,s}$	For any London and Local Business Day t, the price of Underlying $Future^i_t$ for London and Local Business Day s as published by the Price Source in respect of Bond Futures as specified in Appendix A: Data Sources.
Underlying $Future^i_t$	With respect to each London and Local Business Day t, the future contract where $Future^i$ Roll Date falls on or after and is the closest to London and Local Business Day t.
FX^i_t	For any London and Local Business Day t, the foreign exchange Spot Rate (quoted as the number of USD per 1 unit of foreign currency CCY) as published by the Price Source in respect of Foreign Exchange Rates as specified in Appendix A: Data Sources. For the avoidance of doubt for i =1, FX^i_t=1 for any London and New York Business Day t.

Transaction Costs

Transaction $Cost^i_t$	If day t-1 is a $Future^i$ Roll Date, $$\text{Transaction Cost}^i_t = \text{Cost}^i \times \left[\begin{array}{l} \left|\text{Weekly Signal}^i_{t-1} \times \text{Weekly Vol-scale}^i_{t-1}\right| \\ + \left|\text{Weekly Signal}^i_{t-2} \times \text{Weekly Vol-scale}^i_{t-2}\right| \end{array} \right]$$ Otherwise, $$\text{Transaction Cost}^i_t = \text{Cost}^i \times \left| \begin{array}{l} \left(\text{Weekly Signal}^i_{t-1} \times \text{Weekly Vol-scale}^i_{t-1}\right) \\ - \left(\text{Weekly Signal}^i_{t-2} \times \text{Weekly Vol-scale}^i_{t-2}\right) \end{array} \right|$$ Where: $Cost^i$ are specified in Appendix B: Futures Specifications Table.

Signal

Weekly $Signal^i_t$	For i = 1, 2, 3 With respect to each day t that is the second London Business Day of each calendar week [Formula to calculate weekly signal]
Daily $Signal^i_t$	With respect to each weekday t [Formula to calculate daily signal]
Real $Yield^i_t$	With respect to each weekday t [Formula to calculate real yield]

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Bond Yield^i_t	With respect to each weekday t, the bond yield as published by the Price Source in respect of Bond Yields as specified in Appendix A: Data Sources. If the level is not available on the Price Source for day t then Bond Yield^i_t shall be equal to the level determined with respect to the immediately preceding weekday (Bond Yield$^i_{t-1}$). Where t-1 denotes the weekday immediately preceding day t

Volatility Scale	
Weekly Vol-Scale^i_t	For i = 1, 2, 3 With respect to each day t that is the second London Business Day of each calendar week $$\text{Weekly Vol-Scale}^i_t = \text{Daily Vol-Scale}^i_{t-1}$$ With respect to any other day t $$\text{Weekly Vol-Scale}^i_t = \text{Weekly Vol-Scale}^i_{t-1}$$ For i = 4 With respect to each day t that is one weekday immediately following the second London Business Day of each calendar week $$\text{Weekly Vol-Scale}^i_t = \text{Daily Vol-Scale}^i_{t-2}$$ With respect to any other day t $$\text{Weekly Vol-Scale}^i_t = \text{Weekly Vol-Scale}^i_{t-1}$$ Where t-1 denotes the weekday immediately preceding day t, and t-2 denotes a day that is 2 weekdays immediately preceding day t
Daily Vol-Scale^i_t	With respect to each weekday t [Formula to calculate daily vol scale]

General Definitions	
Index Business Day	Any New York, TARGET and London Business Day
Index Trading Business Day	Any New York, TARGET, Tokyo and London Business Day
London Business Day	A day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign currency deposits) in London

New York Business Day	A day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign currency deposits) in New York
TARGET Business Day	Means any day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open
Tokyo Business Day	A day (other than a Saturday or Sunday) on which commercial banks are open for general business(including dealings in foreign currency deposits) in Tokyo
Future[i] Roll Dates	With respect to each future contract with the Future Expiry Months as defined in the Future Specifications Table, a day that is two London and Local Business Days prior to the earlier of (i) the last trade date, (ii) the first notice date and (iii) the first delivery date, of that future contract as defined by the respective Future Exchanges as specified in Appendix B: Future Specification Table.

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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, on any day an Index Disruption Event has occurred or is occurring, including in respect of any Index Component utilised to calculate the level of the Index on any day, then, the Index Sponsor may 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 Sub-Index has been published by the Index Sponsor in respect of such day): (a) delay any rebalancing and/or calculation of such Index Component (an “Index Determination Date”) until the relevant Index Disruption Event no longer exists, provided that, if such Index Disruption Event 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 (b) below; and/or (b) determine the level of the affected Index Component for such day in its sole discretion and acting in a commercially reasonable manner taking into account the relevant Index Disruption Event, latest available quotations and any other information the Index Sponsor deems relevant in its discretion; 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 (c) not calculate and publish the Index level for such day or delay the publication; and/or (d) make any adjustments to the Index methodology to account for the relevant Index Disruption Event as it deems necessary.
Index Disruption Event	The determination by the Index Sponsor in its sole discretion that one or more of the following events (each an “**Index Disruption Event**”) has occurred: a. the material suspension of, a material limitation imposed on, or the cessation of the trading in any Index Component; b. the failure of any Price Source to announce or publish any relevant price, level, rate 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 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); or f. the occurrence of any event or circumstance which generally prevents, disrupts or impairs the ability of market participants in general to enter into transactions or obtain market values of the type which would be required to implement the Index in a commercially reasonable manner (including, without limitation, a significant widening in the bid/offer and/or a significant reduction in liquidity in an Index Component) g. in respect of an Index Component or the Index, a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstances beyond the Index Sponsor's reasonable control which prevents, disrupts, or impairs the ability of the Index to achieve its economic objective, the prompt or accurate determination of the level of the Index, and/or the ability of the Index Sponsor or Index calculation agent to perform its role in respect of the Index; or 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	Upon the occurrence of an Index Modification Event, the Index Sponsor may i. remove or replace such affected Index Component with an alternative futures or options contract, currency, rate, variable or other component (a "**Replacement Index Component**") which, in it its sole determination, is consistent with the objective of the Index and, where possible, is of the same or equivalent standard of quality as any input data and/or price source used prior to the occurrence of the Index Modification Event, having regard to the standard of input data quality for the Index as determined by the Index Sponsor during the design of the Index, as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Input Data"); and/or ii. make such other adjustments to the Index methodology as it deems appropriate to preserve the objective of the Index, taking into account the relevant Index Modification Event The Index Sponsor may refrain from publishing the Index until the Index Modification Event ceases to exist. For the purpose of the removal or replacement of any affected Index Component, the Index Sponsor shall make any other adjustments to the Index to account for the price or value of the affected Index Component at the time of its removal and any related charges, fees or taxes as well as the cost to the Index Sponsor for implementing any Replacement Index Component. The Index Sponsor may modify the Index in accordance Appendix 2, Section 15 of the Control Framework Summary ("Changes to Methodology").
Index Modification Event	An **"Index Modification Event"** shall be deemed to have occurred if: a. the Index Sponsor determines, in its sole discretion, that an Index Component (i) is no longer available (whether due to a permanent discontinuation of trading, disappearance or otherwise) or

	(ii) has been the subject of a Material Change in a manner which has or will have a material adverse effect on the Index achieving its stated objective; b. the Index Sponsor determines, in its sole discretion, that the input data and/or 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; (iii) is no longer sufficient to represent accurately and reliably the market and economic reality the Index is intended to measure, (iv) 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"), each as determined by the Index Sponsor acting in good faith and a commercially reasonable manner; or c. an Extraordinary Event has occurred or exist.
Extraordinary Events	Means in respect of any Index Component means any of Change in Law, Index Component 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). **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 (x) any restriction on making new or additional investments in any Index Component. **Increased Cost of Index Implementation** means that the Index Sponsor or any of its affiliates would incur a materially increased (as compared with circumstances existing on the Index Live Date) amount of tax, duty, expense or fee to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to implement the Index, or (ii) realise, recover or remit the proceeds of any transaction(s) or asset(s).
Index Cancellation	The Index Sponsor may permanently cancel and discontinue calculating and publishing the Index, in accordance with Appendix 2, Section 17 of the Control Framework Summary ("Termination of Indices and Transitional Arrangements").
Definitions	**"Index Component"** means, each, bond futures contract, foreign exchange rate, year on year inflation rates and bond yields as specified in Appendix A and B and any variable or other component necessary in order to determine a level of the Index, in each case, in line with the then existing methodology of the Index. **"Price Source"** means, in respect of an Index Component, the publication, page (or any other origin of reference, including an exchange) containing (or reporting) the prices, levels, rates or other data utilised by the Index Sponsor for such Index Component, as specified in Appendix A. 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 a Index Component may be disseminated, as determined by the Index Sponsor it its sole discretion and acting in a commercially reasonable manner.

ADDITIONAL INFORMATION IN RESPECT OF THE INDEX METHODOLOGY	
Governance Policy and Control Framework	The Index Sponsor has established a governance framework (the "**Governance Policy and Control Framework**") to ensure compliance with UK BMR[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 Appendix 2, Section 6 ("Data Sufficiency and Hierarchy of Data Inputs").
Exercise of Expert Judgment and discretion	The Index Sponsor has adopted guidelines and procedures designed to promote consistency in the exercise of Expert Judgment and discretion for Index determinations. Further details are contained in Appendix 2, Section 14 of the Control Framework Summary ("Expert Judgment and Discretion").
Input Data Type Priority	The Index Sponsor applied the hierarchy for data inputs as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Data Inputs") when considering the data inputs used to construct the Index.
Index Error Reports and Revision	The Index Sponsor has adopted procedures for analysis and remediation of Index errors, and for potential restatement of a published Index level. Further details are contained in Appendix 2, Section 13 of the Control Framework Summary ("Correction of Errors") and Appendix 2, Section 15 ("Changes to Methodology") where remediation requires change to the Index Methodology.
Quantity and Quality of Input Data	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. The Index Sponsor determines the standards of quality of the data inputs used in this Index at the design stage of the Index in accordance with Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Data Inputs"). These standards are reflected in the Index Methodology, as described in this Rulebook. The Index Sponsor will review these standards and the data inputs on a periodic basis in accordance with Appendix 2, Section 16 of the Control Framework Summary ("Periodic Review of Indices") and in the full policies and procedures available on the Index Sponsor's public website,

[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.*

	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 Summary ("Main Features of Index Committee Constitution and Terms of Reference") and Appendix 2, Section 3 ("Index Design and Creation of New Indices").
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 into any transactions or products which are linked to or deriving a value from an Index.

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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: Data Sources

Data Sources & Backtest Assumption	All data from Bloomberg used in the back-test is as of 23 March 2012. Back-test Signal components use minimum 1 year of data at history start for computing the signal and then expands the window till 5 year of data is available. [Data source]

Appendix B: Futures Specification Table

i	Region	Currency	Future	Local Business Day	Weight[i]	Cost[i]	Vol-scale cap[i]
1	United States	USD	10-Year US Treasury	New York	weight	cost	cap
2	Europe	EUR	Bund	Target	weight	cost	cap
3	UK	GBP	Long Gilt	London	weight	cost	cap
4	Japan	JPY	JGB	Tokyo	weight	cost	cap

** Shown to 4 decimal places for illustrative purposes. The actual calculation uses the full precision calculated as the 75th percentile of historical observations from the component start date (as specified in Appendix A: Available from) to 31st December 2011.*

i	Country	Future Exchange	Future Roll Frequency	Future Expiry Month
1	US	Chicago Board of Exchange	frequency	month
2	EU	Eurex	frequency	month
3	UK	ICE Futures Europe	frequency	month
4	JP	Osaka Exchange	frequency	month

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