

Index Governance and Control Framework Summary and Other Documents

December 2021

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1 Introduction

This summary was initially published in compliance with Principles 4 and 5 of the Principles for Financial Benchmarks published by the Board of the International Organization of Securities Commissions (“**IOSCO**”) on 17 July 2013 (the “**IOSCO Principles**”). It has subsequently also been published in order to supplement any Benchmark Statements and Index Descriptions, which are published by Nomura International plc (the “**Firm**”) in compliance with the Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (Regulation (EU) 2016/1011), as amended by Regulation (EU) 2019/2089 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (the “**EU Benchmark Regulation**”), which, as amended, applied to the Administrator up to 31 December 2020. This summary has been further updated to reflect the requirements of the United Kingdom Benchmark Regulation which applies to the Administrator from 1 January 2021, which comprises the EU Benchmark Regulation, and any regulatory or implementing technical standards and other delegated or implementing acts adopted under the EU Benchmark Regulation, insofar as it is 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 (the “**Benchmark Regulation**” or “**UK BMR**”).

The IOSCO Principles and the Benchmark Regulation employ similar but subtly different definitions regarding what constitutes a “Benchmark”. The Firm acts as Administrator of a number of (i) proprietary indices and (ii) indices, strategies and dynamic baskets linked to funds, which it considers to be “Benchmarks” within the meaning of the IOSCO Principles (each, an “**Index**” and together, “**Indices**”). Certain of these Indices are also “Benchmarks” within the meaning of the Benchmark Regulation (each, a “**Benchmark Regulation Index**” and together “**Benchmark Regulation Indices**”). With the exception of certain legacy Indices (i.e. existing indices which are no longer marketed that fall within the definition of a “Benchmark” under the IOSCO Principles, but not within the definition of a Benchmark Regulation Index) (“**Legacy Indices**”), the Firm has taken the view that all of its Indices should be treated as Benchmark Regulation Indices (i.e. they are to be treated in line with the Benchmark Regulation) for the purposes of the Firm’s Control Framework and Governance Policy (and this summary).

The Administrator currently does not have any Indices that pursue environmental, social or governance (“ESG”) objectives or take into account ESG factors. If the Administrator creates Indices in future which do pursue ESG objectives or take into account ESG factors, the relevant Index Methodology and Benchmark Statement for such Indices will be updated as appropriate in accordance with the requirements of UK BMR.

The term “**Index Administrator**” refers to the part of the Firm that has control over the production of an Index (including the stages and processes involved in development, determination and dissemination, operation and governance).

The following will be made available via the Firm’s website via <https://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml>.

2 Oversight and Governance

The Firm has established a sub-committee of the New Product Review Committee (“NPRC”) as its “**Index Committee**”, to act as an oversight function to review, provide challenge and approve key aspects of the Index administration process. The Index Committee will report into and will be accountable to the NPRC.

The head of each team supporting the Index administration business will report on a quarterly basis to the Index Committee any issues or concerns encountered in respect of the Index administration business.

A summary of the main features of the Index Committee constitution and terms of reference is set out in Appendix 3.

3 Index Control Framework and Governance Policy

This document summarises the main policies and procedures included within the Firm’s Indices Governance Policy and Control Framework (the “**Governance Policy**”) which governs, on a global basis, (amongst other things) the development, determination and operation of all Indices for which the Firm acts as Administrator. The main features of the Governance Policy are summarised in Appendix 2.

With respect to its Legacy Indices the Firm applies a risk-based approach to prioritise compliance with key aspects of the Governance Policy (rather than apply all aspects of the Governance Policy to such indices), including governance provisions (conflicts of interest and internal oversight by the Index Committee), quality of methodology of indices (index calculation and sign-off, changes to methodology procedures and transition provisions and procedures, index design (market abuse considerations and use of expert judgment) and accountability arrangements (complaints procedure and audit requirements). All capitalised terms used in the Governance Policy summary as provided in Appendix 2 are set out and defined in Appendix 1.

4 Summary of Index Committee Constitution and Terms of Reference

This is set out in Appendix 3 below.

5 Indices Complaint Handling Policy

This is set out in Appendix 4 below.

6 Questions or comments

If you have any questions or comments on this document (including any of its appendices) please contact indexstructuring@nomura.com / +44 207 103 3169.

Appendix 1

Definitions

Term	Definition
Administration	Includes all stages and processes involved in the production and dissemination of an Index, including: <ul style="list-style-type: none"> (a) collecting, analysing and/or processing information or expressions of opinion for the purposes of the determination of an Index; (b) determining an Index through the application of a formula or another method of calculating the information or expressions of opinions provided for that purpose; and (c) dissemination to users, including any review, adjustment and modification to this process.
Administrator	An organisation or legal person that controls the creation and operation of the Index Administration process, whether or not it owns the intellectual property relating to the Index. In particular, it has responsibility for all stages of the Index Administration process, including: <ul style="list-style-type: none"> (a) the calculation of the Index; (b) determining and applying the Index Methodology; and (c) disseminating the Index.
Arm's Length Transaction	A transaction between two parties that is concluded on terms that are not influenced by a conflict of interest (e.g. conflicts of interest that arise from a relationship such as a transaction between affiliates).
Benchmark Regulation	The United Kingdom Benchmark Regulation which applies to the Administrator from 1 January 2021, which comprises the EU Benchmark Regulation, and any regulatory or implementing technical standards and other delegated or implementing acts adopted under the EU Benchmark Regulation, insofar as it is 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 (the " Benchmark Regulation " or " UK BMR ").
Benchmark Regulation Index	Any index which falls into the definition of a "Benchmark" under the Benchmark Regulation. This means any index by reference to which the amount payable under a Financial Instrument or a Financial Contract, or the value of a Financial Instrument, is determined, or an index that is used to measure the performance of an Investment Fund with the purpose of

Term	Definition
	<p>tracking the return of such index or of defining the asset allocation of a portfolio or of computing the performance fees. For the purposes of this definition, an “index” means any figure:</p> <ul style="list-style-type: none"> (a) that is published or made available to the public; (b) that is regularly determined: <ul style="list-style-type: none"> (i) entirely or partially by the application of a formula or any other method of calculation, or by an assessment; and (ii) on the basis of the value of one or more underlying assets or prices, including estimated prices, actual or estimated interest rates, quotes and committed quotes, or other values or surveys.
Benchmark Statement	A statement prepared by an Administrator in compliance with Article 27 of the Benchmark Regulation.
Calculation Agent	A legal entity with delegated responsibility for determining an Index through the application of a formula or other method of calculating the information or expressions of opinion provided for that purpose, in accordance with the Methodology set out by the Administrator.
Capacity Monitoring Threshold	The level of traded notional on an Index, which is calculated in accordance with the Methodology, at which it is expected that execution (of the relevant financial instruments that are components of the Index) in the active market on which the Index is based can be undertaken during normal market conditions without any material impact on the underlying markets for the Index components and/or on the performance of the Index itself.
Compliance	The internal regulatory compliance function (in the UK, Asia or other jurisdiction, as applicable) that supports the Index Administration business.
Critical Benchmark	<p>A Benchmark Regulation Index in respect of which one of the following conditions is fulfilled:</p> <ul style="list-style-type: none"> (a) the Benchmark Regulation Index is used directly or indirectly within a combination of Benchmark Regulation Indices as a reference for Financial Instruments or Financial Contracts or for measuring the performance of Investment Funds, having a total value of at least EUR 500 billion on the basis of all the range of maturities or tenors of the Index, where applicable; (b) the Benchmark Regulation Index is based on submissions by Contributors the majority of which are located in one EU member state and is recognised as being critical in that EU member state in accordance

Term	Definition
	<p>with the procedure laid down in paragraphs 2, 3, 4 and 5 of Article 20 of the Benchmark Regulation;</p> <p>(c) the Benchmark Regulation Index fulfils all of the following criteria:</p> <ul style="list-style-type: none"> (i) it is used directly or indirectly within a combination of Benchmark Regulation Indices as a reference for Financial Instruments or Financial Contracts or for measuring the performance of Investment Funds having a total value of at least EUR 400 billion on the basis of all the range of maturities or tenors of the benchmark, where applicable, but not exceeding the value provided for in point (a); (ii) it has no, or very few, appropriate market-led substitutes; (iii) in the event that the Benchmark Regulation Index ceases to be provided, or is provided on the basis of input data no longer fully representative of the underlying Market or Economic Reality or on the basis of unreliable Input Data, there would be significant and adverse impacts on market integrity, financial stability, consumers, the real economy, or the financing of households and businesses in one or more EU member states.
EU Benchmark Regulation	The Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (Regulation (EU) 2016/1011), as amended by Regulation (EU) 2019/2089 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks.
Expert Judgment	Refers to the exercise of discretion by an Administrator or Submitter with respect to the use of data in determining an Index. Expert Judgment includes extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data such as market events or impairment of a buyer or seller's credit quality, or weighting firm bids or offers greater than a particular concluded transaction.
Financial Contract	Any credit agreement as defined in point (c) of Article 3 of Directive 2008/48/EC; and any credit agreement as defined in point (3) of Article 4 of Directive 2014/17/EU.

Term	Definition
Financial Instrument	<p>Means any of the instruments listed in Section C of Annex I to the Markets in Financial Instruments Directive:</p> <ul style="list-style-type: none"> (a) Transferable securities; (b) Money-market instruments; (c) Units in collective investment undertakings; (d) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash; (e) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (other than by reason of a default or other termination event); (f) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled, provided that they are traded on a regulated market, an MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled; (g) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point C of this section and not being for commercial purposes, which have the characteristics of other derivative financial instruments; (h) Derivative instruments for the transfer of credit risk; (i) Financial contracts for differences; (j) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on

Term	Definition
	<p>a regulated market, OTF, or an MTF;</p> <p>(k) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).</p>
Firm	Nomura International plc (and any successor).
Front Office	Any department, division, group or personnel of Submitter or any of its affiliates (and, where the context requires, in the Firm), whether identified as such, that performs, or personnel exercising direct supervisory authority over the performance of, any pricing (excluding price verification for risk management purposes), trading, sales, marketing, advertising, solicitation, structuring, or brokerage activities conducted on behalf of a third party or for proprietary purposes.
Index	<p>Index is defined in line with the definition of “Benchmark” used in the IOSCO Principles as prices, estimates, rates, indices or values that are:</p> <ul style="list-style-type: none"> (a) made available to users, whether free of charge or for payment; (b) calculated periodically, entirely or partially by the application of a formula or another method of calculation to, or assessment of, the value of one or more underlying interests; (c) used for reference for purposes that include one or more of the following: <ul style="list-style-type: none"> (i) determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments; (ii) determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument; and/or (iii) measuring the performance of a financial instrument. <p>For the avoidance of doubt, with the exception of Legacy Indices, the term “Index” as used within the Governance Policy and this document includes Benchmark Regulation Indices.</p>
Index Admin Global Middle Office (Index Admin GMO)	The Firm’s middle office function that supports the Index Administration business.
Index Administrator	The Firm in its capacity as Administrator.
Index Committee	The governance committee described in Appendix 3 (including

Term	Definition
	any successor committee).
Index Description	The document(s) which sets out: (a) the Index summary; (b) the Methodology or rule book which specifies how a particular Index is calculated; (c) Index risk factors; and (d) historical Index performance analysis/information.
Index-Linked Product(s)	Any instrument where the return is wholly or partially dependent on the performance of an Index.
Input Data	The data in respect of the value of one or more underlying assets, or prices, including estimated prices, quotes, committed quotes or other values, used by an administrator to determine an Index. Input Data may include data from Regulated Markets or Trading Venues with mandatory post-trade transparency requirements.
Investment Fund	An AIF as defined in regulation 3 of the Alternative Investment Fund Managers Regulations 2013, or a UK UCITS as defined in section 237(3) of FSMA.
IOSCO	The International Organization of Securities Commissions (or any successor organisation).
IOSCO Compliance Statement	A public statement made by the Index Administrator, in respect of the Indices, which confirms and discloses the extent of compliance with the IOSCO Principles (including any amended or updated compliance statement).
IOSCO Principles	The IOSCO Principles for Financial Benchmarks (as amended, modified or supplemented from time to time).
K-Curve	The Firm's firm-wide proprietary analytical framework, and associated Input Data, for interest rate yield curves (allowing computation of, amongst other things, forward interest rates and discount factors). The use of K-Curve by the Index Administrator, and related governance, is further described in the NIP Indices Yield Curve Methodology set out in Appendix 5.
Legacy Indices	Existing legacy indices, which are no longer marketed, and which fall within the definition of a "Benchmark" under the IOSCO Principles, but not within the definition of a Benchmark Regulation Index.
Legal	The internal legal function (in the UK, Asia or other jurisdiction, as applicable) that manages legal risk and legal aspects of the Index Administration business.
Market Abuse Regulation	The Market Abuse (Amendment) (EU Exit) Regulations 2019.
Market or Economic Reality	Refers to any physical commodity, currency or other tangible goods, intangibles (such as an equity security, bond, futures contract, swap or option, interest rates, another Index, including Indices that track the performance of a rule based trading

Term	Definition
	strategy or the volatility of a Financial Instrument or another Index), any Financial Instrument on an economic interest, which is intended to be measured by an Index, and in all cases includes the market for such interest and the broader real economic activities pertaining to the relevant market.
Market Risk	The independent market risk function that manages the risk of the Index Administration business.
Methodology	The written rules and procedures according to which information is collected and the Index is determined.
MIFID II Legislation	The Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018.
Model Validation Policy	The model validation policy that applies to the Firm (as replaced, modified or supplemented from time to time).
MTF	A multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract.
New Product Approval Process	The new product approval process of the Firm.
Non-Significant Benchmark	A Benchmark Regulation Index which is not a Critical Benchmark or a Significant Benchmark under the Benchmark Regulation.
NPRC	New Product Review Committee (including any successor committee).
OTF	A multilateral system which is not a regulated market or an MTF and in which multiple third party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract
Publish or Make Available	The expectation that a party such as an Administrator should provide a document or notice to Stakeholders. The means by which such notice is made should be proportionate to the breadth and depth of Index use by Stakeholders, as determined by the Administrator on a “best efforts” basis. Ordinarily, posting a document or notice on the Index Administrator’s website will meet this expectation.
Quantitative Strategies	The non-independent research function (in the UK, Asia or other jurisdiction, as applicable) which supports the Index Administration business.

Term	Definition
Quants	The team (in either the UK, India or Asia) which supports Structuring in the design, determination, and maintenance of Indices and in particular, but not limited to, is responsible for: (a) modelling and analytics used in the valuation of Index-Linked Products; and/or (b) developing application/systems for the verification of certain Indices.
Regulated Data	Input Data contributed entirely and directly from the sources set out in point (24) of Article 3 of the Benchmark Regulation.
Regulated-Data Benchmark	A Benchmark Regulation Index determined by the application of a formula to Regulated Data.
Regulated Market or Trading Venue	A market or exchange that is regulated and/or supervised by a Regulatory Authority.
Regulatory Authority	A governmental or statutory body (not being a Self-Regulatory Organisation) with responsibility for securities and/or commodities and futures regulation.
Self-Regulatory Organisation	An organisation that has been given the power or responsibility to regulate itself, whose rules are subject to meaningful sanctions regarding any part of the securities market or industry. This authority may be derived from a statutory delegation of power to a non-governmental entity or through a contract between a Self-Regulatory Organisation and its members as is authorised or recognised by the governmental regulator.
Significant Benchmark	A Benchmark Regulation Index which is not a critical benchmark when: <ul style="list-style-type: none"> (a) it is used directly or indirectly within a combination of benchmarks as a reference for financial instruments or financial contracts or for measuring the performance of investments funds having a total average value of at least EUR 50 billion on the basis of all the range of maturities or tenors of the benchmark, where applicable, over a period of six months; or (b) it has no or very few appropriate market-led substitutes and, in the event that the benchmark ceases to be provided or is provided on the basis of input data no longer fully representative of the underlying market or economic reality or unreliable input data, there would be a significant and adverse impact on market integrity, financial stability, consumers, the real economy or the financing of households or businesses in the United Kingdom.
Stakeholders	Subscribers and other persons or entities who own contracts or Financial Instruments that reference an Index.

Term	Definition
Structuring	The structuring team (in the UK as applicable or, in Asia/Mumbai, a combination of Structuring and Quantitative Strategies teams) which is responsible for the design, determination and maintenance of Indices and which overall supports the Index Administration business.
Submission(s)/Contribution(s)	(a) For the purposes of the IOSCO Principles only, prices, estimates, values, rates or other information that is provided by a Submitter to an Administrator for the purposes of determining an Index. This excludes data sourced from Regulated Markets or Trading Venues with mandatory post-trade transparency requirements; and (b) for the purposes of the Benchmark Regulation and applicable to Benchmark Regulation Indices only, providing any Input Data not readily available to the Administrator, or to another person for purposes of passing to the Administrator, that is required in connection with the determination of an Index, and is provided for that purpose.
Submitter/Contributor	A legal person providing information to an Administrator or Calculation Agent required in connection with the determination of an Index, in particular any information provided as part of a Submission/Contribution of Input Data.
Subscriber	A person or entity that purchases Index determination services from an Administrator.
Trading	The trading operations (in the UK or Asia, as appropriate) which manage risk in relation to any Index-Linked Product of the Firm or any of its affiliates.
Trading Venue	a regulated market, an MTF or an OTF; - or if “UK Trading Venue” means a UK regulated market, a UK MTF or a UK OTF.
Transaction Data	Observable prices, rates, indices or values representing Arm’s Length Transactions in an “active market” subject to competitive supply and demand forces.
UK Compliance Statement	A statement made by the Index Administrator pursuant to Article 26(3) of the Benchmark Regulation, which clearly states why it is appropriate for the Index Administrator not to comply with any provisions in the Benchmark Regulation that it has chosen not to apply with respect to its Non-Significant Benchmarks.
Valuation Model Validation Group (“VMVG”) (formerly known as “Model Risk Management” or “MRM”, and “Model Validation Group” or “MVG”)	The Firm’s internal control function that is involved in the review and approval of an Index or an Index variation or new Index with similar characteristics.

Appendix 2

Main Features of the Governance Policy

1 Oversight of Third Parties

The Index Administrator must remain fully responsible for discharging its obligations under all applicable legal and regulatory requirements.

Where there is an outsourcing to a third-party service provider of activities relating to the Index determination process, the Index Committee must approve the outsourcing, including any material changes to such outsourcing arrangements.

The Index Administrator must maintain appropriate oversight of the third-party service provider, and must ensure that:

- the nature of the outsourced services, the role and responsibilities of each party, as well as the costs, fees and any other charges payable by the Firm in respect of third party service providers are documented;
- due diligence (on a documented basis) is conducted on the service provider to ensure they have the ability, capacity and any authorisation/licence/permission required by law, to perform the outsourced functions, services or activities reliably and professionally;
- the Index Administrator has the legal right to Make Available to Stakeholders and any relevant Regulatory Authority the identity and roles of service providers who participate in the Index determination process.

Structuring must document in a legally binding agreement the material commercial terms of any outsourcing arrangement, including the role of the service provider as well as the service standards they must comply with. Such written agreement must also impose on the service provider any contractual obligations which are necessary for compliance with the requirements in Article 10 of the Benchmark Regulation.

Structuring must monitor the service provider's compliance with the standards set by the Index Administrator.

Structuring must ensure it takes reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of any third-party service provider in the Index determination process.

The way in which the requirements above are fulfilled may vary, in particular, in proportion to the significance of the service provider's role and the nature of the activities it is performing.

Any outsourcing will be conducted in accordance with the Firm's outsourcing policy and applicable rules and regulations.

Outsourcing to Nomura International (Hong Kong) Limited

The Firm has outsourced certain activities relating to the provision of certain Benchmark Regulation Indices to Nomura International (Hong Kong) Limited, and these activities include:

- administering the arrangements for determining such an Index;

- collecting and analysing the data for determining such an Index;
- determining such an Index through calculation methods or by an assessment of data; and
- publishing such an Index.

A corporate outsourcing agreement has been put in place between the Firm and Nomura International (Hong Kong) Limited to ensure that the relevant requirements of the Benchmark Regulation and the IOSCO Principles are met. In accordance with the outsourcing agreement, Nomura International (Hong Kong) Limited is required to comply with the Governance Policy in respect of any outsourced activities and such compliance shall be to the same extent and standard that would be applicable to the Firm as Administrator, were it to perform those same activities. The Firm maintains appropriate oversight of the outsourced activities through its Index Committee.

Outsourcing to Nomura Structured Finance Services (India) Private Limited

The Firm has outsourced certain activities relating to the provision of certain Indices to Nomura Structured Finance Services (India) Private Limited which include:

- the development, design and implementation of new Indices;
- the identification, reporting and resolution of lifecycle events and the conduct (in whole or in part) of any Index periodic reviews;
- the automation and creation of analytics required for calculation and risk management of Indices;
- the development and maintenance of infrastructure (including IT infrastructure) required to support calculation and risk management of Indices; and
- supporting the Administration function, including by way of Index verification, market data remediation and the operation of calculation systems.

The activities which are outsourced to Nomura Structured Finance Services (India) Private Limited are subject to a corporate service agreement. The relevant functions in Nomura Structured Finance Services (India) Private Limited report to their counterparts in the Firm (i.e. IT, Quants, Index Admin, GMO and Structuring) and the Administrator maintains appropriate oversight of the outsourced functions through its Index Committee.

2 Conflicts of Interest

The Firm is committed to ensuring the independence and integrity of its role as Administrator and will take appropriate steps to identify conflicts of interest and to maintain and operate systems and controls designed to prevent or manage conflicts of interest, which include disclosure of conflicts of interest which arise from its ownership structure or the control of the Administration function to its Stakeholders, Regulatory Authorities and, where relevant, Submitters.

In addition to broader Firm policies on the management of conflicts of interest, the Index Administrator applies various mitigants and requirements in order to identify and manage actual or potential conflicts of interest in respect of Indices, such as (this is a non-exhaustive list provided for purposes of this summary):

- the Index Administrator seeks to identify and prevent or manage all actual or potential conflicts of interest as part of the Index design and development process;
- all material conflicts of interest must be set out in the relevant Index Description;
- all functions supporting the Index Administration business must report any actual or potential conflict of interest they become aware of during the life of an Index to the Index Committee;
- the Index Administrator has a number of measures and controls to ensure (to the extent necessary and appropriate), the confidentiality and security of information it uses in the Index Administration process, including in relation to Input Data, Index level calculation and the dissemination of Index levels;
- the Governance Policy seeks to ensure segregation of reporting lines within the Index Administrator, where appropriate;
- only those functions of the Index Administrator that are involved in the Index calculation and sign-off process have the ability to edit calculation models or the inputs for an Index;
- employees are required to ensure that their personal interests and connections do not in any way compromise the Firm's role as Administrator. All staff involved in Index Administration cannot put any personal interest ahead of those of Stakeholders;
- the Firm uses a Conflicts Register to identify and manage conflicts of interests. The Conflicts Register is reviewed and updated at least annually; and
- remuneration policies must be in place for all employees and any other natural persons whose services are placed at the disposal or control of the Administrator who are involved in the determination of an Index. Such policies must specify the criteria used to determine remuneration and the direct or indirect remuneration of any employee must not be linked to the performance or level of Indices.

Actual or potential conflicts of interest may arise in various ways between the Firm's role as Index Administrator, Calculation Agent and the Firm's (or any of its affiliates') role as user.

The main areas of identified potential conflicts of interest in relation to the Firm's trading activities include:

- the hedging and pre-hedging transactions that the Firm (or its affiliates) will typically enter into in respect of each Index-linked transaction the Firm (or any of its affiliates) enters into. Such hedging and pre-hedging activities will typically involve trading the instruments underlying the relevant Index or instruments related to those underlying the relevant Index;
- the Firm and its affiliates may also trade (either for clients or its own books), in the normal course of business as a market maker, in the Index, in instruments underlying the Index or in instruments related to those underlying the Index. Such trading activities may be conducted by the same employees that are trading and hedging Index-Linked Products; and

- there is no physical separation between Structuring and other front office functions such as Trading.

The following mitigants and requirements are applied to manage potential conflicts of interest in relation to the Firm's trading activities:

- internal policies, procedures and surveillance/monitoring tools are implemented to comply with the Market Abuse Regulation and other legal and regulatory requirements;
- regular training is provided to traders on the Firm's relevant policies and procedures;
- Trading must report to Structuring/Legal and Compliance (as appropriate) any material impact that its hedging and pre-hedging arrangements have or may have on the performance of an Index;
- Trading must report to Structuring/Legal and Compliance (as appropriate) any change in market conditions which could impact its hedging and pre-hedging arrangements and therefore the performance of the Index;
- hedging related trading books and records must be segregated from those used for the Firm's other trading activities and can only be viewed on a "need to know basis";
- Trading does not have the ability to amend the model which calculates an Index and its output positions or otherwise manipulate the way in which an Index operates;
- any pre-hedging must fully comply with the Firm's pre-hedging guidance, which requires there to be specific client disclosure, that pre-hedging must only be conducted where necessary for the Firm's legitimate risk management, in a way that minimises market impact, and should not result in over-hedging (where possible).

The main area of identified potential conflicts of interest in relation to the exchange of Index determination information is the lack of physical separation between Structuring and other front office functions. The Firm has a number of measures and controls in place to ensure the integrity and confidentiality of information used in the Index Administration process.

3 Index Design and Creation of New Indices and Methodologies

All new Indices (excluding those which are a basket comprised exclusively of existing Indices) must follow the New Product Approval Process and be approved by the Index Committee. All Index "variations" and new Indices "with similar characteristics" must follow the approval process for Index variations and new Indices with similar characteristics and be notified to the Index Committee. Each new Index that is a basket comprised exclusively of existing Indices has to be notified (only) to the Index Committee.

The design of all Indices should seek to achieve, and result in, an accurate and reliable representation of the Market or Economic Reality it seeks to measure and/or the investment objective of the Index (as applicable, in each case in relation to the Index's

strategy). In constructing or designing an Index, Structuring should take into account a non-exhaustive list of market considerations, including but not limited to:

- where relevant, the adequacy of the sample size used to represent the Market or Economic Reality;
- the size of the relevant underlying market and market dynamics;
- whether there is sufficient liquidity; and
- the transparency of trading and the positions of market participants in the relevant Market or Economic Reality that the Index is intended to measure.

In constructing or designing an Index, Structuring should take the following non-exhaustive commercial considerations into account:

- whether the Index has an appropriate revenue model;
- statistical analysis of the Index (e.g. drawdown, risk/return ratios as deemed appropriate) is completed and appropriately documented; and
- index branding being discussed (to the extent appropriate) with Legal and Corporate Communication.

In constructing or designing a Methodology, Structuring must ensure that a Methodology:

- is robust and reliable. The Methodology should have a clear and tested rationale;
- is designed in accordance with requirements under the Governance Policy for data sufficiency and hierarchy of Input Data (see Section 6 below) and uses external Input Data where possible (any exceptions need to be approved by the Index Committee);
- the extent to which the Index is rules-based. The Index Administrator may only exercise discretion in accordance with the relevant provisions of the Governance Policy and in the circumstances that are set out in the relevant Index Description;
- is rigorous, continuous and capable of validation. Where appropriate, back-testing against available transaction-data should be completed;
- is resilient and ensures that the Index can be calculated in the widest set of possible circumstances, without compromising its integrity, which will require consideration of the likely availability of data during periods of market volatility, turmoil and inactivity, and the practicality of ensuring that the Index can be maintained in accordance with the requirements of the Governance Policy (and applicable legal/regulatory requirements); and
- is traceable and verifiable.

The review and approval/notification process for new Indices (excluding baskets comprised exclusively of existing Indices), Index variations and new Indices with similar characteristics is as follows:

- The VMVG team seeks to ensure that any new Index, Index variation or new Index with similar characteristics is ready for use by checking, amongst other things, the relevant Index construction by reference to its Methodology in order to validate the Index level calculation.;
- In respect of Index variations and new Indices with similar characteristics, the Structuring team head or delegate is required to confirm that the Index has been designed and set-up operationally in accordance with this Governance Policy;
- New Indices require Index Committee approval, which will require confirmation from relevant functions that the Index has been designed and set-up operationally in accordance with the Governance Policy.
- Index variations and new Indices with similar characteristics will only require notification to the Index Committee (as opposed to approval).

The review and notification process for new Indices that are baskets comprised exclusively of existing Indices is as follows:

- No VMVG review is required for a new Index that is a basket comprised exclusively of existing Indices, as the components of the basket will have previously been reviewed and approved by the VMVG team.
- Instead, the Index Admin GMO team seeks to ensure that such Indices are ready for use by checking the Index basket construction with respect to the Index Methodology, in order to validate the Index level calculation.
- New Indices that are baskets comprised exclusively of existing Indices will only require notification to the Index Committee (as opposed to approval).

Active Market

The Benchmark Regulation requires Administrators to determine and internally document what constitutes an “active market” for the purposes of an Index. The market considerations listed above should be considered together to determine the “active market” for the specific Index, with a particular focus on identifying the prices, rates, indices or other values that have been formed by the competitive forces of supply and demand in the relevant market which the Index is intending to measure, whilst considering factors such as size, liquidity, market concentration and market dynamics.

The market shall be considered active so long as there is sufficient depth and liquidity in the market for trading in accordance with the Index Methodology, in sizes equivalent to the Capacity Monitoring Threshold for the Index (which may be adjusted from time to time to take into account current market conditions), where such trading can be conducted without materially distorting the market, the performance of the Index and/or the components of the Index. For these purposes, the definition of “Capacity Monitoring Threshold” is set out below.

Structuring shall establish for each Index, individually or (as appropriate) as part of a group of Index variations or Indices “with similar characteristics”, a “**Capacity Monitoring Threshold**”, which may be adjusted from time to time. The Capacity Monitoring Threshold is the level of traded notional on an Index, which is calculated in accordance with the Methodology, at which it is expected that execution (of the relevant financial instruments that are components of the Index) in the active market on which the Index is based can be

undertaken during normal market conditions without any material impact on the underlying markets for the Index components and/or on the performance of the Index itself. The Capacity Monitoring Threshold will be determined, in consultation with Trading and Market Risk, by considering: (i) the liquidity of the underlying markets for the Index components; and (ii) the exposures and sizes of rebalancing over time of the Index components. The liquidity of the markets of the Index components shall be assessed by quantitative and/or qualitative information such as (as appropriate) information relating to the size and depth of trading activity of each Index component at or around the fixing time(s) of the respective Index component, as specified in the Index Methodology. The levels of exposure and size of rebalancing of the Index components shall be evaluated by considering, for example, the maximum levels for such as per the Index Methodology, and, as appropriate, by considering the frequency and likelihood of such maximum levels in the Index back-test.

4 Licensing

Where an Index references a third party index, whether a licence is required must be confirmed with the Firm's market data function. Where a third party distributes a product referencing an Index, an Index licence agreement must be entered into other than in exceptional cases.

The Index administrator will ensure compliance with the obligations under the MiFID II Legislation, with respect to the licensing of Benchmarks to Trading Venues and central counterparties and conditions of access, the dissemination of information, and requirements concerning the proof of new Benchmarks.

5 Back-Testing

It should be ensured that a clear back-test for each Methodology is completed, the assumptions for which must be documented in the Index Description. Any discrepancies between the Index Description and the results of a back-test should be reduced as much as possible. Records of the results of the back-tests need to be kept in accordance with the Governance Policy.

6 Data Sufficiency and Hierarchy of Input Data

The Input Data used to construct an Index determination must be sufficient to accurately and reliably represent the underlying Market or Economic Reality measured by the Index. The hierarchy as set out in the Governance Policy (and reproduced in summary below) will generally be applied to determine the most appropriate Input Data.

The hierarchy of Input Data is as follows:

- Transaction Data;
- non-Transaction Data which is comprised of committed (executable) bids and offers – this relates to prices at which parties are actually willing to trade (see below for indicative bids and offers); and
- other non-Transaction Data, which includes other market information, macroeconomic or accounting data or Expert Judgment or discretion. Other information includes (but is not limited to): (a) indicative bid and offer prices communicated via broker screens or communicated by brokers via telephone; (b)

indicative bid and offer prices where an internal model is used to prepare a price; (c) estimated prices and quotes; and (d) market surveys. Examples of the use of Expert Judgment or discretion includes (but is not limited to): (i) extrapolating values from prior or related transactions; or (ii) adjusting values that might influence the quality of data following certain market events or the impairment of a buyer or seller's credit quality.

The Index Administrator shall make every effort to use Transaction Data as its Input Data for Indices, where Transaction Data is available and appropriate. Non-Transaction Data should only be used as Input Data where Transaction Data is not sufficient or Non-Transaction Data is considered more appropriate to achieve the central objective of the Index. This might occur where the Index measures an illiquid or volatile segment of the market, or one where single transactions have the ability to influence price fixing.

In circumstances where data other than Transaction data is considered more appropriate, or Transaction Data is not sufficient to achieve the central objective of the Index, the Index Administrator shall, in accordance with the Input Data hierarchy set out above, use the Input Data it believes are most appropriate to ensure the quality, integrity, continuity and reliability of its Index determinations.

The need to exercise Expert Judgment or discretion may arise: (i) where the Index Methodology has discretionary elements or provides for use of Expert Judgment (including resulting from market disruption events or similar); or (ii) although not prescribed in further detail in an Index's Methodology, where changes in the market and/or changes in the underlying Market or Economic Reality, issues relating to data availability or integrity or other events or circumstances require the use of Expert Judgment or discretion. The Index Administrator will generally attempt to prescribe in the Index Description any anticipated use of Expert Judgment or discretion, and otherwise the proposed exercise of Expert Judgment will need to be approved by the Index Committee.

Standards of Quality and Quantity of Input Data

The Benchmark Regulation further requires Administrators to determine the minimum standards of quantity and quality of Input Data necessary to determine the Index accurately and reliably, and to then publish or make these standards available. The arrangements that identify the circumstances in which the quantity or quality of Input Data falls below these standards are set out in the "Nomura: Index Reviews Policy", which is available via the Firm's website:

<https://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml>.

Quality of Input data

The standard of quality of Input Data (including the relevant price source), as applicable for any given Index, has to be such that the Input Data used:

- (i) reflects the Market or Economic Reality as per the objective of the Index (which is set out in the Methodology);
- (ii) follows the data hierarchy as stipulated in Section 6;
- (iii) is robust and reliable, such that where Index Descriptions include disruption provisions in respect of price sources, the intention is to rely upon them only on an

exceptional basis and therefore minimise the use of discretion by the Index Administrator; and

- (iv) is sourced from a price source which is robust and reliable and expected to be of sufficient longevity, in order to ensure that the Input Data will be available for the foreseeable future.

The Administrator will select the relevant Input Data and the price source in accordance with these requirements when designing an Index and upon replacing any Input Data or price source in accordance with Section 15; the selected Input Data and its price source(s) will be set out in the Methodology.

Quantity of Input Data

The Administrator typically constructs Indices by using single prices or levels, or an average or other formula of prices/levels, where all relevant prices or levels are published or observed as a single data point at times prescribed by the Methodology of the relevant Index. Where this is the case, the Administrator considers that the requirement under the Benchmark Regulation to determine the necessary thresholds of the quantity of Input Data is met by observing and collecting such single price or level or average or other formula of prices/levels, in accordance with the relevant Methodology.

Timing of quality/quantity checks

In accordance with Section 16, Structuring and/or Index Admin GMO will semi-annually review the appropriateness of the Input Data used in an Index and look to identify the circumstances in which the quantity or quality of Input Data falls below the standards, as set out above, necessary for that Methodology to determine the relevant Index accurately and reliably.

Other data and factors

Any data and/or factors (other than Input Data) used to construct an Index and its Methodology shall comply with Section 3, so that any such data and/or factors do not detract from the Index being robust and reliable, continuous, traceable and verifiable etc.]

7 Documentation and Content of Methodology

Each Index should have an Index Description and the Index Administrator shall Publish and Make Available such Index Description to Stakeholders. The Index Description should include sufficient detail to allow Stakeholders to understand how the Index is derived and to assess its representativeness, its relevance to particular Stakeholders and its appropriateness as a reference for Financial Instruments. It should also comply with all applicable content requirements prescribed by the IOSCO Principles and the Benchmark Regulation. In Publishing or Making Available each Index Description, the Index Description may be subject to one or more of the following (as determined by the Index Administrator, amongst other measures considered appropriate in the circumstances):

- requiring that the relevant Stakeholder enter into a non-disclosure agreement (or equivalent document);
- providing a summary of the key elements of the Index Methodology, rather than the Methodology in full (this should include sufficient elements to allow Stakeholders to

understand how the Index is derived and to assess its representativeness, relevance and appropriateness for intended use);

- redacting parts of the Methodology; and/or
- providing accompanying wording (which may take the form of a standardised legend) which emphasises that the Methodology is for use by Stakeholders only, is confidential.

8 Marketing

The Governance Policy sets out a series of requirements that each marketing document must meet. Pre-marketing in respect of proposed Indices is permissible, provided certain conditions are met.

9 Data Submission and Internal Controls over Data Collection

All Input Data which the Index Administrator uses shall be sufficient to represent accurately and reliably the Market or Economic Reality that the benchmark is intended to measure. To ensure appropriateness of Input Data, any Input Data collected should meet the requirements as set out in the relevant Methodology, including:

- (v) the requirements on the currency or the unit of measurement, the tenor and the types of counterparties;
- (vi) relevant thresholds for the quantity of input data and standards for the quality of input data;
- (vii) the priority of use of different types of input data; and
- (viii) the exercise of any discretion or expert judgment in the contribution/submission of input data, where the Index Administrator receives Submissions/Contributions of input data (the Index Administrator may receive such Submissions/Contributions in the future, but does not currently do so).

In the event that the Index Administrator administers Indices which are Regulated-Data Benchmarks, some of the requirements in respect of Input Data set out above will not apply to such Indices. The Index Administrator does not currently administer any Indices which are Regulated-Data Benchmarks.

If any concerns relating to Input Data (in particular, in relation to its accuracy and/or integrity) are identified, Structuring will consult with Trading (where appropriate) to perform a more in-depth assessment of the Input Data and the process of its determination.

10 Calculation and Sign-off

For proprietary indices, calculation is conducted either using a calculation tool operated by Structuring or one operated independently from Structuring; the Index Administrator is currently taking steps to migrate as many Indices as possible to the latter. The levels of all indices are then verified by way of secondary calculation on the day of or before publication. These secondary calculations shall be performed by a team independent from Structuring where Structuring conduct the primary calculations. Any differences between

the primary and secondary calculation must be fully investigated and resolved on a timely basis.

For fund-linked indices, different processes for calculation and sign-off apply to (i) new fund-linked Indices, (ii) existing fund-linked Indices and (iii) fund-linked dynamic basket Indices. However, they each involve calculation tools that are created/operated by one or more functions of the Firm, and verification using calculation models created/operated by another function or functions. Where there is a discrepancy, a full investigation into its cause will be made with the aim of timely resolution; where this is not possible, however, the discrepancy must be escalated to the Index Committee for further review.

11 Transparency of Index Determinations

The Index Administrator's approach to transparency of Index determination is designed to ensure that the Index determination methodology is comprehensively explained to Stakeholders. The Index Administrator determines the level of transparency required and how information should be communicated, depending on the nature and extent of the use of the Index. In practice, many Indices are derived from data sourced from a Regulated Market or Trading Venue which are subject to mandatory post-trade transparency requirements. Furthermore, Index determination is generally rules based and subject to the Governance Policy. Importantly, where discretion can be used it must be done so within the Governance Policy. These factors ensure the transparency of Index determinations made by the Index Administrator.

12 Index Determinations and Market Abuse

All employees involved in Index determination must be aware of the requirements of the Firm's market conduct and related policies and any other Firm requirements relating to the use of inside information and market manipulation. Trading will report any material impact that its hedging arrangements have or may have on the performance of an Index, any potential front-running by external parties being done in the market which Trading observe or suspect, any change in market conditions which could impact its hedging arrangements or the strategy of the Index and any event that may impact the performance of the Index or hedging activities.

13 Correction of Errors

Errors in published Index levels are normally self-identified by the Index Administrator or are otherwise raised by Stakeholders.

Where an error (with the exception of minor typographical errors) is identified, the Governance Policy sets out the full process to be followed where an error in published Index levels is identified.

- Any error identified by any of the functions that support the Index Administration business must be escalated to Legal and Compliance (and Market Risk, as appropriate) as soon as practicable. All identified errors should be analysed by the relevant team (e.g. Structuring, Quants and/or Index Admin GMO (as applicable)) to assess the nature and scope of the error and to propose the most appropriate remediation (which may need to be approved by the Index Committee: see below).

- The following factors should be considered (amongst any other appropriate factors) to ensure remediation is appropriate: the seriousness/magnitude of the error; the known impact of similar/comparable errors; and the overall anticipated impact on users and any other Stakeholders.
- Further, in respect of any identified error, the Firm's event reporting requirements as per the Firm's risk management policy must be followed.
- All identified errors and their remediation should be notified to the Index Committee as soon as reasonably practicable. This notification will take place by Structuring or Index Admin GMO completing a specified event error form, appended to the Governance Policy (containing all material information in relation to the error, as stipulated in the Governance Policy) which is then sent to members of the Index Committee by email, as soon as reasonably practicable.
- Remediation of errors that affect future payments only may be conducted without Index Committee approval, as long as the remediation is unambiguous and based on the Index Description and the error was identified within in one week from its occurrence. Otherwise, the remediation of the error must also be approved by the Index Committee.
- Where an Index restatement is required, all relevant Stakeholders must be notified.
- An overview of any error and its rectification must be provided in the next quarterly review meeting of the Index Committee.

14 Expert Judgment and Discretion

The Index Administrator may need to exercise discretion with respect to the use of data in determining an Index. Such need may arise:

- (i) where the Index Methodology has discretionary elements or provides for use of Expert Judgment (including resulting from market disruption events or similar); or
- (ii) although not prescribed in further detail in an Index Methodology, where:
 - (a) changes in the market and/or changes in the underlying Market or Economic Reality;
 - (b) issues relating to data availability or integrity; or
 - (c) other events or circumstances which impair the ability of the Index to achieve its economic objective, or the prompt or accurate determination of the Index level, and/or the ability of the Index Administrator or Calculation Agent to perform its role in respect of the Index,

require the use of Expert Judgment or discretion in order for the Index to be representative of the Market or Economic Reality it is intended to measure.

The Index Administrator will generally attempt to prescribe in the Index Description any anticipated use of Expert Judgment or discretion. If the Expert Judgment or discretion is prescribed in the Index Description, then the exercise of such prescribed Expert Judgment or discretion must be notified to the Index Committee as soon as practicable after such exercise. If the Expert Judgment or discretion is not prescribed in further detail but is set

out as part of a “catch all” provision in the Index Description, then Structuring or Index Admin GMO must report the proposed exercise of Expert Judgment or discretion to the Index Committee for prior approval.

All instances of Expert Judgment or discretion should be reported by Index Admin GMO or Structuring (as applicable) to the Index Committee as part of the quarterly Index review meetings (see section 16).

In all instances, the Index Administrator must exercise Expert Judgment or discretion:

- in a way that avoids or otherwise mitigates any actual or potential conflict of interest;
- in a way that seeks to ensure, as far as possible, that any Input Data used for the determination of the Index follows the standards set out in Section 6;
- in good faith and in a commercially reasonable manner in accordance with any requirements specified in the Index Description and otherwise in accordance with the objectives of the relevant Index; and
- in a way that seeks to ensure, as far as is appropriate and commercially reasonable in the circumstances, consistency with the way Expert Judgment or discretion has previously been exercised in relation to the same or a similar instance and, where possible, consistent across Indices in relation to the affected asset class and instrument.

15 Changes to Methodology

Changes to Methodology should only be made for clear and objectively verifiable reasons, and may be driven by changes in the market, changes in the underlying Market or Economic Reality which the Index represents, issues related to the availability and/or integrity of data or other market restraints, and legal, regulatory and/or financial requirements as well as operational reasons, such as limits on Index capacity which require changes to a Methodology to permit continued hedging.

Pursuant to periodic reviews of Indices, or any other internal reviews of Input Data, the Index Administrator may (where appropriate) be required to make changes to a Methodology, including rectifying any issues through changes to the Input Data. This will be the case where: (i) the Index Administrator considers that the Input Data is no longer sufficient to represent accurately and reliably the Market or Economic Reality that the Index is intended to measure, or (ii) is not otherwise appropriate. The overriding objective when making any change to a Methodology is the continued integrity of Index determinations. All proposed changes to Methodology must be notified to the Index Committee.

A distinction is made between material and non-material changes to a Methodology. Material changes are those:

- specified as “material” (or equivalent) in the Index Description or any other documentation provided to Stakeholders; or
- designated as “material” by Structuring or Index Admin GMO. When deciding whether a change is material, Structuring or Index Admin GMO will consider (amongst anything else it considers appropriate): (i) the economic or financial

impact of the change; (ii) whether the change is related to Submissions/Contributions;; (iii) the breadth and depth of the Index's use; and/or (iv) whether the change is consistent with the design objective of the Index (which may involve re-running the historic back-test/live performance with the change to assess the difference).

Both material and non-material changes to a Methodology require approval from VMVG in accordance with the Model Validation Policy and associated procedures. Changes to the firm-wide elements of the methodology of K-Curve are, as and when required in accordance with the Model Validation Policy, considered by VMVG as part of the process for changing the firm-wide yield curve calculation model or inputs. Material changes to the Index Methodology must be approved by the Index Committee. Non-material changes must be notified to the Index Committee. In considering a proposed material change to a Methodology, the Index Committee will determine if Stakeholder consultation is required and, in particular, the timing and length of consultation and the consultation process. An effective consultation will provide advance notice, a clear timeframe, provide for each Stakeholder's summary comments, and the Index Administrator's response to those comments to be made accessible to the respective Stakeholder/s during or after any given consultation period.

After considering a proposal and following any consultation (where applicable), the Index Committee may approve the content of the notification of the material change.

Where a material change is made, the Index Administrator will publish an announcement on the Firm's website: <https://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml> or will communicate such material change directly to respective Stakeholders via email.

Such communications will specify: (i) the nature of the material change to the Methodology; (ii) the rationale for the material change; and (iii) the proposed timing of the material change.

Where the Index Committee decides not to approve a proposed change following a Stakeholder consultation such determination shall be communicated to the respective Stakeholders.

Where a non-material change is made, Structuring or Index Admin GMO will consider on a case by case basis whether it is required or appropriate in the circumstances for the Index Administrator to notify the respective Stakeholders, and if so whether to Publish or Make Available an announcement to Stakeholders on the Index Administrator's website or communicate such material change directly to respective Stakeholders via email. No such consideration or notification will be required for any non-material changes in respect of bespoke Indices and the Yield Curve Methodology.

16 Periodic Review of Indices

- Structuring will monitor each Index to ensure that it does not exceed the requisite threshold triggering re-classification as a Significant Benchmark;
- Structuring or Index Admin GMO will conduct quarterly reviews to highlight any market data issues, errors, challenges, structural changes in the underlying Market or Economic Reality that might require changes to the design of Index Methodology, or concerns about the underlying data used to calculate an Index;

- Structuring or Index Admin GMO will conduct quarterly reviews of the performance and capacity usage of all material Indices; and

Structuring and/or Index Admin GMO will semi-annually review the appropriateness of the Input Data used in an Index. Structuring and/or Index Admin GMO will look to identify the circumstances in which the quantity or quality of Input Data falls below the standards necessary for that Methodology to determine the relevant Index accurately and reliably.

The Index Committee will also conduct an annual review of each Index.

The outcome of periodic reviews may require a change in Methodology (see Section 15 above).

The full policies and procedures in relation to Index reviews are set out in the “Nomura: Index Reviews Policy”, which is available via the Firm’s website: <https://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml>.

17 Termination of Indices and Transitional Arrangements

The termination of an Index will take into consideration the estimated breadth and depth of Financial Instruments and Financial Contracts that reference the Index, and the possible impact of termination on Stakeholders. The Governance Policy includes a non-exhaustive list of reasons for why a termination proposal may be put forward including but not limited to lack of investment in the Index, availability of underlying market/Input Data, the Input Data no longer being sufficient to accurately and reliably represent the Market or Economic Reality the Index is intended to measure, practicability/possibility of maintenance of the Index from an operational perspective, the Index no longer meeting its objective and a change to the Methodology not being feasible, as well as commercial factors relevant to the cost of maintaining the Index.

The full policies and procedures on the approach taken to Index termination are available via the Firm’s website: <https://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml>.

18 Role as Administrator of Submission Based Indices and Submitter Code

The Firm is currently not the Administrator of any Submission based Indices; however, to ensure full compliance with Principle 14 (*Submitter Code of Conduct*) and Article 15 of the Benchmark Regulation, the Index Administrator has developed a template submitter/contributor code of conduct for use if Submissions/Contributions are made by third parties.

In the event that the Firm becomes the Administrator of a Submission/Contribution based Index, Legal and Compliance shall be consulted on which internal processes are to be followed.

Certain provisions of the submitter/contribution code may be negotiated. The Firm will only use Submissions/Contributions from entities which fully adhere to the relevant submitter/contributor code, and the Index Administrator will monitor and record adherence from submitters. Where the Index Administrator has any indication that the Submitter/Contributor does not adhere to the submitter code, the Index Administrator shall stop using Input Data from the relevant Submitter/Contributor.

In respect of Submission/Contribution based Indices, the Index Administrator will establish criteria for including and excluding Submitters/Contributors which will be set out in the relevant Index Description (including notice periods). These criteria will address any issues arising from the location of the relevant Submitter/Contributor, if in a different jurisdiction to the Index Administrator. These criteria will be made available (on request) to any relevant Regulatory Authority, if any, and made available to Stakeholders on their request.

19 Complaints Handling Policy

Any complaint relating to an Index from any Stakeholder will be resolved in accordance with the Index specific complaints policy, which will be reviewed at least annually by the Index Committee, and which is enclosed in Appendix 4 of this document.

20 Whistleblowing

The Firm has a number of policies and established procedures for dealing with genuine concerns that employees may have about suspected breaches within the Firm, including of the Governance Policy, the IOSCO Principles and the Benchmark Regulation.

21 Audits

The Index Administrator is subject to the Firm's internal audit programme and the internal audit will periodically assess various aspects of the Index business. An independent external auditor may also be appointed where appropriate.

22 Record Keeping

The Governance Policy sets out a list of items for which written records must be retained for a period of at least five years (subject to applicable national legal or regulatory requirements).

23 Co-operation with Regulatory Authorities

The Governance Policy, any related policies, documents and records will be made available promptly on request to any relevant regulatory authorities in carrying out their regulatory or supervisory duties.

24 Staff Expertise and Training

All staff involved in the Index administration process must possess the necessary skills and expertise for their role and complete certain mandatory staff training which includes training relating to individual accountability (including ethics), conflicts of interest, key elements of the Governance Policy and any related regulatory developments. The Firm has in place continuity and succession planning for personnel that support the Index Administration process.

25 Compliance Statement

The Index Administrator will Publish an IOSCO Compliance Statement and a UKBMR Compliance Statement as and when required by the IOSCO Principles and Benchmark

Regulation respectively and will follow the procedures applicable to publishing such compliance statements as specified in the Governance Policy..

26 Benchmark Statement

The Index Administrator will Publish and Make Available to Stakeholders a Benchmark Statement via the Firm's website:

<https://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml>.

Appendix 3

Main Features of Index Committee Constitution and Terms of Reference

1 Mission Statement

The Index Committee has been established to provide independent review and challenge on all aspects of the Index determination process and to act as the Index's Administrator's oversight function.

2 Duties and Responsibilities

The primarily responsibilities of the Index Committee are the review, approval and/or oversight of:

- the Governance Policy;
- new Indices, Index variations and new Indices with similar characteristics;
- hierarchy of Input Data;
- Input Data and calculation;
- Index errors;
- changes to Methodology;
- periodic review and oversight (including, among other things, overseeing the exercise or use of Expert Judgment or discretion);
- Index termination;
- Submission based Indices;
- third party input (including, among other things, any arrangement where activities relating to the Index determination process are outsourced);
- complaints and challenges;
- staff expertise and training;
- compliance statements; and
- legal and/or regulatory developments that impact the Index Administrator and its business.

On at least an annual basis, the Index Committee shall review the Index Committee terms of reference to ensure the Index Committee is operating at its maximum effectiveness and in accordance with applicable legal and/or regulatory requirements.

3 Membership

3.1 Composition

The Index Committee has been established as a sub-committee of the Firm's New Product Review Committee (the "**NPRC**") by the Chief Risk Officer, EMEA (the "**Regional CRO**") of Nomura Europe Holdings plc ("**Nomura**"). Index Committee members shall be appointed by the NPRC and shall comprise the following (each, a "**Committee Member**"):

- EMEA Head of Wholesale Advisory Compliance (Chair);
- EMEA Head of Transaction Legal (Alternate Chair);
- EMEA Head of Market Risk; and
- Head of IR/FX/Hybrids Valuation Model Validation Group;

The Index Committee will report into and will be accountable to the NPRC.

4 Review and approval of Committee Members

The Index Committee shall, at least annually, review its composition (including any need for the appointment, substitution or removal of members and/or individuals) to ensure it continues to operate effectively and efficiently (including in accordance with applicable legal and regulatory requirements and good industry practice) and will, via the New Business Group, recommend any changes it considers necessary to the NPRC for approval.

5 Meetings

At the quarterly Index Committee meetings, the head of each team supporting the Index Administration business, or their representative at the Index Committee meeting, shall raise any material issues or concerns (in respect of conflicts of interest or otherwise) encountered in respect of the Index Administration business.

For Front Office functions, the head of each team supporting the Index Administration business will further confirm, on a quarterly basis, to the Index Committee that their team is otherwise acting in compliance with the Governance Policy.

For back office/control functions, the head of each team supporting the Index Administration business will confirm on an annual basis to the Index Committee that their team is acting in compliance with the Governance Policy.

Unanimous approval is required for decision making from all attending Committee Members. If the vote is not unanimous, the proposal is declined.

6 Personal conflicts of interest

If any Committee Member (or their delegate) has a private interest in any transaction, matter or issue to be considered by the Index Committee, the Committee Member must disclose that interest to the Chair and committee secretary. In addition:

- the nature of that interest must be disclosed at, and recorded in the minutes of, the Index Committee meeting/telephone call/video conference/email correspondence where the transaction, matter or issue is considered;
- the interested person will not be permitted to participate in discussions relating to the transaction, matter or issue being considered; and
- the interested person will not be permitted to vote on the relevant transaction, matter or issue being considered.

Appendix 4

Indices Complaint Handling Policy for EMEA

1 Overview

To comply with Principle 16 of the IOSCO Principles for Financial Benchmarks, Nomura International plc in its capacity as an index administrator (the “**Index Administrator**”) has created this Indices Complaints Handling Procedure Policy (the “**Policy**”) in respect of the Indices that it administers, which forms part of the Governance Policy and Governance Policy.

The following complaints shall be considered in accordance with this Policy:

- complaints regarding specific indices that are administered by the Index Administrator;
- complaints on the determinations process applied by the Index Administrator around such indices; and/or
- complaints regarding the application of any determinations around indices.

This Policy differentiates between formal complaints and informal complaints. A formal complaint is any complaint made in accordance with section 2 below. Formal and informal complaints are referred to collectively in this Policy as “**Complaints**”.

Unless otherwise stated, capitalised terms are as defined in the Summary of the Index Administrator’s Governance Policy.

2 How do I make a formal complaint?

Please complete the Complaint Form (see Annex A) and send it to both of the following email addresses:

Compliance Advisory – GM complianceadvisory-gm@nomura.com

TL Global Markets – tlglobalmarkets@nomura.com

A complaint made in accordance with this section 2 is a formal complaint for the purposes of this Policy. Formal complaints must be made in writing.

3 Index Administrator procedure for investigating a formal complaint

Any formal complaint to the Index Administrator will be handled in accordance with the following procedure:

- All formal complaints must be made using the process specified in section 2 above.
- The Index Administrator or someone acting on its behalf will provide an acknowledgement of the receipt of each Complaint Form.
- Formal complaints will be investigated by or on behalf of the Index Administrator in a timely and fair manner (and normally within four weeks of receipt).
- The investigation of formal complaints will be supervised by personnel who are independent of anyone who either was or may reasonably have been involved in the subject to which the formal complaint relates. Formal complainants may be

asked for additional information/documentation where this is reasonably necessary to investigate a formal complaint.

- All formal complaints received will be reported to the Index Committee, including progress of investigation and resolution.
- The Index Administrator or someone acting on its behalf will provide a formal complainant with a final response, being a written response (normally by email and within four weeks) to state: (i) whether or not a formal complaint has been upheld; and (ii) where a formal complaint is upheld, any remediation action proposed by the Index Administrator; and (iii) where a formal complaint is not upheld, the reasons for this.
- If a formal complaint cannot be resolved within eight weeks of receipt, the Index Administrator will notify a formal complainant in writing, explaining the reason and indicating when it expects to be able to provide a final response.

4 Informal complaints (including normal course of business queries)

Where the Index Administrator receives an informal complaint (e.g. a routine price inquiry or other inquiry/request for information made in the ordinary course of business), it will be handled in accordance with the following process:

- The Index Administrator will review any informal complaint and will normally provide an initial written response (by email) within one week.
- Legal/Compliance will be consulted if there is any doubt as to whether a formal complaint or informal complaint has been made. A complainant can ask for their complaint to be classified as a formal complaint for the purposes of section 3 above at any time, although a complainant may be required to complete and submit the Complaint Form set out in Schedule A.
- The Index Administrator will investigate and seek to resolve any identified issues in a timely and fair manner. Any informal complaint may also be considered, where appropriate, in conjunction with the Index Administrator's compliance and/or legal departments to determine an appropriate response.
- The Index Administrator will seek to resolve any identified issues as soon as reasonably practicable in the circumstances, with the timeframe depending on the nature and extent of the issue identified.
- A complainant will be informed of the outcome of any investigation and any remediation action taken as a result of an informal complaint in a timely and fair manner. This will take place in writing and normally by email.

5 Process for escalating Complaints

You may dispute or appeal the outcome of any Complaint to the Index Committee. If no clear request to appeal the outcome of any Complaint is received in writing within four weeks of the date of communicating the outcome, it is deemed that the outcome has been accepted.

6 Publication of changes following a Complaint

If a Complaint results in a change to an Index determination, this change will be Published or Made Available to Subscribers and Published or Made Available to Stakeholders as soon as possible as set out in the relevant Methodology.

7 Record Keeping

All documents relating to a Complaint will (subject to applicable legal and/or regulatory requirements) be retained for a minimum of five years from the date the Complaint is received by the Index Administrator.

Schedule A – Complaint Form

All complaints should be sent to Legal and Compliance using both of the email addresses below:

complianceadvisory-gm@nomura.com

tlglobalmarkets@nomura.com

Please complete the information below:

Details of the Index
(e.g. name of the index to
which your complaint
relates)

Date Click here to enter a date.

Title Choose an item.

Full Name

Company Name

Company Address

Email Address

Contact Number

Your position / role

Department / team

Description of the complaint

**Comments / supporting
documents**

Appendix 5
NIP Indices Yield Curve Methodology

NIP Indices Yield Curve Methodology

MAY 2024

US Dollars, Euros, Great British Pounds, Japanese Yen,
Canadian Dollars, Australian Dollars, New Zealand Dollars,
Swiss Francs, Norwegian Kroner, Swedish Kronor and
Danish Kroner

Summary Description

Nomura International plc as Index Sponsor has created certain proprietary indices (each an “Index” and together the “Indices”) that reference hypothetical forward interest rate swaps (the “Index Components”) for which reliable price data is not publically available. Thus, for calculating the value of such Index Components the Index Sponsor decided to design the “Yield Curve Methodology” which uses a firm-wide proprietary yield curve analytical model (as further described below) that the Index Sponsor considers robust and reliable to determine the value of the Index Components. The firm-wide proprietary yield curve analytical model is used firm-wide 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. The use of proprietary yield curve models is market standard for firms such as Nomura to determine the value of interest rate derivative instruments.

The value of the Index Components utilized in the calculation of the Indices is determined by the Index Sponsor by applying the firm-wide proprietary yield curve model using data inputs from (a) data sources used firm-wide in relation to the proprietary yield curve model and (b) data sources which have been selected and pre-defined by the Index Sponsor.

The Yield Curve Methodology covers Index Components denominated in US Dollars, Euros, Great British Pounds, Japanese Yen, Canadian Dollars, Australian Dollars, New Zealand Dollars, Swiss Francs, Norwegian Kroner, Swedish Kronor and Danish Kroner (the “**Applicable Currencies**”).

The Yield Curve Methodology is governed by the Governance Policy and Control Framework the Index Sponsor established to ensure compliance with UK BMR¹ and the IOSCO Principles and any related measures and applicable FCA rules (each as amended or replaced from time to time)². 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. Terms in capital letters that are not defined here have the same meaning as defined in the Nomura Indices Governance Policy and Control Framework.

Market or economic reality of the Yield Curve Methodology

The underlying market or economic reality measure provided by the Yield Curve Methodology are levels of interest rates and interest rate swaps (spot and forward starting) across various tenors in the following currencies: US Dollars, Euros, Great British Pounds and Japanese Yen,

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.

Canadian Dollars, Australian Dollars, New Zealand Dollars, Swiss Francs, Norwegian Kroner, Swedish Kronor and Danish Kroner across time zones.

Yield Curve Calculation

Firm-wide yield curve model

The firm-wide yield curve model is a proprietary interpolation model used for (among other things) the determination of forward interest swap rates and “PV01s” (a measure of the sensitivity of the forward interest swaps to changes in interest rates). Key features of the firm-wide interpolation model include the “Fingal Functions” and the “KCurve Market”.

The Fingal functions are a set of firm-wide analytical functions that are developed and maintained by the Quants team subject to the firm’s governance process as further described below. The Fingal functions are used (amongst other things) to construct a KCurve Market (per currency), which consist of the discounting and forward rates for IBOR, OIS and other interest rate indices as interpolated from a certain set of data inputs captured at a particular time for the respective currency, and to then derive a forward swap rate as well as the PV01 sensitivity of a forward swap rate from such KCurve Market. Respectively, these are calculated by the Fingal functions as the coupon that results in the sum of the discounted implied forward cash flows of the interest rate swap being equal to zero, and the sensitivity of the interest rate swap’s present value to a 1 basis point change in the coupon. The KCurve Market is used for valuing the firm’s end of day books and records, and can also be constructed at any other time of the day utilizing the latest available intra-day data inputs.

The interpolation methodology utilized by the Fingal functions to construct the KCurve Market varies by currency and uses the firm-wide interpolation model for each currency.

The type of market data inputs used by the Fingal functions to construct the KCurve Market are selected by the Quants in collaboration with the respective Flow Trading teams³ to comprehensively represent interest rate markets and allow for robust and accurate calculation of interest rate swaps, swaptions and other instruments. The Quant team may change the market data inputs used by the Fingal functions at any time in order for it to remain representative, subject to the firm’s governance process as further described below. The current set of market data input types is set out in Appendix A.

The levels of interest rate swaps derived by the firm-wide yield curve model has, by the nature of its construction, the greatest sensitivity to data inputs that are levels of interest rates, which includes (a) short-term interest rate futures (and futures convexity adjustments) and FRAs which are the most material data inputs utilized in valuing shorter-dated swap rates (e.g. 1-year, 2-year tenors) and (b) spot starting swap rates which are the most material data inputs utilized in valuing longer-dated swap rates (e.g. 5-year, 10-year, 20-year, 30-year tenors). It has less sensitivity to basis swap rates and the least sensitivity to turn off year data inputs.

³ The respective Flow Trading teams are those which are mandated, either as a price maker and/or a price taker, to hold positions in financial instruments whose daily books and records are valued by utilizing the respective KCurve Market and Fingal functions.

The firm-wide yield curve model uses external prices sources (Reuters RICs codes and Bloomberg) and internal price sources (Flow Trading desks) selected by the Flow trading teams. The Flow trading teams may change the price sources of market data inputs used by the Fingal functions at any time subject to the firm's governance process as further described below, in order for the firm-wide yield curve model to remain robust and reliable and representative of the market of the interest rate derivative instruments.

The lists of price sources used by the firm-wide yield curve model are maintained by the Radial Rates Server team within the Nomura IT department ("RRS IT"), who are also responsible for sourcing the data inputs from these sources for use in calculating the KCurve Market and KCurve Intraday Market.

Yield Curve

The Index Sponsor's Yield Curve Methodology is determined by using the firm-wide yield curve calculation model, which the Index Sponsor considers robust and reliable to determine the value of the Index Components in accordance with the criteria as set out in Appendix 2, Section 3 of the Control Framework Summary ("Index Design and Creation of New Indices and Methodologies").

When a certain set of data inputs at a particular time for the Applicable Currency is fed into the firm-wide yield curve calculation model the KCurve Market is created which is a snapshot on the yield curve for the Applicable Currency (e.g. USD) at the particular time (e.g. 11am). The Fingal functions are then used to derive swap rates (spot and forward starting) and PV01 sensitivity from such KCurve Market. These swap rates and PV01 sensitivity are used for the calculation of the Index Components.

For inputs, the Yield Curve Methodology uses (a) data inputs and Price Sources as determined by the Firm for application by the firm-wide yield curve model (which the Index Sponsor considers appropriate in accordance with the criteria as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Data Inputs")) and (b) data inputs and Price Sources as determined by the Index Sponsor, in particular in respect of spot swap rate data, which are considered to have the most material impact on the calculation of Index Components. The current set of market data input types in respect of spot swap rate data is the sub-set of data input types set out in Appendix A, for which under the "Process" field "Set by Index Sponsor" is specified.

The majority of the material data inputs used for the Yield Curve Methodology is sourced by the Index Sponsor's Vertex Index calculation system. Such inputs include short-term interest rate futures, and certain tenor and cross currency basis swaps. The remainder of the market data inputs is sourced by the firm-wide KCurve Market data capture process from the Price Sources used in the firm-wide yield curve model, most of which are internal Price Sources (Flow Trading desk) that have little to no impact on the Index calculations, with the exception of convexity adjustments made to short term interest rate futures. These are maintained by the Product Control team using inputs provided by the Flow Trading desks, which can have a relatively more material impact on the valuation of shorter-dated interest rate swaps.

The full set of data inputs types is summarized in Appendix A. Internal records (Audit files) are stored for every KCurve Market created that detail all individual data inputs and all Price

Sources.

The Index Sponsor determined the standards of quality of the data inputs used in the determination of the Yield Curve Methodology (including the data inputs and Price Sources as applied by the firm-wide yield curve model) as described herein at the design stage of the Yield Curve Methodology in accordance with Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Data Inputs”).

Changes to data inputs, data Price Source or the firm's calculation model

Upon any change to the firm's calculation model to calculate the KCurve Market (for example a change in interpolation methodology for a particular currency), or to the data input and/or data Price Source used in the firm's calculation model, the Index Sponsor will determine whether to apply such changed calculation model and/or data input and/or data Price Source to the Yield Curve Methodology. Any changes will follow the process as set out in Appendix 2, Section 15 of the Control Framework Summary (“Changes to Methodology”). The Index Sponsor will make such determination upon notification of the change by the Quants team or IT team, which takes place before or shortly after such change is implemented in the firm's calculation model.

Should the Index Sponsor determine that (a) the relevant change results or would result in the Yield Curve Methodology no longer being able to achieve its objective and/or to represent accurately and reliably the market and economic reality it is intended to measure, or (b) any changed input data and/or Price Source does not meet the standard of input data quality for the Index Yield Curve Methodology as determined by the Index Sponsor during the design of the Index Yield Curve Methodology, then the Index Sponsor may keep the original calculation model, the original data input and/or the original Price Source for the Index Yield Curve Methodology.

If the original data input no longer meets the aforementioned criteria, then the Index Sponsor may replace the original data input and/or Price Source with an alternative which better achieves the objective of the Yield Curve Methodology, and, where possible, is of the same or equivalent standard of quality as the prior input data and/or Price Source used, having regard to the standard of input data quality for the Yield Curve Methodology as determined by the Index Sponsor during the design of the Yield Curve Methodology, as set out in Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Data Inputs”). The Index Sponsor may also decide to make such changes to the Yield Curve Methodology as it deems necessary to preserve the integrity of the Yield Curve Methodology. In each case, any such change will be applied to the Yield Curve Methodology in accordance with the process as set out in Appendix 2, Section 15 of the Control Framework Summary (“Changes to Methodology”). Appendix A will be updated accordingly.

Other changes to the Yield Curve Methodology

Upon any “Index Modification Event” (as defined in the relevant Index Description) which in the determination of the Index Sponsor would require a replacement of any Price Source set by the Index Sponsor (and not the firm) for spot swap rate data inputs for the Yield Curve Methodology, the Index Sponsor shall replace the affected Price Source with an alternative that,

where possible, is of the same or equivalent standard of quality as the 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 Yield Curve Methodology, as set out in Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Data Inputs”). Any such modification to the Yield Curve Methodology will be made in accordance with the process as set out in Appendix 2, Section 15 of the Control Framework Summary (“Changes to Methodology”). Any such replacement must be approved by the Index Committee, regardless of whether it is a material or non-material change to the Yield Curve Methodology.

Data inputs not being available

Should data inputs used for the Yield Curve Methodology not be available then the disruption provisions as set out in the Index Description of the overlying Index shall apply.

Governance and Control

The firm’s controls and governance process over the Firm-wide yield curve model

Operational control of the Fingal functions is maintained by the Quants team who developed the calculation models. Only the Quants team has the ability to edit the Fingal functions. Product Control, on behalf of Global Markets, maintain operational control of the KCurve market. Any change to the calculation models of the Fingal functions and/or its data inputs, requires a “Service Now” approval process which includes approvals from IT teams, Product Control, MVG and Market Risk, with Structuring and Index Admin GMO included on advance notifications in order to assess in respect of Index Administration activities and separately instigate the appropriate Index Modification process with the Index Committee. While the “Service Now” approval process will be initiated in all cases, in certain circumstances where a change is necessary to preserve the proper and timely functioning of the firm’s systems, the Quants team may request the implementation of changes to the calculation models and/or data inputs without first obtaining approvals from all functions. All changes are made with the aim of ensuring the firm’s yield curve model outputs provide a robust and accurate reflection of the market for the interest rate derivative instruments that the Fingal functions and the KCurve Market are intended to calculate and measure.

Operational control over the lists of price sources for all data inputs used with in the firm-wide yield curve model are maintained by RRS IT. Changes to price sources can be made at any time at the request of the Flow Trading desks or the Quants. Any change from in price source requires approval from IT, Operations and Production Support.

All changes are implemented on a technical level by RRS IT and then notified to Index Admin GMO acting in its capacity as Index Administrator.

Any convexity adjustments to futures prices, as may be requested by the Flow Trading desks, can only be implemented by Product Control.

The Firm has implemented daily controls (“pnl flash process”) and monthly controls (“IPV process”) to ensure the integrity of the firm-wide yield curve model. On a daily basis Flow

Trading teams may compare the valuations derived from the end-of-day KCurve Market against their good faith estimate of the mark to market value of their respective trading positions. All traders are subject to the Firm's Global Markets Marking Policy and must fully comply with the requirement to mark their positions at a fair market value. Product Control also reviews daily p&l of trading books, their risk attributions, and escalate any inconsistencies to senior desk supervisors. In addition, on a monthly basis Product Control will conduct a risk based check of the Firm's official books and records valuations which are derived from the KCurve Market, using alternative and independent external sources. The monthly controls ("IPV process") must be conducted in accordance with the Firm's Global and Europe Valuation Policy which sets out the approach and thresholds for the "IPV process". Results, including breaches of thresholds, are discussed with senior management in Finance and Global Markets, and may result, as appropriate, in changes in the firm-wide model or its inputs following the procedures and controls described above.

The Index Sponsors controls and governance process over the Yield Curve Methodology

The Yield Curve Methodology is governed by the Governance Policy and Control Framework. The Index Sponsor considers the Firm-wide yield curve model and its processes and controls robust, reliable and appropriate for the utilization in the Yield Curve Methodology in accordance with Governance Policy and Control Framework requirements in respect of "Index Design and Creation of New Indices sand Methodologies" and "Data Sufficiency and Hierarchy of Data Inputs". Any change made to the to the firm-wide yield curve model and its data inputs is notified as soon as reasonably possible by Quants to Structuring and Index Admin GMO acting in its capacity as Index Administrator who then needs to assess if the change is acceptable to be applied for the Yield Curve Methodology having regard to the standard of input data quality for the Yield Curve Methodology as determined by the Index Sponsor during the design of the Yield Curve Methodology, as set out in Appendix 2, Section 6 of the Control Framework Summary ("Data Sufficiency and Hierarchy of Data Inputs") and ensuring that the Yield Curve Methodology continues to represent accurately and reliably the market and economic reality that the Yield Curve Methodology and/or Index Component is intended to measure . See above "Changes to data inputs, data Price Source or the firm's calculation model".

Conflicts of Interest

Further to Appendix 2, Section 2 "Conflicts of Interest" of the Control Framework Summary, the Index Administrator acknowledges potential conflicts of interest in the Yield Curve Methodology, whereby the respective Indices calculation is subject to firm-wide yield curve model and processes that are controlled and can be modified by personnel operating outside of the Index Administrator:

- a. The firm-wide yield curve model, including any modifications, is operated by the Quants acting in a firm-wide capacity
- b. The selection of data Price Sources is generally conducted by Flow Trading desks acting in a firm-wide capacity
- c. A sub-set of data inputs is determined internally by Flow Trading desks acting in a firm-wide capacity

The Index Administrator is satisfied that it has appropriately mitigated these conflicts through the following:

- a. The processes are firm-wide and thus any modifications affect not just the Indices calculation but also the firm-wide books and records

- b. The firm-wide processes are subject to Policies and controls as described above
- c. The Index Administrator monitors all stages of the process, as described herein, to ensure the ongoing appropriateness of the use of the model and its inputs in the calculation of the indices.

Daily Validation process

Index Admin GMO acting in its capacity as Index Administrator will on a daily basis validate outputs of the KCurve Market by comparing (a) the levels of spot starting swap rates derived from the KCurve Market, to (b) directly comparable levels of spot starting swap rates sourced from the Alternative Price Source.

If on any business day the comparison is off by greater than the “Threshold”, Index Admin GMO acting in its capacity as Index Administrator will investigate by making reference to at least 2 further external price sources for comparable spot swap rates. If it is determined as a result that a Price Source is not providing an accurate reflection of the market, then an “Index Disruption” of the Index will be called (as defined in the relevant Index Description) to adjust any data inputs used for the Yield Curve Methodology such that the derived spot rate comes in line with the average of (a) the 2 external broker pages used for validation and (b) the Alternative Price Source. Index Disruptions and adjustments of data inputs used for the Yield Curve Methodology in line with past events and procedures shall be reviewed on a monthly basis between Index Admin GMO, Structuring, Legal and Compliance and Market Risk. Findings are to be documented by Index Admin GMO, highlighting any points of concern by any of these functions and reported to the Index Committee. Index Disruptions or adjustments of data inputs used for the Yield Curve Methodology not in line with past events and/or procedures, shall be raised by Index Admin GMO with Legal, Compliance and Market Risk for consultation prior to any implementation and then be notified to the Index Committee. All instances of Index Disruptions shall be reported by Index Admin GMO to the Index Committee as part of the quarterly Index review meetings as set out in Appendix 2, Section 16 of the Control Framework Summary (“Periodic Review of Indices”).

The daily validation checks assess whether the rates derived from the KCurve Market are aligned with the market (levels observed externally) on a daily basis. The daily validation checks of the KCurve Market outputs allow the Index Sponsor to identify issues with the data inputs used in the Yield Curve Methodology to assess the appropriateness and accuracy of the data inputs used. If the daily validation check suggests sufficient alignment with the Alternative Price Source, the Index Sponsor will consider the data inputs used for the Yield Curve Methodology to be appropriate in keeping with the Yield Curve Methodology, i.e. the data inputs used is sufficient to accurately and reliably represent the market or economic reality that the Yield Curve Methodology is intended to measure.

If an issue of mis-alignment with the market persists and occurs on an ongoing basis, Index Admin GMO in its capacity as Index Administrator will investigate to identify the affected data input / source and then notify the Index Committee, proposing an appropriate replacement and or any other changes to the application of the firm-wide yield curve model as necessary for the Yield Curve Methodology to continue to sufficiently represent accurately and reliably the market or economic reality that it is intended to measure. The Index Sponsor may then call an “Index Modification Event” (as defined in the relevant Index Description) to replace the affected Price Source and/or modify the application of the firm-wide yield curve model in accordance with the

Index Modification provisions of the respective Index Description and the requirements and process as set out in Appendix 2, Section 15 of the Control Framework Summary (“Changes to Methodology”).

Any changes to the above validation process (Alternative Price Source, etc.) will be made by the Index Sponsor in accordance with the criteria and procedures as set out in Appendix 2, Section 15 of the Control Framework Summary (“Changes to Methodology”) and must be approved by the Index Committee, regardless of whether it is a material or non-material change to the Yield Curve Methodology.

Definitions:

“Threshold”: $[150\%] \times \text{Rate}$

“Rate” and “Alternative Price Source”:

Currency	“Rate” (bps)	“Alternative Price Source” (Primary) ³	“Alternative Price Source” (Secondary) ³
USD (<5y)	0.50	Bloomberg BGN Page	Bloomberg CMPL Page
USD (>=5y)	0.50	Reuters =RCM Page	Bloomberg CMPL Page
EUR	0.50	Bloomberg BGN Page	Bloomberg CMPL Page
GBP	0.70	Bloomberg BGN Page	Bloomberg CMPL Page
JPY	0.70	Bloomberg BGN Page	Bloomberg CMPL Page
CAD (CDOR)	1.00	Bloomberg BGN Page	Bloomberg CMPL Page
CAD (CORRA)	1.00	Reuters =RCM Page	Bloomberg BGN Page
AUD	1.00	Bloomberg BGN Page	Bloomberg CMPL Page
NZD	1.50	Bloomberg BGN Page	Bloomberg CMPL Page
CHF	1.25	Bloomberg BGN Page	Bloomberg CMPL Page
SEK	1.50	Bloomberg BGN Page	Bloomberg CMPL Page
NOK	2.00	Bloomberg BGN Page	Bloomberg CMPL Page
DKK	2.00	Bloomberg BGN Page	Bloomberg CMPL Page

Note that if the Alternative Price Source (Primary) is not available, then the Alternative Price Source (Secondary) is used instead

³The comparison is based on spot starting swap rates rather than the exact forward swap rates utilised in each respective Index calculation because alternative external sources of forward swap rates cannot be readily found. The Indices generally reference forward swap rates that roll between 6-month forward to 1-month-forward on a quarterly to monthly basis as they become spot starting swap rates, and consequently reference forward swaps of between 0 and 61 month forward expiries.

Appendix A – Data Input Types per Applicable Currency

The tables below list the types of data inputs used for the Yield Curve Methodology as of September 2020² that affect the calculation of the Index Components. Each type of data input has between 1 to approximately 20 individual data inputs depending on the number of individual expiries (for futures) or tenors (for swaps), as applicable.

“Set by Index Sponsor”: Spot Swap rate data inputs sourced by the Vertex Index calculation system from Price Sources that are selected and pre-defined by the Index Sponsor

“KCurve Intraday”: Data inputs sourced by the firm-wide KCurve Intra-day Market data capture process from Price Sources set by the firm for use in the firm-wide yield curve model

“Source”: Reuters RICs or Bloomberg Ticker (external source), or internal Price Sources. Internal Price Sources are Flow Trading desks (for certain rates) or Quants (for turn-of-year effect).

“Data Hierarchy” means the ranking of data input types used for the calculation of the Yield Curve Methodology pursuant to the hierarchy as set out in Appendix 2, Section 6 of the Control Framework Summary (“Data Sufficiency and Hierarchy of Data Inputs”).

“Transaction Data” means observable prices, rates, indices or values representing arm’s length transactions in an active market subject to competitive supply and demand forces, here exchange traded closing prices.

“Non-Transaction Data” which is comprised of committed (executable) bids and offers.

“Other non-Transaction Data” which includes other market information, macroeconomic or accounting data or expert judgment or discretion. Other information includes (but is not limited to): (a) indicative bid and offer prices communicated via broker screens or communicated by brokers via telephone; (b) indicative bid and offer prices where an internal model is used to prepare a price; (c) estimated prices and quotes; and (d) market surveys.

In respect of Data Hierarchy for Futures, if “Non-Transaction Data” is not available as of the specified time then the previous closing price i.e. “Transaction Data” will be used instead.

USD Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Cash	OIS	Set by index Sponsor	Other Non-Transaction Data
Future	OIS	Set by index Sponsor	Non-Transaction Data, and if not available, Transaction Data
Future Convexity Adjustments	OIS	KCurve Intra-day	Other Non-Transaction Data
TurnOfYear	OIS	KCurve Intra-day	Other Non-Transaction Data
Cash	SOFR	Set by index Sponsor	Other Non-Transaction Data
Future	SOFR	Set by index Sponsor	Non-Transaction Data, and if not available, Transaction Data
Future	SOFR	Set by index Sponsor	Non-Transaction Data, and if not available, Transaction Data
Futures Convexity Adjustments	SOFR	KCurve Intra-day	Other Non-Transaction Data
Swap	SOFR	Set by index Sponsor	Other Non-Transaction Data
TurnOfYear	SOFR	KCurve Intra-day	Other Non-Transaction Data

EUR Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Cash	EURIBOR	Set by index Sponsor	Other Non-Transaction Data
Future	EURIBOR	Set by index Sponsor	Non-Transaction Data, and if not available, Transaction Data
Future Convexity Adjustments	EURIBOR	KCurve Intra-day	Other Non-Transaction Data
Swap	EURIBOR	Set by index Sponsor	Other Non-Transaction Data
TurnOfYear	EURIBOR	KCurve Intra-day	Other Non-Transaction Data
Cash	EuroSTR	Set by index Sponsor	Other Non-Transaction Data
FRA	EuroSTR	KCurve Intra-day	Other Non-Transaction Data
TurnOfYear	EuroSTR	KCurve Intra-day	Other Non-Transaction Data

TenorBasisSwap	Basis 3m/6m	Set by index Sponsor	Other Non-Transaction Data
TenorBasisSwap (IMM)	Basis EuroSTR/3m	KCurve Intra-day	Other Non-Transaction Data
TenorBasisSwap	Basis EuroSTR/3m	Set by index Sponsor	Other Non-Transaction Data

GBP Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Future Convexity Adjustments	SONIA	KCurve Intra-day	Other Non-Transaction Data
Cash	SONIA	Set by index Sponsor	Other Non-Transaction Data
FRA	SONIA	Set by index Sponsor	Other Non-Transaction Data
Future	SONIA	Set by index Sponsor	Non-Transaction Data, and if not available, Transaction Data
Swap	SONIA	Set by index Sponsor	Other Non-Transaction Data
TurnOfYear	SONIA	KCurve Intra-day	Other Non-Transaction Data

JPY Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Cash	TONA	Set by index Sponsor	Other Non-Transaction Data
Swap	TONA	Set by index Sponsor	Other Non-Transaction Data
LCH/JSCC Basis	TONA	Set by index Sponsor	Other Non-Transaction Data

CAD Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Cash	CORRA	Set by index Sponsor	Other Non-Transaction Data
FRA	CORRA	Set by index Sponsor	Other Non-Transaction Data
Swap	CORRA	Set by index Sponsor	Other Non-Transaction Data

AUD Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Cash	BBSW	Set by index Sponsor	Other Non Transaction Data
Future	BBSW	Set by index Sponsor	Non-Transaction Data, and if not available, Transaction Data
Future Convexity Adjustments	BBSW	KCurve Intra-day	Other Non-Transaction Data
Swap	BBSW	Set by index Sponsor	Other Non-Transaction Data
Swap	BBSW	Set by index Sponsor	Other Non-Transaction Data
TenorBasisSwap	Basis 3m/6m	Set by index Sponsor	Other Non-Transaction Data
TenorBasisSwap	Basis AONIA/3m	Set by index Sponsor	Other Non-Transaction Data
TenorBasisSwap	Basis 1m/3m	Set by index Sponsor	Other Non-Transaction Data

NZD Yield Curve data Input types “Sections”

Instrument	Category	Process	Data Hierarchy
Cash	BKBM	Set by index Sponsor	Other Non-Transaction Data
Future	BKBM	Set by index Sponsor	Non-Transaction Data, and if not available, Transaction Data
Future Convexity Adjustments	BKBM	KCurve Intra-day	Other Non-Transaction Data
Swap	BKBM	Set by index Sponsor	Other Non-Transaction Data
Cash	NZIONA	Set by index Sponsor	Other Non-Transaction Data
FRA	NZIONA	Set by index Sponsor	Other Non-Transaction Data
TenorBasisSwap	Basis NZIONA/3m	Set by index Sponsor	Other Non-Transaction Data

CHF Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Future Convexity Adjustments	SARON	KCurve Intra-day	Other Non-Transaction Data
Future	SARON	Set by index Sponsor	Non-Transaction Data, and if not available, Transaction Data
Swap	SARON	Set by index Sponsor	Other Non-Transaction Data

SEK Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Cash	STIBOR	Set by index Sponsor	Other Non-Transaction Data
FRA	STIBOR	KCurve Intra-day	Other Non-Transaction Data
Swap	STIBOR	Set by index Sponsor	Other Non-Transaction Data
XCcyBasisSwap	XCcyBasis	Set by index Sponsor	Other Non-Transaction Data
FXSpot	FX	Set by index Sponsor	Other Non-Transaction Data
FXPoints	FX	Set by index Sponsor	Other Non-Transaction Data
TurnOfYear	FX	KCurve Intra-day	Other Non-Transaction Data

NOK Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Cash	NIBOR	Set by index Sponsor	Other Non-Transaction Data
FRA	NIBOR	KCurve Intra-day	Other Non-Transaction Data
Swap	NIBOR	Set by index Sponsor	Other Non-Transaction Data
TenorBasisSwap	Basis 3m/6m	Set by index Sponsor	Other Non-Transaction Data
XCcyBasisSwap	XCcyBasis	Set by index Sponsor	Other Non-Transaction Data
FXSpot	FX	Set by index Sponsor	Other Non-Transaction Data
FXPoints	FX	Set by index Sponsor	Other Non-Transaction Data
TurnOfYear	FX	KCurve Intra-day	Other Non-Transaction Data

DKK Yield Curve data input types “Sections”

Instrument	Category	Process	Data Hierarchy
Cash	CIBOR	Set by index Sponsor	Other Non-Transaction Data
FRA	CIBOR	KCurve Intra-day	Other Non-Transaction Data
Swap	CIBOR	Set by index Sponsor	Other Non-Transaction Data
TenorBasisSwap	Basis 3m/6m	Set by index Sponsor	Other Non-Transaction Data
XCcyBasisSwap	XCcyBasis	Set by index Sponsor	Other Non-Transaction Data
FXSpot	FX	Set by index Sponsor	Other Non-Transaction Data
FXPoints	FX	Set by index Sponsor	Other Non-Transaction Data
TurnOfYear	FX	KCurve Intra-day	Other Non-Transaction Data

Appendix B – Summary Table of Index Sponsor Calculation Processes Governance

CALCULATION PROCESSES (CPs)	TEAMS	CHANGE TO CALCULATION MODEL	CHANGE TO DATA INPUT PRICE SOURCE	VALIDATION
The Index Sponsor utilises firm-wide processes (see below) <ul style="list-style-type: none"> Fingal functions KCurve Market Data inputs Price sources for data inputs 	Processes owners, with different roles and responsibilities: <ul style="list-style-type: none"> Quant team Product Control MVG Data manager: <ul style="list-style-type: none"> RRS IT 	“Service Now” approval Structuring are an approver	Internal processes as noted in the memo – Index Admin GMO review notifications of changes Modifications to firm-wide, external and internal data price sources follow the Changes to Methodology process as set out in the Control Framework Summary.	Index Admin GMO team Daily Validation process - If Index Disruption is called, notification to: <ul style="list-style-type: none"> Index Committee (e-mail)
EXCEPT for certain data inputs listed in Appendix A, for which the Index Sponsor has predefined price sources, and for capturing data from a number of other firm-wide selected price sources <ul style="list-style-type: none"> Yield Curve Methodology 	Process owner: <ul style="list-style-type: none"> Structuring Data manager: <ul style="list-style-type: none"> Vertex IT team 	Index Committee approval	Index Committee Modifications to price sources specified by Index Sponsor for Spot Swap Rate data DO require Index Committee Approval.	

Additional information in respect of the Index methodology

The Index Sponsor has established a governance framework (the “**Governance Policy and Control Framework**”) to ensure compliance with UK BMR⁴ and the IOSCO Principles and any related measures and applicable FCA rules (each as amended or replaced from time to time)⁵. 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 the Yield Curve Methodology, and for selecting the sources of data inputs used, 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 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 Yield Curve Methodology 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 Yield Curve.
Index Error Reports and Revision	The Index Sponsor has adopted procedures for analysis and remediation of yield curve calculation 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 Yield Curve Methodology.
Quantity and Quality of Input Data	<p>The Yield Curve Methodology is constructed by the Index Sponsor using single prices or levels and an average or other formula of prices or levels prescribed by the Yield Curve Methodology. The Index Sponsor therefore considers that the requirement to determine the thresholds of the quantity of data inputs, necessary to determine the yield curve accurately and reliably, has been met.</p> <p>The Index Sponsor determines the standards of quality of the data inputs used in this Yield Curve Methodology at the design stage of the Yield Curve Methodology 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 Yield Curve Methodology, as described in this document. The Index Sponsor will conduct</p>

⁴ 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.

⁵<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.

	<p>daily validation checks of the outputs of the Yield Curve Methodology which allows him to assess and 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 (as set out in the Index Description of the overlying Index) has occurred.</p>
Internal Reviews of the Index	<p>The Index Sponsor is required to conduct internal reviews of the Yield Curve Methodology 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 organizational structure involved in such reviews, are contained in Appendix 2, Section 16 of the Control Framework Summary ("Appendices") and in the full policies and procedures available on the Index Sponsor's public website, SAVE that in respect of the Yield Curve Methodology the Index Sponsor will not conduct semi-annual appropriateness checks but instead daily validation checks as set out in the Yield Curve Methodology.</p> <p>Reviews will further be conducted where the Index Sponsor considers it desirable or necessary to do so, including in response to specific events or otherwise. Specific events may include (without limitation) any errors, disruptions, or other life-cycle events in respect of the Yield Curve Methodology; changes in market circumstances; changes in the applicable legal or regulatory environment; any challenges or complaints or other feedback from stakeholders, and/or any material audit findings. Further information regarding the procedures to be followed in response to certain specific events, and the bodies or functions within the Index Sponsor's organisational structure involved in such reviews, can be found in Appendix 2, Sections 13 ("Correction of Errors"),¹⁴ ("Expert Judgment and Discretion"), 15 ("Changes to Methodology"), 19 ("Complaints Handling Policy"), 21 ("Audits"), and any other sections of the Control Framework Summary which may be relevant from time to time.</p>
Index Approval	<p>The Yield Curve Methodology was designed by the Index Sponsor in order to calculate the value of certain index components which are used for several of the Index Sponsor's proprietary indices, which have interest rate swaps as their underlyings. The use of the Yield Curve Methodology for such proprietary indices was approved by the Nomura Proprietary Index Committee (responsible for the review, challenge and approval of new products) as part of the approval of such proprietary indices, which, at the time of the approval, consisted of quorum voting members from the following functions within the firm: Legal, Compliance, Structuring or Trading, and Market Risk.</p>
Investor Consultation upon Index termination and material changes to the Index methodology	<p>The Index Sponsor is required to consider the need to consult investors of index linked products when proposing material changes to the Yield Curve Methodology</p> <p>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.</p>

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