



**NOMURA**

# Benchmark Statement for Nomura Interest Rates Indices

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## 1. Nomura International plc – Benchmark Statement for Interest Rates Indices

### 1.1 Introduction

This document constitutes a “Benchmark Statement”, which is a requirement under Article 27 of the United Kingdom Benchmark Regulation, which comprises Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (as amended by Regulation (EU) 2019/2089) (“**EBR**”) and any regulatory or implementing technical standards and other delegated or implementing acts adopted under EBR, 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 (“**UK BMR**”).

In order to ensure compliance with the requirements of the UK BMR including Article 27 of the UK BMR and any relevant measures or applicable FCA rules, Nomura International plc (“**Nomura**”) has published this Benchmark Statement (and other similar statements) in respect of:

- a) The proprietary indices which Nomura administers and considers to be a “Benchmark” (those indices that are defined as a “benchmark” in the UK BMR); and
- b) Any other proprietary indices which are administered by Nomura pursuant to the UK BMR but do not fall within the definition of “benchmark” in the UK BMR, which Nomura has nevertheless decided shall be administered in accordance with the provisions thereof

In respect of proprietary indices referred to in (b) above, to the extent these fall outside the remit of the EBR, whilst Nomura may treat such indices as benchmarks for the purposes of the UK BMR, it shall not be obliged to do so.

For each of the rules-based proprietary indices to which this Benchmark Statement applies, Nomura shall be considered the “administrator” within the meaning of this term under the EBR, and shall be responsible for their design, calculation, publication, maintenance and governance. Nomura may also offer or manufacture financial products linked to or referencing such indices. In addition, Nomura’s indices are designed and determined on the basis of underlying components sourced from markets in interest rates, interest rate swaps, credit, equities, foreign exchange (FX), commodities, or any combination thereof; and Nomura may publish separate Benchmark Statements depending on the nature of the underlying components of the relevant indices.

All of the Benchmark Statements currently published by Nomura International plc are available at: [www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml](http://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml).

Any capitalised terms used in this Benchmark Statement, which are not otherwise defined, shall have the same meaning as set out in Appendix A hereto (“Key terms relating to the benchmark”)



	UK BMR Regulatory Ref.	Regulatory Requirement	Description
1	UK BMR 27(1) and RTS, Article 6	<p>The administrator shall review and, where necessary, update the benchmark statement for each benchmark or family of benchmarks in the event of any changes to the information to be provided under this Article and at least every two years.</p> <p>An update of the Benchmark Statement shall be required whenever the information contained in the statement ceases to be correct or sufficiently precise, and including in any event in the following cases:</p> <p>(a) Whenever there is a change in the type of the benchmark;</p> <p>(b) Whenever there is a material change in the methodology used for determining the benchmark or, if the benchmark statement is for a family of benchmarks, in the methodology used for determining any benchmark within the family of benchmarks.</p>	<p><i>Nomura will review and, where necessary, update this Benchmark Statement in the event of any changes to the information to be provided herein. This includes whenever the information it provides ceases to be correct or sufficiently precise, including in the following cases:</i></p> <p><i>(a) Whenever there is a change in the type of the Benchmark</i></p> <p><i>(b) Whenever there is a material change in the methodology used for determining the Benchmark or, if the Benchmark Statement is for a Benchmark Family, in the methodology used for determining any Benchmark within the Benchmark Family</i></p> <p><i>This Benchmark Statement will be updated at least every two years.</i></p>
2	RTS, Article 1.1(b)	<p>Include, where available, the ISIN of the benchmark or, when the benchmark statement refers to a family of benchmarks, a reference to a location where the ISINs of the benchmarks within the family of benchmarks are publicly accessible free of charge.</p>	<p><i>There are no ISINs available for the Benchmarks covered by this Benchmark Statement.</i></p>
3	RTS, Article 1.1(c)	<p>State whether the benchmark or at least one benchmark in the family of benchmarks is determined using contributions of input data.</p>	<p><i>None of the Benchmarks within this Benchmark Family are determined using contributions of input data.</i></p>

4	<p><b>UK BMR 27(1)(a) and RTS, Article 1.2(a) and RTS, Article 1.2(b)</b></p>	<p>The benchmark statement shall clearly and unambiguously define the market or economic reality measured by the benchmark and the circumstances in which such measurement may become unreliable.</p> <p>The benchmark statement should include:</p> <ul style="list-style-type: none"> <li>(a) A general description of the market or economic reality; and</li> <li>(b) The geographical boundaries of the market or economic reality, if any.</li> </ul>	<p><i>The Benchmark Family, which is comprised of Nomura's rates indices (which for the avoidance of doubt do not fall under the definition of an "interest rate benchmark" in the UK BMR) provides exposure to interest rates markets worldwide by taking positions in global interest rate instruments, and is intended to measure the performance of rules-based investment strategies for investments in interest rate instruments.</i></p> <p><i>The underlying economic reality measured encompasses: (i) short term interest rates, (ii) government bond yields, (iii) swap rates, and (iv) interest rate options, by taking positions in the following instruments: (i) short term interest rate futures, (ii) government bond futures, (iii) interest rate swaps, and (iv) interest rate swaptions, across geographies and time zones worldwide.</i></p> <p><i>Each index in the Benchmark Family has been constructed on the basis of certain historically observed trends and assumptions, which may not prove to be correct in any future period. Therefore, any deviations from these assumptions and historically observed trends will make the measures of the underlying market or economic reality unreliable. These measures may also become unreliable where the calculation logic of the Index is no longer appropriate to capture the underlying interests (such as where the manner in which the instrument prices are quoted changes), or where the index instruments selected during the design of the Index no longer reflect the underlying market (including, without limitation, due to changes in instrument or contract specifications or changes in other related conventions, or where one or more of the relevant instruments are no longer actively traded). In addition, interest-rate and currency markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators, changes to the market concentration (for example due to fewer market players or more dominant market players), and government regulation and intervention. These circumstances may make the measures of the underlying market or economic reality unreliable and may affect the efficacy and accuracy of a Benchmark.</i></p> <p><i>Further risks and limitations in respect of an index within the Benchmark Family and its underlying components are set out in the Index Description in relation to the specific Index.</i></p>
5	<p><b>UK BMR 27(2)(a)</b></p>	<p>The definitions for all key terms relating to</p>	<p><i>The definitions for all key terms relating to each Benchmark within this</i></p>

		the benchmark.	<i>Benchmark Family are provided in Appendix A to this document. Further terms relating to each Index are set out in the relevant Index Description.</i>
6	UK BMR 27(2)(b)	The rationale for adopting the benchmark methodology and procedures for the review and approval of the methodology.	<p><i>The Benchmark Family is comprised of rules-based Indices developed by Nomura. The rationale for adopting the methodology of each such Index is to take static positions in each instrument or dynamically rebalance according to the objective of each Index. The objectives of the Indices within the Benchmark Family can include, but are not limited to, providing static long only positions, dynamically rebalance based on historical price trends, carry or differential in levels of interest rates across markets / tenors, and other factors. Further detail around the rationale for adopting the methodology of each Benchmark within this Benchmark Family is set out in the Index Description of the relevant Benchmark.</i></p> <p><i>The methodologies of the Benchmark Family, and each new index to be included in such family, are subject to the approval and periodic review process as set out in the Governance Policy and Control Framework. Pursuant to the Governance Policy and Control Framework, Nomura conducts quarterly reviews in respect of (amongst other things) any identified market data issues, errors, complaints or challenges, structural changes in the Benchmark's underlying interest, concerns about any input data, and Benchmark performance and capacity limits and more in depth annual review. Reviews may also be conducted on a non-periodic basis where Nomura or Index Committee considers it desirable or necessary to do so, including in response to specific events or otherwise. Specific events include (without limitation) any index errors, index disruptions, or other index life-cycle events; changes in market circumstances; changes in the applicable legal or regulatory environment; any feedback from stakeholders, challenges, complaints; and/or any material audit findings. Further details regarding the review procedures to be followed are provided in Appendix 2 Section 16 of the Governance Policy Summary ("Periodic Review of Indices") and in the full policies and procedures available on the Index Sponsor's public website.</i></p>
7	UK BMR 27(2)(c)	The criteria and procedures used to determine the benchmark, including a description of the input data, the priority given to different types of input data, the	<i>In order for Nomura to calculate indices which accurately reflect the levels of, or accurately measure the market and economic realities of, different underlying instruments - including prices, rates and other measurements of (i) short term interest rate futures, (ii) government bond futures, (iii) interest rate swaps, and</i>

minimum data needed to determine a benchmark, the use of any models or methods of extrapolation and any procedure for rebalancing the constituents of a benchmark's index.

*(iv) interest rate swaptions - the data inputs used by Nomura will be taken from a variety of sources and will generally be comprised of the following data types:*

- 1) Transaction data i.e. executed levels of underlying instruments;*
- 2) Indicative levels of underlying instruments, which can include market bid/offer of transactions that have not been executed; and/or*
- 3) Other types of input data, which can include (and are not limited to) other benchmarks; macro-economic data; and the levels of other indicators which may not be financial instruments.*

*The sources of input data used for each Index are described further in the relevant Index Description. Unless specified otherwise, Nomura considers the data used to be readily available data.*

*In addition, in respect of certain Benchmarks within this Benchmark Family Nomura uses a firm-wide proprietary analytical framework, and associated data inputs, for interest rate yield curves (allowing computation of, amongst other things, forward interest rates and discount factors) (“K-Curve”). Such data is not considered to be readily available data, but Nomura does not regard the use of K-Curve as a “submission” for the purposes of the IOSCO Principles or a “contribution” for the purposes of UK BMR. This is because K-Curve is not specifically provided for or provided to Nomura for the purposes of determining a Benchmark. K-Curve is determined and used by Nomura International plc in the ordinary course of its business as a dealer/market maker and for the purposes of its own audited books and records. Further detail regarding K-Curve is set out in the document entitled “NIP Indices Yield Curve Methodology”, which is available as an appendix to the Governance Policy Summary and which may be amended and/or updated from time to time.*

*The priority given to data input types is determined at the design stage of the Benchmark in accordance with the Nomura Governance Policy Control Framework, which gives preference to transaction data in all cases where this is appropriate. In respect of each Benchmark within this Family, the following are described in the relevant Index Description: (i) the criteria and procedures used in the determination, rebalancing and reweighting (where applicable) of the Benchmark; (ii) any models or methods used for extrapolation; and (iii) the minimum data needed to determine the Benchmark.*

*The Benchmarks within this Benchmark Family typically only have one data source except for a few instances where a “fall-back” price source exists, which*

			<p>may be used where one price source is not available. No secondary source is generally identified, except for a few instances where a secondary source is specified in the Index Description for use in the event of a disruption.</p> <p>The Benchmarks within this Benchmark Family are typically constructed 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 relevant Index Description. Where this is the case, Nomura considers that the minimum data required to determine a relevant Benchmark is acquired by observing and collecting such single price or level or average or other formula of prices/levels, in accordance with the relevant Index Description.</p> <p>Further information regarding the priority given to different types of input data, is provided in Appendix 2 Section 6 of the Governance Policy Summary (“Data Sufficiency and Hierarchy of Input Data”).</p>
8	<p><b>RTS, Article 1.3(a) and UK BMR 27(2)(g) and UK BMR 27(2)(e)</b></p>	<p>Description of the circumstances in which the administrator would lack sufficient input data to determine the benchmark according to the methodology.</p> <p>The identification of potential limitations of the benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.</p> <p>The procedures which govern the determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable and the potential limitations of the benchmark in such periods.</p>	<p>Nomura would lack sufficient input data to determine each Benchmark according to its methodology where the underlying components required by each such methodology is affected by factors including: disruptions, distortions and the potential illiquidity or fragmentation of relevant markets in those components, each of which may in turn adversely affect the performance of the relevant Index.</p> <p>The fall-back provisions specified in the relevant Index Description govern the determination of the Benchmark during such market disruptions, periods of stress, or periods where transaction data sources may be insufficient, inaccurate or unreliable. Types of disruption events specified in the fall-back provisions of the relevant Index Description may include (without limitation) instances where the trading in a component is suspended, limited or has ceased; the publication, page or source for any data utilised in the determination of the Benchmark is disrupted; any other event or circumstance occurs which generally prevents, disrupts or impairs the ability of market participants to enter into transactions or obtain market values required to implement the Benchmark; the occurrence of a change in law or a disruption in index components; and/or the occurrence or existence of circumstances causing Nomura to incur or potentially incur materially increased costs in implementing the Benchmark.</p> <p>The occurrence or existence of a market disruption event may result in the</p>



			<p><i>publication of the Index calculation agent’s good faith estimate of the Index level (notwithstanding the occurrence of the disruption) and/or the calculation, publication and rebalancing of the Index being postponed to a later date.</i></p> <p><i>Nomura also maintains certain discretion to determine any adjustments resulting from an index disruption event as it deems necessary. This may include the removal or replacement of any affected index component by Nomura, in which case Nomura shall make any other adjustments to the Benchmark to account for the price or value of the affected component at the time of its removal and any related costs. This may mean that the economic benefit, if any, of the replacement component is reduced or that the replacement has a material adverse effect on the Benchmark performance.</i></p> <p><i>A Benchmark’s disruption events and the procedures which govern the determination of the Benchmark on the occurrence of such events are described in more detail in the relevant Index Description, as is any further information regarding the sufficiency (or insufficiency) of input data and the potential limitations of a Benchmark, including its operation in illiquid or fragmented markets. Any exercise of discretion in relation to an Index determination upon and during a market disruption is provided for in Appendix 2 Section 14 of the Governance Policy Summary (“Expert Judgment and Discretion”).</i></p>
9	<p><b>UK BMR 27(1)(b) and UK BMR 27(2)(d)</b></p>	<p>Lay down technical specifications that clearly and unambiguously identify the elements of the calculation of the benchmark in relation to which discretion may be exercised, the criteria applicable to the exercise of such discretion and the position of the persons that can exercise discretion, and how such discretion may be subsequently evaluated.</p> <p>The controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors, to ensure consistency in the use of such judgement or discretion.</p>	<p><i>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 an Index’s methodology, where changes in the market and/or changes in the underlying interest, issues relating to data availability or integrity or 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 Sponsor or calculation agent to perform its role in respect of the Index, require the use of expert judgment or discretion. Nomura will generally attempt to prescribe in the Index Description any anticipated use of discretion or expert judgment. If the discretion is not prescribed in the Index Description any exercise of discretion requires prior approval by the Index Committee of Nomura.</i></p> <p><i>If the need to exercise discretion or expert judgment arises, Nomura will do so in a way that minimises potential or actual conflicts of interests and will act in good faith and in a commercially reasonable manner consistently with (a) the objective</i></p>

			<p><i>of the Benchmark; (b) any previous exercise of discretion or expert judgement in the same or similar instances; and (c) where possible, across Benchmarks in relation to the affected asset class or instrument. Further information regarding the exercise of discretion and expert judgment is provided in Appendix 2 Section 14 of the Governance Policy Summary (“Expert Judgment and Discretion”).</i></p>
10	UK BMR 27(1)(c)	<p>Provide notice of the possibility that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, the benchmark.</p>	<p><i>Nomura hereby provides notice that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, any Benchmark within this Benchmark Family.</i></p> <p><i>The processes governing changes to the methodology of a Benchmark and the cessation of a Benchmark are described in Appendix 2 Section 15 of the Governance Policy Summary (“Changes to Methodology”) and in Appendix 2 Section 17 (“Termination of Indices and Transitional Arrangements”), respectively, and in the full policies and procedures available on Nomura’s public website.</i></p>
11	UK BMR 27(1)(d)	<p>Advise users that changes to, or the cessation of, the benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.</p>	<p><i>Nomura hereby advises users that changes to, or the cessation of, a Benchmark may have an impact upon the financial contracts and financial instruments that reference the Benchmark or the measurement of the performance of investment funds.</i></p> <p><i>Nomura may decide to make modifications to the Benchmark, or permanently cancel and discontinue calculating and publishing the Benchmark, at any time. There is no guarantee that the Benchmark will continue to be calculated for the full duration of any transaction linked to the Benchmark. If the Benchmark is terminated, any transaction linked to the Benchmark may be terminated early at a value reflecting a level of the Benchmark that may be considerably less than the last published level of the Benchmark, and such level may even be zero or a negative number.</i></p> <p><i>Any proposed material change to a Benchmark, or proposed termination of a Benchmark that is being used, requires the prior approval of the Index Committee. In each case the Index Committee will take into account (amongst other things) the impact of the proposed change or cessation on any investors in products linked to the relevant Benchmark. Further information is provided in Appendix 2 Section 15 of the Governance Policy Summary (“Changes to</i></p>

			<p><i>Methodology”) and in Appendix 2 Section 17 (“Termination of Indices and Transitional Arrangements”) and in the full policies and procedures available on Nomura’s public website.</i></p>
12	<b>UK BMR 27(2)(f)</b>	<p>The procedures for dealing with errors in input data or in the determination of the benchmark, including when a re-determination of the benchmark is required.</p>	<p><i>Nomura has a number of procedures and processes in place which are designed to ensure the accuracy and reliability of published Benchmark levels. Notwithstanding these procedures and processes, errors in input data or in the determination of a Benchmark sometimes occur. The processes to be followed when an error is identified (including the process for any remediation, re-determination of the Benchmark and/or restatement of a Benchmark level) are described in more detail in Appendix 2 Section 13 (“Correction of Errors”), an extract of which is contained in Appendix B hereto.</i></p>
13	<b>RTS, 1(1)(d) Article</b>	<p>State whether the benchmark or any benchmark in the family of benchmarks qualifies as one of the types of benchmarks listed under Title III of Regulation (EU) 2016/1011, including the specific provision by virtue of which the benchmark qualifies as that type.</p>	<p><i>Each Benchmark included within this Benchmark Family is determined by Nomura to be a non-significant benchmark in accordance with Article 3(1)(27) UK BMR.</i></p>
14	<b>UK BMR 27(2a)</b> (as inserted by Regulation (EU) 2019/2089)	<p>For those benchmarks or families of benchmarks that do not pursue environmental, social and governance (ESG) objectives, state that they do not pursue such objectives.</p> <p>Where no EU Climate Transition Benchmark or EU Paris-aligned Benchmark is available in the portfolio of that individual benchmark administrator, or the individual benchmark administrator has no benchmarks that pursue ESG objectives or take into account ESG factors, this shall be stated.</p>	<p><i>None of the Benchmarks included within this Benchmark Family pursue ESG objectives or take into account ESG factors.</i></p> <p><i>Nomura does not currently administer any EU Climate Transition Benchmarks or EU Paris-aligned Benchmark, as defined respectively in paragraphs 23a and 23b of Article 3(1) of UK BMR (as inserted by Regulation (EU) 2019/2089).</i></p>

## Appendix A. Key terms relating to the benchmark

In order to satisfy the requirement of Article 27(2)(a) UK BMR, this Appendix sets out the definitions of the terms which Nomura considers to be “key terms” for the Indices covered by this Benchmark Statement.

The terms defined herein will not necessarily apply to each Index within the Benchmark Family; nor are these terms intended to be exhaustive in respect of any of the Indices, as there may be additional terms relating to (amongst other things) the determination, calculation, disruption, governance, summary description and/or risk factors of any given Index which are not included below. In addition, some of these terms may be defined differently within the individual Index Descriptions, in which case the meaning used in the Index Descriptions shall prevail. Further reference should therefore also be had to the Index Description of the relevant Index (where made available to you) and to the publicly available Governance Policy Summary, each as may be amended and/or updated by Nomura from time to time.

### Definitions:

“**Benchmark Family**” means a group of indices provided by Nomura and determined from input data of the same nature which provides specific measures of the same or similar market economic reality, and for the purposes of this Benchmark Statement means the family of Nomura Interest Rate Indices;

“**Benchmark Statement**” means the statement referred to under Article 27 of UK BMR;

“**Benchmark**” means any Index which falls into the definition of a “Benchmark” under UK BMR;

“**Business Day**” (or “Local Business Day” or any city Business Day) means the day specified as a “Business Day” (or “Local Business Day” or the Business Day in a particular city, as applicable) in the relevant Index Description;

“**Compliance**” means the internal regulatory compliance function (in the UK, Asia or other jurisdiction, as applicable) that supports the Index Administration business;

“**Compliance Statement**” means the public statement made by the Index Sponsor, in respect of the Indices, which confirms and discloses the extent of compliance with the Principles (including any amended or updated compliance statement) or with UK BMR (as the context requires);

“**Expert Judgment or Discretion**” refers to the exercise of discretion by an administrator or submitter of input data 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;

“**Firm**” means Nomura International plc (and any successor);

“**Governance Policy and Control Framework**” means the framework which governs (amongst other things) the development, determination and operation of indices administered by the Index Sponsor (as amended and/or updated from time to time);

“**Governance Policy Summary**” means the public summary of the Governance Policy and Control Framework (as amended and/or updated from time to time), available on the Nomura QIS Website;

“**Index Adjustment**” means where, due to the occurrence of an error (i) in relation to the calculation or publication of the level of an Index, or (ii) in the method for determining an Index, the Index Sponsor has determined on any day that an adjustment to the Index is necessary in order to correct such error, and the Index Sponsor therefore makes such corresponding adjustments to the Index as it deems necessary, if any, in order to reflect the adjustment (in each case in accordance with the principles and methodology of the Index);

“**Index Admin Global Middle Office (Index Admin GMO)**” means the Firm’s middle office function that supports the Index Administration business;

“**Index Administrator**” or “**Index Sponsor**” means Nomura in its capacity as the administrator of an Index;

“**Index Business Day**” means the day specified as an “Index Business Day” in the relevant Index Description;

**“Index Cancellation”** means where the Index Sponsor permanently cancels and discontinues calculating and publishing an Index, at any time, in accordance with the relevant section(s) of the Governance Policy and Control Framework and the full policies and procedures available on the Nomura QIS Website;

**“Index Committee”** means the governance committee of the Index Sponsor, as further described in the Governance Policy and Control Framework and the Governance Policy Summary (including any successor committee);

**“Index Component”** or **“Index Instrument”** means in respect of an Index, each underlying component index, contract, futures contract, currency, rate, variable or other component or instrument necessary in order to determine a level of the Index;

**“Index Description”** is the document(s) which sets out: (i) the Index summary; (ii) the methodology or rule book which specifies how a particular Index is calculated; (iii) Index risk factors; and (iv) historical Index performance analysis/information, and which shall be made available to potential investors prior to an investment in any Index-Linked Product(s);

**“Index Disruption”** means the occurrence of one or more disruption events affecting an Index, whereupon the Index Sponsor may exercise a certain amount of discretion in determining the values of the index components and/or the level of the index (in each case in accordance with the provisions set out in the relevant Index Description and/or the relevant sections of the Governance Policy and Control Framework);

**“Index Level”** means the level of the Index specified as the “Index Level” (or equivalent) in the relevant Index Description;

**“Index Live Date”** means the date on which the Index went live specified as the “Index Live Date” (or equivalent) in the relevant Index Description;

**“Index Modification”** means where the Index Sponsor makes adjustments or changes to an Index upon the occurrence of certain events, including changes in law or regulation, or any other circumstances that would, in the discretion of the Index Sponsor, necessitate a modification or change to the Index methodology (in each case in accordance with the provisions set out in the relevant Index Description and/or the relevant sections of the Governance Policy and Control Framework);

**“Index”** means any Nomura proprietary index which falls within the definition of “Index” under the IOSCO Principles and/or UK BMR;

**“Index-Linked Product(s)”** means any instrument where the return is wholly or partially dependent on the performance of an Index;

**“Input Data”** means 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;

**“IOSCO Principles”** means the IOSCO Principles for Financial Benchmarks (FR07/13, July 2013) (as amended, modified or supplemented from time to time);

**“Legal”** means 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 Risk”** means the independent market risk function that manages the risk of the Index Administration business;

**“Interest Rates Index”** means any Nomura index within the scope of this Benchmark Statement;

**“Nomura QIS Website”** means the public website of the Index Sponsor, accessible at [www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml](http://www.nomuranow.com/portal/site/nnextranet/en/global-markets/structured-derivatives/quant-investment-strategies.shtml);

**“Price Source”** means the publication, page (or any other origin of reference, including an exchange) containing (or reporting) the prices, levels, rates or other data utilised by the Index Sponsor for an Index Component, and to any successor publication, page or source on which the relevant prices, levels, rates or other data for an Index Component may be disseminated;

**“RTS”** means Commission Delegated Regulation (EU) 274/29 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to regulatory technical standards specifying further

the contents of, and cases where updates are required to, the benchmark statement to be published by the administrator of a benchmark, 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;

**“Stakeholder”** means any person or entity who owns contract(s) or financial instrument(s) that reference an Index, or any person or entity that purchases Index determination services from the Index Sponsor;

**“Structuring”** means 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;

**“Yield Curve”** or **“K-Curve”** means, in respect of each Index, the relevant Yield Curve (as defined in the NIP Indices Yield Curve Methodology document (as amended and/or supplemented from time to time and available as an appendix to the Governance Policy Summary) in respect of such Index. The Yield Curve is built using the interest rate curve determined and used by Nomura 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. Such data is not considered to be readily available data, but Nomura does not regard the use of K-Curve as a “submission” for the purposes of the IOSCO Principles or a “contribution” for the purposes of UK BMR. For more information please see the NIP Indices Yield Curve Methodology document.



## **Appendix B. Appendix 2, Section 13 of the Governance Policy Summary ("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 and Control Framework 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) 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.

## Versions

<b>Date</b>	<b>Description</b>
24 January 2022	First publication