

Statement of Compliance with the IOSCO Principles for Financial Benchmarks

As of March 31, 2025

Nomura Fiduciary Research & Consulting Co., Ltd.

DISCLAIMER

I accept and agree for and on behalf of myself and the entity I represent (each a "recipient") that:

1. Nomura Fiduciary Research & Consulting Co., Ltd. (hereinafter referred to as "NFRC") and PricewaterhouseCoopers Japan LLC (hereinafter referred to as "PwC") accept no liability (including liability for negligence) to each recipient of this report ("recipient") in relation to this report. The report is provided to each recipient for information purposes only. If a recipient relies on this report, it does so entirely at its own risk;
2. No recipient will bring a claim against NFRC or PwC which relates to the access to the report by a recipient;
3. Neither this report, nor information obtained from it, may be made available to anyone else without PwC's prior written consent, except where required by law or regulation;
4. This report was prepared with NFRC's interests in mind. It was not prepared with any recipient's interests in mind or for its use. This report is not a substitute for any enquiries that a recipient should make. The description of processes and control activities taken by NFRC in compliance with the Principles for Financial Benchmarks outlined by International Organization of Securities Commissions (IOSCO) is as at March 31, 2025, and thus PwC's assurance report is based on historical information. Any projection of such information or PwC's opinion thereon to future periods is subject to the risk that changes may occur after the report was issued and the description of governance, processes and control activities may no longer accurately portray the current control environment. For these reasons, such projection of information to future periods would be inappropriate;
5. The maintenance and integrity of NFRC's website is the responsibility of the management; the work carried out by PwC does not involve consideration of these matters and, accordingly, PwC accepts no responsibility for any differences between the information of NFRC on which the assurance report was issued or the assurance report that was issued and the information presented on the website;
6. PwC will be entitled to the benefit of and to enforce these terms; and
7. These terms and any dispute arising from them, whether contractual or non-contractual, are subject to Japanese law and the exclusive jurisdiction of Tokyo District Court.

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Section I

Overview of NFRC

Introduction

In July 2013 the International Organization of Securities Commissions (“IOSCO”) published the Principles for Financial Benchmarks (“IOSCO Principles” or “Principles”).

We affirm that Nomura Fiduciary Research & Consulting Co., Ltd. (“NFRC”) has designed and implemented governance structures and processes and has undertaken related activities concerning the indices listed in Section I of this report in compliance with the IOSCO Principles.

PricewaterhouseCoopers Japan LLC (“PwC”) conducted an independent limited assurance engagement over our management statement for the governance, processes and control activities described in Policies and Relevant Activities in NFRC’s Response of Section IV of this report as of March 31, 2025.

Business Outline

NFRC is an investment advisory company, reorganized on December 1, 2021, when Nomura Fund Research and Technologies (NFR&T) and the Fiduciary Management Department of Nomura Securities Co., Ltd. (NSC) were integrated. The aim was to strengthen our advisory functions for both institutional and retail investors. NFRC has been providing investment management services since the 1990’s and building credibility with the clients based on a vast amount of experience and investment track records. Index Operations Department of NSC was merged on February 1, 2023, enabling NFRC to also provide index services.

NFRC utilizes a very deep and wide range of expertise to provide various types of comprehensive asset management services to the clients such as : (1) Fund analysis and evaluation services (utilizing global research capability in Tokyo, New York and London), (2) Fund evaluation and monitoring for private asset funds, (3) Investment advisory services to manage Fund of Funds, and for alternative asset funds, (4) Investment management consulting services for public and private pension funds and endowments, (5) CIO (Chief Investment Office) services to retail and institutional investors, and (6) Index services, providing infrastructure for asset management.

As invest management becomes more sophisticated and complex, NFRC is continuously enhancing our comprehensive asset management services in various

aspects such as asset allocation, fund selection, investment advisory, and index services. NFRC provides objective and value-added advice to clients, covering not only traditional assets such as equity and fixed income, but also alternative assets such as private equity and infrastructure.

- **Index Services**

NFRC's index service was started by taking over the index business from NSC. Now Index Services Department is in charge to administer NFRC's indices.

NFRC provides various financial benchmarks including the NOMURA-BPI family, bond performance indices representing the Japanese fixed income market, and the Russell/Nomura Japan Equity Index series, an equity index family which is co-developed and jointly owned with FTSE Russell formerly known as Frank Russell Company.

Both index families have fairly long histories: NOMURA-BPI was first published in 1986 as the first domestic bond investment benchmark, while the Russell/Nomura Japan Equity Index series were launched in 1995 as the first Japan equity style indices, with free-float market cap weightings. Both index families have a variety of sub-indices and have been used by public and private pensions, mutual funds, ETF/ETNs, etc., locally and globally.

Scope

This review covers the following indices. These indices excluding Nomura Customized Index Series are published on NFRC's website.

<https://www.nfrc.co.jp/SMI/jp/index.html> (Japanese)

<https://www.nfrc.co.jp/SMI/en/index.html> (English)

Nomura Customized Index Series information is available only to those clients who are authorized based on contractual agreements.

Nomura Japan Fixed Income Index Series

Nomura Japan Fixed Income Index Series
NOMURA-BPI
NOMURA-BPI/Extended
NOMURA-BPI/Ladder
NOMURA J-TIPS Index

NOMURA-BPI and NOMURA-BPI/Extended

NOMURA-BPI and NOMURA-BPI/Extended were designed to measure the performance of the entire secondary market for fixed interest payment yen-denominated bonds publicly offered in Japan. They were thus designed to represent an entire market of fixed income securities in Japan. They exclude securities with low liquidity by complying with inclusion criteria in terms of minimum issue size and allow investors to replicate indices.

NOMURA-BPI/Ladder

NOMURA-BPI/Ladder is a total return index designed to reflect the performance of a ladder portfolio of JGBs, Japanese government bonds, by allocating equal amounts to each different maturity. The index is designed as a proxy for a ladder strategy investment portfolio with stable duration.

NOMURA J-TIPS Index

The NOMURA J-TIPS Index seeks to measure the performance of the entire secondary market of Inflation-linked JGBs (JGBi). The Index is designed to achieve an accurate and reliable representation of the performance and risk of JGBi.

Russell/Nomura Japan Equity Index Series

Russell/Nomura Japan Equity Index Series
Russell/Nomura Japan Equity Index

Russell/Nomura Japan Equity Index

Russell/Nomura Japan Equity Indices cover the top 98% of stocks listed on all markets in terms of float-adjusted market value. Size-based and investment style indices are published separately as sub-indices. In size-based indices, stocks are divided on the basis of their float-adjusted market value. In investment style indices, stocks are divided between value and growth on the basis of their adjusted P/B ratios.

Nomura Thematic Equity Index Series

Nomura Thematic Equity Index Series
Nomura Japan Equity High Dividend 70
Nomura Japan Equity High Dividend 70, Net Total Return US Dollar Hedged Index
Nomura Japan Equity High Dividend 70, Total Dividend Weighted
Nomura Japan Consecutively Increased Dividend Stock Index
Nomura Enterprise Value Allocation Index
Nomura AI Companies 70
Nomura Japan Equity Beta Select Indices
Nomura Agribusiness Index
Nomura Japan Equity Growth Potential Index
Nomura Shareholder Yield 70
Nomura High-Yield J-REIT Index

Nomura Japan Equity High Dividend 70

The Nomura Japan Equity High Dividend 70 is an equal-weighted index comprising 70 Japanese stocks with high dividend yields. It was developed as a tool for helping passive investors to achieve a consistent high dividend income.

Nomura Japan Equity High Dividend 70, Net Total Return US Dollar Hedged Index

The Nomura Japan Equity High Dividend 70, Net Total Return US Dollar Hedged Index indicates the performance of an investment portfolio in the Net Total Return Index of the Nomura Japan Equity High Dividend 70 on a US dollar basis while hedging currency risk by using the one-month USD/JPY forward rate.

Nomura Japan Equity High Dividend 70, Total Dividend Weighted

The Nomura Japan Equity High Dividend 70, Total Dividend Weighted is a total-dividend-weighted index comprising 70 Japanese stocks with high dividend yields. It was developed as a tool for helping passive investors to achieve a consistently high dividend income.

Nomura Japan Consecutively Increased Dividend Stock Index

The Nomura Japan Consecutively Increased Dividend Stock Index is a market cap-weighted index (with individual stock weightings capped at 10%) comprising stocks that have consecutively increased dividends every year over a certain period of time.

Nomura Enterprise Value Allocation Index

The Nomura Enterprise Value Allocation Index is a market cap-weighted index (with individual stock weightings capped at 3%) comprising highly profitable companies that have taken proactive steps to improve shareholder returns, for example, by making appropriate investments in physical and human capital.

Nomura AI Companies 70

The Nomura AI Companies 70 is an equal-weighted index made up of 70 companies covered by the media in connection with business related to artificial intelligence.

Nomura Japan Equity Beta Select Indices

Nomura Japan Equity Beta Select indices refer to the following two market cap-weighted indices (with individual stock weightings capped at 5%) drawn from a universe of all common stocks listed on Japanese stock exchanges: the Nomura Japan Equity High Beta Select 30 and the Nomura Japan Equity Low Beta Select 50, which comprise the top 30 and the bottom 50 stocks respectively in terms of a quantitative indicator based on beta (sensitivity) versus Japanese equity market returns and USD/JPY returns.

Nomura Agribusiness Index

The Nomura Agribusiness Index is a market cap-weighted index (with individual stock weightings capped at 5%) comprising companies whose revenue associated with agricultural business accounts for more than or equal to 5% of total revenue.

Nomura Japan Equity Growth Potential Index

The Nomura Japan Equity Growth Potential Index reflects the performance of stocks of Japanese companies that have both room for growth in their current earnings and the potential to achieve growth via improvement in their future capital efficiency (growth potential).

Nomura Shareholder Yield 70

The Nomura Shareholder Yield 70 is a share price index comprising 70 companies that show proactive shareholder returns through dividends and share buybacks. Constituent stocks are selected from a universe of all common stocks listed on Japanese stock exchanges (excluding stocks in the "banks", "securities and commodities futures", "insurance", and "other financing business" sectors, based on the Tokyo Stock Exchange's 33 sector classifications).

Nomura High-Yield J-REIT Index

The Nomura High-yield J-REIT Index is a non-market-cap-weighted index comprising real estate investment trusts (REITs) with a high forecast dividend yield, selected from a universe of all REITs listed on Japanese stock exchanges. Weights of individual J-REITs within the index are in proportion to their forecast dividend yield score multiplied by their market cap (with weights capped at 5%).

Nomura Customized Index Series

NFRC develops customized indices using parts (universe, rules, etc.) of NFRC's indices to meet the specific requirements of clients. Related information, such as rulebooks covering index design and index values, is available only to the relevant clients.

Policies for Compliance with the IOSCO Principles

NFRC has established internal rules to comply with the IOSCO Principles for Financial Benchmarks, which set forth policies and procedures.

The policies listed below are available to the public on our website at

<https://www.nfrc.co.jp/SMI/en/guides/index.html>.

- Index Governance Framework (Terms of Reference)
- Conflicts of Interest Policy
- Index Calculation Policy
- Complaints Handling Policy

The glossaries listed below are available to the public on our website at

<https://www.nfrc.co.jp/SMI/en/index.html>.

- Glossary (Equity)
- Glossary (Fixed Income)

Section II

Management Statement

Management Statement

We, management of Nomura Fiduciary Research & Consulting Co., Ltd. (“NFRC”), confirm that as of March 31, 2025, NFRC has designed and implemented the governance, processes and control activities to comply with the Principles for Financial Benchmarks published by the International Organization of Securities Commissions (the “IOSCO Principles”) with regard to the indices listed in Section I of this report.

The accompanying description in Section IV of the Statement of Compliance sets out details of our responses to the IOSCO Principles based on the activities as of March 31, 2025. We identified deficiencies in relation to the IOSCO Principle 2 and 5 as described in Section IV of the Statement of Compliance.

- Principle 2
NFRC, as the Administrator, has outsourced the data collection, calculation, and publication of the indices in foreign currencies on the WMR exchange rate of the Russell/Nomura Japan Equity Index Series. Roles and responsibilities, in accordance with IOSCO Principles, have been under discussion with FTSE as of March 31, 2025. For the purpose of monitoring FTSE’s work, NFRC performs daily verification checks.

- Principle 2
Among the Russell/Nomura Japan Equity Index Series, for the indices in foreign currencies with the WMR exchange rate, NFRC implemented the system to verify index values prior to publication, however, in a recent inquiry with FTSE, it was found that they were published before the daily verifications were performed. The ISD (Index Services Department) analyzed the impact of this matter based on the result of daily verification performed by the ISD and concluded that there was no material impact on the indices since there were no material differences between the indices calculated by FTSE and the ISD’s verification results.

Among the indices in foreign currencies with the WMR exchange rate, the Korean Won (KRW) index had a difference between the index calculated by FTSE and the verification result. NFRC investigated the difference and concluded that the KRW index published as of March 31, 2025 was not erroneous.

The ISD is currently in discussions with FTSE about separating the indices in foreign currencies with the WMR exchange rate from NFRC’s supervision going forward.

- Principle 5
As of March 31, 2025, IQCs (Index Quality Controllers) were effective in the NFRC’s oversight and governance structure while the “Index Governance Framework” (version December 30, 2024) on the website presented the Index Steering Committee (hereinafter referred to as “ISC”) as a part of oversight and governance structure.

IQCs replaced ISC effective on March 10, 2025, when the relevant internal rule was changed to comply with the internal rules. The background of this change was that IQCs is a term that reflects the actual daily index verification process compared to ISC. The roles and responsibilities of ISC and IQCs are essentially the same.

The change occurred after the “Index Governance Framework” (version December 30, 2024) was updated through the annual review in December 2024 based on the internal rules.

The ISD highlights a discrepancy between IQC of the internal rule and ISC of the “Index Governance Framework” available to the public and notes that there are no significant impacts on the index calculation since there have been no material differences of oversight function.

The ISD updated the “Index Governance Framework” to align with the relevant internal rule and published on August 31, 2025.

The management of NFRC is, and shall be, responsible for stating the compliance with the IOSCO Principles as well as appropriately designing and operating the governance, processes and control activities. The management is also responsible for establishing and operating appropriate internal controls to ensure continued compliance with the Statement of Compliance.

Chuzaburo Yagi

President & Representative Director

On behalf of Nomura Fiduciary Research & Consulting Co., Ltd.

October 17, 2025

Section III

Independent Practitioner's Assurance Report

Independent Practitioner’s Assurance Report to the management of Nomura Fiduciary Research & Consulting Co., Ltd. (the “NFRC”) in respect of the NFRC’s responses to the IOSCO Principles for Financial Benchmarks as at March 31, 2025

Scope

We have carried out a limited assurance engagement in respect of the Policies and Relevant Activities in place as at March 31, 2025 as described in the “NFRC’s Response” column of the table in Section IV of the report (the “Policies and Relevant Activities”) in response to the IOSCO Principles for Financial Benchmarks (the “Principles”) for the in-scope indices.

The indices in scope for the purpose of the report and our assurance are set out in section I of the report.

This report is made solely for the use and benefit to the management of NFRC in connection with Principle 17. Our work has been undertaken in accordance with our agreement dated January 16, 2025, so that we might state to the management of NFRC those matters we are required to state in an independent assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than NFRC and the management of NFRC for our work, for this report, or for the conclusion we have formed, save where expressly agreed in writing.

Our Independence and Quality Management

In carrying out our work, we have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Management 1, which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Respective responsibilities of the management of NFRC and the Independent Practitioner

The management of NFRC is responsible for ensuring that NFRC designs, implements, operates and monitors policies, processes and control activities to adhere to the Principles. They are also responsible for preparing the Management Statement of Adherence to the Principles, set out in Section II supported by the description of the Policies and Relevant Activities as set out in the detailed responses to the IOSCO Principles in Section IV of the report.

Our responsibilities are to undertake a limited assurance engagement and report in connection to the Policies and Relevant Activities in Section IV of the report. We report to you whether, based on the results of our work (which is further described below), anything has come to our attention to indicate that the description of the Policies and Relevant Activities in Section IV placed in operation over the in-scope indices to adhere to the Principles, is not fairly stated, in all material respects as at March 31, 2025.

We evaluate the fair statement of the management’s description of the Policies and Relevant Activities set out in the NFRC’s Response column of the table in Section IV based on the criterion which is whether management accurately described the Policies and Relevant Activities, in response to the individual Principles.

The above criterion is designed for a specific purpose, as a result, the subject matter information may not be suitable for other purposes.

Our Approach

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board (“the IAASB”) in December 2013.

The objective of a limited assurance engagement is to obtain such appropriate evidence as we consider sufficient to enable us to express an assurance conclusion as to whether, on the basis of our procedures, anything has come to our attention to indicate that the management’s description of the Policies and Relevant Activities in respect of the in-scope indices is not fairly stated, in all material respects as at March 31, 2025.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed and accordingly, we shall express no such opinion.

Our procedures were not sufficient to enable us to conclude on the suitability of design or operating effectiveness of the policies, processes or control activities in place to address the Principles.

While the Policies and Relevant Activities and related Principles may be informed by the need to satisfy legal or regulatory requirements, our scope of work and our conclusions do not constitute assurance over compliance with those applicable laws and regulations.

Inherent limitations

Process and control activities are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. As such, our procedures cannot guarantee protection against (among other things) fraudulent collusion especially on the part of those holding positions of authority or trust. Furthermore, our conclusion is based on historical information and the projection of any information or conclusions in relation to the Policies and Relevant Activities to any future periods would be inappropriate.

The validity and reliability of daily index levels and returns is dependent on both (i) those that provide the input data to the benchmark administrator, for which the data provider is solely responsible, and (ii) the procedures performed by the benchmark administrator to check that information. Data providers of information are not themselves subject to the Principles and we are unable to comment on input data submitted by those parties.

Conclusion

Based on the results of our procedures and the criterion nothing has come to our attention to indicate that management's description of the Policies and Relevant Activities set out in the NFRC's Response column of the table in Section IV in respect of the in-scope indices as at March 31, 2025, is not fairly stated in all material respects.

Other information

The management of NFRC is responsible for the other information, comprising the Statement of Adherence in Section II and the description of the 'Overview of NFRC' in Section I of the report. Other information is presented by management to provide additional information and context to the Policies and Relevant Activities. Our conclusion on the description of the Policies and Relevant Activities does not cover such other information and we do not express any form of assurance opinion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with our knowledge obtained in the course of our work. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Intended users and purpose

This report is intended solely for the use of the management of NFRC solely for the purpose of reporting on the Policies and Relevant Activities of NFRC for the in-scope indices, in accordance with the terms of our engagement letter dated January 16, 2025.

Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management of NFRC and NFRC for our work, for this report or for the conclusion we have formed, save where terms have expressly been agreed in writing.

Emphasis of Matters

As described in NFRC's responses to the IOSCO Principle 2 and 5 in Section IV, we are aware of the following control deficiencies that have been disclosed by NFRC.

- Principle 2

NFRC, as the Administrator, has outsourced the data collection, calculation, and publication of the indices in foreign currencies on the WMR exchange rate of the Russell/Nomura Japan Equity Index Series. Roles and responsibilities, in accordance with IOSCO Principles, have been under discussion with FTSE as of March 31, 2025. For the purpose of monitoring FTSE's work, NFRC performs daily verification checks.

- Principle 2

Among the Russell/Nomura Japan Equity Index Series, for the indices in foreign currencies with the WMR exchange rate, NFRC implemented the system to verify index values prior to publication,

however, in a recent inquiry with FTSE, it was found that they were published before the daily verifications were performed. The ISD (Index Services Department) analyzed the impact of this matter based on the result of daily verification performed by the ISD and concluded that there was no material impact on the indices since there were no material differences between the indices calculated by FTSE and the ISD's verification results.

Among the indices in foreign currencies with the WMR exchange rate, the Korean Won (KRW) index had a difference between the index calculated by FTSE and the verification result. NFRC investigated the difference and concluded that the KRW index published as of March 31, 2025 was not erroneous.

The ISD is currently in discussions with FTSE about separating the indices in foreign currencies with the WMR exchange rate from NFRC's supervision going forward.

- Principle 5

As of March 31, 2025, IQCs (Index Quality Controllers) were effective in the NFRC's oversight and governance structure while the "Index Governance Framework" (version December 30, 2024) on the website presented the Index Steering Committee (hereinafter referred to as "ISC") as a part of oversight and governance structure.

IQCs replaced ISC effective on March 10, 2025, when the relevant internal rule was changed to comply with the internal rules. The background of this change was that IQCs is a term that reflects the actual daily index verification process compared to ISC. The roles and responsibilities of ISC and IQCs are essentially the same.

The change occurred after the "Index Governance Framework" (version December 30, 2024) was updated through the annual review in December 2024 based on the internal rules.

The ISD highlights a discrepancy between IQC of the internal rule and ISC of the "Index Governance Framework" available to the public and notes that there are no significant impacts on the index calculation since there have been no material differences of oversight function.

The ISD updated the "Index Governance Framework" to align with the relevant internal rule and published on August 31, 2025.

Our conclusion is not modified in respect of these matters.

PricewaterhouseCoopers Japan LLC

Tokyo, Japan

October 17, 2025

Section IV

IOSCO Principles and NFRC's Responses

The table below sets out the responses of Nomura Fiduciary Research & Consulting Co., Ltd. (hereinafter referred to as “NFRC”) in terms of how NFRC complies with the IOSCO Principles (the “Principles”) for in-scope indices listed in Section I of the Statement of Compliance as of March 31, 2025. The accompanying “PwC’s Testing” summarizes the work performed by PricewaterhouseCoopers Japan LLC (hereinafter referred to as “PwC”) to validate that the governance, processes and relevant activities summarized by NFRC are fairly stated, in all material respects. This supports the assurance opinion as documented in Section III of this report.

1. Overall Responsibility of the Administrator

1. Overall Responsibility of the Administrator		
IOSCO Principles	NFRC’s Response	PwC’s Testing
The Administrator should retain primary responsibility for all aspects of the Benchmark determination process. For example, this includes: a) Development: The definition of the Benchmark and Benchmark Methodology; b) Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark; c) Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; and d) Governance: Establishing credible and transparent governance, oversight and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the Benchmark.	NFRC retains primary responsibility for all aspects of index development, determination, dissemination, operation, and governance when it comes to the Nomura Japan Fixed Income Index Series, Russell/Nomura Japan Equity Index Series, Nomura Thematic Equity Index Series, and Nomura Customized Index Series (hereinafter referred to as “NFRC’s Indices”). Index Services Department (hereinafter referred to as the “ISD”) executes these responsibilities, including maintenance of policies regarding NFRC’s Indices. Our responses to the Principles with regard to the NFRC’s indices are as described below.	PwC inquired of a responsible person of the ISD who confirmed that the ISD is responsible for the administration of NFRC’s Indices as described in NFRC’s Response.

2. Oversight of Third Parties

2. Oversight of Third Parties		
IOSCO Principles	NFRC's Response	PwC's Testing
Where activities relating to the Benchmark determination process are undertaken by third parties - for example, collection of inputs, publication or where a third party acts as Calculation Agent - the Administrator should maintain appropriate oversight of such third parties. The Administrator (and its oversight function) should consider adopting policies and procedures that: a) Clearly define and substantiate through appropriate written arrangements the roles and obligations of third parties who participate in the Benchmark determination process, as well as the standards the Administrator expects these third parties to comply with; b) Monitor third parties' compliance with the standards set out by the Administrator; c) Make Available to Stakeholders and any relevant Regulatory Authority the identity and roles of third parties who participate in the Benchmark determination process; and d) Take reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of third parties in the Benchmark determination process. This Principle does not apply in relation to a third party from whom an administrator sources data if that third party is a Regulated Market of Exchange.	NFRC outsources activities relating to the index determination processes to third parties which are categorized based on the following roles: (1) third parties which collect relevant elements in the index calculation; (2) calculation agents; and (3) third parties which publish NFRC's index values (i.e. the publisher). As of March 31, 2025, NFRC outsourced calculations of indices to Nomura Research Institute (hereinafter referred to as "NRI"), ICE Data Indices (hereinafter referred to as "IDI") and FTSE Russell, formerly known as Frank Russell Company (FRC) (hereinafter referred to as "FTSE"). FTSE and NRI are the sole publishers for NFRC's indices. NFRC is responsible for the appropriate oversight of such third parties. NFRC sets forth the following policies and procedures to allow for appropriate oversight of third parties undertaking these activities.	
	a) (Policies) The ISD stipulates in the internal rules that NFRC is responsible for defining the roles and obligations, operational policies, and contingency plans in a written agreement, a service level agreement, or a service level provision.	a) (Policies) PwC inspected the internal rules to confirm that it included the matters described in NFRC's Response as of March 31, 2025.
	(Relevant Activities) NFRC has concluded outsourcing agreements with NRI and IDI to specify roles and obligations, operational policies and contingency plans in accordance with the internal rules. NFRC reviewed and confirmed that the contingency plans are stipulated in the provider's service level provisions.	(Relevant Activities) PwC inspected the outsourcing agreements with NRI and IDI to confirm that NFRC agreed with NRI and IDI with respect to the roles and obligations, operational policies in accordance with the internal rules. PwC also inspected the provider's service level provisions to confirm that the contingency plans are defined.

2. Oversight of Third Parties		
IOSCO Principles	NFRC's Response	PwC's Testing
	(Additional Information) NFRC, as the Administrator, has outsourced the data collection, calculation, and publication of the indices in foreign currencies on the WMR exchange rate of the Russell/Nomura Japan Equity Index Series. Roles and responsibilities, in accordance with IOSCO Principles, have been under discussion with FTSE as of March 31, 2025. For the purpose of monitoring FTSE's work, NFRC performs daily verification checks (refer to (b) in this section).	(Additional Information) PwC inquired of a responsible person of the ISD who confirmed that the agreement with FTSE was not concluded as of March 31, 2025. PwC inspected the evidence to confirm that the daily monitoring was performed on the indices in foreign currencies on the WMR exchange rate of the Russell/Nomura Japan Equity Index Series calculated by FRC as of March 31, 2025.
	b) (Policies) The ISD stipulates the following in the internal rules to monitor third parties' service quality: • The ISD receives reports on the outsourced activities periodically from third parties. • The ISD establishes a framework to perform a daily verification check for index calculation, prior to the publication of indices. • The ISD establishes a third party oversight framework for evaluating IT General Controls and IT Application Controls (hereinafter "IT Controls"), implemented by a third party, when NFRC considers that IT Controls are key for the quality of third party's services.	b) (Policies) PwC inspected the internal rules to confirm that they included the matters described in NFRC's Response as of March 31, 2025.
	(Relevant Activities) The ISD receives reports periodically from third parties to monitor their service quality and retains the meeting minutes as evidence in accordance with the internal rules. NFRC has monitored third party service quality with regard to the index calculation as follows: Equity: The ISD performs daily verification checks with regard to input data used in the index calculations.	(Relevant Activities) PwC inspected the meeting minutes and the reports from the third parties on a sample basis to confirm that the monitoring activities were performed by the ISD in accordance with the internal rules. Equity: With regard to Russell/Nomura Japan Equity Index Series and Nomura Thematic Equity Index Series (excluding Nomura High-Yield J-REIT Index), PwC inspected the result of daily verification check on a sample basis to confirm that the ISD performed the

2. Oversight of Third Parties		
IOSCO Principles	NFRC's Response	PwC's Testing
	With regard to the Russell/Nomura Japan Equity Index Series and Nomura Thematic Equity Index Series(excluding Nomura High-Yield J-REIT Index), ISD performs a daily verification check of index values prior to publication. ISD performs a daily verification check of index values prior to publication. With regard to the Nomura High-Yield J-REIT Index calculated by NRI, the ISD operates under a framework to evaluate IT Controls implemented by NRI annually. The ISD had evaluated the NRI's IT Controls as of March 31, 2025 and no issues were noted. With regard to Nomura Japan Equity High Dividend 70, Net Total Return US Dollar Hedged Index calculated by IDI, the ISD performs daily verification checks prior to publication. No issue was noted as of March 31, 2025. Fixed Income: With regard to Nomura Japan Fixed Income Index Series calculated by NRI, the ISD operates under a framework to evaluate IT Controls implemented by NRI annually. The ISD had evaluated the NRI's IT Controls as of March 31, 2025 and no issues were noted. Customized: Each index of the Nomura Customized Index Series is subject to one of the verification processes mentioned above.	daily verification check over the input data used in NRI's calculation prior to the publication and NRI's calculation results prior to the publication of indices. PwC also recalculated samples of the values of NFRC's Indices as of March 31, 2025 to confirm that the NFRC's Indices were calculated in accordance with the calculation methodologies in the index rule books. With regard to the Russell/Nomura Japan Equity Index Series indices in foreign currencies on the WMR exchange rate calculated by FTSE, PwC inspected the verification check results to confirm that the ISD performed the daily verification checks over the index values as of March 31, 2025. With regard to Nomura High-Yield J-REIT Index, PwC inspected the evaluation result to confirm that the ISD has a framework to evaluate IT Controls implemented by NRI annually. With regard to Nomura Japan Equity High Dividend 70, Net Total Return US Dollar, PwC inspected the result of verification checks to confirm that the ISD performed the daily verification verification checks prior to publication as of March 31, 2025. Fixed Income: With regard to Nomura Japan Fixed Income Index Series, PwC inspected the evaluation result to confirm that the ISD has a framework to evaluate IT Controls implemented by NRI as of March 31, 2025. Customized: With regard to Nomura Customized index series, PwC inquired of a responsible person of the ISD who confirmed that each index of Nomura Customized Index Series is applicable to one of the verification processes mentioned in NFRC's Response.

2. Oversight of Third Parties		
IOSCO Principles	NFRC's Response	PwC's Testing
	(Additional Information) Among the Russell/Nomura Japan Equity Index Series, for the indices in foreign currencies with the WMR exchange rate, NFRC implemented the system to verify index values prior to publication, however, in a recent inquiry with FTSE, it was found that they were published before the daily verifications were performed. The ISD analyzed the impact of this matter based on the result of daily verification performed by the ISD and concluded that there was no material impact on the indices since there were no material differences between the indices calculated by FTSE and the ISD's verification results. Among the indices in foreign currencies with the WMR exchange rate, the Korean Won (KRW) index had a difference between the index calculated by FTSE and the verification result. NFRC investigated the difference and concluded that the KRW index published as of March 31, 2025 was not erroneous. The ISD is currently in discussions with FTSE about separating the indices in foreign currencies with the WMR exchange rate from NFRC's supervision going forward.	(Additional Information) PwC inspected the daily verification result of March 31, 2025, to confirm that the daily verification was performed after the indices calculated by FTSE were published. PwC inspected the daily verification results of March 31, 2025, to confirm that there were no differences between the indices calculated by FTSE and the ISD's verification results except the following. Regarding Russell/Nomura Japan Equity Index Series indices in foreign currencies with the WMR exchange rate calculated by FTSE, PwC inspected the results of daily verification, which showed a difference between the KRW rates used in FTSE's calculation and the ISD's verification. PwC also inquired of a responsible person of the ISD who confirmed that the ISD investigated the difference and concluded that FTSE calculated the index based on the pre-determined rule and this was not erroneous.
	c) (Policies) NFRC stipulates in internal rules that NFRC discloses the identity and roles of third parties who participate in the index determination process in index rule books or the "Index Calculation Policy" and makes a list of the third parties available on request by any relevant Regulatory Authority.	c) (Policies) PwC inspected the internal rule to confirm that they included the matters described in NFRC's Response as of March 31, 2025.

2. Oversight of Third Parties		
IOSCO Principles	NFRC's Response	PwC's Testing
	(Relevant Activities) NFRC discloses the identity and roles of third parties in index rule books or the "Index Calculation Policy".	(Relevant Activities) PwC inspected the index rule books and the "Index Calculation Policy" to confirm that the identities and roles of NRI, IDI and FTSE, who participate in the index determination process, were disclosed as of March 31, 2025.
	d) (Policies) NFRC stipulates in the "Index Calculation Policy" that the NFRC will delay or suspend the index publication where necessary due to system trouble at a third party (such as a data provider) and announce such delay or suspension on its website.	d) (Policies) PwC inspected the "Index Calculation Policy" to confirm that it included the matters described in NFRC's Response as of March 31, 2025.
	(Relevant Activities) NFRC will delay or suspend the index publication where necessary due to system trouble at a third party (such as a data provider) and announce such delay or suspension on its website in accordance with the "Index Calculation Policy". NFRC had no such delay or suspension due to system trouble as of March 31, 2025.	(Relevant Activities) PwC inquired of a responsible person of the ISD who confirmed that there were no cases where the index publication was delayed or suspended due to a system trouble as of March 31, 2025.

3. Conflicts of Interest for Administrators

3. Conflicts of Interest for Administrators		
IOSCO Principles	NFRC's Response	PwC's Testing
To protect the integrity and independence of Benchmark determinations, Administrators should document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. Administrators should review and update their policies and procedures as appropriate. Administrators should disclose any material conflicts of interest to their users and any relevant Regulatory Authority, if any. The framework should be appropriately tailored to the level of existing or potential conflicts of interest identified and the risks that the Benchmark poses and should seek to ensure: - Existing or potential conflicts of interest do not inappropriately influence Benchmark determinations; - Personal interests and connections or business connections do not compromise the Administrator's performance of its functions; - Segregation of reporting lines within the Administrator, where appropriate, to clearly define responsibilities and prevent unnecessary or undisclosed conflicts of interest or the perception of such conflicts; - Adequate supervision and sign-off by authorized or qualified employees prior to releasing Benchmark determinations; - The confidentiality of data, information and other inputs submitted to, received by or produced by the Administrator, subject to the disclosure obligations of the Administrator; - Effective procedures to control the exchange of information between staff engaged in activities involving a risk of conflicts of interest or between staff and third parties, where that information	NFRC, as an index provider, believes that it is crucial to identify, disclose, avoid or mitigate, and manage conflicts of interest ("Col"). (Policies) NFRC has policies and procedures in place to avoid sole discretion in the index determination processes and day-to-day operations. NFRC ensures that Col do not influence the index determination process by establishing the following framework for Col management. <u>NFRC's Conflicts of Interest Management Policy</u> NFRC manages transactions which may cause conflicts of interest through the "Conflicts of Interest Management Policy". It identifies examples of Col that could impair the independence and objectivity of ISD's index determination and is available on the website. It is regularly reviewed by the Compliance Department. <u>Conflicts of Interest Policy</u> ISD established the "Conflicts of Interest Policy" as defined in the Conflict of Interest Management Policy. It requires ISD to regularly review and update the Conflicts of Interest Policy. The "Conflicts of Interest Policy" is available on the website. <u>Code of Conduct</u> The "Code of Conduct" sets out guidelines for all employees so that the Nomura Group Corporate Philosophy can be translated into actions. All employees are required to reflect on their actions to ensure that they act in line with the Code. <u>Internal Rules Concerning Personal Investments by NFRC's Employees</u> NFRC sets forth the internal rules concerning personal investments by NFRC's employees to prevent inappropriate conduct. In addition to	(Policies) <u>Conflicts of Interest Management Policy</u> PwC inspected the "Conflicts of Interest Management Policy" to confirm that it included the matters described in NFRC's Response and was available on the website as of March 31, 2025. <u>Conflicts of Interest Policy</u> PwC inspected the "Conflicts of Interest Policy" to confirm that it included the matters described in NFRC's Response and was available on the website as of March 31, 2025. <u>Code of Conduct</u> PwC inspected the "Code of Conduct" to confirm that it included the matters described in NFRC's Response as of March 31, 2025. <u>Internal Rules Concerning Personal Investments by NFRC's Employees</u> PwC inspected the internal rules concerning personal investments by NFRC's employees and the internal rule for the ISD to confirm that they included

3. Conflicts of Interest for Administrators		
IOSCO Principles	NFRC's Response	PwC's Testing
may reasonably affect any Benchmark determinations; and g) Adequate remuneration policies that ensure all staff who participate in the Benchmark determination are not directly or indirectly rewarded or incentivized by the levels of the Benchmark. An Administrator's conflict of interest framework should seek to mitigate existing or potential conflicts created by its ownership structure or control, or due to other interests the Administrator's staff or wider group may have in relation to Benchmark determinations. To this end, the framework should: a) Include measures to avoid, mitigate or disclose conflicts of interest that may exist between its Benchmark determination business (including all staff who perform or otherwise participate in Benchmark production responsibilities), and any other business of the Administrator or any of its affiliates; and b) Provide that an Administrator discloses conflicts of interest arising from the ownership structure or the control of the Administrator to its Stakeholders and any relevant Regulatory Authority in a timely manner.	NFRC's rules, the ISD has its own stricter rules because of the nature of the index business.	the matters described in NFRC's Response as of March 31, 2025.
	<u>Compliance Training</u> NFRC employees are required to take compliance training through an e-learning system to raise awareness of compliance, including the "Code of Conduct".	<u>Compliance Training</u> PwC inspected training records of the ISD to confirm that employees in the ISD had completed the compliance training including the "Code of Conduct".
	<u>Compliance Hotline</u> Nomura Group has established a compliance hotline for the reporting of violations of the "Code of Conduct" as a whistle-blowing system. Matters can be reported directly to the Senior Managing Director of Nomura Holdings or external lawyers.	<u>Compliance Hotline</u> PwC inspected the internal rule for administering the compliance hotline to confirm that it included the matters described in NFRC's Response as of March 31, 2025.
	<u>Index Governance Framework</u> The "Index Governance Framework" stipulates the supervisory and authorization process for index determination, including with regard to methodology changes and index cessations (refer to the "Index Governance Framework" and NFRC's Response to Principle 5).	<u>Index Governance Framework</u> PwC inspected the "Index Governance Framework" to confirm that it included the matters described in NFRC's Response as of March 31, 2025.
	<u>Information Flow Control</u> NFRC stipulates in internal rules on information security that information should not be provided to unauthorized individuals. In addition, the index administration area is physically segregated from other departments and access to the area is restricted.	<u>Information Flow Control</u> PwC inspected the internal rules on information security to confirm that it included the matters described in NFRC's Response as of March 31, 2025. PwC confirmed that ISD was physically segregated from other departments and access to the room was restricted as of March 31, 2025.
	<u>Compensation Structure</u> NFRC sets forth the compensation policies for its employees. Compensation for employees engaged in index administration is not linked to the values of NFRC's Indices.	<u>Compensation Structure</u> PwC inspected NFRC's compensation policies for its employees to confirm that compensation for employees engaged in the index administration is not linked to the values of NFRC's Indices.

4. Control Framework for Administrators

4. Control Framework for Administrators		
IOSCO Principles	NFRC's Response	PwC's Testing
An Administrator should implement an appropriate control framework for the process of determining and distributing the Benchmark. The control framework should be appropriately tailored to the materiality of the potential or existing conflicts of interest identified, the extent of the use of discretion in the Benchmark setting process and to the nature of Benchmark inputs and outputs. The control framework should be documented and available to relevant Regulatory Authorities, if any. A summary of its main features should be Published or Made Available to Stakeholders. This control framework should be reviewed periodically and updated as appropriate. The framework should address the following areas: a) Conflicts of interest in line with Principle 3 on conflicts of interests; b) Integrity and quality of Benchmark determination: i. Arrangements to ensure that the quality and integrity of Benchmarks is maintained, in line with principles 6 to 15 on the quality of the Benchmark and Methodology; ii. Arrangements to promote the integrity of Benchmark inputs, including adequate due diligence on input sources;	NFRC has implemented a control framework for the process of determining and distributing the indices including a governance structure and other arrangements and set forth in the internal rules. The Strategic Solutions Committee oversees ISD's day-to-day operations, liaising closely with NFRC's Compliance. The ISD annually reviews and updates the control framework. The results of periodic reviews are reported to the Head of ISD, the Compliance Department, and the Director in charge of Index Services.	
	a) (Policies) The "Conflicts of Interest Policy" stipulates that the ISD identifies and discloses existing or potential Col in the Conflicts of Interest Management Policy that could impair the independence and objectivity of NFRC's index determination. It also requires that the ISD to regularly review and update the Conflicts of Interest Policy where necessary.	a) (Policies) PwC inspected the "Conflicts of Interest Policy" to confirm that it included the matters described in NFRC's Response and was available on the website as of March 31, 2025.
	(Relevant Activities) The ISD performed a regular review of the "Conflicts of Interest Policy".	(Relevant Activities) PwC inspected the "Conflicts of Interest Policy" to confirm that they reviewed and updated.

4. Control Framework for Administrators		
IOSCO Principles	NFRC's Response	PwC's Testing
iii. Arrangements to ensure accountability and complaints mechanisms are effective, in line with principles 16 to 19; and iv. Providing robust infrastructure, policies and procedures for the management of risk, including operational risk. c) Whistleblowing mechanism: Administrators should establish an effective whistleblowing mechanism to facilitate early awareness of any potential misconduct or irregularities that may arise. This mechanism should allow for external reporting of such cases where appropriate. d) Expertise: i. Ensuring Benchmark determinations are made by personnel who possess the relevant levels of expertise, with a process for periodic review of their competence; and ii. Staff training, including ethics and conflicts of interest training, and continuity and succession planning for personnel.	b) (Policies) i, ii. The integrity and quality of the NFRC's Indices are maintained through the policies and internal rules described in Principles 2, 6-13 and 15. iii. The arrangements to ensure accountability and complaints mechanisms are maintained through the policies and internal rules described in Principles 16-19. iv. For the management of risk, ISD conducts Monthly In-House Inspection (hereinafter referred to as "MIHI") which reviews the major activities undertaken during the month and key risk indicators (refer to the "Index Governance Framework" and NFRC's Response to Principle 5 for details).	b) (Policies) Please refer to PwC's testing on Principles 2, 6-13 and 15 for the integrity and quality of the NFRC's Indices, Principles 16-19 for the arrangements to ensure accountability and complaints mechanisms, and Principle 5 for the management of risks.
	c) (Policies) Please refer to NFRC's Response to Principle 3 for information on the mechanism for the "Compliance Hotline".	c) (Policies) Please refer to PwC's testing on Principle 3 for the mechanism of the Compliance Hotline.
	d) (Policies) NFRC managers are responsible for supervising and training staff and devising succession plans for staff in key roles. Additionally, NFRC staff take ongoing on-the-job functional skills training. NFRC performs semi-annual reviews for relevant expertise and competencies. Mechanisms for Compliance Training and Compensation Structure are described in Principle 3. All of the above are conducted in accordance with the NFRC's corporate HR policy.	d) (Policies) PwC inspected the NFRC's internal policy relating to human resources to confirm that it included the matters described in NFRC's Response.

4. Control Framework for Administrators		
IOSCO Principles	NFRC's Response	PwC's Testing
	(Relevant Activities) A periodic review was conducted, and the updated versions set forth below have been disclosed on the website as of March 31, 2025. ● Index Governance Framework ● Conflicts of Interest Policy ● Complaints Handling Policy ISD performed the semi-annual reviews on ISD members for relevant expertise and competencies in accordance with the NFRC's corporate HR Policy.	(Relevant Activities) PwC inspected the results of the periodic review to confirm that the documents described in the NFRC's Response were reviewed and updated where necessary. PwC also inspected evidence to confirm the result of periodic review were approved in accordance with the internal rules. PwC inspected the website to confirm that the document mentioned in NFRC's Response were disclosed as of March 31, 2025. PwC inspected the evidence on a sample basis to confirm that ISD performed semi-annual review on ISD members for relevant expertise and competencies.
Where a Benchmark is based on Submissions: Administrators should promote the integrity of inputs by: - Ensuring as far as possible that the Submitters comprise an appropriately representative group of participants taking into consideration the underlying Interest measured by the Benchmark; - Employing a system of appropriate measures so that, to the extent possible, Submitters comply with the Submission guidelines, as defined in the Submitter Code of Conduct and the Administrators' applicable quality and integrity standards for Submission; - Specifying how frequently Submissions should be made and specifying that inputs or Submissions should be made for every Benchmark determination; and - Establishing and employing measures to effectively monitor and scrutinize inputs or Submissions. This should include pre-compilation or pre-publication monitoring to identify and avoid errors in inputs or	The NFRC's Indices are not based on submissions.	No testing was performed as there is no policies or relevant activities in NFRC's Response.

4. Control Framework for Administrators		
IOSCO Principles	NFRC's Response	PwC's Testing
Submissions, as well as ex-post analysis of trends and outliers.		

5. Internal Oversight

5. Internal Oversight		
IOSCO Principles	NFRC's Response	PwC's Testing
Administrators should establish an oversight function to review and provide challenge on all aspects of the Benchmark determination process. This should include consideration of the features and intended, expected, or known usage of the Benchmark and the materiality of existing or potential conflicts of interest identified. The oversight function should be carried out either by a separate committee, or other appropriate governance arrangements. The oversight function and its composition should be appropriate to provide effective scrutiny of the Administrator. Such oversight function could consider groups of Benchmarks by type or asset class, provided that it otherwise complies with this Principle. An Administrator should develop and maintain robust procedures regarding its oversight function, which should be documented and available to relevant Regulatory Authorities, if any. The main features of the procedures should be Made Available to Stakeholders. These procedures should include: - The terms of reference of the oversight function; - Criteria to select members of the oversight function; - The summary details of membership of any committee or arrangement charged with the oversight function, along with any declarations of conflicts of interest and processes for election, nomination or removal and replacement of committee members. The responsibilities of the oversight function include: - Oversight of the Benchmark design:	While NFRC does not have an oversight function comprising of separate committees, NFRC has established an oversight and governance structure concerning the indices managed by ISD with the aim of protecting the integrity of the index determination process and addressing conflicts of interest. <u>IQC's:</u> Index Quality Controllers (hereinafter referred to as "IQCs") are responsible for verifying the calculation processes, such as daily index calculation and the periodic reconstitutions. IQCs have sufficient knowledge and expertise in index-related activities. IQCs are appointed by the Head of ISD. <u>MIHI:</u> ISD conducts MIHI to review the index-related activities monthly and provides monthly activity reports to the Compliance Department for their review. MIHI aims at: - reviewing the major activities undertaken during the month and the key "risk indicators", including the following: - Results of risk assessments related to employees' conduct and ISD's activities. Matters reported through MIHI are reviewed by the Compliance Department. - Incidents related to index calculations and administration activities in terms of conflicts of interest, operational issues, and compliance issues. - supervising ISD to ensure that ISD complies with procedures as the index administrator; - cementing the supervisory framework through regular operation of MIHI;	

5. Internal Oversight		
IOSCO Principles	NFRC's Response	PwC's Testing
i. Periodic review of the definition of the Benchmark and its Methodology; ii. Taking measures to remain informed about issues and risks to the Benchmark, as well as commissioning external reviews of the Benchmark (as appropriate); iii. Overseeing any changes to the Benchmark Methodology, including assessing whether the Methodology continues to appropriately measure the underlying Interest, reviewing proposed and implemented changes to the Methodology, and authorizing or requesting the Administrator to undertake a consultation with Stakeholders where known or its Subscribers on such changes as per Principle 12; and iv. Reviewing and approving procedures for termination of the Benchmark, including guidelines that set out how the Administrator should consult with Stakeholders about such cessation. b) Oversight of the integrity of Benchmark determination and control framework: i. Overseeing the management and operation of the Benchmark, including activities related to Benchmark determination undertaken by a third party; ii. Considering the results of internal and external audits, and following up on the implementation of remedial actions highlighted in the results of these audits; and iii. Overseeing any exercise of Expert Judgment by the Administrator and ensuring Published Methodologies have been followed.	- ensuring that associated policies and ISD's procedures are continually reviewed and updated where necessary; and - assessing, overseeing, and challenging the effectiveness. <u>Strategic Solutions Committee:</u> The Strategic Solutions Committee discusses and approves significant matters relating to index administration. The Strategic Solutions Committee is chaired by the President & Representative Director and operates with a limited number of members due to the information management perspective. The Board of Executive Directors appoints members and ensures members of the Compliance Department are included. <u>IPC:</u> The Index Policy Committee (hereinafter referred to as "IPC") acts as an advisory body for the Strategic Solutions Committee and provides recommendations regarding the appropriateness, integrity, transparency, and reasonableness of NFRC's index administration. The Strategic Solutions Committee consults with the IPC annually to obtain professional advice on market changes, index rules, and other matters. The members of IPC are appointed by the Strategic Solutions Committee annually and chosen from among external experts and practitioners who are involved in the financial index business or asset management industry. To maintain the independence of the IPC and prevent market participants from lobbying, NFRC does not disclose the names of IPC members or its candidates.	

5. Internal Oversight		
IOSCO Principles	NFRC's Response	PwC's Testing
Where conflicts of interests may arise in the Administrator due to its ownership structures or controlling interests, or due to other activities conducted by any entity owning or controlling the Administrator or by the Administrator or any of its affiliates: the Administrator should establish an independent oversight function which includes a balanced representation of a range of Stakeholders where known, Subscribers and Submitters, which is chosen to counterbalance the relevant conflict of interest.	a) (Policy) The “Index Governance Framework” represents the terms of reference for the Strategic Solutions Committee as the oversight function and is available on the NFRC website. The Strategic Solutions Committee oversees the index design and takes a role in approving significant matters such as: ● establishing and updating policies published on NFRC's Website. ● developing new indices. ● changing methodologies and ceasing existing indices.	a) (Policies) PwC inspected the “Index Governance Framework” to confirm that it included the matters described in NFRC's Response as of March 31, 2025.
	(Additional Information) As of March 31, 2025, IQCs were effective in the NFRC's oversight and governance structure while the “Index Governance Framework” (version December 30, 2024) on the website presented the Index Steering Committee (hereinafter referred to as “ISC”) as a part of oversight and governance structure. IQCs replaced ISC effective on March 10, 2025, when the relevant internal rule was changed to comply with the internal rules. The background of this change was that IQCs is a term that reflects the actual daily index verification process compared to ISC. The roles and responsibilities of ISC and IQCs are essentially the same. The change occurred after the “Index Governance Framework” (version December 30, 2024) was updated through the annual review in December 2024 based on the internal rule. The ISD highlights a discrepancy between IQC of the internal rule and ISC of the “Index Governance Framework” available to the public and notes that there are no significant impacts on the index	(Additional Information) PwC inspected the “Index Governance Framework” (version December 30, 2024) via the website as of March 2025 to confirm that the “Index Governance Framework” (version December 30, 2024) presented ISC as a part of oversight and governance structure PwC inspected the relevant internal rule to confirm that it was changed on March 10, 2025, in accordance with the internal rules. PwC inquired with a responsible person to confirm that the change was performed to reflect the actual daily index verification process. PwC inspected the “Index Governance Framework” (version December 30, 2024) and approval evidence to confirm that it was updated through the annual review in December 2024 based the internal rules. PwC inspected the “Index Governance Framework” (version December 30, 2024) and the internal rules to confirm that there was a discrepancy between IQC of the relevant internal rule and ISC of the “Index Governance Framework” as of March 31, 2025, and there was no material differences of ISC's and IQCs'

5. Internal Oversight		
IOSCO Principles	NFRC's Response	PwC's Testing
	calculation since there have been no material differences of oversight function. The ISD updated the "Index Governance Framework" to align with the relevant internal rule and published on August 31, 2025.	roles and responsibilities stated in the internal rule and the "Index Governance Framework". Additionally, PwC inspected that the "Index Governance Framework" was updated and published on August 31, 2025.
	(Relevant Activities) Please refer to NFRC's Responses to Principle 10 for the periodic review of the design of indices, Principle 12 for any change to the Benchmark Methodology, and Principle 13 for the transition and suspension of indices.	(Relevant Activities) Please refer to Principle 10 for the periodic review of the design of indices, Principle 12 for any change to the Benchmark Methodology and Principle 13 for the transition and suspension of indices.
	b) (Policies) The integrity of index determination is ensured by each oversight function stipulated in the "Index Governance Framework" and the internal rules and procedures. IQCs monitor the indices-related activities such as daily index calculation, periodic reconstitution. • The Compliance Department reviews the index related activities monthly through MIHI. The Compliance Department reviews them and reports to the Board of Executive Directors. The Strategic Solutions Committee oversees the index design and takes a role to approve significant matters.	b) (Policies) PwC inspected the "Index Governance Framework" and the internal rules and procedures to confirm that it included the matters described in NFRC's Response as of March 31, 2025. PwC inspected the results of the IQC monitoring conducted in March 2025.

5. Internal Oversight		
IOSCO Principles	NFRC's Response	PwC's Testing
	(Relevant Activities) IQC's monitored the indices-related activities such as daily index calculation and periodic reconstitution. ISD reported index-related activities and key risk indicators to the Compliance Department in NFRC through MIHI reports. The key risk indicators include the following: • Results of risk assessments related to employee conduct and ISD's activities. • Incidents related to index calculations and administration activities. The Strategic Solutions Committee took a role to approve significant matters such as changing methodologies and ceasing existing indices.	(Relevant Activities) PwC inspected the results of the IQCs monitoring conducted in March 2025. PwC inspected a MIHI report and an e-mail for March 2025 to confirm that index related activities including key risk indicators were monitored and reported to the Compliance Department. PwC inspected the approval records related to the index cessation to confirm that the Strategic Solutions Committee took a role to approve.
Where a Benchmark is based on Submissions: The oversight function should provide suitable oversight and challenge of the Submissions by: - Overseeing and challenging the scrutiny and monitoring of inputs or Submissions by the Administrator. This could include regular discussions of inputs or Submission patterns, defining parameters against which inputs or Submissions can be analyzed, or querying the role of the Administrator in challenging or sampling unusual inputs or Submissions; - Overseeing the Code of Conduct for Submitters; - Establishing effective arrangements to address breaches of the Code of Conduct for Submitters; and - Establishing measures to detect potential anomalous or suspicious Submissions and in case of suspicious activities, to report them, as well as any misconduct by Submitters of which it becomes aware to the relevant Regulatory Authorities, if any.	NFRC's Indices are not based on submissions.	No testing was performed as there is no policy or relevant activity in NFRC's Response.

6. Benchmark Design

6. Benchmark Design		
IOSCO Principles	NFRC's Response	PwC's Testing
The design of the Benchmark should seek to achieve, and result in, an accurate and reliable representation of the economic realities of the Interest it seeks to measure and eliminate factors that might result in a distortion of the price, rate, index or value of the Benchmark. Benchmark design should take into account the following generic non-exclusive features, and other factors should be considered, as appropriate to the particular Interest: a) Adequacy of the sample used to represent the Interest; b) Size and liquidity of the relevant market (for example whether there is sufficient trading to provide observable, transparent pricing); c) Relative size of the underlying market in relation to the volume of trading in the market that references the Benchmark; d) The distribution of trading among Market Participants (market concentration); e) Market dynamics (e.g., to ensure that the Benchmark reflects changes to the assets underpinning a Benchmark).	The NFRC's Indices are calculated based on public information and are designed to achieve an accurate and reliable representation of the economic realities of the underlying securities and/or markets. The NFRC's Indices are classified into the following categories. Russell/Nomura Japan Equity Index Series: The Russell/Nomura Japan Equity Index Series allows for wide coverage of Japan's stock market, covering the top 98% of all listed stocks in terms of free float-adjusted market capitalization. These indices reflect market liquidity appropriately by using free float weight in calculating market capitalization. In addition, investment-style indices reflect market value appropriately by using adjusted P/B to classify stocks in value and growth indices. For details on adjusted P/B, please refer to the online "Russell/Nomura Japan Equity Indexes rulebook" or Glossary (Equity). Nomura Thematic Equity Index Series: The Nomura Thematic Equity Index Series is calculated using public information and is designed to achieve an accurate and reliable representation of the economic realities of the underlying securities depending on the purpose of investment respectively. For details on this index series, please refer to the index rule books and the description in Section I of this report. Nomura Japan Fixed Income Index Series: The Nomura Japan Fixed Income Index Series, excluding NOMURA-BPI/Ladder, seeks to measure the performance of each entire secondary market. Each index considers the liquidity of underlying securities and applies monetary thresholds on the	

6. Benchmark Design		
IOSCO Principles	NFRC's Response	PwC's Testing
	outstanding balance of bonds in the index constituent selections. The NOMURA-BPI/Ladder seeks to measure the performance of laddered JGBs, Japanese government bonds, allocating equal amounts to each maturity. For details on this index series, please refer to the index rule books and the description in Section I of this report. Nomura Customized Index Series: Each index is designed to achieve an accurate and reliable representation of the economic realities of the underlying securities, considering specific client investment requirements. Requirements c) to e) are not applicable here as the index constituent selections and index calculations are based on the quantitative market data related to securities traded in regulated exchange markets for equity indices and based on the JS Price or Nomura Price for fixed income indices. Please refer to NFRC's Response to Principle 7 for details on the JS Price and Nomura price.	
	(Policies) NFRC stipulates the calculation methodologies, index constituent selections (restitutions and rebalancing), and index maintenance (reflections of corporate action, free-float weighting adjustments) of NFRC's Indices in the index rule books that are available to the public on its website. In addition, the internal rules require NFRC to review the index designs and calculation methodologies at least once for each index quarterly.	(Policies) PwC inspected the index rule books to confirm that they included the matters described in NFRC's Response and were available on the website as of March 31, 2025. PwC inspected the internal rules to confirm that they included the matters described in NFRC's Response as of March 31, 2025.

6. Benchmark Design		
IOSCO Principles	NFRC's Response	PwC's Testing
	(Relevant Activities) NFRC reviews the index designs and calculation methodologies at least once for each index quarterly in accordance with the internal rules. Please refer to NFRC's Response to Principle 10 for details of this periodic review.	(Relevant Activities) Please refer to Principle 10 for the periodic review to verify the index calculation.

7. Data Sufficiency

7. Data Sufficiency		
IOSCO Principles	NFRC's Response	PwC's Testing
The data used to construct a Benchmark determination should be sufficient to accurately and reliably represent the Interest measured by the Benchmark and should: - Be based on prices, rates, indices or values that have been formed by the competitive forces of supply and demand in order to provide confidence that the price discovery system is reliable; and - Be anchored by observable transactions entered into at arm's length between buyers and sellers in the market for the Interest the Benchmark measures in order for it to function as a credible indicator of prices, rates, indices or values. This Principle requires that a Benchmark be based upon (i.e., anchored in) an active market having observable Bona Fide, Arms-Length Transactions. This does not mean that every individual Benchmark determination must be constructed solely of transaction data. Provided that an active market exists, conditions in the market on any given day might require the Administrator to rely on different forms of data tied to observable market data as an adjunct or supplement to transactions. Depending upon the Administrator's Methodology, this could result in an individual Benchmark determination being based predominantly, or exclusively, on bids and offers or extrapolations from prior transactions. This is further clarified in Principle 8. Provided that subparagraphs (a) and (b) above are met, Principle 7 does not preclude Benchmark Administrators from using executable bids or offers	Equity: NFRC's equity indices satisfy data sufficiency requirements as they are calculated based on contract prices in highly liquid exchange markets. Fixed Income: NFRC's fixed income indices are calculated based on the JS Price. The JS Price generally covers the index constituents of NFRC's fixed income indices. However, when it is not available, the Nomura Price is used as an alternative source. The JS Price represents Japanese bond fair values and is generated and managed by Nomura Securities Co., Ltd. (hereinafter referred to as "NSC") and three third parties -Nikkei Inc., Nikkei Financial Technology Research Institute, Inc., and NRI. The Nomura Price is provided by NSC. NFRC entered an agreement with NSC to use JS Price and Nomura Price. NFRC believes that the JS Price and Nomura Price represent the market accurately and reliably due to the following characteristics: - The JS Price is provided by Nikkei Inc. and NRI to market participants and is widely used for fair value purposes when it comes to bonds. - Nomura Price is provided by NSC who has access to traded prices and/or quotations, which represents the secondary market because NSC is a major financial participant in the yen bond market and is actively engaged in transactions with other financial institutions and its clients.	

7. Data Sufficiency		
IOSCO Principles	NFRC's Response	PwC's Testing
as a means to construct Benchmarks where anchored in an observable market consisting of Bona Fide, Arms-Length transactions. This Principle also recognizes that various indices may be designed to measure or reflect the performance of a rule-based investment strategy, the volatility or behavior of an index or market or other aspects of an active market. Principle 7 does not preclude the use of non-transactional data for such indices that are not designed to represent transactions and where the nature of the index is such that non-transactional data is used to reflect what the index is designed to measure. For example, certain volatility indices, which are designed to measure the expected volatility of an index of securities transactions, rely on non-transactional data, but the data is derived from and thus “anchored” in a functioning securities or options market.	(Policies) NFRC stipulates in the internal rules that the ISD must regularly evaluate data sufficiency to represent the Interest measured by the NFRC's indices reliably and accurately. Evaluation standards set by the ISD include the following. • The sufficient coverage with prices • The reasonable deviation ranges from prices obtained from a different source than the source used to calculate indices. • Comparison of capital returns calculated using price information from different sources to determine if they are similar.	(Policies) PwC inspected the internal rules to confirm that they included the matters described in NFRC's Response as of March 31, 2025.
	(Relevant Activities) Equity: The ISD confirmed that the data used by NRI is the active market data as a part of the daily verification. Fixed Income: The ISD performed an annual evaluation of the JS Price in June 2024 to confirm their sufficiency for reflecting the Interest of the indices reliably and accurately in accordance with the internal rules.	(Relevant Activities) Equity: PwC Inspected the daily verification result to confirm that the ISD evaluated the data sufficiency for the equity indices. Fixed Income: PwC inspected the result of the most recent annual evaluation in June 2024 to confirm that the ISD performed to evaluate the reliability of JS Price , based on the internal rule.

8. Hierarchy of Data Inputs

8. Hierarchy of Data Inputs		
IOSCO Principles	NFRC's Response	PwC's Testing
An Administrator should establish and Publish or Make Available clear guidelines regarding the hierarchy of data inputs and exercise of Expert Judgment used for the determination of Benchmarks. In general, the hierarchy of data inputs should include: a) Where a Benchmark is dependent upon Submissions, the Submitters' own concluded arms-length transactions in the underlying interest or related markets; b) Reported or observed concluded Arm's-length Transactions in the underlying interest; c) Reported or observed concluded Arm's-length Transactions in related markets; d) Firm (executable) bids and offers; and e) Other market information or Expert Judgments. Provided that the Data Sufficiency Principle is met (i.e., an active market exists), this Principle is not intended to restrict an Administrator's flexibility to use inputs consistent with the Administrator's approach to ensuring the quality, integrity, continuity and reliability of its Benchmark determinations, as set out in the Administrator's Methodology. The Administrator should retain flexibility to use the inputs it believes are appropriate under its Methodology to ensure the quality and integrity of its Benchmark. For example, certain Administrators may decide to rely upon Expert Judgment in an active albeit low liquidity market, when transactions may not be consistently available each day. IOSCO also recognizes that there might be circumstances (e.g., a low liquidity market) when a confirmed bid or offer might carry more meaning than an outlier transaction. Under these circumstances, non-transactional data such as bids and offers and	(Policies) Equity: NFRC's equity indices use the market capitalization of the index constituents calculated based on the Nomura Composite Price. The Nomura Composite Price is the price on the exchange that is considered to show the fairest price for the stock, based on the stock's percentage of days traded and total trading volume for the latest 60 business days. As a general rule, the exchange is selected daily. Furthermore, the stock price is selected according to the following hierarchy: 1. Contract price on the selected exchange (see note) 2. Standard price on the selected exchange 3. Nomura Composite Price on the previous business day Note: Priority is given to the final special quote price when the market closes with the special quote. Fixed Income: NFRC's fixed income indices are calculated based on the JS Price. If the JS Price is not available, the Nomura Price is used. For more on the JS Price and Nomura price, please refer to NFRC's Response to Principle 7. For in-scope NFRC's Indices, Expert Judgments are not used in the index determinations. The NFRC's Indices are not based on submissions. Please refer to the "Index Calculation Policy" and the index rule books, which are available on the website for the input data of NFRC's Indices.	(Policies) PwC inspected the "Index Calculation Policy" and the index rule books to confirm that they included the matters described in NFRC's Response and were available on the website as of March 31, 2025. PwC inquired of a responsible person of ISD who confirmed that Expert Judgments are not used in the index determinations.

8. Hierarchy of Data Inputs		
IOSCO Principles	NFRC's Response	PwC's Testing
extrapolations from prior transactions might predominate in each Benchmark determination.		

9. Transparency of Benchmark Determinations

9. Transparency of Benchmark Determinations		
IOSCO Principles	NFRC's Response	PwC's Testing
The Administrator should describe and publish with each Benchmark determination, to the extent reasonable without delaying the Administrator's publication deadline: a) A concise explanation, sufficient to facilitate a Stakeholder's or Market Authority's ability to understand how the determination was developed, including, at a minimum, the size and liquidity of the market being assessed (meaning the number and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in a Benchmark determination; terms referring to the pricing Methodology should be included (i.e., transaction-based, spread-based or interpolated/extrapolated); b) A concise explanation of the extent to which and the basis upon which Expert Judgment if any, was used in establishing a Benchmark determination.	(Policies) NFRC stipulates rules for calculation methodologies, index constituent selections (reconstitutions and rebalancing), and index maintenance (reflections of corporate action, free-float weighting adjustments) of the NFRC's Indices in the index rule books that are available to the public on its website. With regard to the Nomura Customized Index Series developed for the specific clients, the index rule books are not published on the website but are rather disclosed to the clients of indices as agreed in the license agreement. The requirement b) of this Principle is not applicable to the NFRC's Indices, as Expert Judgments are not used in index determinations.	(Policies) PwC inspected the index rule books to confirm that they included the matters described in NFRC's Response and were available on the website as of March 31, 2025. With regard to Nomura Customized Index Series, PwC inquired of a responsible person of the ISD who confirmed that the index rule books are not published on the website but available to the relevant clients as agreed in the license agreement. PwC recalculated samples of the values of NFRC's Indices as of March 31, 2025 to confirm that the NFRC's Indices were calculated in accordance with the calculation methodologies in the index rule books. With regard to the requirement b) of this Principle, PwC inquired of a responsible person of the ISD who confirmed that Expert Judgments are not used in the index determinations.

10. Periodic Review

10. Periodic Review		
IOSCO Principles	NFRC's Response	PwC's Testing
The Administrator should periodically review the conditions in the underlying Interest that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology. The Administrator also should periodically review whether the Interest has diminished or is non-functioning such that it can no longer function as the basis for a credible Benchmark. The Administrator should Publish or Make Available a summary of such reviews where material revisions have been made to a Benchmark, including the rationale for the revisions.	(Policies) NFRC stipulates the following in the "Index Calculation Policy" and its internal rules: • NFRC conducts reviews at least annually with regard to the calculation methodologies and other matters in order to assess whether a material change to the calculation methodologies is required due to structural changes in the markets, or whether the value measured by the NFRC's Indices has diminished or is not functioning due to structural changes in the markets. • As NFRC's annual review; – ISD conducts periodic reviews and reports the result to the Head of ISD and the Director in charge of Index Services. – The Head of ISD and the Director in charge of Index Services annually reviews the index methodologies and data sufficiency in the index determination through reports from the ISD including the MIHI reports. • A material changes to the methodologies or a cessation as a result of periodic reviews requires approval from the Head of the ISD, Director in charge of Index Services and the Strategic Solutions Committee. Please refer to NFRC's Response to Principle 5 for more on internal oversight, Principle 12 for more on changes to the calculation methodologies and Principle 13 for more on cessation or transition of an index.	(Policies) PwC inspected the "Index Calculation Policy" which was available on the website and the internal rules to confirm that they included the matters described in NFRC's Response as of March 31, 2025.
	(Relevant Activities) NFRC performed periodic reviews with regard to calculation methodologies, and other matters in accordance with the "Index Calculation Policy" and the internal rules.	(Relevant Activities) PwC inspected the result of review to confirm that the ISD performed the periodic review with regards to the calculation methodologies and other matters. PwC also inspected evidence to confirm that the ISD

10. Periodic Review		
IOSCO Principles	NFRC's Response	PwC's Testing
		reported the result to the Director in charge of Index Services.

11. Content of the Methodology

11. Content of the Methodology		
IOSCO Principles	NFRC's Response	PwC's Testing
The Administrator should document and Publish or Make available the Methodology used to make benchmark determinations. The Administrator should provide the rationale for adopting a particular Methodology. The Published Methodology should provide sufficient detail to allow Stakeholders to understand how the Benchmark is derived and to assess its representativeness, its relevance to particular Stakeholders, and its appropriateness as a reference for financial instruments. At a minimum, the Methodology should contain: a) Definitions of key terms; b) All criteria and procedures used to develop the Benchmark, including input selection, the mix of inputs used to derive the Benchmark, the guidelines that control the exercise of Expert Judgment by the Administrator, priority given to certain data types, minimum data needed to determine a Benchmark, and any models or extrapolation methods; c) Procedures and practices designed to promote consistency in the exercise of Expert Judgment between Benchmark determinations; d) The procedures which govern Benchmark determination in periods of market stress or disruption, or periods where data sources may be absent (e.g., theoretical estimation models); e) The procedures for dealing with error reports, including when a revision of a Benchmark would be applicable;	(Policies) a) and b) NFRC documents the following in the “Index Calculation Policy” and the index rule books: • Definitions of key terms • Calculation methodologies • Hierarchy of data inputs • Input data details The “Index Calculation Policy” and the index rule books are available on the website. With regards to the Nomura Customized Index Series, the information is available only to those clients who are authorized based on contractual agreements and that information is presented via the most suitable media based on the client contracts. b) and c) For in-scope NFRC's Indices, Expert Judgments are not used in index determinations. d) and e) NFRC stipulates the following in its “Index Calculation Policy” and the internal rules: • NFRC will announce on its website when it delays or halts the publication of indices during periods of system trouble at NFRC or data providers, war, natural disasters, or other unavoidable circumstances. • NFRC will recalculate or amend index values if NFRC determines that an index calculation has been conducted improperly (due to errors, for example) or for any other appropriate reason. In such circumstances, the Head of the ISD will approve recalculations or amendments, and the ISD will report to the Director in charge of Index Services and announce them on the website. In the absence of the Head of ISD, an appropriate	(Policies) a) b), d), e), f) and g) PwC inspected the “Index Calculation Policy” and the index rule books to confirm that they included the matters described in NFRC's Response and were available on the website as of March 31, 2025. b) and c) PwC inquired of a responsible person of the ISD who confirmed that Expert Judgments are not used in the index determination. h) PwC inspected the “Index Calculation Policy” to confirm that it included the matters described in NFRC's Response and was available on the website as of March 31, 2025.

11. Content of the Methodology		
IOSCO Principles	NFRC's Response	PwC's Testing
f) Information regarding the frequency for internal reviews and approvals of the Methodology. Where applicable, the Published Methodologies should also include information regarding the procedures and frequency for external review of the Methodology; g) The circumstances and procedures under which the Administrator will consult with Stakeholders, as appropriate; and h) The identification of potential limitations of a Benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.	person in charge will be responsible for approval. f) NFRC stipulates in its "Index Calculation Policy" that NFRC reviews calculation methodologies annually. Please refer to NFRC's Response to Principle 10 for more information on the Periodic Review. g) NFRC stipulates in its "Index Calculation Policy" that NFRC investigates the potential impact of a material change in or a cessation of an index based on public comment obtained via its website as necessary. In addition, NFRC establishes systems for dealing with enquiries and/or complaints related to the index methodology. Please refer to NFRC's Response to Principle 16 for more on this. h) NFRC stipulates potential limitations in its "Index Calculation Policy" and index rule books as necessary.	
	(Relevant Activities) e) NFRC announced corrections for the J-TIPS index values dated December 7, 2023, and the Russell/Nomura Japan Equity Index values dated July 31, 2024. The former was due to a JS Price correction, while the latter was caused by incorrect calculation processing. The root cause for the latter one was identified as of March 2025, ISD has been conducting daily visual inspections to prevent recurrence. Furthermore, as a preventive measure, an additional detection system was installed, and the countermeasure implementation in response to the correction was completed as of July 2025.	(Relevant Activities) e) PwC inspected the related evidence for the corrections mentioned in the NFRC's Response to confirm that there were appropriate approvals and public announcements for the corrections in accordance with the internal rules. PwC also inspected the evidence to confirm that the implementation of an additional detection system was completed.
Where a Benchmark is based on Submissions, the additional Principle also applies:	This principle is not applicable to the NFRC's Indices as they are not based on submissions.	No testing was performed as there is no policy or relevant activity in NFRC's Response.

11. Content of the Methodology		
IOSCO Principles	NFRC's Response	PwC's Testing
The Administrator should clearly establish criteria for including and excluding Submitters. The criteria should consider any issues arising from the location of the Submitter, if in a different jurisdiction to the Administrator. These criteria should be available to any relevant Regulatory Authorities, if any, and Published or Made Available to Stakeholders. Any provisions related to changes in composition, including notice periods should be made clear.		

12. Changes to the Methodology

12. Changes to the Methodology		
IOSCO Principles	NFRC's Response	PwC's Testing
An Administrator should Publish or Make Available the rationale of any proposed material change in its Methodology, and procedures for making such changes. These procedures should clearly define what constitutes a material change, and the method and timing for consulting or notifying Subscribers (and other Stakeholders where appropriate, taking into account the breadth and depth of the Benchmark's use) of changes. Those procedures should be consistent with the overriding objective that an Administrator must ensure the continued integrity of its Benchmark determinations. When changes are proposed, the Administrator should specify exactly what these changes entail and when they are intended to apply. The Administrator should specify how changes to the Methodology will be scrutinised, by the oversight function. The Administrator should develop Stakeholder consultation procedures in relation to changes to the Methodology that are deemed material by the oversight function, and that are appropriate and proportionate to the breadth and depth of the Benchmark's use and the nature of the Stakeholders. Procedures should:	(Policies) NFRC sets forth the following procedures for changes to calculation methodologies in its "Index Calculation Policy" which is available on its website: • NFRC reserves the right to amend calculation methodologies based on any of the following: • Results of a periodic review • Structural changes in the market (such as regulation revisions) • A user request or complaint • Any other circumstances where NFRC determines that a change in the calculation methodology is necessary • NFRC defines changes to methodology that have significant impacts on index users and other stakeholders (such as significant changes of principles of index construction, design, or calculation) as "material changes". • NFRC solicits public comment on its website as necessary. • Material changes to methodology require approval by the Head of the ISD, Director in charge of Index Services and the Strategic Solutions Committee. • NFRC announces any methodology changes (with the exception of cosmetic changes) at least 30 days prior to the day of implementation on its website.	(Policies) PwC inspected the "Index Calculation Policy" and the index rule books to confirm that they included the matters described in NFRC's Response and were available on the website as of March 31, 2025.

12. Changes to the Methodology		
IOSCO Principles	NFRC's Response	PwC's Testing
a) Provide advance notice and a clear timeframe that gives Stakeholders sufficient opportunity to analyse and comment on the impact of such proposed material changes, having regard to the Administrator's assessment of the overall circumstances; and b) Provide for Stakeholders' summary comments, and the Administrator's summary response to those comments, to be made accessible to all Stakeholders after any given consultation period, except where the commenter has requested confidentiality.	(Relevant Activities) There were no material changes to the methodology to be announced.	(Relevant Activities) PwC inquired of a responsible person who confirm that there were no material changes to methodology to be announced.

13. Transition

13. Transition		
IOSCO Principles	NFRC's Response	PwC's Testing
Administrators should have clear written policies and procedures, to address the need for possible cessation of a Benchmark, due to market structure change, product definition change, or any other condition which makes the Benchmark no longer representative of its intended Interest. These policies and procedures should be proportionate to the estimated breadth and depth of contracts and financial instruments that reference a Benchmark and the economic and financial stability impact that might result from the cessation of the Benchmark. The Administrator should take into account the views of Stakeholders and any relevant Regulatory and National Authorities in determining what policies and procedures are appropriate for a particular Benchmark. These written policies and procedures should be Published or Made Available to all Stakeholders. Administrators should encourage Subscribers and other Stakeholders who have financial instruments that reference a Benchmark to take steps to make sure that: - Contracts or other financial instruments that reference a Benchmark, have robust fallback provisions in the event of material changes to, or cessation of, the referenced Benchmark; and - Stakeholders are aware of the possibility that various factors, including external factors beyond the control of the Administrator, might necessitate material changes to a Benchmark. Administrators' written policies and procedures to address the possibility of Benchmark cessation	(Policies) NFRC sets forth the following procedures for cessation in its "Index Calculation Policy" which is available on its website: NFRC reserves the right to implement cessations or transitions of an index based on any of the following: - Results of a periodic review - When demand for an index decreases significantly (such as when there is an absence of users referencing the index). - When an index no longer provides intended value due to the redemption of financial products referencing the index or for other reasons. - When the calculation of an index becomes difficult due to the number of constituent index securities decreasing significantly. - Any other circumstances where NFRC determines that cessation is necessary. - NFRC asks index users and other stakeholders for feedback on the impact of the cessation and/or suggests a suitable alternative index selected by NFRC. - NFRC solicits public comments in such cases where there are many index users and other stakeholders and NFRC cannot directly consult with all index users. - NFRC shall notify relevant users of an appropriate alternative index (in terms of objectives, strategy, and universe) in cases where NFRC will produce such an alternative index or where one is already in existence (administered by NFRC or other index provider). - NFRC determines the cessation of the disputed index and suggests an alternate index which is	(Policies) PwC inspected the "Index Calculation Policy" which was available on the website as of March 31, 2025 and the internal rules to confirm that they included the matters described in NFRC's Response as of March 31, 2025.

13. Transition		
IOSCO Principles	NFRC's Response	PwC's Testing
could include the following factors, if determined to be reasonable and appropriate by the Administrator: a) Criteria to guide the selection of a credible, alternative Benchmark such as, but not limited to, criteria that seek to match to the extent practicable the existing Benchmark's characteristics (e.g., credit quality, maturities and liquidity of the alternative market), differentials between Benchmarks, the extent to which an alternative Benchmark meets the asset/liability needs of Stakeholders, whether the revised Benchmark is investable, the availability of transparent transaction data, the impact on Stakeholders and impact of existing legislation; b) The practicality of maintaining parallel Benchmarks (e.g., where feasible, maintain the existing Benchmark for a defined period of time to permit existing contracts and financial instruments to mature and publish a new Benchmark) in order to accommodate an orderly transition to a new Benchmark; c) The procedures that the Administrator would follow in the event that a suitable alternative cannot be identified; d) In the case of a Benchmark or a tenor of a Benchmark that will be discontinued completely, the policy defining the period of time in which the Benchmark will continue to be produced in order to permit existing contracts to migrate to an alternative Benchmark if necessary; and e) The process by which the Administrator will engage Stakeholders and relevant Market and National Authorities, as appropriate, in the process for selecting and moving towards an alternative Benchmark, including the timeframe for any such action commensurate with the tenors of the financial instruments referencing the Benchmarks and the adequacy of notice that will be provided to Stakeholders.	deemed as an appropriate substitute, with consideration given to the sufficient period of time for transition. • A cessation requires approval by the Head of the ISD, Director in charge of the ISD. • NFRC announces the index cessation on its website at least 30 days prior to the day of implementation.	
	(Relevant Activities) There were no cessation nor transition in relation to the in-scope NFRC Indices.	(Relevant Activities) PwC inquired of a responsible person of the ISD who confirmed that NFRC had no cessation nor transition in relation to the in-scope NFRC Indices as of March 31, 2025.

14. Submitter Code of Conduct

14. Submitter Code of Conduct		
IOSCO Principles	NFRC's Response	PwC's Testing
Where a Benchmark is based on Submissions, the following additional Principle also applies: The Administrator should develop guidelines for Submitters ("Submitter Code of Conduct"), which should be available to any relevant Regulatory Authorities, if any and Published or Made Available to Stakeholders. The Administrator should only use inputs or Submissions from entities which adhere to the Submitter Code of Conduct and the Administrator should appropriately monitor and record adherence from Submitters. The Administrator should require Submitters to confirm adherence to the Submitter Code of Conduct annually and whenever a change to the Submitter Code of Conduct has occurred. The Administrator's oversight function should be responsible for the continuing review and oversight of the Submitter Code of Conduct. The Submitter Code of Conduct should address: - The selection of inputs; - Who may submit data and information to the Administrator; - Quality control procedures to verify the identity of a Submitter and any employee(s) of a Submitter who report(s) data or information and the authorization of such person(s) to report market data on behalf of a Submitter; - Criteria applied to employees of a Submitter who are permitted to submit data or information to an Administrator on behalf of a Submitter; - Policies to discourage the interim withdrawal of Submitters from surveys or Panels; - Policies to encourage Submitters to submit all relevant data; and - The Submitters' internal systems and controls, which should include:	This principle is not applicable to the NFRC's Indices, as they are not based on submissions.	No testing was performed as there is no policy or relevant activity in NFRC's Response.

14. Submitter Code of Conduct		
IOSCO Principles	NFRC's Response	PwC's Testing
i. Procedures for submitting inputs, including Methodologies to determine the type of eligible inputs, in line with the Administrator's Methodologies; ii. Procedures to detect and evaluate suspicious inputs or transactions, including inter-group transactions, and to ensure the Bona Fide nature of such inputs, where appropriate; iii. Policies guiding and detailing the use of Expert Judgement, including documentation requirements; iv. Record keeping policies; v. Pre-Submission validation of inputs, and procedures for multiple reviews by senior staff to check inputs; vi. Training, including training with regard to any relevant regulation (covering Benchmark regulation or any market abuse regime); vii. Suspicious Submission reporting; viii. Roles and responsibilities of key personnel and accountability lines; ix. Internal sign off procedures by management for submitting inputs; x. Whistle blowing policies (in line with Principle 4); and xi. Conflicts of interest procedures and policies, including prohibitions on the Submission of data from Front Office Functions unless the Administrator is satisfied that there are adequate internal oversight and verification procedures for Front Office Function Submissions of data to an Administrator (including safeguards and supervision to address possible conflicts of interests as per paragraphs (v) and (ix) above), the physical separation of employees and reporting lines where appropriate, the consideration of how to identify, disclose, manage, mitigate and avoid existing or potential incentives to manipulate or		

14. Submitter Code of Conduct		
IOSCO Principles	NFRC's Response	PwC's Testing
otherwise influence data inputs (whether or not in order to influence the Benchmark levels), including, without limitation, through appropriate remuneration policies and by effectively addressing conflicts of interest which may exist between the Submitter's Submission activities (including all staff who perform or otherwise participate in Benchmark Submission responsibilities), and any other business of the Submitter or of any of its affiliates or any of their respective clients or customers.		

15. Internal Controls over Data Collection

15. Internal Controls over Data Collection		
IOSCO Principles	NFRC's Response	PwC's Testing
When an Administrator collects data from any external source the Administrator should ensure that there are appropriate internal controls over its data collection and transmission processes. These controls should address the process for selecting the source, collecting the data and protecting the integrity and confidentiality of the data. Where Administrators receive data from employees of the Front Office Function, the Administrator should seek corroborating data from other sources.	NFRC outsources data collection for NFRC's Indices to third party services. The fair value of bonds represented by JS Price and Nomura Price, is obtained through NRI. The contract prices of equities are also obtained through NRI.	
	(Policies) NFRC made an agreement with NSC to use JS Price and Nomura Price. NFRC also uses the contract prices of equities provided via NRI under the agreement with Nomura Holdings Inc. (hereinafter "NHI") (the parent company of NFRC) and Tokyo Stock Exchange Inc. (hereinafter "TSE"), which allows NFRC to use the market data.	(Policies) PwC inspected the agreement between NFRC and NSC to confirm that NSC agrees with NFRC to use JS Price and Nomura Price. PwC inspected the agreement between NHI and TSE to confirm that NFRC may use the market data.

16. Complaints Procedures

16. Complaints Procedures		
IOSCO Principles	NFRC's Response	PwC's Testing
The Administrator should establish and Publish or Make Available a written complaints procedures policy, by which Stakeholders may submit complaints including concerning whether a specific Benchmark determination is representative of the underlying Interest it seeks to measure, applications of the Methodology in relation to a specific Benchmark determination(s) and other Administrator decisions in relation to a Benchmark determination. The complaints procedures policy should: - Permit complaints to be submitted through a user-friendly complaints process such as an electronic Submission process; - Contain procedures for receiving and investigating a complaint made about the Administrator's Benchmark determination process on a timely and fair basis by personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint, advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period and retaining all records concerning complaints; - Contain a process for escalating complaints, as appropriate, to the Administrator's governance body; and - Require all documents relating to a complaint, including those submitted by the complainant as well as the Administrator's own record, to be retained for a minimum of five years, subject to applicable national legal or regulatory requirements. Disputes about a Benchmarking determination, which are not formal complaints, should be resolved by the Administrator by reference to its standard	(Policies) NFRC has established procedures to manage complaints from users, market participants, and market authorities in relation to NFRC's Indices in its "Complaints Handling Policy" which is available on its website. The "Complaints Handling Policy" stipulates the following: - E-mail address for submitting complaints - Required information which complainants need to submit to the ISD - Procedures to be taken by the ISD when receiving a complaint and notifying investigation results to the complaint via e-mail - Procedures for escalating complaints to the Compliance Department as appropriate - Two-week notification period in principle via e-mail for the results of the investigation - Record retention of complaints for a minimum of five years, including the details of the complaint, investigation results, preventive measures, and the conclusion after addressing the complaint in accordance with relevant rules and laws In addition, if a complaint results in material changes to index determinations, NFRC will disseminate this information to the index users and other stakeholders in accordance with the procedures of changes to methodologies stipulated in "Index Calculation Policy" and the internal rules. Please refer to NFRC's response to Principle 12 for more on changes to methodologies. (Relevant Activities) NFRC manages complaints from users, market participants, and market authorities in relation to	(Policies) PwC inspected the "Complaints Handling Policy" to confirm that it included the matters described in NFRC's Response and was available on the website as of March 31, 2025. (Relevant Activities) PwC inquired of a responsible person of the ISD who confirmed that NFRC did not receive any formal complaints as at March 31, 2025.

16. Complaints Procedures		
IOSCO Principles	NFRC's Response	PwC's Testing
appropriate procedures. If a complaint results in a change in a Benchmark determination, that should be Published or Made Available to Subscribers and Published or Made Available to Stakeholders as soon as possible as set out in the Methodology.	NFRC's Indices in accordance with its "Complaints Handling Policy". NFRC did not receive any formal complaints as at March 31, 2025.	

17. Audits

17. Audits		
IOSCO Principles	NFRC's Response	PwC's Testing
The Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated criteria and with the Principles. The frequency of audits should be proportionate to the size and complexity of the Administrator's operations. Where appropriate to the level of existing or potential conflicts of interest identified by the Administrator (except for Benchmarks that are otherwise regulated or supervised by a National Authority other than a relevant Regulatory Authority), an Administrator should appoint an independent external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated Methodology. The frequency of audits should be proportionate to the size and complexity of the Administrator's Benchmark operations and the breadth and depth of Benchmark use by Stakeholders.	A Nomura' internal auditor or external auditor conducts audits on index administration regularly. NFRC has engaged with PricewaterhouseCoopers Japan LLC ("PwC") to carry out external assurance engagement regarding Policies and Relevant Activities in NFRC's Responses to the IOSCO Principles.	PwC, as an independent assurance provider, was appointed to provide a limited assurance opinion on NFRC's Responses to the IOSCO Principles.

18. Audit Trail

18. Audit Trail		
IOSCO Principles	NFRC's Response	PwC's Testing
Written records should be retained by the Administrator for five years, subject to applicable national legal or regulatory requirements on: - All market data, Submissions and any other data and information sources relied upon for Benchmark determination; - The exercise of Expert Judgment made by the Administrator in reaching a Benchmark determination; - Other changes in or deviations from standard procedures and Methodologies, including those made during periods of market stress or disruption; - The identity of each person involved in producing a Benchmark determination; and - Any queries and responses relating to data inputs. If these records are held by a Regulated Market or Exchange the Administrator may rely on these records for compliance with this Principle, subject to appropriate written record sharing agreements.	(Policies) NFRC stipulates in the internal rules that it retains records related to the ISD's activities for five (5) years. (Relevant Activities) NFRC retains records related to the ISD's activities as follows for five (5) years in accordance with internal rules. - Information about the index determination process (including input data, calculation methodology, expert judgments, and communications via e-mail with third parties) - Content of complaints and inquiries, investigation results, preventive measures, resolutions, etc. - Identity of staff members who are engaged in the index determination process.	(Policies) PwC inspected the internal rules to confirm that they require NFRC to retain records related to the ISD's activities for five (5) years. (Relevant Activities) PwC inspected evidence on a sample basis to confirm that the ISD has retained the record related to the ISD's activities described in NFRC's Response in accordance with the internal rules.
When a Benchmark is based on Submissions, the following additional Principle also applies: Submitters should retain records for five years subject to applicable national legal or regulatory requirements on: - The procedures and Methodologies governing the Submission of inputs; - The identity of any other person who submitted or otherwise generated any of the data or information provided to the Administrator; - Names and roles of individuals responsible for Submission and Submission oversight; - Relevant communications between submitting parties; - Any interaction with the Administrator;	The NFRC's Indices are not based on submissions.	No testing was performed as there is no policy or relevant activity in NFRC's Response.

18. Audit Trail		
IOSCO Principles	NFRC's Response	PwC's Testing
f) Any queries received regarding data or information provided to the Administrator; g) Declaration of any conflicts of interests and aggregate exposures to Benchmark related instruments; h) Exposures of individual traders/desks to Benchmark related instruments in order to facilitate audits and investigations; and i) Findings of external/internal audits, when available, related to Benchmark Submission remedial actions and progress in implementing them.		

19. Cooperation with Regulatory Authorities

19. Cooperation with Regulatory Authorities		
IOSCO Principles	NFRC's Response	PwC's Testing
Relevant documents, Audit Trails and other documents subject to these Principles shall be made readily available by the relevant parties to the relevant Regulatory Authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request.	If requested by the regulatory authorities, NFRC will submit all relevant documents and audit trails to relevant authorities in a timely manner. Please refer to Principle 18 for more on record retentions relevant to the ISD's activities including audit trails.	PwC inquired of a responsible person of the ISD who confirmed that NFRC will respond to requests from the regulatory authorities appropriately. Refer to PwC's Testing of Principle 18 for record retention.