

Nomura Securities International, Inc.  
309 West 49<sup>th</sup> Street  
New York, New York 10019-7316

## **Notice of Allocation Procedures for Callable Securities**

Nomura Securities International, Inc. (“NSI”) may hold callable bonds or preferred stocks (“callable securities”) on your behalf in street name, or in bearer form in a custodial account maintained at NSI. Callable securities may become the subject of a call or may be redeemed, in whole or in part, before maturity or before the first scheduled call dates. NSI uses an impartial lottery system to establish a fair and impartial allocation of partially redeemed or called securities in accordance with FINRA Rules.

In accordance with FINRA Rule 4340, when NSI determines that the partial call or redemption is favourable to the called parties, NSI will exclude its own accounts or the accounts of NSI affiliates from eligibility unless and until all of NSI’s custodial customer securities positions have been partially or fully redeemed or called under the impartial lottery system. NSI does not maintain securities accounts for NSI officers, directors, or employees.

NSI will determine that the partial redemption or call is made on terms that are favourable to the called parties if, as of the close of business on the date of measurement, the market price (exclusive of accrued interest) of the securities is less than the redemption or call price of the securities. If the call is unfavourable, then all accounts including accounts of NSI or accounts of NSI affiliates will participate in the partial redemption or call via an impartial lottery system.

The application of the impartial lottery system utilizes a pro-rata methodology. This may result in a percentage of your securities position being redeemed or called that differs from the percentage of the overall issue that is redeemed or called, and may differ from the percentage being redeemed or called from other custodial customers.

If you are a custodial customer of NSI, please contact your sales representative for a hard copy of these allocation procedures.

Effective May 1, 2014