

## LICENSING AND DISTRIBUTION FAQs - LIBOR

Version 2.0 (November 2014)

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### 1. GENERAL FAQs

#### **What is changing?**

On 1 July 2014, ICE Benchmark Administration (ICE) introduced new licensing arrangements for the use of ICE LIBOR ("LIBOR") rate information and trademarks.

#### **Do I need a LIBOR licence?**

A licence is required by any party that: is involved in the use of LIBOR as a data input or reference rate for valuation, transactional, or benchmarking purposes; redistributes LIBOR to third parties; offers contracts for trading or clearing that reference LIBOR; and/or wishes to access ICE's historical database of LIBOR rates.

#### **Which licence do I require?**

A Usage Licence is required for any party that:

- Uses LIBOR rates in valuation and/or pricing activities, including (but not limited to):
  - Collateral calculations
  - Interest rate fixings
  - Portfolio valuations
  - Contract pricing
  - Asset valuations
  - Loan servicing
  - Pricing curves
  - Discounting curves
- Uses LIBOR rates as a reference rate in transactions and/or the marketing or sale of financial products including (but not limited to):
  - Deposit-gathering
  - Commercial lending
  - Securities offerings
  - Rate or foreign exchange trading
  - Loan syndications and originations
  - Structured finance offerings
- Uses LIBOR rates on a real-time basis to value transactions and/or provide input data for enterprise applications or systems.

A Redistribution Licence is required for any party that redistributes LIBOR rates to third parties, either real-time or delayed.

A Trading/Clearing Licence is required for any party that offers trading/clearing of financial contracts for which LIBOR is the underlying reference.

A Historical Access Licence is required for any party wanting to access ICE Benchmark Administration's historical rates directly from the ICE Benchmark Administration database. A Historical Access Licence is not required where historical data is accessed via a third party distributor.

**Will I need more than one licence if I am engaged in multiple applications or uses of LIBOR?**

Clients may require more than one type of licence, for example a Usage Licence for use of LIBOR in transactions and a Historical Access Licence for accessing ICE's database of historical LIBOR rates. However ICE will only invoice the licence fee for the licence with the highest fee, and will waive the fee(s) for the licence(s) with lower fee(s).

**What happened to our previous contract with BBA?**

Previously existing licences with the British Bankers Association (BBA) were assigned to ICE Benchmark Administration and termination notices were issued, effective on 1 July 2014. ICE Benchmark Administration began replacing licensing arrangements as of 1 July 2014 for clients that chose to maintain the service.

**How do ICE Benchmark Administration's commercial terms differ from the licence terms offered by the BBA?**

ICE will licence the LIBOR rate information based on usage and end user application of the data. For example if a client is originating a mortgage product or writing swap contracts that are indexed on LIBOR performance, ICE will apply the Usage License.

This approach differs from the previous BBA terms, but ICE believes it better reflects the benefits that clients extract from the LIBOR rates, and will enable ICE to establish rigorous measures, controls, and processes that are necessary to ensure the integrity of the LIBOR rates and those products that are referenced against them.

Please reference the Position Paper on the Evolution and Enhancement of LIBOR to review the detailed plan ICE is undertaking to ensure LIBOR rate-setting is transparent and remains a reliable source for financial transaction globally. The paper is available from the ICE website: [https://www.theice.com/publicdocs/ICE\\_LIBOR\\_Position\\_Paper.pdf](https://www.theice.com/publicdocs/ICE_LIBOR_Position_Paper.pdf).

**The LIBOR data fee has significantly increased from what BBA had. Why has it increased?**

As a highly-regulated, global benchmark, the process of setting LIBOR is subject to increased regulatory oversight and governance requirements aimed at restoring the integrity of the benchmark. As part of a thoroughly re-designed process for submissions, calculations and reporting, ICE Benchmark Administration will invest regularly to deploy increased surveillance systems and establish clear and transparent codes of conduct, while at the same time ensuring our fees remain competitive and equitable. All market participants benefit from a benchmark that instils greater confidence and clarity.

**How can I sign up for a licence?**

An on-line wizard is available to help you apply for the appropriate licence:

<http://iba.theice.com/licenses>

**How can I access LIBOR rate information directly from ICE?**

ICE Benchmark Administration has introduced a 'Secure File Transfer Protocol' (SFTP) service where clients can access LIBOR rate information as it is published each day. Alternatively, clients may also choose to receive LIBOR rates via a daily email or visit the ICE website to see rates published on a delayed basis (<https://www.theice.com/marketdata/reports/170>).

Please contact the ICE Benchmark Administration licensing team to discuss accessing the SFTP or e-mail services. Alternatively, LIBOR data will continue to be available via a number of authorised data vendors. A list of licensed real-time redistributors can be found on our website: [www.theice.com/iba](http://www.theice.com/iba).

**I receive LIBOR rate information from a third party, how does this impact me?**

Clients who receive live, real-time LIBOR rate information from a market data vendor/redistributor may be required to pay end user fees, in addition to any applicable Usage Licence fees. These fees will be collected by your market data vendor and remitted to ICE. ICE Benchmark Administration

recommends a fee of \$10 per user per month. Clients should check with their market data vendor as to the applicable fee. End user fees will not apply to data delayed by a minimum of 4 hours, though other direct licencing fees might apply.

#### **How can I access historical LIBOR rates?**

For clients that have entered into a historical access licence agreement, an SFTP service provides basic rates one week after publication, and named submissions data three months after publication. Clients accessing historical data from market data vendors only will not be required to enter into this licence.

#### **Why do I have to pay for historical data when it is available for free from third parties?**

Fees for accessing historical LIBOR data via ICE Benchmark Administration are associated with the data distribution service we provide and investment we have made in developing convenient methods for clients to access historical data. This data will continue to be available from third party vendors or redistributors.

#### **What is the official name for the LIBOR rate?**

'ICE LIBOR'. All previous references to 'BBA LIBOR' should be replaced with 'ICE LIBOR'.

#### **Who should I contact in case I have further questions about LIBOR licensing or technical access to rates?**

Please feel free to contact the ICE Benchmark Administration licensing team as follows:

**Telephone:** +44 (0) 20 3540 7200 (UK) or +1 (347) 252 6465 (US)

**Email:** [iba-licensing@theice.com](mailto:iba-licensing@theice.com)

## **2. FAQs for Usage Licences**

#### **Does my usage of ICE LIBOR ("LIBOR") require me to obtain a Usage Licence?**

A Usage Licence is required for any party that:

- Uses LIBOR rates in valuation and/or pricing activities, including (but not limited to):
  - Collateral calculations
  - Interest rate fixings
  - Portfolio valuations
  - Contract pricing
  - Asset valuations
  - Loan servicing
  - Pricing curves
  - Discounting curves
- Uses LIBOR rates as a reference rate in transactions and/or the marketing or sale of financial products including (but not limited to):
  - Deposit-gathering
  - Commercial lending
  - Securities offerings
  - Rate or foreign exchange trading
  - Loan syndications and originations
  - Structured finance offerings
- Uses LIBOR rates on a real-time basis to value transactions and/or provide input data for enterprise applications or systems.

#### **Will I need to purchase multiple licenses if I engage in various uses or applications of LIBOR?**

A single Usage Licence will cover all uses of LIBOR listed above within an organisation, including all group affiliates and/or holding companies.

**Are there use cases or applications of LIBOR that may not be subject to the Usage Licence?**

Yes, some users of LIBOR on a 24-hour delayed basis may not be subject to Usage License. To the extent that ICE will waive the need for a Usage License, the user may still require an application of a waiver to ensure compliance.

**What legal agreement will I be required to sign?**

The client is required to sign the Master Licence Agreement. This is available on our website: [www.theice.com/iba](http://www.theice.com/iba). Schedule B contains specific terms concerning the Usage Licence for LIBOR.

**Will the licence cover other entities in my company group?**

The licence can cover any subsidiary, holding company or subsidiary of such holding company. Clients are required to provide to ICE Benchmark Administration a full list of entities that are to be covered by the licence, and to refresh this list on an annual basis.

**How much does this Usage Licence cost?**

For financial institutions there is an annual licence fee of \$16,000 for a single LIBOR currency or \$40,000 for all LIBOR currencies. For non-financial institutions there is an annual licence fee of \$8,000 for a single LIBOR currency or \$16,000 for all LIBOR currencies.

**Are there any Usage Licence fee reductions for institutions with smaller asset bases?**

ICE offers reduced/waived licence fees for smaller regional banks and other depository institutions. For depository institutions using a single LIBOR currency, the Usage Licence will be modified as follows (dependent upon the institution's total asset size on 1<sup>st</sup> July 2014; US\$ amount as stated below or local currency equivalent):

- Asset size greater than \$10bn – full licence fee
- Asset size between \$1.5bn and \$10bn – \$2,000 per annum
- Asset size less than \$1.5bn – fee waived

From 2015 onwards, the asset size of each institution will be subject to annual review, such that the asset size of the institution on 1<sup>st</sup> January of each year will determine the appropriate licence fee for that year. Reduced and waived fees are not available to institutions requiring multiple LIBOR currencies. Note that clients will still require a Usage Licence agreement with ICE Benchmark Administration where the fee has been waived.

**What do you mean by Financial and Non-Financial Institutions?**

Fees for the Usage Licence vary according to whether an entity is considered to be a 'financial' or 'non-financial' institution. For the purposes of the licensing of LIBOR rates, a financial institution means an undertaking, the principal activity of which is to acquire holdings or to carry out one or more of the following activities:

- Lending including, inter alia: consumer credit, mortgage credit, factoring, with or without recourse, financing of commercial transactions (including forfeiting)
- Financial leasing
- Money transmission services
- Issuing and administering means of payment (e.g. credit cards, travellers' cheques and bankers' drafts)
- Guarantees and commitments
- Trading for own account or for account of customers in:
  - money market instruments (cheques, bills, certificates of deposit, etc.);
  - foreign exchange;
  - financial futures and options;
  - exchange and interest rate instruments; or
  - transferable securities.
- Participation in securities issues and the provision of services related to such issues
- Advice to undertakings on capital structure, industrial strategy and related questions and advice as well as services relating to mergers and the purchase of undertakings
- Money broking
- Portfolio management and advice
- Safekeeping and administration of securities
- Issuing electronic money.

This definition is based on UK law (paragraph 5(c) of Schedule 3 to the Financial Services and Markets Act 2000 and article 4 of the Banking Consolidation Directive) and is used solely for the purposes of defining Usage Licence fee levels. For the avoidance of doubt, ICE is not seeking to categorise users as financial or non-financial institutions for any purpose other than defining these fee levels.

**Do I still need to pay end user fees if I have a Usage Licence in place?**

If you receive real-time data from a third party redistributor for viewing purposes, or for non-display activities not covered by the Usage Licence criteria, then end user fees will apply.

**Can I publish LIBOR rates to my clients?**

Usage Licence holders are permitted to provide LIBOR rate information to clients only in the ordinary course of business of providing pricing/valuation services or referencing LIBOR in transactions and financial products. Providing a specific LIBOR rate in a valuation report, communicating to a swap transaction counterparty, or referencing in a mortgage statement to a client are examples of limited distribution of rates that would be acceptable under the Usage Licence. Displaying LIBOR rates daily on a trading screen, website or any other market data service would require a separate Redistribution Licence.

**How can I access the LIBOR rates?**

See section 6 of this document.

**3. FAQs for Redistributors/Vendors**

**What licence do I require to redistribute LIBOR rates to my clients?**

For redistribution of LIBOR rate information clients are required to sign the ICE Data Vendor Agreement.

**How much does this redistribution licence cost?**

There is an annual fee of \$75,000 for real-time rates, \$50,000 for intraday 4 hour delayed rates and \$10,000 for 24 hour delayed rates. For clients paying the real-time redistribution fee of \$75,000, any Usage Licence fees will be waived (where appropriate and at ICE's discretion). The redistribution licence fees are not cumulative. A client paying the \$75,000 real-time data redistribution fee will be able to offer intraday 4 hour delayed and 24 hour delayed data at no additional cost.

**Will the licence cover other entities in my company group?**

The redistribution licence will allow distribution to third parties by any subsidiary, holding company or subsidiary of such holding company. Clients are required to provide to ICE Data a full list of entities that will be redistributing LIBOR data externally.

**Will there be end user fees?**

For real-time data, redistributors/vendors must remit to ICE end user fees of \$10 per user per month for each user with access to LIBOR rate information. End user fees will not apply to data delayed by a minimum of 4 hours.

**Will end user fees apply to all of my clients?**

End user fees will apply be payable in respect of all end users who receive real-time LIBOR rates, with the exception of LIBOR panel banks. LIBOR panel banks and their affiliates are exempt from end user fees.

**How do I know who are the panel banks?**

A full list of panel banks can be found on the ICE Benchmark Administration website: <https://www.theice.com/iba/libor#panel-composition>.

**Are there any additional agreements that my clients need to sign?**

If a client participates in the following activities, it will need to obtain a Usage Licence:

- Uses LIBOR rates in valuation and/or pricing activities, including (but not limited to):
  - Collateral calculations
  - Interest rate fixings

- Portfolio valuations
  - Contract pricing
  - Asset valuations
  - Loan servicing
  - Pricing curves
  - Discounting curves
- Uses LIBOR rates as a reference rate in transactions and/or the marketing or sale of financial products including (but not limited to):
    - Deposit-gathering
    - Commercial lending
    - Securities offerings
    - Rate or foreign exchange trading
    - Loan syndications and originations
    - Structured finance offerings
  - Uses LIBOR rates on a real-time basis to value transactions and/or provide input data for enterprise applications or systems.

**Do I need to ensure my clients have entered into a Usage Licence before providing them with LIBOR data?**

No. We do however require redistributors to ensure that subscribers to LIBOR data are informed of the activities that require a Usage Licence. In certain circumstances we may ask the redistributor to cease supplying real-time LIBOR data to a client, for example in a licence dispute.

**Can I access historical LIBOR rate information from ICE Benchmark Administration?**

Yes, any licensed real-time or delayed redistributor has access to our historical data services via SFTP at no additional cost. The historical SFTP service provides basic rates one week after publication, and named submissions data three months after publication.

**Are there any restrictions on providing historical LIBOR information to my clients?**

There are no restrictions on providing historical data to clients (either as retrieved from the ICE SFTP service or as collected from the real-time service).

**Can I publish LIBOR rates on a public website?**

Live LIBOR rates cannot be displayed on a public website, instead users must be set up with a username/password and end user fees will apply to each user who has access to the information. Delayed LIBOR rates (24 hours after initial publication) can be displayed on a public website without control or reporting. Any client displaying 24 hour delayed rates on a website will be required to enter into a public display agreement with ICE.

**Can I use LIBOR rates in editorial stories?**

Any use of LIBOR rate information in editorial stories that a client could reasonably use a substitute to subscribing to real-time LIBOR prices is not allowed. The following are examples of editorial use that would not be permitted:

- A news story which includes a table of LIBOR rates, published before the 24h delay period
- Alerts/headlines providing LIBOR rates to subscribers

Reference to individual LIBOR rates in the context of a written story is allowed. For example, “today’s LIBOR increased 35 basis points to 0.2248”.

**What is the derived data policy?**

If, in ICE’s sole discretion, it is possible for any person to readily obtain or discern the original LIBOR rate information from the derived data (whether by reverse engineering, calculation, translation or otherwise), or where the derived data is used as a substitute for subscribing to the LIBOR rate information, then this derived data is subject to end user fees.

**What is the non-display policy?**

There is no specific non-display policy. A non-display device (or application) that is consuming LIBOR rate information is counted as a single reportable user.

**I already have a contract with ICE Data to distribute ICE Futures Europe, ICE Futures US, ICE Futures Canada, ICE Endex or LIFFE market data, how does this affect me?**

Vendors who have entered into the ICE Data Quote Vendor Agreement prior to January 2014 will be required to enter into a new agreement. Vendors who have entered into an agreement after this date will be able to update Schedule 1 of their existing agreement. ICE Data will be able to confirm the current version of your agreement and assist with any updates, they can be reached on [qv\\_commercial@theice.com](mailto:qv_commercial@theice.com) or +44 20 7065 7778.

**How do I report usage?**

All reports must be submitted to ICE Data LLP via VARS (Vendor Automated Reporting System), on or before the 20<sup>th</sup> day of each calendar month following the month to which the report pertains. Full reporting guidelines are provided in Schedule 6 of the ICE Data Vendor Agreement.

**How can I access the LIBOR rates?**

See section 6 of this document.

**4. FAQs for Trading/Clearing Licences**

**Do I require a Trading/Clearing Licence?**

A Trading/Clearing Licence is required for any party that offers trading/clearing of financial contracts for which LIBOR is the underlying reference.

**What legal agreement will I be required to sign?**

The client is required to sign the Master Licence Agreement and Schedule D which contains specific terms concerning the Trading/Clearing Licence. This will be provided to clients on request.

**How much does this Trading/Clearing Licence cost?**

Please contact ICE Benchmark Administration for further details about the Trading/Clearing licence, including pricing.

**5. FAQs for Historical Access Licences**

**Do I require a Historical Access Licence?**

A Historical Access Licence is required for any party that wishes to access ICE Benchmark Administration's historical rates database.

**What legal agreement will I be required to sign?**

The client is required to sign the Master Licence Agreement. This is available on our website: [www.theice.com/iba](http://www.theice.com/iba). Schedule C contains specific terms concerning the Historical Access Licence.

**How much does this Historical Access Licence cost?**

There is an annual licence fee of \$1,500 per annum. This licence fee will be waived for any client that simultaneously holds a Usage Licence, a Trading/Clearing Licence or a Redistribution Licence.

**What historical LIBOR rate information is available?**

The historical SFTP service provides historical LIBOR rate information going back to January 2005. Basic rates are made available one week after publication, and named submissions data three months after original date of submission.

**How can I access the historical LIBOR rates?**

See section 6 of this document.

## **6. Technical Access FAQs**

### **How can I access the LIBOR rates?**

Clients will be able to access LIBOR rates directly from ICE through a Secure File Transfer Protocol (SFTP) service, or through a third party redistributor. A full list of licensed redistributors will be made available on the LIBOR website. Additionally some clients may choose to receive real-time LIBOR rates by a daily e-mail. To access the SFTP or e-mail service, contact the ICE Benchmark Administration licensing team: [iba-licensing@theice.com](mailto:iba-licensing@theice.com).

### **What format is the data provided in?**

LIBOR rate information retrieved from the SFTP service or received by e-mail will be presented in files formatted in FIXML. A separate file is provided each day for each of the LIBOR rate currencies. Sample files are available on our website: [www.theice.com/iba](http://www.theice.com/iba).

### **How can I easily read the contents of the FIXML files?**

Clients may find it easier to view the contents of the FIXML file using Microsoft Excel to tabulate the data into headed columns. To do this, save the file to your computer, then drag and drop the file onto an open Microsoft Excel window and select 'As an XML table' when presented with the 'Open XML' dialogue box (you may need to click 'OK' again if asked whether to create a schema based on the XML source data).

### **Can we get the LIBOR data file in formats other than FIXML?**

ICE Benchmark Administration's research has suggested that FIXML is suitable both for machine-readable consumption as well as being easily importable into spreadsheets. Following customer demand, we now include a table of LIBOR rates in the body of the daily LIBOR rates e-mail.

### **What is SFTP and how do I get set up?**

SFTP (Secure File Transfer Protocol) is similar to FTP (File Transfer Protocol) but with an added layer of security. Authentication for the SFTP server is SSH key based. Clients are required to generate an SSH key pair and supply ICE Benchmark Administration with the public key while retaining their private key.

**Note:** Clients accessing the SFTP service will need to migrate to the Managed File Transfer (MFT) infrastructure on 8 December 2014. This will require clients to connect to a different IP address and will require clients to provide us with an IP address to add to a 'White List'. Only registered client source IP addresses will be able to access MFT. Contact [iba-licensing@theice.com](mailto:iba-licensing@theice.com) for further information.

### **How do I set up SSH keys?**

SSH keys can be created using an SSH Client, for example, OpenSSH, Cygwin, PuTTY or Commercial SSH (please see SFTP Client Specification for guidance on creating SSH keys). The ICE Benchmark Administration licensing team can help you through this process: [iba-licensing@theice.com](mailto:iba-licensing@theice.com).

### **Will all LIBOR rates be published at the same time?**

Normally yes, but in exceptional circumstances, for example a delay in the submission of rates by panel banks, the publication of one, multiple or all currencies may be delayed.

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