FAQ Index Licensing - Swiss Reference Rates (SRR)

SIX as the benchmark administrator of the Swiss Reference Rates (SRR) including SARON, SAION and the SARON Compound indices has established a pragmatic licensing model with limited administrative impact following existing practices. The commercials are competitive compared to industry standards.

Due to the complexity, SIX has spoken with various market participants to obtain feedback. Based on the market feedback and based on the identified use cases, this FAQ was created with a clear and comprehensive explanation of the terms and conditions.

The initial review of the market feedback showed that the index licensing model used today - the differentiation between Data License and Product License - is only suitable to a limited extent. Against this background, it is becoming apparent that the SRR should be licensed solely via the Data License model (not via Product License). To enable licensees to cover additional use cases, SIX intends to extend the current data license.

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1 What is considered restricted data?

The access to intraday data for all SRR (e.g. SARON fixings and close) within the first 24 hours but no earlier than the publication of the latest 6pm fixing CET is subject to a license and is restricted. Currently, historical SARON data is available for download via the SIX website without any restriction. The SARON Compound index data is restricted. In other words, restricted data always refers to data that is not publicly available on the SIX website.

2 Which rates and calculations belong to the SRR?

The SRR comprise a total of 32 benchmark rates that cover a term spectrum, ranging from overnight (ON) to 12 months (12M), plus two distinct indices for the ON term. Based on the ON rates several compounded rates (SARON Compound indices) are calculated for longer term contracts beyond the ON tenor, e.g. the SARON Compound indices with 1, 3 and 6 months calculations in arrears are part of the SRR. Further information can be found here.

3 Which license types exist already for financial institutions?

The Data License covers the internal usage of the SRR for retail mortgages, business loans and swaps and activities within active portfolio management, research and advisory purposes:
- CHF 5,000 p.a. (covers one country, one legal entity and an unlimited number of users)
- CHF 8,000 p.a. (covers global usage and an unlimited number of users)

This license was created in April 2018 and remains unchanged.

4 What is the policy for non-financial institutions and by when will it be introduced?

New: The Data License for non-financial institutions covers the same use cases as the existing Data License mentioned above.
- CHF 3,500 p.a. (covers global usage and an unlimited number of users for above mentioned use cases)

The use cases covered by the Data License are subject to licensing for non-financial institutions from July 1st 2020 onwards. Non-financial institutions or retail users do not need a license for the issuance of financial products linked to SRR.

5 What is the additional license type for financial institutions and by when will it be introduced?

New: The Extended Data License covers the usage of the SRR for financial products and extended purposes:
- CHF 6,000 p.a. (covers global usage and an unlimited number of users for below mentioned uses cases)

The use cases covered by the Extended Data License are subject to licensing from July 1st 2020 onwards.

a. Issuers of financial products that use the SRR as an underlying, a financing rate, a cash component, as a reference or any use for fallback interest. Examples are the issuers of structured products (e.g. mini futures), ETFs, funds, insurance policies (e.g. AT1 or similar) and corporate bonds (e.g. floating rate notes)

b. Service facilitators (e.g. broker, placing agent/book runner, calculation agents and trading desks in general) that provide calculations including compound calculations to other parties or issuers to support financial instruments mentioned under a). The issuers of financial instruments do not need a license as long as the service facilitator has an Extended Data License.

All other use cases not mentioned are covered by the existing Data License for SRR including the use of interest rate derivatives (e.g. caps, floors and swaptions) to support mortgages.
6 Which use cases have been identified for SARON?
- Active portfolio management activities (question 3)
- Research and advisory activities (question 3)
- Trading activities (question 5)
- Bank accounts and deposits (retail and corporate) (question 3)
- Retail mortgages (question 3)
- Business loans (question 3)
- Derived date, for example yield curve creation, collateral calculations, analytics (question 10/11)
- Yield/ Swaps for OTC (question 3/10)
- Structured products, for example mini futures, fallback triggered products (question 5)
- Bonds, e.g. floating rate notes, corporate bonds (question 5)
- Trading of futures, swaps (question 3)
- Index calculation, derived benchmarks (question 12)
- Compound rate calculation for internal purposes (question 10)
- Compound rate calculation for systematic re-distribution (question 12)
- Use of SARON as cash component only, for example insurances, ETFs, funds, loans, structured products, capital protection, single stocks (question 5)

7 What is the commercial approach for smaller banks?
For small and medium-sized banks (measured by the total AuM), the following financial discounts already apply today:
- Medium-sized companies (total value of assets under management (AUM) as of 31.12. of the previous year < CHF 3 billion) --> 90% of the Data License fee
- Small companies (total value of assets under management (AUM) as of 31.12. of the previous year < CHF 1 billion) --> 80% of the Data License fee

8 Can I display/redistribute the SRR including the SARON values?
The display and redistribution of the SRR as a reference on a public website is only possible with a minimum 24 hour delay after the release of the 18:00 CET fixing of the most recent business day. This right to display/redistribute the historic SRR does not include SARON Compound indices.
Intraday SARON values (first 24 hours) as well as both intraday and historic SARON Compound indices are considered restricted index data. Licensees cannot systematically or non-systematically publish real-time SARON (first 24 hours) to 3rd parties via a public website or similar.
The licensee shall be entitled to display and redistribute intraday SARON to 3rd parties (B2B/B2C) where required for business purposes provided that the licensed content:
(i) could not be used as a substitute for any set of index data provided by licensor,
(ii) has no independent commercial value as a database, and is not regularly or systematically retrieved in a manner that prejudices the commercial interests of licensor

9 Can I display/redistribute historic SRR including the SARON values?
The distribution of historic SARON values (minimum 24 hour delay) is allowed. There is no license requirement. The right to display/redistribute the historic SRR does not include SARON Compound indices.
10 **What is derived data and what are derived benchmarks?**

Derived data means any work that is created partly or entirely based on data but does neither allow deducing data by any means nor can it be used as a substitute for data. Examples of derived data are the creation and calculation of yield curves to serve as an anchor point for the calculation of accrued interest owed or building a CHF overnight interest swap curve to use it for discounting cash flows and valuing CHF overnight indexed swaps and for the calculation of analytics for CHF collateralized swaps.

Derived benchmarks can be defined as deriving a benchmark for which any SRR information serves directly or indirectly as, or as part of, an input or underlying reference. Examples of derived benchmarks include index calculation using SRR as a component.

11 **Is the creation of derived data allowed?**

The creation of derived data (e.g. compound rates) for internal usage is allowed for financial institutions which have a valid SIX Data License (CHF 5,000/8,000 p.a.).

12 **Is the creation of derived benchmarks allowed?**

For the creation and redistribution of derived benchmarks a separate license is required which only covers this use case. Please contact SIX directly if this is planned.

13 **Does the scope of the SRR data package change in the future?**

Yes, both the licensed content within the existing Data License as well as the Extended Data License are enhanced with SARON Compound indices calculated by SIX as per March 2020.

14 **When are the SARON Compound indices available?**

SARON Compound indices for 1, 3 and 6 months have been launched as per March 2020.

You can download the SARON Compound indices from the webpage (restricted data).

15 **Is it necessary to display the registered/trademark symbol ® and SIX disclaimers when using SARON for active portfolio management activities, financial products, derived data or benchmarks and the like?**

The display of the trademark/disclaimer is optional for the licensee. It is not necessary to use the trademark symbol in each instance when SARON is mentioned. SIX has a document with instructions on how to use the SIX disclaimer for clients that would like to include it.

You can download the disclaimer text from the Licensing webpage.

16 **How can I access SARON data via a terminal without delay and who do I need to contact?**

The access to SARON data not older than 24 hours (i.e. intraday rates) is subject to a license. Our Index Business Support can determine whether the desired data is already licensed and can open the data access directly via the data vendors.
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