

# TORF (Tokyo Term Risk Free Rate) License Guide

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QUICK Corp.  
Ver. 3.1

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# Purpose

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The “TORF (Tokyo Term Risk Free Rate) License Guide” explains the following matters:

- Overview of “User License” required for using TORF, fees and definitions
- Other fees and procedures required for license agreement

In Appendices, this material shows you cases in what major financial transactions the license is required. It also contains a “frequently asked questions” section about User License.

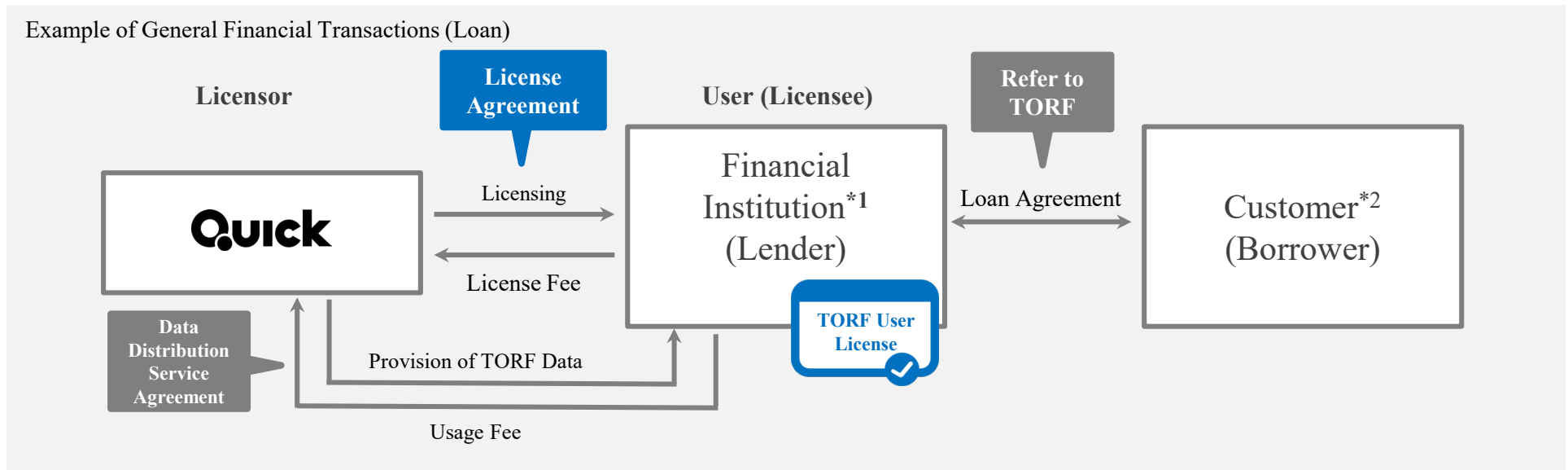
\* In the text below, the “TORF (Tokyo Term Risk Free Rate)” is abbreviated as “TORF”

# 1. What is License

**If you use TORF in financial transactions, you will need to have User License.**

TORF is one of the interest rate benchmarks that succeeds the JPY LIBOR. It is intended to be used in various financial transactions as is the case with the LIBOR, such as for loans, bond issues and interest rate derivatives. It is User License that confers you the right to use TORF for such purposes.

If you wish to use TORF for the purposes listed above, please conclude the “license agreement” with QUICK and pay the license fees. Then, QUICK provides the “license” to you. You may use TORF for businesses only after you obtain both the data and license.



\*1 A separate agreement with a vendor or QUICK is necessary for using the data.

\*2 To evaluate assets, as is the case with financial institutions, it is necessary to have both Data Distribution Service Agreement and User License (for non-financial institutions).

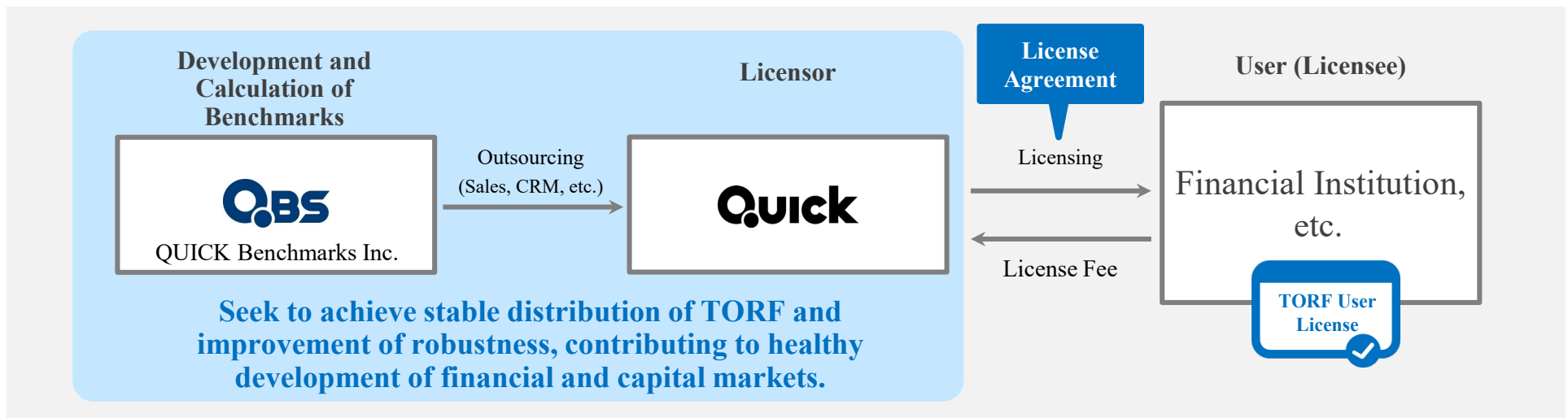
## 2. Why License Fee is Necessary

**The license fee is used for stable provision of TORF, contributing to healthy growth and development of financial and capital markets.**

Under the license agreement, the data users (licensees) will pay the license fees to QUICK (licensor). QUICK asks users to pay the fees for the following purposes:

- QUICK believes that it is of utmost importance to enhance the reliability and robustness of TORF in order to be used widely. QUICK will strive to update data daily accurately and quickly, and at the same time to review the calculation process periodically and strengthen and monitor the system.
- QUICK will also consistently make efforts to be highly compliant with rules and regulations, such as IOSCO's Principles for Financial Benchmarks and EU Benchmark Regulations.

Users of TORF are cordially requested to bear these costs together in a fair and reasonable manner.

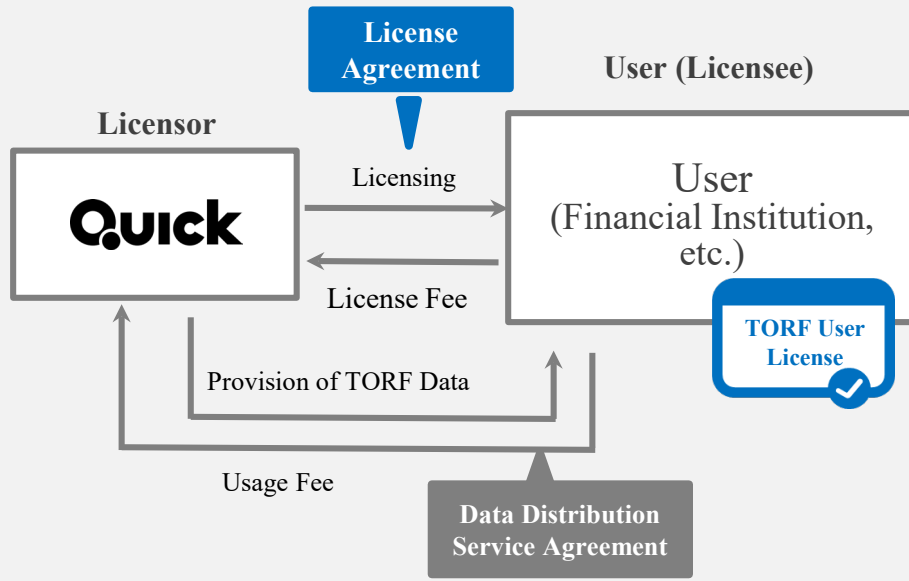


# 3. Data Usage and License Agreement

**Users will need to have an agreement with a vendor for use of data and with QUICK for TORF license.** In order to obtain the TORF data, users will need to have Data Distribution Service Agreement with QUICK or one of the other redistribution vendors and pay the fees\*<sup>1</sup>. Users will need to have User License from QUICK even when they obtain the data from other vendors.

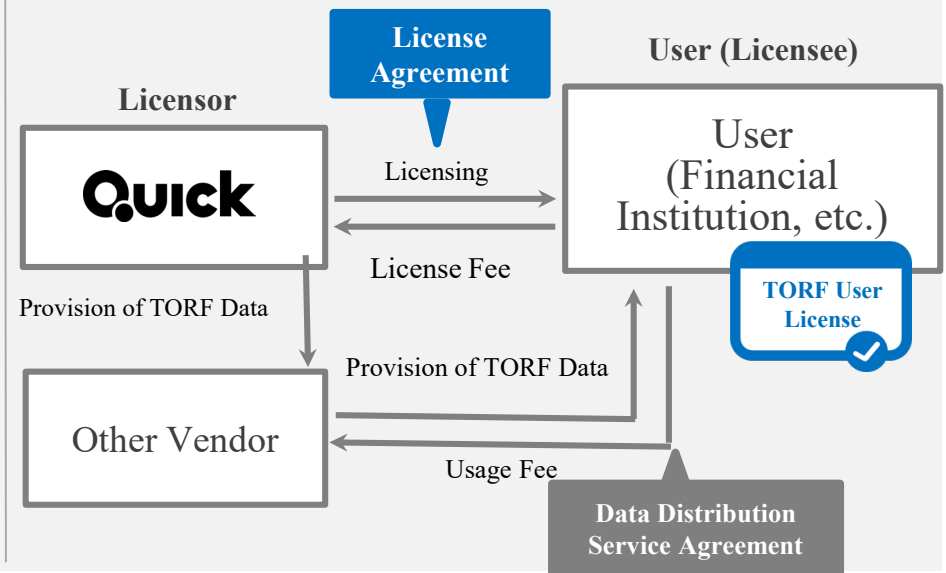
In case QUICK's data distribution service is used:

- Data Distribution Service Agreement with QUICK\*<sup>2</sup>
- License Agreement with QUICK



In case data distribution service of other redistribution vendors is used:

- Data Distribution Service Agreement with Other Vendor\*<sup>3</sup>
- License Agreement with QUICK



\*<sup>1</sup> In case the user uses the real-time TORF data, an additional service usage fee is necessary along with Data Distribution Service Agreement and fees.

\*<sup>2</sup> Please contact QUICK sales representative for details.

\*<sup>3</sup> Please contact respective vendors for details.

## 4. User License (When License is Required)

There are several types of licenses available for use of TORF. “User License” is one that is for most common uses as interest rate benchmark.

License Type	Intended Use	Intended User (Ex.)
<b>User License</b>	<p><b>Use TORF for setting interest rates on loans and bonds/for evaluating assets</b></p> <ul style="list-style-type: none"> <li>● Using TORF as the reference rate for financial products (including, but not limited to, swaps, FRAs, derivatives, notes, bonds, mortgages and loans).</li> <li>● Using TORF for asset valuation and setting various prices (including, but not limited to, collateral calculations, setting interest rates, pricing curves, discount curves and forward curves)</li> </ul> <p>(Ex.)</p> <ul style="list-style-type: none"> <li>• In the case of loans, the lender (bank or other financial institution) needs the license.</li> <li>• In the case of bond issues, the fund-raiser (i.e., issuer) needs the license.</li> </ul>	<b>Financial Institutions and Non-Financial Institutions</b>
Trading/ Clearing License	Listing products based on TORF/intermediating financial transactions/ conducting clearing operations	Brokers and Exchanges
Derived Benchmarks License	Generating interest rate benchmarks based on TORF	Benchmark Providers
Redistribution License	Distributing with the purpose of redistributing TORF data	Information Vendors and System Vendors

\* A license agreement with QUICK is required even if the usage is not listed above, in case TORF is used for commercial purpose.

# 5. Type of User License Fees

The TORF user license fees vary according to the type of license.

License Type		License Fee (Monthly) Effective from April 2025	Note
User License	Financial Institutions	Use by one company	<b>JPY60,000</b>
		Group Usage	<b>JPY240,000</b>
	Non-financial Institutions	Use by one company	<b>JPY30,000</b>
		Group Usage	<b>JPY120,000</b>

- Group Usage is limited to affiliated companies with a stake of more than 50%.
- The License fee is the same regardless of whether the data used is real-time or delayed.

- \* Above fees exclude any applicable taxes and/or statutory levies.
- \* The amounts shown above are license fees for use of data as stipulated in Item 4 User License. The users will need to conclude Data Distribution Service Agreement with QUICK or other vendors and pay fees.
- \* If the users use TORF real-time data in Data Distribution Service provided by QUICK or other vendors, additional service usage fees are also payable in addition to Data Distribution Service Agreement and fees. Please contact QUICK or other vendors for details.
- \* Please also refer to the “TORF (Tokyo Term Risk Free Rate) User License Price List” on the following webpage.  
TORF website: <https://corporate.quick.co.jp/en/torf>

**<Additional Service Usage Fee (in case of QUICK)>**

TORF (real-time) Terminal Usage Fee	<b>JPY1,000</b>
Internal Usage Fee	<b>JPY10,000</b>



## 6. Definition of Financial Institutions

Financial institutions, for the purpose of determining the user license fees, are defined as follows:

### **Definition of “Financial Institutions”**

A corporation mainly engaged in financial services such as deposits, financing, loaning, lending, funds transfer transactions, electronic payment collection services, agency and brokerage services for non-Japanese banks, sale and purchase of securities, etc. and brokerage thereof, underwriting of securities, etc., custody of securities, etc., investment advisory, agency business, investment management business, securities lending business, insurance or reinsurance, trust business, moneylending business, lease business, finance business, cryptoasset exchange business, mutual financing business, and other financial services.

- \* QUICK determines the applicable fees based on the definition above.
- \* When the group user license is chosen (refer to Item 7), the fees for financial institutions will be applicable if one or more financial institutions are included in the group.

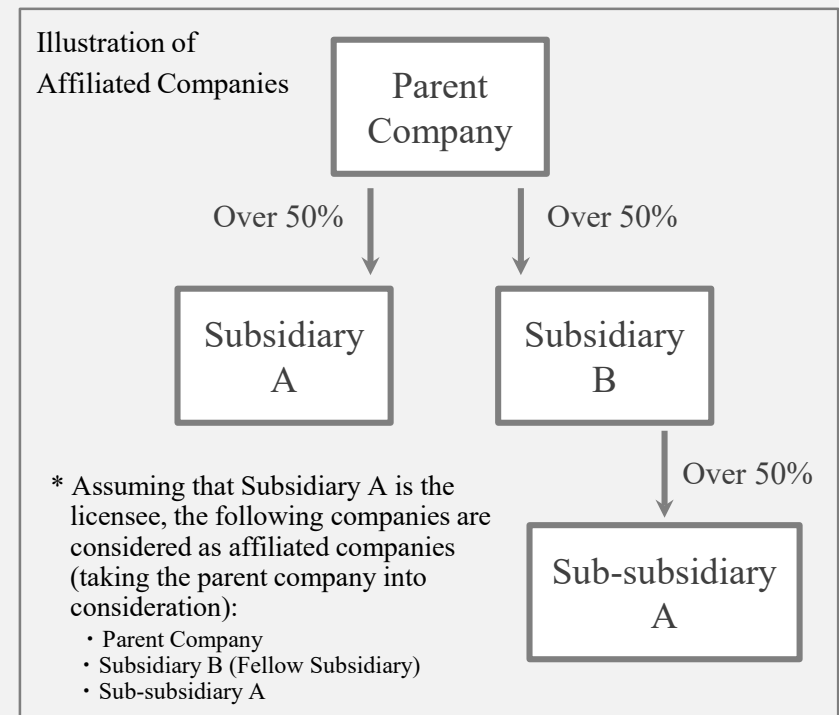
# 7. Group Usage

In concluding User License agreement, the user may choose the one company or group usage.

The group usage allows use by “affiliated companies,” in addition to the licensee company, based on the following definitions:

## Definition of Affiliated Companies

- A company that the licensee owns over 50% thereof directly or indirectly.
- A parent company that owns over 50% of the licensee directly or indirectly, and a company that the parent company owns over 50% thereof directly or indirectly.
- In judging the ratio of ownership, if the licensee and its parent jointly owns a company directly or indirectly, the ownership of the parent company will also be taken into consideration.

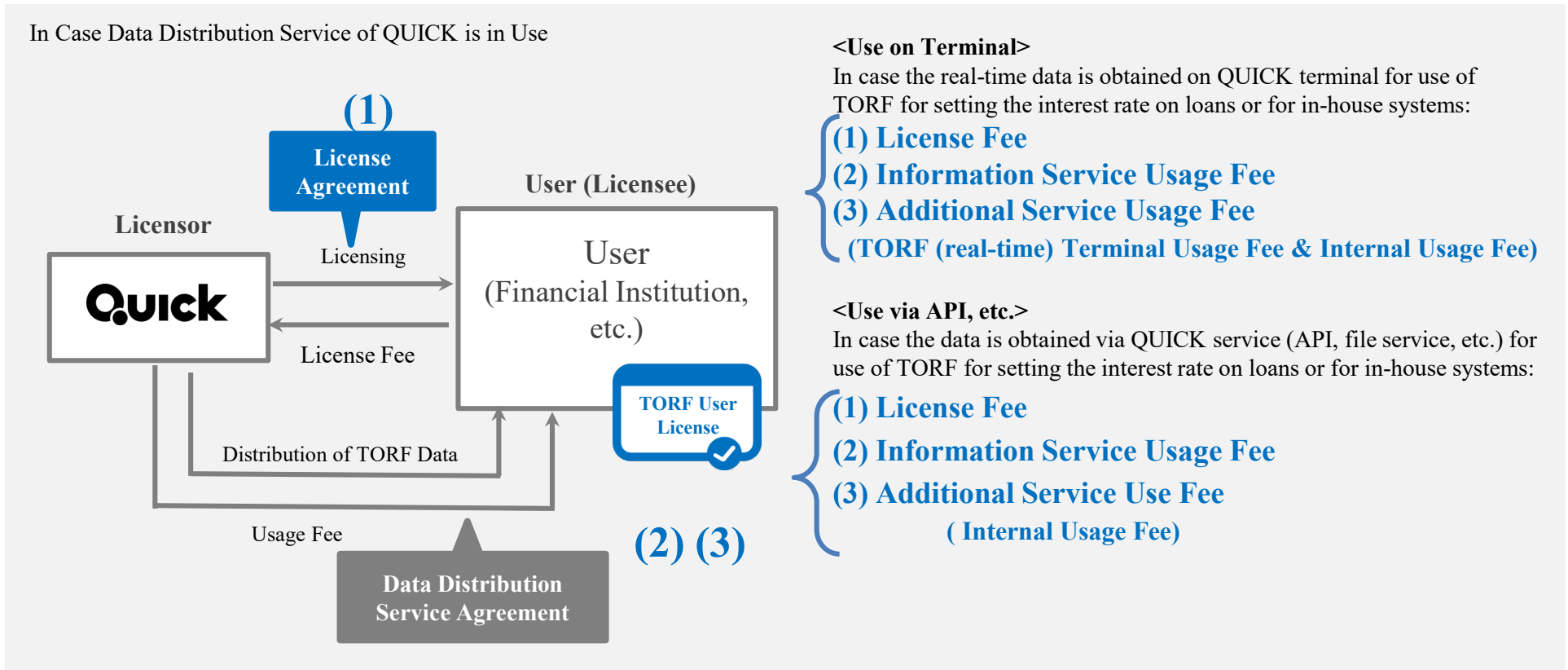


\* For group usage, please submit the list of affiliated companies.

\* Special purpose companies (SPCs) are considered as affiliated companies even in the absence of capital relationship.

# 8. Example of Fee Calculation

The illustration below shows a sample fee calculation other than license fees in case of using TORF real-time data. (In case of using the data distribution service of QUICK, as explained in Item 3.)



\* In case the data distribution service of other vendors (redistribution vendors) is to be used, please contact the respective vendors for detail.

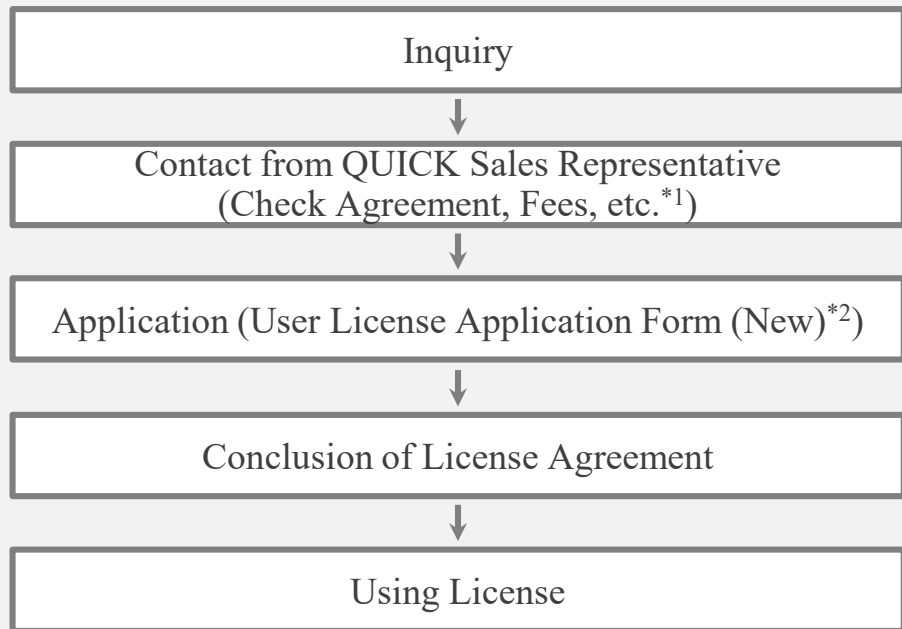
\* Please also refer to the “TORF (Tokyo Term Risk Free Rate) User License Price List” on the following webpage.

TORF website: <https://corporate.quick.co.jp/en/torf>

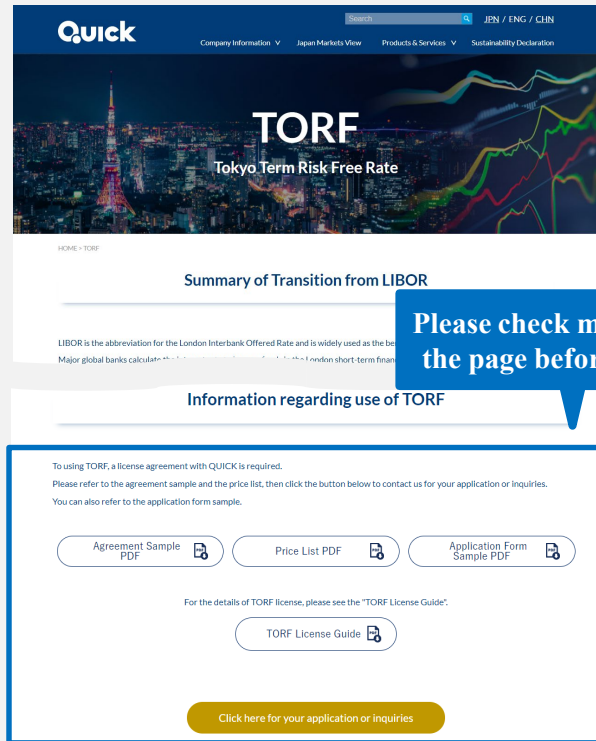
# 9. Procedures for License Application

Please review the materials (sample agreement, price list and sample application form) on TORF website <https://corporate.quick.co.jp/en/torf> in advance and contact us using the inquiry form on the site. QUICK sales representative will then contact you.

## Flowchart from Inquiry to Use of License



TORF Website



\*1 If you plan to use QUICK's data distribution service, the sales representative will also tell you about the agreement for the service.

\*2 If you are applying for the group usage, please also fill in information on the affiliated companies that plan to use the service.

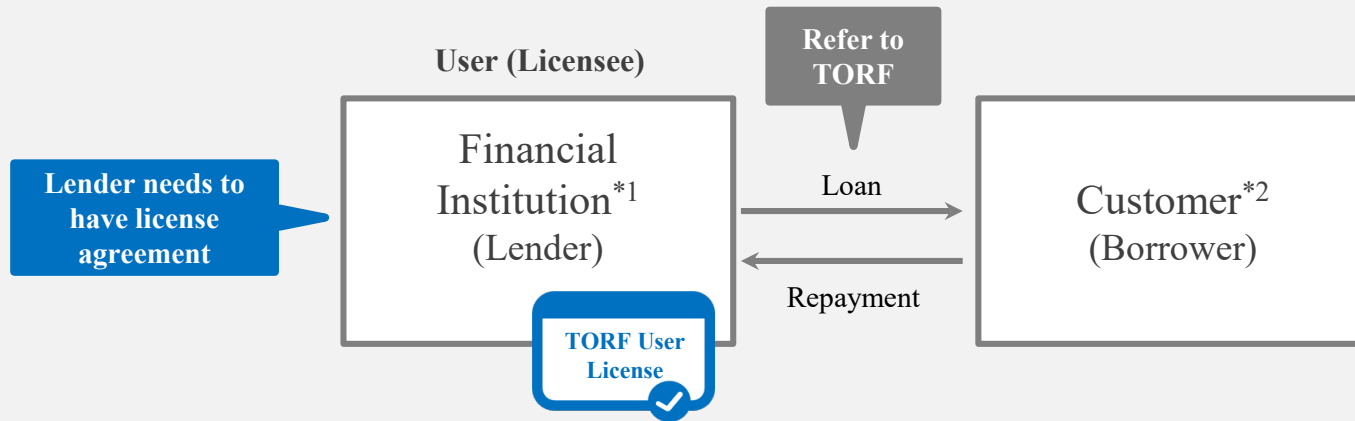
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## **Appendix: Usage and License (Examples)**

# Loan Transactions

- The financial institution (lender) needs to have User License (receiver of interest determined with TORF)

Participant that needs to have User License (loan transactions)



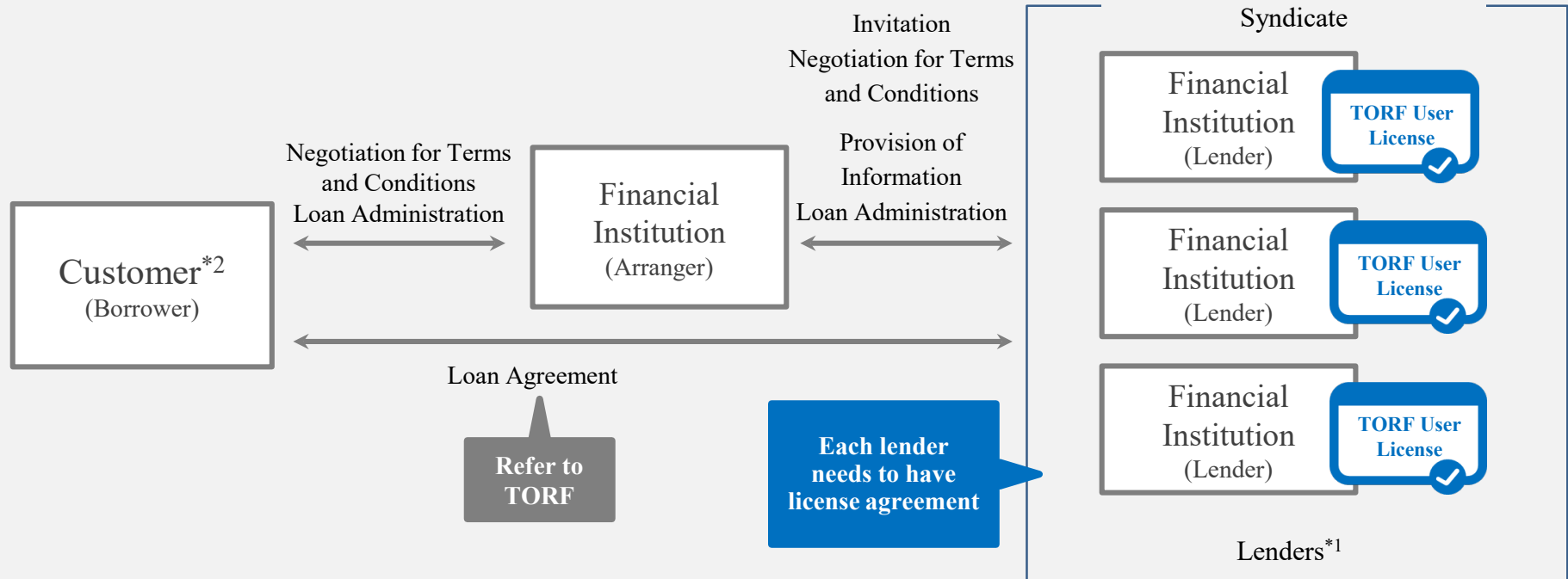
\*1 To use data, you need to have a separate agreement with QUICK or other vendors.

\*2 For asset valuation, you will need, in addition to the data usage agreement, to have “User License (financial institutions)” or “User License (non-financial institutions).”

# Syndicate Loan

- All the syndicate loan members (lenders) need to have User License. (Receiver of interest determined with TORF)
- No User License is required for the arranger, which is engaged solely in administrative work including negotiation for terms and conditions.

Participants that need to have User License (syndicate loan)



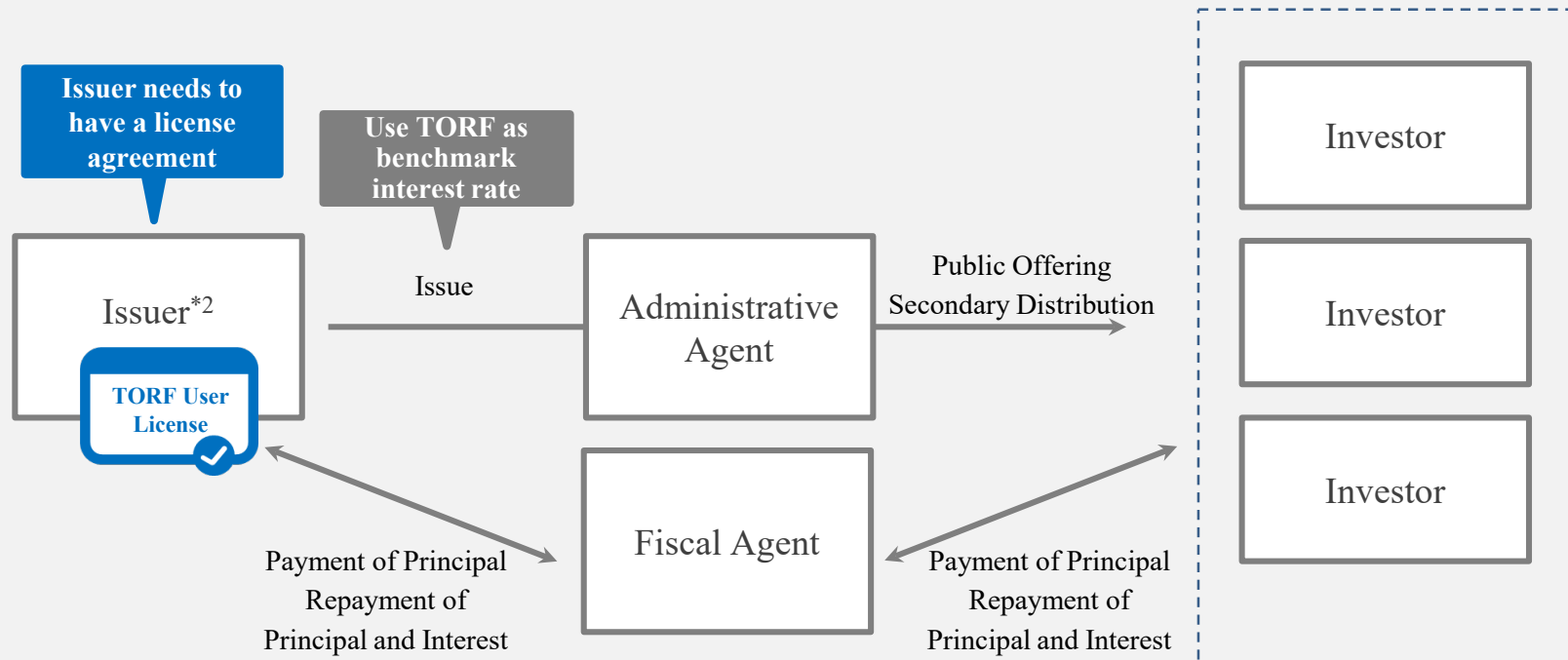
\*1 To use data, you will need to have a separate agreement with QUICK or other vendors. If, as a lender, you just receive notice from the arranger on terms and conditions negotiated with the customer (TORF) and receives interest, you still need to have License Agreement.

\*2 For asset valuation, you will need, in addition to the data usage agreement, to have “User License (financial institutions)” or “User License (non-financial institutions).”

# Bond Issuance

- The issuer needs to have User License.
- This is regardless of the issue form (public or private offering) or other parties involved.
- QUICK does not necessarily require investors to have the license\*1.

Participant that needs to have User License (bond transaction (corporate bond))



\*1 Please also refer to FAQ No. 5 on Page 17.

\*2 To use data, you need to have a separate agreement with QUICK or other vendors.



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## **Appendix: Frequently Asked Questions**

# Questions and Answers

**Q1 To use TORF in loans, who needs to have a license agreement?**

Loan

A1 In loans, User License is required for the lender.  
The borrower does not need to have one. (A license, however, is required for asset valuation.)

**Q2 To use TORF in group financing, who needs to have a license agreement?**

Loan

A2 QUICK considers group financing as a form of financial transaction and, as is the case with loans, User License is required for the lender.  
The borrower does not need to have one. (A license, however, is required for asset valuation.)

**Q3 To use TORF in syndicate loans, who needs to have a license agreement?**

Syndicate Loan

A3 In syndicate loans, User License is required for each of the syndicate members. Other parties, such as the borrower and arrangers, do not need to have one. In case an arranger is simultaneously a syndicate member, however, a license is required for the arranger as a syndicate member. (A license, however, is required if the borrower uses TORF for asset valuation.)

**Q4 To use TORF in bond issuance, who needs to have a license agreement?**

Bond

A4 In bond issuance, User License is required for the issuer, regardless of the terms and conditions (public/private offering, issue market, etc.) Other parties, including investors, underwriters and calculation agents, do not need to have one. Investors do not need to have a license for purchasing the bond. If, however, investors hold the bond for trading and make a market valuation using TORF, User License is required for the investors, as this is considered to fall within the category of “using TORF for asset valuation.”

**Q5 Is it necessary to have a license to hold bonds that refer to TORF?**

Bond

A5 It is not necessary to have a license to just hold the bond. However, if TORF is used for asset valuation, a license is required for the investor. In particular, if the bond is held for trading, there are cases where TORF is used for asset valuation. On the other hand, if the bond is held to maturity and the bond is evaluated at cost, QUICK does not consider it as asset valuation using TORF.

# Questions and Answers

**Q6 Does an SPC set up for asset liquidation also need to have a license agreement when issuing a bond referring to TORF?**

Bond

A6 User License is required for an SPC set up for asset liquidation. In this case, the SPC may be a licensee, or it may also be an affiliated company of a licensee that has a group usage license. An SPC can be placed on the list of affiliated companies regardless of the ratio of ownership.

**Q7 In using TORF in derivatives transactions, who needs to have a license agreement?**

Derivatives

A7 For derivatives transactions between financial institutions or between non-financial institutions, a license is required for both parties. In the meantime, for transactions between a financial institution and a non-financial institution, a license is required for the financial institution for the time being.

**Q8 At the time of determination of terms and conditions of a financial transaction, we need to inform customers outside the company of the TORF rate. Do we need to have a redistribution license?**

License

A8 Informing an entity outside the company of the TORF rate is considered as part of the business of the licensee, and is thus within the scope of User License. If, however, the licensee unnecessarily inform the same party repeatedly on a daily basis, for example, it is considered outside the scope of User License.

**Q9 Please explain about Trading/ Clearing License.**

License

A9 Trading/Clearing License is required for parties which intermediate transactions without having exposures or which are engaged in clearing business on a regular basis. Payments of principal and interests between financial transaction parties (or via the central counterparty) are considered as part of execution of financial business and are considered within the scope of User License. There is no need to have Trading/Clearing License for such purposes.

**Q10 Please explain about Derived Benchmarks License.**

License

A10 Derived Benchmark License is required for parties that generate and calculate new benchmarks from TORF on a regular basis. The financial transaction parties, calculating principal and interests with a special formula, only need to have User License as such activities are considered as part of execution of financial business. There is no need to have Derived Benchmark License.

# Questions and Answers

**Q11 To use TORF in synthetic loans, who needs to have a license agreement?**

License

A11 Synthetic loan has the same exposure to synthetic bond. However, a User License is required for lenders. Because it is also recognized as a loan.

**Q12 To use TORF in hybrid loans or hybrid bonds, who needs to have a license agreement?**

License

A12 QUICK considers hybrid loans the same as hybrid bonds based on the nature of the instruments and the purpose of the activity. Accordingly, User License is required for the borrower of hybrid loans and the issuer of hybrid bonds.



Please contact QUICK sales representative for details of services and procedures for agreement or application.

TORF Website: <https://corporate.quick.co.jp/en/torf>

Inquiry: [https://corporate.quick.co.jp/contact\\_en-customer/](https://corporate.quick.co.jp/contact_en-customer/)

