

For the avoidance of doubt, this document and the LMA Primary Documents are in a non-binding, recommended form. Their intention is to be used as a starting point for negotiation only. Individual parties are free to depart from their terms and should always satisfy themselves of the regulatory implications of their use.



IBOR DEFINITIONS IN THE LMA PRIMARY DOCUMENTS

1. Introduction

The LMA aims to keep its recommended Primary Documents under periodic review to ensure that they continue to meet the needs of the market. As part of this process the LMA is, together with the Association of Corporate Treasurers, reviewing the IBOR definitions in the LMA Primary Documents in the light of the Wheatley Review of LIBOR and associated developments. This process is not yet complete but the LMA is publishing this note to make available to members the suggested revisions and guidance that have been finalised to date.

2. Definition of "*Screen Rate*"

The LMA has made strong representations to the relevant authorities stressing the importance of ensuring that the definition of "*Screen Rate*" in the currently published forms of LMA Primary Document transitions adequately to the new LIBOR arrangements. However there is value in tailoring that definition to anticipate more clearly any change in the administrator or publisher of LIBOR that might occur.

The LMA has agreed a revised version of the definition of "*Screen Rate*" with the ACT. This revised definition is set out in the Appendix. Members may wish to use this definition for new transactions in place of that contained in the currently published forms of Primary Document. The LMA's expectation is that this revised definition will be incorporated into the LMA Primary Documents themselves when its review of the IBOR definitions is complete.

3. Discontinuance of BBA LIBOR for certain tenors and currencies and definition of "*LIBOR*"

Members will be aware that the BBA has announced that BBA LIBOR is being discontinued for certain tenors and certain currencies at various points in 2013 (see <http://www.bbalibor.com> for full details). After that time the definition of "*LIBOR*" in the currently published LMA Primary Documents will operate to determine the IBOR for Interest Periods of those tenors and for Loans denominated in those currencies by reference to a Reference Bank Rate.

If, on new transactions, members do not wish to use the Reference Bank Rate as the primary means of establishing LIBOR for the Interest Periods which are being

discontinued they may wish to consider changing the LIBOR definition to provide for LIBOR for those Interest Periods to be determined by other means such as interpolation of available Screen Rates or the use of another benchmark. The LMA is currently consulting on wording allowing for interpolation of available Screen Rates. Equally if, on new transactions, members do not wish to use a Reference Bank Rate to establish LIBOR for Loans denominated in the currencies being discontinued they may wish to consider making suitable changes to provide that the IBOR for Loans denominated in those currencies is determined by reference to another benchmark.

Change to legacy documentation is a different issue and is not addressed in this note. To the extent considered desirable, any such amendments to the documentation governing existing transactions would need to be carried out in accordance with the terms of that documentation.

Appendix – Revised definition of "Screen Rate"

Part 1 Clean

"Screen Rate" means:

- (a) in relation to LIBOR, the London interbank offered rate administered by the British Bankers Association (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate)[; and
- (b) in relation to EURIBOR, the euro interbank offered rate administered by the Banking Federation of the European Union (or any other person which takes over the administration of that rate) for the relevant period displayed on page EURIBOR01 of the Reuters screen (or any replacement Reuters page which displays that rate),]

or[in each case,] on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Company.¹

Part 2

Marked against definition in currently published LMA Primary Documents

"Screen Rate" means:

- (a) in relation to LIBOR, the London interbank offered rate administered by the British Bankers Association ~~Interest Settlement Rate~~(or any other person which takes over the administration of that rate) for the relevant currency and period; displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate)[; and
- (b) ~~in~~ in relation to EURIBOR, the ~~percentage~~euro interbank offered rate ~~per annum determined~~administered by the Banking Federation of the European Union (or any

¹ The definition is intended to have the effect of referencing (i) the LIBOR rate which is currently known as BBA LIBOR and (ii) the euro interbank offered rate which is currently known as Euribor, irrespective of any change of administrator or publisher occurring after the date of the Agreement. It may not be suitable if this effect does not represent the commercial agreement. Users should note that changes to this definition may have implications under associated interest rate hedging arrangements. Users should also note that the reference to "Company" might need to be conformed to the appropriate defined term used in the relevant LMA Primary Document.

other person which takes over the administration of that rate) for the relevant period,] displayed on page EURIBOR01 of the Reuters screen (or any replacement Reuters page which displays that rate),]

~~displayed or~~[in each case,] on the appropriate page of ~~the Reuters screen. If the agreed page is replaced or such other information~~ service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the ~~appropriate~~relevant rate after consultation with the Company ~~and the Lenders.~~²

² The definition is intended to have the effect of referencing (i) the LIBOR rate which is currently known as BBA LIBOR and (ii) the euro interbank offered rate which is currently known as Euribor, irrespective of any change of administrator or publisher occurring after the date of the Agreement. It may not be suitable if this effect does not represent the commercial agreement. Users should note that changes to this definition may have implications under associated interest rate hedging arrangements. Users should also note that the reference to "Company" might need to be conformed to the appropriate defined term used in the relevant LMA Primary Document.