

# Freely Available Independent RFR Calculator Summary

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## Freely Available Independent RFR Calculator Summary

This paper is a summary of the freely available independent RFR calculators in the market. The information presented is to the best of the RFRWG's knowledge up to date at the point of publication.

### Overview

- The overall objective of the Working Group on Sterling Risk-Free Reference Rates ("RFRWG") is to catalyse a broad-based transition to SONIA by the end of 2021 across the sterling bond, loan and derivative markets, in order to reduce the financial stability risks arising from the widespread reliance of financial markets on GBP LIBOR.
- As the calculation of a compounded rate can be complex, independent RFR calculators could be beneficial in helping market participants calculate and validate the amount of interest due under their agreements.
- This paper follows the January 2019 RFRWG published paper that recommended that a calculator be built to support the adoption of SONIA based instruments and suggested some features and parameters such a calculator should support: <https://www.bankofengland.co.uk/-/media/boe/files/markets/benchmarks/infrastructure-sub-group-calculator-specifications.pdf>

### Aims of this Paper

- The RFRWG's Infrastructure Sub-Group have issued this paper to assist market participants and vendors to i) remain informed ii) consider whether any amendments may be required to their systems or products if they choose to adopt SONIA compounding methods and iii) provide links to assist with accessing the free to use on line tools available.
- This paper is merely an overview of the RFRWG's understanding of the key features and available functions of the freely available RFR calculators as at the date of publication. It should not be considered a promotion or recommendation of any specific calculator or calculator provider.
- The paper does not validate the accuracy of the calculators. Users need to independently validate the calculators to ensure they are accurate.
- Whilst this paper focuses on those independent RFR calculators which are currently free to use, there are a number of other RFR calculators which users must pay to use and market participants may wish to use one of those instead.
- This paper provides an overview of the key features of the freely available independent RFR calculators.

Please email any comments/ feedback you may have to the RFR Secretariat [RFR.Secretariat@bankofengland.co.uk](mailto:RFR.Secretariat@bankofengland.co.uk), who will aggregate the feedback to support any further refinement of this paper.

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The undernoted table lists some current and potential features of RFR calculators and identifies whether those features are available in the free online RFR calculators that are currently available.

		IHS Markit	ICE Benchmark Administration	NatWest	Comments
Website Link		<a href="https://rfrcalculator.ihsmarkit.com">https://rfrcalculator.ihsmarkit.com</a>	<a href="http://www.theice.com/iba/rfr-portal">www.theice.com/iba/rfr-portal</a>	<a href="http://www.RealisedRate.com">www.RealisedRate.com</a>	
Compounded Rate method	Cumulative Compounded Rate	✓	✓	✓	Markit calculator is mainly based on “Compound the balance method” but also calculates Compounded rate.
	Non Cumulative Compounded Rate	✗	✗	✗	Users may find it beneficial to calculate non cumulative rate as this is the RFRWG recommended method.
Principal Amount	Same Principal	✓	✓	✓	
	Multiple Prepayments	✓	✗	✗	
Observation Shift	Business Day Observation Shift	✓	✗	✓	
Lookback Days	Multiple Business Days Lookback	✓	✓	✓	
Other Interest Components	Margin + Credit Adjustment Spread	✓	✓	✓	
Interest at Prepayment	Interest not paid	✓	✗	✗	
Floors	Daily Floor	✓	✗	✗	Floor applied daily
	Period Floor	✗	✗	✗	Floor applied at the end of the interest period.
Rounding	Compounded Rate	✗	✓	✓	
	Interest Amount	✓	✓	✓	All-in interest amount should be rounded and not the individual components of the interest.
Others	Daily breakdown	✓	✗	✗	
	Withholding Tax	✗	✗	✗	This may not be a key requirement, some users may find it beneficial.