



**BANK OF ENGLAND**

# News release

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## **SONIA reform to be implemented on 23 April 2018**

The Bank of England has today confirmed that its reforms to the SONIA interest rate benchmark will take effect on Monday 23 April 2018.

The reforms, details of which were confirmed in March 2017, will result in:

- the Bank taking on the end-to-end administration, including the calculation and publication of SONIA;
- the coverage of SONIA being broadened to include overnight unsecured transactions negotiated bilaterally as well as those arranged via brokers, using the Bank's Sterling Money Market Data Collection as the data source;
- the averaging methodology for calculating SONIA changing to a volume-weighted trimmed mean; and
- the publication of SONIA moving to 09:00 on the business day following that to which the rate pertains.

Friday 20 April 2018 will be the final day for which SONIA will be calculated and published by the WMBA using the current methodology. For the rate pertaining to Monday 23 April, SONIA will be calculated by the Bank using the reformed methodology and published at 9am on Tuesday 24 April; no data will be published on Monday 23 April.

The Bank has also today published the SONIA [Key Features and Policies](#) document. This provides users of SONIA with a consolidated summary of how SONIA will be calculated and administered, including the governance arrangements, following the implementation of the reforms.

The SONIA Key Features and Policies document also includes an update of the indicative statistical properties of reformed SONIA. Over the last six months, they show that reformed SONIA continues to be around 1.3 basis points below current SONIA, calculated on average daily volumes of around £46 billion, over three times larger than those underlying current SONIA.

Following the implementation of the reforms the Bank will publish an assessment of its compliance with IOSCO's Principles for Financial Benchmarks. An assurance report produced by EY will be published alongside this.

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Notes to editors

1. SONIA is widely used by wholesale market participants including as the reference rate for the sterling Overnight Indexed Swap (OIS) market.
2. The mechanics of the switch over to the publication of SONIA by the Bank are set out below.

<b>Friday 20 April 2018</b>	<b>Monday 23 April 2018</b>	<b>Tuesday 24 April 2018</b>
<b>Day before switch (<math>T_s - 1</math>)</b>	<b>Day of switch (<math>T_s</math>)</b>	<b>Day after switch (<math>T_s + 1</math>)</b>
SONIA for 20 April is published by the WMBA using current inputs and methodology.	Data collected by the Bank for calculation of SONIA. No SONIA rate is published.	SONIA for 23 April is published by the Bank at 9am.

3. The Bank undertook three rounds of consultation on the reforms: in [July 2015](#); [October 2016](#); and [February 2017](#). The final details were confirmed in [March 2017](#), including that transition to reformed SONIA was anticipated in March or April 2018.
4. The Sterling Money Market Daily data collection (Form SMMD) is a daily transaction-level collection covering the most significant segments of the sterling money markets, with a population designed to capture 95% of each market. The [Reporting Instructions](#) contain detailed information on the data collected.
5. The International Organisation of Securities Commissions (IOSCO) set out principles for benchmark administrators in its report [Principles for Financial Benchmarks, July 2013](#)
6. In April 2017, the Sterling Risk-Free Rate Working Group recommended reformed SONIA as the near risk-free rate for use as an alternative to Libor in sterling derivatives and relevant financial contracts: [www.bankofengland.co.uk/publications/Pages/news/2017/033.aspx](http://www.bankofengland.co.uk/publications/Pages/news/2017/033.aspx)