



BANK OF ENGLAND

News release

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SONIA reform implemented

The Bank has today implemented its reforms to the SONIA interest rate benchmark.

The Bank's aim in reforming SONIA is to strengthen a benchmark which is considered critical for the sterling financial markets. Previously, the benchmark was based on a market for brokered deposits which has limited transaction volumes. It now captures a broader scope of overnight unsecured deposits, by including bilaterally negotiated transactions alongside brokered transactions. Volumes underlying the rate based on the new methodology now average around £50 billion daily, over three times larger than those underlying SONIA previously.

In addition to the methodological changes, the publication time of SONIA has been moved, such that the SONIA rate for a given London business day is now published at 09:00 on the following London business day. As previously announced, the SONIA rate for today, Monday 23 April, will be calculated by the Bank using the reformed methodology and published at 09:00 tomorrow, Tuesday 24 April. No data will be published today.

Commenting, Dave Ramsden (Deputy Governor for Markets and Banking) said "Today's implementation of the reforms to SONIA is an important milestone in the Bank's delivery of improvements to the resilience and effectiveness of financial markets. The reforms improve the sustainability and representativeness of this key piece of the sterling market infrastructure."

The Bank will publish an assessment of its compliance with IOSCO's Principles for Financial Benchmarks in the summer. 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 and as the basis of the discounting of sterling denominated liabilities.
2. The [Key features and policies document](#) provides users of the benchmark with relevant information regarding benchmark determination, publication and governance. Further information can be found at www.bankofengland.co.uk/markets/sonia-benchmark.
3. The Bank has been the administrator of SONIA since April 2016, from which point WMBA have been calculating and publishing the rate on our behalf. Friday 20 April was the final day for which SONIA will be calculated and published by the WMBA using the previous methodology. The mechanics of the switch over to the publication of SONIA by the Bank are set out below.

Friday 20 April 2018	Monday 23 April 2018	Tuesday 24 April 2018
SONIA for 20 April was 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.

4. 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](#).
5. The International Organization of Securities Commissions (IOSCO) set out principles for benchmark administrators in its report  [Principles for Financial Benchmarks, July 2013](#).