



ICE Benchmark Administration

ICE Term SONIA Reference Rates
Presentation to UK Finance

October, 2020



Transforming global markets

Today's speaker

Tim Bowler

President, ICE Benchmark Administration



Agenda

- Introduction to IBA
- ICE Term SONIA Reference Rates
- ICE Term Risk Free Rates Portal
- Term RFRs Across Geographies

ICE Benchmark Administration

- ICE Benchmark Administration (IBA) was established in 2013 as an independent entity in order to provide important, widely-used benchmarks and key market services that help facilitate transparent and well functioning markets.
- IBA has been authorised under the EU Benchmarks Regulation (BMR) since April 2018.
- Benchmark administration is at the core of what IBA does. We do not operate any other businesses that could potentially conflict us.



ICE LIBOR®
A widely used global benchmark for short-term interest rates



ICE Swap Rate®
The principal global benchmark for interest rate swaps and spreads



LBMA Gold & Silver Prices
Global benchmarks for the prices of gold and silver



ISDA SIMM Crowdsourcing Facility
A facility to aggregate and publish asset risk data for use in ISDA SIMM margin calculations



ICE Tradeweb U.S. Treasury Closing Prices
Market mid-price for U.S. Treasury Securities around 3:00pm

Governance and Evolution



An Independent Benchmark Administrator

Experienced in financial services, regulation and systemically important benchmarks



An Oversight Committee

To review the methodology, scope and definition of the rate, including the underlying market and usage



Defined Policies and Procedures

Applicable to all parties associated with the production of the benchmark

Why Develop Forward-Looking Term Rates?

- Many market participants value having forward-looking term rates in their financial contracts for budgeting, cash flow and risk management purposes:
 - Large and small businesses generally value certainty in calculating their interest expense and other contractual payments; and
 - Borrowers also value knowing what their obligations will cost in advance, particularly those with mortgages or long-dated student loans.

ICE Term SONIA Reference Rates (TSRR)

Overview

- **What is it?**

- Forward-looking (mid) SONIA rates for 1M, 3M, 6M and soon 12M rates
- Daily publication at approx. 11.55am London time (like LIBOR)
- Waterfall methodology to provide redundancies
- Designed to comply with the BMR and IOSCO Principles

- **ICE TSRR - Beta Rates**

- In line with the GBP RFR Working Group's 2020 priority roadmap
- IBA is publishing indicative TSRR for information and testing
- ICE TSRR to become a benchmark for use in financial contracts in approx. 6 months.

Input Data

- Level 1: Central Limit Order Book (CLOB) SONIA OIS data from BGC, Tradition and TP ICAP
- Level 2: ICE SONIA Futures quotes data (*under development*)
- Level 3: ICE 1M SONIA Futures settlement prices, O/N SONIA and MPC date

How to Access the Data

- IBA's Risk Free Rates website: theice.com/iba/risk-free-rates
- ICE Term Risk Free Rates Portal: theice.com/iba/rfr-portal

IBA's Approach – Waterfall Methodology

Sustainable solution to produce TSRRs complying with BMR and in line with IOSCO



Level 1

SONIA OIS Swaps Data

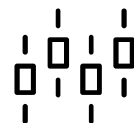
Tradable bids / offers from MTFs

ICE Swap Rate®
-like methodology

Existing benchmark
publication Infrastructure

Level 2

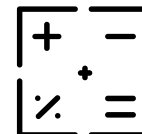
*SONIA Futures Data**



Tradable bids / offers from
Exchanges



ICE Swap Rate®
-like methodology



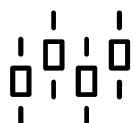
Step-function
model



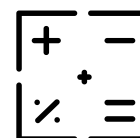
Existing benchmark
publication Infrastructure

Level 3

SONIA Futures Settlement Prices



SONIA Futures
Settlement Prices



Step-function
model



Existing benchmark
publication Infrastructure

IBA is finalizing an agreement with a leading electronic trading platform to use dealer to client quotes in the waterfall methodology. This approach will mirror that used in the ICE Swap Rate.

* Under Development

© Copyright 2020 ICE Benchmark Administration Limited

CONFIDENTIAL

INTERCONTINENTAL EXCHANGE | 8



ICE Term Risk Free Rates (RFR) Portal

ICE Term Risk Free Rates

 [Export to Excel](#)

Report Date

03-Sep-2020 

Submit

03-Sep-2020

Currency	RFR Benchmark	Last Setting (%)	Publication Date	Publication Time (London Time)
GBP	SONIA	0.0547	03-SEP-20	09:00
USD	SOFR	0.0900	03-SEP-20	13:00
JPY	TONA	-0.0510	03-SEP-20	02:00
EUR	€STR	-0.5550	03-SEP-20	07:00

GBP

	ICE RFR - Forward Looking		ICE RFR - Realised	
	Term SONIA Reference Rate (TSRR) (%) Beta Version	Futures Derived (%)	Average (%)	Compounded in Arrears (%)
1 Month	0.0550	0.0550	0.0561	0.0561
3 Months	0.0520	0.0515	0.0600	0.0600
6 Months	0.0410	0.0407	0.0987	0.0987
Last Published (London Time)	03-SEP-20 11:56	03-SEP-20 11:56	03-SEP-20 11:56	03-SEP-20 11:56

ICE Term Risk Free Rates (RFR) Portal

Daily Publication

GBP

	ICE RFR - Forward Looking	
	Term SONIA Reference Rate (TSRR) (%) Beta Version	Futures Derived (%)
1 Month	0.0550	0.0550
3 Months	0.0520	0.0515
6 Months	0.0410	0.0407
Last Published (London Time)	03-SEP-20 11:56	03-SEP-20 11:56

IBA will publish a twelve month setting in the coming weeks on the RFR portal

Term Risk Free Rates

IBA's Role in Term RFRs Across Geographies



ICE Term SONIA Reference Rates (ICE TSRR)

- *Beta Version* launched on June 26, 2020
- Waterfall Methodology
 - Level 1: Derived from SONIA OIS CLOB data
 - Level 2: Derived from ICE SONIA Futures data (under development)
 - Level 3: Derived from ICE SONIA Futures settlement prices



Term €STR

- Working with EMMI (Euribor Administrator)
- Term €STR as a potential Euribor fallback
- Waterfall Methodology
- Targeted implementation Q1 2021 (Beta version)



Term SOFR

- Engage with users, members of the official sector and Risk Free Rates Working Groups



Term TONA

Contact us

- To discuss this more or if you have any questions please get in touch at iba@theice.com. We would love to hear from you.

Important Information and Disclaimers

- ICE Benchmark Administration Limited (IBA) is authorised and regulated by the Financial Conduct Authority for the regulated activity of administering a benchmark, and is authorised as a benchmark administrator under the EU Benchmarks Regulation (Regulation (EU) 2016/1011 of 8 June 2016). ICE, LIBOR, ICE LIBOR, ICE Swap Rate and ICE Benchmark Administration are trademarks of Intercontinental Exchange, Inc. (ICE) and/or its affiliates. All rights in these trademarks are reserved and none of these rights may be used without a written license from ICE and/or its affiliates, as applicable.
- The contents of this presentation, all associated data and information and all discussions in connection with it should not be disclosed, transmitted, published, reproduced, copied, distributed or disseminated, either directly or indirectly through any third parties, to any person or entity without the express written consent of IBA. Any person receiving this presentation in error should inform IBA immediately, destroy and disregard this presentation and not disclose, share, use or rely on it in any way.
- The information and data contained herein constitutes valuable information and property owned by IBA, its affiliates, licensors and/or other relevant third parties. ICE and IBA reserve all rights in the methodologies (patent pending) and information and data disclosed in this presentation, and in the copyright in this presentation. None of these rights may be used without a written licence from ICE and/or its affiliates, as applicable.
- This presentation is not, and should not be taken as or relied upon as constituting, financial, investment, legal, tax, regulatory or any other form of advice, recommendation or assurance. Data and outputs relating to ICE Term SONIA Risk Free Rates and the ICE Term Risk Free Rates Portal are provided for information and illustration purposes only, might not be accurate or reliable and may not be used for any other purpose. In particular, they are not currently intended for use as, and IBA expressly prohibits their use as, an index by reference to which the amount payable under a financial instrument or a financial contract, or the value of a financial instrument, is determined, or as an index that is used to measure the performance of an investment fund with the purpose of tracking the return of such index or of defining the asset allocation of a portfolio or of computing the performance fees. Such outputs should not be used as a benchmark within the meaning of the EU Benchmarks Regulation or otherwise.
- The methodologies disclosed in this presentation are subject to changes in response to feedback from market participants and other stakeholders and IBA's further development work, which might alter the information and data shown in this presentation.
- The "SONIA" mark is used under licence from the Bank of England (the benchmark administrator of SONIA), and the use of such mark does not imply or express any approval or endorsement by the Bank of England. "Bank of England" and "SONIA" are registered trademarks of the Bank of England.
- To the fullest extent permitted by applicable law, none of IBA, ICE, or any of its or their affiliates accepts any responsibility or will be liable in contract or tort (including negligence), for breach of statutory duty or nuisance, for misrepresentation or under antitrust laws or otherwise, in respect of any inaccuracies, errors, omissions, delays, failures, cessations or changes (material or otherwise) in the information and data contained in or related to this presentation, or for any damage, expense or other loss you may suffer arising out of or in connection with such information and data, or any use that you may make of it or any reliance you may place upon it. All implied terms, conditions and warranties and liabilities, including without limitation as to quality, merchantability, fitness for purpose, title or non-infringement, in relation to such information and data are hereby excluded to the fullest extent permitted by law.

About Intercontinental Exchange

[Intercontinental Exchange](#) (NYSE: ICE) is a Fortune 500 company formed in the year 2000 to modernize markets. ICE serves customers by operating the [exchanges](#), [clearing houses](#) and information services they rely upon to invest, trade and manage risk across global financial and commodity markets. A leader in market data, [ICE Data Services](#) serves the information and connectivity needs across virtually all asset classes. As the parent company of the [New York Stock Exchange](#), the company is the premier venue for raising capital in the world, driving economic growth and transforming markets.

Trademarks of ICE and/or its affiliates include Intercontinental Exchange, ICE, ICE block design, NYSE and New York Stock Exchange. Information regarding additional trademarks and intellectual property rights of Intercontinental Exchange, Inc. and/or its affiliates is located at <http://www.intercontinentalexchange.com/terms-of-use>. Key Information Documents for certain products covered by the EU Packaged Retail and Insurance-based Investment Products Regulation can be accessed on the relevant exchange website under the heading “Key Information Documents (KIDS).”

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 -- Statements in this press release regarding ICE's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see ICE's Securities and Exchange Commission (SEC) filings, including, but not limited to, the risk factors in ICE's Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 7, 2019.