Repo Funds Rate Sterling

CME Group Benchmark Administration Ltd.

The Repo Funds Rate Sterling (RFR Sterling) is a daily sterling repo index that measures the effective cost of funding for UK government bonds. The index is calculated from trades executed on the BrokerTec electronic platform. All eligible repo trades are centrally cleared and RFR Sterling is calculated and published by CME Group Benchmark Administration.

RFR Sterling is based on four key principles:

- Trade backed
- Transparent methodology
- Replicable with repo transactions
- Independent governance

Sterling sovereign repo market

Repo transactions are used for borrowing and lending on a secured basis and for financing and covering bond positions. Overall daily volumes in Sterling sovereign repos typically exceed £20 billion on Brokertec (single count), including general collateral, Delivery By Value (DBV) and specific collateral repo trades.

Design principles

RFR Sterling is a volume-weighted average of Sterling sovereign repo trades executed on the BrokerTec trading platform. Transactions are selected based on the following criteria:

- Underlying repo collateral to be any bill, bond, floating-rate note or inflation-linked bond issued by the United Kingdom government.
- Repo trade to be Overnight (T+0 settlement), Tom-Next (T+1 settlement) or Spot-Next (T+2 settlement) but in all cases to settle on the day that it is used in a RFR Sterling index calculation ("Common Settlement").
- Specific collateral trades are first filtered to remove trades that are affected by supply and demand factors for the bond being used as collateral and the traded rate is away from typical market levels. 25% of specific trades are removed this way.

Data Transparency

The data is made available at various levels of transparency:

Level 1: Headline RFR Sterling Index, representing the UK Government Bond Repo market.

Level 2: Data is catagorised by DBV, general and specific collateral

Level 3: Data is further broken down to provide:

i) Maximum, minimum, volume-weighted average price and total quantity aggregated by ISIN

ii) ISIN, price ,quantity, and DBV, general/specific collateral flag for all trades included in RFR Sterling calculations.

Terms of use

Any use of RFR Sterling including, but not limited to: valuation or pricing activities (e.g. portfolio management, collateral calculations, fixings, curves, settlements) or as a reference rate in transaction and financial products (e.g. forwards, swaps, derivatives, notes, bonds, mortgages, loans, etc.), requires an Information License Agreement together with the appropriate Schedule.

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