

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 21-405

DATE: 11/08/2021

SUBJECT: OTC IRS Production Advisory – Release 23: USD BSBY and SGD SORA Swap Clearing

Please be advised that CME will support Bloomberg Short-Term Bank Yield (BSBY) and Singapore Overnight Rate Average (SORA) swap clearing in the Production environment on Monday, November 15, 2021 pending all relevant CFTC regulatory review periods. As referenced in advisory [#21-362](#), testing has been available in New Release (NR) since October 13, 2021.

**USD BSBY OIS and BSBY-SOFR Basis Swaps** – The Bloomberg Short-Term Bank Yield Index (BSBY) is a proprietary index, administered and published by Bloomberg Index Services Limited (“BISL”), that provides a forward-looking, credit-sensitive reference rate that tracks the US wholesale unsecured funding market.

- CME will support BSBY OIS and BSBY-SOFR Basis Swaps out to 11 years of maturity (4,028 calendar days)
- The BSBY floating coupon in both swap types reference “USD-BSBY” as published in the 2006 and 2021 ISDA Definitions. The SOFR floating coupon can reference either “USD-SOFR-OIS Compound” or “USD-SOFR-COMPOUND”.
- The BSBY fixing is calculated and published by BISL at 8:00 AM ET on each US business day
- CME will use the SOFR rate for Price Alignment Amount (PAA) and the SOFR discounting curve for Variation Margin and Initial Margin computations
- Two new discount factor file reports will be added to the OTC clearing firms’ shared sFTP site. The files will use a 3:00 PM ET valuation:
  - IRSDFR\_BSBY1M\_YYYYMMDD.csv
  - IRSDFR\_BSBY3M\_YYYYMMDD.csv
- CME will include BSBY curve data in the existing USD Curve file along with SOFR and USD-LIBOR data, which is available in the public secured FTP site:
  - IRS\_USD\_CURVE\_YYYYMMDD.csv
- CME will add BSBY as two new rows in the Base Curve and Scenario market data file to assist in Initial Margin replication:
  - Base\_Curves\_YYYYMMDD.csv
  - Scenario\_Market\_Data\_CME\_YYYYMMDD.csv
- CME CORE and the CORE API will support BSBY OIS and BSBY-SOFR basis swaps for hypothetical and cleared portfolio upload consistent with the above.

- Optimizer software will support portfolios with BSBY swaps; please see this advisory for more information: <https://www.cmegroup.com/notices/clearing/2021/09/Chadv21-346.html>

**SGD-SORA OIS** – SORA is an overnight rate defined as the volume-weighted average rate of borrowing transactions in the unsecured overnight interbank SGD cash market in Singapore between 8:00 AM and 6:15 PM Singapore Time (SGT). The Association of Banks in Singapore and Singapore Foreign Exchange Market Committee have recommended SORA as the alternative reference rate to the SGD Swap Offer Rate (SOR).

- CME will support SORA OIS out to 21 years of maturity (7,681 calendar days)
- The floating coupon references “SGD-SORA-OIS Compound” as published in the ISDA 2021 Definitions
- The SORA fixing references the overnight rate published at approximately 9:00 AM SGT on the next Singapore business day
- CME will use the SORA rate for Price Alignment Amount (PAA) and the SORA discounting curve for Variation Margin and Initial Margin computations
- There will be an additional SORA discount factor file report published at OTC clearing firms’ shared sFTP site. This EOD file uses a 4:30 PM SGT valuation:
  - IRSDFR\_SORA\_YYYYMMDD.csv
- The existing Curve file will continue to be available in the sFTP location with the additional SORA curve inputs included:
  - IRS\_SGD\_CURVE\_YYYYMMDD.csv
- CME will add a new row for SORA in the Base Curve and Scenario market data file to assist in Initial Margin replication:
  - Base\_Curves\_YYYYMMDD.csv
  - Scenario\_Market\_Data\_CME\_YYYYMMDD.csv
- CME CORE and the CORE API will support SGD SORA-based OIS swaps for hypothetical and cleared portfolio upload consistent with the above.
- Optimizer software will support portfolios with SORA swaps; please see this advisory for more information: <https://www.cmegroup.com/notices/clearing/2021/09/Chadv21-346.html>

For further details, please refer to the latest specification document available on Intralinks (<https://services.intralinks.com/login>).

For questions, please contact the CME Client Services Team at [onboarding\\_clearing@cmegroup.com](mailto:onboarding_clearing@cmegroup.com) or +1 312 338 7112.

Regards,

CME Clearing