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CME Group Announces First OTC SOFR Swaps Cleared

CHICAGO, Oct. 9, 2018 /PRNewswire/ -- [CME Group](#), the world's leading and most diverse derivatives marketplace, today announced five market participants have cleared trades worth more than \$200 million in notional value of over-the-counter (OTC) Secured Overnight Financing Rate (SOFR) interest rate swaps since launching the service on Oct. 1. This builds on the growing liquidity of SOFR futures, which during August and September averaged more than 5,400 contracts per day and traded the equivalent of nearly \$1 trillion in notional value since their launch in May 2018.

"We're pleased to see strong customer interest in clearing OTC SOFR swaps as part of our holistic SOFR solution that covers the entire yield curve," said Agha Mirza, CME Group Global Head of Interest Rate Products. "The addition of OTC SOFR swap clearing further strengthens CME Clearing's leadership as the only clearing house to clear interest rate swaps, swaptions and futures within a single netting pool - offering customers unparalleled liquidity and cost efficiencies."

"BNP Paribas is pleased to work with CME Group in support of trading and clearing of secured overnight financing rate derivatives with our global franchise," said Eric Duclos, Head of U.S. dollar flow rates trading at [BNP Paribas](#).

"We welcome industry efforts to support the clearing of SOFR based swaps," said Akash Agrawal, USD Swaps Trading, [Credit Suisse](#). "We see this as an important milestone in developing a liquid alternative reference rate market."

"The clearing of OTC SOFR swaps is a significant step forward that continues to build upon the positive momentum that we have seen in the market toward wider SOFR adoption," said Thomas Pluta, Co-Head of Global Rates at [J.P. Morgan](#).

"As the London Inter-bank Offered Rate (LIBOR) transition plans continue to evolve and solidify, it is very important to build SOFR liquidity," said Mitchell Nadel, Managing Director, Head of Macro Trading in the Americas for [Morgan Stanley](#). "Morgan Stanley is ready to support SOFR cleared swap execution for customers as they look to further participate in these markets in the near and long term."

"NatWest Markets is pleased to start trading SOFR swaps cleared at CME Group, which utilize SOFR Price Alignment Interest," said Alan Mittleman, Head of USD Rates and Credit Trading for [NatWest Markets](#). "As our customers prepare for LIBOR transition, it is important to build liquidity in SOFR futures and swaps, while growing the base of participants in these products."

OTC SOFR swap clearing includes SOFR OIS and basis swaps against LIBOR and Fed Funds, all with a maximum maturity of 30 years. Clearing SOFR swaps alongside CME Group's market-leading 24 interest rate swap currencies and Eurodollar, Fed Funds, and Treasury futures offers opportunities for portfolio margining.

Endorsed by the [Alternative Reference Rate Committee](#) (ARRC) in June 2017, SOFR is a broad Treasuries overnight repo financing rate published by [the Federal Reserve Bank of New York](#) and the [Office of Financial Research](#).

More information about clearing OTC SOFR swaps at CME Group is available at cmegroup.com/sofrswaps

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