



Service Notification

SOFR Discounting Transition Auction Results

16th October 2020

LCH SwapClear has completed the auctions for Cash Only Clients as part of the Fed Funds to SOFR discounting transition process. The levels for each Maturity Bucket determined through the auction process are as follows:

Tenor	2Y	5Y	10Y	15Y	20Y	30Y
Auction Winner Pays	SOFR	SOFR	SOFR	SOFR	Fed Funds	Fed Funds
Mid-Price (bp)	(0.45000)	0.58750	1.73750	4.09500	5.97250	7.36750
Auction Price (bp)	(0.62000)	0.75000	2.20000	4.37500	5.85000	7.95000
Auction Proceeds/(costs) (bp)	0.17000	(0.16250)	(0.46250)	(0.28000)	(0.12250)	0.58250
Fill Percentage	100%	100%	100%	100%	100%	100%
Auction Notional (USD m)	14,220.0	7,247.5	1,102.5	384.5	17.0	390.0
Gross Notional (USD m)	26,700.0	13,617.5	4,755.0	2,405.5	2,454.0	1,239.0
Gross to Net Ratio	1.87764	1.87892	4.31293	6.25618	144.353	3.17692
Client Allocation (bp)	0.09054	(0.08649)	(0.10724)	(0.04476)	(0.00085)	0.18335

Notes

The Mid-Prices and Auction Prices are in basis points and represent the spread on the SOFR leg for a Fed Funds flat versus SOFR swap, where both legs of the swaps are Annual Act/360.

Auction Proceeds/(costs) represent the difference between the Mid-Price and the Auction Price, being an amount *payable to* the auction winners (if positive) or *receivable from* the auction winners (if negative).

The Fill Percentage is the share of the auction notional for which auction bids have been received and accepted.

The Gross Notional is the sum of all compensating swaps from Cash Only Clients in the relevant maturity bucket.

The Auction Notional is the net position remaining, accounting for offsets between long and short positions.

The Gross to Net Ratio is the Gross Notional divided by the Auction Notional.

For each auction, the share of Auction Proceeds/costs attributable to an individual account (the Cash Only Position Account Auction Adjustment) can be closely estimated by multiplying the Client Allocation above by the relevant pv01. These amounts will be calculated by LCH at close of business and processed as fees payable or receivable.

The terms of the auction process are exclusively governed by the LCH Rulebook and (available at www.lch.com/resources/rulebooks/lch-limited) and the SOFR Cash Settlement Supplement (available at www.lch.com/Services/swapclear/benchmark-reform). Terms used herein and not defined herein have the meaning assigned to them in the LCH Rulebook.