SONIA-BASED INDICATIVE TECHNICAL INFORMATION (TI) PACKAGE: ADDITIONAL INFORMATION

Additional information on the end-May and end-June indicative SONIA-based Technical Information package (the indicative TI packages), updated 22 July 2021 to include end-June TI package.

The indicative TI package should **not** be used for complying with Solvency II requirements, including regulatory reporting.

Format: Although only the GBP TI has been modified, the indicative TI packages contain all four of the spreadsheets that are usually produced during a monthly TI cycle (and includes the TI for all PRA relevant currencies). This format has been used for operational ease for firms.

Dates: The reference date of the end-May indicative TI package is 31 May 2021. The indicative TI uses SONIA OIS rates for all GBP basic risk-free rates calculated for dates from 1 May 2021 to 31 May 2021. The calculation of the GBP Long Term Average Spread (LTAS) is based on the spread of instruments over Libor-based basic risk-free rates up to and including 30 April 2021, and the spread over SONIA OIS-based basic risk-free rates from 1 May 2021 to 31 May 2021.

Similarly, the end-June indicative TI package has a reference date of 30 June 2021 and the LTAS calculation used Libor-based basic risk-free rates up to and including 31 May 2021, and the spread over SONIA OIS-based basic risk-free rates from 1 June 2021.

Tickers: Tickers used for SONIA OIS are in the format “GBPxYOIS=”, where x represents the year. For example, the ticker for the 1 year maturity would be: GBP1YOIS=.

SONIA OIS coupon frequency: The SONIA OIS coupon frequency is annual. (The GBP Libor swap coupon frequency is semi-annual.)

Choice of ‘deep, liquid, and transparent’ (DLT) points: The SONIA OIS-based basic risk-free rates have been calculated on the basis that the following maturities are from a DLT market: 1-10, 12, 15, 20, 25, 30, 40 and 50 years. This is in line with the results of the DLT assessment of the SONIA OIS market published by the PRA on 3 June 2021.[1]

SONIA OIS data extraction: The end-May 2021 SONIA OIS-based basic risk-free rates were calculated using data extracted from Refinitiv’s DataScopeSelect service on 7 June 2021. There was insufficient SONIA data to calculate risk-free rates for 3 May 2021, 4 May 2021 and 31 May 2021 (3 May and 31 May 2021 were bank holidays.)

The end-June SONIA OIS-based basic risk-free rates were calculated using data extracted from Refinitiv’s DataScopeSelect service on 7 July 2021 and there was sufficient data to calculate risk-free rates for every day of June 2021.

[1] June 2021: https://www.bankofengland.co.uk/prudential-regulation/publication/2021/june/dlt-assessment-of-the-sonia-ois-market-june-2021.