

ASX Interest Rate Benchmarks



Managed by Australia's first licensed benchmark administrator, ASX Benchmarks are at the core of Australia's interest rate complex



In a world of uncertainty, ASX administered benchmarks help you invest, borrow and transact with confidence. The ASX Benchmark suite gives issuers, investors, borrowers and lenders the flexibility to choose the right reference rate for each transaction, using timely data from a trusted source. Designed in collaboration with regulators and market practitioners, they bring integrity, transparency and clarity to your decision-making.

ASX interest rate benchmark suite

BBSW (Bank Bill Swap Rate)	Realised AONIA (AUD Overnight Index Average)	SOFIA™ (Secured Overnight Index Australia, beta version)
<ul style="list-style-type: none">The leading reference rate for Australian dollar securities	<ul style="list-style-type: none">A risk-free alternative	<ul style="list-style-type: none">Consistent with other Global Risk-Free Rates
<ul style="list-style-type: none">Referenced by around \$35 trillion in transactions*	<ul style="list-style-type: none">Transaction-based and transparent	<ul style="list-style-type: none">Transaction-based and transparent
<ul style="list-style-type: none">Based on transactions in Bank Bills and Negotiable Certificates of Deposit (NCDs)	<ul style="list-style-type: none">Based on the RBA Cash Rate, compounded over the prior 1 to 6 months	<ul style="list-style-type: none">Based on the GC1 overnight repo settlement data sourced from Austraclear, around \$7-8bln in eligible volume daily
<ul style="list-style-type: none">Forward looking out to 6 months	<ul style="list-style-type: none">Setting in arrears	<ul style="list-style-type: none">Setting in arrears

* As estimated in November 2024

About ASX Benchmarks

ASX Benchmarks Limited is a wholly owned subsidiary of ASX Limited and has responsibility for the calculation and publication of Australian benchmark rates.

As a licenced benchmark administrator, ASX Benchmarks is governed in accordance with global best practice principles.

ASX employs world class validation, calculation, approval and oversight functions to ensure users of ASX Benchmarks can access rates with confidence.



Robust

Developed by Australia’s first licensed benchmark administrator and trusted exchange provider, ASX benchmarks bring certainty and transparency to borrowing and investment decisions.



Regulated

All ASX benchmarks benefit from the same stringent governance and oversight framework, complying with ASIC Financial Benchmark Rules and International Organisation of Securities Commissions (IOSCO) Principles for Financial Benchmarks.



Relevant

ASX benchmarks have been designed in collaboration with regulators and market practitioners to be robust and relevant.



Flexible

A choice of reference rates for different transaction types.



Accessible

ASX benchmark data can be accessed directly from ASX or from vendors, including Bloomberg and Reuters.



Actionable

ASX benchmarks are available for corporate actions through Austraclear, Australia’s central securities depository for wholesale debt.

BBSW

Transaction-based and transparent, BBSW is an essential pillar of Australia's financial infrastructure.

When Australian institutions issue paper or write variable-rate commercial loans, more often than not they turn to BBSW.

A forward-looking, unsecured short-term money market rate that includes a credit premium, BBSW is one of Australia's most widely used reference rates. BBSW is an invaluable tool for pricing or revaluing Australian dollar derivatives, loans and securities contracts, as well as a key performance benchmark.

In 2018, the BBSW methodology underwent significant reform. In line with global best practices (IOSCO Principles for Financial Benchmarks) and based on the recommendations of the Council of Financial Regulators, a transaction-based layer was added to the BBSW calculation waterfall.

Key benefits



Robust

Measuring the traded price of eligible prime bank securities in the open market each day, BBSW is underpinned by average daily eligible transaction volume of AUD2.4bln



Timely

BBSW is the only transaction-based benchmark calculated and published on the same day



An industry standard

The notional value of contracts referencing BBSW is approximately \$35 trillion*, including derivatives, business loans and asset backed debt securities



Designed for Australian markets

In 2018, ASX led the reform of the BBSW methodology in collaboration with local regulators and market participants – applying global best practice principles to design a benchmark for local conditions



A key benchmark

BBSW is one of five significant financial benchmarks in Australia including:

1. BBSW
2. RBA cash rate
3. Consumer Price Index (CPI)
4. 3- and 10-year ASX bond futures settlement price
5. S&P ASX 200 index



Recognised by the EU

The BBSW framework has been recognised as equivalent by the European Union – enabling Australian and global institutions to reference BBSW in European transactions

* As estimated in November 2024

How is BBSW calculated?

BBSW rates are based on a combination of transaction data and live executable prices using a three-stage waterfall methodology.

1.1 VWAP or 1.2 Weighted LSR

**BBSW
waterfall**

2.0 NBBO

3.0 Fall-back

1. Volume-weighted average price (VWAP and WLSR) methods

A VWAP calculation based on transactions is used as the primary methodology for determining the BBSW rate for each tenor.

2. Nationally observed best bid and offer (NBBO) method

Where a BBSW rate cannot be formed under the VWAP method for one or more tenors, the NBBO method is used to determine the BBSW rate for that tenor or tenors.

3. Fall-back method

Where a BBSW rate cannot be formed under the NBBO method for one or more tenors, a fall-back comprising five stages is used to determine the BBSW rate for that tenor or tenors.

Realised AONIA

A transaction-based risk-free rate developed in line with global benchmark reform

A valuable alternative for securities and transactions requiring a risk-free reference rate, Realised AONIA is based on a compounded average of the Reserve Bank's Interbank Overnight Cash Rate (or cash rate) also referred to as AONIA. The Cash Rate is calculated and published by the Reserve Bank of Australia each day and represents the weighted average interest rate at which banks are willing to borrow and lend unsecured cash on an overnight basis. Realised AONIA reflects the average rate at which banks have transacted in the overnight AUD cash market on an unsecured basis over the past 1 – 6 months.

Key benefits



Transaction based

Based on interbank transactions in the overnight cash market

\$1.3bln

Average volume transacted per day



A best-practice benchmark

Realised AONIA features the same methodology as other globally recognised overnight risk-free rates (RFR) – so you can be confident your decisions are based on a best-practice benchmark



A risk-free alternative

Realised AONIA excludes bank credit risk – potentially making it a more suitable benchmark for a variety of securities, including floating rate notes issued by governments or non-financial corporations



Robust

Featuring a proven methodology based on interbank transactions in the overnight cash market, Realised AONIA is underpinned by average daily transaction volume of AUD1.3bln

How is Realised AONIA calculated?



Based on the observed Cash Rate (AONIA) over the prior 1–6 months



Compounded daily in arrears for each tenor



Globally consistent calculation methodology

Find out more about ASX interest rate benchmarks

E: benchmarks@asx.com.au

www.asx.com.au/benchmarks



Follow us on LinkedIn



Follow us on @ASX



Follow us at @ASX_official



Follow us on Facebook



Follow us on YouTube



Information provided in this brochure is for educational purposes only and does not constitute financial product advice. You should obtain independent advice from an Australian financial services licensee before making any financial decisions. Although ASX Limited (ABN 98 008 624 691) and its related bodies corporate (together, "ASX") has made every effort to ensure the accuracy of the information as at the date of publication, ASX does not give any warranty or representation as to the accuracy, reliability or completeness of the information. To the extent permitted by law, ASX and its employees, officers and contractors shall not be liable for any loss or damage arising in any way (including by way of negligence) from or in connection with any information provided or omitted or from any one acting or refraining to act in reliance on this information.

© Copyright 2024 ASX Limited.

Content correct as at November 2024. BEM-3640