

MEMO# 35370

July 10, 2023

CFTC Approves Tradeweb SEF's MAT Determination for Certain Overnight Index Swaps

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TO: ICI Members

Derivatives Markets Advisory Committee

LIBOR Transition Working Group SUBJECTS: Derivatives

Trading and Markets RE: CFTC Approves Tradeweb SEF's MAT Determination for Certain Overnight Index Swaps

On July 7, the CFTC approved the "made available to trade" (MAT) determination^[1] that Tradeweb's registered swap execution facility (SEF), TW SEF LLC (TW SEF), resubmitted in late May for certain overnight index swaps (OIS) referencing specific risk-free rates.^[2] Specifically, the MAT determination covers certain U.S. Dollar (USD) Secured Overnight Financing Rate (SOFR) OIS and Pound Sterling (GBP) Sterling Overnight Index Average (SONIA) OIS.^[3]

The swaps subject to the MAT determination will become subject to the trade execution requirement on Saturday, August 5 ("the effective date"). At that time, all transactions involving the swaps subject to the trade execution requirement must be executed on a registered SEF, a designated contract market, or a SEF exempted from registration under Commodities Exchange Act Section 5h(g).^[4]

The specific OIS covered in the MAT determination that will become subject to the trade execution requirement on the effective date are as follows:

- OIS denominated in USD that reference SOFR as a floating rate index, when trades start at spot (T+2), and the fixed rate is set at par, with whole year tenors of 2-7, 10, 12, 15, 20, and 30 years;
- OIS denominated in USD that reference SOFR as a floating rate index, when trades start at the next two international monetary market (IMM) dates, and the fixed rate is set at par, with whole year tenors of 2-7, 10, 12, 15, 20, and 30 years (Standard and IMM end/roll date convention);
- OIS denominated in USD that reference SOFR as a floating rate index, when trades start at the next two IMM dates, and the fixed rate is set as standard coupon, with

whole year tenors of 1-5, 7, 10, 12, 15, 20, and 30 years (Standard end/roll date conventions);

- OIS denominated in GBP that reference SONIA as a floating rate index, when trades start at spot (T+0), in whole year tenors from 1-10, 12, 15, 20, 25, and 30 years; and
- OIS denominated in GBP that reference SONIA as a floating rate index, when trades start at the next two IMM dates, in whole year tenors from 1-10, 12, 15, 20, 25, and 30 years (Standard and IMM end/roll date convention).

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Notes

[1] CFTC Announces Trade Execution Requirement for Certain SOFR and SONIA OIS, Release No. 8745-23 (July 7, 2023), available at <https://www.cftc.gov/PressRoom/PressReleases/8745-23>.

[2] See TWSEF's MAT determination (May 22, 2023) ("MAT Resubmission"), available at <https://www.cftc.gov/IndustryOversight/IndustryFilings/SMATDRules/50832>. For a summary of TW SEF's MAT Resubmission, please see ICI Memorandum No. 35343, available at <https://www.ici.org/memo35343>. TW SEF filed the MAT Resubmission after withdrawing its initial MAT submission, which it filed on April 12. See ICI Memorandum No. [35266](#).

[3] These OIS became subject to the CFTC's clearing requirement in 2022 and are currently listed on TW SEF.

[4] The list of entities that currently are exempt from SEF registration consist of foreign swap trading facilities. CFTC, Exemption of Foreign Swap Trading Facilities from SEF Registration, <https://www.cftc.gov/International/ForeignMarketsandProducts/ExemptSEFs>.