



MARKET NOTICE

Market Notice: 2021_05

Date: 14 September 2021

Subject: Reserve Bank Repo Eligibility Criteria Published & Screen rates for cross-currency swaps

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1. AFMA is supporting the Reserve Bank's efforts to see the Australian market adopt robust fallback language following the publication of [Reserve Bank Repo Eligibility Criteria](#).
 2. The Australian interdealer market is operationally prepared with screen rates being available to support the global transactions moving from LIBOR cross-currency basis swaps to ones based on Alternative Reference Rates.
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1. Reserve Bank Repo Eligibility Criteria Published

The Reserve Bank published today new eligibility criteria, which will require fallbacks for Floating rate notes (FRNs) and marketed asset-backed securities issued on or after 1 December 2022 that reference BBSW to include robust fallback provisions. FRNs and marketed asset-backed securities issued before 1 December 2022 are unchanged. However, issuers should strongly consider including robust fallbacks for such securities, depending on their length of time to maturity, as a matter of prudent risk management. The criteria are available here: [RBA Repo Eligibility Criteria](#).

AFMA is supporting the Reserve Bank's efforts to see the Australian market adopt robust fallback language. The criteria do not specify the fallback language to be included in security documentation, this is the role for industry. To fulfil this need AFMA is working with other industry associations to provide template language that meet these criteria for robust fallback language in the near future. This work forms part of the global transition from LIBOR benchmark rate to Alternative Reference Rates (ARR).

2. Screen rates for cross-currency swaps based on ARR.

The Australian interdealer market is operationally prepared with screen rates being available to support the global transactions moving from LIBOR cross-currency basis swaps to ones based on Alternative Reference Rates.

The United States of America Commodity Futures Trading Commission (CFTC) Market Risk Advisory Committee's (MRAC) has recommended that interdealer trading conventions for US Dollar, Japanese

Yen, Sterling, and Swiss Franc LIBOR cross-currency basis swaps move to each respective country's ARR by 21 September 2021. This marks an important development in the global transition from LIBOR rates.

The Australian interdealer market is operationally prepared to support the global switch of LIBOR cross-currency basis swaps and interdealer broking firms have published indicative basis curves. Indicative pricing for BBSW/LIBOR, BBSW/SOFR and AONIA/SOFR have been published to the following screens:

ICAP Australia:

- Reuters page ICAPAUSOFR with RICs
- BBSW v SOFR RICs: AUUS3BSRBS=ICAA
- AONIA SOFR RICs: AUUSAOSRBS=ICAA
- Bloomberg IAUS: Option 55 & 56

Tullet Prebon Australia:

- Refinitive page TPAUDSWAP with RICs
- BBSW v SOFR RICs: AUUS3BSRBS=TTKA
- AONIA v SOFR RICs: AUUSAOSRBS=TTKA
- Bloomberg TPAU: "Rates" Option 46, 56 & 53

Following extensive consultation with market participants, ICAP has also published guidance for trading BBSW/SOFR basis swaps and proposed term sheets for BBSW/SOFR and AONIA/SOFR. These are available here -

- [Guidance for Trading](#)
- [Term sheet for BBSW/SOFR](#)
- [Term sheet for AONIA/SOFR](#)

Any questions should be directed to [David Love](#), General Counsel.