



16 February 2026

Mr Allan McGregor
Head of Rates & Benchmarks
ASX Limited
20 Bridge Street
Sydney NSW 2000

By email: Benchmarks@asx.com.au

Dear Mr McGregor

SOFIA Draft Methodology and Conventions Consultation

AFMA welcomes ASX's consultation on its Draft Methodology and Conventions for the Secured Overnight Funding Index of Australia (SOFIA) and ASX's engagement thus far with market participants.

AFMA is generally supportive of the proposed methodology and conventions which appear well considered. We raise some questions in the below discussion with a view to deepening our understanding of the proposals and to see if there are refinements that might be possible before go live.

Filtering logic

Members seek more information on the filtering logic, with worked examples if possible. We understand some academic work supports the filtering as proposed, we would like to understand this work more. Specific information on the differences between international standards in this regard would be helpful.

We would also like to understand if any additional gaming risks are introduced by the upper cut-off.

Surveillance

We note that Principle 5 states:

“Unlike BBSW, transaction inputs from SOFIA are obtained directly from Austraclear Limited - a licensed Clearing & Settlement facility and are entirely

based on Settled transactions. As a result, ASX Benchmarks will not undertake any surveillance activities in relation to GC1 Repo Transactions.”

We understand from subsequent discussions that while ASX will not undertake any surveillance activities of the OTC repo market (and it would be unclear how this could work even if it was the intention), ASX does intend to conduct surveillance on the trade feed it receives from Austraclear for any issues that might impact the integrity of the rate set.

We support this approach.

Repo clearing

We understand that some commercial providers are considering providing repo clearing for the Australian market. While this could provide benefits to ASX’s SOFIA benchmark as execution data is often richer than settlement data, it could also provide challenges as the transactions data that is currently flowing to Austraclear could migrate to the systems of the clearer.

As such, we request that ASX give consideration to how it might respond to such an eventuality and the potential that commercial terms might not be found.

Additional risks for participants

Changing the use of data to include use for the construction of benchmarks increases the risk profile for the market participants providing (even inadvertently) the data.

While we agree there is no need for a Submitter Code of Conduct, given the transactions will be collected from Austraclear Limited, a licensed Clearing and Settlement Facility, there is likely benefit in ASX working with the industry to understand how these additional risks should be managed. This might include increasing understanding of what types of market behaviours might be prohibited given the usage for benchmark purposes, and what systems and processes firms and ASX should use to manage these risks.

Minimum transaction size and number

AFMA notes the proposed total minimum value of transactions of \$1 billion and minimum number of transactions of 15 with a plan for future enhancement for minimum counterparties.

Members suggest there may be a case for a higher total minimum value of transactions, removing the minimum number of transactions, and instead going live with a minimum number of counterparties involved in the day’s transactions. While a minimum number of counterparties is flagged as a potential future enhancement, we suggest it would benefit the rate to be present at launch.

A larger total minimum value of transactions is likely to reduce the risk that one counterparty could unduly influence the rate, as would adding a minimum number of counterparties for the day's transactions.

The number of transactions is at greater risk of gaming, and the use of the fallback method on a day where there was a value over 1 billion of transactions because the counterparties agreed to pass larger GC lines might not be warranted.

Basis of publication

Members also suggest that within the "SOFIA Publication" section for good order the conventions should clarify publication is at 9am on a T+1 basis, that is, it is based on trades from the prior business day. The documentation is not currently clear if the value date of the rate published on a specific day would be T or T-1 (noting SOFR is published in the morning for value T-1).

Conclusion

We thank you for considering our thoughts on the SOFIA design and look forward to continuing to work with you towards go-live.

Yours sincerely



Damian Jeffree
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