



October 2020
NT: Oct20-0003

Product Notification

Update: SOFR Discounting Transition – USD Denominated Products

As a result of the USD CCP transition on October 16th 2020 from US Federal Funds Effective Rate (EFFR) to the Secured Overnight Funding Rate (SOFR) discounting, TraditionDATA has made the following modifications to our rates offering:

Working in combination with our customers, TraditionDATA will apply SOFR discounting assumptions close of business Oct. 16th 2020 to the following products:

- USD interest rate swap products (IRS, OIS, FRAs, Basis Swaps and ZC Inflation Swaps) will switch to SOFR discounting.
- USD cash settled swaptions (ISDA Supplement 28), and physical CME-settled swaptions: SOFR-funded underlying swap pricing and forward premiums. Spot premiums will be the EFFR-discounted equivalent of the forward premium reflecting bilateral option CSA.
- USD caps/floors: All pricing will reflect an EFFR bilateral CSA assumption with the forward rates curve bootstrapped using a SOFR-funding assumption.

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