ICE Benchmark Administration Introduces ICE SONIA Indexes to Assist UK Lending Markets Transition to SONIA

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LONDON--(BUSINESS WIRE)-- Intercontinental Exchange, Inc. (NYSE:ICE), a leading operator of global exchanges and clearing houses and provider of mortgage technology, data and listings services, today announced that ICE Benchmark Administration Limited (“IBA”) has launched an initial, ‘beta’ version of ICE SONIA Indexes for information and testing purposes. IBA has also published a methodology paper introducing the Indexes.

The ICE SONIA Indexes provide a daily value that represents accrued compound SONIA interest relative to the first day value of 100 on April 23, 2018, the date when the Bank of England took over responsibility for SONIA. The ICE SONIA Indexes offer additional optionality to add a floor and lookbacks. The Indexes have been developed to support the varying needs of the UK lending market and are designed to provide a simple method for parties to calculate SONIA compound interest between any two index dates and agree on their associated interest accruals.

IBA applies the following operational and economic features to generate ten possible ICE SONIA Indexes:

- Zero (0)% floor: To address concerns around potential negative interest rates in the future, the ICE SONIA Indexes can incorporate a minimum SONIA rate of 0%. If the daily SONIA value falls below 0%, the ICE SONIA Indexes can be calculated using 0% as a floor, instead of the actual SONIA value.

- Lookbacks: To help manage cash flows and address operational issues associated with the determination of repayments on loans before the end of a loan accrual period or the loan term, the ICE SONIA Indexes support multiple lookback approaches. IBA will offer indexes calculated using lags and/or shifts of either two or five business days, alongside the option of having no lookback.
To facilitate accounting for loan accruals on reporting dates that are not business days, all ICE SONIA Indexes will provide index values for every calendar day. Index values for non-business days will be published on the next following business day.

“IBA has created the ICE SONIA Indexes to help address the key operational considerations of lenders and borrowers for SONIA-based loans,” said Tim Bowler, President of ICE Benchmark Administration. “The transition to SONIA in the UK lending markets has led to calls for SONIA indices that can be used to help calculate and process interest accruals from both a lender’s and borrower’s perspective. We believe the ICE SONIA Indexes can play an important part in helping lenders and borrowers as they transition to SONIA.”

Indicative, ‘beta’ SONIA Index values are published on IBA’s ICE SONIA Indexes webpage. The index values are currently published for information and testing purposes only and may not be used as a reference in financial instruments. IBA expects to be able to launch the ICE SONIA Indexes for use in financial instruments from April 2021. A paper introducing the ICE SONIA Indexes is available here.

About ICE Benchmark Administration

ICE Benchmark Administration is authorized and regulated by the Financial Conduct Authority for the regulated activity of administering a benchmark, and is authorized as a benchmark administrator under the UK Benchmarks Regulation. IBA reserves all rights in the ICE SONIA Indexes webpage.

About Intercontinental Exchange

Intercontinental Exchange (NYSE: ICE) is a Fortune 500 company and provider of marketplace infrastructure, data services and technology solutions to a broad range of customers including financial institutions, corporations and government entities. We operate regulated marketplaces, including the New York Stock Exchange, for the listing, trading and clearing of a broad array of derivatives contracts and financial securities across major asset classes. Our comprehensive data services offering supports the trading, investment, risk management and connectivity needs of customers around the world and across asset classes. As a leading technology provider for the U.S. residential mortgage industry, ICE Mortgage Technology provides the technology and infrastructure to transform and digitize U.S. residential mortgages, from application and loan origination through to final settlement.

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exchange website under the heading “Key Information Documents (KIDS).”

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 -- Statements in this press release regarding ICE’s business that are not historical facts are “forward-looking statements” that involve risks and uncertainties. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see ICE’s Securities and Exchange Commission (SEC) filings, including, but not limited to, the risk factors in ICE’s Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC on February 4, 2021.

About SONIA

The "SONIA" mark is used under license from the Bank of England (the benchmark administrator of SONIA), and the use of such mark does not imply or express any approval or endorsement by the Bank of England. "Bank of England" and "SONIA" are registered trademarks of the Bank of England.

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