

Federal Reserve Board announces final plans for the production of three new reference rates based on overnight repurchase agreement (repo) transactions secured by Treasury securities

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The Federal Reserve Board on Friday announced final plans for the production of three new reference rates based on overnight repurchase agreement (repo) transactions secured by Treasury securities. The three reference rates will be produced by the Federal Reserve Bank of New York (FRBNY), in cooperation with the U.S. Office of Financial Research.

The Federal Reserve Board had previously sought public comment on the proposed production of these rates. In response to comments received, the FRBNY has adjusted its expected daily publication time and now plans to publish the rates no later than 8 a.m. ET. As previously indicated by the FRBNY, publication of the rates is expected to begin in the second quarter of 2018. The attached Federal Register Notice also clarifies details related to the governance and calculation of the rates.

As in the original proposal, each rate will be calculated as a volume-weighted median of transacted rates. The most comprehensive of the rates, the Secured Overnight Financing Rate (SOFR), will be a broad measure of overnight Treasury financing transactions and was [selected by the Alternative Reference Rates Committee](#) as its recommended alternative to U.S. dollar LIBOR. SOFR will include triparty repo data from Bank of New York Mellon (BNYM) and cleared bilateral and GCF Repo data from the Depository Trust & Clearing Corporation (DTCC).

Another rate, the Triparty General Collateral Rate (TGCR) will be based solely on triparty repo data from BNYM. The final rate, the Broad General Collateral Rate (BGCR) will be based on the triparty repo data from BNYM and GCF Repo data from DTCC.

The three interest rates will be constructed to reflect the cost of short-term secured borrowing in highly liquid and robust markets. Because these rates are based on transactions secured by Treasury securities, they are essentially risk-free rates, providing a valuable benchmark for market participants to use in financial transactions.

For media inquiries, call 202-452-2955.

- [Attachment \(PDF\)](#)