SOFIA –Methodology and Conventions

Response to Consultation

Background

On 5 December 2025, ASX published the SOFIA – Draft Methodology and Conventions for industry comment. This document was prepared following extensive industry and regulatory engagement, including bilateral meetings, SOFIA Repo Working Group meetings (including the most recent one held in May 2025) an academic review commissioned by the Reserve Bank of Australia (RBA) and industry review and feedback provided on the beta versions of SOFIA. This document remained open for industry consultation until March 2026.

Feedback / Questions received

ASX received a public submission from AFMA (Australian Financial Markets Association) and a number of confidential submissions from industry participants. Generally, industry participants are highly supportive of the ongoing development of the Secure Overnight Funding Index of Australia (SOFIA).

A summary of the feedback and ASX's responses are below:

Filtering logic

An industry participant and AFMA noted that their members sought more information on the filtering logic with worked examples and more detail on the independent academic work supporting the filtering logic.

ASX response

ASX notes that the independent academic work supporting the filtering logic has been made available here.

A worked example of the filtering logic is shown below. In this example, all trades shown have a Trade Date of 12 June 2026, a 1st Leg Date of 12 June 2026 and a 2nd Leg Date of 15 June 2026 and are otherwise eligible:

Trade No.	1st Leg Settlement Value	Repo Rate	Cumulative Total	Cumulative % of Total	Effective Volume	Effective volume * Rate (for VWAP)
1	$500,000,000	4.29	$500,000,000	8%	**0 - Trade Excluded**	
2	$250,000,000	4.29	$750,000,000	12%	**0 - Trade Excluded**	
3	$250,000,000	4.30	$1,250,000,000	20%	**0 - Trade Excluded**	
4	$500,000,000	4.30	$1,500,000,000	24%	**0 - Trade Excluded**	
5	$500,000,000	4.31	$2,000,000,000	32%	$ 453,750,000 ***(Partial inclusion)***	$1,955,662,500
6	$250,000,000	4.32	$2,250,000,000	36%	$ 250,000,000	$1,080,000,000
7	$300,000,000	4.33	$2,550,000,000	41%	$ 300,000,000	$1,299,000,000
8	$300,000,000	4.33	$2,850,000,000	46%	$ 300,000,000	$1,299,000,000
9	$300,000,000	4.34	$3,150,000,000	51%	$ 300,000,000	$1,302,000,000
10	$300,000,000	4.35	$3,450,000,000	56%	$ 300,000,000	$1,305,000,000
11	$300,000,000	4.36	$3,750,000,000	61%	$ 300,000,000	$1,308,000,000
12	$100,000,000	4.37	$3,850,000,000	73%	$ 750,000,000	$3,277,500,000
13	$750,000,000	4.37	$4,600,000,000	86%	$ 825,000,000	$3,605,250,000
14	$825,000,000	4.37	$5,420,500,000	88%	$ 100,000,000	$437,000,000
15	$110,000,000	4.38	$5,530,500,000	89%	$ 110,000,000	$481,800,000
16	$120,000,000	4.39	$5,650,500,000	91%	$ 120,000,000	$526,800,000
17	$130,000,000	4.40	$5,780,500,000	94%	$ 130,000,000	$572,000,000
18	$150,000,000	4.40	$5,930,500,000	96%	$ 90,750,000 ***(Partial inclusion)***	$399,300,000
19	$250,000,000	4.40	$6,180,500,000	100%	**0 - Trade Excluded**	
Note: As shown above, the bottom 25% and top 5% (by rate) are excluded, with trades partially included where required.					$ 4,329,500,000	$ 18,848,312,500
					Example SOFIA Rate: 4.3535	

Surveillance

AFMA noted that their members raised a query in relation to potential surveillance of the AUD repo market by ASX Benchmarks in relation to the calculation and dissemination of SOFIA.

ASX response

ASX noted in discussions with AFMA that it would not and could not undertake any surveillance activities in relation to the OTC repo market. However, ASX Benchmarks will regularly review repo trade data received from Austraclear for any issues that might impact the robustness of the SOFIA rate. This review will be important to identify and then, through SOFIA Methodology changes if needed, address changes in underlying data quality or market structure.

AFMA indicated support for this approach in their public consultation response available here.

Repo Clearing

AFMA and an industry participant noted that the anticipated development of AUD repo clearing for the Australian market could impact the availability of transaction data for inclusion in SOFIA due to multilateral netting and due to ASX Benchmarks relying on settlement data available via Austraclear.

ASX response

ASX Benchmarks acknowledges this risk and expects that material AUD repo clearing is only likely to begin from 2028, and that this initial clearing activity will likely be limited to a subset of dealer to dealer activity where the benefits for central clearing of AUD repo transactions are highest. If this occurs, we anticipate that this would impact up to a maximum of 30% of overnight repo data currently available for inclusion in SOFIA by the end of 2028 – and likely, an even longer timeframe. As additional evidence, ASX Benchmarks notes 23% of outstanding positions in gilt repo were centrally cleared over 2025 Q1 as published by the Bank of England here. The UK gilt market is used as a comparison as central clearing is not mandated through regulation, in alignment with Australia.

Therefore, due to current volumes available in the market ~$14bn in AUD overnight repo eligible for inclusion in SOFIA Beta Version ASX Benchmarks anticipates that SOFIA will continue to be robust and representative even if a subset is centrally cleared and subject to multilateral netting. Note: Published volume relating to the SOFIA Beta Version is post-filtering where the bottom 25% of volume by rate is filtered/removed from inclusion in the rate.

Notwithstanding the above, it is likely that the successful launch of central clearing of repos and bonds in the Australian market will also see broader take up of electronic trading platforms especially for overnight repo transactions that are eligible for included in SOFIA. ASX Benchmarks intends to engage with emerging electronic trading platforms to develop a mechanism to capture transaction data at source for benchmark inclusion.

Minimum transaction size and number

AFMA and an industry participant provided feedback on the proposed SOFIA minimum thresholds, focusing on the following areas:

- Increasing the proposed minimum volume of eligible transactions of $1 billion.
- Removing the minimum number of eligible transactions of 15 transactions
- Applying a minimum counterparty requirement instead.

There was additional feedback on applying the minimum counterparty check from launch rather than introducing it as a future enhancement.

ASX response

ASX notes that that the minimum value of transactions and minimum number of transactions proposed were settings within the range supported by independent academic research co-ordinated by the Reserve Bank of Australia available here. The research identified that expert judgement should apply when market activity falls below the following thresholds: total volume between $ 0.75–1.5 billion; 10–20 transactions; or 6–14 distinct counterparties.

ASX notes that the proposed minimum threshold for value of transactions of $1 billion is within the range supported by the academic research, but given industry feedback will increase this to $1.5 billion for launch which is the top end of the range supported by academic research. This change has been made in the SOFIA Waterfall section on page 4 of the final SOFIA Methodology and Conventions.

ASX will retain the minimum number of transactions at 15 to support the initial launch, as this is also within the range supported by academic research.

ASX notes that Austraclear will be required to deliver an enhancement to support a counterparty threshold being introduced. This is targeted for Q1 2027 and ASX Benchmarks anticipates applying a minimum counterparty threshold of 10 counterparties in alignment with the range supported by academic research.

Basis of publication

AFMA and an industry participant noted that within the "SOFIA Publication" section, the conventions should clarify publication is at 9am on a T+1 basis and that it is based on the trades from the prior business day.

ASX response

ASX Benchmarks has made a change to the "SOFIA Publication" section of the conventions to indicate that SOFIA will be published on each business day based on transactions from the prior business day, for example:

SOFIA with a fixing date/value date of 23 June 2026, will be published on the morning of 24 June 2026, using GC1 Overnight Repo Transactions with a Trade Date and First Legal Settlement date of 23 June 2026.

Additional risks for participants

AFMA noted that changing the use of data to include use for the construction of benchmarks increases the risk profile for the market participants providing the data. AFMA also agreed that there was no need for a Submitter Code of Conduct, given the transactions will be collected from Austraclear Limited, a licensed Clearing and Settlement Facility. AFMA noted there would be benefit in ASX working with industry to understand how these additional risks should be managed.

ASX response

ASX acknowledges this feedback and will work with industry via AFMA forums (including the AFMA repo committee) to understand and help the industry manage any emerging risks of this nature. ASX also notes that SOFIA would not likely be deemed a "Significant Benchmark" until such time as there is a critical mass of the market leveraging SOFIA in their transactions, valuation and risk management activities.

Next steps

ASX appreciates industry engagement in this consultation process and in relation to the development of SOFIA. ASX notes that the final SOFIA Conventions and Methodology have now been made available to market ahead of the target launch of the SOFIA rate on 28 September 2026.

ASX notes that the SOFIA Conventions and Methodology will be subject to an ongoing annual review. ASX expects to make a further change to the SOFIA Conventions and Methodology to address the removal of related party transactions where they can be identified and also the implementation of a minimum counterparty threshold in Q1 2027 in alignment with the target timeframe for Austraclear to implement supporting enhancements.

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