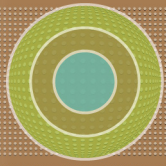


Updated Mar-2020



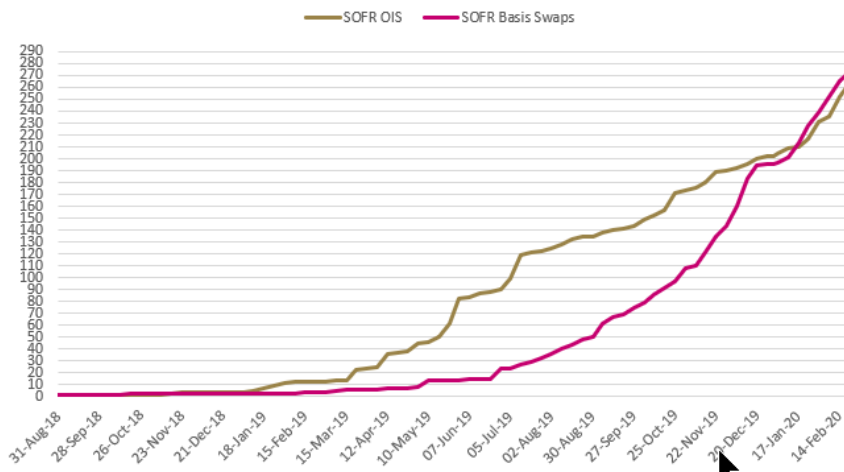
Derivative Valuations in Practice: SOFR Market Adoption Updates

As part of our ongoing efforts to help you monitor the potential replacement of LIBOR and/or OIS by newly designated alternative reference rates (ARR), we have summarized the latest market activity for the ARR for USD LIBOR, SOFR. Further details about these market changes are available in our [LIBOR Replacement Watchlist](#).

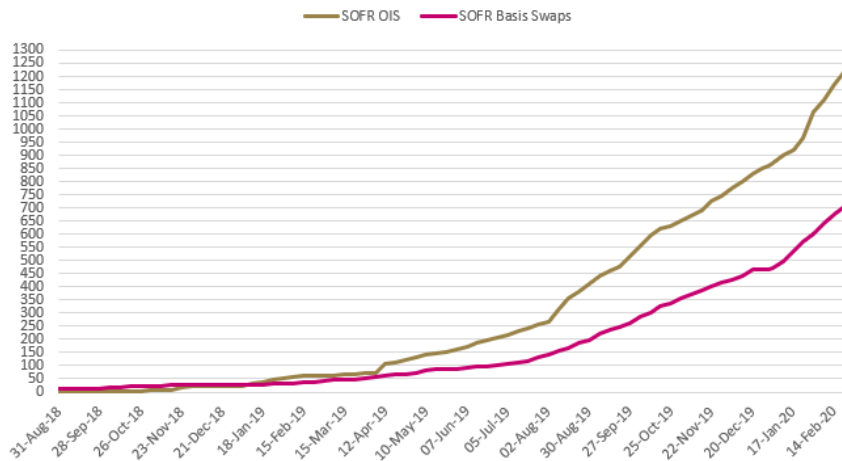
SOFR Swap Trading through Feb 2020

SOFR basis swaps have begun to overtake SOFR OIS swaps but this seems to be due to traded notional, not trade count. In addition to SOFR futures options now trading on the CME, the first two SOFR Swaptions have also traded. See [ISDA Analysis](#) for more details.

Cumulative Traded Notional for SOFR-based OIS and Basis Swaps



Cumulative Trade Count for SOFR-based OIS and Basis Swaps

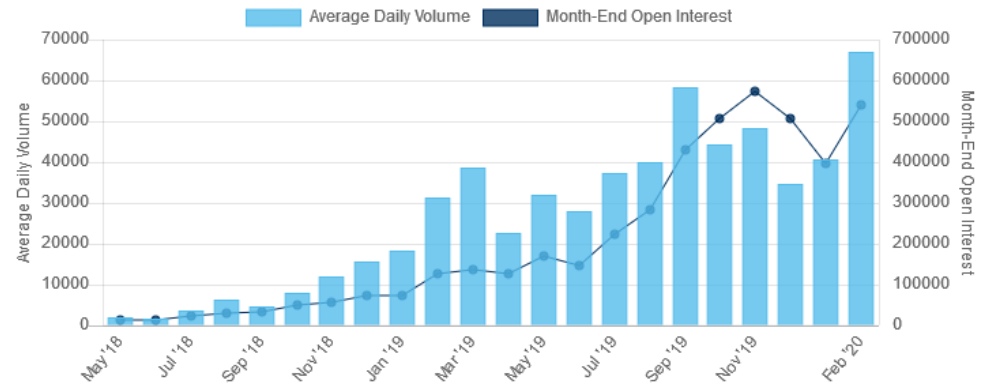


ISDA Analysis on SOFR Swaps. (For trades reported to DTCC and Bloomberg SDRs which are required to be disclosed under US regulatory guidelines)

SOFR Futures through Feb 2020

Futures trading was largely in line with Q4 2019. See the [latest SOFR futures recap from the CME](#).

CME SOFR Futures

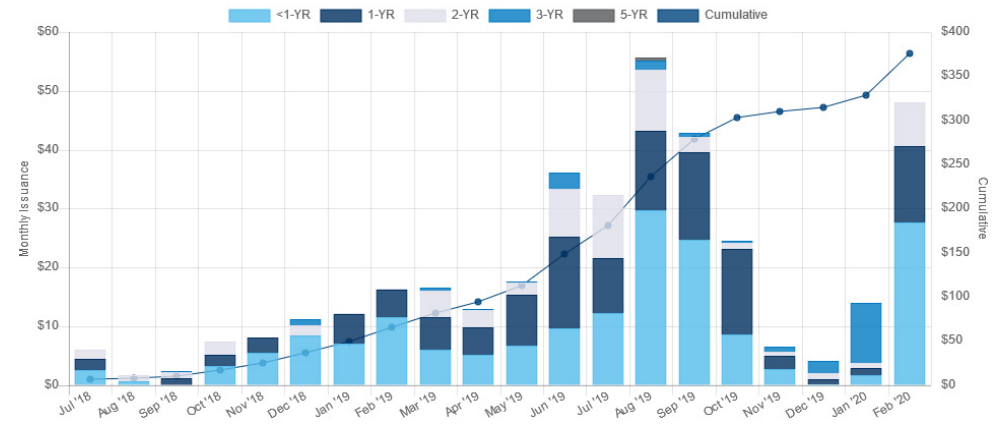


CME Futures Volume Chart

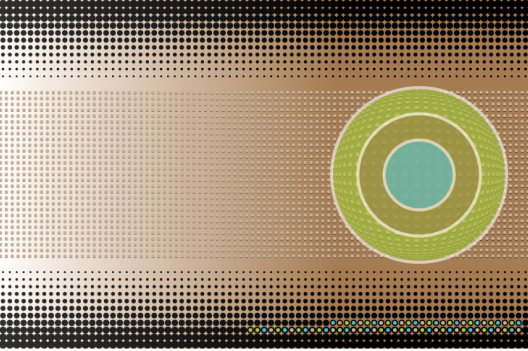
SOFR-based Debt Issuances-to-date

Overall, 49 institutions have issued \$376 billion notional in floating rate instruments tied to SOFR, with a new monthly high of over \$10B issued in the 3-year tenor during January 2020, with February as the second highest with \$48B issued.

SOFR Issuance by Tenor (\$ Billions)



Source: Bloomberg, compiled by CME Group for informational purposes. CME Group does not warrant the accuracy or completeness of the information.



About Principia

A practical solution

Principia SFP provides clients with a multi-curve valuation and risk management environment to forecast using appropriate tenor LIBOR forward curves and to select the relevant discounting curves for accurate, independent valuations.

Beyond valuations, the system is an end-to-end operational platform for derivatives portfolios allowing users to perform detailed impact analysis, risk management and the full operational implementation of OIS discounting into daily mark-to-market and hedge effectiveness processes. Principia also provides and automates delivery of extensive daily market data and curves as standard, for precise valuations, proven to closely match the interdealer market.

In a world moving towards central clearing, Principia users have the tools to implement industry best practices in the analysis, trading and risk management of vanilla and complex derivatives. With this single coherent platform, clients can streamline derivatives operations from trade capture and risk, through to accounting and central clearing.

PRINCIPIA

About Principia Partners

Principia Partners LLC (Principia) provides a comprehensive single platform solution for the end-to-end management of structured finance and derivative investments. Global financial institutions and independent asset managers have used the award winning Principia Structured Finance Platform since 1995 to unify investment analysis, portfolio management, risk surveillance, accounting and operational control across the breadth of structured credit assets, fixed income investments and complex derivatives. In 2015, Principia launched its Analytic Service, pasVal, to make its award-winning pricing and analytics available to an even broader range of businesses.

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