

## Joint Event SIX Swiss Exchange and SFAA Swiss Bond Commission

September 22, 2017, 11:00 - 13.30 ca.

SIX Swiss Exchange, Convention Point, Pfingstweidstrasse 110, 8005 Zürich

### New Reference Rates at the Horizon

In response to well documented cases of manipulation and false reporting of interest rate benchmarks, together with the decline in liquidity in interbank unsecured funding markets, the Financial Stability Board (FSB) proposed recommendations for reforming existing benchmarks for key interbank rates (IBORs), and to promote the development and adoption of alternative nearly risk-free benchmark rates (RFRs). Since then benchmark administrators took important steps to strengthen existing IBOR benchmarks. Related to the second workstream – development and promotion of RFRs – private sector groups have been established in different jurisdictions and also made their recommendations on the preferred RFR.

In Switzerland the national working group on Swiss franc (CHF) reference rates (NWG), co-chaired by a representative of the private sector and a representative of the Swiss National Bank (SNB) was founded in 2013 and has since been guiding the reform process relating to CHF reference interest rates.<sup>1</sup> The NWG evaluated alternative RFRs and recommended in 2016 SARON as alternative RFR for CHF. SARON is an overnight secured rate established back in 2009. It is administered by SIX Swiss Exchange and the only CHF reference rate that is anchored in transactions and binding quotes. Moreover, SARON is compliant with international standards for benchmark rates. SARON will very likely replace TOIS fixing as the reference rate to calculate interest on collateral posted or delivered and as the basis of risk free CHF discounting curves.

This event is directed on a broad audience. The aim is to present the most recent developments in Switzerland and other major market places. Firsthand information will be delivered on new reference rates, their advantages, and their potential effects on current and new financial contracts.

The line-up of speakers brings together some of the most prominent figures in the domestic and international discussion on reference rates:

**Darrell Duffie** is a finance professor at Stanford University and an internationally renowned expert on financial market theory and regulation. He chaired the FSB Market Participants Group on reference rates and has intensively published on reference rates. Darrell Duffie will talk on the relevance of reference interest rates for financial markets, will give some assessments on the choices that have been made so far, and discuss challenges in transitioning to new reference rates.

**Dewet Moser** is an Alternate Member of the Governing Board of the SNB. As such, he is responsible for the operational management of Department III, which includes Money Market and Foreign Exchange, Asset Management, Banking Operations, Information Technology and the Singapore branch office. He represented the SNB in different international bodies working on benchmark reforms. He will give an overview on the international reform process coordinated by the FSB. Moreover, he will talk about the importance of benchmarks for monetary policy.

**Martin Bardenhewer** is head of Financial Institutions & Multinationals at ZKB and co-chair of the NWG. He will throw light on the present and future development of reference rates in Switzerland. He will lay out the advantages and opportunities given by the new market based reference rates but he will also explain the remaining challenges in establishing the respective instruments and markets.

Presentations will be approx. 20 min each. They will be followed by a Q&A round and a light lunch.

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<sup>1</sup> See [https://www.snb.ch/en/ifor/finmkt/fnmkt\\_benchm/id/finmkt\\_reformrates](https://www.snb.ch/en/ifor/finmkt/fnmkt_benchm/id/finmkt_reformrates)