



**Title:** CME hits SOFR records ahead of US Libor conversion. By: Khasawneh, Radi, Global Investor, 09513604, 3/27/2023

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## CME hits **SOFR** records ahead of US Libor conversion

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CME Group has reported single day volume and open interest records in its US alternative reference rate futures and options as firms prepare for Libor conversion events later this year.

CME on Thursday said it hit a volume record for US Secured Overnight Financing Rate (**SOFR**) futures and options on March 7, with 9.8 million contracts changing hands. The following day saw open interest pass 54.6 million lots, also its highest level ever.

"With continued economic and interest rate policy uncertainties, **SOFR** futures and options are proving to be extremely valuable risk management and hedging tools," said Agha Mirza, global head of rates and over-the-counter products at CME. "The market for **SOFR** futures and options is deeply liquid and fully developed, with a year-to-date average daily volume that exceeds the highest annual volume ever recorded for Eurodollar futures and options."

CME will convert its Libor-referencing Eurodollar contracts to **SOFR** on April 14, ahead of its primary cleared swap conversion a week later. Trading in **SOFR** referencing contracts has overshadowed the Eurodollar counterparts on the venue since the middle of last year.

Options volumes have been rising since the CME announced in May a **SOFR** First for options initiative, a series of measures including fee waivers designed to bolster volumes.

In the month to March 8, the average daily volume (ADV) **SOFR** derivatives was 6.8 million contracts across both futures and options. **SOFR** futures ADV was 1,168% of the equivalent Eurodollar futures amount, while options represented 1,800% of the Eurodollar ADV, the CME said.

Separately, the US exchange group reported this week a single day volume record for foreign exchange futures and options. The firm traded 3.15 million contracts on March 8, which is 5% higher than the previous record of 3 million lots in September last year, it said on Friday.

"We are pleased to see strong momentum in our FX futures and options products as our clients turn to our deep liquidity to manage their currency exposure amid ongoing market uncertainty," Paul Houston, global head of FX products at CME said in a release.

Speaking to Global Investor in January, Houston signalled the CME's intention to increase the adoption of its monthly futures this year.

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By Radi Khasawneh

Reported by Author

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