

## SONIA

### SONIA INTEREST RATE BENCHMARK

The Bank of England runs SONIA – the risk-free rate for sterling markets.

<https://www.bankofengland.co.uk/markets/sonia-benchmark>

#### Overview

SONIA (Sterling Overnight Index Average) is an important

We are the administrator for SONIA. That means we take responsibility for its governance and publication every London business day.

SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

Financial businesses and institutions use SONIA in a variety of ways. For example, to calculate the interest paid on

transactions and sterling

. SONIA is used to value around £30 trillion of assets each year.

SONIA is the Working Group on Sterling Risk Free Reference Rates' preferred benchmark for the [transition to sterling risk-free rates from Libor](#).

Our Monetary Policy Committee decides what monetary policy action we take as a central bank. We implement our monetary policy by taking an active role in the financial markets using our [Sterling Monetary Framework](#). SONIA is referenced in over £90 trillion of new transactions each year (based on LCH total volume of OIS cleared swaps during 2020).

SONIA was introduced in March 1997. We took responsibility for it in 2016 and, after consultation, we [reformed it in 2018](#). The way we run SONIA [complies with international best practice](#) for financial benchmarks.

To support the Risk-Free Rate transition in sterling markets we began publishing the SONIA Compounded Index from 3 August 2020. This simplifies the calculation of compounded interest rates and in doing so provides a standardised basis through its publication as an official source.

#### How we produce SONIA

We gather data

Banks send us details of all their transactions from the previous day by 7am.

We check the data is right

We check the data is in the right format and run plausibility checks to make sure the data we have makes sense.

We calculate SONIA

We calculate SONIA and other statistics we need.

We publish it

For more information, see [our overview of how we run SONIA](#).

For information on the calculation methodology for SONIA and the SONIA Compounded Index, see our [key features and policies](#).

## SONIA

If you have any queries about SONIA, please email [benchmarkadministration@bankofengland.co.uk](mailto:benchmarkadministration@bankofengland.co.uk).

If you have any queries about sterling risk-free rates transition, please email [RFR.Secretariat@bankofengland.co.uk](mailto:RFR.Secretariat@bankofengland.co.uk).

Historical data

[SONIA Opens in a new window](#) and the [SONIA Compounded Index Opens in a new window](#) are freely available on our Interactive Statistical Database by 10am on the business day after it is first published. The database also includes historic data.

To support transparency of the benchmark calculation process, we publish [summary information on errors Opens in a new window](#) that did not meet our republication criteria.

SONIA meets international best practice for financial benchmarks

We are responsible for the [SONIA benchmark](#), a widely used interest rate benchmark.

We have designed our administration of SONIA so it meets the standards of international best practice set out in the International Organisation of Securities Commissions (IOSCO) [Principles for Financial Benchmarks Opens in a new window](#). We have published [our statement of compliance](#) with these principles.

The principles we follow

[Good governance](#)

[Robust methodology](#)

[Quality data](#)

[Open and accountable](#)

Our governance protects the benchmark's integrity

Our governance arrangements protect the integrity of the SONIA benchmark and address any perceived conflicts of interest.

Our [Deputy Governor for Markets and Banking](#) is accountable for its day-to-day administration, including calculation and publication. To support the governance arrangements there is an oversight function to provide challenge to the administration of SONIA. This comprises of the SONIA Oversight Committee, supported by the SONIA Stakeholder Advisory Group.

*SONIA Oversight Committee*

The SONIA Oversight Committee provides challenge on our administration including the quality of the methodology and data we use to calculate SONIA.

We publish the committee's [terms of reference Opens in a new window](#), and its [conflicts of interest code of practice Opens in a new window](#). Given the SONIA Oversight Committee reviews highly commercially sensitive information the minutes of their meetings are not published.

*SONIA Stakeholder Advisory Group*

The SONIA Oversight Committee is supported by an SONIA Stakeholder Advisory Group, made up of relevant SONIA stakeholders. This group keeps us informed about how SONIA is working and give us advice on how it's run.

We publish the group's [terms of reference Opens in a new window](#) (including membership) and the minutes of its meetings.

## SONIA

### We have a robust methodology

The methodology we use ensures SONIA captures transactions data from a dynamic and competitive market. We believe this is the best way to measure the underlying interest.

We periodically review the methodology to make sure it is still effective. We have structured our definition of it in two parts so our methodology can evolve, if necessary, in a way that minimises disruption to users.

### We use high quality data

We base SONIA entirely on transactions that are [reported to us](#). So it represents the market it measures.

We use validation and plausibility checking to make sure the data are right. Senior Managers at each bank are personally accountable for the data they submit. In case there are issues, our short-term contingency arrangements are robust and transparent.

Find out more about the methodology and data we use in [SONIA - Key features and policies](#).

### We're open and accountable

We administer the benchmark in a way that's open and accountable.

We make available our [key policies](#) and external audits of our [compliance with best practice](#).

We have a system for complaints and whistleblowing.

### SONIA enquiries, complaints and whistleblowing

If you have a general enquiry about SONIA, please email [benchmarkadministration@bankofengland.co.uk](mailto:benchmarkadministration@bankofengland.co.uk).

To make a complaint about SONIA, please email [SONIAcomplaints@bankofengland.co.uk](mailto:SONIAcomplaints@bankofengland.co.uk).

### Whistleblowing

We have established a whistleblowing mechanism to facilitate early awareness of potential misconduct or irregularities relating to SONIA.

Whistleblowing is when an employee reports suspected wrongdoing at work. An employee can report things that are not right, are illegal or if anyone at work is neglecting their duties, including:

- someone's health and safety is in danger
- damage to the environment
- a criminal offence
- a person not obeying the law
- covering up wrongdoing.

Firms are encouraged to consider setting up appropriate internal procedures which will encourage workers with concerns in relation to the SONIA benchmark to blow the whistle.

If your employer does not have an internal whistleblowing procedure, or if you do not feel able to use it, then contact us on +44 (0) 203 461 8703 during office hours or email us at [whistleblowing@bankofengland.co.uk](mailto:whistleblowing@bankofengland.co.uk) or write to us at:

IAWB Team,  
Legal Directorate,

## SONIA

Bank of England,  
Threadneedle Street,  
London EC2R 8AH.

### Legal protection of whistleblowers

Under UK whistleblowing legislation, workers who make ‘protected disclosures’ have certain protection against detrimental treatment by their employer. While some types of disclosure to us are automatically protected in this way, disclosures relating to SONIA are not currently automatically protected.

However, a disclosure by a worker to a person other than their employer (such as to the Bank of England) can be a protected disclosure if it is carried out using a procedure which the worker’s employer has authorised the individual to use.

If you are intending to make a disclosure to us in relation to SONIA, you should consider reviewing your employer’s whistleblowing procedures or consulting your workplace’s whistleblowing champion (if there is one) to determine whether your employer has authorised disclosure to the Bank of England.

Whistleblowing to the Financial Conduct Authority (FCA) in relation to misconduct is treated as a protected disclosure. If you would prefer to whistleblow to the FCA, you can call 020 7066 9200 during office hours or email [whistle@fca.org.uk](mailto:whistle@fca.org.uk) or write to:

Intelligence Department (ref PIDA),  
Financial Conduct Authority,  
12 Endeavour Square,  
London, E20 1JN

Note that the above is not a comprehensive statement of the law on whistleblowing. If you are in doubt as to your legal position, consider obtaining independent legal advice.

[Further guidance on whistleblowing Opens in a new window](#) is available from the UK Government.

### Reform of SONIA in 2018

We [reformed SONIA](#) on 23 April 2018 by:

- taking over responsibility for its calculation and publication from the Wholesale Market Brokers Association
- broadening the data used to calculate it to includes overnight unsecured transactions negotiated bilaterally, as well as those arranged through brokers.
- changing the averaging methodology used to calculate it to a volume-weighted trimmed mean
- changing publication to 9am on the following London business day (instead of 6pm on the same day) to give us time to process the larger volume of transactions it captures.

We consulted on these reforms in July 2015, October 2016 and February 2017 and published a [summary of the consultation feedback and design of SONIA in March 2017 Opens in a new window](#). We made available the [‘statistical characteristics of SONIA under the reformed and previous methodology Opens in a new window’](#).