

Bank of England

SONIA Stakeholder Advisory Group

Terms of Reference

September 2023

Constitution

The Bank of England is the administrator of the SONIA benchmark and has constituted the SONIA Oversight Committee¹ to review and provide challenge on all aspects of the benchmark determination process and provide scrutiny of the administration of SONIA. To assist the SONIA Oversight Committee discharge its duties, it has constituted the Stakeholder Advisory Group.

Role and purpose

The SONIA Stakeholder Advisory Group provides advice and technical input to the SONIA Oversight Committee and the Bank in its capacity as administrator of SONIA.

Responsibilities

The responsibilities of the Group include:

- Providing advice on the functioning of the underlying market being measured by the SONIA benchmark
- Reviewing the published policy documentation associated with the benchmark, e.g. errors policy, republication
- Providing perspectives on whether the methodology continues to appropriately measure the underlying interest
- Provide advice on any changes required to the benchmark determination
- Providing feedback on any proposed changes to the benchmark methodology

Membership

The Group is chaired by one of the external members of the SONIA Oversight Committee. Secretariat is provided by the Bank of England.

The Group comprises representatives from key stakeholder groups, including: users of SONIA; SMMD data reporters; market infrastructure providers; and trade associations. Institutions are invited by the Chair to attend the Group based on the criteria outlined in **Annex 1**; **Annex 2** lists the current membership.

¹ [SONIA Oversight Committee - Terms of Reference \(bankofengland.co.uk\)](https://www.bankofengland.co.uk/sonia-oversight-committee-terms-of-reference)

Individual institutions determine which staff members will be best placed to represent them on the Group, however the Bank expect individuals attending the Group to have sufficient seniority and technical understanding to be able to engage effectively on the Group and speak for their organisation.

It is expected that members represent the wider interests of their sector of the market and represent the best interests of the functioning of the benchmark as a whole.

Membership is reviewed annually by the Chair and the Secretariat for any potential changes. A range of factors are considered when reviewing membership with the aim of ensuring that the Committee is broadly representative of relevant stakeholder groups, while having regard to the need to advance equality of opportunity, and reflect an appropriate diversity of members and the firms they come from.

Quorum

The quorum shall be four members, present or by telephone. If the Chair cannot attend, the other external member of the SONIA Oversight Committee will be asked to chair the meeting. As membership is on a firm basis, individuals may send appropriate alternates from their institution.

Meetings

The Group will meet at least two times a year; additional meetings may be called by the Chair in consultation with the Secretariat as required.

The Secretariat will schedule meetings, prepare agendas and minutes, and track follow-up actions. Relevant papers and materials to be considered at a meeting will be circulated at least four working days before the meeting. This timeframe may be reduced with the consent of the Chair.

Recording and reporting of discussions

The Group's minutes will reflect the range of views expressed during the meetings. Draft minutes will be circulated within ten working days of the meeting, and finalised by written procedure.

Meeting minutes will be available on the Bank's website within one month of the meeting date.

Confidentiality

The information shared with this Group will not be of a confidential nature.

Any non-public information inadvertently disclosed or opinions expressed during committee meetings will be treated as confidential unless and until the Secretariat has authorised their public release.

Competition Law

Whilst information shared with the Group will not be of a confidential nature, it is important to note that it is the responsibility of members to ensure they understand their responsibilities under all applicable competition laws, including UK and EU competition law. To the extent any member is unclear of these, they should consult the legal and/or compliance teams at their respective institution for further guidance. If, during a Group meeting, a member has concerns about the discussion from a competition law compliance perspective, the members should make their concerns known and the discussion giving rise to such concerns should cease.

Review

These Terms of Reference will be reviewed on an annual basis and amended as required.

Annex 1 - Criteria for membership selection

To achieve its objectives, the Stakeholder Advisory Group needs to represent a range of stakeholders of the SONIA benchmark. Accordingly, members will be selected from the following stakeholder groups, based on the criteria described:

1) Users

Users of SONIA will be selected to represent this community of stakeholders based in part on their market footprint in markets most active in the use of SONIA. Types of users represented will include those from the sterling interest rate derivative market, and as use of SONIA evolves, other user communities may fall in scope.

2) Participants in underlying market

Form SMMD Reporting Institutions will be selected to represent this community of stakeholders based on a combination of their proportion of SONIA input data, and their institution's market footprint in markets most active in the use of SONIA. Selection of Reporting Institution members will also have regard to their contribution to the overall representativeness and diversity of the Group – for example, diversity of business models and market expertise.

Other market participants outside the reporting population may also have relevant knowledge of the underlying market: for example interdealer brokers. Such market participants would be considered for representation based on their footprint in the sterling money market.

3) Infrastructure firms

Infrastructure firms will be selected to join the Group based on their integrity to the markets in which SONIA is used.

4) Trade associations

Trade associations will be selected based on their integrity to the markets in which SONIA is used. Trade associations on the Group will reflect the views of their broader membership, and therefore their selection will also have regard to their contribution to the overall representativeness and diversity of the Group.

Membership of the Group will be subject to annual review by the Chair, supported by the Secretariat.

Annex 2 – Membership

External members of the SONIA Oversight Committee

Bank of England

Blackrock

Goldman Sachs

HSBC

ICE Futures

Insight Investment

International Swaps and Derivatives Association

JP Morgan Asset Management

LCH

Legal and General Investment Management

Mizuho

NatWest

Rabobank

RBC Capital Markets

Société Generalé

TP ICAP

As at September 2023