

Press release

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FSB publishes user guide for overnight risk-free rates

The Financial Stability Board (FSB) has today published a [user guide](#) to overnight risk-free rates (RFRs). The guide provides an overview of RFRs, details of how they are calculated, and options on how overnight RFRs can be used in cash products. In doing so the FSB aims to encourage adoption of these rates where they are appropriate.

Interbank offered rates (IBORs), a type of interest rate benchmark, play a key role in global financial markets. The FSB started its work on reforms to IBORs in response both to cases of attempted manipulation and to the decline in liquidity in key interbank unsecured funding markets. In 2014, the FSB set out recommendations to reform major interest rate benchmarks, such as key IBORs, and has been monitoring progress on implementation since then.

As part of this work, the FSB published in July 2018 a [statement](#) on reforms to IBORs and the development of RFRs and term rates. That statement noted that, to ensure financial stability, benchmarks which are used extensively must be especially robust. Overnight RFRs have been identified in a number of currency areas because these rates are robust and are anchored in active, liquid underlying markets. This contrasts with the scarcity of underlying transactions in the term interbank and wholesale unsecured funding markets from which some IBORs are constructed, a characteristic which could make them susceptible to manipulation. The FSB continues to encourage the development and adoption of such overnight RFRs where appropriate, for example in business where term properties are not needed, or where exposure to bank credit risk is not necessary or desirable. This will enhance financial stability.

Notes to editors

In April 2019 the FSB Chair Randal K. Quarles hosted a meeting with industry participants on [progress on the transition to RFRs](#).

In November 2018, the FSB published its most recent [progress report](#) on implementation of its recommendations to reform major interest rate benchmarks. The report sets out the progress made on the development of RFRs, and markets based on these rates, and on further reforms to IBORs.

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes the implementation of effective regulatory, supervisory, and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts

outreach with approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Vice Chairman for Supervision, US Federal Reserve; its Vice Chair is Klaas Knot, President, De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.

For further information on reform of financial benchmarks, visit https://www.fsb.org/policy_area/financial-benchmarks/.