

Future-Proof Curve-Building for the End of Libor

Stay ahead of the curve-building challenges and be prepared for the Libor phaseout.



Preparing for Libor Cessation Triggers

As Libor transitions to new interest rates, such as SOFR, €STR, SONIA and TONAR, overnight-rate benchmarks have never been more important for your derivatives, fixed income instruments, and loans.

As a result, everyone is experiencing new hurdles with their curve-building, pricing and risk systems, requiring further needs to:

- Gain coverage for alternative benchmark curves, including GBP, USD, EUR, JPY, CHF and AUD+
- Transition away from legacy Libor positions and towards alternative benchmark exposure
- Get systems 100% ready for fixed income, loans and derivatives based on alternative rates
- Future-proof systems for any uncertainty to come in the global Libor reform movement

Adapt with Flexible Curve-Building

FINCAD F3's curve-building lets you design and calibrate any curve simultaneously and coherently to your choice of data points. Whether simply adding new curves or changing your choice of instruments, when you combine F3's flexibility with its many advanced settings, such as compact risk profiles with smooth curves, spreads, and transforms, the possibilities become endless. F3's curve-building is fully embedded in a future-proof, extensible analytics library that lets you quickly adapt to changes, such as new benchmarks, curve instruments, and improved predictions of interest rates jumps and spikes.

F3 Instrument and Curve Coverage for the End of Libor

New Alternative Benchmark Trades

Cash Instruments and Derivatives:

- SONIA and SOFR futures and OIS
- SOFR basis swaps

New RFR-linked instruments are easy to define using F3's building blocks

New Alternative Benchmark Curves

F3 Coverage Includes:

- SONIA
- SOFR
- €STR
- SARON
- TONAR
- RBA Cash
- HONIA, and more!

A Complete Solution

F3 offers enterprise-ready technology and world-class analytics that help you to stay ahead of the risks and uncertainty of the Libor phaseout. F3 can replace Libor seamlessly in derivatives portfolios, helping you control alternative benchmarks and spread adjustments to fully explore all fallback options.

F3's centralized valuation and risk architecture supports Libor replacement for every use of Libor in the modeling of all asset classes, including the switch to SOFR and €STR discounting. F3 also enables ultra-fast risk reporting using our patented algorithmic differentiation® (AD), which allows for complete analysis of exposure to Libor and alternative benchmarks. This feature is particularly useful for assessing your Libor exposures and compressing or novating your positions to prepare for the uncertainty ahead.

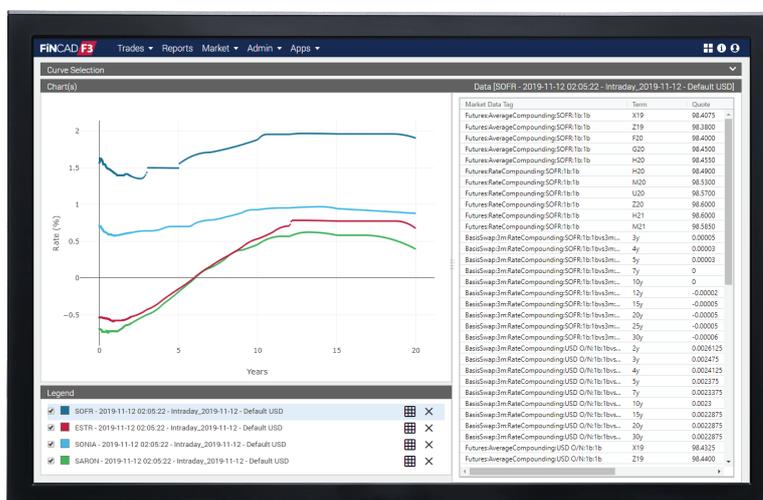
Comprehensive Out-of-the-Box Coverage

You can immediately get started with a complete suite of discounting and interest-rate curves for more than 20 currencies and choose from pre-built curve-instruments or form your own. You can also personalize the standard curve blueprint in order to design curves that are unique or that satisfy your technical constraints, such as smoothed risk profile or monetary policy and benchmark liquidity events.

Highly Flexible Framework

F3's unmatched curve-building flexibility can be easily customized to create the right curve for your needs. And with high-level calibration instructions, you have complete control over resolving virtually any financial calibration problem.

Building curves in F3 is easy. By accessing features such as "product building blocks," you can replicate new instruments and use them in curve-building without having to write new code.



FINCAD F3 comes with predefined curves for the major RFRs.

Advanced Curve Features

Overnight-rate curves, such as SONIA, SOFR, €STR, and TONAR, are the leading ARR that will replace Libor in 2022. F3 supports these rates in both simple and advanced configurations.

For overnight curves, F3's holistic multi-curve calibration can be used to completely incorporate basis markets, meeting dates, turn pressure and rate spikes. Additionally, advanced interpolation features and many other sophisticated curve-building methods that solve a variety of challenges are now available in F3.

Learn how FINCAD can help your firm get ready for the end of Libor

Schedule a Conversation with a Solutions Expert Today

FINCAD[®]

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