
America's Libor Alternative Is Gaining Traction on Wall Street.

- **Issuers have sold more than $9 billion of SOFR-linked debt**
- **Yet tepid futures trading shows new benchmark has a ways to go**

After some early struggles, America's Libor alternative appears to be finding its footing.

Since the debut of the Secured Overnight Financing Rate almost six months ago, futures have launched in Chicago, swaps are being cleared in London and about half-a-dozen issuers have sold debt linked to the nascent benchmark. Measured against the Alternative Reference Rates Committee's transition plan, efforts to develop SOFR as a viable replacement for the scandal-tainted London interbank offered rate appear to be proceeding ahead of schedule.

That's not to say it doesn't have a long way to go. Volumes and open interest in derivatives products indicate the market is still highly illiquid. And firms remain hesitant to commit resources to SOFR when there's a chance Libor's administrator and the panel banks that determine its setting could keep it alive past 2021, when global regulators intend to sound its death knell. Yet it's a far cry from April, when two weeks after SOFR's introduction the Federal Reserve Bank of New York disclosed it had made errors calculating the rate, an inauspicious start for a benchmark racing against time to gain traction.

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