



MEDIA RELEASE

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KEY FINANCIAL INDUSTRY COMMITTEES SET OUT TIMELINES FOR SIBOR DISCONTINUATION

1 Singapore – The Association of Banks in Singapore (“ABS”), the Singapore Foreign Exchange Market Committee (“SFEMC”) and the Steering Committee for SOR & SIBOR Transition to SORA (“SC-STS”) (collectively the “Committees”) today released their [responses](#) to the feedback received on the report “[SIBOR Reform and the Future Landscape for SGD Interest Rate Benchmarks](#)” (“Report”), which was published on 29 July 2020. In connection with this, the Committees also published timelines for the discontinuation of the Singapore Interbank Offered Rate (“SIBOR”) by end-2024.

2 The Report, which had recommended the discontinuation of SIBOR in three to four years, garnered feedback from a total of 74 respondents, comprising 48 banks and 26 non-bank respondents. The joint industry response noted the respondents’ broad support for the proposed SIBOR discontinuation and timelines. They also supported the proposal to discontinue 6-month SIBOR before the other tenors, given its low market usage and a lack of transactions to underpin the publication of this benchmark. Given the acceptance of the discontinuation of SIBOR, there is strong consensus among the respondents for a shift towards a SORA-centered SGD interest rate market. This would allow for more transparent market pricing for borrowers, and more effective interest rate risk management for lenders.

3 Given the strong support for the Report’s recommendations, the Committees have established the following milestones for the discontinuation of SIBOR:

- The widely-used 1-month and 3-month SIBOR will be discontinued in four years’ time, by the end of 2024. This timeline will allow a substantial portion of legacy contracts based off SIBOR to mature or to exit contractual lock-in periods¹, and support active transition to SORA.
- The 6-month SIBOR will be discontinued three months after the discontinuation of the 6-month SOR. Noting that there could be delays in the discontinuation of 6-month SOR to mid-2023², the SC-STS will closely monitor the timing of USD LIBOR cessation to determine if the discontinuation of 6-month SIBOR should be delinked from the 6-month SOR discontinuation, and take place in 2022 as originally intended.
- To reduce the stock of existing legacy SIBOR contracts at the point of SIBOR’s discontinuation, SC-STS intends to announce in 1H 2021 a timeline to cease the usage of SIBOR in new contracts. A relevant consideration for the SIBOR cessation timeline will be the extent of take-up of SORA contracts by retail and small-and-medium enterprises, who are the main users of SIBOR.

¹ During the lock-in period, a penalty fee will usually be charged if a customer wishes to refinance the loan.

² On 4 December 2020, ICE Benchmark Administration (“IBA”), the benchmark administrator for LIBOR, [published](#) its consultation on the discontinuation timeline for USD LIBOR, in particular for the 6-month USD LIBOR to be discontinued only on 30 June 2023. The consultation will close on 25 January 2021.

4 Mr Samuel Tsien, ABS and SC-STS Chairman and Group CEO of OCBC Bank, said, “The SC-STS welcomes the strong public support for the proposed discontinuation of SIBOR and the shift to a single SGD interest rate benchmark. The SC-STS, the secretariat, and all the sub-group workstreams have accumulated a lot of knowledge and understanding in managing a smooth transition to SORA from SOR over the course of this year. While there is still a lot of work to be done for the SOR-to-SORA transition, ABS together with MAS recognized that it will be appropriate for SC-STS to [expand](#) its mandate to include the transition of SIBOR to SORA. Having only one committee to oversee the transition of both existing interest rate benchmarks to SORA will ensure a more efficient and effective outcome to support the development of SORA and lead to a deeper and more robust SGD interest rate market.”

5 Ms Jacqueline Loh, Deputy Managing Director, Monetary Authority of Singapore (“MAS”), and SC-STS member, said, “MAS supports the decision to discontinue the remaining SIBOR tenors in phases over the next four years. This provides time for the industry to carefully manage the transition of outstanding SIBOR contracts, while paving the way for a shift to a SORA-centred SGD interest rate market that will bring long-term benefits to the market and end-users. MAS looks forward to working with the industry, led by the SC-STS with its expanded mandate, to ensure a smooth transition from SIBOR to SORA.”

Note to Editors:

The Association of Banks in Singapore (ABS)

ABS is a non-profit organisation that represents the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today ABS has a membership of 153 local and foreign banks.

ABS Benchmarks Administration Co. Pte Ltd (ABS Co) is an independent locally incorporated company fully owned by the Association of Banks in Singapore. It was established in June 2013 specifically to own and administer the ABS Benchmarks in Singapore - the Singapore Interbank Offered Rate (SIBOR), the Swap Offer Rate (SOR), the SGD Spot FX and the THB Spot FX. ABS Co will also administer Fallback Rate (SOR).

More information on ABS is available at www.abs.org.sg.

Singapore Foreign Exchange Market Committee (SFEMC)

The SFEMC aims to foster the growth and development of Singapore as a leading global financial centre in Asia, with specific focus on foreign exchange, money markets, fixed income and derivatives markets. The SFEMC comprises a diverse group of capital market participants, including from banks, brokers and asset managers. Members are selected based on their ability to contribute to the objectives of the SFEMC, experience in the industry and seniority in their respective firms.

The SFEMC's specific objectives are:

- Foster the broadening and deepening of capital markets;
- Discuss technical and structural issues relating to capital markets, and to play a coordinating role amongst market participants during times of market instability;
- Develop and recommend appropriate industry standards and codes;
- Promote high standards of professional conduct and competencies in market participants; and
- Serve as a channel of communication amongst market participants and the Monetary Authority of Singapore (MAS).

The SFEMC is responsible for the Singapore Guide to Conduct and Market Practices for the Wholesale Financial Markets (Blue Book).

The SFEMC also works closely with the Association of Banks in Singapore, the Singapore Money Brokers Association (SMBA), the ACI Singapore, the Investment Management Association of Singapore, the Association of Corporate Treasurers (Singapore), as well as other similar committees involved in financial markets.

Steering Committee for SOR & SIBOR Transition to SORA (SC-STS)

The committee was established by the Monetary Authority of Singapore (MAS) to oversee the industry-wide interest rate benchmark transition from SOR to SORA in August 2019. The MAS subsequently expanded the committee's mandate in December 2020, to include the SIBOR-to-SORA transition as well, and renamed the committee as the Steering Committee for SOR & SIBOR Transition to SORA (SC-STS)³. As the transition from SOR and SIBOR involves many industry participants, as well as commercial and retail customers, SC-STS will ensure adequate stakeholder engagement and a well-managed transition.

Led by industry, the SC-STS is chaired by Mr Samuel Tsien, Group CEO of OCBC Bank and ABS Chairman. The Committee is responsible for providing strategic direction on industry proposals to develop new products and markets based on SORA. The Committee will also engage stakeholders to seek feedback and raise awareness on issues related to the transition from SOR and SIBOR to SORA. The Committee comprises senior representatives from key banks in Singapore, relevant industry associations, and MAS.

Click [here](#) for the list of SC-STS members.

³ The previous name of the committee was the Steering Committee for SOR Transition to SORA.