

MEDIA RELEASE

2 February 2021

INDUSTRY STEERING COMMITTEE ANNOUNCES FURTHER MEASURES TO BOOST SORA TRANSITION

1 Singapore – The Steering Committee for SOR & SIBOR Transition to SORA (SC-STS or the Committee) today set out key steps to further advance the industry transition to a SORA-centered SGD interest rate market by end-2021. The Committee’s plans take into account the recent consultation by ICE Benchmark Administration (IBA)¹, which proposed extending the end-date for the widely referenced USD LIBOR settings to 30 June 2023.

2 The SC-STS noted that while the proposed extension for LIBOR discontinuation will allow more time for the transition of legacy contracts, UK and US authorities have continued to stress that the use of LIBOR in new contracts is to cease as soon as possible. The SC-STS has therefore published an updated Transition Roadmap which sets out the following priorities for 2021/2022:

Broadening and deepening liquidity in SORA markets

3 Three key SORA initiatives will be expanded to facilitate price discovery across longer tenors, and support further growth of SORA markets:

- Extending central clearing of SORA derivatives for transactions of up to the 21-year tenor, from the 5-year tenor currently;
- Expanding the Monetary Authority of Singapore (MAS) SORA derivatives auction parameters to cover more key industry participants, and extend transaction tenors to 20-years, up from 5-years currently; and
- Expanding the MAS SORA Floating Rate Notes (FRN) programme to include 1-year and 2-year tenors, from the 6-month tenor currently.

Early cessation of new SOR and SIBOR contracts

4 The SC-STS reaffirmed its October 2020 industry guidance for lenders and borrowers to cease the use of new SOR-linked cash market products by end-April 2021.² With new products increasingly referencing SORA, this will support further deepening of liquidity in SORA derivatives, as market participants manage and hedge interest rate risks.

5 The Committee will also set out guidance on timelines to cease the use of SOR in new derivatives contracts, as well as to cease the use of SIBOR in new loan contracts. The Committee will finalise its guidance in the coming months, incorporating feedback from market participants. Together, these initiatives will reinforce the shift towards a SORA-centered landscape.

¹ IBA’s consultation can be found [here](#).

² See details [here](#).

Supporting active transition of SOR-linked legacy contracts

6 The likely discontinuation of SOR in mid-2023, following from IBA's proposals on USD LIBOR, provides a longer time buffer for existing SOR-linked contracts to mature, and to manage the transition of legacy contracts that mature after mid-2023. Nevertheless, the Committee encourages market participants to actively transition such contracts to SORA early, taking advantage of the window where liquidity in both SOR and SORA derivatives markets still exist. To support this effort, the SC-STS will also publish by April 2021, a set of market guidance to support active transition of legacy SOR contracts to SORA.

7 Mr Samuel Tsien, Chairman of ABS and SC-STS and Group CEO of OCBC Bank, said, "The likely extension of SOR's end date to mid-2023 due to the extension of USD LIBOR cessation does not derail the industry's efforts to develop a SORA-centered interest rate market. In fact, we should take advantage of this longer runway to build a deep and robust SORA market. Key commercial banks will be ready this month to offer a full range of SORA-based cash products, to be followed by other banks by April."

8 "Financial institutions, large corporations, smaller enterprises and retail consumers need to understand and come on board the SORA regime. There will be no more new SOR-based cash products soon, and by the end of the year, banks will cease to offer new SOR derivatives, or new SIBOR products. I therefore strongly urge all market participants to prepare your systems, staff, and customers to use SORA, and not to adopt a wait-and-see attitude. The earlier you understand SORA and prepare for it, the better you are able to seize market opportunities," said Mr Tsien.

9 Mr Leong Sing Chiong, MAS Deputy Managing Director and SC-STS member, said, "MAS fully supports the industry's move towards a SORA-centered interest rate market. It is in the interest of all market participants to complete legacy transition efforts early, while liquidity conditions in both SOR and SORA markets are conducive. A focused and coordinated shift towards SORA by all market participants during the course of 2021 will contribute significantly to greater SORA market liquidity and efficiency. This will bring long term benefits to market participants and end-users."

10 For further queries, please email ABS Co. at SORTransition@abs.org.sg or call +65 6224 4300.

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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 also administers the Fallback Rate (SOR).

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

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.