



## PUBLICATION OF MAS RECOMMENDED RATE BY BLOOMBERG INDEX SERVICES LIMITED

1 On 27 June 2023, Bloomberg Index Services Limited began publishing the MAS Recommended Rate (“MRR”) as well as the Adjusted Risk-Free Rate and the Spread Adjustment used in the computation of the MRR. An updated version of the IBOR Fallback Rate Adjustments Rule Book (“Rule Book”) is available at <http://www.bloomberg.com/professional/solution/libor-resource-center/>.

2 Compared to the MRR Adjustment Spreads published by the Steering Committee for SOR & SIBOR Transition to SORA (“SC-STS”) on 14 December 2022, the Spread Adjustment published by Bloomberg differs slightly for the overnight and 1-month tenor. The differences are small, at 0.37 bps or 0.0037% for the overnight tenor and 0.02bps or 0.0002% for the 1-month tenor.

Tenor	SC-STS’ computation of MRR Adjustment Spread (in %, to 4 decimal places)	Bloomberg’s computation of Spread Adjustment (in %, to 4 decimal places)	Difference (in %)
Overnight	0.0103	0.0066	0.0037
1-month	0.1087	0.1089	0.0002
3-month	0.2064	0.2064	-
6-month	0.3112	0.3112	-

3 For the overnight tenor, the variance arose from a difference in approach to comparisons between SORA and overnight SOR. The SC-STS computation compares the same day’s SORA and overnight SOR for the daily spread. Meanwhile, the Spread Adjustment computation from Bloomberg compares that day’s SORA and the overnight SOR that is two business days before for the daily spread.

4 The variance for the 1-month tenor is due to a slight difference in the definition of the Median Period within the Rule Book and the SC-STS publication “[Implementation of Supplementary Guidance on Adjustment Spreads for the Conversion of Legacy SOR Loans To SORA](#)” (“Document”).<sup>1</sup> While the definitions in both documents are largely similar, the Rule Book only includes Median Period Days where the Accrual End Date of the Adjusted Reference Rate for each day is at least two Reference Rate Business Days earlier than the Rate Record Day. This difference in definition only affects the computation of the 1-month tenor.

5 For avoidance of doubt, and as clarified by the SC-STS in the Document, computations by the SC-STS should be used for the active transition of outstanding SOR contracts to SORA, while

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<sup>1</sup> “Median Period” in the Document means the set of days occurring in the period from and including the Median Period Start Date to and including the Median Period End Date that are Median Period Days. However, “Median Period” in the IBOR Fallback Rate Adjustments Rule Book means, with respect to an IBOR, Tenor and Rate Record Day, the set of days occurring in the period from and including the Median Period Start Date to and including the Median Period End Date that are Median Period Days for which the Accrual End Date of the Adjusted Reference Rate for each day is at least two Reference Rate Business Days earlier than such Rate Record Day.

**Bloomberg's computations will prevail for the daily computation of the MRR rates that will apply as contractual fallbacks after end-2024.**

- **Active transition:** SC-STS computations in the Document and in the "[SC-STS' Adjustment Spread Calculator for Active Transition of Institutional SOR Contracts](#)" apply where counterparties agree to convert an outstanding wholesale SOR contract to a SORA reference, before the discontinuation of the existing SOR or Fallback Rate (SOR) reference. Such active transition applies in the period before the discontinuation of the relevant SOR or Fallback Rate (SOR) reference after end-2024.
- **Contractual fallback:** Bloomberg's Rule Book sets out the methodological details of the MRR, which is the all-in rate comprising Adjusted Risk-Free Rate and the Spread Adjustment, that will be the fallback for Fallback Rate (SOR), under the ISDA Documentation as well as SC-STS' recommended fallback template for bilateral and syndicated corporate loans after end-2024.

6 **Contact Information:** Queries regarding the above clarifications may be directed to [SORTransition@abs.org.sg](mailto:SORTransition@abs.org.sg).