

MEDIA RELEASE

20 June 2022

CENTRAL CLEARING OF SORA DERIVATIVES EXTENDED TO 31-YEAR TENOR

1 Singapore – The Steering Committee for SOR & SIBOR Transition to SORA¹ (“SC-STS”) today welcomed the extension of central clearing for over-the-counter (“OTC”) SORA derivatives by LCH, from 21-years² to 31-years. The extension will encourage further development of the SORA derivatives market and deepen liquidity³ in longer tenors of SORA Overnight Index Swaps (“OIS”). SORA derivatives are one of the first Asian currency risk-free rate derivatives to be cleared by LCH.

2 The clearing extension is timely as client demand for longer-tenor derivatives hedges is expected to rise gradually in tandem with the volume of longer-tenor bonds issued in the Singapore dollar (“SGD”) market. The extension also builds on progress in the adoption of SORA in derivatives markets. The outstanding stock of SORA derivatives exceeded the outstanding stock of SOR derivatives for the first time in January 2022. Monthly trading activity in SORA derivatives is also now comparable to the monthly trading activity in SOR derivatives prior to the SOR transition.

3 Mr Daniel Koh, Global Head, Treasury Markets, Standard Chartered Bank, who chairs the Steering Committee’s work on SORA derivatives, said, “We strongly welcome LCH’s extension of central clearing of SORA derivatives to the 31-year tenor. The extension stands as testimony to the industry’s efforts to deepen the SORA market, and attests to market participants’ interest in SORA derivatives beyond the SOR to SORA transition.”

4 Mr Rohit Verma, Head of Asia Pacific, LCH, said, “The clearing extension for SORA derivatives is one of several initiatives by LCH to support the on-going global efforts to deepen markets based on alternative reference rates. We are pleased to be a global leader in the clearing of Asian currency products and look forward to continuing our close collaboration with key stakeholders in Singapore and the wider Asian market.”

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

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¹ SOR is the Singapore Dollar (SGD) Swap Offer Rate and SIBOR is the Singapore Interbank Offered Rate. Both benchmarks are published by ABS Benchmarks Administration Co Pte Ltd. SORA is the Singapore Overnight Rate Average published by MAS, and reflects the volume-weighted average rate of SGD unsecured overnight interbank lending transactions in Singapore. SORA is set to replace both SOR and SIBOR as the key interest rate benchmark referenced in SGD financial instruments. Refer to the [ABS-SFEMC and SC-STS joint Response to Feedback Received on SIBOR Reform and the Future Landscape for SGD Interest Rate Benchmarks](#) for further information on the on-going shift to a SORA-centred SGD interest rate market.

² See SC-STS February 2021 announcement on the extension of central clearing for OTC SORA derivatives by LCH from 5.5-years to 21-years. <https://www.abs.org.sg/docs/library/central-clearing-of-sora-derivatives-extended-to-21-year-tenor.pdf>

³ Central clearing arrangements allow wholesale market participants to transact through a single central counterparty, instead of bilaterally with each other. This reduces counterparty credit risk and potentially yields financial and operational efficiencies for market participants.

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. As of 30 April 2022, ABS has a membership of 155 local and foreign banks operating in Singapore.

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 Singapore Dollar Spot FX and the Thai Baht 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)⁴. 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 co-chaired by Mr Wee Ee Cheong, Deputy Chairman and CEO, United Overseas Bank Ltd and ABS Chairman, and Mr Leong Sing Chiong, Deputy Managing Director, Markets and Development, Monetary Authority of Singapore. 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.

⁴ The previous name of the Committee was the Steering Committee for SOR Transition to SORA.