

MEDIA RELEASE

19 May 2020

SC-STTS WELCOMES LAUNCH OF CENTRAL CLEARING FOR SORA DERIVATIVES

1 Singapore – The Steering Committee for SOR Transition to SORA¹ (“SC-STTS”) today welcomed the launch of central clearing for over-the-counter (“OTC”) SORA derivatives by LCH. This will deepen liquidity in OTC SORA derivatives, and catalyse the growth and development of the overall SORA market.

2 LCH’s announcement today on the central clearing of OTC SORA derivatives includes SORA Overnight Indexed Swaps (“OIS”) and basis swaps between SORA and SOR. Central clearing arrangements allow wholesale market participants to transact through a single central counterparty, instead of bilaterally with each other. This helps to mitigate counterparty credit risks, and allows participants to undertake greater volumes of transactions, while reaping operational and cost synergies. Enabling central clearing arrangements for SORA OIS and SORA-SOR basis swaps will catalyse interbank activity in these derivative products, and anchor SORA’s role as the replacement benchmark for SOR.

3 Implementing central clearing arrangements for SORA derivatives is a key priority in the SC-STTS’ transition roadmap to facilitate the development a deep and liquid SORA market. This follows the recent publication of [SC-STTS’ response to feedback](#) received on the consultation for the transition from SOR to SORA.

4 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 launch of central clearing for SORA instruments. This is a major milestone - it is an important enabler that will allow key local and international banks to step up their efforts to build a vibrant SORA derivatives market. This will help broaden participation in SORA derivatives trading, enhance price discovery, and facilitate the transition of legacy SOR derivatives to SORA.”

¹ SOR is the Singapore Dollar (SGD) Swap Offer Rate published by the 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.

Note to Editors:

The Steering Committee for SOR Transition to SORA

The Steering Committee for SOR Transition to SORA (SC-STS) 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.

SORA had been identified in the Association of Banks in Singapore (ABS) and the Singapore Foreign Exchange Market Committee (ABS-SFEMC) in August 2019 as the most suitable and robust alternative benchmark for SOR derivatives. SORA has been published since 2005, and is based on transactions in a deep and liquid overnight funding market.

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 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.