

MEDIA RELEASE

01 July 2019

ABS CO COMMENCES TRANSITIONAL TESTING FOR THE ENHANCED SIBOR

Singapore – ABS Benchmarks Administration Co Pte Ltd (ABS Co) commenced transitional testing of a new waterfall methodology for SIBOR¹ today. This follows from ABS Co and the Singapore Foreign Exchange Market Committee (ABS-SFEMC)'s July 2018 announcement of key proposals to enhance SIBOR, by anchoring this benchmark to market transactions to the extent possible.

The testing of the new waterfall methodology will be conducted in parallel with the daily ongoing production of SIBOR. Specifically, the existing SIBOR submission process with the current 20 Contributor Banks will continue until further notice. The 12-month SIBOR benchmark will also be published until the new waterfall methodology is implemented.

The transition testing will be conducted for an initial period of six months from July to December 2019. The outcome of the transition testing will determine if a transition to the proposed waterfall methodology is possible, or if further refinements would be needed. ABS-SFEMC will provide an update in 1Q 2020, after the completion of the transitional testing.

Background

On 24 July 2018, ABS-SFEMC finalised its proposals to enhance SIBOR. This followed from ABS-SFEMC's joint public consultation in December 2017, which sought feedback on proposals to enhance SIBOR, by anchoring the benchmark to market transactions to the extent possible. The key changes, which incorporated the feedback received, are set out below.

1. To increase reliance on market transactions by calculating SIBOR with a new waterfall methodology, comprising the following hierarchy of inputs.
 - Level 1 Transactions in the underlying wholesale funding markets
 - Level 2 Adjustment based on related transaction-based SGD benchmarks
 - Level 3 Expert judgement

This waterfall methodology provides greater clarity on the production of the benchmark and facilitates consistency across Contributor Banks that submit input for the calculation of SIBOR.

¹ SIBOR is administered by the ABS Benchmark Administration Co Pte Ltd, with Refinitiv (formerly known as Thomson Reuters) as the calculation agent.

2. To retain the 1-month, 3-month and 6-month SIBOR and discontinue the 12-month SIBOR due to low market usage and a lack of underlying transactions to support its production.

Please refer to the following link for the July 2018 responses to public feedback and enhancements to the SIBOR methodology:

[https://abs.org.sg/docs/library/response-paper-to-the-consultation-on-the-evolution-of-sibor-\(for-abs-co-\).pdf](https://abs.org.sg/docs/library/response-paper-to-the-consultation-on-the-evolution-of-sibor-(for-abs-co-).pdf)

For further queries, please email ABS Co at absCo@abs.org.sg.

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Note to Editors:

ABS Benchmarks Administration Co Pte Ltd (ABS Co.)

ABS Co. is an independent locally incorporated company fully owned by The Association of Banks in Singapore (ABS). It was established in June 2013 to administer and publish the benchmarks formerly administered by ABS.

ABS plays an active role in promoting and representing 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 156 local and foreign banks. 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.

Its specific objectives are to:

- 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.