

MEDIA RELEASE

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ABS-SFEMC FINALISES PROPOSALS ON THE EVOLUTION OF SIBOR

Singapore - ABS Benchmarks Administration Co Pte Ltd and the Singapore Foreign Exchange Market Committee (ABS-SFEMC) have finalised the proposals to enhance SIBOR¹. This follows from ABS-SFEMC's joint public consultation to seek feedback on proposals to enhance SIBOR, which closed on 5 February 2018. The finalised proposals have taken into account, the global guidance on interest rate benchmark reforms.²

The key proposed enhancement is to increase reliance on market transactions by calculating SIBOR using the following waterfall methodology: (a) transactions in the underlying wholesale funding markets, (b) transactions in related markets, and (c) expert judgement. The inclusion of other wholesale funding transactions reflects the structural shifts in banks' funding sources. This waterfall methodology will also provide greater clarity and facilitate consistency across panel banks that submit input for the calculation of SIBOR.

The enhancements to SIBOR will be implemented after a period of transitional testing, which is expected to commence in the second half of 2019. When implemented around end-2019, the enhancements to SIBOR will strengthen the benchmark's robustness by anchoring it to market transactions to the extent possible. In the interim, the existing processes for SIBOR computation remain unchanged.

With the implementation of the SIBOR enhancements, the current 12-month SIBOR will be discontinued. This is due to low market usage and a lack of underlying transactions to support its production.

Please refer to the following link for the responses to key areas of feedback received:

[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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¹ SIBOR is administered by the ABS Benchmark Administration Co Pte Ltd, with Thomson Reuters as the calculation agent.

² These include the "IOSCO Principles for Financial Benchmarks", published in July 2013, and the Financial Stability Board Official Sector Steering Group report on "Reforming Major Interest Rate Benchmarks", published in July 2014.

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, co-chaired by the industry and the Monetary Authority of Singapore (MAS), aims to foster the growth of Singapore as a leading international financial centre for transactions in foreign exchange, money market, fixed income and derivatives instruments.

Its specific objectives are:

- To foster the growth and development of the treasury market in Singapore;
- To enhance the stature and reputation of the Singapore markets by promoting high standards of professional conduct and competencies;
- To discuss technical issues and recommend appropriate standards and codes for use in the market. In this capacity, the Committee is responsible for the Singapore Guide to Conduct and Market Practices for Treasury Activities (Blue Book);
- To serve as a channel of communication amongst market participants and the MAS; and
- To mediate disputes among market participants where the parties involved agree to such mediation.

The Committee also works closely with the Association of Banks in Singapore, the Singapore Investment Banking Association, the Singapore Money Brokers Association, ACI Singapore – The Financial Markets Association and committees of similar nature that are involved in the financial markets, both locally and globally.