



**FOR IMMEDIATE RELEASE**

**MEDIA RELEASE**

**MAS Announces Key Initiatives to Support SORA Adoption**

Singapore, 5 August 2020... The Monetary Authority of Singapore (MAS) today announced several initiatives to support the adoption of the Singapore Overnight Rate Average (SORA)<sup>1</sup>, which is administered by MAS. Given SORA's growing importance as a key interest rate benchmark in SGD financial markets, these initiatives aim to catalyse greater activity in SORA markets, safeguard the benchmark's integrity and enhance market confidence in SORA. They complement the industry-led transition roadmap, set out by the Steering Committee for SOR Transition to SORA (SC-STS), to develop vibrant and robust SORA markets.

2 First, MAS will issue SORA-based floating rate notes (MAS FRN) on a monthly basis, starting from 21 August 2020. This will broaden MAS' suite of money market instruments used to manage banking system liquidity. It will also facilitate the adoption of SORA as a floating rate benchmark, provide a pricing reference for SORA cash products<sup>2</sup>, and spur hedging activities through the SORA derivatives market.

3 Second, MAS will enhance transparency and data availability on SORA. MAS has published the key features and calculation methodology of SORA.<sup>3</sup> MAS will also publish, on a daily basis, key statistics involving SORA<sup>4</sup>, Compounded SORA rates for 1-month, 3-month and 6-month tenors, and a SORA Index<sup>5</sup> that will facilitate calculation of Compounded SORA over specified periods. The Compounded SORA rates and SORA Index will provide market participants with a standardised and transparent basis to derive rates for given tenors, which can be easily referenced in new SORA products.

4 Third, MAS has prescribed SORA as a financial benchmark under the Securities and Futures Act (SFA). This will ensure that regulatory and enforcement powers, including criminal and civil actions, can be taken against any market misconduct<sup>6</sup> related to SORA. Prescribing SORA as a financial benchmark under the SFA will safeguard the integrity and robustness of SORA, given its growing role as a key interest rate benchmark for SGD financial markets.

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<sup>1</sup> SORA is defined as the volume-weighted average rate of borrowing transactions in the unsecured overnight interbank SGD cash market in Singapore between 8.00am and 6.15pm. SORA for a given business day will be published by 9.00am on the next business day.

<sup>2</sup> These include floating rate notes, syndicated loans, and commercial and retail loans.

<sup>3</sup> The document "SORA - Key Features and Calculation Methodology" is available [here](#).

<sup>4</sup> These include aggregate volume and the highest/lowest transacted rates.

<sup>5</sup> The SORA Index is a daily data series representing the returns from earning compounded interest each day at the daily SORA rate.

<sup>6</sup> For example, providing a false or misleading appearance to the price, value, performance or rate of SORA, or providing or disseminating any information, or expressing any opinion that is false or misleading to the benchmark administrator.

5 Finally, MAS has issued a Statement of Compliance with the IOSCO Principles for Financial Benchmarks (IOSCO Principles) for SORA.<sup>7</sup> This follows recent enhancements to the methodology of SORA to broaden its representativeness.<sup>8</sup> Compliance with IOSCO Principles means that the administration of SORA meets international best practice relating to benchmarks administration, which will generate broader market confidence by both domestic and international market participants in the use of SORA.

6 Ms Jacqueline Loh, Deputy Managing Director, MAS, said, “These initiatives mark an important milestone in supporting broad-based adoption of SORA in SGD financial markets. They complement the recently announced industry proposal to shift to a SORA-centered SGD interest rate market<sup>9</sup>, by enhancing the robustness of SORA and supporting the development of deep, liquid and efficient SORA markets.”

7 More information on SORA is available on the [MAS website](#).

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<sup>7</sup> The Statement of Compliance with the IOSCO Principles can be found [here](#). The IOSCO Principles have been endorsed by the Financial Stability Board, and have been adopted widely by benchmark administrators globally.

<sup>8</sup> The scope of eligible transactions for the calculation of SORA has been broadened. Previously, SORA was based only on brokered unsecured overnight interbank SGD cash transactions provided by brokers. It now captures both brokered and bilateral interbank transactions provided by reporting banks to MAS.

<sup>9</sup> For further details, please see the [media release](#), “Joint Industry Consultation on the SIBOR Reform and a Shift to a SORA-Centered SGD Interest Rate Market”, 29 July 2020.