

MEDIA RELEASE

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INDUSTRY STEERING COMMITTEE ANNOUNCES TIMELINES TO CEASE ISSUANCE OF SOR-LINKED FINANCIAL PRODUCTS, AND PUBLISHES MARKET GUIDANCE TO SUPPORT TRANSITION TO SORA

1 Singapore – The Steering Committee for SOR Transition to SORA (SC-STS) today announced [industry timelines](#) to support a coordinated shift away from the use of the SGD Swap Offer Rate (SOR) in financial products, and to concurrently accelerate usage of the Singapore Overnight Rate Average (SORA).¹ SOR is set to be discontinued alongside [LIBOR discontinuation](#) after end-2021, and SORA had been [identified previously](#) as the replacement benchmark in SGD funding markets. The key timelines are set out below:

- By **end-April 2021**, all lenders and borrowers to cease issuance of SOR-linked loans and securities that mature after end-2021;
- To support this, all Domestic Systemically Important Banks (D-SIBs)² should be ready to offer a full-suite of SORA-based products to their customers by **end-February 2021**; all non-DSIB banks should be ready to offer new SORA-based products by **end-April 2021**;
- By **end-September 2021**, all banks to have substantially reduced gross exposures to SOR derivatives, including centrally cleared interbank transactions.

2 These timelines seek to steadily reduce exposures to SOR well before end-2021, in preparation for USD LIBOR and SOR discontinuation, while ensuring that SORA-based products are available to meet the financing needs of customers. After end-April 2021, SORA is expected to be the de facto floating rate benchmark for all institutional SGD financing activity. The timelines mirror guidance by the Financial Stability Board³ and national working groups in other key jurisdictions globally⁴ for the transition away from LIBOR.

3 To support the industry-wide transition to SORA, the Committee today also published a set of market guides to help users prepare for the shift away from SOR, and for adoption of

¹ Plans to announce these industry timelines for cessation of SOR usage were separately highlighted in keynote speeches by [ABS & SC-STS Chairman](#) and by [MAS' Deputy Managing Director](#), at ABS' Roundtable Session on SGD Interest Rate Landscape Changes, 9 September 2020.

² The following banking groups are [designated by MAS](#) as DSIBs: DBS Bank, Oversea-Chinese Banking Corporation, United Overseas Bank, Citibank, Malayan Banking Berhad, Standard Chartered Bank, and the Hongkong and Shanghai Banking Corporation.

³ "Global Transition Roadmap for LIBOR", Financial Stability Board (FSB), 16 October 2020, <https://www.fsb.org/2020/10/fsb-publishes-global-transition-roadmap-for-libor/>

⁴ For further information on transition timelines in other key jurisdictions globally, refer to the following documents by the national working groups in the [US](#), [UK](#) and [Japan](#).

SORA across a range of financial products (derivatives, floating rate notes, business and retail loans).

- First, a [report on customer segments and preferences](#), setting out how SORA can be used in loans, to meet the various needs of financial firms, large corporates, small and medium-sized enterprises, and retail customers.
- Second, a [SORA market compendium](#), providing market participants with a comprehensive overview of SORA market conventions across derivatives, floating rate notes, business and retail loans, and outlining considerations for contractual and technical specifications of SORA products and contractual fallbacks for relevant SOR contracts.
- Third, an [end-user checklist](#) produced in collaboration with the Association of Corporate Treasurers Singapore (ACTS), Investment Management Association of Singapore (IMAS) and Life Insurance Association Singapore (LIA), providing non-financial corporates, investment firms, insurers and other buy-side participants with a list of key steps needed to effectively implement the transition from SOR to SORA, and from LIBOR to alternative reference rates.

A SORA guide targeted at corporate users and a pamphlet for retail customers, to bring together the key points from the three aforementioned market guides, will also be published with links to relevant other information for these user groups.

4 Mr Samuel Tsien, ABS and SC-STS Chairman, said “With the release of this market guidance today, the SC-STS has largely completed the key technical preparation work and laid the foundation for widespread adoption of SORA in a full range of financial products. This will pave the way for an orderly and smooth transition from the legacy use of SOR to SORA as the new benchmark for SGD markets. I strongly urge market participants to take immediate steps including operational and system changes, staff training and client outreach, to prepare to shift from reliance on SOR to SORA. This will ensure continued access to key funding markets beyond end-April 2021 when usage of SOR in new cash market contracts will effectively cease.”

5 Ms Jacqueline Loh, Deputy Managing Director, Monetary Authority of Singapore, and SC-STS member, said: “MAS strongly supports the market guidance announced by the SC-STS, including the target timelines for the transition from SOR to SORA. MAS expects all market participants to take clear and proactive steps to reduce their exposures to SOR, and to actively promote the understanding of and migration to SORA financial products. This will ensure that our financial system is well-prepared for the transition to SORA, through the development of a deep and efficient SORA-centered SGD market.”

6 The SC-STS reports can be found [here](#). For further queries, please email ABS Co. at SORTransition@abs.org.sg or call +65 624 4300.

ENDS

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. Today ABS has a membership of 153 local and foreign banks.

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 SGD Spot FX and the THB Spot FX. ABS Co will also administer Fallback Rate (SOR).

More information on ABS is available at www.abs.org.sg.

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 by the Association of Banks in Singapore (ABS) and the Singapore Foreign Exchange Market Committee (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 also engages with 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.