# SC-STS CONFIRMS NO CONTINUED PUBLICATION OF SOR AFTER 30 JUNE 2023

1 **The Steering Committee for the SOR & SIBOR Transition to SORA ("SC-STS") intends to discontinue the SGD Swap Offer Rate ("SOR") after 30 June 2023 as planned.** This is notwithstanding the UK Financial Conduct Authority's announcement of 3 April 2023[1] to require the publication of synthetic USD LIBOR until 30 September 2024.

2 **SOR will not be published in any form after 30 June 2023**, including using synthetic USD LIBOR as an input ("synthetic SOR"). This takes into account the following:

- **There has been steady progress in the remediation of legacy SOR exposures.** Transition of SOR retail loans has been completed following the automatic conversion in October 2022. The outstanding stock of SOR derivatives has declined from over S$3 trillion in December 2019 to S$0.4 trillion in March 2023, while the outstanding stock of SOR corporate loans has decreased from S$114 billion in December 2019 to S$21.7 billion in March 2023.

- **The SC-STS has provided guidance that for wholesale market SOR contracts, Fallback Rate (SOR) is the first fallback that will apply when SOR is discontinued after 30 June 2023.** Fallback Rate (SOR) will be published until 31 December 2024 – past the intended discontinuation of synthetic LIBOR – and provides sufficient time for outstanding SOR derivatives and corporate loans to mature or be transitioned to SORA by that date. The transition of SOR exposures to SORA was supported by further recommendations from the SC-STS for contracts that fall back on Fallback Rate (SOR) to eventually reference the MAS Recommended Rate (MRR) – a SORA-based reference rate. The committee has also provided supplementary guidance for the active transition of legacy wholesale market SOR contracts to SORA.[2]

- **Potential for market confusion if synthetic SOR is introduced alongside Fallback Rate (SOR).** The introduction of synthetic SOR could lead to a bifurcation of outcomes for contracts with and without pre-cessation triggers in contractual fallbacks, leading to possible hedging mismatches (e.g. if contracts with pre-cessation triggers fallback to Fallback Rate (SOR), while contracts without pre-cessation triggers continue to rely on synthetic SOR).

3 **All users of SOR should continue to strengthen efforts to either actively transition out of, or to insert appropriate contractual fallbacks into SOR contracts that mature after 30 June 2023.** The SC-STS strongly encourages SOR users to complete the remediation before 30 June 2023 for prudence, rather than wait till the first interest fixing after 30 June 2023.

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[1] See the UK FCA announcement on synthetic USD LIBOR "FCA announces decision on synthetic US dollar LIBOR" (3 April 2023)

[2] See the SC-STS announcement on providing supplementary guidance "Industry Steering Committee finalises the key settings of the MAS Recommended Rate and supplementary guidance for active transition of legacy wholesale market SOR contracts to SORA" (18 July 2022)