

## MEDIA RELEASE

30 June 2023

### **Final Transition Approach for SIBOR Loans to SORA**

1 Singapore – The Steering Committee for SOR & SIBOR Transition to SORA (“SC-STs”) today finalised its recommendations on the approach to convert Singapore Interbank Offered Rate (“SIBOR”) loans to Singapore Overnight Rate Average (“SORA”), in particular the setting of adjustment spreads to account for the difference between SIBOR and Compounded SORA. The recommendations will allow the industry to complete its transition from SIBOR, ahead of SIBOR’s discontinuation after 31 December 2024.

2 The transition to SORA follows broad public support for the [SC-STs’ July 2020 recommendations](#) – to discontinue both the Swap Offer Rate (“SOR”)<sup>1</sup> and SIBOR, and shift towards the use of SORA as the main interest rate benchmark for SGD financial markets.<sup>2</sup> This would support a deepening of SORA markets, more transparent loan market pricing for borrowers, and more efficient risk management for lenders. With the transition from SOR to SORA now completed, with all outstanding SOR retail loans having transitioned out in October 2022, the industry will now shift its efforts towards the SIBOR transition.

3 The committee’s final recommendations on SIBOR-to-SORA adjustment spreads are set out in the SC-STs’ [Response](#) to the [Consultation on Adjustment Spreads for the Conversion of Legacy SIBOR Loans to SORA](#):

- Corporate loans (including SME loans, bilateral corporate loans and syndicated loans): Adjustment spreads of 0.2059% and 0.3571% respectively will apply to convert loans referencing 1-month and 3-month SIBOR to compounded SORA. These represent the 5-year historical median spreads between SIBOR and compounded-in-advance SORA in the relevant tenor over the period 30 June 2018 to 30 June 2023.
- Retail loans will transition in two phases:
  - First, **an active transition phase** from 1 September 2023 to 30 April 2024 during which customers may choose to take up either the SIBOR–SORA Conversion Package (“SIBOR-SCP”) or any of their bank’s prevailing packages. The SIBOR-SCP will be structured as: 3-month SORA compounded-in-advance + customer’s existing SIBOR margin + Adjustment Spread (Retail). The Adjustment Spread (Retail) will be determined as the average difference between SIBOR and compounded-in-advance SORA over the preceding three-month period.
  - Second, **an automatic conversion** will take place in June 2024 for remaining customers who did not participate in the active transition phase. Their bank will apply the SIBOR-SCP with the Adjustment Spread (Retail) set at 0.2426% and 0.3571%

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<sup>1</sup> SOR will be discontinued earlier after 30 June 2023.

<sup>2</sup> [SC-STs December 2020 Response to Feedback on SIBOR Reform and the Future Landscape for SGD Interest Rate Benchmark](#)

respectively to convert loans referencing 1-month and 3-month SIBOR to 3-month compounded-in-advance SORA. These represent the 5-year historical median spreads between SIBOR and compounded-in-advance SORA over the period 30 June 2018 to 30 June 2023.

4 SC-STC encourages market participants and customers with SIBOR loans to adopt the guidance to convert their SIBOR exposures to SORA. Banks have been preparing their systems and processes to be ready to assist customers in the adoption of these recommendations, and with the [earlier announced measures](#) on fee waivers and loan rule exemptions, will be able to support customers in the transition from SIBOR.

5 Mr Wee Ee Cheong, Deputy Chairman and CEO of UOB, ABS immediate past Chairman and SC-STC Co-Chair, said, “The finalisation of the transition approach for SIBOR loans will facilitate customers’ transition to SORA. This marks another milestone in our progress towards adopting the more robust SORA-centred interest rate benchmark in retail and corporate loans. SIBOR customers are encouraged to contact their banks early to understand the options available to them and decide on the option which best meets their financing needs.”

6 Mr Leong Sing Chiong, MAS Deputy Managing Director and SC-STC Co-Chair, said, “The SC-STC’ final recommendations and measures provide retail customers with choices during the active transition phase and, at the same time, certainty at automatic conversion. This paves the way for a smooth transition out of SIBOR in good time before it is discontinued at the end of 2024.”

7 The response paper can be found [here](#). For further queries related to the SC-STC consultation paper, please email ABS Co at [sibor@abs.org.sg](mailto:sibor@abs.org.sg).

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## Note to Editors:

### The Association of Banks in Singapore (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 common understanding among its members and projected 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 over 150 local and foreign banks.

ABS Benchmarks Administration Co. Pte Ltd (ABS Co) is an independent locally incorporated company fully owned by ABS. 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 Singapore Dollar Spot FX and the Thai Baht Spot FX. ABS Co also administers the Fallback Rate (SOR).

More information on ABS is available at [www.abs.org.sg](http://www.abs.org.sg).

### Steering Committee for SOR & SIBOR Transition to SORA (SC-STS)

The Committee 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. The MAS subsequently expanded the Committee's mandate in December 2020, to include the SIBOR-to-SORA transition as well, and renamed the Committee as the Steering Committee for SOR & SIBOR Transition to SORA<sup>3</sup>. As the transition from SOR and SIBOR involves many industry participants, as well as commercial and retail customers, the SC-STS seeks to ensure adequate stakeholder engagement and a well-managed transition.

The SC-STS is co-chaired by Mr Wee Ee Cheong, Deputy Chairman and CEO of UOB, and ABS Chairman, together with Mr Leong Sing Chiong, MAS Deputy Managing Director (Markets and Development). The Committee is responsible for providing strategic direction on industry proposals to develop new products and markets based on SORA. The Committee will also engage stakeholders to seek feedback and raise awareness on issues related to the transition from SOR and SIBOR to SORA. The Committee comprises senior representatives from key banks in Singapore and relevant industry associations.

Click [here](#) for the list of SC-STS members.

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<sup>3</sup> The previous name of the Committee was the Steering Committee for SOR Transition to SORA.