

MEDIA RELEASE

4 Dec 2017

CONSULTATION ON THE EVOLUTION OF SIBOR

Singapore - ABS Benchmarks Administration Co Pte Ltd and the Singapore Foreign Exchange Market Committee (ABS-SFEMC) today issued a consultation to seek feedback on proposals to enhance SIBOR¹.

The proposals aim to anchor SIBOR to market transactions to the extent possible, and will enhance the robustness and integrity of SIBOR. In developing these proposals, ABS-SFEMC has taken into consideration recent global benchmark reform initiatives and international standards².

The key proposed enhancements are:

1. To anchor reliance on market transactions by calculating SIBOR using the following waterfall methodology: (a) transactions in the underlying market, (b) transactions in related markets, and (c) expert judgement. This will provide greater clarity and facilitate consistency across panel banks that submit input for the calculation of SIBOR.
2. In line with other jurisdictions, to expand the underlying reference market from interbank to include other wholesale funding transactions. Given that SIBOR is intended to reflect banks' unsecured funding costs, the inclusion reflects the structural shift in banks' funding sources after the Global Financial Crisis.
3. To discontinue the 12-month SIBOR due to a lack of underlying market transactions and as this benchmark tenor is not widely referenced.

In addition, ABS-SFEMC will continue to explore longer-term alternatives to the SIBOR which would involve efforts to further develop the breadth and depth of the SGD money markets. In the meantime, ABS-SFEMC considers it important to strengthen the robustness of SIBOR to the extent possible.

The ABS-SFEMC consultation paper can be found at www.abs.org.sg/industry-guidelines/rate-setting-benchmarks. ABS-SFEMC invites stakeholders to provide feedback on the proposals.

For further queries, please email ABS Co at absCo@abs.org.sg or call +65 6224 4300.

ENDS

¹ SIBOR stands for the Singapore Interbank Offered Rates. It is administered by the ABS Benchmarks 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:

Financial Stability Board (FSB)

The FSB is an international body that monitors and makes recommendations about the global financial system. The FSB promotes international financial stability through coordination with national financial authorities and international standard-setting bodies as they work toward developing strong regulatory, supervisory and other financial sector policies. The FSB, working through its members, seeks to strengthen financial systems and enhance the stability of international financial markets.

International Organisation of Securities Commissions (IOSCO)

IOSCO is the international body that brings together the world's securities regulators and is the global standard setter for the securities sector. IOSCO develops, implements and promotes adherence to internationally recognized standards for securities regulation. It works intensively with the G20 and the FSB on the global regulatory reform agenda.

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 154 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 ABS, 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.