

14 June 2013

SFEMC Statement on ABS Financial Benchmarks

1. The Association of Banks in Singapore (**ABS**), in consultation with the Singapore Foreign Exchange Market Committee (**SFEMC**), has announced the following changes to the ABS financial benchmarks:

- (a) The following benchmarks will be discontinued due to low usage and market demand. Their last day of publication will be as follows:

Benchmark	Cease publication of existing benchmark
SGD SOR rate (1 week, 2 months, 9 months and 12 months)	30 September 2013
SGD SIBOR rate (2 months and 9 months)	30 September 2013
USD/VND spot rate	12 July 2013
SGD IRS rate	12 July 2013
THB SOR rate	12 July 2013
IDR SOR rate	12 July 2013

- (b) Two other benchmarks will be replaced with benchmarks in other jurisdictions:

Benchmark	Cease publication of existing benchmark
USD/MYR spot rate	5 August 2013
USD SIBOR rate	31 December 2013

- (c) The calculation methodology of the USD/SGD and USD/THB spot rate benchmarks will be changed from using the trimmed arithmetic mean of quotations contributed by a panel of banks (**Bank Contributors**) to a rate that is based on the Volume Weighted Average Price of actual interbank USD/SGD and USD/THB spot transactions respectively which are electronically routed and captured through money brokers approved by the Monetary Authority of Singapore (**MAS**). The existing USD/SGD and USD/THB spot rate benchmarks will cease to be published on 5 August 2013 and the new USD/SGD and USD/THB spot rate benchmarks will commence to be published on 6 August 2013.
- (d) The calculation methodology of the USD/IDR spot rate benchmark will be changed from using the trimmed arithmetic mean of quotations contributed by the Bank Contributors to an implied rate that is based on the difference between (i) the Volume Weighted Average Price of actual interbank USD/IDR one-month non-deliverable forward (**NDF**) outright transactions and (ii) the Volume Weighted Average Price of actual interbank USD/IDR one-month NDF against the fix transactions, in each case, which are electronically routed and captured through money brokers approved by the MAS. The existing USD/IDR spot rate benchmark will cease to be published on 5 August 2013 and the new USD/IDR spot rate benchmark will commence to be published on 6 August 2013.
- (e) The calculation methodology of the SGD SOR rate benchmark (for the retained maturities of overnight, 1 month, 3 months and 6 months) will be changed from using the trimmed arithmetic mean of quotations of the USD/SGD spot rate and the forward swap points on the offered side

contributed by the Bank Contributors to a rate that is based on the Volume Weighted Average Price of actual interbank USD/SGD FX swap transactions of the relevant tenor which are electronically routed and captured through money brokers approved by the MAS. In addition, the SGD SOR rate benchmark will be calculated using the USD LIBOR instead of the USD SIBOR rate benchmark. The existing SGD SOR rate benchmark will cease to be published on 30 September 2013 and the new SGD SOR rate benchmark will commence to be published on 1 October 2013.

2. The above changes are in line with the recommendations set out in the draft IOSCO Principles of Financial Benchmarks dated April 2013 and with a view to ensuring the continuing credibility and integrity of the ABS financial benchmarks. In particular, (i) the amendments to the calculation methodology for the USD/SGD, USD/IDR and USD/THB spot rate benchmarks and the SGD SOR rate benchmark reflect a move away from surveyed to traded rates, (ii) the USD/VND spot rate benchmark, SGD IRS, IDR SOR and THB SOR rate benchmarks and the SGD SOR and SGD SIBOR rate benchmarks for the discontinued maturities are being discontinued as there is a lack of liquidity in the underlying rates, and (iii) it is unnecessary to continue polling and publishing the USD/MYR spot rate benchmark given the development of a liquid onshore MYR spot market, and the USD SIBOR rate benchmark given that the USD LIBOR rate benchmark is available as an alternative.
3. The SFEMC recommends that the new USD/IDR and USD/THB spot rate benchmarks apply, on a prospective basis, to NDF and other relevant contracts that have trade dates on or after 6 August 2013. Similarly, the SFEMC recommends that the onshore USD/MYR spot rate benchmark apply, on a prospective basis, to NDF and other relevant contracts that have trade dates on or after 6 August 2013. Further, the SFEMC recommends that the new USD/SGD spot rate benchmark apply, on a prospective basis, to relevant contracts (such as cross currency NDF transactions that are net-settled in SGD) that have trade dates on or after 6 August 2013.
4. The SFEMC also recommends that the new SGD SOR rate benchmark for the continuing maturities apply, on a prospective basis, to swap and other relevant contracts that have trade dates on or after 1 October 2013.
5. With respect to contracts with trade dates that precede 6 August 2013 that remain outstanding on such date and have fixings based on the existing USD/IDR, USD/THB, USD/MYR or USD/SGD spot rate benchmarks, the SFEMC recommends that parties mutually agree to amend such contracts to reference the new spot rate benchmarks. To assist parties that wish to make such amendments, the SFEMC will work with the International Swaps and Derivatives Association, Inc. (“**ISDA**”) and EMTA, Inc. (“**EMTA**”) to publish a Multilateral Amendment Agreement (**FX-MAA**) – it is intended that the FX-MAA will be published and open for adherence on 5 July 2013 and that the adherence period will close on 2 August 2013 (a bilateral version of the FX-MAA will also be published). In addition, the SFEMC, together with The Foreign Exchange Committee of New York (“**FXC**”), will work with ISDA and EMTA to revise the relevant documentation.
6. With respect to contracts with trade dates that precede 1 October 2013 that remain outstanding on such date and have fixings based on the existing SGD SOR rate benchmark, the SFEMC recommends that parties mutually agree to amend such contracts as follows:
 - (a) Where the fixing relates to the existing SGD SOR rate benchmarks for the continuing maturities of overnight, 1 month, 3 months or 6 months, to amend the contracts to reference the new SGD SOR rate benchmark for the corresponding maturity;
 - (b) Where the fixing relates to the existing SGD SOR rate benchmark for the discontinued maturity of 1 week, to amend the contracts to reference a linearly interpolated rate using rates determined by reference to the new SGD SOR rate benchmarks for the maturities of overnight and 1 month;

- (c) Where the fixing relates to the existing SGD SOR rate benchmark for the discontinued maturity of 2 months, to amend the contracts to reference a linearly interpolated rate using rates determined by reference to the new SGD SOR rate benchmarks for the maturities of 1 month and 3 months;
- (d) Where the fixing relates to the existing SGD SOR rate benchmarks for the discontinued maturities of 9 months or 12 months, parties will need to bilaterally agree how to deal with such contracts if they wish to alter any fallback determinations already provided for in their contracts. Options include amending the contracts to reference a rate of a shorter maturity and changing the calculation periods as the parties deem appropriate, or extrapolating the rate using rates determined by reference to the new SGD SOR rate benchmarks for such of the continuing maturities as the parties deem appropriate or terminating the affected contracts. The SFEMC makes no recommendation in relation to such contracts.

To assist parties that wish to make the amendments described in sub-paragraphs (a) to (c) above, the SFEMC will work with ISDA to publish a Multilateral Amendment Agreement (**Rates-MAA**) – it is intended that the Rates-MAA will be published and open for adherence on 29 August 2013 and that the adherence period will close on 26 September 2013 (a bilateral version of the Rates-MAA will also be published). In addition, the SFEMC will work with ISDA to revise the relevant documentation.

7. With respect to contracts that remain outstanding on 1 October 2013 and have fixings based on the existing SGD SIBOR rate benchmarks for the discontinued maturities of 2 months or 9 months, the SFEMC recommends that parties mutually agree to amend such contracts to reference a linearly interpolated rate using rates determined by reference to the new SGD SIBOR rate benchmarks for the maturities of 1 month and 3 months, and 6 months and 12 months respectively. To assist parties that wish to make such amendments, the Rates-MAA will cover such amendments.

8. With respect to contracts that remain outstanding on 1 January 2014 and have fixings based on the existing USD SIBOR rate benchmark, the SFEMC recommends that parties mutually agree to amend such contracts to reference the USD LIBOR rate benchmark. To assist parties that wish to make such amendments, the Rates-MAA will also cover such amendments. However, parties wishing to make use of the Rates-MAA for this purpose should note that they need to adhere to the Rates-MAA by 26 September 2013.

9. With respect to contracts that remain outstanding on 13 July 2013 and have fixings based on the existing USD/VND spot rate benchmark or SGD IRS, IDR SOR or THB SOR rate benchmarks, parties will need to bilaterally agree how to deal with such contracts if they wish to alter any fallback determinations already provided for in their contracts. Options include amending the contracts to reference a substitute rate or terminating the affected contracts. The SFEMC makes no recommendation in relation to such contracts.

10. With regard to the contractual fallbacks for NDF and other relevant contracts referencing the USD/IDR, USD/MYR or USD/VND spot rate benchmarks, the market standard template provides for the SFEMC Indicative Survey Rate as the second disruption fallback. However, market participants should note that the SFEMC does not intend to conduct any SFEMC Indicative Surveys as a result of the discontinuation of the existing spot rate benchmarks in respect of USD/IDR, USD/MYR and USD/VND. The SFEMC Indicative Survey is intended to produce an indicative rate quotation in times of market closure or disruption when a tradeable spot rate may not be available. It is thus not appropriate for the present situation of a planned discontinuation of the existing spot rate benchmarks in respect of USD/IDR, USD/MYR and USD/VND.

11. There is no market standard template for NDF contracts referencing the USD/THB spot rate benchmark and thus, no provision for an SFEMC Indicative Survey in respect of USD/THB.

12. A summary of the relevant dates in regard to the benchmark changes is set out in Appendix I. The list of documents to be published by ISDA, EMTA, the SFEMC and FXC (as appropriate) and the proposed publication dates are set out in Appendix II. More details on the new calculation methodologies for the traded benchmarks can be found in the ABS Trading Protocol which is available at www.abs.org.sg.

APPENDIX I

Benchmark	Cease publication of existing benchmark	Commence publication of new benchmark
USD/SGD spot rate	5 August 2013	6 August 2013
USD/THB spot rate	5 August 2013	6 August 2013
USD/IDR spot rate	5 August 2013	6 August 2013
SGD SOR rate (overnight, 1 month, 3 months and 6 months)	30 September 2013	1 October 2013
SGD SOR rate (1 week, 2 months, 9 months and 12 months)	30 September 2013	N.A.
SGD SIBOR rate (2 months and 9 months)	30 September 2013	N.A.
USD/MYR spot rate	5 August 2013	N.A. Note onshore USD/MYR spot rate benchmark is published on Reuters Screen MYRFIX2 Page.
USD SIBOR rate	31 December 2013	N.A. Note USD LIBOR rate benchmark is published on Reuters Screen LIBOR01 Page.
USD/VND spot rate	12 July 2013	N.A.
SGD IRS rate	12 July 2013	N.A.
THB SOR rate	12 July 2013	N.A.
IDR SOR rate	12 July 2013	N.A.

APPENDIX II

	Description of document	Proposed publication date
1.	Pre-publication informative cover letter to wholesale customers on FX changes	21 June 2013
2.	Post-publication informative cover letter to wholesale customers on FX changes	5 July 2013
3.	SFEMC Explanatory Note	5 July 2013
4.	FX-MAA	5 July 2013 (with effective date of 6 August 2013). Open for adherence from 5 July 2013 to 2 August 2013
5.	Bilateral form of FX-MAA	5 July 2013
6.	Amendments to ISDA/EMTA/FXC Annex A to 1998 FX and Currency Option Definitions	5 July 2013 (except for the USD/MYR spot rate benchmark definition, with effective date of 6 August 2013)
7.	EMTA Market Practice Statement	5 July 2013 (with effective date of 6 August 2013)
8.	Revised SFEMC/EMTA/FXC Template Terms for MYR/USD NDF	
9.	Revised SFEMC/EMTA/FXC Template Terms for IDR/USD NDF	
10.	Revised EMTA Template Terms for MYR/USD NDO	
11.	Revised EMTA Template Terms for IDR/USD NDO	
12.	Revised ISDA NDS template	
13.	Pre-publication informative cover letter to wholesale customers on rate changes	12 July 2013
14.	Post-publication informative cover letter to wholesale customers on rate changes	29 August 2013
15.	Rates-MAA	29 August 2013 (with effective date of 1 October 2013). Open for adherence from 29 August 2013 to 26 September 2013
16.	Bilateral form of Rates-MAA	29 August 2013
17.	Amendments to 2006 ISDA Definitions	29 August 2013 (with effective date of 1 October 2013)