



Circular No: ID 07/23

25 May 2023

To Chief Executives

All Licensed Insurers and Lloyd's Asia Scheme Administrator

Dear Sir/Madam

SUPERVISORY EXPECTATIONS FOR USD LIBOR AND SOR TRANSITION

Active transition away from USD LIBOR

On 3 April 2023, the UK Financial Conduct Authority (FCA) announced¹ its decision to require LIBOR's administrator, ICE Benchmark Administration Limited (IBA), to continue the publication of the 1-, 3- and 6-month USD LIBOR settings after 30 June 2023 until 30 September 2024, using an "unrepresentative 'synthetic' methodology" ("synthetic USD LIBOR"). Synthetic USD LIBOR will apply to all legacy contracts except cleared derivatives.

2 It remains critical that Financial Institutions (FIs) in Singapore actively transition contracts away from USD LIBOR to robust alternative reference rates ahead of LIBOR's discontinuation. Prompt action will avoid unintended consequences and mitigate operational risk arising from residual outstanding contracts upon the end of the USD LIBOR panel. FIs should heed the Financial Stability Board (FSB)'s statement² encouraging final preparations for USD LIBOR transition, and not rely on the availability of synthetic USD LIBOR in place of active transition.

No change to SOR discontinuation date

3 The publication of synthetic USD LIBOR has no impact on the SOR discontinuation date. This is set out within the guidance published by the Steering Committee for SOR & SIBOR Transition to SORA (SC-STs) on 19 May 2023, which confirms that SOR will be discontinued after 30 June 2023.

¹ <https://www.fca.org.uk/news/news-stories/fca-announces-decision-synthetic-us-dollar-libor>

² PLEN/2023/28 REV2 published on 26 April 2023

4 If you have queries, please contact your company's liaison officer.

Yours faithfully

(Sent via MASNET)

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