[Date]

[Recipient]

Dear Madam/Sir,

**CHANGES TO ABS FINANCIAL BENCHMARKS – TRANSITION OF OUTSTANDING CONTRACTS REFERENCING THE RATE BENCHMARKS**

1. As announced by the Association of Banks in Singapore (**ABS**), in consultation with the Singapore Foreign Exchange Market Committee (**SFEMC**) on 14 June 2013[[1]](#footnote-1), in order to enhance the robustness, transparency and efficiency of the benchmark contribution process in Singapore, a number of changes will be made to the ABS financial benchmarks, including the following:

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| Rates Benchmark | Outcome | Last Day of Old Benchmark Publication | First Day of New Benchmark Publication |
| SGD SOR | Transit to Traded Benchmark: O/N, 1m, 3m, 6m | 30 Sep 2013 | 1 Oct 2013 |
| Discontinue: 1w, 2m, 9m, 12m | N.A |
| SGD SIBOR | Improve Governance: 1m, 3m, 6m, 12m | N.A | N.A |
| Discontinue: 2m, 9m | 30 Sep 2013 | N.A |
| USD SIBOR | Transit to Alternative Benchmark: USD LIBOR | 31 Dec 2013 | N.A  1 Jan 2014: Transit to Alternative Benchmark |

1. To facilitate a smooth transition to the new rate benchmarks, the International Swaps and Derivatives Association, Inc. (**ISDA**) has published a Multilateral Amendment Agreement (**Rates-MAA**) on 29 August 2013. The Rates-MAA will assist parties to implement the recommendations of the SFEMC that parties mutually agree to amend their relevant contracts referencing the existing SGD SOR, SGD SIBOR and USD SIBOR rate benchmarks.
2. The Rates-MAA will apply to OTC derivatives and other financial transactions such as repos. In addition, the Rates-MAA will apply to the ISDA English or New York law governed Credit Support Documents. As between any two parties to the Rates-MAA, the relevant transactions or Credit Support Documents between them will be amended only if and to the extent that such transactions or Credit Support Documents have a fixing of an affected rate that is to take place (i) on or after 1 October 2013[[2]](#footnote-2) and (ii) after the date of discontinuation of the affected rate (i.e. 30 September 2013 for the SGD SOR and SGD SIBOR rate benchmarks and 31 December 2013 for the USD SIBOR rate benchmark).
3. In brief, SFEMC’s recommendations are as follows:
4. Where the new or alternative rate benchmark has a tenor that corresponds to the existing benchmark, that it replaces the existing benchmark. Thus (referring to the table below):



1. SGD SOR O/N, 1M, 3M and 6M rates will be replaced by the corresponding SGD SOR VWAP O/N, 1M, 3M and 6M rates.
2. USD SIBOR O/N, 1W, 1M, 2M, 3M, 6M and 12M rates will be replaced by the corresponding USD LIBOR O/N, 1W, 1M, 2M, 3M, 6M and 12M rates.
3. Where the new or alternative rate benchmark does not have a tenor that corresponds to the existing benchmark, but does have longer and shorter tenors, that the linearly interpolated new or alternative rate replace the existing benchmark. Thus (referring to the table above)[[3]](#footnote-3):
4. SGD SOR 1W rate will be replaced by the linearly interpolated SGD SOR VWAP O/N and 1M rate.
5. SGD SOR 2M rate will be replaced by the linearly interpolated SGD SOR VWAP 1M and 3M rate.
6. USD SIBOR 9M rate will be replaced by the linearly interpolated USD LIBOR 6M and 12M rate.
7. For SGD SIBOR, that the discontinued tenors be replaced by the linearly interpolated rate, i.e.[[4]](#footnote-4):
8. SGD SIBOR 2M rate will be replaced by the linearly interpolated SGD SIBOR 1M and 3M rate.
9. SGD SIBOR 9M rate will be replaced by the linearly interpolated SGD SIBOR 6M and 12M rate.
10. The Rates-MAA does not deal with a case where the affected rate is the SGD SOR 9M or 12M rates.  As there is no market standard method of extrapolation, parties will have to bilaterally agree how to deal with such cases.
11. We have signed up to the Rates-MAA. As we have outstanding transactions with you that are impacted by the proposed changes in the above rate benchmarks, we request that you sign up to the Rates-MAA. If you have outstanding affected transactions with other dealers besides our firm, by signing up to the Rates-MAA, you will be deemed to have amended your outstanding contracts not only with us but with all other firms that sign up to the Rates-MAA. This will save you the trouble of entering into separate bilateral amendment agreements with each firm with whom you have outstanding affected transactions.
12. You can find the Rates-MAA at [insert link to ISDA website]. We also enclose a copy of the Rates-MAA for your convenient reference and execution. To sign up to the Rates-MAA, you need to complete, sign and return the entire Rates-MAA (and not just the signature page) via email (scanned copy) to [ratesamend@cliffordchance.com](mailto:ratesamend@cliffordchance.com) by **not later than 5:00 p.m. Singapore time on 26 September 2013**. In your email, please include in the “Subject” caption and/or body of your email “Rates-MAA” and the name of your firm. You also need to send an ORIGINAL, HARD COPY of the entire Rates-MAA (and not just the signature page) to Clifford Chance Pte Ltd at 12 Marina Boulevard, 25th Floor, Tower 3, Marina Bay Financial Centre, Singapore 018982 for the attention of: Paul Landless. The original hard copy can arrive after the submission deadline. **You do not need to pay any fee to sign up to the Rates-MAA.**
13. We would urge you to take action so that your outstanding affected transactions are transitioned smoothly. If you do not do so, the valuation and settlement of your outstanding affected transactions will be handled in accordance with the contractual fallbacks (for a description of how these operate, please refer to the SFEMC Explanatory Note at <http://www.sfemc.org/pdf/SFEMC_Explanatory_Note_5_July.pdf>. These fallbacks may result in a delay in the valuation and settlement of your transactions.
14. ISDA will be holding a public webinar on the Rates-MAA on Thursday, September 12 at 4 pm. Please refer to the attached notice for more details. In the meantime, if you have any questions, please contact [ ].

Yours faithfully

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| http://isda.informz.net/isda/data/images/isdalogo.jpg |
| **2013 Multilateral Amendment Agreement for Certain Rate Swap and Other Transactions (“Rates-MAA”)**  **Public Webinar on Thursday, September 12, at 4 pm Singapore time** |
| Join ISDA for this public webinar on what buy-side and corporate customers need to know about the Rates-MAA. This webinar is open to non-ISDA members.  The 60-minute webinar will feature information on the following:         What is happening with the ABS rates benchmarks and why;         How this affects you;         What does the Rates-MAA do;         What you need to do to sign up to the Rates-MAA;          Why signing-up by September 26 is so important;         What happens if you do not sign up to the Rates-MAA by September 26.  You will be able to raise questions during the webinar.  Speakers on the webinar include:  **Jacqueline Low**, Senior Counsel, Asia, ISDA  Registration is open now. A confirmation notice with webinar login details will be sent to registrants before the event.  For those who are unable to join the webinar, a recording of the webinar will be made available on the ISDA website.   |  | | --- | | **Sign up to join the webinar**  RSVP to  [ISDAAP@isda.org](mailto:ISDAAP@isda.org) |   For additional information, contact [ISDAAP@isda.org](mailto:ISDAAP@isda.org). |

1. Please click for [ABS and SFEMC press release](http://www.abs.org.sg/pdfs/Newsroom/PressReleases/2013/ABS_SFEMC_Press_Release_20130614.pdf), [SFEMC statement](http://www.sfemc.org/pdf/SFEMC_Statement_on_ABS_Financial_Benchmarks.pdf) and [related materials](http://www.abs.org.sg/financial_faq_benchmarks.php). [↑](#footnote-ref-1)
2. This is on the premise that the deadline for signing up to the Rates-MAA will be 26 September 2013. [↑](#footnote-ref-2)
3. Where for e.g. there is a stub period (say 2 weeks), instead of simply specifying “Linear Interpolation”, parties may specify “Linear Interpolation of the 1W and 1M rates”.  In this case, if the 1W rate is simply replaced with the linearly interpolated O/N and 1M rates, the above specification will lead to “double” interpolation.  Thus, in cases like this, the above specification will be disregarded and instead, the 2 weeks rate will be determined through linear interpolation of the O/N and 1M rates. [↑](#footnote-ref-3)
4. Please refer to footnote 3. [↑](#footnote-ref-4)