



SOUTH KOREA

In June 2019, Korea's Financial Services Commission and the Bank of Korea convened an industry task force to select an alternative to KIBOR (Korea Interbank Offered Rate), which is based on the declining local certificate of deposit market. While the deadline for the selection was set as June 2020, no ARR has been selected as of yet. Authorities, however, have indicated they will consider two candidates as the replacement risk-free rate for KIBOR: an overnight call rate or an overnight repo rate. March 2021 is the new deadline to announce the ARR.



JAPAN

In Japan, there are two competing rates: the existing benchmark, TIBOR (Tokyo Interbank Offered Rate), and TONAR (Tokyo Overnight Average Rate), which was recommended in December 2016 by the Bank of Japan as the preferred replacement risk-free reference rate. However, Japan is witnessing a clear split between lenders and borrowers as to which rate should be used, with the former generally preferring TIBOR and the latter generally preferring TONAR.

TIBOR, like LIBOR, is based on bankers' estimates of market interest rates, submitted daily but overseen by the Japanese Bankers Association. TONAR is an unsecured interbank overnight interest rate and is based on short-term transactions.



THAILAND

On April 2020, the Bank of Thailand and the Thai Bond Market Association began publication of THOR (Thai Overnight Repo Rate) as the alternative reference rate for BIBOR (Bangkok Interbank Offered Rate) and THBFIX (Thai Bhat Interest Rate Fixing). THOR is a risk-free overnight rate based on repo markets.

For a given business day in Thailand, THOR is published by 5.00pm and may be revised by 9.30am on the next business day.



CHINA

The 1-Year LPR (Loan Prime Rate) and 5-Year LPR are lending reference rates set monthly by 18 commercial banks in China. While China is not officially indicating that LPR 1Y/5Y will replace SHIBOR (Shanghai Interbank Offered Rate), LPR is emerging as a likely candidate to ultimately replace SHIBOR.

This replacement is foreseen since as of August 2019, interest rate reforms in China started making LPR the new benchmark lending rate for businesses and households in order to ensure more market-based lending rates, and LPR better reflects the market situation for loans in China.

The LPR rates are published on the 20th day of each month.



SINGAPORE

In Singapore, there are two key Singapore dollar (SGD) interest rate benchmarks that are widely referenced in financial contracts, which are SIBOR (Singapore Interbank Offered Rate) and SOR (SGD Swap Offer Rate). Apart from these two benchmarks, the Monetary Authority of Singapore (MAS) now publishes SORA (Singapore Overnight Rate Average).

On August 2019, the Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee recommended SORA as the most suitable and robust benchmark to replace SOR for SGD interest rate derivatives. SORA was identified as a suitable replacement for SOR because of its sufficiently long history (dating back to July 2005) and for being the most liquid tenor for cash transactions, thus offering a benchmark that is underpinned by a more robust price discovery process.

The majority of banks in the SOR-SORA Steering Group are ready to trade SORA derivatives, while making good progress in other asset classes.

For a given business day in Singapore, SORA is published by 9.00am on the next business day.



HONG KONG

On April 2019, the Treasury Markets Association announced that HONIA (HKD Overnight Index Average) has been identified as the ARR for HIBOR (Hong Kong Interbank Offered Rates). The Hong Kong Monetary Authority has stated that there is currently no plan to discontinue HIBOR and that is expected to coexist with HONIA. The market for HONIA is not liquid. For this reason, OTC Clearing Hong Kong Limited (OTC Clear) developed a proxy methodology for simulating the HONIA curve in July 2020.

HONIA is published every business day from Monday to Friday, except during public holidays.



AUSTRALIA

In Australia, AONIA (Interbank Overnight Cash Rate) was selected as the alternative reference rate for BBSW (Bank Bill Swap Rate). In the March/April 2019 timeframe, the Australian market started to see some migration away from BBSW towards AONIA. AONIA has a long history with sufficient cash trading volume.

AONIA is calculated and published by the Reserve Bank of Australia each day and represents the weighted average interest rate at which banks are willing to borrow and lend unsecured cash on an overnight basis.