
January 2022

Refinitiv Benchmark Services (UK) Limited

Saudi Arabian Interbank Offered Rate (SAIBOR)

Saudi Arabian Interbank Bid Rate (SAIBID)

Benchmark statement

Date of Issue: 06 December 2022

Date of Last Update: 19 January 2022

Document Classification: Public



**FTSE
RUSSELL**

An LSEG Business

Contents

Introduction	3
Overview of methodology	5
Potential limitations of the benchmarks	7
Methodology changes and benchmark cessation	8
Further information	9

Introduction

The Saudi Arabian Interbank Offered Rate (“SAIBOR”) is a daily benchmark reference rate representing the rate at which contributor banks (each a “Contributor”) would be able to borrow unsecured interbank funds in Saudi Riyals.

The Saudi Arabian Interbank Bid Rate (“SAIBID”) is a daily benchmark reference rate representing the realised cost of Contributors’ wholesale unsecured funding in Saudi Riyals.

The Saudi Riyal deposit market and related markets exist primarily within Saudi Arabia. Refinitiv Benchmark Services (UK) Limited is the administrator of SAIBOR and SAIBID (“RBSL” or “Administrator”). SAIBOR and SAIBID are interest rate benchmarks subject to the UK Benchmark Regulation¹ (“BMR”).

RBSL has adopted policies and procedures to comply with these regulations, including the requirements of Annex I of the BMR that specifies specific regulatory regime for interest rate benchmarks; an independent oversight committee; an independent external audit of compliance with the benchmark methodology and BMR. Annex I of the BMR sets out the requirements for the Contributors’ systems and controls, which must include:

- An outline of responsibilities within each firm, including internal reporting lines and accountability, including the location of submitters and managers and the names of relevant individuals and alternates;
- Internal procedures for sign-off of contributions of input data;
- Regular internal reviews of input data and associated procedures;
- Disciplinary procedures for actual or attempted manipulation of the benchmark;
- Effective conflicts of interest management procedures and communication controls;
- Physical separation of submitters from interest rate derivatives traders and rules against collusion;
- Measures to prevent, or limit, inappropriate influence over persons involved in the provision of input data;
- No direct link between the remuneration of employees involved in the provision of input data and the remuneration of, or revenues generated by, persons engaged in another activity where a conflict of interest may arise;
- Controls to identify any reverse transaction subsequent to the provision of input data;
- Detailed record-keeping in relation to a bank’s SAIBOR contributions; and
- The compliance function reporting any findings to management on a regular basis.

All of these requirements are included within the Contributors Code of Conduct. All Contributors are required to acknowledge in writing via an attestation and an annual compliance certification that they have read the Code and comply with it.

SAIBOR and SAIBID are not considered “critical” benchmarks for the purposes of Article 20 in the BMR and are not considered “significant” benchmarks for the purposes of Article 24 in the BMR.

SAIBOR and SAIBID are calculated using input data submissions (each a “Contribution”) by a panel of Contributor banks². Each SAIBID Contribution is a volume-weighted average price (VWAP) of eligible unsecured transactions involving eligible counterparties subject to a waterfall that includes transactions in a related market and ultimately

¹ [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019.](#)

² See the SAIBOR Methodology for a list of the panel banks.

expert judgment. As SAIBOR is representative of the offered side of the market but transactions involving a wide range of counterparties are typically representative of the bid side of the market, Contributor banks will add a fixed spread percentage to the VWAP calculated using the transacted rates before making a SAIBOR Contribution.

The SAIBOR definition is:

The Saudi Arabian Interbank Offered Rate (“SAIBOR”) benchmark is an indicative offer rate at which contributor panel banks would be able to borrow unsecured interbank funds in Saudi Riyals, anchored in transactions where possible together with a historical spread adjustment. A waterfall methodology is applied to enable a rate to be published in a wide range of market circumstances.

The SAIBID definition is:

SAIBID is a benchmark representing the realised cost of contributor panel banks’ wholesale unsecured funding in Saudi Riyals, anchored in transactions where possible. A waterfall methodology is applied to enable a rate to be published in a wide range of market circumstances.

SAIBOR and SAIBID comprise six tenors: overnight, 1 week, 1 month, 3 months, 6 months and 1 year. SAIBOR and SAIBID are considered to be reliable provided that:

- there is activity in the underlying unsecured Saudi Riyal deposit market, or in other unsecured instruments, or in the related markets, as per the methodology, that allows Contributors to establish a representative market level for unsecured Saudi Riyal interbank deposit interest rates when making contributions, and
- the panel of Contributors is sufficiently representative of the banks active in the Saudi Riyal unsecured deposit market.

Both conditions should be satisfied in order for SAIBOR and SAIBID to be reliable reference rates for unsecured wholesale funding rates. The panel banks as listed in the SAIBOR and SAIBID Methodology are a large portion of the Saudi Arabia market, and as such are representative of the banks active in the unsecured deposit market in Saudi Riyals in Saudi Arabia.

This benchmark statement shall be reviewed at least every two years, or whenever there is a material change to either the type of the benchmark or to the Methodology used in the determination of the benchmark.

Overview of methodology

Input data for the determination of SAIBOR and SAIBID is contributed by a panel of Contributors for each of the SAIBOR and SAIBID tenors (overnight, 1 week, 1 month, 3 months, 6 months and 1 year).

A waterfall is used by the existing panel of Contributors when making Contributions to RBSL for the determination of SAIBOR and SAIBID. The waterfall comprises three levels as described below.

Level one of the waterfall uses volume weighted average prices from eligible wholesale funding transactions from counterparties including banks, central banks, government related entities, nonbank financial institutions, corporates and, subject to a minimum threshold, retail clients.

Level two of the waterfall uses volume weighted average prices from eligible repo transactions (excluding repo transactions with SAMA) in which the collateral may be any type of Saudi Riyal fixed income security and the same range of eligible counterparties as per Level 1 applies. Contributors shall use expert judgment to apply a spread to such repo transactions to reflect the difference in the rate of secured repo transactions and the unsecured nature of SAIBOR and SAIBID.

Level three of the waterfall requires the use of expert judgment by the individual Contributors subject to submission procedures developed by each Contributor and where such submission procedures are subject to an appropriate level of internal governance and oversight.

As SAIBOR is representative of the offered side of the market but transactions involving a wide range of counterparties are typically representative of the bid side of the market, Contributors using the Methodology will add a spread percentage to the transacted rates derived from levels one and two of the waterfall before making a SAIBOR Contribution. Level 3 submissions will use expert judgment of the rate of unsecured eligible transactions had any occurred and will include the spread percentage.

From 02 January 2022 to 19 November 2022, the Spread Percentage is 16% and there is no Spread Cap. From 20 November 2022 to 30 November 2022, the Spread Percentage will be reduced gradually from 16% to 9%. From 01 December 2022 to 15 December 2022, a Spread Cap will be introduced at 50 basis points and then be reduced gradually to 20 basis points. From 15 December 2022 onwards, the Spread Percentage will remain fixed at 9% and the Spread Cap will remain fixed at 20 basis points. The mechanism for reviewing the Spread Percentage and the Spread Cap is specified in the Methodology document.

If five or more Contributions are received, the Contributions shall be ranked, the highest two and lowest two discarded and the remaining rates averaged to determine SAIBOR at each tenor. If fewer than five Contributions are received, the benchmark will not be calculated or published.

Contributors may make and amend Contributions during the Contribution window from 11:00am KSA to 11:50am KSA. In the event that fewer than five Contributions are received by 10:50am KSA, the Contribution window will be extended to 12:30pm KSA. If five Contributions have not been received by 12:30pm KSA, the previous benchmark setting will be republished with a notification of republication at 12:30pm KSA.

Subject to receiving at least five Contributions, SAIBOR and SAIBID are determined and published by RBSL at 12:00pm KSA or, if the Contribution window have been extended, at 12:30pm KSA. If an error is identified in the calculation or in the published benchmarks before 1:00pm KSA, RBSL will use reasonable efforts to refix the benchmark by 1:00pm KSA. The benchmarks will not be refixed if a Contributor identifies an error in its Contribution after the publication time.

No models or method of extrapolation or interpolation are used by RBSL when determining SAIBOR and SAIBID. Further, SAIBOR and SAIBID is not determined by means of a portfolio of constituents.

No discretion is exercised by RBSL in the determination of SAIBOR and SAIBID. In the absence of their own transactions in the underlying unsecured Saudi Riyal deposit market and other permitted instruments, Contributors will first use Level 2 and then Level 3 of the waterfall.

The SAIBOR and SAIBID Contributor Code of Conduct requires Contributors to have written submission procedures, policies, templates and records in place which should include a clear description of the input data, including the type of data taken into account in determining the Contribution, and is made available to RBSL upon request.

Expert judgment used by Contributors in determining a Contribution is evaluated ex post by RBSL using, primarily, monitoring and surveillance controls and requesting Contributor documentation and records as required.

Where expert judgment is used by the Contributor in accordance with the Methodology, the Contributor Code of Conduct requires that expert judgment shall be free from any undue or improper influence and shall not, for greater certainty, take into consideration any factors that would be contrary to the “Improper Market Conduct” or “Conflicts of Interest” provisions of the SAIBOR Contributor Code of Conduct.

The benchmark does not have corresponding ISINs. The Benchmark is determined using contributed input data and is an interest rate benchmark as per the BMR. Consequently, the Benchmark is not any of the following types of benchmark as specifically defined by the BMR: readily available data, regulated data, or commodity.

Potential limitations of the benchmarks

Determination of SAIBOR and SAIBID is dependent on receiving sufficient input data from Contributors for each SAIBOR and SAIBID tenor. Technical problems or extreme market events may lead to an insufficient number of Contributions, resulting in no calculation or publication of SAIBOR and SAIBID. Further, RBSL considers that five contributing panel banks is a realistic minimum to ensure reliable Contributions and avoid concentration in sources of input data.

There may also be insufficient market liquidity to support the panel banks when making Contributions. The first two levels of the waterfall in the Methodology specify the type of counterparties and transaction types that may be used to create a VWAP for Contribution. The third level of the waterfall specifies the references that may be used to inform expert judgment and these include transactions outside the specified tenor buckets, interpolation and extrapolations from such transactions, other market instruments including derivatives and SAMA bills, macro-economic factors and changes in credit standing.

The design of SAIBOR and SAIBID is therefore resilient in the event of a lack of liquidity in the underlying unsecured Saudi Riyal deposit market alone. However, an extreme market event may lead to a loss of liquidity across a range of markets, or to increased volatility in the spreads between related markets and the unsecured Saudi Riyal deposit market, preventing the Contributors from making the Contributions required for the determination of SAIBOR and SAIBID and resulting in no calculation or publication of SAIBOR and SAIBID.

Methodology changes and benchmark cessation

The Methodology was adopted as being a reliable and resilient means for providing benchmarks that accurately represents interest rates in the unsecured Saudi Riyal interbank deposit market. It ensures the representativeness of SAIBOR and SAIBID with respect to actual funding levels experienced by major banks active in the market for unsecured Saudi Riyals and anchors SAIBOR and SAIBID in actual transactions to the extent possible.

The SAIBOR and SAIBID Methodology is subject to a review in order to assess its ongoing fitness for purpose on at least an annual basis. In the event that the review leads RBSL to believe that a change to the Methodology is required and that the change is material in its effect on the benchmark, a market consultation will be conducted in accordance with the RBSL Methodology Change Procedures in order to seek feedback from a representative range of stakeholders. RBSL will review all feedback and, if following such review it resolves to proceed with the proposed changes, RBSL will provide sufficient notice to users of the benchmark before implementing such changes.

Circumstances beyond the control of RBSL may necessitate an immediate change to or the cessation of the benchmark. Such circumstances include without limitation (i) a loss of liquidity in the underlying unsecured Saudi Riyal deposit market and similar markets, or in the related markets used to inform expert judgment and (ii) a loss of Contributors such that a representative panel of banks cannot be maintained.

In the event that an immediate change is required, RBSL will provide as much notice as is practicable and following such change will conduct an internal review of the Methodology.

If it becomes necessary to cease calculation and distribution of the benchmark, RBSL will implement the [RBSL Benchmark Cessation Policy](#). This includes conducting an analysis of the estimated usage of the benchmark and, where feasible, the selection of a credible alternative benchmark. In all cases, RBSL will take all reasonable steps to ensure that all users and other stakeholders are made aware as soon as possible of any intention or possible necessity to cease the benchmark.

Any material change to the Methodology or cessation of the benchmark may have an impact on any financial contract or financial instrument that references the benchmark or on the measurement of the performance of an investment fund that uses or refers to the benchmark. A material change to the Methodology may lead to a change in the economic reality represented by the benchmark and therefore to the economic exposure of any financial contract or financial instrument that references the benchmark. A cessation of the benchmark would require the selection of an alternative benchmark or the implementation of any fallback procedures for financial contracts or financial instruments that reference the benchmark. Any financial contracts or other financial instruments that reference the benchmark should be able to withstand, or otherwise address the possibility of changes to, or cessation of the benchmark.

Further information

The Legacy Methodology, Enhanced Methodology and Contributor Code of Conduct documents provide additional information and definitions of key terms and are available on RBSL's website: www.lseg.com/en/ftse-russell/benchmarks/interest-rate-benchmarks/saibor-rates.

For further information about SAIBOR and SAIBID, please contact RBSL at index_queries@lseg.com.

ABOUT FTSE RUSSELL

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

CONTACT US

To learn more, visit [lseg.com/ftse-russell](https://www.ftserussell.com); email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810

Asia-Pacific

North America +1 877 503 6437

Hong Kong +852 2164 3333

Tokyo +81 3 6441 1430

Sydney +61 (0) 2 7228 5659

Disclaimer

© 2024 London Stock Exchange Group plc and its applicable group undertakings ("LSEG"). LSEG includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) FTSE Fixed Income Europe Limited ("FTSE FI Europe"), (5) FTSE Fixed Income LLC ("FTSE FI"), (6) FTSE (Beijing) Consulting Limited ("WOFI") (7) Refinitiv Benchmark Services (UK) Limited ("RBSL"), (8) Refinitiv Limited ("RL") and (9) Beyond Ratings S.A.S. ("BR"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFI, RBSL, RL, and BR. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "Refinitiv", "Beyond Ratings®", "WMR™", "FR™" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of LSEG or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFI, RBSL, RL or BR. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator. Refinitiv Benchmark Services (UK) Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. All information and data contained in this publication is obtained by LSEG, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical inaccuracy as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or LSEG Products, or of results to be obtained from the use of LSEG products, including but not limited to indices, rates, data and analytics, or the fitness or suitability of the LSEG products for any particular purpose to which they might be put. The user of the information assumes the entire risk of any use it may make or permit to be made of the information.

No responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any inaccuracy (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of LSEG is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of LSEG nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indices and rates cannot be invested in directly. Inclusion of an asset in an index or rate is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index or rate containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index and/or rate returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index or rate inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index or rate was officially launched. However, back-tested data may reflect the application of the index or rate methodology with the benefit of hindsight, and the historic calculations of an index or rate may change from month to month based on revisions to the underlying economic data used in the calculation of the index or rate.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of LSEG nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of LSEG. Use and distribution of LSEG data requires a licence from LSEG and/or its licensors.



**FTSE
RUSSELL**
An LSEG Business