



REFINITIV BENCHMARK SERVICES (UK) LIMITED

SAUDI ARABIAN INTERBANK OFFERED RATE (SAIBOR)

LEGACY METHODOLOGY

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An LSEG Business

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1. INTRODUCTION

1.1 Overview

The Saudi Arabian Interbank Offered Rate Benchmark (“SAIBOR” or the “Benchmark”) is calculated using input data (Contributions) from a panel of Contributor banks. Further to the SAIBOR Methodology Change Announcement¹ issued by RBSL on 3rd December 2021, each Contributor will transition from the original SAIBOR Methodology (“Legacy Methodology”) to a new SAIBOR Methodology (“Enhanced Methodology”) during a transition period starting on 2nd January 2022. One Contributor will transition to the Enhanced Methodology each week and the transition period will last for approximately 12 weeks. In addition, the Methodology Change Announcement noted that from 2nd January 2022 the Contribution window will move to 11:00am – 11:50am KSA time, that the publication SAIBOR will move to 12:00pm KSA time and that Refinitiv would begin to calculate and distribute SAIBID on behalf of its current administrator (Riyad Bank). At the conclusion of the transition period, RBSL will become the administrator of SAIBID.

This document specifies the Legacy Methodology for SAIBOR. The Enhanced Methodology is available on the Refinitiv website².

The purpose of SAIBOR is to represent the rate at which Contributors would be able to borrow unsecured interbank funds in Saudi Riyals, were they to accept offers in reasonable market size from other banks in the SAIBOR panel at 11:00am KSA time.

1.2 Benchmark Administrator

Refinitiv Benchmark Services (UK) Limited (“RBSL”) is the Administrator of SAIBOR. RBSL is incorporated in England and Wales and is a wholly owned subsidiary of Refinitiv Limited (“RL”), itself a wholly owned indirect subsidiary of London Stock Exchange Group plc (“LSEG”).

RBSL is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”), FCA Reference Number 610678.

As Administrator, RBSL is responsible for collecting input data, determining and publishing the benchmarks, and for all aspects of governance, oversight, compliance and integrity of the benchmarks.

1.3 Description of the Benchmarks

SAIBOR comprises six tenors: Overnight, 1 week, 1 month, 3 months, 6 months, and 1 year. SAIBOR is calculated using Contributions from a panel of Contributor banks active in the money market in Saudi Riyals.

¹ www.refinitiv.com/content/dam/marketing/en_us/documents/methodology/saibor-methodology-change-announcement.pdf

² www.refinitiv.com/en/financial-data/financial-benchmarks/interest-rate-benchmarks/saibor-rates

SAIBOR is published Sunday to Thursday at 12:00pm KSA time, subject to local market holidays. (Prior to 2nd January 2022, SAIBOR was published at 11:00am KSA time.)

The Benchmark is calculated for each tenor as the arithmetic average of the Contributions after 2 highest and lowest Contributions have been discarded and is published to 5 decimal places.

This Methodology is dependent on sufficient liquidity in the underlying market or otherwise in accordance with the hierarchy of data sources permitting contributor banks to make representative contributions.

1.4 Intended Readership

This document is intended for Stakeholders of SAIBOR.

1.5 Document Publication

This document is available on the Refinitiv website and on request.

2. INPUT DATA

2.1 Contributions

SAIBOR is calculated based on the Contributions from a panel of Contributor banks that are active participants in the money market in Saudi Riyals. Contributions are rates at which Contributors would be able to borrow unsecured interbank funds in Saudi Riyals, were they to accept offers in reasonable market size from other banks in the SAIBOR panel at 11:00am Riyadh time.

The market for Saudi Arabian interbank deposits is considered sufficiently active for the purposes of determining the SAIBOR benchmark if there are prices available in accordance with the hierarchy of data sources to be used by Contributors (section 2.4) that allow Contributors to establish a representative market level when making Contributions.

2.2 Contributor Eligibility

The universe of banks eligible for consideration as Contributors in respect of the Benchmark will be banks that are:

- Active in the Saudi Arabian Money Market,
- Willing to accept and implement the SAIBOR Contributor Code of Conduct, a copy of which is available at www.refinitiv.com/en/financial-data/financial-benchmarks/interest-rate-benchmarks/saibor-rates,
- Willing to agree to regulation by relevant authorities in Saudi Arabia, should the Benchmark become regulated.

If anything comes to the attention of RBSL that leads RBSL to believe that a Contributor is not adhering to the SAIBOR Contributor Code of Conduct, RBSL may not use input from that Contributor until the situation is clarified or rectified to RBSL's satisfaction in accordance with the process specified in the SAIBOR Contributor Code of Conduct.

2.3 Contributor Panel

At the effective date of this Methodology, the panel of Contributor banks comprises:

- Arab National Bank
- Bank Aljazira
- Banque Saudi Fransi
- Saudi National Bank
- Riyadh Bank
- Saudi British Bank
- Saudi Investment Bank
- Alinma Bank

- Bank Albilad
- Al Rajhi Bank
- Gulf International Bank

The panel may be updated from time to time. Changes to the panel of Contributor banks are available on request to RBSL. The panel size and membership are sufficient to ensure that the input data used in the determination of SAIBOR is representative of the unsecured market for interbank funds in Saudi Riyals.

2.4 Hierarchy of Data Sources to be Used by Contributors

In accordance with EU BMR Annex 1 (L 171/58) for Interest Rate Benchmarks, in general the priority of use of input data shall be as follows:

- (a) a Contributor's transactions in the underlying market that a benchmark intends to measure or, if not sufficient, its transactions in related markets, such as:
 - the unsecured inter-bank deposit market
 - other unsecured deposit markets, including certificates of deposit and commercial paper, and
 - other markets such as overnight index swaps, repurchase agreements, foreign exchange forwards, interest rate futures and options, provided that those transactions comply with the input data requirements in the SAIBOR Contributor Code of Conduct,
- (b) a Contributor's observations of third party transactions in the markets described in point (a),
- (c) committed quotes,
- (d) indicative quotes or expert judgment.

The Contributor shall determine to what extent, if any, a Contribution should be subject to a review prior to its contribution to the Administrator in addition to the post-contribution review required under the "Oversight" provisions of the SAIBOR Contributor Code of Conduct.

3. DETERMINATION AND PUBLICATION OF SAIBOR

3.1 Contribution Procedures

Contributors must contribute rates to all data points between 11:00am to 11:50am KSA. The last Contribution received from each Contributor before the contribution window is closed will be taken for use in the calculation.

Contributors can make changes to their Contributions as many times as required up until 11:50am KSA. Any new Contribution will overwrite the previous Contribution.

Where 5 or more Contributions are received by 11:50am KSA, the two highest and two lowest Contributions are discarded in accordance with the Minimum Contribution Criteria detailed in 3.2, and the remaining rates averaged.

3.2 Minimum Contribution Criteria

If fewer than 5 Contributions are received, the Benchmark will not be calculated and the previous setting will be republished with a notification of republication.

Where 5 or more Contributions are received, the Contributions will be applied with a trimming methodology where the two highest and two lowest Contributions, per tenor, are excluded from the calculation, once 5 or more Contributions are received.

Contributions Received	Number of High Contributions Trimmed	Number of Low Contributions Trimmed
0 – 4	N/A – Republication with Notification	N/A – Republication with Notification
= 5 or > 5	2	2

Once the trimming methodology has been applied, SAIBOR will be calculated as an average of the remaining rates and published to 5 decimal places.

3.3 Publication Time

SAIBOR is published at 12:00pm KSA Sunday to Thursday, subject to local market holidays. (Prior to 2nd January 2022, SAIBOR was published at 11:00am KSA time.)

3.4 Fallback Arrangement

If the minimum 5 Contributions are not received by 11:50am KSA, a fallback arrangement is triggered.

Triggering the fallback arrangement extends the contribution window to 12:30pm KSA to accept additional Contributions from Contributors who have not contributed.

If the minimum Contributions are reached by 12:30pm KSA, the Benchmark will be released. If not, the previous setting will be republished with a notification of republication at 12:30pm KSA.

3.5 Exercise of Expert Judgment by the Administrator

The Administrator, RBSL, will not exercise Expert Judgement in the determination of SAIBOR.

3.6 Re-Fix Policy

The Benchmark will not be re-fixed if a Contributor identifies an error to its Contribution(s) after the publication time.

If an error is identified in the calculation or published Benchmark before 1:00pm KSA, RBSL will publish an alert on the Refinitiv FIXALERT page to alert market participants and will use reasonable efforts to re-fix and republish the Benchmark by 1:00pm KSA.

If the Benchmark is re-fixed and republished, RBSL will publish an alert on the FIXALERT page to alert market participants.

3.7 Delayed Publication

The Administrator, RBSL, may at its discretion delay publication of SAIBOR in the event that technical difficulties prevent receipt of input data or if RBSL has reason to believe that either the input data or the determination of the Benchmark contains an error. In such cases, all reasonable efforts will be made to publish the Benchmark at the earliest opportunity. If the potential error cannot be resolved or rectified, the previous setting will be republished with a notification of republication for the affected tenor(s).

4. Benchmark Methodology Reviews and Change Procedures

4.1 Review of the Methodology

RBSL will carry out a review of the Methodology on at least an annual basis. Additional reviews may be conducted at RBSL's discretion. Reviews will include an analysis of the underlying market that the Benchmark seeks to represent, the performance and appropriateness of the current Contributors, and analysis of other potential Contributors as applicable.

The aim of the review will be to ensure that the Benchmark is still representative of the underlying market, that the input data sufficiently represent the underlying market, that the Contributors are the optimum grouping to provide Contributions to represent the underlying interest, and that the current Contributors have been contributing in an accurate and timely manner. The Oversight Committee will provide input into the review.

4.2 Changes to the Methodology

Changes to the Methodology shall be made in accordance with the RBSL Benchmark Methodology Change and Cessation Policy. The combined RBSL Benchmark Methodology Change and Cessation Policy is available at <https://www.refinitiv.com/en/financial-data/financial-benchmarks>.

4.3 Objective of the Methodology

The objective of this Methodology is to reflect best practice across the industry for the calculation and Administration of Benchmarks that seek to represent the behaviour of markets showing similar characteristics as the Saudi Arabian Money Market. The Methodology shall also comply with all applicable regulations and policies.

4.4 Identification of Potential Limitations of the Benchmark

This Benchmark is based upon rates collected from Contributors, the content of which is reliant upon there being a liquid Saudi Arabian money market, plus the ability of Contributors to provide their data to RBSL. If any ongoing constraint or fragmentation to liquidity in the Saudi Arabian money market is identified or foreseen, RBSL will consult with stakeholders as well as the Oversight Committee to consider an appropriate course of action.

5. GOVERNANCE AND FURTHER INFORMATION

5.1 Benchmark Administrator

Refinitiv Benchmark Services (UK) Limited (“RBSL”) is the Administrator of SAIBOR. As Administrator, RBSL is responsible for collecting input data, determining and publishing the Benchmark, and for all aspects of governance, oversight, compliance and integrity of the Benchmark.

5.2 Oversight Committee

The Oversight Committee is responsible for oversight of all aspects of the provision of SAIBOR including the reviews of the benchmark definition and Methodology at least annually, overseeing any changes to the benchmarks Methodology or cessation of the benchmark, and overseeing RBSL’s control framework, management and operation of the Benchmark.

5.3 Benchmark Manager

A benchmark manager is appointed from time to time by the Administrator who will be a subject matter expert responsible for interpreting the Methodology in respect of the Benchmark.

5.4 User Feedback

RBSL shall communicate periodically with stakeholders in order to assess conditions in the market for unsecured wholesale funds in Saudi Riyals and to assess the ongoing fitness and suitability of the Methodology in respect of the Benchmark. Such feedback may be used as part of the periodic review of the Methodology.

5.5 Further Information

Further information is available at <https://www.refinitiv.com/en/financial-data/financial-benchmarks/interest-rate-benchmarks/saibor-rates>.

Refinitiv welcomes feedback. Any comments or questions regarding this Methodology or SAIBOR should be sent to index_queries@refinitiv.com and include ‘SAIBOR’ in the email subject line.

6. Definitions

Capitalised terms in this Methodology have the following definitions except where indicated otherwise.

Administrator	Refinitiv Benchmark Services (UK) Limited (“RBSL”). See section 5.1.
Contribution	A submission made by a Contributor to RBSL for the purpose of determining SAIBOR.
Contributor	A contributor bank that makes Contributions.
Methodology	The methodology used for the determination of SAIBOR.
Oversight Committee	Shall have the meaning given to it in section 5.2.

Refinitiv is one of the world's largest providers of financial markets data and infrastructure, serving over 40,000 institutions in approximately 190 countries. It provides leading data and insights, trading platforms, and open data and technology platforms that connect a thriving global financial markets community – driving performance in trading, investment, wealth management, regulatory compliance, market data management, enterprise risk and fighting financial crime.