

The Interest Rate Benchmark Reform
Important Notice to Clients

利率基準改革
重要客戶通知

Background

背景

The interbank offered rates (the “**IBORs**”), including, inter alia, the London Inter-bank Offered Rate (**LIBOR**), Euro Interbank Offered Rate (**EURIBOR**) and Hong Kong Interbank Offered Rate (“**HIBOR**”), are widely used by banks as interest rate benchmarks for financial products such as bonds, derivatives, mortgages and other loans. IBORs rely on rates submitted by panel banks.

銀行同業拆借利率（Interbank offered rates, 下稱「**銀行同業拆借利率**」），包括倫敦銀行同業拆借利率（London Inter-bank Offered Rate, LIBOR）、歐元銀行同業拆借利率（Euro Interbank Offered Rate, EURIBOR）及香港銀行同業拆借利率（Hong Kong Interbank Offered Rate, HIBOR, 下稱「**香港銀行同業拆借利率**」），被銀行廣泛地使用為債券、衍生產品、按揭貸款和其它貸款等金融產品的利率基準。銀行同業拆借利率依賴選定銀行提供的利率。

With a view to enhance the reliability and robustness of interest rate benchmarks, a number of regulatory authorities worldwide have announced the transition from IBORs to alternative reference rates (the “**ARRs**”). Certain ARR that have been identified are as follows:

為了提高利率基準的穩健性和完整性，世界各地的若干監管機構已經宣佈從 IBORs 過渡至替代參考利率（「**替代參考利率**」）。若干已識別的替代參考利率如下：

Place 地區	Current Benchmark 當前基準	Alternative Reference Rate, ARR 替代參考利率
United State 美國	USD LIBOR 美元倫敦銀行間 同業拆借利率	Secured Overnight Financing Rate (SOFR) 有擔保隔夜融資利率(SOFR)
United Kingdom 英國	GBP LIBOR 英鎊倫敦銀行間 同業拆借利率	Sterling Overnight Index Average (SONIA) 英鎊隔夜平均利率指數(SONIA)
Japan	JPY LIBOR	Tokyo Overnight Average Rate (TONAR)

日本	日元倫敦銀行間 同業拆借利率	東京隔夜平均利率(TONAR)
Euro Zone 歐元區	EUR LIBOR 歐元倫敦銀行間 同業拆借利率	Euro Short-Term Rate (€STR) 歐元短期利率(€STR)
Switzerland 瑞士	CHF LIBOR 瑞士法郎倫敦銀 行間同業拆借利 率	Swiss Average Rate Overnight (SARON) 瑞士隔夜平均利率(SARON)

Impact of the interest rate benchmark reform in Hong Kong

利率基準改革對香港的影響

According to the Hong Kong Monetary Authority, HIBOR has been in place for many years and is still widely recognised by market participants as a credible and reliable benchmark. While the Hong Kong Dollar Overnight Index Average (HONIA) has been identified as the ARR to HIBOR, there is no plan to discontinue HIBOR at the moment. 根據香港金融管理局的資料，香港銀行同業拆借利率已沿用多年，至今仍為市場參與者所公認可靠和穩健的基準。儘管已將港元隔夜指數平均數（HONIA）確定為香港銀行同業拆借利率的替代參考利率，但目前尚無計劃終止香港銀行同業拆借利率。

In the UK, the Financial Conduct Authority (“FCA”) announced that it would not persuade or compel panel banks to contribute to the LIBOR after 2021. As such, LIBOR will likely be discontinued after 2021. Since LIBOR is one of the most widely used interest rate benchmarks in the financial market in Hong Kong, market participants therefore need to prepare for transitioning away from LIBOR to ARRs.

英國金融行為監理總署（「FCA」）宣布其將在 2021 年底後不再促使或強制選定銀行提交數據以計算倫敦銀行同業拆借利率。這意味倫敦銀行同業拆借利率可能在 2021 年後終止。由於倫敦銀行同業拆借利率是香港金融市場普遍採用的基準利率之一，市場參與者因而需要為倫敦銀行同業拆借利率過渡至替代參考利率作好準備。

What does it mean for clients in Hong Kong

利率基準改革對香港客戶的意義

When LIBOR becomes no longer representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored or is ceased permanently or indefinitely, clients with products using LIBOR as the interest rate benchmark will be directly affected. The relevant contracts need to be

reviewed and assessed if the relevant consequences of the permanent or indefinite cessation of LIBOR or the non-representativeness of LIBOR are stipulated and addressed therein. If not, clients will have to agree to apply a new interest rate benchmark or a “fallback” interest rate benchmark in place of LIBOR when LIBOR becomes no longer representative or is ceased permanently or indefinitely so that such contracts can continue to be effective.

當倫敦銀行同業拆借利率不再能代表其要衡量的基礎市場或經濟現實，並且該代表性將不會恢復或永久或無限期地終止時，使用倫敦銀行同業拆借利率作為利率基準的產品客戶將受到直接影響。相關合約需要接受審查和評估，確保此類合約已列明並解決了永久或無限期停止倫敦銀行同業拆借利率、或倫敦銀行同業拆借利率無代表性的相關後果。否則，當倫敦銀行同業拆借利率不再具有代表性或永久或無限期終止時，客戶將必須同意採用新的利率基準或「後備」利率基準代替倫敦銀行同業拆借利率，以便此類合約能夠繼續有效。

What is the Bank's Approach in the interest rate reform?

本行對利率改革的取態

We will formulate transition plans on reasonable basis for contracts using LIBOR as the interest rate benchmark which do not foresee the permanent discontinuance of LIBOR in accordance with the general practice of the industry, the industry bodies and regulatory guidelines and principles. The transition approach may differ depending on the product affected and the market/regulatory development.

本行將根據行業的普遍慣例、行業組織以及監管準則和原則，為以倫敦銀行同業拆借利率為利率基準而沒有預視倫敦銀行同業拆借利率將永久終止的合約在合理的基礎上制定過渡計劃。過渡方法可能會因受影響的產品和市場/法規的發展而異。

On 23 October 2020, the International Swaps and Derivatives Association (“ISDA”) published a supplement to the 2006 ISDA Definitions (the “**IBOR Fallbacks Supplement**”) and the ISDA 2020 IBOR Fallbacks Protocol (the “**IBOR Fallbacks Protocol**”) which will take effect on 25 January 2021. In accordance with the Hong Kong Monetary Authority’s requirement, the Bank will follow the IBOR Fallbacks Supplement and adhere to the IBOR Fallbacks Protocol. Generally speaking, these two documents will enable clients to include new triggers and fallbacks addressing the permanent or indefinite cessation of LIBOR and non-representativeness of LIBOR in derivative contracts using ISDA documentation.

2020年10月23日，國際掉期與衍生工具協會（「**ISDA**」）發布了2006 ISDA 定義的補充文件（「**備用條款補充文件**」）和 ISDA 2020 銀行同業拆息備用條款協議（「**備用條款協議**」），自 2021 年 1 月 25 日起生效。根據香港金融管理局的要求，本行將遵循備

用條款補充文件，並遵守備用條款協議。總括而言，這兩份文件將使用 ISDA 文件作為衍生工具合約的客戶，能夠使用已包括新的啟動程序和後備方案，以解決永久或無限期停止倫敦銀行同業拆借利率和倫敦銀行同業拆借利率無代表性的問題。

In relation to other products referencing LIBOR other than derivative contracts adopting ISDA documentation, upon the occurrence of any of the non-exhaustive list of events below, the Bank is committed to assist the affected clients in transitioning away from LIBOR to ARRs:

對於（採用 ISDA 文件的衍生合約以外）以倫敦銀行同業拆借利率作為標杆的其它產品，在發生任何包括以下列舉的事件時，本行承諾協助受影響的客戶，從倫敦銀行同業拆借利率轉換至替代參考利率：

- the methodology of determining LIBOR has materially changed;
決定倫敦銀行同業拆借利率的方式發生重大變化;

- ICE Benchmark Administration Limited (“**IBA**”) or FCA publicly announces that it has ceased or will cease to provide LIBOR permanently or indefinitely or LIBOR may no longer be used;
ICE Benchmark Administration Limited (「**IBA**」)或 FCA 公開宣佈永久或無限期地停止或將停止提供倫敦銀行同業拆借利率，或可能不再採用倫敦銀行同業拆借利率;

- IBA or FCA publicly announces or the Bank reasonably considers that LIBOR is no longer representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored; or
IBA 或 FCA 公開宣佈或本行合理地認為倫敦銀行同業拆借利率不再能代表其要衡量的基礎市場或經濟現實，並且該代表性將不會恢復; 或

- IBA determines that LIBOR should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements.
IBA 決定倫敦銀行同業拆借利率需要根據其減少的報價或其它應急或備用政策或安排計算。

Will clients be disadvantaged in the LIBOR transition?

客戶會否於倫敦銀行同業拆借利率過渡中處於不利地位？

We are working to ensure that the LIBOR transition is of minimal impact to client and will take reasonable steps to treat clients fairly with a view to ensuring that the LIBOR

replacement rate is fair. To transition existing contracts benchmarking LIBORs to the ARR or the fallback rates, please note that an adjustment representing the difference between LIBOR and ARRs resulting from the term credit risk premium built into the LIBOR but not ARR may be added to the ARR to avoid gain or loss in value associated with the transition.

本行正努力確保把倫敦銀行同業拆借利率過渡對客戶造成的影響減至最小，並採取合理的行動公平地對待客戶，以確保倫敦銀行同業拆借利率的替代參考利率公平。客戶應注意，為避免將現有以倫敦銀行同業拆借利率作為利率基準的合約過渡至替代參考利率或備用利率造成任何價值上的收益或損失，本行可能會就利率進行調整，而該調整代表倫敦銀行同業拆借利率內置而不存在於替代參考利率的信貸風險溢價。

What can clients do now?

客戶現在可以做什麼？

Clients are recommended to identify and review all their existing contracts using LIBOR as the interest rate benchmark and understand the relevant LIBOR-linked exposure and the change and risks that may arise from the permanent or indefinite cessation of LIBOR.

本行建議客戶先識別和審閱其以倫敦銀行同業拆借利率作為利率基準的現有合約，確定倫敦銀行同業拆借利率相關的曝險以及因倫敦銀行同業拆借利率永久或無限期地終止而帶來的改變及風險。

Should clients have any question about their existing contracts referencing LIBOR and on how to handle them, please feel free to contact your account managers of the Bank or seek independent professional advice from lawyers or financial advisors.

若客戶對現有倫敦銀行同業拆借利率合約及就如何處理該等合約有何疑問，可聯絡本行客戶經理，或向法律或財務顧問諮詢獨立的專業意見。

Important Notes

重要通知

1. The “Bank” refers to the Shanghai Commercial & Savings Bank, Ltd. (including any of its branches in any jurisdiction), and the Bank’s directors, officers, employees and/or any persons connected with it.

「本行」是指上海商業儲蓄銀行（包括其於任何司法管轄區的分支機構）及其董事、職員、僱員及/或與其有聯繫的任何人士。

2. The Bank is closely monitoring the development of the interest rate benchmark

reform and formulating the relevant transition arrangement. Due to the current uncertainties of the interest rate benchmark reform, the above information only gives a general overview of the interest rate benchmark reform for discussion purpose only. This note does not provide accurate prediction or description of any future changes and does not constitute and should not be relied upon by any party as financial, investment, accounting, legal, regulatory, tax or other advice, or as a recommendation or offer to subscribe for any of the Bank's products or services, or an invitation or recommendation to enter into any transaction with the Bank. The recipient of this note shall make its own independent judgment and seek its own professional advice where necessary with respect to the risks and consequences of any matter contained in this note, such as on the potential impact from the financial, legal, accounting or tax perspectives. The Bank will not be responsible for any loss or damage which any person suffers or incurs as a result of relying upon or using this note or information contained herein or as a result of any information being incorrect or omitted from this note.

本行正在密切留意有關利率改革的市場發展，並制定相關過渡性安排。鑑於利率改革目前仍存在一些不確定性，以上資料僅提供一般概要，旨在用於討論用途。本說明無法對未來變化作精確無誤的預測或陳述，且不應被任何一方作為財務、投資、會計、法律、法規監管、稅務或其他建議，也不作為推薦或要約訂購本行的任何產品或服務或邀請或建議與本行進行任何交易。本說明的接收者應當就本說明中任何事項帶來的風險及後果作出的獨立判斷並在必要時尋求專業意見，從諸如財務、法律、會計或稅務等角度，就該等變化可能產生的影響獲取指導。對於任何人由於依賴或使用本說明或此處包含的信息而導致的任何損失或損害，或由於本說明中不正確或遺漏的任何信息而造成的任何損失或損害，本行概不負責。

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Further information

更多資訊

For further general information about the IBOR transition, please refer to the information published by regulators, working groups and other industry institutions, including but not limited to the following:

如欲獲取更多關於銀行同業拆借利率過渡的一般資訊，請參考各監管機構、工作組和其它行業機構發佈的資訊，包括但不限於以下機構或組織：

Place 地區	Institutions or organizations 機構或組織
Euro Zone 歐元區	European Central Bank, ECB 歐洲中央銀行
Hong Kong 香港	Hong Kong Monetary Authority, HKMA 香港金融管理局 Treasury Markets Association, TMA 香港財資市場公會
Japan 日本	Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks 日本日圓關聯利率指標檢討委員會
United States 美國	Alternative Reference Rates Committee, ARRC 美國替代參考利率委員會
United Kingdom 英國	Bank of England, BoE 英倫銀行 Financial Conduct Authority, FCA 金融行為監理總署
Switzerland 瑞士	Swiss National Bank, SNB 瑞士國家銀行