

# SAIBOR and SAIBID

Consultation on SAIBOR Methodology Proposals

Consultation on Possible SAIBID Cessation

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# 1. Responding to this consultation

## Introduction

FTSE Russell is committed to transparency when reviewing benchmark methodologies or considering material changes to its benchmarks. To that end, FTSE Russell is seeking feedback from users of the Saudi Arabian interest benchmarks SAIBOR and SAIBID on proposed changes to the benchmarks. FTSE Russell invites comments on all proposals put forward in this paper and in particular on the specific questions in section 7. Please structure your comments to:

- Respond to the questions stated in section 7
- Contain a clear rationale that includes evidence to support the views expressed
- Describe any alternative choices that FTSE Russell should consider

## Submission of responses

Please email your comments to [index\\_queries@lseg.com](mailto:index_queries@lseg.com) with 'SAIBOR SAIBID Consultation' in the subject line by no later than 17:00UK on **16 January 2026**. Any feedback should include the name of the institution, as well as names, roles and divisions of respondents. Please note that comments submitted after this deadline or submitted via other means may not be processed.

## Handling of responses

All responses to this consultation will be treated as confidential and will not be made public. A summary of anonymised feedback received, and decisions made may be made available in due course.

# 2. Introduction

Refinitiv benchmarks have been rebranded and are now part of FTSE Russell ("FTSE"), a London Stock Exchange Group business. For further details about this change, please visit [https://www.lseg.com/content/dam/lseg/en\\_us/documents/faq/benchmark-and-indices-rebrand-faqs.pdf](https://www.lseg.com/content/dam/lseg/en_us/documents/faq/benchmark-and-indices-rebrand-faqs.pdf).

FTSE is a leading calculator and administrator of benchmarks and indices. FTSE administers various interest rate benchmarks including but not limited to the Saudi Arabian Interbank Offered Rate (SAIBOR), FTSE USD IBOR Cash Fallbacks (the ARRC's recommended fallback rates), Tokyo Swap Rate and FTSE Term €STR.

The objective of SAIBOR and SAIBID is to reflect the true price of unsecured wholesale funding in the Kingdom of Saudi Arabia, where wholesale funding is defined as unsecured Saudi Riyal funding from all sources for the contributor banks with maturities of less than one year (subject to the minimum size and other criteria) excluding equity.

FTSE working in conjunction with the SAIBOR Advisory Group acting under the guidance of the Saudi Arabian central bank SAMA introduced fundamental changes to the methodologies of SAIBID and SAIBOR during the first quarter of 2022. The primary aim of the changes was to minimise the use of expert judgment and to anchor submissions from the panel of contributor banks in actual eligible transactions to the extent possible. The methodology reflecting these changes is available on the [LSEG website](#).

Following the implementation of the changes, the following definitions were adopted for the two benchmarks.

- *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.*
- *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.*

In 2023 and 2024, FTSE together with the SAIBOR Advisory Group conducted analysis into the methodology adopted in 2022 with the intention of identifying possible optimisations and enhancements.

Following the completion of this analysis, the following material changes to the methodology have been identified as enhancements that will strengthen the representativeness and resilience of the benchmarks and simplify the interest rate benchmark framework for the Kingdom of Saudi Arabia in a manner that aligns with the use of a single interest rate benchmark curve in other monetary jurisdictions globally.

- Gradually reduce the spread applied to SAIBOR submissions over SAIBID submissions until SAIBOR aligns with SAIBID, followed by cessation of SAIBID following a suitable notice period. Following alignment, SAIBOR would continue using the current SAIBID methodology.
- Amend the minimum size criteria for the 6-month and 12-month tenors for both benchmarks to align with the minimum size criteria for the shorter tenors.
- Add a process to handle suspected errors in underlying transactions that would otherwise be included in submission calculations made by contributor banks.
- Clarify the definition of an eligible counterparty for the purposes of determining the eligibility of an underlying transaction.

The following sections provide further details regarding these proposals and section 7 states the questions to be addressed by any responses to this public consultation.

## 3. Alignment of SAIBOR with SAIBID followed by SAIBID cessation

In contrast to many monetary areas and jurisdictions, the Kingdom of Saudi Arabia has two interest rate benchmark curves. Historically, SAIBID represented the bid side for wholesale funds and SAIBOR represented the offered side for wholesale funds. Prior to the changes introduced in 2022, both were based exclusively on expert judgment.

Following the changes introduced in 2022, submissions to SAIBID became volume weighted average rates from eligible underlying transactions and consequently became the **realised cost** of contributor panel banks' wholesale unsecured funding in Saudi Riyals (subject to a waterfall that permitted the use of expert judgment in the absence of sufficient eligible transactions).

In order to maintain the historic role of SAIBOR as being indicative of the offered side of the market for wholesale funds, submissions to SAIBOR became equal to the SAIBID submissions plus a "Spread Percentage" subject to a "Spread Cap". From December 2022 onwards, the Spread Percentage has been 9% and the Spread Cap has been 20 basis points.

Following the analysis conducted in 2023 and 2024, FTSE and the SAIBOR Advisory Group concluded that it would be beneficial to further enhance the interest rate framework for the Kingdom of Saudi Arabia by consolidating SAIBOR and SAIBID into a single benchmark that represents the realised cost of funding. In order to identify a way to achieve this, three points were noted:

- SAIBID is more directly representative of the realised cost of wholesale funds and its methodology more closely aligns with those of similar interbank offered rate benchmarks in other monetary areas.
- SAIBOR is by far the more referenced benchmark relative to SAIBID in financial products including loans and derivatives that reference either benchmark. For example, a search of the FCA FIRDS database for instruments referencing the benchmarks in the United Kingdom indicates that around 5,000 instruments have been created that reference SAIBOR but that none have been created that reference SAIBID.
- Use of the Spread Percentage and Spread Cap means that SAIBOR and SAIBID are mathematically related and are not representations of independent and separate price discovery.

The first point indicates that the methodology for SAIBID is the optimal one for an interest rate benchmark. However, the second point indicates that any cessation of SAIBOR would require a far more extensive repapering of financial contracts and potentially the introduction of robust fallback language in such contracts.

Consequently, FTSE and the SAIBOR Advisory Group resolved to propose that the Spread Cap, which sets the maximum spread of SAIBOR submissions over SAIBID submissions, should gradually be reduced by 2 basis points per week for all contributor banks until it reaches zero and SAIBOR aligns with SAIBID. Following this alignment, SAIBID would continue to be published for a period of time

to allow any stakeholders to amend their use of SAIBID to alternative benchmarks (SAIBOR would be numerically equal to SAIBID following alignment and would be an identical alternative to SAIBID). SAIBID would then cease to be published. SAIBOR would become the benchmark that represents the realised cost of contributor panel banks' wholesale unsecured funding in Saudi Riyals. The methodology of SAIBOR would be updated to reflect the reduction of the Spread Cap to zero and to update the benchmark definition for SAIBOR.

No action will be taken until feedback to this consultation, if any, has been received and reviewed and a decision taken by FTSE with the advice and agreement of the SAIBOR Advisory Group. If, however, a decision is made to proceed with the alignment and subsequent cessation of SAIBID, it is anticipated that the reduction of the Spread Cap would (i) start one to three months after the announcement of any such decision, (ii) would proceed at the rate of 2 basis points per week for all contributor banks over ten weeks until it reaches zero at which point SAIBOR will continue to be published using the current SAIBID methodology and (iii) cessation of SAIBID would take place 12 months after the announcement of any such decision.

## 4. Minimum sizes for the 6-month and 12-month tenors

Following the introduction of the methodology changes in 2022 as noted in section 2, the minimum size criteria for an underlying transaction to be eligible for inclusion in the calculation of a submission to the overnight, 1 week, 1 month and 3 months tenors of SAIBOR and SAIBID has been SAR10 million.

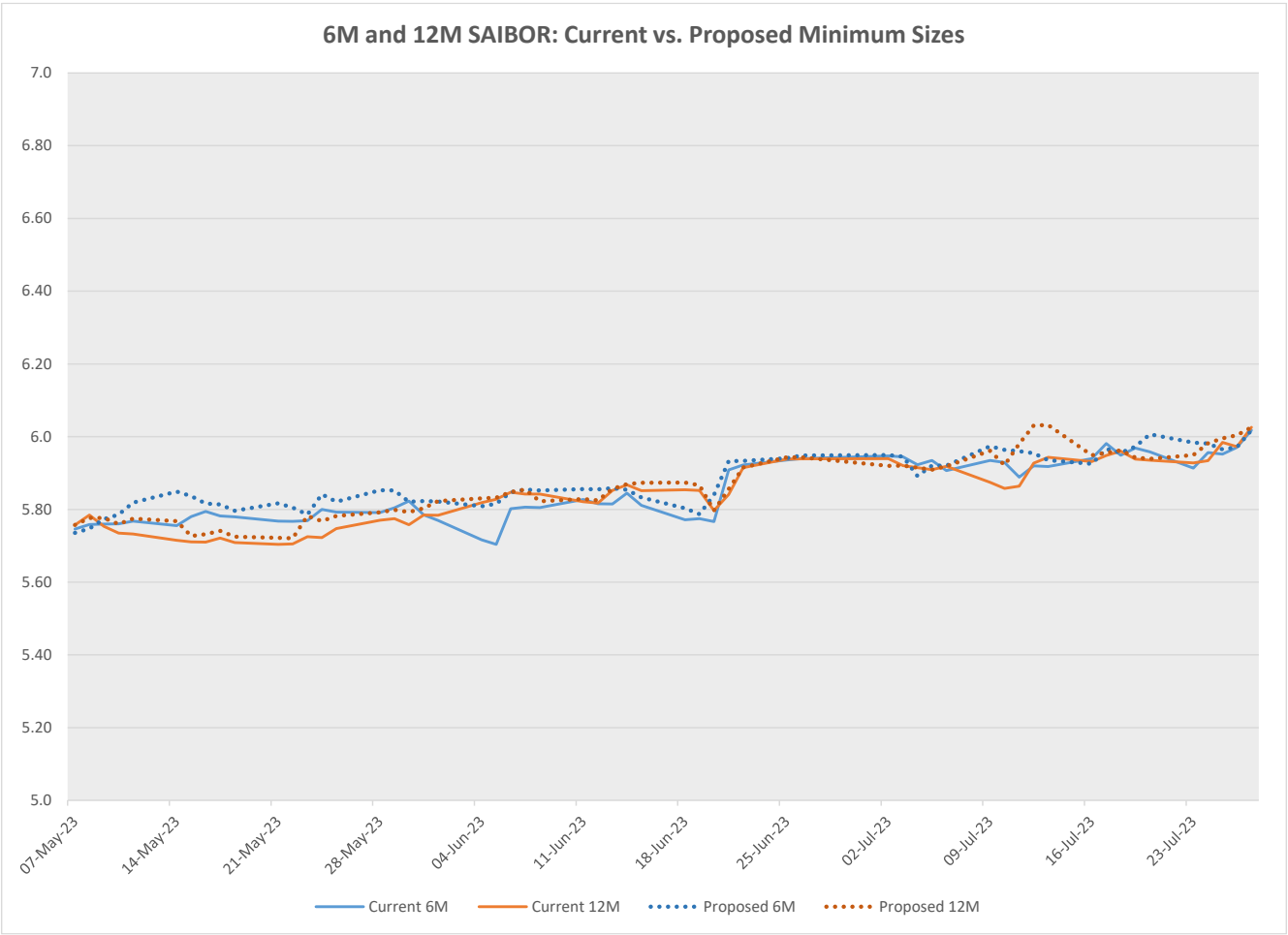
In contrast, the minimum size criteria for the 6-months and 12-months tenors has been SAR50 million in aggregate with no minimum size for individual transactions.

In the analysis conducted in 2023 and 2024, it was observed that the minimum size criteria for the 6-months and 12-months tenors results in the inclusion of small transactions that are not necessarily representative of wholesale funding rates.

Consequently, it is proposed that an individual transaction minimum size of SAR10 million is introduced for the 6-months and 12-months tenors and the aggregate size requirement for those tenors is removed, aligning the minimum size criteria for the 6-months and 12-months tenors with the minimum size criteria for the shorter tenors.

By introducing a minimum transaction size for these tenors, it is noted that this proposal would better align SAIBOR and SAIBID with their benchmark definitions ("...unsecured interbank funds..." and "...wholesale unsecured funding..." respectively) and the objective of both benchmarks ("...to reflect the true price of unsecured wholesale liquidity in the Kingdom of Saudi Arabia (KSA) Market...").

The impact of the change to the minimum size criteria on the published 6-months and 12-months SAIBOR tenors is illustrated in chart 1 below using transaction data from May 2023 to July 2023.



**Chart 1**  
Impact of the proposed changes to the minimum size criteria for underlying transactions for the 6-months and 12-months SAIBOR tenors

## 5. Process for handling suspected errors in underlying transactions

Under the current SAIBOR and SAIBID methodology, the rates of all eligible underlying transactions are included in the calculation of submissions by contributor banks. There is currently no mechanism for a contributor bank to handle a transaction that has an apparent error and is suspected of not being representative of wholesale funding costs.

Consequently, it is proposed that the methodology will state that a contributor bank will have the discretion to exclude the rate of a transaction with a suspected error subject to reporting that transaction and its use of such discretion to FTSE in accordance with a process to be added to the Contributor Code of Conduct.

## 6. Clarify the definition of an eligible counterparty

The current restriction on counterparty eligibility in the SAIBOR and SAIBID methodology is: *“Internal transactions such as transactions with a subsidiary (including a subsidiary that is a fund and including transactions between Contributor Bank branches and its head office)”*.

The objective of this restriction is to ensure that eligible transactions involve counterparties that are at arm's length i.e. a contributor bank has no influence or control over its counterparty.

The current restriction excludes certain types of counterparty despite such counterparties being at arm's length. Consequently, it is proposed that the methodology is amended to clarify the following points.

1. **Maintain exclusion of internal bank transfers:** Transactions between a bank's branches or head office and internal transfers shall remain excluded.
2. **Clarify eligibility for funds and subsidiaries:** Transactions involving group-managed funds or subsidiaries should be eligible for inclusion, provided they meet arm's length criteria (independence in pricing, fiduciary responsibilities and freedom to transact with other counterparties).
3. **Staff transactions:** Transactions involving bank staff should be treated as regular, eligible transactions, provided they meet the same conditions as all other market transactions such as minimum size requirements.

## 7. Questions

1. Do you agree with the proposal to cease SAIBID with a suitable notice period and maintain the publication of SAIBOR?
2. Do you agree with the proposal to align SAIBOR with SAIBID gradually over ten weeks (so that SAIBOR becomes the realised cost of contributor panel banks' wholesale unsecured funding in Saudi Riyals)?
3. Do you agree that 12 months from the announcement of any decision to cease SAIBID to the effective date of such a cessation is sufficient time to facilitate any repapering of contracts or arrangements that reference SAIBID?
4. Do you agree with the proposal to amend the minimum size criteria for the 6-months and 12-months tenors to align with the minimum size criteria for the shorter tenors (i.e. individual transactions must be at least SAR10 million in size to be eligible with no aggregate size requirement) and thereby more closely aligning the benchmarks with their objective of reflecting the true price of wholesale liquidity?
5. Do you agree with the proposal to add a process to the SAIBOR and SAIBID methodology for contributor banks to handle and report suspected errors in underlying transactions when calculating submissions?
6. Do you agree with the proposal to clarify the definition of eligible counterparties?

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