



**FOR IMMEDIATE RELEASE**

**MEDIA RELEASE**

**Oversubscription of Singapore Savings Bonds**

Singapore, 29 January 2018... The Monetary Authority of Singapore (MAS) announced today that the Singapore Savings Bond (SSB) which was opened for application in January 2018 (SBFeb18) was oversubscribed. More than 6,300 investors submitted applications totalling approximately S\$172 million, exceeding the issuance size of S\$150 million. As a result of the oversubscription, some investors will not receive the full amount that they applied for.

2 The SSB allocation mechanism maximises the number of successful applicants, through the “quantity ceiling method” detailed on the SSB website ([www.sgs.gov.sg/savingsbonds](http://www.sgs.gov.sg/savingsbonds)) and in Annex 1. Applicants who applied in January 2018 for S\$41,000 or lower were given a full allocation, subject to the individual limits. Applicants who applied for S\$41,500 or higher would receive S\$41,000 or S\$41,500<sup>1</sup>. Applicants that were not fully allotted should receive a refund to the bank account from which the application was made, in one to two business days from 29 January 2018.

3 The details of the next SSB will be announced on 1 February 2018. Interest rates for the coming issue would be based on the average yields of Singapore Government Securities (SGS) in January 2018<sup>2</sup>. Individuals that wish to invest may submit applications from 6.00pm on 1 February 2018, to 9.00pm on 23 February 2018<sup>3</sup>.

4 For more information, please visit the SSB website at [www.sgs.gov.sg/savingsbonds](http://www.sgs.gov.sg/savingsbonds) or call the SSB hotline at 6221-3682<sup>4</sup>. Individuals who are interested in receiving updates on the SSB programme and details of the next SSB issue may subscribe to the mailing list on the SSB website.

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For media enquiries, please contact:  
Jacqueline Ong  
Deputy Director (Communications)  
Tel: 6229-9159  
Email: [jacqueline\\_ong@mas.gov.sg](mailto:jacqueline_ong@mas.gov.sg)

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<sup>1</sup> Under the “quantity ceiling” method of allotment, the additional \$500 is allotted on a random basis (Please refer to Annex 1).

<sup>2</sup> MAS publishes daily SGS benchmark yields in the Statistics section of the SGS website.

<sup>3</sup> Applications are open from 7.00am to 9.00pm, Mondays to Saturdays, excluding Public Holidays.

<sup>4</sup> The operating hours of the SSB hotline are: Mondays to Fridays (8.30am to 12pm and 2pm to 5.30pm), excluding Public Holidays.

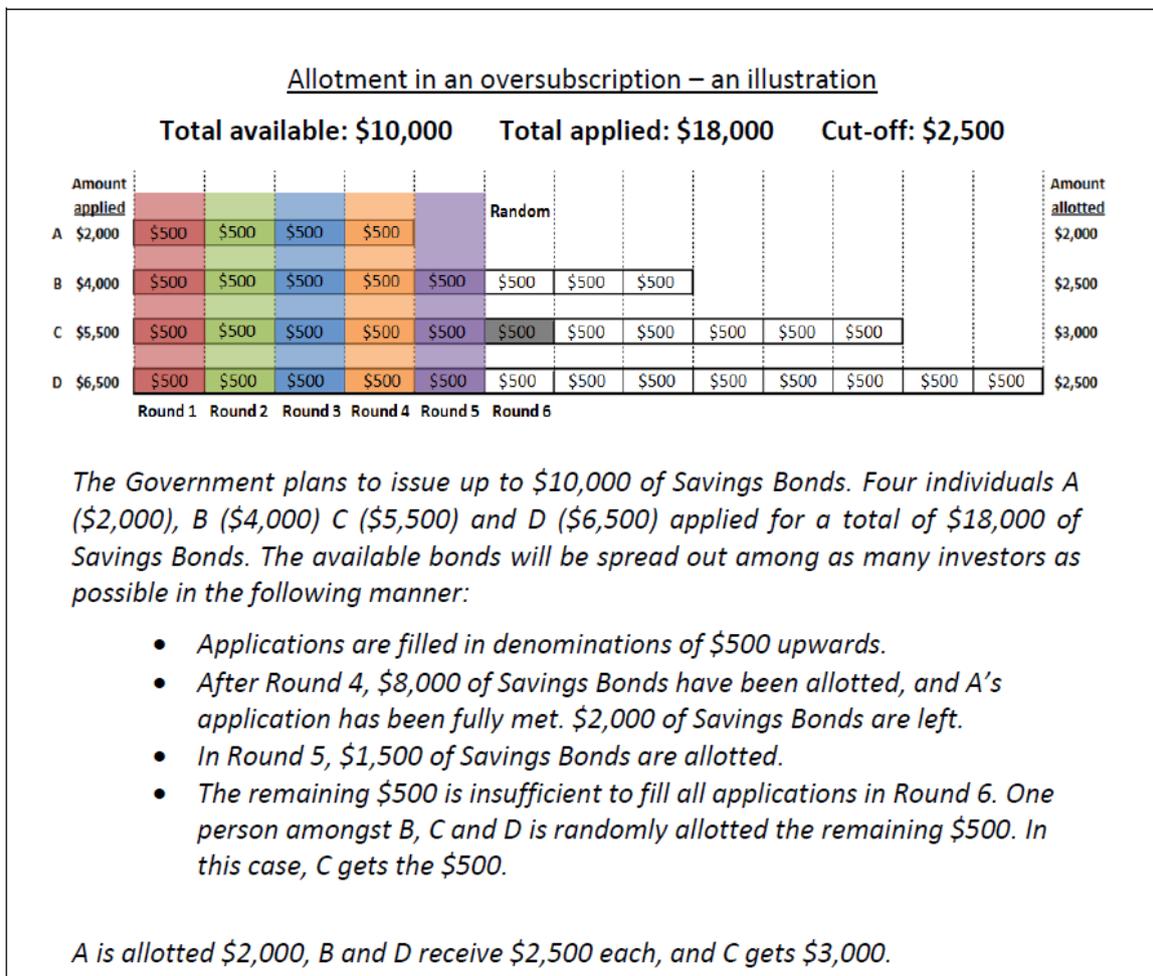
Annex 1 – Frequently asked questions

**Q1. How does the SSB allotment mechanism work when there is an oversubscription?**

When there is an oversubscription, each applicant will be allotted \$500 of SSB, with the amount increasing in multiples of \$500 for every applicant until he has either received the full amount applied for, or until all the available bonds have been allotted, whichever comes first.

If the number of applicants is so large that issuing \$500 per applicant will exceed the amount of bonds available, then the \$500 of bonds will be allotted among applicants on a random basis.

This means that when SSB are oversubscribed, an investor may not receive the full amount applied for and smaller applications will have a higher chance of being fully allotted. The below illustration shows how applications are filled.



This method of allocation is known as the “quantity ceiling” method and seeks to allocate the available amount of SSB as equally as possible.

**Q2. How are SSB interest rates determined?**

SSB interest rates are linked to the yields of Singapore Government Securities (SGS). As SGS are traded, the yields of SGS fluctuate daily based on changes in market conditions. SGS closing yields are published by MAS at the end of each business day.

The SSB on offer in any given month are linked to the daily average SGS yields as published by MAS in the previous month. The investor's average annual compounded return over any period (e.g. 5 years) should broadly correspond to the SGS yield of the same holding period (e.g. 5 year SGS).

The interest rates and returns on SSB are therefore determined by the market and will fluctuate according to changes in market conditions, albeit with a one-month lag.

A more detailed treatment of how interest rates are computed can be found here (<http://www.sgs.gov.sg/~media/SGS/SGS%20Announcements%20pdf/SSB%20PDF/SSB%20Technical%20Specifications/SSB%20Technical%20Specifications.pdf>)