

NEWS RELEASE

## IIFM and ISDA publish IBOR Fallback Bilateral Amendment Agreement and Definitions Booklet

**December 14, 2021 - Manama, Kingdom of Bahrain:** The International Islamic Financial Market (IIFM) and the International Swaps and Derivatives Association, Inc. (ISDA) today announced the publication of the [ISDA/IIFM IBOR Fallback Definitions Booklet for Islamic Hedging Transactions](#), which will enable firms that transact under relevant documentation to agree to robust contractual fallbacks for certain key interbank offered rates (IBORs). IIFM and ISDA have also published an [ISDA/IIFM Shari'ah-Compliant Bilateral Amendment Agreement](#) template to enable institutions to agree with their counterparties to incorporate the fallbacks for existing Islamic hedges.

Publication of the two documents follows an announcement by the UK Financial Conduct Authority on March 5, 2021 that 30 LIBOR settings will cease or become non-representative at the end of 2021. A further five US dollar LIBOR tenors will continue to be published on a representative basis until mid-2023. The ISDA/IIFM IBOR Fallback Definitions Booklet is based on the fallbacks published by [ISDA in October 2020](#), designed to ensure derivatives referenced to certain key IBORs automatically switch to an adjusted risk-free rate if an IBOR ceases to exist or, in the case of LIBOR, is deemed non-representative.

The ISDA/IIFM IBOR Fallback Definitions have been developed for Islamic hedging transactions under the ISDA/IIFM Tahawwut Master Agreement and cover US dollar, euro, sterling, yen and Singapore dollar. The documents were developed by the IIFM Hedging Work Stream and approval was obtained on the Bilateral Amendment Agreement from the IIFM Shari'ah Board, which also considered the IBOR Fallback Definitions for informational and reference purposes only.

A [client briefing by Dentons](#), the external legal counsel to the project, has also been released to assist users in implementing the documents.

“The long-standing collaboration between IIFM and ISDA has been instrumental in providing required standardization for the Islamic hedging segment. Undoubtedly, today's publication of the IBOR Bilateral Amendment Agreement and IBOR Fallback Definitions Booklet is another landmark achievement for IIFM and the entire industry,” said Mr. Khalid Hamad Al Hamad, Chairman of IIFM.

“We're delighted to work with IIFM to develop fallbacks for Islamic hedging transactions. Having robust contractual fallbacks in place will provide certainty following the cessation or non-representativeness of LIBOR or the cessation of certain other IBORs, and will avoid the market disruption that could otherwise occur,” said Scott O'Malia, ISDA's Chief Executive.

“The publication of the Bilateral Amendment Agreement and the reference IBOR Fallback Booklet will ensure the Islamic hedging segment is up to speed with this major regulatory-driven global benchmark rates transformation and will allow for smooth transition to new risk-free rates across all jurisdictions,” said Mr. Ijlal Ahmed Alvi, the Chief Executive of IIFM.



"The publication of the ISDA/IIFM IBOR Fallback Definitions Booklet and the Bilateral Amendment Agreement is very timely and provides the market with a standardized solution to address the transition from IBORs to RFRs. It has been a pleasure working with IIFM, ISDA and the working group on this important initiative," said Yusuf Battiwala, Partner at Dentons.

"IIFM truly appreciates all the assistance and guidance provided by the esteemed scholars of the IIFM Shari'ah Board in achieving this other essential and key achievement for the industry. We thank the distinguished scholars very much for their continuous assistance to IIFM, and we could not have done this without their experience and extensive knowledge. We always highly appreciate their much-needed assistance and guidance to IIFM for the benefit of the entire industry worldwide," said Dr. Ahmed Rufai, from the Shari'ah Department of IIFM.

Mr. Alvi expressed his gratitude to The Waqf Fund (Bahrain) for providing the required financial support to enable the development of these documents. He thanked the Saudi National Bank for its support with the Arabic translation of the documentation, as well as all the member institutions of the IIFM Core Working Group and the IIFM Hedging Work Stream.

**For Media Enquiries, Please Contact:**

Usman M. Naseer, IIFM Bahrain, +973 17 500161, [usman.naseer@iifm.net](mailto:usman.naseer@iifm.net)  
Christopher Faimali, ISDA London, +44 20 3808 9736, [cfaimali@isda.org](mailto:cfaimali@isda.org)

**About IIFM**

IIFM is a global standard-setting body of the Islamic Financial Services Industry (IFSI) focusing on standardization of Shari'ah-compliant financial contracts and product templates.

IIFM is hosted by the Central Bank of Bahrain (CBB) and was established under Royal Decree No (23) Year 2002 of the Kingdom of Bahrain as a neutral and non-profit international Islamic infrastructure development institution, by the collective efforts of the CBB (formerly Bahrain Monetary Agency), Islamic Development Bank, Bank Indonesia, Bank Negara Malaysia (delegated to Labuan Financial Services Authority), Central Bank of Sudan and Brunei Darussalam Central Bank (formerly Autoriti Monetari Brunei Darussalam).

Besides the Founding and Permanent Members, IIFM Board of Directors consist of Islamic and international banks namely Kuwait Finance House, Dubai Islamic Bank, Saudi National Bank, Bank ABC Islamic, Gulf Finance House, Standard Chartered, Credit Agricole CIB and National Bank of Kuwait.

IIFM is also supported by certain regulatory and government bodies such as State Bank of Pakistan, National Bank of Kazakhstan and DIFC Authority as well as by a number of international and regional financial institutions and other market players active in Islamic finance.

Information on IIFM and its activities is available on [www.iifm.net](http://www.iifm.net)

**About ISDA**

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 960 member institutions from 78 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: [www.isda.org](http://www.isda.org). Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).