

## Future Cessation Guidance – 2021 ISDA Interest Rate Derivatives Definitions and 2006 ISDA Definitions

### The Jakarta Interbank Offered Rate (JIBOR)

The International Swaps and Derivatives Association, Inc. (“ISDA”) provides the following guidance for parties to over-the-counter derivative transactions that are affected by the announcement made on September 27, 2024 (the “**JIBOR Cessation Announcement**”) by Bank Indonesia (“BI”) relating to the future cessation of the Jakarta Interbank Offered Rate (“JIBOR”).

On September 27, 2024 in the JIBOR Cessation Announcement, BI announced the future cessation of all five remaining tenors (i.e. 1 week, 1-month, 3-month, 6-month and 12-month tenors)<sup>1</sup> of JIBOR currently published by BI (as Administrator of JIBOR), and that publication of all such remaining tenors of JIBOR will permanently cease immediately following their final publication on December 31, 2025. The JIBOR Cessation Announcement can be found [here](#).

The JIBOR Cessation Announcement further stated that the Indonesia National Working Group on Benchmark Reform also announced on September 27, 2024 publication of a “JIBOR Transition Guide” which “*aims to provide guidelines for the implementation of the transition for market participants and all stakeholders to support the smooth transition of JIBOR. In the guidelines, among others, NWGBR recommends an alternative reference rupiah interest rate based on transactions, namely, INDONIA*”<sup>2</sup> (the “**JIBOR Transition Guidelines**”). The Bahasa version of the JIBOR Transition Guidelines can be found [here](#)<sup>3</sup>.

ISDA is issuing this guidance in the interest of mitigating market risk and the promotion of orderly and consistent application of triggers and fallbacks by market participants. This guidance is not legal advice and market participants should consult their legal advisors as appropriate. Market participants should not rely on this guidance for any purpose but should review the contractual terms of each affected transaction in order to understand the effects of the events described above. ISDA does not assume any responsibility for this guidance and it is not intended to set a precedent. Parties are not obliged to follow this guidance. For cleared transactions and transactions executed on electronic confirmation platforms, market participants should refer to the contractual terms of the applicable clearing house or confirmation platform, as applicable.

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<sup>1</sup> The overnight tenor of JIBOR ceased publication as of 2<sup>nd</sup> January 2019.

<sup>2</sup> Translated from the official Bahasa version of the JIBOR Cessation Announcement.

<sup>3</sup> For the purposes of this guidance, ISDA has relied on an English translation of an extract of the Bahasa version of the JIBOR Transition Guidelines provided to it by Bank Indonesia.

## Guidance

The purpose of this Guidance is:

- (1) **2021 ISDA Interest Rate Derivatives Definitions**: to describe how the terms of the 2021 ISDA Interest Rate Derivatives Definitions (Versions 1.0 to 12.0 ), published by ISDA on its 'MyLibrary' platform (the "**2021 Definitions**") apply to the JIBOR Cessation Announcement;
- (2) **2006 ISDA Definitions**: to describe how the terms of the 2006 ISDA Definitions published by ISDA (the "**2006 Definitions**") apply to the JIBOR Cessation Announcement;
- (3) **2018 ISDA Benchmarks Supplement**: to describe how the terms of the 2006 ISDA Definitions Benchmarks Annex to the ISDA Benchmarks Supplement (the "**ISDA Benchmarks Supplement**") apply to the JIBOR Cessation Announcement; and
- (4) **April 2025 Benchmarks Module**: to describe how the terms of the April 2025 Benchmarks Module to the ISDA 2021 Fallbacks Protocol (the "**April 2025 Benchmarks Module**") apply to the JIBOR Cessation Announcement.

Terms used but not defined in this Guidance have the meanings given to them in the 2021 Definitions, the 2006 Definitions, the ISDA Benchmarks Supplement or the April 2025 Benchmarks Module, as applicable.

### 1. The JIBOR Cessation Announcement

On September 27, 2024, BI announced in the **JIBOR Cessation Announcement**:

*"Bank Indonesia as the administrator of the Jakarta Interbank Offered Rate (JIBOR) has set the permanent suspension of JIBOR publications for all tenors (tenors of 1 week, 1 month, 3 months, 6 months, and 12 months), starting from January 1, 2026."*<sup>4</sup>

#### 1.1. Consequences of the JIBOR Cessation Announcement pursuant to 2021 Definitions

An Index Cessation Event under the 2021 Definitions<sup>5</sup> will occur in respect of JIBOR upon:

*"a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark announcing that it has ceased or will cease to provide the Applicable Benchmark permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark."*

In light of the above, an Index Cessation Event with respect to JIBOR occurred on September 27, 2024 by virtue of the announcement by BI (the Administrator of JIBOR) that JIBOR will permanently cease. The Index Cessation Effective Date is the first date on which JIBOR would ordinarily have been published or provided and will no longer be published or provided. This is a question of fact as to the date on which this will occur. Pursuant to the JIBOR Cessation Announcement, the Index Cessation Effective Date is expected to be the first Jakarta business day after December 31, 2025<sup>6</sup> on which JIBOR would ordinarily have been published or provided but is not published or provided.

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<sup>4</sup> Translated from the official Bahasa version of the JIBOR Cessation Announcement.

<sup>5</sup> The analysis regarding the occurrence of an Index Cessation Event and the corresponding Index Cessation Effective Date set out in this section applies equally to each version of the 2021 Definitions published by ISDA as at the date of this Guidance.

<sup>6</sup> It is expected that the first Jakarta business day immediately following Wednesday December 31, 2025 will be Friday January 2, 2026, unless Friday January 2, 2026 is an unscheduled holiday in Jakarta.

## 2. Fallbacks pursuant to Versions 1.0 to 12.0 of the 2021 Definitions

Pursuant to any of Version 1.0 to Version 12.0 of the 2021 Definitions, the Generic Fallback Provisions will apply from the Index Cessation Effective Date. Under the Generic Fallback Provisions, the parties are obliged to seek to apply the Alternative Continuation Fallbacks and will apply the first Alternative Continuation Fallback pursuant to which a Continuation Amendment can be made. Refer to the [ISDA Summary of the Generic Fallback Provisions](#) for a summary of the Generic Fallback Provisions.

For the purposes of applying the Alternative Continuation Fallback ‘Alternative Post-nominated Index’, an alternative index must be “*formally designated, nominated or recommended*” by a Relevant Nominating Body or the Administrator to replace the Applicable Benchmark (in this case, JIBOR) and, in the case of a recommendation by the Administrator, provided that the replacement is substantially the same as the Applicable Benchmark.

The JIBOR Transition Guidelines are published by the Indonesia National Working Group on Benchmark Reform. The JIBOR Transition Guidelines provide that market participants with exposure to JIBOR are required to transition to the recommended ‘ARR’ (the adjusted reference rate), being the INDONESIA-based reference rate, compounded daily. The JIBOR Transition Guidelines further state that the formula for the JIBOR fallback rate is as follows:

$$\text{JIBOR} + \text{Margin} = \text{Fallback Rate} + \text{Margin}$$

$$\text{Fallback Rate} = \text{Adjusted Reference Rate INDONESIA}^7 + \text{Spread Adjustment.}$$

Finally, in respect of the spread adjustment, the JIBOR Transition Guidelines provide that based on studies conducted, the National Working Group on Benchmark Reform recommends calculating the spread adjustment by using the median of the differences between JIBOR and the ARR INDONESIA in arrears for each major tenor, with such calculation being derived from historical data covering the past 5 years, referencing on the cessation trigger date, and that the spread adjustment will remain fixed throughout the entire tenor of legacy JIBOR contracts since the trigger date. The spread adjustment rates for the 1 week, 1, 3, 6, and 12-month tenors will be determined using the cessation trigger date of September 27, 2024, based on historical data from the preceding 5 years.

By this, ISDA understands that the recommendation in the JIBOR Transition Guidelines for derivatives is to use INDONESIA compounded in arrears plus a spread adjustment. The spread adjustment, for this purpose, is the 5-year historical median spread between JIBOR and INDONESIA. For 1-week and the 1, 3, 6 and 12-month tenors, the JIBOR Transition Guidelines confirm that this spread fixed on September 27, 2024.

Accordingly, for the purposes of the definition of “Alternative Post-nominated Index”, compounded INDONESIA plus the spread adjustment has been recommended as a replacement index for derivatives.

Consequently, parties may agree to apply the Alternative Continuation Fallback, ‘Alternative Post-nominated Index’, as set out in Section 8.6.3(iii) (*Application of Alternative Post-nominated Index*) of the 2021 Definitions.

If parties agree an alternative outcome pursuant to the Alternative Continuation Fallback ‘Agreement between the parties’ or by providing for Alternative Continuation Fallback ‘Alternative Pre-nominated Index’ to apply in respect of the Transaction, then the Alternative Continuation Fallback ‘Agreement

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<sup>7</sup> Although the term “Adjusted Reference Rate INDONESIA” is not directly defined in the JIBOR Transition Guidelines, ISDA understands this term to mean INDONESIA compounded in arrears.

between the parties' or Alternative Continuation Fallback 'Alternative Pre-nominated Index' (as applicable) would instead apply.

### **3. Bloomberg Spread Adjustment and Fallback Rate (INDONIA)**

The spread for the 1-week and the 1, 3, 6 and 12-month tenors has been calculated and fixed by Bloomberg Index Services Limited ("**BISL**") and is available as set out in the Bloomberg IBOR Fallback Rate Adjustments Rule Book.

BISL will also publish an all-in rate for compounded INDONIA plus a spread adjustment for the relevant tenor ("**Fallback Rate (INDONIA)**"). Fallback Rate (INDONIA) is the fallback rate recommended by the Indonesia National Working Group on Benchmark Reform as set out in the JIBOR Transition Guidelines and referred to as the "Fallback Rate" in the JIBOR Transition Guidelines. Fallback Rate (INDONIA) will be available on the Bloomberg Terminal at <FBAK> <GO> and on a 24 hour delay on the Bloomberg website at:

<https://www.bloomberg.com/professional/solutions/regulation/libor-resource-center/>.

BISL will also publish, at the same web link, a technical note that includes confirmation of the official spread adjustments for each tenor, fixed as of September 27, 2024.

### **4. Fallbacks pursuant to Versions 13.0 onwards of the 2021 Definitions**

Pursuant to the Permanent Cessation Fallbacks for JIBOR in Versions 13.0 onwards of the 2021 Definitions, Fallback Rate (INDONIA), as published by BSIL, will apply as the fallback to JIBOR from the Index Cessation Effective Date with respect to JIBOR.

### **5. Fallbacks pursuant to the 2006 ISDA Definitions**

The terms of the relevant Rate Option will apply. Section 7.1(j)(ix) of the 2006 Definitions includes a Rate Option for JIBOR: "IDR-JIBOR-Reuters". Pursuant to the terms of this Rate Option, if the relevant rate does not appear on the relevant screen, then the rate for the Reset Date will be a mutually agreed index to replace such rate. If such mutual agreement cannot be reached between the parties, the rate for a Reset Date will be determined by the Calculation Agent in good faith and in a commercially reasonable manner by reference to the rates at which each of the Reference Banks is offering IDR placement to other interbank counterparties in Jakarta for deposits in Indonesian Rupiah for the applicable tenor. If the Calculation Agent does not receive quotes from at least four Reference Banks, there is a further fallback to the Calculation Agent determining the relevant rate (in its sole discretion, acting in good faith and in a commercially reasonable manner).

As JIBOR will not appear on the relevant screen after December 31, 2025, for the purposes of the Rate Option detailed above, the fallback to a mutually agreed index, the further fallback to Reference Bank quotations, and the final fallback to Calculation Agent determination, will apply from the first Jakarta business day immediately following December 31, 2025<sup>8</sup>, being the first day on which JIBOR will no longer be provided.

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<sup>8</sup> It is expected that the first Jakarta business day immediately following Wednesday December 31, 2025 will be Friday January 2, 2026, unless Friday January 2, 2026 is an unscheduled holiday in Jakarta.

**6. *The IBOR Fallbacks Supplement, the IBOR Fallbacks Protocol, Supplement 90 to the 2006 Definitions and the December 2021 Benchmark Module to the ISDA 2021 IBOR Fallbacks Protocol***

Supplement number 70 to the 2006 Definitions (the IBOR Fallbacks Supplement), finalized on October 23, 2020 and published by ISDA and effective on January 25, 2021, amends and restates certain IBOR Rate Options and related terms to introduce fallbacks on a permanent cessation of those IBOR Rate Options. The ISDA 2020 IBOR Fallbacks Protocol (published on October 23, 2020) applies those fallbacks to, *inter alia*, legacy transactions incorporating the 2006 Definitions that were entered into prior to the effective date of Supplement number 70. Neither the 2020 IBOR Fallbacks Protocol nor Supplement number 70 to the 2006 Definitions include permanent cessation fallbacks for JIBOR. Accordingly, neither Supplement number 70 nor the ISDA 2020 IBOR Fallbacks Protocol apply to the JIBOR Cessation Announcement.

Supplement number 90 to the 2006 Definitions, published by ISDA and effective on December 16, 2021, amends and restates certain additional IBOR Rate Options and related terms not previously included in Supplement number 70 in order to introduce fallbacks on a permanent cessation of those IBOR Rate Options. The December 2021 Benchmark Module and related ISDA 2021 Fallbacks Protocol (published on December 16, 2021) apply those fallbacks to certain legacy transactions incorporating the 2006 Definitions that were entered into prior to the effective date of Supplement number 90. Neither the December 2021 Benchmark Module nor Supplement number 90 to the 2006 Definitions include permanent cessation fallbacks for JIBOR. Accordingly, neither Supplement number 90 nor the December 2021 Benchmark Module apply to the JIBOR Cessation Announcement.

**7. *Consequences of the JIBOR Cessation Announcement pursuant to the April 2025 Benchmarks Module***

In April 2025 ISDA published the April 2025 Benchmarks Module to enable parties to incorporate the fallbacks for certain Relevant Benchmarks, including JIBOR, into (in respect of transactions referencing JIBOR) (1) legacy transactions referencing a Relevant Benchmark and incorporating (or referring to) the 2006 Definitions<sup>9</sup> or any of Versions 1.0 to 12.0 of the 2021 Definitions, and (2) legacy transactions containing generic references to the Relevant Benchmarks.

Protocol Covered Documents referencing JIBOR will be amended by the April 2025 Benchmarks Module as described below.

**7.1. 2021 Definitions**

If a Protocol Covered Document incorporates any of Versions 1.0 to 12.0 of the 2021 Definitions and references JIBOR, the April 2025 Benchmarks Module amends that Protocol Covered Document by incorporating the fallbacks that apply on JIBOR cessation that were introduced in Version 13.0 of the 2021 Definitions (as to which, please refer to the paragraph above entitled '*Fallbacks pursuant to Versions 13.0 onwards of the 2021 Definitions*').

If a Protocol Covered Document references JIBOR "as defined" or having the meaning given in the 2021 Definitions, that reference will be interpreted as a reference to IDR-JIBOR as defined in Version 13.0 of the 2021 Definitions.

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<sup>9</sup> The April 2025 Benchmarks Module also amends transactions incorporating or referencing the 2000 Definitions. However, as that booklet does not contain a JIBOR floating rate option, those amendments are not relevant for the purpose of this Guidance.

## **7.2. 2006 Definitions**

If a Protocol Covered Document incorporates the 2006 Definitions, the April 2025 Benchmarks Module amends the Protocol Covered Document to incorporate the JIBOR fallbacks set out in Version 13.0 of the 2021 Definitions, but adapts these amendments to apply within the framework, and using the defined terms, of the 2006 Definitions. In order to incorporate the permanent cessation fallbacks to JIBOR in the Protocol Covered Document certain provisions relevant to permanent cessation fallbacks set out in Supplement 70 and Supplement 90 to the 2006 Definitions are also incorporated into that Protocol Covered Document. However, only the relevant defined terms and general provisions (such as the definition of Index Cessation Event) from Supplement 70 and Supplement 90 are incorporated and not the permanent cessation fallbacks for the other IBORs that are contained in those two supplements. Consequently, adherence to the April 2025 Benchmarks Module will not incorporate the IBOR fallbacks that are set out in Supplement 70 and Supplement 90.

If a Protocol Covered Document references JIBOR “as defined in” or as having the meaning given to it in the 2006 Definitions, that reference will be interpreted as a reference to “IDR-JIBOR-Reuters” as defined in the 2006 Definitions but amended by the April 2025 Benchmarks Module (as described in the immediately preceding paragraph).

## **7.3. Generic references to JIBOR:**

If a Protocol Covered Document otherwise references JIBOR, howsoever defined, the April 2025 Benchmarks Module amends that Protocol Covered Document to effectively include the JIBOR fallbacks from Version 13.0 of the 2021 Definitions, but these provisions are worded generically to avoid referring to the specific definitions from any one definitional booklet.

Please refer to the paragraph above entitled ‘*Fallbacks pursuant to Versions 13.0 onwards of the 2021 Definitions*’ for a summary of the JIBOR fallback provisions introduced in Version 13.0 of the 2021 Definitions which are applied to Protocol Covered Documents as described in the preceding paragraphs.

## ***Application of the ISDA Benchmarks Supplement to the JIBOR Cessation Announcement***

For the purposes of applying the 2006 ISDA Definitions Benchmarks Annex to the ISDA Benchmarks Supplement, at the time of the JIBOR Cessation Announcement regarding the permanent discontinuation of JIBOR, “IDR-JIBOR-Reuters”, as referenced in transactions incorporating the 2006 Definitions, does not include a reference to a concept defined or otherwise described as an “index cessation event”. This means that a “Priority Fallback” as defined in Section 1.1 (*Specific provisions for certain Relevant Benchmarks*) of the 2006 ISDA Definitions Benchmarks Annex to the ISDA Benchmarks Supplement will not apply to the relevant transactions.

Accordingly, the provisions of Section 1.2 (*Consequences of a Benchmark Trigger Event*) of the 2006 ISDA Definitions Benchmarks Annex to the ISDA Benchmarks Supplement will apply following the JIBOR Cessation Announcement (which constitutes a “Benchmark Trigger Event” under the 2006 ISDA Definitions Benchmarks Annex to the ISDA Benchmarks Supplement) and each party

must seek to apply one or more “Alternative Continuation Fallbacks” prior to the “Cut-off Date” of the first JIBOR business day immediately following December 31, 2025<sup>10</sup>.

The 2006 ISDA Definitions Benchmarks Annex to the ISDA Benchmarks Supplement includes equivalent Alternative Continuation Fallbacks to those set out in the Generic Fallback Provisions in the 2021 Definitions. As such, the operation of the Alternative Continuation Fallbacks in the 2006 ISDA Definitions Benchmarks Annex to the ISDA Benchmarks Supplement is the same as the operation of the Generic Fallback Provisions in the 2021 Definitions. See the section above entitled, *‘Fallbacks pursuant to Versions 1.0 to 12.0 of the 2021 Definitions’*, for further details.

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<sup>10</sup> It is expected that the first Jakarta business day immediately following Wednesday December 31, 2025 will be Friday January 2, 2026, unless Friday January 2, 2026 is an unscheduled holiday in Jakarta.

## **Annex 1**

### **2006 ISDA Definitions – JIBOR Rate Option**

“IDR-JIBOR-Reuters” means the rate for a Reset Date will be the rate published by Bank Indonesia for a period of the Designated Maturity which appears on the Reuters Screen JIBOR Page as of 11:00 a.m., Jakarta time, on the day that is two Jakarta Business Days preceding that Reset Date. If such rate does not appear on the Reuters Screen JIBOR Page, the parties will use a mutually agreed index to replace the rate. If such mutual agreement cannot be reached, the rate for a Reset Date will be determined by the Calculation Agent in good faith and in a commercially reasonable manner by reference to the rates at which each of the Reference Banks is offering IDR placement to other interbank counterparties in Jakarta for deposits in Indonesian Rupiah for a period of the Designated Maturity at approximately 4:30p.m. Jakarta time, on the day which is two Jakarta Business Days preceding that Reset Date. If at least four quotations are provided, the rate shall be the arithmetic mean of the quotations (ignoring the highest and the lowest quotations). For this purpose, if more than one quotation has the same highest or lowest value, then only one such quotation shall be disregarded. If three or fewer quotations are provided, the rate for that Reset Date shall be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercially reasonable manner. “Reference Banks” shall mean five major banks active in Jakarta interbank market elected by the Calculation Agent in its sole discretion, acting in good faith and in a commercially reasonable manner, consisting of two banks which are not incorporated or otherwise constituted under the laws of the Republic of Indonesia (none of which shall be the Calculation Agent) and three banks which are incorporated or otherwise constituted under the laws of the Republic of Indonesia.