October 23, 2025

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

The Malaysian Ringgit wholesale unsecured interbank funding rate known as "KLIBOR"

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 October 16, 2025 by Bank Negara Malaysia ("**BNM**") relating to the future cessation of KLIBOR (the "**KLIBOR Cessation Announcement**").

On October 16, 2025, BNM announced that KLIBOR (the Malaysian Ringgit wholesale unsecured interbank funding rate known as "**KLIBOR**") will cease effective January 1, 2029. The announcement can be found here.

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.

Guidance

The purpose of this Guidance is to describe how the terms of:

(1) **2021 ISDA Interest Rate Derivatives Definitions**: the 2021 ISDA Interest Rate Derivatives Definitions published by ISDA on its 'MyLibrary' platform as at the date of this Guidance (the "**2021 Definitions**");

(2) **2006 ISDA Definitions**: the 2006 ISDA Definitions published by ISDA (the "**2006 Definitions**");

(3) **December 2021 Benchmark Module to the ISDA 2021 Fallbacks Protocol**: the December 2021 Benchmark Module to the ISDA 2021 Fallback Protocol published on December 16, 2021 (the "**December 2021 Benchmark Module**"); and

(4) **2018 ISDA Benchmarks Supplement**: the 2006 ISDA Definitions Benchmarks Annex to the 2018 ISDA Benchmarks Supplement (the "**ISDA Benchmarks Supplement**"),

apply to the KLIBOR Cessation Announcement.

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

1 The KLIBOR Cessation Announcement

On October 16, 2025 BNM issued an announcement on "Transition from KLIBOR to MYOR and MYOR-i". In that announcement, BNM stated that:

> "*By the end of the transition, KLIBOR*[1] *will cease to exist effective 1 January 2029*".

2 Fallbacks pursuant to the 2021 Definitions

An Index Cessation Event under the 2021 Definitions will occur in respect of a relevant rate 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*".

Under the 2021 Definitions, the Index Cessation Effective Date will occur on the first date on which the relevant benchmark would ordinarily have been published or provided and is no longer published or provided.

The KLIBOR Cessation Announcement indicates that the publication of KLIBOR will permanently cease on January 1, 2029. For the purposes of the Floating Rate Option "MYR-KLIBOR" in the 2021 Definitions, an Index Cessation Event with respect to KLIBOR occurred on October 16, 2025 by virtue of the announcement by BNM that KLIBOR will permanently cease. The related Index Cessation Effective Date will occur on January 1, 2029 if that day is a Kuala Lumpur Business Day or, if it is not, on the first Kuala Lumpur Business Day immediately following that day, being the first date on which KLIBOR would ordinarily have been published or provided and will no longer be published or provided. This is the first date on which the applicable fallback rate will apply. [2]

[1] As the statement refers to KLIBOR generally, it is understood that all tenors of KLIBOR will cease with effect from this date.

[2] This analysis applies equally to each version of the 2021 Definitions published by ISDA as at the date of this Guidance as no amendments have been made to the definition of Index Cessation Event.

Events may arise in the future which may affect the timing of the Index Cessation Effective Date. These include if a subsequent Index Cessation Event occurs with respect to KLIBOR. For example, if BNM were to make a later announcement that KLIBOR will cease to be provided from a different date, the Index Cessation Effective Date would change accordingly. However, the spread adjustment in respect of all tenors of KLIBOR as published by Bloomberg Index Services Limited ("**BISL**") will be fixed on the earliest Index Cessation Event to occur (see the paragraph "*Application of the Bloomberg Spread Adjustment to the KLIBOR Cessation Announcement*" below).

2.1 *Fallbacks pursuant to Versions 4.0 onwards of the 2021 Definitions*

For the purposes of MYR-KLIBOR, pursuant to the Permanent Cessation Fallbacks for KLIBOR in Versions 4.0 onwards of the 2021 Definitions, Fallback Rate (MYOR), as published by BSIL (see below), will apply as the fallback to KLIBOR from the Index Cessation Effective Date with respect to KLIBOR.

2.2 *Bloomberg Spread Adjustment and Fallback Rate (MYOR)*

BISL publishes 'indicative' spreads for each "IBOR" (as defined in the Bloomberg IBOR Fallback Rate Adjustments Rule Book) tenor in advance of a fallback actually applying by reference to published IBOR values and for informational purposes.

The spread for a specific IBOR tenor will be fixed or 'set' by BISL on the "Spread Adjustment Fixing Date" (as defined in the Bloomberg IBOR Fallback Rate Adjustments Rule Book), which, in the event that the cessation relates to all remaining tenors (as will be the case for KLIBOR), will be the date on which the Index Cessation Event occurs.

BISL has confirmed that under the Bloomberg IBOR Fallback Rate Adjustments Rule Book, the KLIBOR Cessation Announcement will constitute an "IBOR Cessation Trigger Date". Accordingly, the "Spread Adjustment Fixing Date" for all tenors of KLIBOR is October 16, 2025. BISL's published technical note can be found within the 'IBOR Fallback Technical Notes' section on the 'Bloomberg Resources for LIBOR Transition' webpage.

BISL will also publish the all-in compounded MYOR plus the spread adjustment for the relevant tenor ("**Fallback Rate (MYOR)**"). Fallback Rate (MYOR) is the fallback rate that applies, as of the Index Cessation Effective Date, pursuant to the fallbacks to KLIBOR in Version 4.0 onwards of the 2021 Definitions, Supplement 90 to the 2006 Definitions and pursuant to the December 2021 Benchmark Module, as more fully described in the relevant paragraphs of this guidance.

2.3 *Fallbacks pursuant to Versions 1.0 to 3.0 of the 2021 Definitions (for Transactions that have not been amended by the December 2021 Benchmark Module)*

Pursuant to any of Version 1.0 to Version 3.0 of the 2021 Definitions, the Generic Fallback Provisions will apply to contracts referencing MYR-KLIBOR from the Index Cessation Effective Date (provided that the documents incorporating any of Versions 1.0 to 3.0 of the 2021 Definitions have not been amended by the December 2021 Benchmark Module). 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, KLIBOR) and in the case of a recommendation by the Administrator, provided that the replacement is substantially the same as the Applicable Benchmark.

The KLIBOR Cessation Announcement refers to the cessation of KLIBOR occurring in the context of "*transition […] to the Malaysia Overnight Rate (MYOR)*" and that "*legacy KLIBOR contracts will be converted to MYOR/MYOR-i where possible and any remaining contracts shall incorporate robust fallback provisions.*"

By this, ISDA understands that the recommendation from BNM is for all contracts referencing KLIBOR to use MYOR as the replacement benchmark either by way of conversion or as a fallback.

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, and apply MYOR as the Alternative Post-nominated Index, in which case the Calculation Agent will determine the Adjustment Spread that will apply to MYOR as the Alternative Post-nominated Index.

If parties agree an alternative outcome pursuant to the Alternative Continuation Fallback, 'Agreement between the parties' or if the parties have provided for an 'Alternative Pre-nominated Index' in respect of the Transaction, that Alternative Continuation Fallback would instead apply.

2.4 *Fallbacks pursuant to Versions 1.0 to 3.0 of the 2021 Definitions for Transactions amended by the December 2021 Benchmark Module*

If a transaction is a Protocol Covered Document, amended via the December 2021 Benchmark Module, that incorporates any of Versions 1.0 to 3.0 of the 2021 Definitions and references MYR-KLIBOR, the December 2021 Benchmark Module amends that Protocol Covered Document by incorporating the fallbacks that apply on KLIBOR cessation that were introduced in Version 4.0 of the 2021 Definitions (as to which, please refer to the paragraph above entitled '*Fallbacks pursuant to Versions 4.0 onwards of the 2021 Definitions*').

3 Fallbacks pursuant to the 2006 Definitions

3.1 *Transactions that incorporate Supplement 90 to the 2006 Definitions or have been amended by the December 2021 Benchmark Module*

Supplement 90 to the 2006 Definitions, published by ISDA on December 16, 2021 ("**Supplement 90**") incorporates equivalent permanent cessation triggers and fallback provisions for KLIBOR to those included in Versions 4.0 onwards of the 2021 Definitions (as described above). The December 2021 Benchmark Module allows parties to amend their legacy documents (i.e. transactions referencing the 2006 Definitions which were entered into prior to the publication of Supplement 90) to incorporate those equivalent triggers and fallback provisions for KLIBOR. As such, the consequences of the KLIBOR Cessation Announcement pursuant to Supplement 90 or the December 2021 Benchmark Module is the same as pursuant to Versions 4.0 onwards of the 2021 Definitions and accordingly Fallback Rate (MYOR) will apply as from the Index Cessation Effective Date (i.e. January 1, 2029, if that day is a Kuala Lumpur Business Day or, if it is not, the first Kuala Lumpur Business Day immediately following that day).

3.2 *Transactions not incorporating Supplement 90 and not amended via the December 2021 Benchmark Module*

Section 7.1(n)(i) of the 2006 Definitions includes a Rate Option for "MYR-KLIBOR-BNM". In respect of any transactions that do not incorporate the terms of Supplement 90 and have not been amended by the December 2021 Benchmark Module, the terms of the relevant Rate Option as set out in the 2006 Definitions will apply. Pursuant to the terms of that Rate Option, if the relevant rate does not appear on the relevant screen, then the rate for the Reset Date will be determined by reference to the Rate Option, "MYR-KLIBOR-Reference Banks", which sets out a dealer poll process requiring quotations from Reference Banks. If quotations are not available, there is no express further fallback to the Calculation Agent determining the relevant rate and parties should consult their legal advisers as to the outcome in those circumstances.

As KLIBOR will not appear on the relevant screen as of January 1, 2029, for the purposes of the Rate Option detailed above, the fallback to Reference Bank quotations will apply from that date or, if that date is not a Kuala Lumpur Banking Day, the first following Kuala Lumpur Banking Day following that date, being the first day on which KLIBOR would ordinarily have been, but will no longer be, provided.

3.3 *Fallbacks pursuant to Transactions documented under the 2006 Definitions that apply the ISDA Benchmarks Supplement*

For the purposes of the ISDA Benchmarks Supplement, "MYR-KLIBOR-BNM", as referenced in transactions incorporating the terms of Supplement 90 (whether directly or pursuant to the terms of the December 2021 Benchmark Module), includes an "index cessation event" and resulting fallback that apply on a permanent cessation with respect to KLIBOR. 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 apply to the relevant transactions. That "Priority Fallback" will consequently apply (i.e. Fallback Rate (MYOR), in accordance with Supplement 90).

If the relevant transaction incorporates the 2006 Definitions, references "MYR-KLIBOR-BNM" and is entered into prior to the publication of Supplement 90 (and has not been amended by the December 2021 Benchmark Module or substantively similar amendment agreements), then, for the purposes of the ISDA Benchmarks Supplement, "MYR-KLIBOR-BNM" does not include a reference to a concept defined or otherwise described as an "index cessation event" with respect to KLIBOR. 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 transaction.

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 and each party must seek to apply one or more "Alternative Continuation Fallbacks".

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 3.0 of the 2021 Definitions*', for further details.

4 *December 2021 Benchmark Module - references to KLIBOR 'as defined in' the 2021 Definitions or the 2006 Definitions and generic references to KLIBOR:*

If a document is a Protocol Covered Document amended by the December 2021 Benchmark Module that references KLIBOR "as defined" or having the meaning given in the 2021 Definitions, that reference will be amended to a reference to MYR-KLIBOR as defined in Version 4.0 of the 2021 Definitions, and will consequently apply the fallback as set out in Version 4.0 of the 2021 Definitions (i.e. a fallback to Fallback Rate (MYOR) from the Index Cessation Effective Date).

If a document is a Protocol Covered Document amended by the December 2021 Benchmark Module that references KLIBOR "as defined" or having the meaning given in the 2006 Definitions, that reference will be amended to a reference to MYR-KLIBOR-BNM as amended by Supplement 90 (i.e. amended to incorporate a fallback to Fallback Rate (MYOR) from the Index Cessation Effective Date).

If a Protocol Covered Document that has been amended by the December 2021 Benchmark Module contains a generic reference to KLIBOR (i.e. not by reference to a Rate Option in the 2006 Definitions or by reference to a Floating Rate Option in the 2021 Definitions), the December 2021 Benchmark Module amends that Protocol Covered Document to effectively include the KLIBOR fallbacks from Version 4.0 of the 2021 Definitions, but these provisions are worded generically to avoid referring to the specific definitions from any one definitional booklet. Consequently, a fallback to Fallback Rate (MYOR) will apply from the Index Cessation Effective Date.

5 *The IBOR Fallbacks Supplement and the 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 KLIBOR. Accordingly, neither Supplement number 70 nor the ISDA 2020 IBOR Fallbacks Protocol apply to the KLIBOR Cessation Announcement.

Annex 1

2006 Definitions KLIBOR Rate Options

"**MYR-KLIBOR-BNM**" means that the rate for a Reset Date will be the rate for deposits in Malaysian Ringgits for a period of the Designated Maturity which appears on the Reuters Screen KLIBOR Page as of 11:00 a.m., Kuala Lumpur time, on that Reset Date. If such rate does not appear on the Reuters Screen KLIBOR Page, the rate for that Reset Date will be determined as if the parties had specified "MYR-KLIBOR-Reference Banks" as the applicable Floating Rate Option.

"**MYR-KLIBOR-Reference Banks**" means that the rate for a Reset Date will be determined on the basis of the rates at which deposits in Malaysian Ringgits are offered by the Reference Banks at approximately 11:00 a.m., Kuala Lumpur time, on that Reset Date to prime banks in the Kuala Lumpur interbank market for a period of the Designated Maturity commencing on that Reset Date and in a Representative Amount. The Calculation Agent will request the principal Kuala Lumpur office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in Kuala Lumpur, selected by the Calculation Agent, at approximately 11:00 a.m., Kuala Lumpur time, on that Reset Date for loans in Malaysian Ringgit to leading banks in Kuala Lumpur for a period of the Designated Maturity commencing on that Reset Date and in a Representative Amount.