

**Cash Products Working Group (CWG) Meeting**  
**21 August 2025**  
**10am - 11am; Sasana Kijang**

### **Summary**

The meeting provided an overview of the Cash Products Working Group (CWG), including the formal appointment of members for CWG, review of the Terms of Reference (ToR), the proposed national KLIBOR transition roadmap, and the identification of key priorities and expected deliverables.

#### **1. Housekeeping**

- 1.1 The meeting was briefed on the composition of the CWG, which comprised experienced market participants from 13 member institutions, led by CIMB and HSBC as the co-leads with Bank Negara Malaysia (BNM) serving as the Secretariat.
- 1.2 Members acknowledged the CWG's Terms of Reference (ToR) and Letter of Undertaking on Confidentiality (LoU). The CWG's broad objective is to support an orderly transition from KLIBOR to MYOR / MYOR-i in the domestic cash market, which may include recommending best practices and market conventions for MYOR / MYOR-i cash products, identifying strategies to promote the trading of MYOR/MYOR-i cash products and participating in awareness and education events that are relevant to the Working Group's recommendations.

#### **2. National KLIBOR Transition Roadmap**

- 2.1 The meeting was subsequently presented with the national transition roadmap for the cessation of KLIBOR and the transition to MYOR / MYOR-i. The roadmap incorporates feedback received from the discussion paper issued in September 2024. Members were then briefed on the key timelines throughout the transition period.
- 2.2 Members **expressed support for the proposed 3-year timeline set out in the national transition roadmap**, noting that while it is tentative, it provides a workable framework. Potential challenges such as management of inventory and operational readiness were acknowledged, though it was conveyed that these are expected to be manageable without significantly derailing progress.
- 2.3 While the usage of KLIBOR will be ceased in new trades across all products midway (e.g. 1.5-year) throughout the transition, members noted that exceptions may be granted for **risk management purposes**. It was highlighted that most jurisdictions restrict the use of risk management trades to "derivatives only", except for the US. Recognising the uniqueness of each jurisdiction, **members were invited to reflect on this matter and share their views in the next meeting**. There were also suggestions for the respective FI to craft the appropriate fallback language or transition risk in new trades for cash products.
- 2.4 Members also emphasised the need to raise awareness of the impact of KLIBOR cessation especially to the lending community among banks (i.e. direct usage of KLIBOR or indirect exposure such as via cost of funds)

### **3. Overview of the KLIBOR to MYOR / MYOR-i Transition**

- 3.1 Members acknowledged that although the total outstanding exposure of KLIBOR-linked Cash Products was lower than that of derivatives, the volume of KLIBOR-linked contracts is relatively sizeable. Based on the March 2025 survey, the maturity profile indicated that approximately 41% of these contracts are expected to mature beyond the tentative cessation date.
- 3.2 Members noted that cash structured products constitute a significant proportion of the contract count, reflecting higher participation from the retail segment.

### **4. Discussion on priorities and milestones of Working Group**

- 4.1 Members were presented with the key milestones of CWG and potential challenges that may require further deliverables. These include the assessment of the potential need for a forward-looking term rate, legacy contract managements, absence of viable near-term alternatives for exotic cash products. It was noted that this list may evolve over time. Members also acknowledged the potential awareness gap, particularly among less sophisticated users, and agreed that early engagement and proactive efforts to promote awareness are critical.
- 4.2 Members emphasized the importance of establishing a clear and comprehensive list of essential requirements, including their sequencing and rationale. In developing industry recommendations, it is essential to ensure fairness and transparency throughout the process.
- 4.3 Members also discussed the potential for the industry to adopt MYOR / MYOR-i as a transparent interest rate benchmark for most term financing products in the future. However, it was noted that this may fall outside the current scope of the Working Group.

### **5. CWG Workplan**

- 5.1 Members were presented with the draft workplan for the CWG, which is aligned with the key milestones and timelines outlined in the national transition roadmap.
- 5.2 Members agreed that the development of MYOR / MYOR-i-based cash products and associated market liquidity are key near-term focus areas. The co-lead encouraged **members to initiate interbank trading of MYOR/MYOR-i referenced cash products as soon as possible to allow early identification of potential implementation challenges.**
- 5.3 Members highlighted that certain deliverables under the CWG are contingent upon other Working Groups, including the Derivatives Working Group (DWG), particularly on the determination of convention and fallback.
- 5.4 It was noted that check-in sessions will be held between BNM and co-leads (i.e. KLIBOR Transition Coordination Subcommittee) to ensure alignment across the Working Groups and to monitor the progress of each group.

### **6. Other Matters**

- 6.1 Regarding the meeting format, members expressed a preference for a combination of physical and virtual meetings to allow greater flexibility, with the next meeting scheduled to take place in approximately one to two months' time.
- 6.2 Members agreed to maintain a tracker of decisions made during each meeting for ease of monitoring and audit purposes.