

Cash Products Working Group (CWG) Meeting 19 November 2025

Summary

The meeting provided an overview of key developments since the first CWG meeting, outlined the near-term workplan, and discussed several topics, including the approach for developing fallback language for cash products, potential need for a forward-looking term MYOR (derived from derivatives), possible use of KLIBOR-linked cash-based trades for risk management purposes, and members' progress in initiating interbank trading of MYOR/MYOR-i referenced cash products.

1. Key Developments and Next Steps

- 1.1 The meeting reviewed the summary of the first CWG meeting and highlighted developments since then. These include the inaugural meetings of all four Working Groups, the publication of the KLIBOR Transition Roadmap (in conjunction with 1H Financial Stability Report (FSR)), the fixing of the ISDA spread adjustment, and the launch of a dedicated transition subpage on FMIP. Members were also informed of the immediate next steps to be undertaken such as the publication of compounded MYOR / MYOR-i rates and indices set to be published by December, as well as the integration of MYOR/MYOR-i into the Tahawwut Master Agreement, which is currently under active discussion by the Shariah Working Group (SWG).

2. Near term CWG Workplan

- 2.1 Members noted the updated CWG workplan, which incorporates comments received from the recent survey conducted in September, and expressed general agreement with the revisions including adjustments and additions to the original timeline. For example, the timeline for launching MYOR/MYOR-i cash-referenced products has been extended to allow market participants sufficient time to enhance systems and update legal documentation. In addition, a new item has been added to address legal, tax, and accounting matters. Based on survey responses, members emphasized that this topic should be treated as a separate agenda item for dedicated discussion.
- 2.2 There were differing views on whether fallback language should be developed individually by financial institutions or through a recommended industry template. Some members suggested that a guidance document would be particularly useful for addressing tough legacy cash products. For affected loans, engagement with ABM and AIBIM may be necessary to develop the recommended fallback language. Following the discussion, members agreed to further explore these perspectives through a survey, with the findings to be presented at the next meeting.
- 2.3 CWG was briefed on the Derivatives Working Group (DWG)'s assessment that the development of a forward-looking term rate is non-critical at this stage. However, some CWG member disagreed, emphasizing the need to prioritize building liquidity in the MYOR / MYOR-i derivatives market. Members were also requested to identify specific cash products that may require a forward-looking term MYOR as a fallback rate.
- 2.4 Members were encouraged to maintain ongoing engagement with their clients to raise awareness and provide timely updates on the transition.

3. Updates on the assessment of the necessity for KLIBOR-linked cash-based trades for risk management purpose to unwind existing positions

- 3.1 During the first CWG meeting, members noted that exceptions may be granted for risk management purpose midway through the transition when the usage of KLIBOR will be ceased. Following the meeting, a survey was then conducted among CWG members to seek member's view on restricting new KLIBOR trades to "derivatives only" for risk management purposes.
- 3.2 Based on survey conducted in September, majority of CWG members (85%) agreed that risk management trades should be limited to derivatives only, citing reasons such as global alignment with regional peers such as United Kingdom, Singapore and Thailand; while few suggested that a principle-based approach rather than by product type such as the United States.
- 3.3 Following discussion, members noted limited use case for new KLIBOR cash products in unwinding existing KLIBOR positions and reached a **consensus that risk management exceptions is not applicable for new cash products** from 1 July 2027 onwards. Members also confirmed the approach of restricting risk management trades to derivatives only.

4. Updates on institution's progress in initiating interbank trading of MYOR/MYOR-I referenced cash products

- 4.1 In the previous meeting, members were encouraged to begin interbank trading of MYOR/MYOR-i-based cash products in small ticket sizes to enable early identification of potential issues.
- 4.2 Most CWG members plan to start in Q1 2026, citing the need to ensure system readiness and addressing challenges related to market liquidity and price discovery due to the limited depth of MYOR/MYOR-i-linked instruments and the absence of published MYOR-i OIS rates, which require coordination with market data providers.
- 4.3 Lastly, dependencies on MYOR / MYOR-i conventions were also highlighted. **Interbank conventions for MYOR / MYOR-i referenced cash products** are currently being developed by PPKM, with draft expected by Q1 2026.