



MONEY MARKET ASSOCIATION OF THE PHILIPPINES, INC. (MART)

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Mr. Johnson T. Sia
Chairman
BAP OMC Benchmark Committee

Mr. Raul Martin A. Pedro
Chairman
BAP OMC Derivatives Subcommittee

Dear Messrs. Sia and Pedro:

ACI Philippines The Financial Markets Association, Inc. (ACI Phils.), together with partners in the industry, has developed the draft implementation guidelines and methodology for “**PHIREF 1.5**” which is seen to be the replacement rate for the existing **PHIREF** rate come the demise of LIBOR. The major difference between **PHIREF** as it currently stands and **PHIREF 1.5** would be the basis for the USD risk-free rate – from the currently used LIBOR, **PHIREF 1.5** would utilize the widely used Secure Overnight Financing Rate (**SOFR**). In the US, the Federal Reserve Board and the New York Fed jointly convened the Alternative Reference Rates Committee (ARRC) and they identified **SOFR** as the rate that represents best practice for use in certain new USD derivatives and other financial contracts.

As one of the key stakeholders who use **PHIREF**, the Money Market Association of the Philippines, Inc. (**MART**) agrees with the need to redefine **PHIREF** with the upcoming discontinuation of **LIBOR**. After a thorough review of the draft implementation guidelines and methodology for **PHIREF 1.5**, **MART** endorses the same as an appropriate and viable alternative to the current **PHIREF** rate.

Thank you.

Very truly yours,

AURELIUS S. KASUNURAN
Chairman, Interest Rate Derivatives Committee

CRISTINA P. ARCEO
President