



## **BANKERS ASSOCIATION OF THE PHILIPPINES**

### **BY EMAIL**

July 28, 2021

### **INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION (ISDA)**

360 Madison Avenue, 16<sup>th</sup> Floor  
New York, NY 10017

Attention: **MR. SCOTT O'MALIA**  
Chief Executive Officer

**MS. KATHERINE TEW DARRAS**  
General Counsel

Subject: **Inclusion of PHIREF 1.5 in the ISDA Supplemental Protocol**

Dear Mr. O'Malia and Ms. Darras,

We write to you with regards to the developments on the Philippine Peso floating rate benchmark known as PHIREF in relation to the IBOR transition process.

The Bankers Association of the Philippines (BAP), in its capacity as the Benchmark Administrator of PHIREF has, after due consultation with relevant market participants, decided to use an index called PHIREF 1.5 as the fallback rate for PHIREF upon permanent cessation of USD LIBOR. The details and mechanics of PHIREF 1.5 are attached as Annex "A".

PHIREF 1.5 has been developed by a working group of ACI Philippines, which represents foreign exchange traders and has been endorsed by the Money Market Association of the Philippines (MART), which represents the money market and fixed income dealers. Furthermore, the *Bangko Sentral ng Pilipinas* (BSP) has formally advised the BAP that it has no objections to PHIREF 1.5. MART's endorsement and the BSP's No Object letter are attached herein as Annex "B" and "C", respectively.

We have also engaged Bloomberg, being the current calculation agent of PHIREF to be the calculation agent for PHIREF 1.5 and to develop the necessary systems to publish PHIREF 1.5. Bloomberg expects to publish these rates by the start of 4Q 2021.

We hereby request ISDA to include PHIREF 1.5 as the fallback rate for PHIREF in the upcoming protocol that ISDA is expected to roll out.

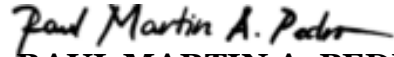
We take this opportunity to thank ISDA for all these years of support and cooperation for the betterment of financial markets both globally and in the Philippines.

Sincerely,



**JOHNSON L. SIA**

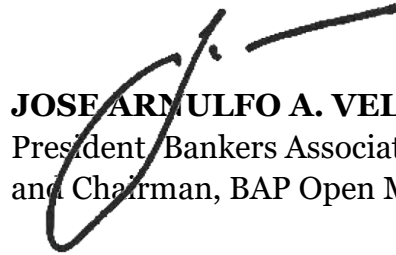
Chairman, Benchmark Committee  
BAP Open Market Committee



**RAUL MARTIN A. PEDRO**

Chairman, Derivatives Subcommittee  
BAP Open Market Committee

Endorsed by:



**JOSE ARMULFO A. VELOSO**

President, Bankers Association of the Philippines  
and Chairman, BAP Open Market Committee



**MICHELANGELO R. AGUILAR**

Co-Chairman  
BAP Open Market Committee

cc: Ms. Jing Gu, Head of Legal, Asia, ISDA  
Mr. Benjamin P. Castillo, Managing Director, BAP