



BANK OF THAILAND

BOT Press Release

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**Financial Institutions will cease issuance of new THBFX-linked financial products
from 1 July 2021 onwards**

Due to the expected cessation of the London Interbank Offered Rate (LIBOR) by end-2021 and the resulting discontinuation of the Thai Baht Interest Rate Fixing (THBFX) which utilizes LIBOR in its calculation, the Steering Committee on Commercial Banks' Preparedness for LIBOR Cessation (the Committee) and the Bank of Thailand (BOT) have jointly agreed that, starting from 1 July 2021 onwards, **all financial institutions will stop offering new loans and debt securities (including structured notes) which reference THBFX**. This is to limit the amount of THBFX exposure, thereby reducing risks associated with the LIBOR transition. In this regard, new financial products may reference the new interest rate benchmark instead, namely, the Thai Overnight Repurchase Rate (THOR) which the Committee and the BOT have together developed as an alternative reference rate for THBFX.

When THBFX is discontinued, the BOT will publish Fallback Rate (THBFX) to be used for THBFX legacy contracts. Market participants must expedite their preparatory works including contract amendments, and any necessary system and operational changes required to accommodate the usage of Fallback Rate (THBFX). However, the Fallback Rate (THBFX) is expected to be published only temporarily until end-2024 as there may no longer be a need to use it after 3 years while THOR-referencing products should already be widely available in the market by then.

The BOT fully supports the industry's preparation, especially on communications with clients as well as fair and transparent contract amendments, to ensure that participants are ready for the transition well ahead of the eventual cessation of LIBOR and THBFX next year.

Market participants may find additional details on the preparation for the LIBOR cessation at <https://www.bot.or.th/English/FinancialMarkets/Pages/ReferenceInterestAndEndOfUseLIBOR.aspx> or via the QR Code below.

Bank of Thailand
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