



EDBS/KH/C/5/2020
14th January 2020

The Chief Executive Officers/General Managers

All Banks
All Financing Companies
Manama
Kingdom of Bahrain

Dear Sir/Madam,

Transition from LIBOR

As you are aware, the London Interbank Offered Rate (LIBOR) used to price US Dollar denominated financial instruments will be replaced by Secured Overnight Financing Rate (SOFR) or other recognized benchmark rate internationally.

While LIBOR is intended to be discontinued after end-2021, it is still being referenced in many new and legacy contracts, a transition from LIBOR to SOFR or other benchmark will potentially have legal, technological, accounting and regulatory implications.

The licensees to who this circular is addressed are hereby required to submit to CBB a report of its analysis of the impact of such transition together with a summary of the approach and plan to address any risks arising. The plan should describe the process, timelines and any appropriate legal solutions to deal with the transition. CBB will also coordinate with the Bahrain Association of Banks to analyse and explore issues and solutions that have a system wide impact.

The report referred to above must be submitted to the designated supervisory point of contact on or before 27th February, 2020.

Yours faithfully,


Khalid Hamad

cc: Bahrain Association of Banks
External Auditors