



South African Reserve Bank

20 March 2014

CHANGES TO THE JIBAR CODE OF CONDUCT

The Jibar Code of Conduct (Code) was published on the website of the South African Reserve Bank (Bank) on 1 March 2013. The Code forms the basis for the Bank's surveillance of the Jibar rate-setting process. As part of a process to enhance the effectiveness of our surveillance, this document is reassessed on a continuous basis for relevance and alignment with international standards.

Following the implementation of the Code, and after initial experience working with the Code, it became clear that certain changes to the Code would be necessary, as discussed in the Jibar Working Group of the Financial Markets Liaison Group (FMLG). It was subsequently revised by the Jibar Working Group. The revised Code was approved at the FMLG meeting in November 2013. Subsequent to the FMLG meeting, the Financial Services Board (FSB) had conducted a gap-analysis to confirm compliance with the IOSCO principles for reference rates. The FSB has completed the analysis and advised that while certain changes are being proposed, consideration of these changes should not necessarily delay the implementation of the Code. The revised Code will become effective on 24 March 2014.

Changes to the revised Code centre around the following issues:

- i. That Contributors adhere to the spirit of the Code to further enhance the credibility of the Jibar as a reference rate and to ensure that rates published on their NCD trading screens are reflective of true market conditions and actual trading levels at all times.

- ii. The recommended bid/offer spreads on NCDs, under normal market conditions, has been determined at a maximum of 25 basis points.
- iii. Bid and offer rates quoted on the Contributors' NCD screens shall apply to a trade size of at least R100 million.
- iv. The JSE Limited will take screen shots of the Contributors' Reuters screen rates for the different Jibar maturities at any time between 9:15 and 9:45 of each business day. These rates will be used to calculate the Jibar.
- v. Switch trades (where a bank is simultaneously buying and selling NCDs negotiated as part of a single trade), are excluded from the rates submitted for the Jibar calculations, but should still be concluded at or inside the recommended bid/offer spreads of NCD trading.

The Bank will continue to monitor global developments around reference rates, and the Code, in consultation with market participants, will be revised accordingly.

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