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SOUTH AFRICAN RESERVE BANK

File ref. no.: 11/26/18/1

Financial Markets Department

**Minutes of the meeting of the Market Practitioners Group on Interest Rate  
Benchmark Reforms held via MS Teams on Friday, 24 October 2025 at 09:00**

**Minutes No. 05/2025**

**Present:**

R Cassim	Chairperson
A Du Toit	Workstream Chairperson – Cash Markets
E Hamman	Workstream Chairperson – Governance and Regulatory Issues
R Roux	Workstream Chairperson – Data Collection and Infrastructure
Z Parker	Workstream Chairperson – Communications
R Klotnick	Workstream Chairperson – Derivatives
P Burgoyne	Workstream Chairperson – Transition Planning and Coordination
K Tulsi	Workstream Chairperson – Accounting and Tax
M Shongwe	Workstream Chairperson – Legal
G Haylett	Banking Association of South Africa
G Raine	Association for Savings and Investment South Africa (ASISA)
J Mol	Association of Corporate Treasurers of Southern Africa (ACTSA)
K Dikokwe	Financial Sector Conduct Authority (FSCA)
H Nyoni	Secretariat – SARB Financial Markets Department

**In attendance:**

Z Gininda	SARB Financial Markets Department
M Phungo	SARB Financial Markets Department

P Mjandana SARB – Deputy Governor Cassim’s Office

**By invitation:**

A Bhowan Derivatives Workstream member  
G Boyce Transition Planning and Coordination Workstream member  
S Govender SARB Prudential Authority  
W Mostert SARB Prudential Authority

**Apologies**

B Maronoti SARB Financial Markets Department  
N Hoosenmia SARB Financial Markets Department  
P Mananga SARB Prudential Authority

## 1. **Welcome**

1.1 The Chairperson welcomed members to the fifth meeting of the Market Practitioners Group on Interest Rate Benchmark Reforms (MPG or Committee) in 2025.

1.2 There being a quorum present, the meeting was duly constituted.

## 2. **Adoption of the agenda**

2.1 The agenda was adopted as proposed, with no amendments.

## 3. **Confirmation of the Anti-Competitive Statement**

3.1 The Anti-Competitive Statement was noted and accepted by all members and attendees present.

## 4. **Approval of Minutes No. 04/2025 of the meeting held on 29 August 2025**

4.1 The minutes were accepted as a true reflection of the deliberations, with minor amendments noted.

4.2 The minutes would be published on the MPG webpage on the SARB website.

## 5. **Matters Arising**

5.1 Books Closed Period (BCP) outcomes from market workshops

5.1.1 Mr Du Toit provided feedback on the BCP proposal, which had been presented to relevant stakeholders, including the MPG.

5.2 Finalisation of the ZARONIA Term Rate request for proposal process

5.2.1 Mr Roux confirmed that the request for proposal (RFP) had been published by the SARB and the Financial Sector Conduct Authority (FSCA). An evaluation team was

constituted to assess responses, which were due by the end of November 2025. It was proposed that any response to questions raised by interested parties be published on the MPG webpage to ensure transparency.

### 5.3 Safe harbour legislation introduction and parliamentary review

5.3.1 Ms Hamman reported that the Omnibus Bill containing the proposed Financial Sector Regulations (FSR) Act amendments (commonly referred to as safe harbour provisions) was delayed due to issues with other legislation. While firm timelines could not be confirmed, the Bill would likely be published for public comment within 2025Q4.

5.3.2 It was noted that further delays could negatively affect the Jibar transition timelines and expose parties to legal risks as they would need to place reliance on common law. Mr Shongwe had requested National Treasury (NT) to treat the proposed FSR Act amendments separately. However, NT preferred to proceed as planned as all legislative amendments were close to finalisation. The Chairperson noted that the issue would be raised at an upcoming meeting between the SARB and NT.

## 6. **PA and FSCA's joint supervisory program**

6.1 Mr Govender outlined the Prudential Authority (PA) and FSCA's joint supervisory plan for monitoring financial institutions' Jibar transition efforts. The regulators had engaged some banks to assess their transition strategies and operational preparedness, which included examining: governance arrangements; exposure identification; market data development; legal contract remediation; and client communication. In future, it may be necessary to request independent assurance providers to validate the claims made by supervised institutions.

6.2 There were plans to increase the number of engagements with supervised institutions in 2026, which would include non-bank financial institutions.

6.3 A concern was raised about the conduct supervision of large retail books, especially if the process would begin in 2026, as delays could pose risks if retail client conduct standards were not met. It was noted that the issue had already been flagged and the

supervisory team was reviewing institutions outside of traditional banks to include in the 2025Q4 plan. Where unique or idiosyncratic risks were identified, supervisory examinations would be accelerated and scheduled earlier than initially planned.

## 7. **Implications of “No new Jibar”**

7.1 Mr Burgoyne presented the key elements of the proposed ‘no new Jibar’ initiative, which entailed issuing a directive prohibiting the use of Jibar in new financial contracts. However, it would be necessary to allow a few exemptions for managing the risk of the residual exposures and the operations of retail home loans and their related securitisations. The directive would need to include guidance on supervisory expectations and evidence-based compliance. Supervisory teams would monitor compliance with the directive.

7.2 As observed in the LIBOR transition, it was expected that this initiative would deepen the liquidity in ZARONIA-linked instruments and significantly reduce Jibar-related exposures. The proposed approach was consistent with the United States and United Kingdom’s regulatory precedents.

7.3 It was emphasised that regulators would need to provide clear and comprehensive communication across both domestic and offshore markets. As such, they would need to coordinate with international regulators to mitigate the risk of continued Jibar usage outside of South Africa.

## 8. **SAFEX Overnight Rate: transition and legal implications**

8.1 Mr Burgoyne and Mr Bhowan discussed the possibility of transitioning credit support annexures away from the SAFEX Overnight rate (SAFEX O/N) to ZARONIA. A working group had been formed to determine an adjustment spread that would minimise economic value transfer using a methodology that accounts for differences between SAFEX O/N and ZARONIA. The working group would likely complete this task by the end of 2025, after which consideration would be given to legal and communication implications.

8.2 The London Clearing House (LCH) had confirmed its intention to switch from SAFEX

O/N to ZARONIA based on a rule-book methodology in April 2026. There would be no compensation for any value transfer arising from the switch on the basis that any such effects would be indirect and model-dependent and lacking an objective method for quantification, unlike in other jurisdictions. Nonetheless, it would be essential for the MPG to continue to determine and recommend an adjustment spread that could be used for compensation as that would likely be required by market participants.

- 8.3 The future of SAFEX O/N would depend on the JSE and the pending Benchmark Regulation and Conduct Standard. The JSE had reiterated that it would continue to publish the rate for risk management purposes, and as such, it would not apply for a benchmark license. However, the proposed Benchmark Regulation would give the FSCA powers to designate any benchmark as a critical benchmark if it is widely used in financial contracts. Critical benchmarks would be required to adhere to the Conduct Standards, which are aligned with the IOSCO Principles of Financial Benchmarks. Non-significant benchmarks would be exempt from this requirement. The FSCA was on track to finalise its consultation on the Benchmark Regulation and Conduct Standard, which should be promulgated some time before March 2027.

## 9. **Risk register and transition timelines**

- 9.1 There were no new items added to the risk register.

## 10. **General workstream updates and issues for MPG consideration**

### 10.1 Transition guideline document and active transition recommendations

- 10.1.1 Ms Boyce provided an update on the drafting of transition guidelines. The core message contained therein urged market participants to actively transition away from Jibar ahead of its cessation, rather than relying solely on legislative or fallback solutions at cessation. The guidance would highlight that different transition pathways (including active transition, ISDA fallbacks, and legislative solutions) carry distinct economic and operational implications, and that earlier access to information would support more informed decision-making by market participants.

- 10.1.2 Feedback from the various workstreams were being consolidated, with the final

document expected to be completed by mid-November, after which it would be submitted to the SARB and MPG for review.

10.1.3 Governance and publication considerations were also discussed, including that the publication banner for the guidance document had not yet been finalised (i.e. whether the document should be published on behalf of the SARB or on behalf of the MPG), with the option of releasing it as part of the December MPG Conference materials under consideration.

## 10.2 Recommendations for a ZARONIA curve construction methodology

10.2.1 Mr Du Toit proposed the use of a single monotone-preserving curve for ZARONIA-based interest rate swaps, citing operational simplicity over the more complex dual-interpolation approach. Approval was granted by MPG members.

## 10.3 Derivative market activity

10.3.1 Mr Klotnick reported that derivatives market volumes had remained broadly consistent at between 40-100 billion rands per month, with a significant improvement expected following the upcoming 'no new Jibar' milestone. He further noted that the Derivatives Workstream would subsequently focus on issues related to Monetary Policy Committee (MPC) meeting dates.

## 10.4 Accounting and Tax guidance delays

10.4.1 Mr Tulsi noted that delays had been experienced in the publication of tax guidance due to a slower-than-anticipated review process by the South African Revenue Service (SARS). While progress was being made on accounting-related matters, it was emphasised that input from SARS remained critical to the finalisation of the consultation documents.

## 10.5 Retail Jibar-linked exposures

10.5.1 Mr Du Toit noted that, while a sub-workstream had been established to address retail

Jibar-linked exposures, any competitive or sensitive information relating to specific market participants' business models would be communicated directly to the SARB, rather than through the Cash Market Workstream.

11. **Date of the next meeting – 24 February 2026, 11:00 AM**

12. **Closure**

12.1 The Chairperson thanked everyone in attendance for their contributions, and there being no further matters for discussion, the meeting was closed.

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**DG R Cassim**

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**Date**

**Chairperson:**

**Market Practitioners Group on the Interest Rate Benchmark Reforms**