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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, 12 June 2026 at 09:00

Minutes No. 03/2026

Present:

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

In attendance:

B Maronoti	SARB Financial Markets Department
M Phungo	SARB Financial Markets Department
N Hoosenmia	SARB Financial Markets Department
Z Gininda	SARB Financial Markets Department
P Mananga	SARB Prudential Authority

P Mjandana	SARB – Deputy Governor Cassim’s Office

By invitation:

A Bhowan	Derivatives Workstream member
K Tulsi	Accounting and Tax Workstream member
J Rank-Broadley	London Stock Exchange Group

Apologies

E Hamman	Workstream Chairperson – Governance and Regulatory Issues

1. **Welcome**

1.1 The Chairperson welcomed members to the third meeting of the Market Practitioners Group on Interest Rate Benchmark Reforms (MPG or Committee) in 2026.

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. 02/2026 of the meeting held on 24 April 2026**

4.1 The minutes were accepted as a true reflection of the deliberations.

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

5. **FTSE Term ZARONIA rate development**

5.1 Mr Rank-Broadley from FTSE Russell presented an update on development of the FTSE Term ZARONIA rate. The benchmark's calculation methodology was based on transaction data from the ZARONIA Overnight Index Swap (OIS) market. Input data would exclude small transactions and observations characterised by wide bid-ask spreads and low trading volumes. Concentration limits would be applied to mitigate the influence of any single counterparty pair and reduce the potential for market manipulation. In periods of severe market illiquidity or technical disruption, a contingency rate would be determined based on the previous day's rate adjusted by the compounded ZARONIA rate over a nine-day period.

5.2 FTSE Russell had completed its public consultation on the Term ZARONIA methodology. Feedback received included proposals to incorporate Monetary Policy Committee (MPC)-dated swaps and additional data sources, both of which remained under consideration. It was noted that the inclusion of MPC-dated swaps could increase the underlying transaction base, while other forward-starting swaps were not currently being considered due to limited market activity and the additional methodological complexity involved.

5.3 Lastly, FTSE Russell had begun publishing the prototype rate daily on its website and within LSEG Data and Analytics products, with historical data available from September 2025. Consultation feedback was being consolidated to support enhancements to the prototype. The production rate would be launched toward year-end, subject to sufficient market liquidity.

6. **Issues with the implementation of 'no new Jibar'**

6.1 Mr Bhowan reported a substantial increase in derivatives trading volumes post the start of the 'no new Jibar' directive. LCH SwapClear data showed that the notional values of outstanding ZARONIA swaps had risen from around R600 billion in 2026Q1 to around R1.8 trillion in 2026Q2. The share of registered ZARONIA trades increased from 1% pre-milestone to 20% in June.

6.2 Contrary to the local market, the offshore market had continued to trade Jibar as it was not bound by the 'no new Jibar' directive. International market makers, despite their capacity to transact in ZARONIA-linked instruments, had remained largely responsive to client demand for Jibar, particularly from asset managers and hedge funds.

6.3 There were ongoing efforts by the SARB and the FSCA to encourage offshore market participants to accelerate their adoption of ZARONIA. Market participants were expecting the LCH conversion event in November 2026 to spur a significant increase in ZARONIA-linked market activity.

6.4 Local market makers considered whether additional dispensations should be provided to facilitate the continued trading Jibar-linked instruments, particularly Jibar versus ZARONIA basis swaps. It was, however, reaffirmed that the previously agreed approach of discouraging the creation of new Jibar-linked exposures would remain unchanged.

6.5 Ongoing efforts to support the transition and monitor market liquidity were also highlighted, with particular emphasis on the transition of swaptions, which was expected to require further coordination across market infrastructure and participants.

7. Accounting and taxation implications for the Jibar transition

7.1 Ms Cingo reported that only one comment was received following the publication of the ‘Tax considerations on legacy contracts’ white paper. Meetings were scheduled with the South African Revenue Services (SARS) to discuss the tax implications on benchmark replacement and contractual modifications arising from the transition. It was noted that SARS would only consider a credit adjustment spread (CAS) formally endorsed by the SARB and was reviewing the draft paper in preparation for issuing guidance. Discussions also considered the application of economic equivalence principles and the treatment of contracts that may subsequently transition to a term rate benchmark, including whether additional spread adjustments may be required in such circumstances.

7.2 It was further noted that SARS aimed to publish guidance before year-end, subject to the finalisation of the relevant legislation. SARS was currently reviewing the draft bill and may issue draft guidance ahead of enactment, with final guidance to be finalised once the legislation comes into effect.

7.3 Mr Tulsi requested members to review the white paper titled ‘Accounting guidance paper on the impact of Jibar reform and reliefs issued by IASB’. The paper had also been circulated to South African Institute for Chartered Accountants (SAICA) for review, with final feedback expected within the following weeks. There were plans to include the Prime CAS as an illustrative example of economic equivalence in the paper after the MPG had endorsed the CAS.

7.4 Members discussed whether SARS's binding general ruling depends on the FSRA amendments being enacted. While SARS would prefer the legislation to be sufficiently advanced before finalising the ruling, it was noted that draft guidance may still be issued ahead of promulgation. Further engagement with SARS will continue, and an update would be provided at the next MPG meeting.

8. **CSDP money market instrument holder data requirements**

8.1 The Cash Market Workstream had previously recommended that the MPG request Central Securities Depository Participants to share information on holders of money market instruments with Strate. The MPG recognised the practical challenges associated with identifying current holders of securities where ownership had changed over time. A letter would be issued to CSDPs requesting assistance in obtaining the relevant holder information to support the identification of affected counterparties and facilitate the transition of legacy contracts.

9. **Recommendations for the securitisation market**

9.1 Mr Du Toit presented the proposed approach to support the transition to ZARONIA in the South African securitisation market, including the limited use of Synthetic Jibar for specified legacy contracts to address asset-liability mismatches within securitisation structures. He requested final approval for publication of the document. The recommendations were approved for publication on the MPG webpage.

10. **Jibar-Prime credit adjustment spread methodology**

10.1 Mr Burgoyne presented the methodology for determining the Jibar-Prime CAS, noting that it was developed to support the transition of Prime-linked products and broadly followed the approved Jibar-ZARONIA CAS methodology. The MPG endorsed the methodology and highlighted the importance of publishing the fixed spread on the MPG webpage.

11. **Closure of DCI Workstream**

11.1 Mr Roux noted that the Data Collection and Infrastructure (DCI) Workstream had achieved its objectives relating to market infrastructure readiness and recommended that its activities be concluded. He recommended closure of the workstream, with the option to reconstitute a similar group if needed in the future. MPG members agreed with the recommendation.

12. **Standing agenda items**

12.1 Jibar-related exposures monitoring

12.2 Mr Hoosenmia noted that ZARONIA-linked exposures continued to increase across maturity buckets, reflecting positive transition momentum following the 'no-new Jibar' milestone. Nonetheless, outstanding Jibar-linked exposures had remained materially high, which indicated the magnitude of transition risks. It was expected that a large compression event due in the following weeks would significantly reduce gross notional derivatives exposures.

12.3 Progress on FSRA amendments

12.3.1 Mr Shongwe reported that the proposed amendments to the Financial Sector Regulation Act (FSRA) had received pre-certification and socio-economic impact assessment approvals and were scheduled for consideration by the relevant Cabinet cluster . Subject to approval, the Bill was expected to be tabled before Cabinet during July 2026. It was noted that promulgation could occur by October or November 2026, thereby supporting the legislative framework required for the benchmark transition.

12.3.2 On the draft notices for tough legacy contracts, it was noted that the SARB was preparing notices for seven categories of tough legacy contracts, including structured notes, general debt instruments, securitisations, retail loans, and derivatives. The derivative notice would align with the International Swaps and Derivatives Association (ISDA) protocol, providing for a transition to compounded ZARONIA plus CAS.

12.4 Key issues from MPG Workstreams

12.4.1 Mr Burgoyne provided an update on the developments related to the SAFEX overnight rate transition, explaining that work was ongoing to enhance the draft paper. Engagements with the FSCA would continue on communications, implementation timelines and potential dispensations before the paper is finalised.

12.5 Risk register and transition timelines

12.5.1 Members reviewed the transition risk register and noted continued progress across the workstreams. Key residual risks related to the timing of legislative amendments, liquidity build in ZARONIA-based instruments, and the successful implementation of Term ZARONIA.

13. **Date of the next meeting – 21 August 2026, 09:00**

14. **Closure**

14.1 With no additional issues raised, the meeting was formally closed.

Rashad Cassim

01/09/26

DG R Cassim **Date**

Chairperson:

Market Practitioners Group on the Interest Rate Benchmark Reforms