SARB MARKET PRACTITIONERS GROUP

REQUEST FOR PROPOSAL

VENDOR TO PUBLISH FORWARD-LOOKING
ZARONIA TERM RATES

OCTOBER 2025

SOUTH AFRICAN RESERVE BANK

Contents

1. Introduction

The Market Practitioners Group (MPG) is seeking a qualified vendor to calculate and publish forward-looking term rates based on the South African Rand Overnight Index Average (ZARONIA) rate. This initiative is a critical part of the MPG's transition plan, aiming to establish a transparent Request for Proposal (RFP) process and selection criteria for recommending an administrator. The selected administrator will be expected to begin publishing an MPG-recommended forward-looking ZARONIA term rate by the second quarter of 2026, contingent on sufficient liquidity in ZARONIA derivatives markets, as well as establishing recommended scopes of use for such term rates.

Developing ZARONIA term rates is crucial for the MPG's transition plan, providing market participants with a reliable tool for adopting and transitioning to ZARONIA.

Please note, this RFP does neither constitute the recommendation nor the guarantee that the ZARONIA term rate will ultimately be endorsed by the MPG. The MPG's recommendation to publish will be based on the ability of proposed rates to meet the agreed evaluation criteria.

2. RFP Structure

Responses to the RFP will help the MPG identify an administrator who will be responsible for the daily calculation and publication of forward-looking ZARONIA term rates. The chosen administrator must ensure public, cost-free, daily access to the rates, while offering more frequent data access for commercial uses as needed.

Specifically, the chosen administrator must do the following:

- Use the methodology and data sources proposed in the submission to the RFP to calculate daily forward-looking ZARONIA term rates, including 1-month and 3-month maturities, with the possible inclusion of 6-month or 1-year terms if feasible.
- Make the published data available to other vendors and publishers at reasonable cost, referencing international benchmarks for comparison.
- Provide the term rates to the MPG's selected administrator of ZARONIA spread adjustments and spread-adjusted rates on commercially reasonable terms.

The MPG will evaluate responses based on four main criteria – technical, firm, public policy and calculation methodology – outlined in the next four sections. Each submission must address these criteria, which will be equally weighted and rated on a scale of 1–3. By responding to the RFP, each vendor commits to comply with all relevant regulations, cooperate with enforcement authorities and adhere to the terms as specified in the Eligibility section below.

3. Technical criteria

3.1 Capacity

- Provide evidence of your firm's ability to publish daily public data.
- If your firm currently publishes data, outline the publication process, platform, format and history.
- Outline the end-to-end process, from computation to publication, for forward-looking ZARONIA term rates.
- Describe the steps to ensure that publication processes are robust.
  - Address, at a minimum, the following risks: cybersecurity, data integrity, data revision control, and contingency plans and resources.

3.2 Complaints management framework

- Outline the procedures for receiving, investigating and maintaining records of complaints made against the benchmark administrator.
- Provide details on the mechanisms available for complainants to submit their complaints, along with the procedures in place to resolve disputes in a fair and timely manner.
- Describe how complaints regarding the representativeness of the benchmark, calculation methodologies, or any other concerns are documented, including the process for escalation to the governing body and oversight function.
- Specify the steps to be taken if a complaint leads to a restatement of the benchmark rate, ensuring transparency and accountability at every stage of the process.

3.3 Operating model

- Describe the software used for publishing rates, the interfaces involved and the support that would be available. Emphasise, where appropriate, ease of access,

data system and platform interoperability, and any known technology challenges or limitations.
- List any technical limitations on system user numbers and user software requirements.
- Describe your firm's monitoring infrastructure to detect and recover from component failures, proposed backup arrangements if your primary site is down and assurances of timely distribution of data following a disruption.

3.4 Approach, process, governance and oversight of conduct and operations

- Detail your firm's software development and testing protocols.
- List any reliance on external systems or providers.
- Describe data security and process integrity controls. If your firm previously experienced significant security breaches, include remediation steps.

3.5 Compliance with benchmark standards

- Explain your firm's compliance with the International Organization of Securities Commissions' (IOSCO) Principles for Financial Benchmarks.
- Explain how your firm's proposed methodology complies with the 'Draft conduct standard – requirements relating to the provision of a benchmark'.

4. Firm criteria

4.1 Suitability

- Describe the services your firm currently provides to the commercial and consumer financial markets, demonstrating your understanding of interest rate computations and market participant uses. Include the market reach and size of the products provided.
  - Highlight any experience in providing services to retail markets.
- Disclose any business interest in the outcome associated with any published rate.
- List any unique capabilities to show your firm is particularly well-suited for this work.
- Disclose any potential conflicts of interest, legal or regulatory constraints and claims, lawsuits or settlements against your company that could influence the

ability to provide rates consistently. Explain remediation or controls for mitigating conflicts.

4.2 Financial perspective

- Describe your firm's interest in producing rates.
  - Specify whether it is as a public service, loss leader, or profit opportunity based on market participants' willingness to pay for access to real-time data.
- Discuss how free public provision fits into your business plans.
- Assess your firm's financial health.

4.3 Institutional and managerial capacity

- Identify key staff, outlining their technical skills, roles and relevant experience, including cybersecurity support.
- Outline your firm's internal and external audit procedures and the ability to conduct independent, on-site audits, specifically regarding model audits and governance.
- Describe the resources allocated (hours, computing resources) to development and the ongoing publication of rates.
- Describe the screening process for personnel and, where critical resources are working off-site, the security and reliability of these remote workplaces.

5. Public policy criteria

5.1 Data accessibility

- Explain how retail financial services customers will access data freely and readily.
  - Specifically identify any routine delays that would affect real-time access to data.
- Describe the use of any data extraction tools and user interface requirements inherent in your proposal.
- Address connectivity to and limitations on accessibility for commercial users, other publication sites and data aggregators.
- Describe any costs or limitations on the accessibility of historical data for commercial users or retail financial services customers and your firm's customer service plans.

- Provide transparency statements regarding data, computations and processes.

5.2 Publication robustness

- Identify any anticipated organisational changes that could invalidate or otherwise alter a commitment to publish the rates.
- Describe plans for ensuring data integrity, accessibility and recovery.
- Include a succession plan for continuity.

5.3 Project experience

- Share examples of timely and untimely delivery of reasonably similar projects.

5.4 Communications strategy

- Propose a launch strategy that includes website, white papers, webinars and industry engagement, among other communication channels.

6. Calculation methodology criteria

6.1 Rate calculation

- Outline the methodology for calculating 1-month, 3-month and potentially 6-month or
- 1-year ZARONIA term rates.
- Provide historical estimates of term rates as far back as the methodology is effective.
- Test the stability of the methodology. How does reducing the inputs sample affect the determination of the methodology output?
- Detail the waterfall of inputs, providing evidence of the accuracy of secondary or lower levels of the waterfall, the frequency of fallback usage and the performance in various market conditions, including the zero-lower bound, for example.

6.2 Data inputs

- Describe the construction of each data input variable used in estimating term rates, including both primary and secondary or lower data inputs.

  - Demonstrate that your firm has or can secure the rights to any data needed to produce the rates.
  - Describe the data sources and the volume or activity.
  - Describe any anticipated changes in the transactional volume of activity for each data source.
- Where available, include historical data on each input.
- Describe uncertainties linked to such variables, including rounding, measurement errors, illiquidity and missing data.
- Provide tables showing rate sensitivity (1- and 3-month term rates, with 6-month or 1-year term rates as considered feasible) to input changes, holding all other data inputs fixed (i.e. deltas with respect to inputs).

6.3 Methodology limitations (address for each tenor)

- Does the methodology fail or become unreliable under certain market environments/rate regimes (e.g. negative rates, high rates, low liquidity, high volatility)?
- Is it resilient under reasonably foreseeable regulatory changes?
- Is it resilient under reasonably foreseeable monetary policy changes?
- Are there any mitigating mechanisms in case those scenarios are likely?
- Address anti-manipulation resilience for each tenor.
- Assess resilience of the methodology to inappropriate manipulation.
- Describe your method for detecting any form of market manipulation.
  - What size discounted and present values (DV01/PV01) would a participant need to invest to move the benchmark significantly in any given day?
- Assess the impact of the central counterparty (CCP) discounting switch around liquidity/volumes and resiliency.
- List any other market events that will be significant to the development of term rates.

7. Eligibility

MPG members or any of their affiliates are ineligible to submit a response to this RFP unless recused from the relevant MPG meetings. Members on oversight committees for interest rate benchmark administrators must follow the MPG recusal requirements.

8. Submissions

Interested firms must submit responses to the MPG Secretariat at MPGSecretariat@resbank.co.za by 30 November 2025. Selected firms will present their proposals to the MPG's selected adjudicators and the chosen administrator's name will be published. The administrator should be ready to begin publishing the forward-looking term rates by 1 April 2026.

Proprietary or confidential information in submissions should be specifically marked; broad confidentiality claims may be disqualified. All submissions will be published on the MPG website.

Questions about and changes to the RFP should be sent to MPGSecretariat@resbank.co.za. The MPG will publish any RFP modifications on its website and email it to all MPG email recipients. Firms may revise their responses until the deadline.

The MPG will not reimburse any submission or administration costs and all materials will be retained by the MPG Secretariat. Confidentiality of submissions cannot be guaranteed.