

# Jibar Transition Plan – milestones update

Prepared by

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# 1 Introduction

In May 2024, the Market Practitioners Group (MPG) published an ‘update on the Jibar transition plan’,<sup>1</sup> which outlined the key milestones and recommend path that would lead to a smooth transition. Market participants were urged by the MPG to ensure that their systems and business processes were ready to support ZARONIA-related activity, and to ensure that existing contracts incorporated fallback rate provisions.

Meanwhile, the MPG continued to engage market infrastructure providers, regulators, and industry bodies to remove hurdles that could hinder transition efforts and potentially pose financial stability risks. Furthermore, recommendations were published on several topics to guide derivatives and cash market participants through the transition.

A year has passed since the publication of the updated Jibar transition plan. Considerable progress has been made on many fronts. However, as with any significant undertaking, many lessons were learnt along the way, and some adjustments to the plan have become necessary. This document reflects on the key developments that have occurred over the year and details the latest updates to the published plan. Furthermore, it highlights any gaps or dependencies that may necessitate a review of the established milestones.

*NB: This update serves as an informational resource regarding the latest changes to the transition plan. It is not a formal announcement of the Jibar cessation date. It does not constitute legal, accounting, or financial advice, nor is it an exhaustive account.*

## 2 Key developments

### 2.1 PA-FSCA Joint Communication

The Prudential Authority (PA) and Financial Sector Conduct Authority (FSCA) issued Joint Communication 6 of 2024,<sup>2</sup> outlining what they expect from financial institutions as they prepare for the shift from the Johannesburg Interbank Average Rate (Jibar) to the

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<sup>1</sup> [Update on the Jibar Transition Plan](#). May 2024.

<sup>2</sup> [Joint Communication 6 of 2024](#). September 2024.

South African Rand Overnight Index Average (ZARONIA). The regulatory authorities highlighted that the transition will be complex, impacting a broad set of financial products and market segments. They expect senior management to give this transition the necessary attention, with planning and implementation guided by board-approved plans and assessments that consider the numerous factors listed in the Joint Communication.

The MPG has published several guidance documents to help market participants develop the necessary plans and assessments expected by the authorities.

## **2.2 The ZARONIA First initiative for derivatives**

In November 2024, the MPG published its recommendations for a ‘ZARONIA First’ initiative for the derivatives market,<sup>3</sup> which aims to spur market liquidity for ZARONIA-based derivatives and shift trading practices from Jibar to ZARONIA. Although Jibar remains available for new trades and there has been no official ‘No new Jibar’ announcement, market participants are urged to give priority to ZARONIA-based derivatives when initiating new trades. Ultimately, this should result in a significant reduction in the use of Jibar in new derivatives contracts and a strengthening of ZARONIA-linked market activity.

The ZARONIA First initiative will be implemented in phases to facilitate a smooth and orderly transition in the derivatives market. The initial phase commenced in May 2025, and focused on ZARONIA-linked linear derivatives. The SARB and FSCA issued a media release calling on inter-dealer brokers to start prioritising the trading of ZARONIA-based linear derivatives ahead of those tied to Jibar. At this stage, the change does not affect Jibar-linked derivatives traded in the dealer-to-client markets.

Due to the scale of preparation work, the start of the ZARONIA First initiative was delayed by six months compared to the initial projection.<sup>4</sup> The MPG has worked to ensure the infrastructure for inter-dealer ZARONIA-based derivatives trading is in place, including booking and confirmation platforms, and clearing through the London Clearing House

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<sup>3</sup> [Recommendations for a ‘ZARONIA First’ initiative in the derivatives market](#). November 2024.

<sup>4</sup> The Jibar Transition Plan was set to start in November 2024, dependent on a clearable ZARONIA product.



(LCH). Nonetheless, since its launch, the market has already seen a noticeable increase in ZARONIA-linked derivative volumes.

Subsequent phases of the ZARONIA First initiative will include non-linear derivatives and other financial instruments. The market conventions for ZARONIA-based non-linear derivatives were published in March 2025,<sup>5</sup> following a consultation held in November 2024. These conventions cover widely used interest rate caps, floors and swaptions.

Previously, the Jibar transition plan included a goal for the application of the ZARONIA First approach across cash markets. However, after discussions with market participants, the MPG concluded that the milestone was not necessary. Instead, the adoption of ZARONIA would occur at different times based on client demand and institutional readiness.

## **2.3 Cash market update**

ZARONIA adoption is now underway in the bond, negotiable certificate of deposit (NCD) and deposit markets, with transactions commencing in May 2025.

In May 2025, critical milestones for market infrastructure readiness were achieved, making ZARONIA usable in all cash market instruments. Market participants are urged to issue ZARONIA-linked cash securities rather than wait for authorities to proclaim the 'No new Jibar' directive, envisaged to occur in March 2026. It is recommended that they actively transition to ZARONIA well before this event.

Drawing from other IBOR transitions, and considering the risks associated with Jibar, the ideal scenario would be to replace or amend Jibar-referencing contracts before fallback provisions are triggered. This will allow parties to retain control of the economics of their positions and minimise reliance on legislative solutions, which may not suit every case.

The Jibar Transition Plan, published in May 2024, set January 2026 as the milestone for Active Transition.<sup>6</sup> Still, market participants are free to start renegotiating their legacy Jibar positions with counterparties whenever they are ready.

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<sup>5</sup> [Market conventions for ZARONIA-based non-linear derivatives](#), 6 March 2025.

<sup>6</sup> As per the 'Update on the Jibar Transition Plan', this denotes transitioning legacy Jibar positions to reference ZARONIA prior to Jibar's cessation, either with immediate effect or at a specified date. This is intended to help firms reduce resource constraints

The MPG is preparing transition guidelines for market participants. These guidelines are expected to be made available during the second half of 2025, before the suggested commencement of Active Transition, which is anticipated to begin after the formal cessation announcement in December 2025. These guidelines will address legal matters, legislative amendments for tough legacy transactions, transition pricing and timing considerations.

## **2.4 Recommended methodology for determining Jibar fallback rates**

On 24 March 2025, the MPG published its final position regarding the methodology for determining the fallback rate for Jibar, which will be required when Jibar is no longer published.<sup>7</sup> The recommended method uses a compounded ZARONIA rate together with a credit adjustment spread (CAS), designed to account for the difference between Jibar and ZARONIA. The CAS is calculated as the historical median difference between Jibar and the compounded ZARONIA over a five-year lookback period. This approach aligns with the fallback methodology detailed in the International Swaps and Derivatives Association's (ISDA) documentation for derivatives.

ISDA appointed Bloomberg Index Services Limited as the adjustment services vendor, publishing daily CAS values for each Jibar tenor, alongside compounded ZARONIA and indicative Jibar fallback rates on its platform. In April 2025, ISDA updated its 2021 Interest Rate Derivatives Definitions (IRD Definitions) to include Jibar fallback provisions. New derivatives and swaps referencing the updated IRD Definitions will automatically include fallback clauses pointing to ZARONIA. Additionally, ISDA published a protocol enabling market participants to include these fallback provisions into existing derivatives contracts.

Adopting a Jibar fallback spread methodology that aligns with established international practices, supported by ISDA's amendments to the IRD Definitions and the Fallback Protocol, marks a significant milestone in South Africa's transition efforts. This framework

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at the cessation date and to ensure their preparedness for the Jibar cessation. This may be considered more robust than a passive transition approach through the inclusion of contractual fallback language that is triggered on cessation date and may help to mitigate operational risk that may arise from transitioning a large volume of exposures on a single day".

<sup>7</sup> [Jibar transition and fallback credit adjustment spreads for the South African interest rate market](#). March 2025.

will facilitate the conversion of legacy derivative positions that have not yet transitioned to the new reference rate at the Jibar cessation date – a future date still expected to be announced in December 2025.

The CAS is also expected to be widely adopted in cash markets as an appropriate transition pricing mechanism. Ongoing work aims to develop a suitable CAS for certain retail contracts that may transition to the prime lending rate instead of ZARONIA. Additionally, consideration is being given to whether a synthetic Jibar may be necessary for certain tough legacy transactions, and how such a rate would be calculated. Efforts are underway to develop a potential Term ZARONIA rate, which may be adopted for limited use if it meets the benchmark standards of the International Organization of Securities Commissions (IOSCO).

## **2.5 Legislative amendments for tough legacy transactions**

The FSCA and SARB have developed draft language for the replacement of benchmarks, which would be used to transition legacy contracts in the case of a cessation or discontinuation of a critical benchmark. This language will be included in primary legislation through an amendment to the Financial Sector Regulation Act 9 of 2017, following the standard Parliamentary process. Further notices and regulations will be published in due course to give effect to this enabling provision.

Under the proposed benchmark replacement provisions, the SARB will have the authority to designate replacement benchmarks for discontinued critical benchmarks and to determine an appropriate adjustment spread. When a benchmark cessation occurs, this legal clause will apply to legacy contracts that either contain no fallback provisions or have inadequate fallback provisions. The benchmark replacement language is intentionally broad to include all critical benchmarks that might cease in the future – not just Jibar – reflecting the ongoing process of benchmark reform in the market. The clause also provides a legislative safe harbour, shielding contract parties and the benchmark administrator from claims arising from the use of the designated replacement rate and adjustment spread.

These legislative amendments are critical to ensure that disruption to contracts and financial markets is minimised as much as possible. Without such specific legislation,

legacy contracts that have not been specifically, or adequately, updated to address benchmark cessation could face legal uncertainty, disputes and potentially unfair outcomes once Jibar is discontinued.

## **2.6 FSCA Communication 10 of 2025**

On 24 April 2025, the FSCA published an exemption for money market portfolios within collective investment schemes from the provisions of Chapter 2, Condition 8(4)(b) of Board Notice 90 of 2014.<sup>8</sup> This specific provision stipulates that the applicable interest rate for instruments in money market portfolios must be known in advance, subject to a 24-hour historical limit. Although an unintended consequence, the operation of this condition would legally prohibit the use of ZARONIA in money market instruments. Unlike Jibar, ZARONIA is determined overnight in arrears and not set in advance. As such, this would hinder the ability to transition to ZARONIA in these markets.

To address this, the FSCA has granted an exemption, allowing money market portfolios to include instruments referencing ZARONIA. The FSCA considers this exemption to be in the public interest, as it will facilitate the transition from Jibar to the ZARONIA benchmark interest rate and other similar rates. This move is expected to support the adoption of ZARONIA in the cash market by making it possible to use ZARONIA in new money market issuances.

Additionally, the PA and FSCA plan to have a supervisory readiness assessment programme for financial institutions ready by October 2025. This initiative will assist the market in tracking transition readiness and progress, and reducing Jibar exposures ahead of its planned cessation.

## **3 Updated timeline**

Based on the considerations outlined above, an updated Jibar transition timeline is provided below. Given the progress already made, only the interim milestones have been

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<sup>8</sup> [FSCA Communication 10 of 2025](#), April 2025.

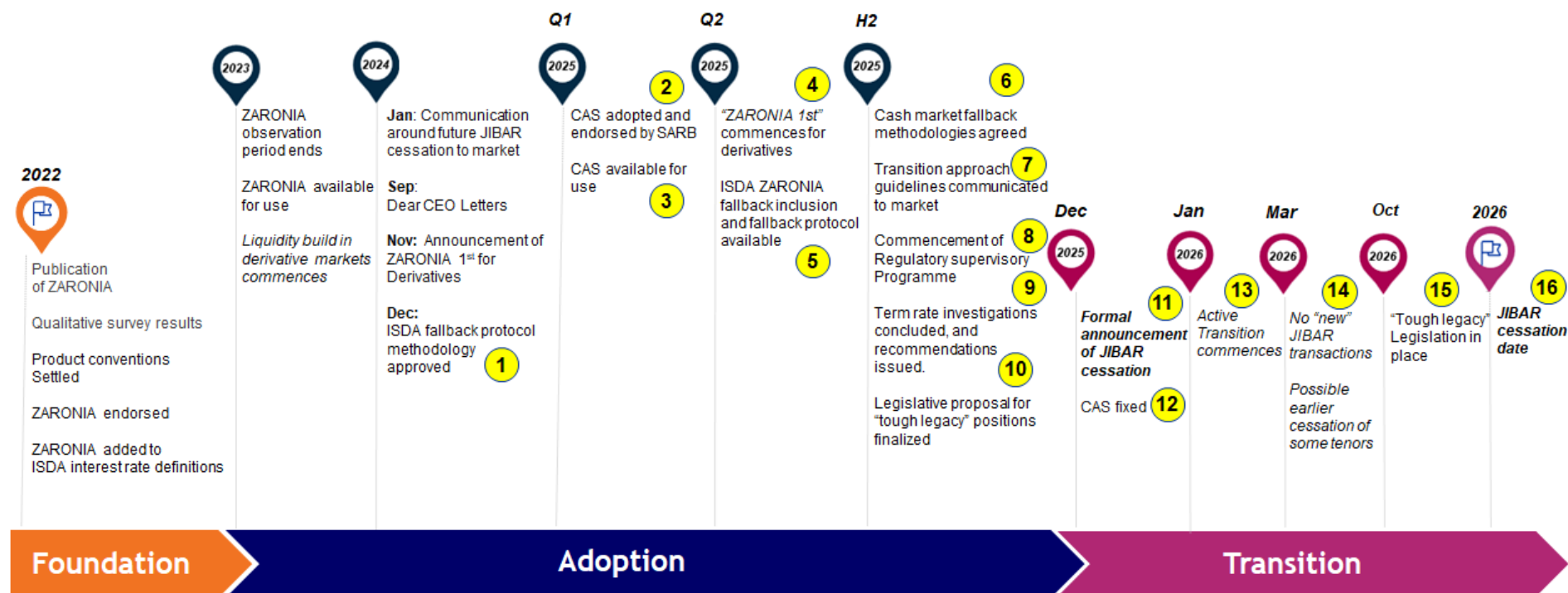


adjusted. There aren't any compelling reasons to request the SARB to delay the final Jibar cessation date.

It is important for market participants to note that several interim milestones are set for the rest of 2025 and any delays to these may place the overall transition timeline at risk. The MPG urges market participants to recognise their own interest in voluntarily helping to establish markets for ZARONIA instruments and build a critical mass of liquidity in them. Continued diligent and collaborative efforts are essential to avoid serious transition-related disruptions in financial markets.

As previously noted, this plan is a 'living document' and may be updated or amended if novel risks or unforeseen impacts emerge during the transition.

Figure 1: Jibar transition timeline



The MPG Transition Planning and Coordination Workstream acknowledges that not all market participants may have had the opportunity to thoroughly review the plan before this publication, or may not be familiar with the language related to the transition of reference rates.

For ease of reference, a summary of the key milestones coming up is included below:

1. **ISDA fallback protocol methodology approved:** ISDA has consulted widely in developing the Interbank Offered Rate (IBOR) Fallbacks Supplement and the IBOR Fallbacks Protocol, supporting the transition away from relevant IBOR rates in legacy contracts/positions. It also developed a methodology to fall back to an adjusted risk-free rate for each currency to reflect that the relevant IBOR is a term rate and to factor in the bank credit risk premiums and other factors embedded in the rate. South Africa has adopted this approach, which the SARB MPG has approved.
2. **CAS adopted and endorsed by the SARB MPG:** The SARB MPG has formally adopted the CAS as part of the transition.
3. **CAS available for use:** Bloomberg has commenced with the daily publication of the CAS, making it available to the market.
4. **ZARONIA First begins for derivatives:** This phased initiative switches derivative trading conventions from Jibar to ZARONIA, supporting market participants to gradually decrease their reliance on Jibar. The initial start in derivatives markets is in line with international transitions.
5. **ISDA ZARONIA fallback inclusion and fallback protocol available.**
6. **Cash fallback methodology agreed:** Mirroring ISDA fallbacks for derivatives, this denotes the agreement on the appropriate methodology to transition legacy Jibar-linked cash market contracts/positions. Since cash markets tend to lag derivatives markets, additional time is allocated for these cash market fallbacks.
7. **Transition approach guidelines communicated to the market.**
8. **Commencement of Regulatory Supervisory Programme.**
9. **Term rate investigations concluded and recommendations made:** The aim is to catalyse a broad-based adoption of ZARONIA across South African financial markets. Market participants are encouraged to transition to the overnight ZARONIA as per the published market conventions rather than wait for the possible development of a ZARONIA term rate. The MPG's Cash Market Workstream will assess the need for a

ZARONIA term rate and, if required, recommend its scope of usage, potential limitations and development methodology. This milestone has been delayed from November 2024 due to ZARONIA liquidity dependencies.

**10. Legislative proposal for ‘tough legacy’ positions finalised.**

**11. Formal announcement of Jibar cessation:** While the SARB’s intention to cease Jibar has been communicated, this formal notice will give the market an exact cessation date. This will activate certain contractual triggers for the calculation and future application of fallbacks that are initiated by pre-cessation or cessation announcements as per the ISDA IBOR fallback protocols. The announcement date will be a ‘spread adjustment fixing date’. Further financial accounting, disclosure, tax and other legal considerations will follow this notice.

**12. CAS fixed:** The CAS will be fixed when the Jibar cessation is announced.

**13. Active Transition commences** (where applicable).

**14. ‘No new Jibar’:** The SARB will issue a directive that no new contracts referencing Jibar are to be written from a certain date onwards. This is to ensure that firms do not add Jibar positions that will have to be transitioned at cessation date, thereby aggravating possible cliff-edge effects.

**15. Tough legacy legislation in place:** Legislative safe harbours or savings provisions will be in place to protect contracts that have not yet successfully transitioned by the cessation date, ensuring contractual continuity and reducing disruption for legitimate unresolved cases.

**16. Jibar cessation date:** This is when Jibar will no longer be published or used in the market.

## **4 Conclusion**

Since the original publication of the Jibar Transition Plan, significant and measurable progress has been made towards transition readiness in several key areas. The plan maps out a clear and achievable strategy for creating robust demand for trading ZARONIA derivatives and ultimately paving the way for broader adoption of ZARONIA. Any necessary adjustments or delays to interim milestones have been indicated in this updated timeline, based on current market conditions. Importantly, the overall Jibar cessation timeline remains unchanged and the MPG encourages South African market participants to take an active role in establishing markets for ZARONIA instruments and building a critical mass of liquidity. With careful planning and collaborative effort, market participants can help ensure a smooth transition, minimising serious market disruptions.



## Abbreviations

CAS	credit adjustment spread
CCBS	cross-currency basis swap
FSCA	Financial Sector Conduct Authority
IBOR	Interbank Offered Rates
IOSCO	International Organization of Securities Commissions
IRD Definitions	Interest Rate Derivatives Definitions
ISDA	International Swaps and Derivatives Association
Jibar	Johannesburg Interbank Average Rate
Jibar Transition Plan	the plan
MPG	Market Practitioners Group
NCD	negotiable certificate of deposit
OIS	overnight indexed swap
PA	Prudential Authority
TPCW	Transition Planning and Coordination Workstream
SARB	South African Reserve Bank
ZARONIA	South African Rand Overnight Index Average