



South African Reserve Bank

Media release

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Public holidays declared at short notice

A series of meetings were held with stakeholders to discuss what the impact would be on South African financial markets should a public holiday be declared at short notice, that is, within five business days. The Financial Markets Liaison Group (FMLG) undertook to formalise the processes to be followed. The objective is to establish a standardised framework within which the financial industry could operate to deal with short-notice public holidays. The framework is meant to ensure the smooth functioning of the financial system; limit the operations performed on the day declared a public holiday at short notice to a bare minimum; and to provide staff with the benefit of the holiday where possible.

There was consensus that short-notice public holidays pose a huge risk to the smooth functioning of domestic financial markets. The recommendations made were that, over and above each institution's reinforced business continuity plans, a formal financial industry agreement should be formulated. The FMLG therefore resolved as follows:

1. **Trades concluded:** Although it would be predominantly a settlement day, some transactions will still be conducted, for example, the South African Reserve Bank's main repo or SARB debenture auction, or investors reinvesting returns on maturities and coupons received. This would be in line with the JSE Limited (JSE) who confirmed such holidays as normal trading days.
2. **Pauses in the market as a sign of respect:** When appropriate, the market would pause trading as a show of respect.
3. **Trades:** Trades on these days should, however, be limited to a minimum and be concluded by 13:00. This is in line with the practice followed on 24 and 31 December.
4. **Square-off procedures:** Normal square-off procedures would be followed.

5. **Staff implications:** Staff working on these days should be critical staff only in order to avoid labour and/or legal problems. On election days, all staff should have the opportunity to cast their vote.
6. **Commercial bank trading:** The objective of transacting on these holidays would be exclusively to ensure the smooth functioning of the financial system. The opening of bank branches to conduct retail business for the convenience of their clients would be a discretionary decision made by the commercial banks.
7. **Johannesburg Interbank Agreed Rate- (Jibar) linked instruments maturing, resetting or issued on the day:** Owing to the legislative requirements as stipulated in the International Swaps and Derivatives Association (ISDA) agreements, the Jibar rates released by the JSE at 11:00 must be used in the resetting or issuing of Jibar-linked instruments. On a short-notice public holiday, the process can be streamlined by releasing provisional Jibar rates at 9:00 with a note that they would be confirmed at 11:00. Market participants can therefore start processing these trades much earlier on the day concerned.
8. **South African Benchmark Overnight Rate- (Sabor) linked instruments maturing, resetting or issued:** In this case, similar to the Jibar being released on a short-notice public holiday, banks will be requested to submit the necessary information to the South African Reserve Bank to ensure the calculation and release of the Sabor rate on such holidays.

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