



SOUTH AFRICAN RESERVE BANK

## Media release

2 May 2025

### Commencement of the ZARONIA First initiative for the linear derivatives market

The Market Practitioners Group (MPG) urges inter-dealer brokers (IDBs) to prioritise trading linear derivatives referencing the South African Rand Overnight Index Average (ZARONIA) instead of the Johannesburg Interbank Average Rate (Jibar).

This marks the start of the [ZARONIA First](#) initiative, which aims to reduce financial market participants' reliance on Jibar. IDBs are encouraged to, instead of Jibar, use ZARONIA as their main reference for quoting linear derivatives. However, Jibar-referencing inter-dealer screens will still be available. The ZARONIA First initiative is not intended to affect the trading of Jibar-linked derivatives in dealer-to-client markets.

Several significant developments have led to the launch of the ZARONIA First initiative, including:

- the publication of the [MPG's recommendation](#) on the methodology for determining credit adjustment spreads (CAS) that may be used in Jibar fallback rates ([Bloomberg Index Services Limited](#) publishes daily indicative spreads and Jibar fallback rates on its platform);
- the inclusion of Jibar fallback provisions in the International Swaps and Derivatives Association's (ISDA) Interest Rate Definitions and the [ISDA Protocol](#);
- numerous engagements with IDBs and central counterparties (CCPs) to confirm their operational readiness to support ZARONIA-linked derivatives market activity.

The [Financial Sector Conduct Authority](#) (FSCA) and South African Reserve Bank (SARB) encourage all participants in the inter-dealer market to implement the necessary changes to market conventions. The MPG, FSCA and SARB will continue to provide guidance and support throughout the transition period to ensure a smooth and orderly transition.

For more information, please contact Mr Zakhele Gininda, Lead Specialist: Market Operations and Analysis at [Zakhele.Gininda@resbank.co.za](mailto:Zakhele.Gininda@resbank.co.za). Alternatively, please send any queries to [SARB-Benchmarks@resbank.co.za](mailto:SARB-Benchmarks@resbank.co.za).

**Issued by SARB Media Relations**

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**Note to editors:**

In 2018, the SARB embarked on an initiative to strengthen the widely used reference rates and introduce alternative benchmarks that complied with the International Organization of Securities Commissions' (IOSCO) '[Principles for Financial Benchmarks](#)'. The SARB proposed various benchmarks in a [consultation paper](#) and established the MPG to make the final decisions on the proposed benchmarks. After much deliberation, the MPG endorsed ZARONIA as the preferred alternative reference rate that should succeed Jibar.

The MPG is a joint public and private sector body, comprising representatives from the SARB, the Financial Sector Conduct Authority and senior professionals from a variety of institutions and financial market interest groups active in the domestic money market. The MPG relies on dedicated workstreams and technical subgroups to carry out its objectives. The workstreams and technical subgroups have a responsibility for providing technical input and recommendations to the MPG on specific issues that are relevant to the transition from Jibar to [ZARONIA](#) (which is based on actual transactions and calculated as a trimmed, volume-weighted mean of interest rates paid on eligible unsecured overnight deposits).

The ZARONIA First initiative will be implemented in a phased approach to facilitate a smooth and orderly transition in the derivatives market. The initial phase will focus on promoting the adoption of ZARONIA in linear derivatives, including interest rate swaps. Subsequent phases will extend to non-linear derivatives and other financial instruments, aligning with international best practices observed in similar transitions.

**\* Please note:** This media release must neither be read as a Jibar cessation announcement nor as suggesting that Jibar is no longer representative.