



South African Reserve Bank

Terms of reference of the Market Practitioners Group

Market Practitioners Group

1. Establishment of the Market Practitioners Group

- 1.1. The South African Reserve Bank (SARB) has established the Markets Practitioners Group (MPG). The MPG will function alongside other structures, such as the Financial Markets Liaison Group, that have an interest in the work of the MPG.

2. Purpose of the MPG

- 2.1. The SARB published a consultation paper on selected interest rate benchmarks in South Africa on 30 August 2018. The consultation paper sets out proposals for the reform of interest rate benchmarks in South Africa. To manage the process of adoption of, and transition to the new interest rate dispensation as proposed in the consultation paper, the SARB established the MPG. Following the consultation period, the SARB will liaise with the MPG in finalising the implementation paper on interest rate benchmark in South Africa.
- 2.2. Once the implementation paper has been published, the MPG will facilitate final decisions on the operationalisation of the interest rate benchmarks as well as the choice of benchmarks which will be used as reference rates.
- 2.3. The functions of the MPG may be amended, as necessary, from time to time.

3. Composition of the MPG

- 3.1. The MPG shall comprise the following members:
 - 3.1.1. The Deputy Governor: Markets and International as Chairperson of the MPG. Should the Chairperson be unable to attend a meeting, he/she shall arrange for another member to act as Chairperson, failing which the Committee shall nominate one of its members to act as Chairperson;

- 3.1.2. the Head of the Financial Markets Department of the SARB;
- 3.1.3. a senior representative of the Financial Sector Conduct Authority (FSCA);
- 3.1.4. a senior representative of the Banking Association South Africa (BASA);
- 3.1.5. a senior representative of the Association for Savings and Investment South Africa (ASISA);
- 3.1.6. a senior representative of the Association of Corporate Treasurers of Southern Africa (ACTSA); and
- 3.1.7. the chairpersons of the MPG work streams.
- 3.1.8 The Committee may co-opt members if needed.
- 3.2. The Chairperson may invite any person to attend meetings of the MPG for the purpose of reporting or consultation, if required.
- 3.3. Members of the MPG must attend all scheduled meetings of the Group, including meetings convened on an ad hoc basis for special matters, unless a prior apology, with reasons, has been submitted to the Chairperson via the Secretary of the MPG.

4. Quorum and frequency of meetings

- 4.1. The quorum of the MPG shall be at least 50% plus one (1) of the voting members of the MPG. Individuals in attendance at MPG meetings by invitation may participate in discussions, but do not form part of the quorum requirements of the meeting.
- 4.2. The MPG shall strive to reach decisions by means of consensus, but should this not be possible, then such decisions shall be taken by a majority vote of its members present. In the case of equality of votes, the Chairperson shall have a casting vote in addition to his/her deliberative vote.

- 4.3. The MPG shall meet at least four (4) times per annum, provided that the Chairperson may convene additional meetings, should the need therefore arise. Any member of the MPG, in consultation with the Chairperson, may request that a meeting of the MPG be held.

5. Functions of the MPG

- 5.1. The MPG shall have the following functions:

- 5.1.1. To review the proposed changes to existing as well as recommended new interest rate benchmarks;
- 5.1.2. to facilitate decisions on the choice of interest rate benchmarks to be used as reference interest rates for financial and derivative contracts;
- 5.1.3. to assess the proposed interest rate benchmarks against the design criteria consistent with the IOSCO principles for financial benchmarks;
- 5.1.4. to make recommendations on a model for the collection of transaction-level data from which to calculate credible interest rate benchmarks;
- 5.1.5. to agree on a plan for transitioning from the current to new interest rate benchmarks;
- 5.1.6. to agree on fall-back arrangements for each interest rate benchmark that is used as a reference interest rate;
- 5.1.7. to provide input into the drafting of codes of conduct, where relevant; and
- 5.1.8. to assist in the design of a surveillance framework for all key interest rate benchmarks in the domestic money market.

- 5.2. The MPG shall, in order to execute its above-mentioned functions, create work streams. Members of work streams will be drawn from a diverse set of market practitioners, taking into account the expertise required to give effect to the

mandate of the work streams. Members of the work streams need not be members of the MPG.

- 5.3. Membership of the MPG and its work streams will be subject to periodic reviews to ensure that it remains fit for purpose.

6. Administration of the MPG

- 6.1. The SARB will provide secretarial services to the MPG.
- 6.2. A detailed agenda confirming, *inter alia*, the venue, time and date of the meeting, together with supporting documentation, compiled in consultation with the Chairperson, shall be circulated at least five working days prior to each meeting to the members of the MPG and other invitees.
- 6.3. All discussions during the MPG's meetings must be recorded and be made available for inspection by members, if required. Recordings must be retained until the minutes of the relevant meeting have been formally approved by the MPG.
- 6.4. The minutes must be completed as soon as possible after the relevant MPG meeting and circulated to the Chairperson and members of the MPG for review thereof. The minutes must be formally approved by the MPG at its next scheduled meeting.
- 6.5. The secretariat should maintain the official repository of MPG documents, which shall include, among others, agendas, meeting minutes and public communications.
- 6.6. Meeting minutes should, at a minimum, include:
 - 6.6.1 a list of meeting participants;
 - 6.6.2 a description of issues discussed; and
 - 6.6.3 resolutions and other decisions taken.

7. Reporting

- 7.1 The MPG will keep all relevant stakeholders informed about its work and progress on the execution of its mandate.
- 7.2 All relevant documentation, including approved minutes, the terms of reference and a list of MPG members will be published on a dedicated web page on the SARB website.

8. Conflict of interest

- 8.1 MPG members are required to bring to the attention of the MPG any conflict of interest or potential conflict they may have with any item on the MPG's agenda. Any conflict of interest or potential conflict of interest must be recorded in the minutes of the meeting.
- 8.2 If an MPG member is deemed to have a potential, real or perceived conflict of interest in a matter that is being considered at a meeting, he/she must be excused from any deliberations and decision on the matter.

9. Review

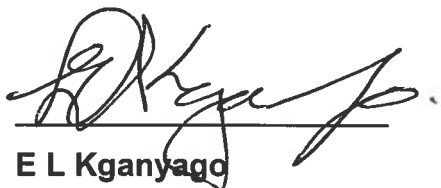
- 9.1 The Chairperson may request that a review be done at any time, which reviewed terms of reference shall thereafter be submitted to the SARB's Executive for approval.

10. Term of the MPG

- 10.1 The MPG will remain in existence until such a time as the new benchmarks have been implemented and embedded, after which the Reference Rate Working Group of the FMLG will assume responsibility for further work on reference interest rates.

11. Approval of the terms of reference

Signed at Pretoria on this 7TH day of DEC 2018.

A handwritten signature in black ink, appearing to read 'E L Kganyago', written over a horizontal line.

E L Kganyago

Governor: South African Reserve Bank