



SOUTH AFRICAN RESERVE BANK

SARB MPG Legal Industry Forum Webinar

12 September 2023

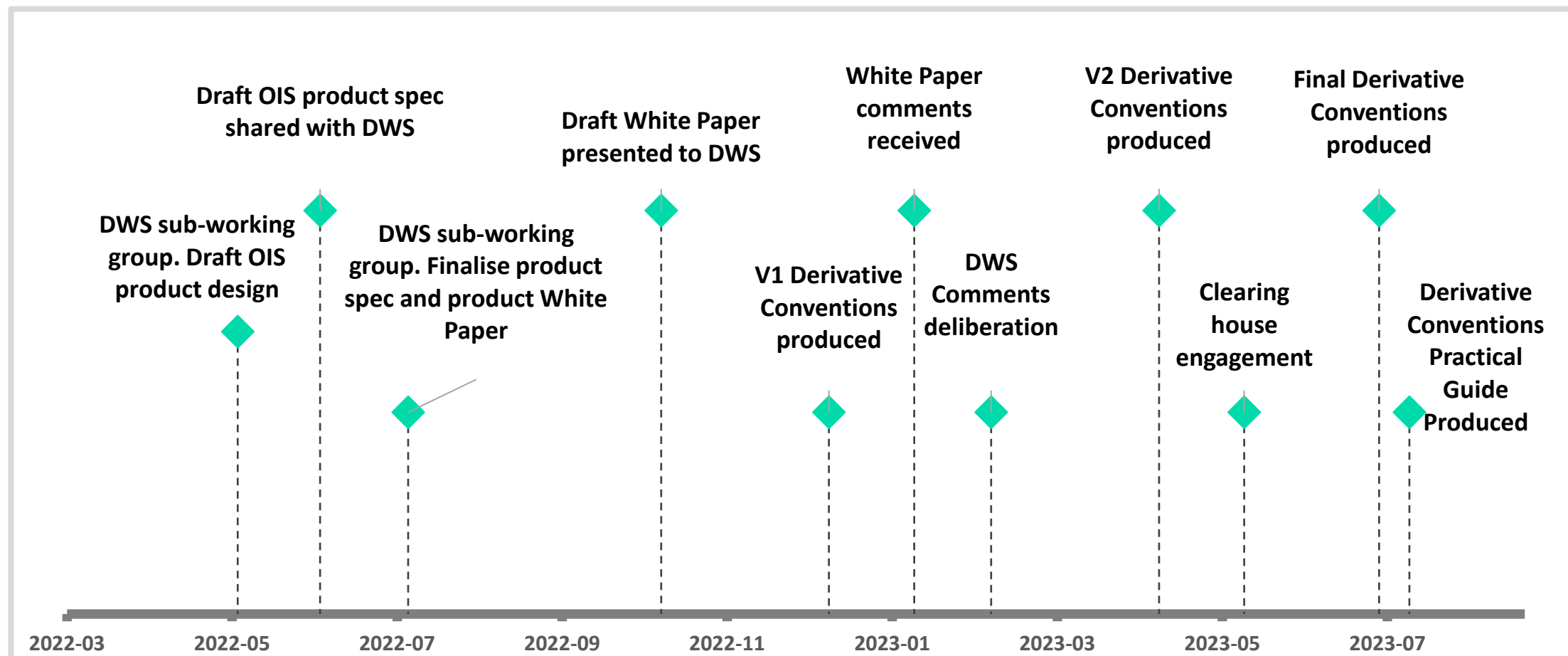
Discussion Points

1. Industry White Papers for Conventions – Process
2. Industry White Papers for Conventions – Current Status
3. Future work and timelines for the Derivatives and Term Reference Rate Workstreams

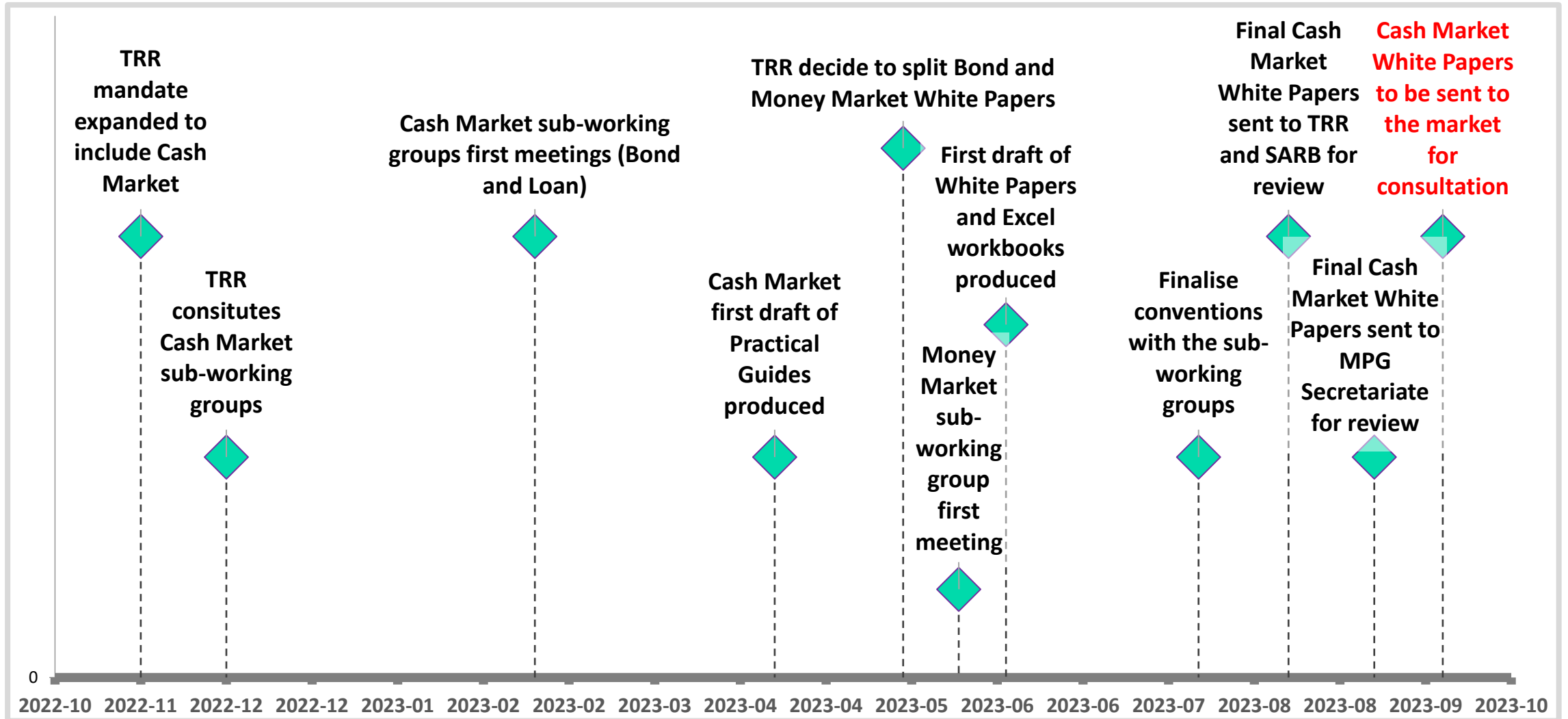



Industry White Papers for Conventions – Process

Derivative Conventions Paper: Process



Cash Market Conventions Papers: Process





Industry White Papers for Conventions – Current Status

Industry White Papers for Conventions

- These papers are based on backward-looking rates for the conventions.
- What to expect
 - Detailed White Paper
 - A Practical Guide
 - Excel Workbook Example

Market conventions for ZARONIA-based Instruments	Status	Consultation	Legal Workstream Responsibilities
Derivatives Market	Final to be published	Completed in February 2023	ISDA definitions (updated August 2023) ISDA fallback methodology agreed by November 2024 ISDA fallback protocols (added December 2025)
Bond Market	Submitted for review by the SARB	Duration 1 month, expected to start mid September 2023	Once conventions are available. Legal clauses to be worked on.
Money Market	Submitted for review by the SARB	Duration 1 month, expected to start mid September 2023	Once conventions are available. Legal clauses to be worked on.
Loan Market	Submitted for review by the SARB	Duration 1 month, expected to start mid September 2023	Once conventions are available. Legal clauses to be worked on.



Future work and timelines for the Derivatives and Term Reference Rate Workstreams

Future work and associated timing - Derivatives

Item	Note	Workstream Co-ordination	Timing
Test transactions	DWS meeting in Aug/Sep to finalise details	DWS	September
Derivative Clearing	Continued engagement with major clearers to retrieve formal progress and timelines. DWS to host clearing houses at subsequent meetings.	DWS / DCI	August-December
Inter-Dealer Brokers	Engagement with brokers regarding market reform and subsequent facilitating of inter-dealing trading and price provision on screens.	DWS	August
Liquidity Build	Engaging with market participants on potential hurdles to increasing liquidity	DWS / Survey	October 2023 – December 2024
ZARONIA First - Derivatives	Drafting a plan for this initiative	DWS / TWS	October – December
Consult: Fallback/Protocols	Method of adjustment and credit adjustment spread	DWS/TWS/LEGAL	2024
Forward Looking Term	Investigations	DWS/TRR	2024

Future work and associated timing - Cash

- Workstreams involved:
 - MPG Term Reference Rate Workstream (TRR)
 - MPG Derivatives Workstream
 - MPG Transition Workstream

Market conventions for ZARONIA-based Instruments	Status	Dependency	Timeline (dates are subject to change based on dependencies)	Legal Workstream Responsibilities
Term Reference Rates	Framework in progress	Derivatives Market Liquidity build	<p>November 2024 – Term rate investigations concluded, and recommendations issued.</p> <p>June 2025 – if Term rates are made available. SARB to endorse.</p>	If Term rates are made available. Legal clauses to be worked on for the markets allowing Term rates.
Valuation and curve construction	Proposal in progress	Derivatives Market Liquidity build	<p>November 2023 – proposal to be presented to MPG.</p> <p>June 2024 – industry discussions to be concluded and market participants informed.</p>	None

Questions