SOUTH AFRICAN RESERVE BANK

Market Practitioners Group

Legal Industry Webinar

20 August 2026

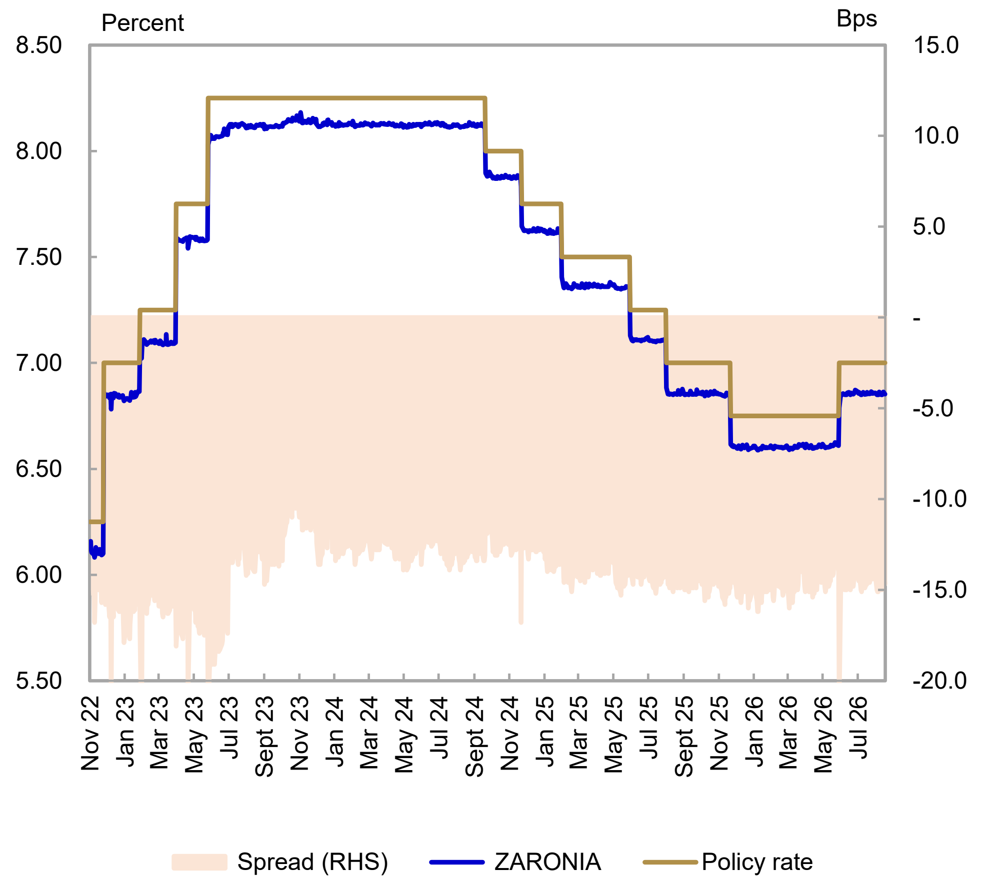
Jibar and ZARONIA exposures

MPG Legal Industry Webinar

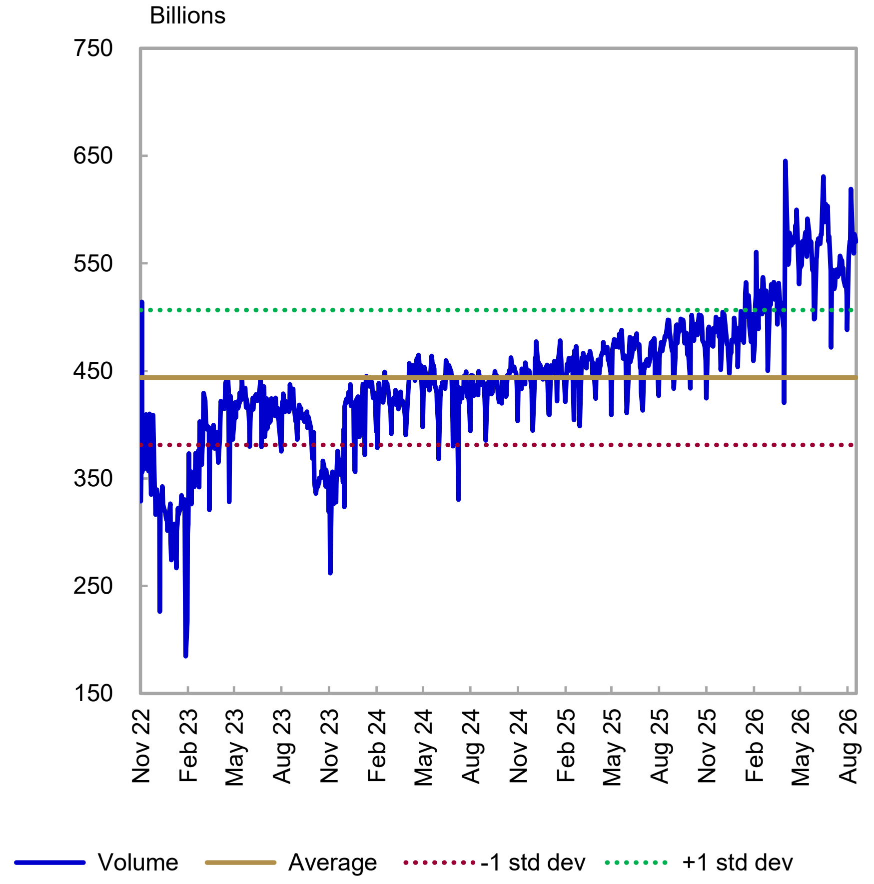
Naweed Hoosenmia
South African Reserve Bank
20 August 2026

ZARONIA behaviour and volumes

ZARONIA is fairly stable and responsive to the SARB's policy rate



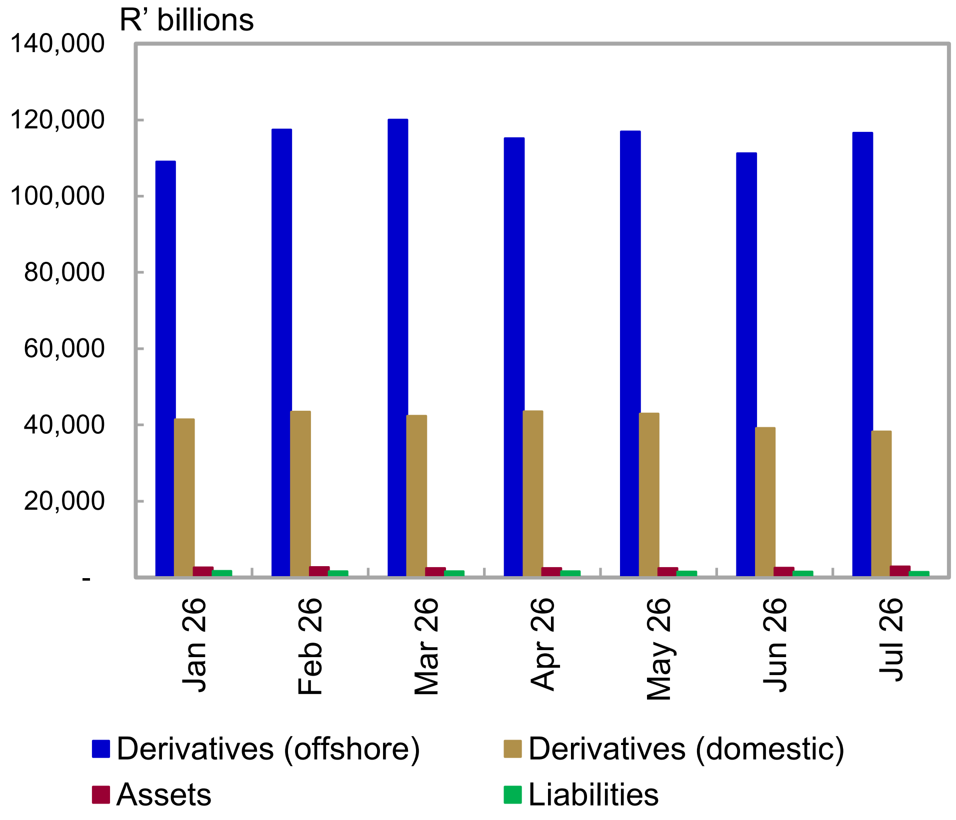
Value of overnight unsecured deposits underpinning ZARONIA



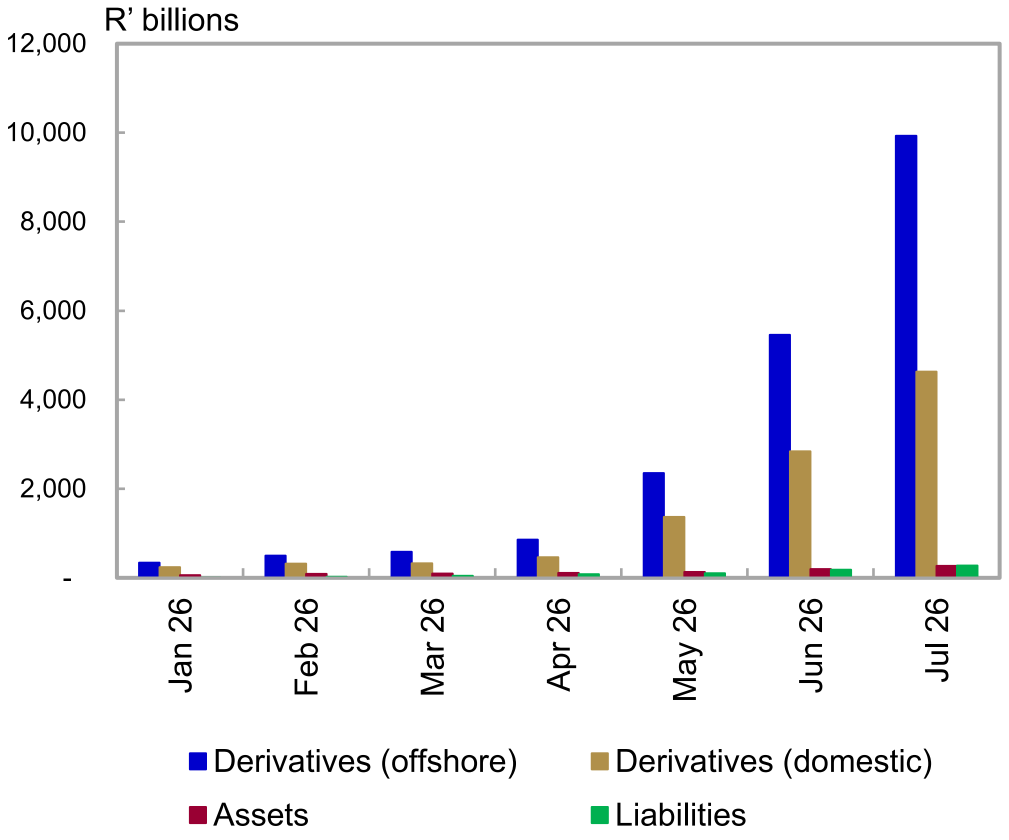
Jibar exposures remain sizeable

However, ZARONIA exposures are accelerating, both domestically and offshore

Jibar exposures



ZARONIA exposures



Source: SARB Jibar quantitative exposure survey, LCH SwapClear

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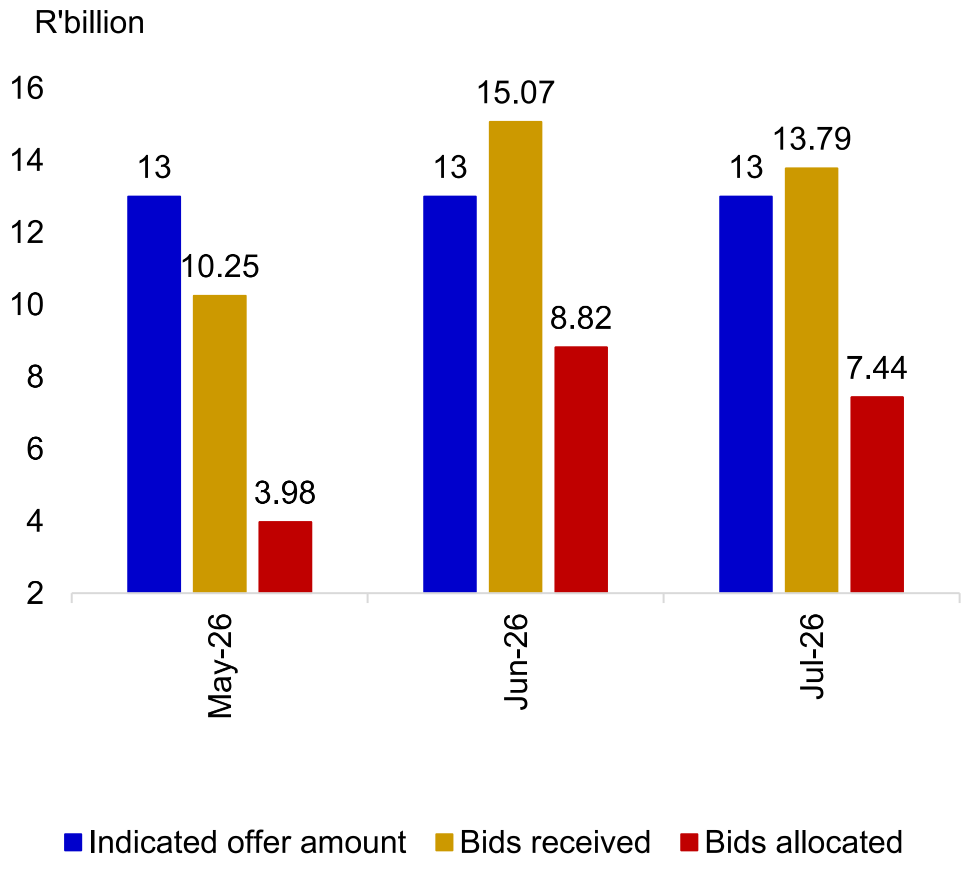
ZARONIA FRNs showing steady market adoption

ZARONIA based FRNs



Source: NT, SARB, MPG Cash Market Workstream

- 1,767 Jibar-linked bonds (**85.8%** of the outstanding bond universe) mature after **March 2027** and will require active transition or remediation.
- Only **14.2%** of Jibar-linked bonds are expected to roll off naturally before the transition deadline.
- ZARONIA issuance is steadily building, with **189 ZARONIA-linked** bonds issued to date.
- The bond market remains a large residual pocket of Jibar exposure, highlighting the importance of transition planning and legislative certainty.

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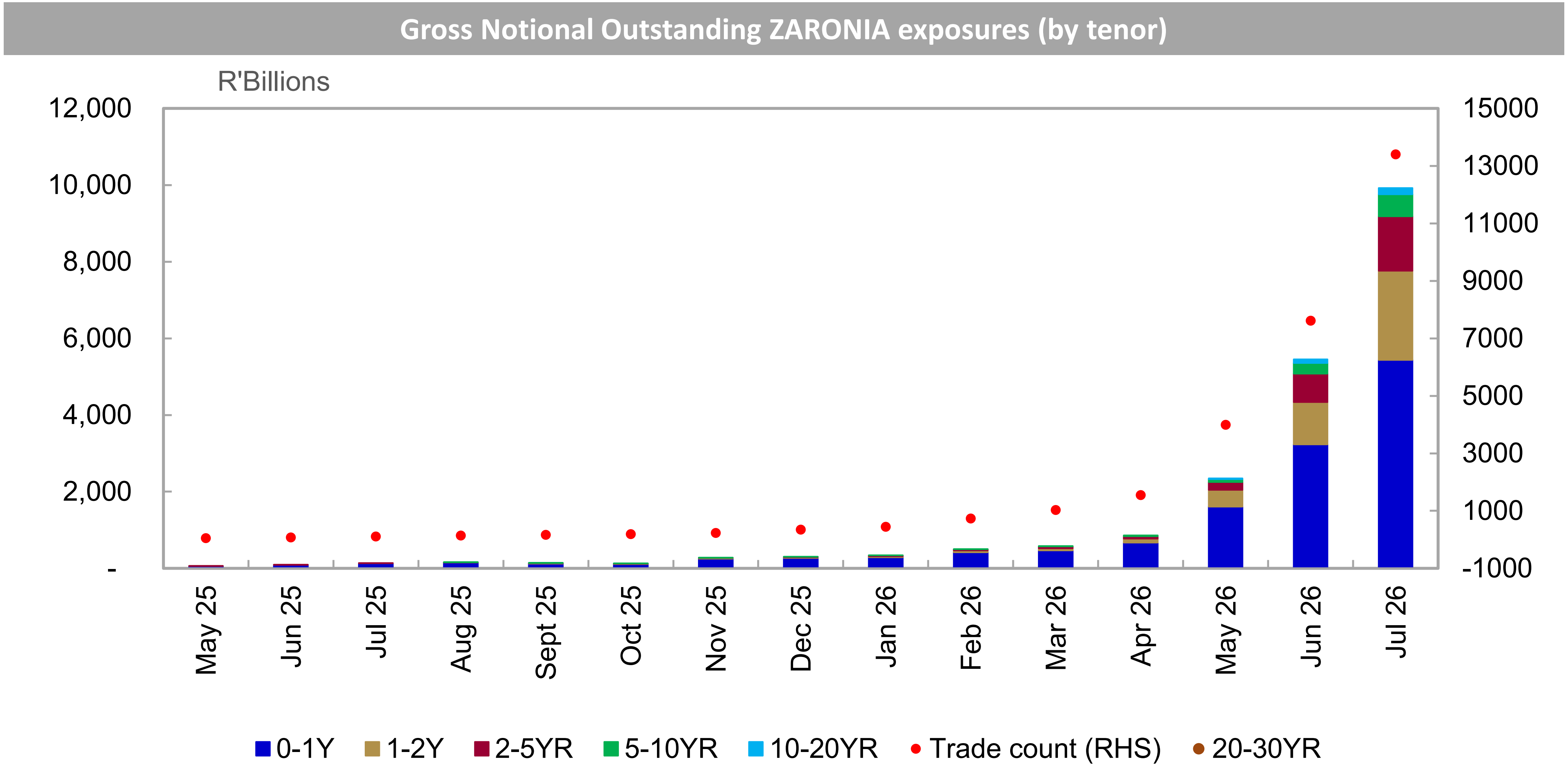
ZARONIA derivatives exposures are accelerating offshore

Trend is moving in the right direction – however certain market segments are progressing faster than others

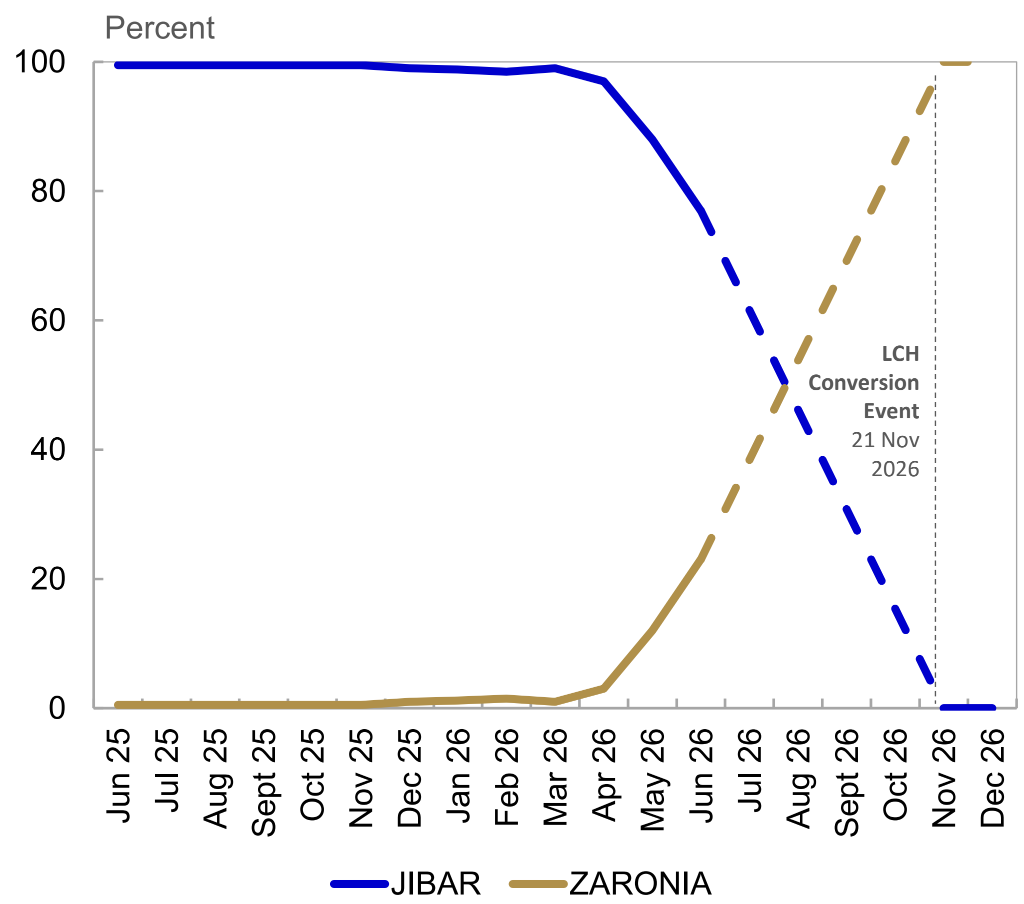


Source: LCH SwapClear

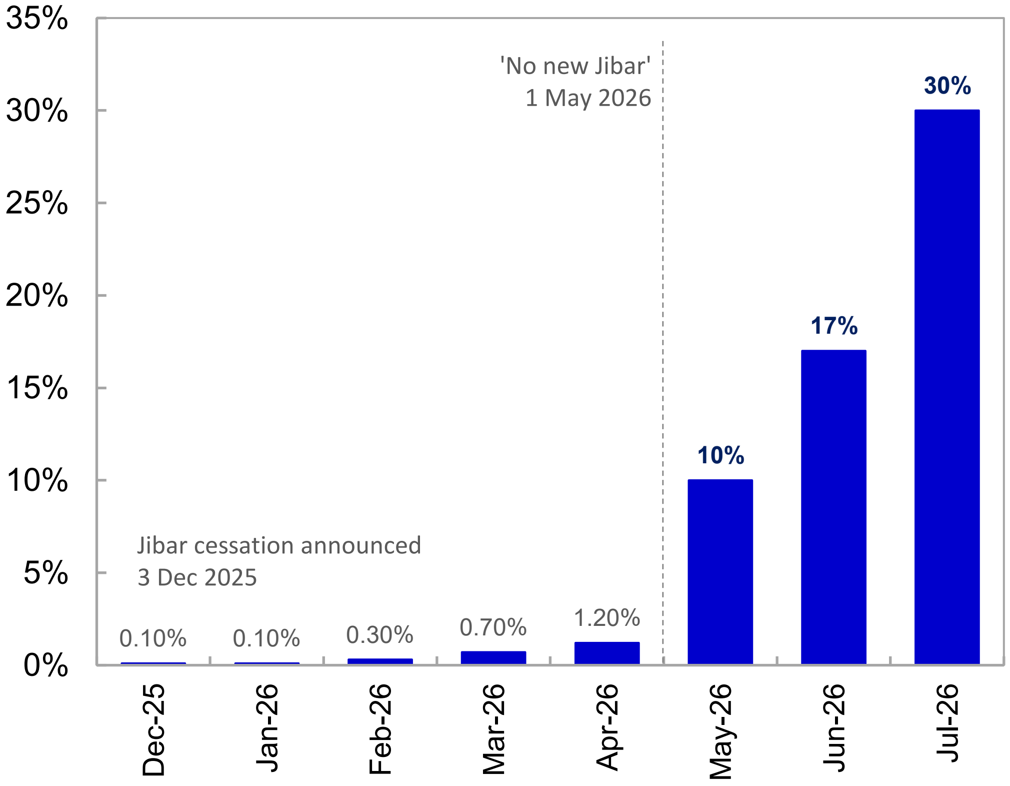
LCH conversion event will be a major catalyst

Consistent with the evolution of RFR liquidity and risk exposures observed in past RFR transitions

ZAR Registered Relative DV01 exposure



ZARONIA share of new ZAR swaps (US-reported)



Source: LCH SwapClear, BlueGamma (July data is MTD)

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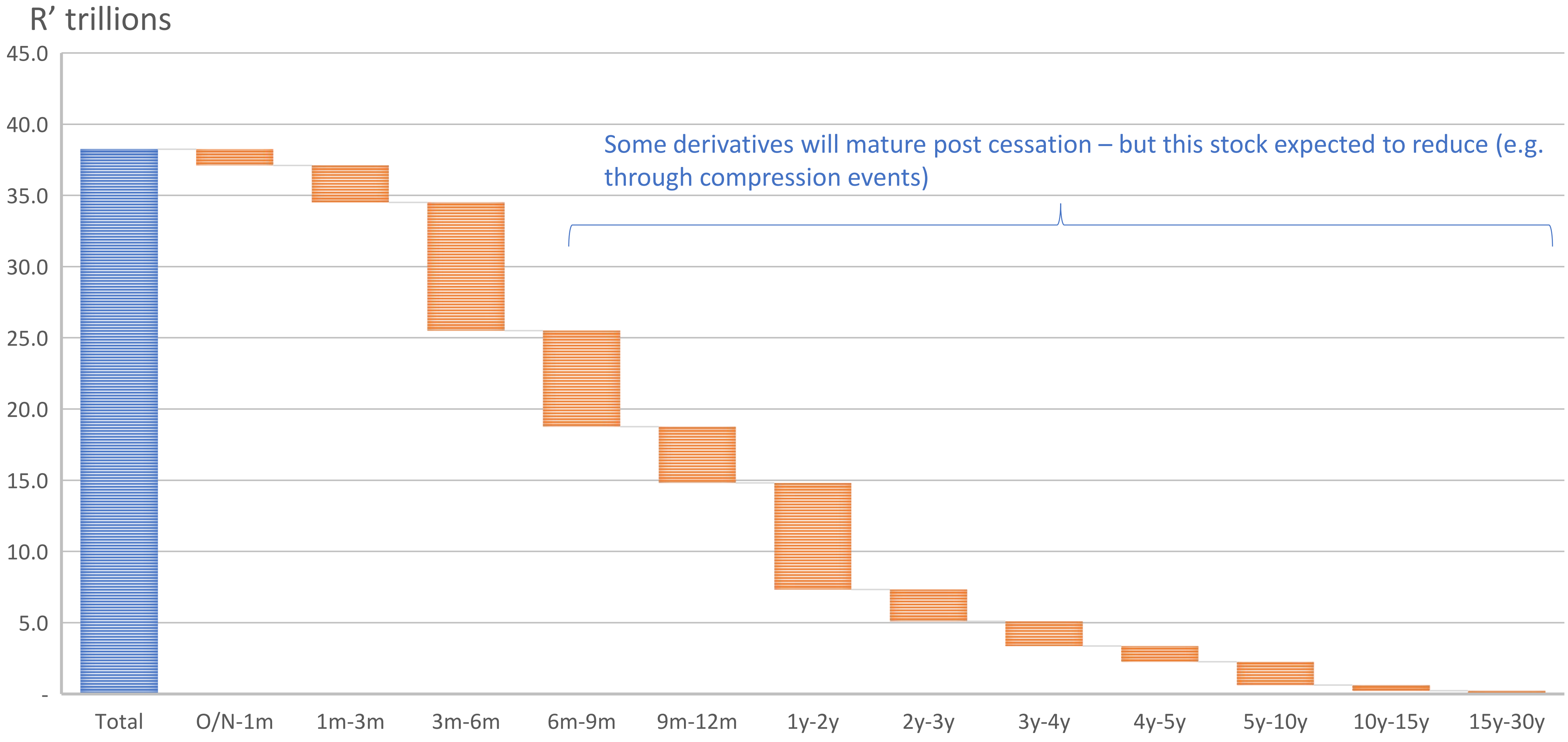
Jibar-linked derivatives maturity profile (31 Jul '26)



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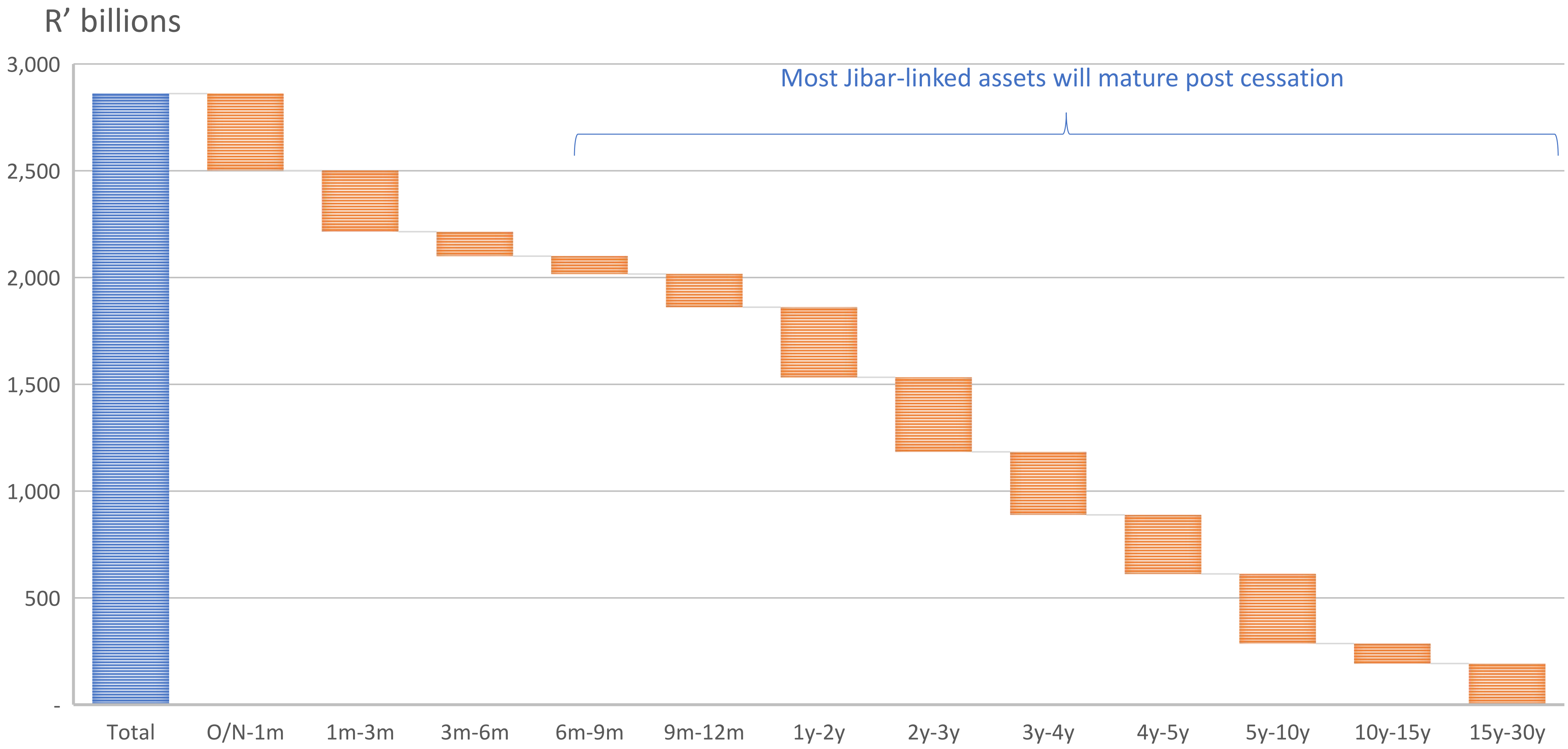
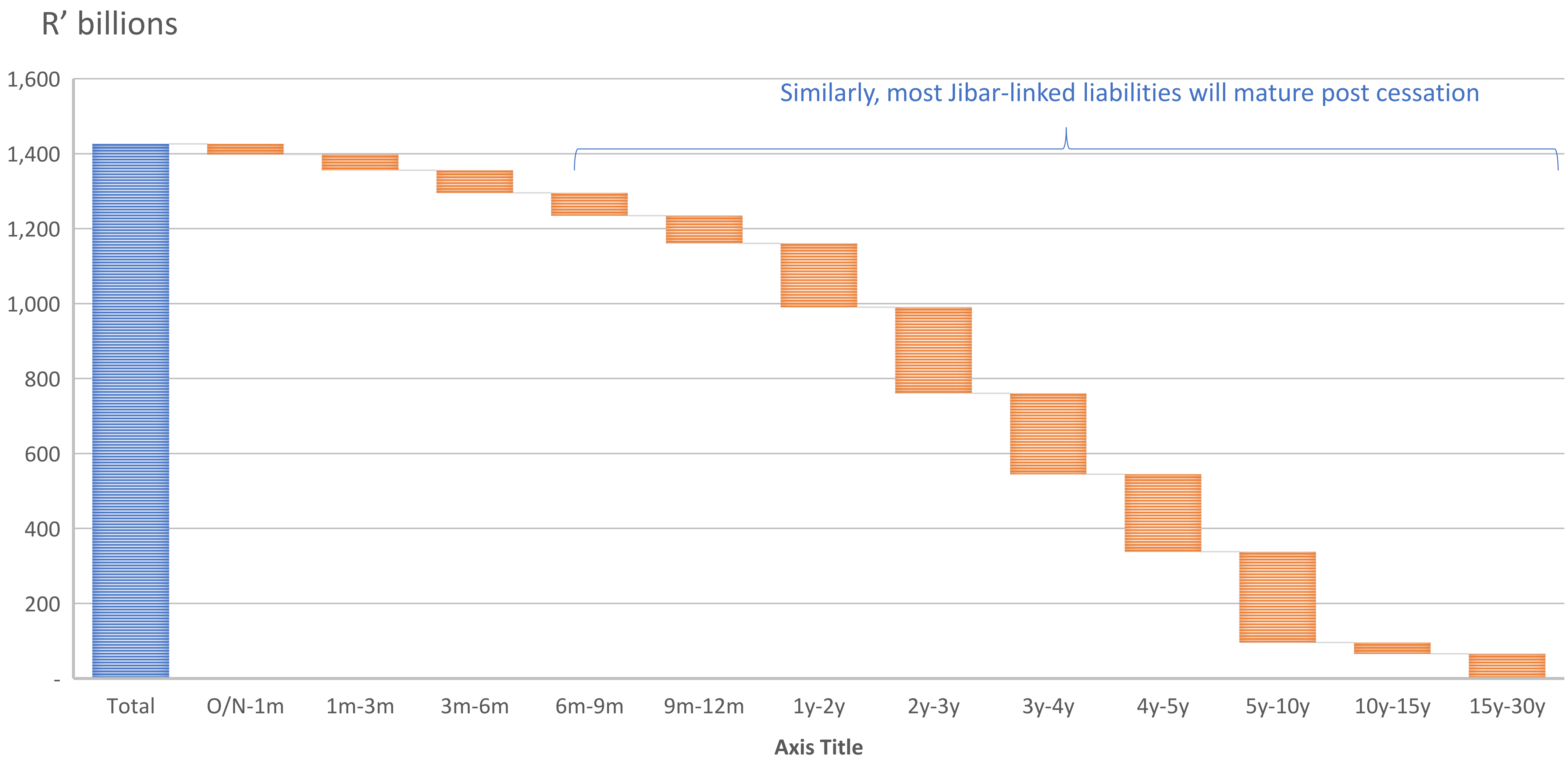
Jibar-linked assets maturity profile (31 Jul '26)



Jibar-linked liabilities maturity profile (31 Jul ’26)



Thank you

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WHITE & CASE

Overview of Amendments to the Financial Sector Regulation Act – Legacy Contracts

General Finance Laws Amendment Bill, 2026

- Proposed insertion of a new Chapter 2A, titled **“Official Benchmarks”** , into the Financial Sector Regulation Act, 2017.

- Creates a statutory framework for replacing discontinued official benchmarks in legacy contracts.

Why is the legislation needed?

- JIBAR is being phased out and is intended to cease being an available benchmark on 31 December 2026.
- The South African Rand Overnight Index Average, or **ZARONIA**, is the recommended replacement benchmark.
- Some existing contracts may be difficult to amend or not be capable of amendment before JIBAR ceases. These are commonly described as **"tough legacy contracts"** .
- The Bill therefore provides a statutory default mechanism to transition affected contracts to a replacement benchmark by operation of law.

Purpose and scope of the new Chapter

- The purpose is to enhance the resilience and stability of the financial system by ensuring the continuity of official benchmarks.
- It addresses risks arising from benchmark discontinuation through replacement benchmarks, fallback provisions and benchmark conforming changes.
- It applies to official benchmarks used in contracts within South Africa's financial sector and financial markets.
- It applies to legacy contracts irrespective of the location or domicile of a counterparty.

Key concepts

- An **official benchmark** is a benchmark administered or designated as critical by SARB in fulfilment of its responsibility to protect and enhance financial stability.
- A **discontinued benchmark** is an official benchmark that SARB has announced no longer reflects the underlying market or economic reality and will be wound down or cease permanently or indefinitely.
- A **legacy contract** is a contract, financial agreement or financial instrument that uses an official benchmark that has been or will be discontinued.

Key concepts / continued

- An **adjustment spread** may be positive, negative or zero and is intended, so far as reasonably practicable, to reduce economic prejudice or benefit resulting from benchmark replacement.

- **Benchmark conforming changes** are essential technical, administrative or operational changes required to implement the replacement benchmark.

SARB's benchmark replacement powers

- Where necessary to protect and promote financial-market stability and integrity, SARB may designate one or more replacement benchmarks for a discontinued benchmark.

- SARB may also determine an adjustment spread, necessary benchmark conforming changes and the effective date for the replacement benchmark.

- SARB may identify different categories of legacy contracts and prescribe different replacement arrangements for those categories.

SARB's benchmark replacement powers / continued

- SARB may designate a synthetic benchmark, temporarily or permanently, to replicate the characteristics of the discontinued benchmark and maintain economic equivalence.

- SARB must consider financial-market stability, the impact on customers and market participants and views from relevant regulators and financial-stability bodies.

When does the statutory replacement apply?

- On the designated effective date, the designated replacement benchmark plus the adjustment spread automatically applies to identified legacy contracts that contain no fallback provisions.

- It also applies where fallback provisions do not identify a specific replacement benchmark or a person authorised to determine the replacement.

When does the statutory replacement apply? / continued

- It applies where fallback provisions do not provide for a permanent replacement or require third-party consent that has not been obtained, has not been granted or has been denied by the cessation date.

- Fallback provisions based on a discontinued benchmark value, except for calculating an appropriate difference, are disregarded. Requirements for polling or obtaining interbank lending or deposit-rate quotations are also treated as having no effect.

Contract continuity and protections

- The statutory replacement does not impair payment rights or alter the amount or timing of payments under the legacy contract.
- It does not discharge or excuse contractual performance.
- It does not create a basis for unilateral termination or suspension and does not constitute a breach.
- It does not render the legacy contract void or nullify it.
- Existing statutory rights of customers and consumers to receive timely notice of contractual or interest-rate changes remain protected.

Exceptions and contractual autonomy

- The framework does not override a written agreement stating that the legacy contract is not subject to the new Chapter.
- It generally preserves a valid fallback that identifies an independent replacement benchmark.
- It preserves contractual caps, floors, modifiers and spread adjustments that applied to the discontinued benchmark.
- Parties may agree, before or after the cessation date, to use a different replacement benchmark that is not itself discontinued.

Liability, consultation and commencement

- A person is not liable for loss, costs or damage arising from the selection or use of a designated replacement benchmark or adjustment spread or from implementing benchmark conforming changes.
- Parties remain bound by contractual provisions that are not affected by the new Chapter.
- Before making a designation, SARB must ordinarily publish reasons and allow interested persons at least 30 days to make submissions.
- SARB may dispense with prior consultation where it is likely to harm financial stability or defeat the proposed measure, but it must publish reasons for doing so.

Liability, consultation and commencement / continued

- The legislation will commence on a date determined by the President by proclamation in the Gazette.

Key takeaways

- The Bill creates a statutory safety net for contracts that cannot transition through amendment or effective fallback provisions.
- SARB will control the designation of replacement benchmarks, adjustment spreads, contract categories, conforming changes and effective dates.
- The framework aims to preserve contract continuity while limiting disputes, termination rights and liability arising solely from the statutory transition.
- Market participants should identify benchmark-linked contracts, assess fallback language and confirm whether legislation applies to legacy contracts.

GENERAL FINANCE LAWS AMENDMENT BILL, 2026

An overview of the outstanding process to ensure promulgation of the amendments of the Financial Sector Regulation Act

PRESENTED BY:

Advocate Shalili Misser

Chief Director:
Legislative Services

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

A NATION THAT WORKS FOR ALL

2030 NDP

PROCESS MAP FOR GENERAL FINANCE LAWS AMENDMENT BILL: COMPLETED STEPS

Nov 2025: Finalised the drafting of the amendments

Dec 2025: The Bill was published for public comments on 1 December 2025 for 30 days and the comment period was extended to 23 January 2026.

Feb-Mar 2026: Public comments were considered and these generally supported the proposals. Revisions to the Bill made, where appropriate.

PROCESS MAP FOR GENERAL FINANCE LAWS AMENDMENT BILL: COMPLETED STEPS

Apr 2026: Submission of Bill to Office of the Chief State Law Adviser.

May 2026:

Preliminary opinion of Office of the Chief State Law Adviser was obtained and it concluded that the Bill is constitutionally sound and properly drafted in the form and style that conforms to current drafting practices.

May 2026:

The Bill was submitted to the Presidency for a Socio-Economic Impact Assessment

certificate

June 2026:

The Socio-Economic Impact Assessment certificate was obtained for Cluster submission.

PROCESS MAP FOR GENERAL FINANCE LAWS AMENDMENT BILL: COMPLETED STEPS

June 2026:

The Bill was presented at the Economic Sectors, Employment and Infrastructure Development (ESIEID) Director-General (DG) Cluster on 18 June 2026, and the (DG) Cluster recommended the Bill for further processing.

July 2026:

The Bill was presented at the ESIEID Ministerial Cluster on 7 July 2026 and it was recommended that the Bill be submitted for further processing.

July 2026

Minister approved the submission of the Bill to Cabinet, for approval to introduce the Bill in Parliament.

PROCESS MAP FOR GENERAL FINANCE LAWS AMENDMENT BILL: NEXT STEPS (*AUGUST TO DECEMBER 2026*)

Obtain Cabinet's approval to introduce the Bill in Parliament

→

Obtain final certification of Bill for introduction in Parliament by State Law Advisers (6 Aug 2026 received) & proofreading of Bill to be introduced (13 Aug 2026)

→

Introduction of Bill in Parliament

PROCESS MAP FOR GENERAL FINANCE LAWS AMENDMENT BILL: NEXT STEPS (*AUGUST TO DECEMBER 2026*)

This Bill is tagged as a section 75 Bill because it does not affect the provinces and places obligations on the Reserve Bank and the Minister of Finance who function at a national level.

An ordinary Bill that does not affect the provinces can only be introduced in the National Assembly (NA). Once it has been passed by the NA, it must be sent to the National Council of Provinces (NCOP).

The Bill will be introduced in the National Assembly

PROCESS MAP FOR GENERAL FINANCE LAWS AMENDMENT BILL: NEXT STEPS (SEPTEMBER *TO DECEMBER 2026*)

The Bill is referred to the Standing Committee on Finance (SCOF).

→

The Chairperson and Secretary of the SCOF will determine dates for deliberations and discussions on the Bill

→

The Bill will be referred to the National Assembly for debate. If passed, the Bill will be sent to the NCOP.

PROCESS MAP FOR GENERAL FINANCE LAWS AMENDMENT BILL: NEXT STEPS (SEPTEMBER *TO DECEMBER 2026*)

1. The Bill is tabled in the NCOP
2. The Bill is debated by Select Committee on Finance on dates determined by the Chairperson and Secretary
3. If the NCOP rejects a Bill or proposes its own amendments, the Bill is returned to the NA which will pass the Bill with or without taking into account the NCOP amendments or it may decide not to proceed with the Bill.
4. Once Parliament has passed the Bill, it is submitted to the President for assent.
5. Publication of the Act in the Government Gazette

PROCESS MAP FOR GENERAL FINANCE LAWS AMENDMENT BILL: RISKS

- A determination of risks that may hinder the enactment if the Bill by 31 December can only be made after 30 September 2026.

THANK YOU

PRESENTED BY:

Advocate Shalili Misser

Title:
Chief Director:
Legislative Services

LEGAL WORKSTREAM BRIEFING

JIBAR to ZARONIA Transition: Conduct Risk & TCF Supervisory Focus

A summary of the PA and FSCA's joint supervisory engagements on the JIBAR transition

August 2026

How the supervisory lens has evolved

2024

Joint Communication 6 of 2024

The first Joint Supervisory Communication – this sets out minimum supervisory expectations for the JIBAR to ZARONIA transition programmes.

Q4 2025

Joint supervisory examinations

These examinations occurred between October 2025 to January 2026. The FSCA and PA examined the mostly local banks. The engagements found that most institutions had established relevant governance structures and were generally working towards a phased transition from JIBAR to ZARONIA

May 2026

Joint Communication 1 of 2026

Reinforces the SARB MPG "No new JIBAR" initiative from 1 May 2026, including both prudential and conduct expectations.
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June – July 2026

Widened supervisory scope

The FSCA and PA conducted supervisory examinations on broader set of banks and non-bank financial institutions such as Insurers and Market Infrastructures; shift from progress assessment to evidence-based outcomes

CONDUCT EXPECTATIONS

Key Conduct Expectations from Supervisory Work

Customer Outcomes

Ensure decisions and actions consistently support fair customer treatment and avoid customer harm.

Accountability & Ownership

Clearly assign responsibilities and maintain effective oversight of conduct risks across the business.

Governance & Controls

Implement robust policies, processes, monitoring, and escalation mechanisms to identify and manage conduct risks.

Transparency & Integrity

Promote open communication, accurate reporting, and timely disclosure of issues to relevant stakeholders.

Culture & Behaviour

Foster an ethical culture where employees understand and demonstrate expected conduct standards.

Regulatory Compliance

Adhere to applicable regulatory requirements and proactively address supervisory concerns.

Monitoring & Remediation

Regularly assess conduct outcomes, track identified issues, and implement sustainable remediation actions.

Contract delivery, consent and legal review

Implement contractual changes fairly and transparently

Terms must accurately reflect the move to ZARONIA with no undue detriment. Fallback provisions, definitions and amendment mechanisms must be enforceable and preserve economic neutrality.

Honour notification, consent and amendment requirements

Fulfil notification periods, consent thresholds and renegotiation rights in advance, giving customers time to prepare, and offer the option to switch or renegotiate where a product is no longer suitable.

Legal review of all contractual amendments

Review amendments for fairness, transparency and alignment to FSCA and SARB expectations, prioritising tough-legacy, disputed and vulnerable-customer contracts.

Obtain and document customer consent where required

Keep an auditable trail of consent, assumptions and sign-off, with findings and remediation plans presented to product and risk governance forums.

From the LIBOR transition, legal remediation was the greatest execution risk. A number of financial institutions underestimated the number of contracts to be remediated, client engagement requirements, the need to obtain consent, and the complexity of legacy contracts.

From the June-July supervisory examination, a similar concern may be expected.

Conduct concerns identified

Governance weaknesses may prevent early identification of customer detriment

The concern is not an abstract control failing. A governance structure that reviews programme milestones but has no clear pathway for customer-level outcome data to reach decision-makers is one that can miss harm until it has already crystallised. The FSCA's underlying focus is traceable accountability for specific customer outcomes, not accountability at institutional level alone.

Communication must achieve understanding, not merely delivery

Communication programmes must be capable of achieving actual customer understanding, not simply issuing notices. A programme that can evidence "notice X was sent to Y customers on date Z" but cannot evidence any measure of comprehension or engagement has, in the regulators' eyes, achieved delivery but not necessarily outcome.

Unexplained value transfer between JIBAR and ZARONIA

The concern is not the existence of a value transfer specifically, but firms failing to identify, quantify or explain it to affected customers. Economic differences between the two benchmarks must be assessed, approved, monitored and clearly disclosed.

Incomplete legal remediation and unresolved contracts

Contracts that remain unamended as cessation approaches, whether through customer non-response, disputed terms, or genuinely difficult legacy documentation, leave customers exposed at the point JIBAR ceases.

Key takeaways from the supervisory examinations (1 of 2)

1

Evidence, not assertion: supervisors want documented proof of consent, communication testing and legal sign-off.

Programme governance and management reporting are more advanced than independent validation. Limited completed Internal Audit, Compliance or independent readiness reviews were observed across the industry, so the independent TCF assurance review due by 31 October 2026 is the critical readiness validation, not a compliance exercise.

2

Contract remediation capacity is the industry's biggest bottleneck — prioritise tracking and escalation of complex or disputed contracts.

A material portion of remediation depends on customer responsiveness, noteholder identification and approval, syndicated counterparties, issuers, facility agents, clearing houses and international banks. Compressed implementation windows raise the risk of operational error, inconsistent contractual treatment and inadequate consent.

3

Build (and document) contingency plans for customers not transitioned before cessation — reliance on fallback/legislative solutions alone is a flagged concern.

Some institutions had no documented contingency plan for customers not transitioned on time, while others may rely on fallback or legislative mechanisms without granular monitoring of non-responsive clients, disputed amendments or at-risk contracts, the FSCA notes a potential unreasonable post-sale barrier under TCF Outcome 6.

Key takeaways from the supervisory examinations (2 of 2)

4

Align legal sign-off processes with Board/steering committee oversight so that governance and execution evidence trails match.

Governance was not uniformly robust: infrequent or missed steering-committee meetings, absent or unapproved terms of reference, limited end-to-end programme approval, insufficient product-level remediation tracking and ratings that exclude external dependencies all reduce Board visibility of residual conduct risk.

5

Treat vulnerable customers, tough-legacy contracts and term-rate-dependent products as priority review categories.

Communication often does not differentiate retail, SME, vulnerable and sophisticated institutional customers, and there is limited evidence of testing understanding of CAS, fallback mechanics, valuation effects and consent. All six TCF outcomes are rated Amber 1, with the sector consolidated at Amber 1.

No material conduct failures or widespread customer detriment have been identified to date, but the sector remains rated Amber 1 — moderate residual risk and uneven readiness. The third examination round (October to November 2026) will assess remediation progress and whether institutions remain on a credible trajectory before JIBAR ceases on 31 December 2026.

Evidence the PA & FSCA will request

Governance evidence

- Board and steering-committee engagement, decision-making and escalation records.
- Evidence of oversight challenge and accountability, including the Audit Committee.

Execution & control evidence

- Exposure tracking, legal remediation inventories and controls preventing new JIBAR activity.
- Granular, contract-level remediation tracking — not aggregate percentages.

Risk, conduct & assurance evidence

- Client communications, complaint management, TCF scorecard and internal audit reports.
- How vulnerable customers were identified and treated differently through the transition.
- Consent response rates, consent rates and time-to-consent, segmented by customer type.

What we need from Legal

- Prioritise contract remediation: track complex, disputed and tough-legacy contracts individually, with escalation paths.
- Evidence everything: consent trails, communication testing and legal sign-off must be documented, not asserted.
- Document contingency plans for customers not transitioned before JIBAR ceases on 31 December 2026.
- Ready the independent TCF assurance review due 31 October 2026 ahead of the third examination round.

NEXT STEPS FOR FSCA/PA SUPERVISORY ENGAGEMENTS

Ongoing engagement and key dates

Continued work through the SARB MPG, ongoing supervisory examinations, and industry engagements. Financial Institutions are encouraged to reach out to the SARB MPG, the PA and the FSCA as matters arise.

Meeting 1

13 May 2026

1pm – 3pm

Meeting 2

24 August 2026

1pm – 3pm

Meeting 3

19 October 2026

1pm – 3pm

Joint Prudential Authority and Financial Sector Conduct Authority Markets Platform — JIBAR Transition Supervisory Series

KEY DEADLINES

1 May 2026
No new JIBAR-referencing contracts (SARB MPG)

31 Oct 2026
Independent TCF assurance review due

Oct – Nov 2026
Third supervisory examination round

31 Dec 2026
JIBAR cessation

Thank you