

## Rashad Cassim: Opening remarks - Market Practitioners Group conference 2025

Opening remarks by Mr Rashad Cassim, Deputy Governor of the South African Reserve Bank, at the Market Practitioners Group conference, Sandton, Johannesburg, 3 December 2025.

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Good morning.

As you may recall, this Market Practitioners Group (MPG) was established primarily to develop new reference rates for South Africa. It is often said that creating new benchmark rates for financial markets is like building a new foundation under a house you're already living in.<sup>1</sup> For those who have experienced a major renovation, you know it can put a lot of strain on a family. That is why I see it as a good sign that the end is now in sight; we can still come together amicably and no one is asking for a divorce.

It has taken eight years to reach this point, starting with the SARB's consultation paper on alternative interest rate benchmarks.

Four years ago, the MPG and the South African Reserve Bank (SARB) agreed to phase out Jibar by the end of 2026.

About seven months ago, we launched the ZARONIA First initiative. Since then, we have noted a significant increase in the adoption of ZARONIA, from R6.4 billion to over R200 billion in the initial months. Of course, Jibar exposures remain much larger.<sup>2</sup>

Earlier this year, the MPG officially adopted methods for determining credit adjustment spreads and recommended Jibar fallback rates based on compounded ZARONIA rates.

As we approach the Jibar cessation date, there are three issues of concern to the SARB and the MPG as a whole.

The first is what we call the 'No new Jibar' event. We are already encouraging market participants to use ZARONIA instead of Jibar in contracts, but around the second quarter of next year, we plan – along with the Financial Sector Conduct Authority (FSCA) – to issue regulations limiting new Jibar exposures. Our aim is to stop increasing the stock of contracts that will need to be transitioned off Jibar.<sup>3</sup>

After that, we will reach the major milestone of Jibar cessation.

Jibar will be discontinued from 31 December 2026.

All Jibar tenors will cease to be provided or be representative immediately after this date.

This timing should come as no surprise. We have consistently communicated that Jibar cessation would happen at the end of 2026, giving everyone time to prepare for the transition.<sup>4</sup>

Of course, December 2026 once felt comfortably distant. Now, it is barely a year away.

We are aware that the pre-cessation announcement will trigger certain contractual provisions for the calculation and future application of fallbacks.<sup>5</sup> We expect credit adjustment spread calculations to crystallise today. However, these spreads will not be applied until after 31 December 2026, as the Jibar rates are expected to remain representative until that point.

I often ask MPG members what Jibar transition risks should keep us awake. Almost always they highlight the challenge posed by legacy contracts that cannot easily be changed before Jibar is discontinued.

To address these, the SARB and FSCA have proposed amendments to the Financial Sector Regulation Act (FSR Act).<sup>6</sup> These amendments will give the SARB powers to designate replacement benchmarks for discontinued rates and determine adjustment spreads for moving contracts from one benchmark to another. We may need a synthetic Jibar, similar to synthetic Libor - the London Interbank Offered Rate - for dealing with some tough legacy contracts, but overall, we want to put Jibar behind us. In the UK, authorities used synthetic Libor to reduce disruptions in markets where converting certain outstanding legacy contracts to alternative reference rates was not feasible. However, this was a temporary solution.

The SARB will consult on the use of the proposed powers, after the draft amendments to the FSR Act are published.

The third issue is the forward-looking term measure of ZARONIA.

We still believe that risk-free rates compounded in arrears are appropriate and operationally achievable for most cash market segments. We are doing this by developing relevant market conventions and infrastructure.

We are working to find a benchmark administrator that will calculate and publish forward-looking term ZARONIA rates by April 2026. We also encourage market participants not to just wait for term ZARONIA, but to start building liquidity in ZARONIA-linked products now.

To conclude, we have travelled a long way together, and we are now close to a milestone event where Jibar falls away and ZARONIA takes over. We are committed to a smooth transition and over the coming year, it will take a team effort to achieve that.

We all take pride in this country's sophisticated financial sector, but that pride should reflect not only what we have already, but also what we can build, together. Operationalising new benchmark rates will be a major achievement and I hope you will view the work ahead not just as a burden but as an opportunity to develop something good that lasts.

Thank you.

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<sup>1</sup> See [last year's MPG keynote](#), p. 4

<sup>2</sup> As of mid-2025, domestic Jibar exposures were estimated at R43 trillion, while offshore exposures were over R107 trillion.

<sup>3</sup> The SARB and FSCA will, however, need to consider the exceptions to incorporate in the prohibition notice to ensure that it does not hinder the ability of firms to manage risk effectively or have unintended consequences on market segments that genuinely cannot adopt alternative reference rates.

<sup>4</sup> See for instance the 'Interest rate benchmark reform journey' infographic [on the MPG webpage](#) on the SARB website.

<sup>5</sup> As observed during the Libor transition. Refer to FCA announcement on future cessation and loss of representativeness of ..., <https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>.

<sup>6</sup> Act No. 9 of 2017