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FTSE Term ZARONIA

Consultation outcome statement

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Contents

1. Introduction

FTSE Russell is a leading calculator and administrator of benchmarks and indices. It administers various interest rate benchmarks including but not limited to FTSE Term SONIA, FTSE Term €STR, Saudi Arabian Interbank Offered Rate (SAIBOR), FTSE USD IBOR Cash Fallbacks (the ARRC's recommended fallback rates), Tokyo Swap Rate and VND VNIBOR benchmark.

On 3 December 2025, the South African Reserve Bank (SARB) announced that all JIBAR tenors will be permanently discontinued immediately after its final publication on 31 December 2026. In 2022, the SARB and the Market Practitioners Group (MPG) designated the South African Rand Overnight Index Average (ZARONIA) as the preferred successor rate to JIBAR. Since then, the MPG has worked closely with regulators, market infrastructure providers and industry associations to ensure a smooth transition to ZARONIA. To assist market participants, the MPG has produced reference materials, including recommended market conventions, fallback language and the JIBAR transition plan.

Following an RFP process[1] the MPG appointed[2] FTSE Russell as the administrator of the forward-looking ZARONIA term reference rate and provisionally endorsed FTSE Russell's proposed benchmark calculation methodology for its development.

In April 2026[3], FTSE Russell issued a consultation paper to source feedback on the proposed methodology for a forward-looking ZARONIA term rate benchmark ("FTSE Term ZARONIA"). During May 2026 FTSE Russell scheduled individual meetings with a range of market participants who expressed interest in the topic or whom FTSE Russell thought it may be relevant to. This outcome statement summarises the written and verbal feedback received through the formal consultation paper and meetings and outlines FTSE Russell's intended response.

2. Executive summary

Respondents were supportive of FTSE Russell's proposed methodology for FTSE Term ZARONIA but in select instances they suggested possible enhancements for FTSE Rusell to consider. FTSE Russell has reviewed this feedback and in response intends to make the following changes to the methodology:

- Pending the execution of applicable licenses and finalisation of a detailed methodology, supplement the existing input data with
  - Forward starting ZARONIA OIS transactions cleared by LCH Ltd that have effective and termination dates falling between the SARB Monetary Policy Committee (MPC) meeting announcement dates
  - Indicative spot starting ZARONIA OIS rates provided by GMG Brokers
- Incorporate the transaction data from LCH Ltd used in level 1 of the calculation into level 2 of the waterfall
- Exclude Fenics Data & Analytics[4] indicative ZARONIA OIS rates until there is sufficient evidence to demonstrate it has performance that is sufficiently independent from GFI and Latium Capital (a trading divisions of GFI Group)[5]
- Reduce the period for which we assume the previous days' ZARONIA OIS rates are representative from 3 business days to 1 business day prior to the primary data collection window date for GFI, Latium Capital, Traditional and GMG Brokers
- Publish a 9-month tenor
- Update the refix policy to take into account that ZARONIA can be refixed until 12:00SAST

[1] https://www.resbank.co.za/en/home/publications/publication-detail-pages/Financial-Markets/Committees/MPG/mpg-publications/request-for-proposal-final-document0
[2] https://www.resbank.co.za/en/home/publications/publication-detail-pages/media-releases/2026/jibar-tax
[3] https://www.lseg.com/content/dam/ftse-russell/en_us/documents/consultation/ftse-term-zaronia-consultation-april-2026.pdf
[4] Fenics is a registered trademark/service mark of Fenics Software Inc. and its affiliates in the US and other countries
[5] GFI and Latium Capital are registered trademarks of GFI Group Inc. and its affiliates in the US and other countries

3. Summary of feedback received and planned changes to FTSE Term ZARONIA

FTSE Russell received feedback on the design of FTSE Term ZARONIA through both written responses to a formal consultation paper that was available on the FTSE Russell website and through a series of interviews conducted with market participants. Across the two channels of communication FTSE Russell received feedback from 16 institutions, including domestic commercial banks, development banks, international banks, asset managers, trade associations, market infrastructure providers and non-bank financial institutions. FTSE Russell interviewed stakeholders in different departments aiming to collect feedback from both those who actively participate in the ZARONIA OIS market as well as stakeholders in the cash markets who expressed interest in using the Term ZARONIA rate. The information below reflects written and verbal feedback. Not all institutions answered all questions.

1. **Do you agree with FTSE Russell's proposed choice of input data into Level 1 of the methodology? If you believe additional or alternative data should be considered, please state which data you believe should be used and why.**

   All respondents agreed with the proposed use of spot starting ZARONIA OIS transactions and executable quotes from LCH Ltd and Tradeweb respectively as the input data into Level 1 of the methodology. Select respondents suggested FTSE Russell considers supplementing Level 1 of the waterfall calculation with the following additional data inputs:

   A. **MPC-dated ZARONIA OIS contracts**

      FTSE Russell has analysed ZARONIA OIS transactions cleared at LCH Ltd that were registered and executed between 4 May and 23 July 2026. We identified that the inclusion of MPC-dated swaps (i.e., forward starting ZARONIA OIS whose effective date is on or after the business day following SARB MPC announcement date and whose termination date is on or before the following MPC announcement date) would increase the notional volume underlying FTSE Term ZARONIA by almost 80% compared to calculating the rate solely using sport starting ZARONIA OIS contracts. If this data is representative of the market post JIBAR cessation, the inclusion of these MPC-dated swaps could significantly increase the notional volume of transactions underlying FTSE Term ZARONIA.

      FTSE Rusell intends to use the MPC-dated swaps to determine the prevailing spot starting rate for each tenor by using the market-standard assumption that the overnight rate between MPC meetings remains constant. The initial rate prior to the closest MPC meeting announcement date will be implied from the 1-month tenor, and where the nearest MPC meeting announcement date is within that 1-month period, the rate implied by the 1-month tenor will be adjusted by the overnight rate implied by the next MPC-date swap. The interest rate for periods between subsequent MPC meeting dates, will be determined from the MPC-dated swaps. Furthermore, as the dates of the MPC meetings are currently published once per year in November for the year ahead, where MPC dates have not been published, FTSE Russell will forecast the meeting dates. Due to the use of the 1-month tenor in determining the rate prior to the closest MPC meeting, FTSE Rusell does not intend to incorporate MPC dated swaps into the calculation of the 1-month tenor.

      Pending finalisation of the methodology, FTSE Russell plans to incorporate forward-starting MPC-dated ZARONIA OIS transactions cleared at LCH Ltd into the benchmark calculation.

   B. **ZARONIA OIS transaction cleared at CME Group**

      In July 2026, FTSE Russell reviewed CME Group's publicly available information[6] on the clearing activity and has determined that the volume of ZARONIA OIS in tenors of 0-2 years was insufficient to enhance the quality of FTSE Term ZARONIA. FTSE Russell remains open to reassessing the inclusion of CME Group data in the future if cleared volumes substantially increase. The inclusion of such data would be contingent on agreeing commercially viable licensing terms with CME Group.

[6] https://www.cmegroup.com/trading/interest-rates/cleared-otc.html

C. Executable ZARONIA OIS quotes from the Bloomberg platform

One respondent noted that some dealers use Bloomberg's electronic trading platform(s) for ZARONIA OIS. FTSE Russell has approached Bloomberg and is investigating the suitability of such data. However, FTSE Russell does not plan to incorporate Bloomberg data into the calculation at the current time.

2. To protect against manipulation of the benchmark FTSE Russell propose to cap the impact that similar trades done between the same counterparties on the same day have on calculation of the benchmark. Do you agree?

To the extent to which respondents answered this question they were supportive of capping the impact that similar trades executed between the same counterparties on the same day have on calculation of the benchmark. One respondent questioned whether this feature of the methodology could limit the volume of transaction data used in the benchmark determination. FTSE Russell intends to retain this cap in the production benchmark and will calibrate the parameter(s) taking into account the impact on the availability of trade data used in the benchmark transaction.

3. FTSE Russell intends to calculate Level 2 of the methodology using (i) indicative rates from major interdealer brokers including Tradition, GFI, and Latium Capital, (ii) indicative rates from Fenics Data & Analytics, and (iii) composite rates from Tradeweb for spot starting ZARONIA OIS cleared at LCH. Plus, any valid but unused individual dealer-to-client quotes from Tradeweb in the same instruments. Do you agree with the proposed sources?

Most respondents agreed with the proposed sources. Two respondents suggested amendments to the data sources used in the second level of the waterfall:

- One respondent highlighted that in addition to the existing interdealer brokers - Latium Capital, Tradition and GFI; GMG Brokers and ICAP are active in the ZAR swap market and may publish ZARONIA OIS rates that are representative of the market. Pending completion of a suitable license agreement FTSE Russell intends to include GMG Brokers in the FTSE Term ZARONIA calculation.
- Another respondent questioned the extent to which Fenics Data & Analytics ZARONIA OIS indicative rates are determined independently from Latium Capital and GFI. They questioned whether the inclusion of Fenics Data & Analytics ZARONIA OIS indicative rates increased the weight given to Latium Capital and GFI inputs. FTSE Russell has consulted with the data provider and confirmed that historically Latium Capital and GFI were the sole inputs into Fenics Data & Analytics ZARONIA OIS indicative rates. However, the methodology for Fenics Data & Analytics ZARONIA OIS indicative rates has subsequently been updated to include additional input data. FTSE Russell has excluded Fenics Data & Analytics ZARONIA OIS rates from the prototype calculation and intends on excluding Fenics Data & Analytics ZARONIA OIS indicative rates from the Term ZARONIA benchmark calculation until sufficient historical time series data is available and we can demonstrate that its performance is sufficiently independent of GFI and Latium Capital. FTSE Russell may include Fenics Data & Analytics ZARONIA OIS indicative rates in the future.

In addition, to the feedback from respondents, FTSE Russell plans to incorporate any transactions cleared at LCH Ltd into Level 2 of the calculation that were insufficient to meet the minimum criteria required to publish FTSE Term ZARONIA using level 1.

4. With the exception of Tradeweb, FTSE Russell understands that the indicative rates used in Level 2 of the calculation are good until cancelled, updated, or withdrawn. During benign conditions it is possible for these rates not to be updated for several days at a time. However, using data that has not been updated for an extended period risks using data that is no longer representative of current market conditions. For this reason, FTSE Russell proposes to extend the collection window by one day at a time up to a maximum of four business days in total. Do you agree?

Most respondents didn't express any views on the proposal to assume Tradition, GFI and Latium Capital ZARONIA OIS rates remain representative for a period of up to 4 business days (i.e. the standard collection window and the three business days immediately prior). Two respondents suggested we consider a shorter period.

To determine a suitable period for which to assume ZARONIA OIS rates remain representative, FTSE Russell has analysed data availability and representativeness of ZARONIA OIS rates from the three interdealer brokers during the period from 2 February to 29 May 2026.

On average ZARONIA OIS rates in the 1-month, 3-month, 6-month, and 12-month tenors from Tradition, GFI and Latium Capital were updated on 85% of the business days with some sources and tenors updating more frequently than others. If we assume data from the previous one, two, and three business days remains representative, this will increase data availability to 93%, 96% and 97% respectively. The table below shows further details of the impact of assuming ZARONIA OIS rates remain representative for different periods on data availability.

Table 1: Impact of extending the lookback period on data availability

Length of look back period (days)	Data availability
0	85%
1	93%
2	96%
3	97%
4	98%
5	98%
6	98%

To determine the representativeness of the ZARONIA OIS rates published on days prior to the primary data collection window date, FTSE Russell has reviewed the absolute difference of (i) the average mid published by each interdealer broker prior to 18:00SAST and (ii) the prototype FTSE Term ZARONIA rate. Any material increases in the difference when compared to the primary data collection window date could suggest that prior rates are less representative. However, the small sample size for longer look back periods makes it challenging to draw robust conclusions. The table below shows that extending the collection window by one business day has little change in the average difference but extending it by two days leads to a more than doubling of the average difference.

Table 2: Representativeness of ZARONIA OIS rates published on days prior to the primary collection window

Length of look back period (days)	Sample size	Average
0	811	0.01746
1	77	0.01611
2	30	0.04450
3	10	0.02701
4	8	0.03368
5	6	0.02483
6	1	0.07050

FTSE Russell proposes to limit the look back period to a maximum of one business day prior to the primary data collection date to reduce the risk of including rates that are no longer representative of current market conditions.

5. **FTSE Russell proposes to collect the input data during the period 09:00-18:00SAST. On one hand a longer collection window supports the inclusion of more data. On the other hand, extending the collection window beyond typical trading hours can result in sampling the market when liquidity is low, and may be less representative. Shortening the collection window would reduce the availability of executed trades. The collection windows for trade and quote data should be the same to ensure both datasets are representative of the same market conditions. Do you agree with FTSE Russell's choice of collection window?**

Most respondents didn't express any views on the length of the collection window. One respondent questioned whether the methodology might exclude a small number of ZARONIA OIS trades executed at New York close.

FTSE Russell has reviewed the distribution of time stamps for ZARONIA OIS trades cleared at LCH Ltd with a termination date within 375 days of the effective date between 9 September 2025 and 24 July 2026. During this period 96% of the transactions were during the proposed collection window of 09:00-18:00SAST. As the same collection window is used for trades and quotes, extending the collection window to collect additional trade data may result in sampling the quote data when the market is less active and hence such quotes may be less representative of genuine market activity. For this reason, FTSE Russell plans to retain the collection window of 09:00-18:00SAST.

6. **Do you agree that if there is insufficient data to calculate the benchmark using either Levels 1 or 2, that the benchmark should be calculated using the Integrated Fallback level?**

   Respondents agreed with the inclusion of the integrated fallback. FTSE Russell intends on retaining the integrated fallback.

7. **Do you agree with FTSE Russell's proposed methodology for the Integrated Fallback, which applies a spread adjustment based on the movement in compounded ZARONIA to yesterday's Term ZARONIA rate?**

   Respondents agreed with the methodology for the integrated fallback. There was no feedback on the length of the compounding period. FTSE Russell does not intend on making any changes to the integrated fallback methodology.

8. **FTSE Russell proposes to publish the prototype and benchmark at or around 10:30SAST on the business day immediately following the day that the data is sampled. Do you agree with the proposed publication time, or should it be at a different time?**

   Respondents did not raise any objections to the proposed publication time, so FTSE Russell intends to retain this publication time.

9. **Do you agree with publishing the benchmark in 1-month, 3-month, 6-month and 12-month tenors? Are there any additional tenors that you require or any proposed tenors that you don't need?**

   Most respondents agreed with the proposed tenors. One respondent requested a 9-month tenor, on the basis that JIBAR currently has a 9-month tenor and such tenor is used in the calculation of the SteFi money market index. To determine whether to publish a 9-month tenor FTSE Russell reviewed transaction activity, availability of quote data, and representativeness of the prototype. The notional of spot starting 9-month ZARONIA OIS transactions cleared at LCH Ltd is comparable to that of the 6-month tenor. Availability of quote data for the 9-month tenor is similar to that of the other tenors and the historical performance of a 9-month prototype is of comparable representativeness, as measured by the difference to the average transacted rate on each day, to the other tenors. On this basis, FTSE Russell intends to commence publication of a 9-month tenor.

10. **To align with ZARONIA, FTSE Russell plan to publish the benchmark to three 3 decimal places i.e., to 0.1bps (e.g., 6.102% is published as "6.102"). Do you agree with publishing the benchmark to 3 decimal places?**

    FTSE Russell received mixed feedback with most respondents agreeing 3 decimal places was appropriate whilst a small number proposed publishing FTSE Term ZARONIA to 4 decimal places. Those requesting 4 decimal places highlighted the convention in the swap market is to use ZARONIA compounded to 4 decimal places, and they requested consistency between the cash and swap market to better support hedging of cash products which reference FTSE Term ZARONIA. Furthermore, they highlighted that their loan systems didn't have limitations on the number of decimal places.

    FTSE Russell is conscious that many loan systems are set up to receive JIBAR, which is published to 3 decimal places. There is a risk that some systems may not be able to support more than 3 decimal places.

    On balance FTSE Russell proposes to retain publication to three decimal places.

11. Are there any other data vendors, applications or delivery mechanisms (either LSEG or third party) that you would like to receive FTSE Term ZARONIA through?

Respondents requested to receive the benchmark through LSEG and Bloomberg products, as well as online.

12. Do you agree with the proposed refix policy?

Most respondents were supportive of the proposed refix policy. Some respondents noted that SARB's overnight ZARONIA benchmark can be refixed until 12:00SAST, 30 minutes later than the proposed final refix time for FTSE Term ZARONIA and requested we revise the FTSE Term ZARONIA refix policy so that it's able to incorporate such changes to ZARONIA. FTSE Russell proposed to change the refix policy to:

> *"If following publication, a material error* ***or refix*** *is identified in the input data or the determination of the rate before* ***12:00SAST****, the administrator shall endeavour to refix the rate as soon as possible. No refix will be issued after 23:59SAST on the day of publication. A material error is one that results in a change of + or – 0.1 basis points to the published value of the benchmark when corrected."*

13. Do you agree with the proposed delayed publication policy?

All respondents agreed with the proposed delayed publication policy. However, to be consistent with question 12, FTSE Russell intends to amend the policy to capture any refix of ZARONIA:

> *"FTSE Russell may at its discretion delay publication of the Benchmark in the event that technical difficulties are preventing receipt of input data or if FTSE Russell has reason to believe that either the input data or the determination of the Benchmark includes a potential error* ***or refix****. In such cases, all reasonable efforts will be made to publish the Benchmark at the earliest opportunity"*

14. Are there any specific features, that haven't been specified above, that you require as part of the calculation, publication or redistribution of the benchmark?

One respondent requested we provide details regarding which level of the waterfall is used in the published rates. FTSE Russell plans to include a flag, which highlights when the integrated fallback is used to determine the benchmark.

4. Next steps

FTSE Russell intends to update the FTSE Term ZARONIA prototype calculation and methodology, including historical rates, with the changes described above. An updated version will be released in due course, prior to transitioning the final methodology to production.

ABOUT FTSE RUSSELL

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

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