

## Consultation: ZAR Risk Free Rate Transition to ZARONIA

### Part 2: Conversion Event

This document outlines CME Group’s proposal for converting cleared South African Rand (ZAR) interest rate swaps from the Johannesburg Interbank Average Rate (JIBAR) to the South African Rand Overnight Index Average (ZARONIA) rate.

#### Background and Key Considerations:

The South African Reserve Bank (SARB) established the Market Practitioners Group (MPG) to oversee the transition from JIBAR to ZARONIA. In a December 3, 2025 [press release](#), the SARB informed market participants that the cessation of JIBAR is now confirmed, with the cessation date set for December 31, 2026.

CME Group intends to leverage a playbook similar to those used in other recent benchmark transitions to risk-free rates (RFRs), such as the transition for USD-LIBOR cleared swaps to SOFR and other global transitions. Following the planned discounting and price alignment (PA) transition scheduled for April 10, 2026, CME is proposing to convert legacy in-scope JIBAR-indexed interest rate swaps into ZARONIA overnight index swaps (OIS) prior to the index cessation via one primary conversion event. CME intends for this conversion to be a cash compensated event (see ensuing details below).

#### Timeline of Key Transition Events:

Given the market has become familiar with the processing of RFR transitions, CME Group will process its ZAR events in alignment with other global CCPs. This would include the following events and timing:

1. **Launch of ZARONIA OIS Clearing Support:** Live as of January 12, 2026 in CME’s production environment
2. **Discounting and Price Alignment Transition:** Friday, April 10, 2026 (contingency date of April 17, 2026)
3. of April 17, 2026)
4. **Conversion Dress Rehearsal:** CME will facilitate a dress rehearsal prior to the production conversion event on October 7, 2026 (contingency date of October 28, 2026)
5. **Production Conversion Event:** Proposed for **Friday, November 20, 2026**. This conversion event will encompass all outstanding cleared JIBAR swaps that contain fixings beyond the cessation date (contingency date of December 4, 2026)
6. **JIBAR Cessation:** Final publication on December 31, 2026.

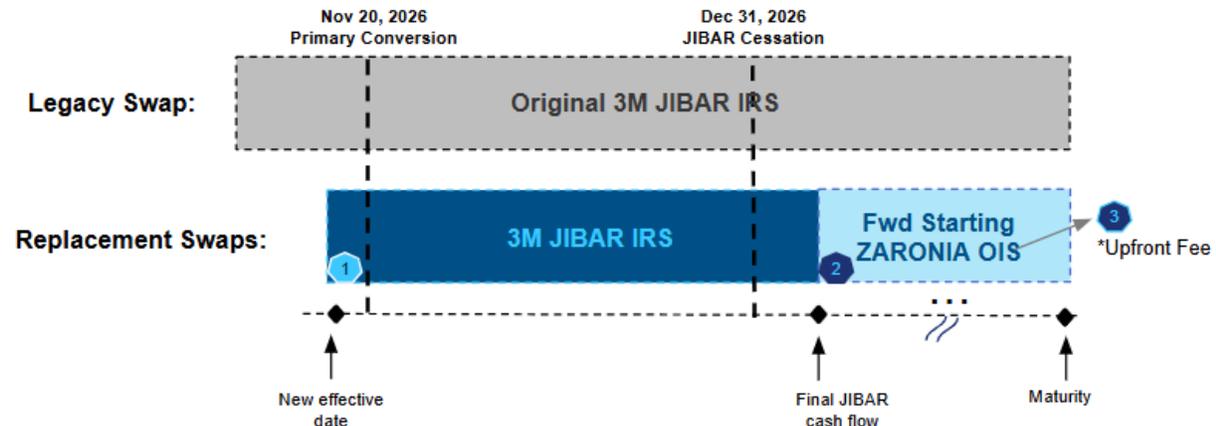


### Proposed Conversion Details and Methodology:

**Products in scope:** All ZAR-JIBAR IRS with fixings beyond the index cessation date of December 31, 2026.

**Timing:** as a part of CME's end of day processing on **Friday, November 20, 2026** (contingency date of December 4, 2026)

### Conversion Methodology:



As outlined in the above visual, CME plans to utilize the following conversion methodology, whereby any legacy cleared JIBAR swaps with fixings beyond December 31, 2026, will operationally be terminated and replaced with the following:

1. A 3M JIBAR replacement swap that is designed to capture any remaining fixings prior to the index cessation (legacy trade's economics carry over)
2. A forward-starting ZARONIA replacement overnight index swap (OIS) that will:
  - a. Maintain the legacy trade's fixed rate
  - b. Replace the JIBAR floating rate with daily compounding ZARONIA plus the [16.19 basis point fallback spread](#)
  - c. Apply a 2D payment offset to both the fixed and floating legs
  - d. Have an effective date following the 3M JIBAR replacement swap's maturity
  - e. Have a maturity date that matches the original trade
3. **Cash adjustment** in the form of an upfront fee will be included on the forward-starting ZARONIA OIS to account for any differences between the legacy JIBAR swap valued under ISDA fallbacks and the corresponding replacement swaps booked by CME at the point of conversion

**Post-Conversion JIBAR Clearing Support:** Based on market feedback received, CME is proposing to conduct a single conversion event on November 20, 2026. Immediately following this, CME intends to limit its support of JIBAR clearing to only accept trades that contain fixings prior to the index cessation. This is intended to continue supporting unwinds of trades that did

not fall in scope for conversion, as well as any replacement trades that participants would like to close-out.

**Dress Rehearsal Timing:** Wednesday, October 7, 2026 (contingency date of October 28, 2026)

**Dress Rehearsal Considerations:** Dress Rehearsals are designed to closely resemble the Production Conversion Event. Production portfolios will be backloaded into CME's UT environment prior to each dress rehearsal. CME will convert in-scope JIBAR swaps into replacement swaps and send confirmation messages to clearing firms. After each Dress Rehearsal, clearing firms and clients can access IRS Trade Register files via sFTP folders showing simulated conversion results.

**Indicative Analysis Reporting:** Leading up to the conversion event, CME will provide Indicative Analysis Reports (*IBORCONV*) via sFTP folders for clearing firms and clients to consume. This report will show the key economics of the expected replacement trades that would result from conversion.

### **Request for Feedback and Contact Information:**

Please contact us at [ClearedSwapConversion@cmegroup.com](mailto:ClearedSwapConversion@cmegroup.com) by March 31, 2026, if you would like to respond to the following questions related to this proposal:

1. Is November 20, 2026 a reasonable date to process this conversion event?
2. Do you have any strong objections to this being a single conversion event where JIBAR clearing support is restricted thereafter (i.e., no secondary conversion or post-cessation daily conversion cycles)?
3. Is October 7, 2026, a reasonable date to operate the dress rehearsal event? Note, while dress rehearsals will remain optional, we highly recommend clearing firms participate if possible.
4. Is there any additional feedback you would like to provide at this time?

### **Disclaimer:**

The contents of this document are for informational purposes only and provide an overview of CME Group's proposal for facilitating the conversion of JIBAR instruments to ZARONIA in the cleared ZAR derivatives market. This proposal is subject to change at any time without prior notice. Implementation of any final plan is subject to regulatory review and to any necessary internal and external approvals.