MARKET NOTICE

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Date: 8 July 2026

SUBJECT: **JSE MARKET CONSULTATION - PROPOSED INPUT CHANGES TO THE STEFI INDEX ARISING FROM THE JIBAR TO ZARONIA TRANSITION**

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The Johannesburg Stock Exchange (JSE) hereby invites comments from market participants and users of the Short-Term Fixed Interest (STeFI) Index on a proposed change to the input rates used in the calculation of the index. This proposal arises as part of the broader South African interest rate benchmark reform, specifically the transition from the Johannesburg Interbank Average Rate (JIBAR) to the South African Rand Overnight Index Average (ZARONIA).

1. Background and Rationale

The South African Reserve Bank (SARB), through its Market Practitioners Group (MPG), has directed that JIBAR will cease publication with effect from 31 December 2026. This transition is aligned with global benchmark reform initiatives aimed at replacing interbank offered rates with more robust, transaction-based alternative reference rates. The STeFI Index currently utilises a combination of short-term market rates as inputs, namely:

- SABOR rate (for call deposits),
- 3-month JIBAR,
- 6-month JIBAR, and
- 12-month JIBAR.

With the discontinuation of JIBAR, it is necessary to revise the inputs into the STeFI Index to ensure continuity, robustness, and alignment with the new benchmark framework.

STeFI is a money market index that is calculated and published daily by the JSE. The index is used by market participants to assess market performance for money market exposures. The index calculation is based on an average of trailing rates and is not designed to be replicable or directly investable. The index has value as a short-term benchmark since it incorporates additional term structures over and above the overnight component.

2. Proposed Change

The JSE proposes to replace the existing JIBAR-based inputs with rates derived from the JSE ZARONIA zero curve, while replacing SABOR with the ZARONIA overnight rate. Specifically:

- Call deposit component:

Replace SABOR with the actual ZARONIA overnight rate.

- 3-month, 6-month, and 12-month components:

Replace JIBAR rates with tenor-equivalent rates derived from the JSE ZARONIA swap curve. Neither the existing 10 basis point adjustment nor a Credit Adjustment Spread will be applied to these new input rates.

Importantly, this proposal does not change the methodology, structure, or weighting of the STeFI Index, but only the underlying input rates. The current component structure and associated weights remain unchanged, as set out in Table 1 below:

Table 1: STeFI index weights

Component	Weight
Call Deposit Index	15%
3-Month NCD Index	30%
6-Month NCD Index	35%
12-Month NCD Index	20%

3. Development of the JSE ZARONIA Curve

The JSE has published a production version of the ZARONIA curve since 2 February 2026, allowing for an observation period and comparative analysis. The ZARONIA curve methodology has been developed through industry consultation and was endorsed by the SARB MPG Curves and Construction Sub-Working Group (part of the Cash Workstream). This ensures that the curve reflects market best practice and aligns with broader industry transition objectives.

4. Basis for the Proposed Approach

The JSE considered a range of alternative inputs, including:

- NCD transactional data,
- JSE ZARONIA curve-derived rates,
- FTSE Russell ZARONIA term rates, and
- NCD bank quotes,

Following evaluation, the JSE proposes the use of the JSE ZARONIA swap curve-derived rates for the following key reasons:

(a) Strong alignment and correlation with JIBAR

Analysis indicates that rates derived from the JSE ZARONIA swap curve exhibit alignment with historical JIBAR levels. Figure 1 below illustrates the relationship between 3-month JIBAR (adjusted by minus 10 basis points, consistent with its treatment as a STeFI input) and the corresponding tenor derived from the JSE ZARONIA swap curve. While JIBAR reflects a more immediate step-up following the SARB repo rate increase on 28 May 2026, the ZARONIA curve-implied rates adjust more gradually over time in line with market expectations. Notwithstanding these differences in adjustment dynamics, the relationship remains strongly positive and economically consistent. This strong co-movement supports index continuity and helps minimise unintended valuation impacts for STeFI users.

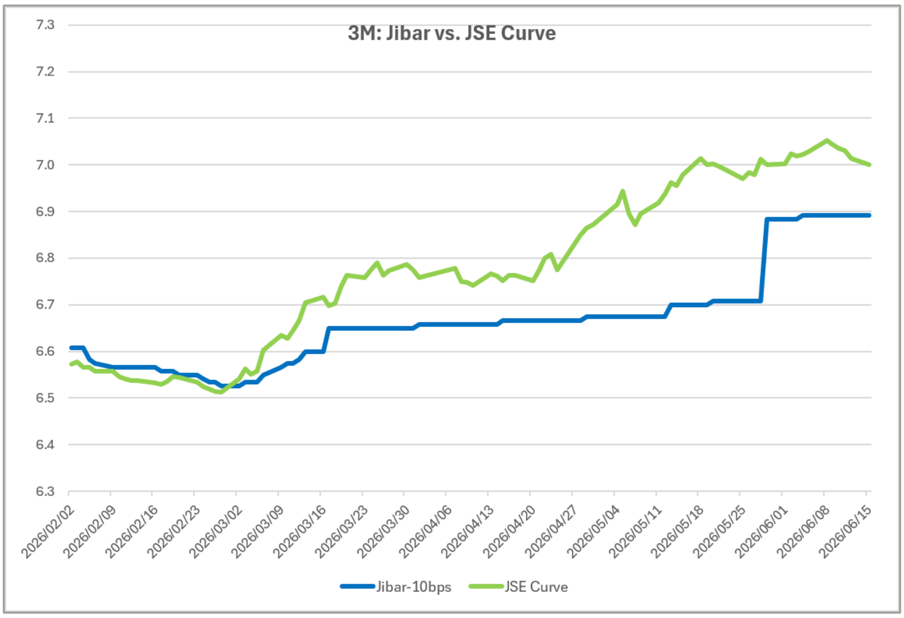

Figure 1: Comparison of 3-Month JIBAR (Less 10 bps) and 3-Month JSE ZARONIA Curve-Derived Rates

(b) Continuity and stability of the index

The curve-based approach provides a smooth and consistent term structure, ensuring stability in index calculation during the transition period for all input tenors.

(c) Operational readiness and ease of implementation

The required curve data is already publicly available and productionalised within the JSE infrastructure, enabling efficient implementation without introducing additional operational dependencies or complexity.

(d) Early clarity and certainty for market participants

The proposed approach provides timely direction to STeFI users, allowing sufficient time for transition planning, necessary system updates, and stakeholder alignment ahead of the cessation of JIBAR on the 31st of December 2026.

5. Implementation Timeline

Subject to market feedback, the JSE proposes to implement the revised inputs with effect from **1 October 2026**, at the end of the third quarter of 2026. This will only impact the input rates and none of the index calculation methodology will be impacted. The implementation will incorporate new input rates only from this date, and therefore the trailing average of each tenor will incorporate both historical Jibar inputs and new Zaronia inputs until all legacy rates fall out of the respective averaging periods.

There will be no discontinuity in daily index values due to the implementation, and the historic time series of index values will not be restated. Both the composite STeFI and the individual sub-indices will continue to be calculated and published.

The JSE intends to minimise any operational or processing impact to clients that consume the existing STeFI data files programmatically, however it may be necessary to make this data available in a separate file.

6. 2027 Methodology Review

The switch to a JSE Zaronia swap curve rate creates timeline certainty for STeFI users and is based on input data that is established and publicly available, and functionally substitutable. However, it is not an appropriate long-term solution by itself since benchmark design principles should consider transactional data where available. As the Zaronia market matures and volumes grow, a longer time series of representative transactional data will become available, and the JSE intends to consider this data for a second round of STeFI enhancements in 2027.

The JSE will therefore commence a further review of the STeFI methodology at the end of the 1st quarter of 2027, once sufficient market data is available to support design decisions. The following input alternatives have currently been tabled for consideration:

- Official ZARONIA term rates, once they have been finalised. FTSE Russell is the appointed benchmark administrator for these rates.
- ZARONIA-based NCD transactional data.

In addition to the long-term input rate review, the JSE will also consider methodology changes to make the index more replicable, review the index weights, and establish a robust governance framework. These changes do not form part of this consultation.

7. Request for Market Feedback

The JSE invites comments from all current STeFI users on the proposed transition changes. We note that there is not currently any contractual licensing framework or service commitment for STeFI usage, and as such the JSE does not maintain records on STeFI users or usage.

In addition to any feedback on the proposed approach, responses should include the identity of respondent and the manner in which STeFI is currently used by the respondent, including AUM where applicable. Should your organisation require access to the JSE Zaronia swap curve, or wish to discuss any of the proposals or underlying data with the JSE team, please contact indices@jse.co.za

Please submit your comments and feedback by 4 August 2026 to: indices@jse.co.za

8. Conclusion

The proposed changes are a necessary step in ensuring that the STeFI Index remains robust, relevant, and aligned with the evolving South African benchmark framework. The JSE is committed to providing certainty to all STeFI users that the index will continue to be available in a post-Jibar landscape for participants that wish to continue to incorporate term structure into their benchmarks and believes that a two-step approach provides this certainty while allowing transactional volumes in the market to develop and mature. The JSE remains committed to maintaining transparency, market alignment, and methodological stability throughout this transition and looks forward to engaging with stakeholders on this important development.

This Market Notice will be available on the website: **JSE Market Notice**