Bloomberg TERMINAL

ZARONIA Transition Checklist & FAQ

A Bloomberg Professional Services Offering

1. Overview: The ZARONIA Transition

South Africa has transitioned from JIBAR to ZARONIA as the primary reference rate. As of 1 May, no new JIBAR-linked instruments are being issued, and market participants are now operating in a ZARONIA-led environment.

This transition represents a structural shift from a forward-looking term rate (JIBAR) to a transaction-based overnight rate (ZARONIA), with implications across valuation, risk management, operations, and liquidity.

What this means for you:
- New issuance must reference ZARONIA
- Focus has shifted to legacy exposure and optimisation
- Systems and models should now reflect ZARONIA conventions.

2. ZARONIA Transition Checklist

Exposure Identification	Identify all instruments referencing JIBAR directly or indirectly across portfolios, benchmarks, and systems.	**What this means for you:** Ensure full visibility of legacy exposure to avoid unexpected fallback outcomes.
Fallback Review	Review contractual fallback language and prioritize exposures lacking robust provisions.	**What this means for you:** Contracts with weak fallback language may require remediation or create valuation uncertainty.
Valuation & Curve Transition	Transition pricing models to overnight compounded rates and implement ZARONIA-based curves.	**What this means for you:** Inconsistent curve construction can lead to pricing discrepancies.
Systems & Operational Readiness	Ensure systems support compounding, new conventions, and calculation methodologies.	**What this means for you:** Operational gaps can lead to incorrect cashflows or reporting issues.
Risk Management	Update risk frameworks and monitor basis risk between JIBAR and ZARONIA.	**What this means for you:** Basis risk may impact hedging effectiveness.
Post-Transition Monitoring	Track liquidity and actively manage legacy exposures.	**What this means for you:** Liquidity is evolving—ongoing monitoring is essential.

3. How Legacy JIBAR Contracts Transition (Fallback Waterfall)

Cash Fallback Methodology:

The Market Practitioners Group (MPG) recommends that the Jibar fallback rate comprises a compounded South African Rand Overnight Index Average Rate (ZARONIA) and a spread that accounts for the differences between Jibar and ZARONIA. The spread should be based on a historical median of the differences between Jibar and compounded ZARONIA over a five-year lookback period. This methodology aligns with the standard fallback methodology in the ISDA documentation for derivatives

Legacy JIBAR-linked notes remain a key transition challenge. While ZARONIA plus spread is the recommended replacement framework, the transition path depends on each instrument's official documentation and, where required, the ability to obtain noteholder consent.

Bloomberg fallback language analysis helps identify whether documentation contains permanent cessation language, temporary market disruption provisions, calculation agent discretion, or amendment / consent requirements.

Documentation example:
One reviewed South African FRN programme states that if ZAR-JIBAR-SAFEX ceases to apply, another rate may be determined by the Calculation Agent and notified to Noteholders. However, it does not expressly hardwire ZARONIA plus spread or include a full permanent cessation methodology.

This matters because the MPG notes that, in bond markets, legislative transition may be a likely path where obtaining consent from multiple bondholders is difficult. Even where legislative transition is expected, firms still need to assess documentation, prepare systems, and communicate the impact of any designated replacement rate.

Why This Matters

Different fallback paths can result in valuation differences, basis risk, and operational complexity. Understanding how each contract transitions is critical.

What this means for you

- Similar instruments may behave differently post-transition
- Valuation and risk may diverge across portfolios
- Active monitoring of fallback outcomes is essential

4. Frequently Asked Questions (Conceptual)

What has changed with ZARONIA vs JIBAR?

ZARONIA is an overnight, transaction-based rate calculated in arrears, unlike forward-looking JIBAR. This introduces new valuation methodologies and changes cashflow predictability.

How does this impact valuation?

Valuation now relies on ZARONIA-based curves and updated spread calculations. Pricing models and assumptions must be updated accordingly.

What are fallback rates and why do they matter?

Fallbacks, and their application under ISDA Definitions and Protocols, define how contracts transition when JIBAR is unavailable. ISDA documented derivatives entered into after April 2025 that incorporate the updated 2021 ISDA definitions will automatically include JIBAR fallback provisions. For derivatives established prior to April 2025, the fallback provisions apply only if both counterparties formally adhere to the April 2025 Benchmark Module[1]. Differences in fallback provisions can lead to valuation and risk differences.

[1] https://www.isda.org/protocol/april-2025-benchmark-module-of-the-isda-2021-fallbacks-protocol/

What are the key risks?

Basis risk, model risk, operational risk, and liquidity risk must all be monitored. These should be incorporated into updated risk frameworks.

5. Frequently Asked Questions (Practical)

Where do I find the published ZARONIA O/N Rate?

Run ZARONIA Index <GO>.

How can I find Fallback support for ZARONIA transition in my Bloomberg Terminal, both from a documentary and functional perspective?

For interest rate derivatives, run FBAK <GO> for ISDA IBOR Fallback documentation and {ISDA <GO>} for fallback rates

For floating rate notes, load a ZAR floating rate security and run {IBOR <GO>}

How can I clarify the new conventions for overnight index swaps (OIS) in the ZARONIA format?

Run ICVS 584 <GO> to display our ZARONIA curve out to 30yr maturity. Right click on any price and select 'DES' to display market convention for that instrument.

How do I create and customize an OIS with the new ZARONIA conventions?

Run SWPM -OIS ZAR <GO> to create a customizable IRS with ZARONIA default conventions. Calculation methodology can be found on tab 'Detail'.

How do I trade ZARONIA OIS from my Bloomberg Terminal?

Run BBTI ZA <GO> to launch our Trading venue for ZARONIA OIS. Speak to your Bloomberg Rep for help on the enablement process.

Where do I find tickers and curves for ZARONIA linked NCD instruments?

Run ICVS 592 <GO> to display our ZARONIA-Linked NCD curve out to 5y maturity. Select "Modes, Customize" from the menu bar to view the ZARONIA-linked NCD tickers in the Spread column.

Does Bloomberg extract and evaluate fallback language from official documentation for cash instruments?

Yes. Bloomberg reviews official cash instrument documentation to identify and evaluate fallback language. The resulting data is available on the Bloomberg Terminal and can also be requested via Data Feed.

6. Bloomberg Support

Bloomberg provides:

- ZARONIA data and transparency **{OTC ZAR ZR<GO>}**
- Tickerised ZARONIA instruments **{ALLX ZARO<GO>}**
- Curve analytics **{ICVS ZAR <GO>}**
- Valuation tools **{SWPM ZAR-OIS <GO>, SWPM ZAR <GO>}**
- Market monitoring **{N <GO>, NSUB <GO>, IRSB ZAR <GO>}**
- Electronic Trading Venue **{BBTI ZAR <GO>}**
- Risk management **{MARS <GO>}**
- ISDA IBOR Fallbacks **(ISDA<GO>, FBAK<GO>}**
- Fallback Language for Cash Instruments **{IBOR<go>}**

Take the next step.

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