

LCH clears first ZARONIA swaps

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- LCH is the first CCP to introduce a clearing capability for Overnight Index Swaps (OIS) benchmarked to the South African Rand Overnight Index Average (ZARONIA).

- ABSA Bank, Investec Bank, Nedbank Limited, The Standard Bank of South Africa and RMB, a division of FirstRand Bank Limited were the first participants to clear ZARONIA swaps, with Deutsche Bank and J.P. Morgan acting as clearing brokers.

- LCH is committed to supporting interest rate benchmark reform in South Africa and globally.

LCH SwapClear, an LSEG business, today announces that it has cleared the first swaps referencing ZARONIA, the new risk-free rate for South African Rand-denominated swaps. This new clearing capability demonstrates LCH's commitment to supporting benchmark transition and aligns with the objectives of the Market Practitioners Group (MPG), established by the South African Reserve Bank (SARB) in 2018, to direct orderly benchmark transition in ZAR Rates markets.

Susi de Verdelon, Group Head of SwapClear and Listed Rates, LCH Ltd, said: "We are delighted to extend our SwapClear service to include ZARONIA OIS and to become the first CCP to clear the product. LCH is committed to supporting the South African market in its transition to ZARONIA and to contribute to the industry-wide efforts to ensure adoption of new risk-free rates globally."

Dr Rashad Cassim, Deputy Governor of the South African Reserve Bank and Chairperson of the MPG, said: "We welcome LCH offering a cleared solution for the nascent ZARONIA swaps market. This is a significant development for the South African derivatives markets, as demonstrated by the number of firms participating in this milestone. The clearing solution will be a key component in building liquidity in this new product with domestic and international participants, paving the way for a smooth transition to ZARONIA in line with our timetable."

SARB started to publish ZARONIA in November 2022, following its identification by the MPG as the preferred successor to the Johannesburg Interbank Average Rate (JIBAR) in 2021. ABSA Bank, Investec Bank, Nedbank Limited, The Standard Bank of South Africa and RMB, a division of FirstRand Bank Limited were the counterparties to the first ZARONIA trades cleared through LCH SwapClear, with Deutsche Bank and J.P. Morgan facilitating the transaction as clearing brokers.

The South African rand represented LCH SwapClear's seventh largest currency in terms of registered notional in the past year, with ZAR 223 trillion registered in 2023. LCH SwapClear offers clearing services in 27 currencies and is committed to support

the benchmark transition initiatives in the cleared swaps market globally. Learn more about our services [here](#).

For further information

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About us

LCH. The Markets' Partner.

LCH builds strong relationships with commodity, credit, equity, fixed income, foreign exchange (FX) and rates market participants to help drive superior performance and deliver best-in-class risk management.

As a member or client, partnering with us helps you increase capital and operational efficiency, while adhering to an expanding and complex set of cross-border regulations, thanks to our experience and expertise.

Working closely with our stakeholders, we have helped the market transition to central clearing and continue to introduce innovative enhancements. Choose from a variety of solutions such as compression, sponsored clearing, credit index options clearing, contracts for differences clearing and LCH SwapAgent for managing uncleared swaps. Our focus on innovation and our uncompromising commitment to service delivery make LCH, an LSEG business, the natural choice of the world's leading market participants globally.