



Regulatory framework and approach

- The South African Reserve Bank regulates exchange rate policy and is responsible for implementing monetary policy (<http://www.reservebank.co.za>).
- The official policy rate is the 7-day repo rate. To ensure that the repo rate is effective, the SARB drains liquidity from the market in order to compel the banks to borrow from the SARB at the repo rate. The SARB drain liquidity using the issuance of SARB debentures, long-term reverse repos and FX swaps. Repo and SARB debenture auctions are conducted on a Wednesday. Long-term-reverse repo operations are conducted on Mondays. The SARB also holds supplementary 1-day (reverse-) repo tenders at the repo rate and has a standing facility at the repo rate +/-50bp. The statutory reserve requirement is set at 2.5%.
- The South African rand is a fully accessible, fully convertible currency for non-resident investors. There are residual controls on the actions of residents, but these mostly refer to the lending of rand.
- ZAR transactions can be settled in CLS.

Onshore ZAR products

FX spot

Avg. ticket size:	USD 10mn
Bid/ask spread:	ZAR 100 pips
Avg. daily volume:	USD 4bn
Ref. source:	Reuters Page <ZAR=>

FX forward/swap

Avg. ticket size:	USD 50mn (FX forwards); USD 100mn (FX swaps up to 1Y)
Liquid tenors:	<1Y
Bid/ask spread:	ZAR 0.03 - 0.05
Avg. daily volume:	USD 1bn (FX forwards); USD 9bn (FX swaps)

FX options

Avg. ticket size:	USD 30mn
Liquid tenors:	<1Y
Bid/ask spread:	0.5 vols

IRS + FRA

Avg. ticket size:	USD 5k DV01
Liquid tenors:	1 - 10Y IRS; to 21X24 FRA
Bid/ask spread:	3 bps
Fixing:	3M JIBAR
Ref. source:	Reuters Page <DBMM>

Government T-bills and bonds

Regulatory:	Spot bonds are exchange-traded. In 1996, control of the market passed from the Bond Exchange of South Africa (BESA) to JSE. Currently more than 375 government and corporate bonds are listed on BESA. Bond settlement and custody are managed locally at the Central Securities Depository. There are no restrictions on non-resident ownership of South African government bonds or T-bills.
Liquid tenors:	2Y - 30Y
Avg. ticket size:	USD 5k DV01
Bid/ask spread:	2 bps