

Minutes of the Canadian Alternative Reference Rate Working Group

Hybrid, 25 September 2023, 11:30 p.m. to 1:00 p.m.

1. Introduction

Members were welcomed to the meeting.

2. CDOR transition status

CARR members noted that CAD OTC interest rate derivative trading [continues](#) to be predominantly done using CORRA as the reference rate, with interest rate futures trading having moved to be evenly split between CDOR and CORRA. All high frequency trading firms active in BAXs are now also trading CORRA futures and are likely to fully switch to CORRA when liquidity in BAX futures begins to drop.

FRN issuance is following CARR's recommended CORRA conventions, which will help foster liquidity by allowing investors to focus on issuer credit quality rather than any FRN calculation differences. Members agreed that they should continue to promote the use of CARR's recommended market conventions.

3. Term CORRA update

CanDeal noted that Term CORRA had been officially [launched](#) on September 5. On September 15, the OSC and AMF [designated](#) Term CORRA a designated interest rate benchmark and CanDeal Benchmark Administration Services Inc (CBAS) its designated administrator. This was seen as a significant milestone for the benchmark, which also allows the use of the benchmark by EU-based firms. CanDeal is developing guidance for potentially republishing Term CORRA should any errors occur in the determination of the rate. CARR members agreed to provide input on the proposal.

TMX provided an update on the distribution of Term CORRA over external data providers. Refinitiv should have Term CORRA available on a T+0 basis by October 9 for those clients that have signed a licensing agreement with TMX, while Bloomberg is expected to need some additional time to provide the rate. Members were also updated on the status of Term CORRA's licensing agreements.

4. CARR subgroup updates

The Cash Securities subgroup noted that CMHC's work on a modified fallback for legacy Canadian MBS was now nearly complete, with a draft document outlining the proposed treatment almost ready for review.

The Derivatives subgroup has nearly finished drafting its conventions for Term CORRA based swaps (Term CORRA-fixed rate swap and Term CORRA-CORRA basis swap). The Subgroup

discussed the LCH consultation on the conversion of CDOR swaps. Members were encouraged to provide feedback on the consultation which has been extended. Members discussed the potential Term CORRA fallback to be included in the upcoming update to ISDA's definitions. Given the tight timeline, members agreed to prioritize this work over the coming weeks.

The Term CORRA subgroup noted that it had received a number of questions about the Term CORRA use cases. It was agreed that a new working group should be formed to discuss any questions relating to the use cases and any needed clarifications would be included in the next set of updated FAQs. Members discussed whether another CARR-TMX video covering Term CORRA, including its licensing and use cases may be warranted.

The ATR subgroup has been supporting various other subgroups on accounting, taxation and regulatory issues raised by members.

The Operations and Infrastructure subgroup co-chairs are waiting on comments on the redrafted Transition Aid document.

The Communications and Outreach subgroup co-chairs noted that they had received very few questions from clients on the banks' communications on the "no new CDOR or BA loan" milestone date. Subgroup members were asked to collect any questions they receive from clients for CARR's FAQ document. The subgroup co-chairs also noted that additional CARR-TMX webcasts are [planned to be launched close to the November 1 milestone date](#).

5. Other items

The co-chairs provided an update of discussions at the CFIF BA Transition Virtual Network, including on discussions on how BAs will potentially be wound down ahead of CDOR's cessation.

The next CARR meeting will take place on 23 October 2023.

List of attendees

Market representatives

Karl Wildi, CIBC
Dennis You, CMHC
Alan Turner, HSBC
Jean-Philippe Drolet, National Bank Financial
Audrey Gaspar, OTPP
Andrew Bastien, PSP
Jim Byrd, RBC
Elaine Wright, Samuel, Son & Co.
Anuj Dhawan, Scotiabank
Brett Pacific, Sunlife
Derek Astley, TD Bank

Observers

Louise Brinkmann, CanDeal
Ann Battle, ISDA
Philip Whitehurst, LCH
William Wu, McMillan LLP
David Duggan, National Bank Financial
Robert Catani, TMX

Guests

Gavin Morris, TMX

Subgroup co-leads

Jacqui Szeto, Canso
Jacqueline Green, CIBC
Elodie Fleury, National Bank of Canada
Lisa Mantello, Osler
Robin Das, RBC Capital Markets
Natalia Zand, Scotiabank
Alison Perdue, TD

Bank of Canada

Harri Vikstedt
Wendy Chan
Owen Zehr
Thomas Thorn