

Call to action for CDOR/BA borrowers

Background

The Canadian Dollar Offered Rate (CDOR), a key benchmark interest rate for Canadian dollar-denominated loans and other financial products, is set to cease publication by June 28, 2024, by its designated administrator Refinitiv Benchmark Services (UK) Limited. The cessation of the CDOR rate will also bring about the end of Bankers' Acceptance rate ('BA') based lending. The industry recommended fallback rates for CDOR loans are the Canadian Overnight Repo Rate Average ('CORRA') published by the [Bank of Canada](#) and/or the Term CORRA rates published by [CanDeal](#). Considering this critical juncture in the Canadian financial landscape, it is imperative to transition your loan agreements (including any associated swaps) to a CORRA-based reference rate, or other alternative reference rate as agreed with your lenders before June 28, 2024.

Action Required Before June 28, 2024

In line with the [regulatory expectations set by the Office of the Superintendent of Financial Institutions \(OSFI\)](#) for the banks it regulates, CDOR and BA-linked contracts must be transitioned (using fallbacks or amendments) in an orderly and timely manner, and the recommended methodology for replacing CDOR and BAs has been designed to preserve economic equivalence for borrowers.

It is recommended that borrowers address their CDOR and/or BA linked contract(s) as soon as possible, whether at the annual review or through a stand-alone amendment by June 28, 2024, at the latest. Regarding the latter, you should coordinate with your relationship manager to initiate necessary amendments. If you need to preserve hedge accounting effectiveness for loans that are hedged with interest rate derivatives, it will be important that both instruments are transitioned in synchronicity. Note that delays in transitioning these after June 28, 2024, may result in fallbacks to Prime rate, or other disruptions in the contract execution such as the inability to calculate interest.

Reference Materials

We understand that navigating this transition can be challenging. To aid you during this period, we encourage you to review CARR's recommended best practices document found [here](#), and to register for an upcoming PWC Webinar "*Changing lanes: The road ahead post CDOR and BAs*" on February 29, 2024, where industry experts will share valuable insights. For more information, visit [here](#) to register. You may also submit general questions on the CDOR transition to the CARR Working Group at CARR-WG@bankofcanada.ca

About CARR

Canada established CARR, a working group sponsored by the Canadian Fixed-Income Forum, to coordinate Canadian interest rate benchmark reform. CARR's mission is to ensure Canada's interest rate benchmark regime is robust, resilient, and effective in the years ahead. Over the remaining transition period, CARR will continue to support the transition from CDOR to CORRA as a key financial benchmark.

Visit CARR's [webpage](#), found on the Bank of Canada's website, for up-to-date information on the transition, including all of CARR's key documents, and to sign-up to receive email updates from CARR.