

Minutes of the Canadian Alternative Reference Rate Working Group

Toronto, May 28, 2018, 11:30 a.m. to 1:30 p.m.

1. Review of global work on interest rate benchmarks

A summary of the work under way by the International Swaps and Derivatives Association on interbank offered rates was presented. Members noted the importance of this work, and the potential implications for the Canadian Alternative Reference Rate Working Group (CARR).

2. Updates from subgroups

The co-chairs of the scope of work subgroup provided members with a brief update on their data-collection tool used to determine the size and scope of financial products that currently reference existing Canadian benchmark rates. It was noted that the tool had been sent to select participants, including some external to CARR, and that the preliminary results would be discussed at the next meeting.

The alternative rates subgroup presented members with an update on the work under way to identify and evaluate possible alternative Canadian overnight reference rates. Members discussed the merits of several presented options, eliminating some alternatives based on objective criteria and outlining areas requiring further analysis. The co-chairs agreed to summarize their work and provide further guidance on the way forward at the next meeting.

3. Discussion on fallback documentation

The co-chairs highlighted the importance of having robust fallback provisions in the event of material changes to a referenced benchmark. As a result, members agreed to create a new subgroup, co-chaired by two CARR members, that would develop appropriate fallback language for use in Canadian non-derivative products or contracts. It was noted that membership of the subgroup would extend beyond CARR members to ensure all relevant stakeholders are involved.

4. Timeline and milestones

Members briefly discussed the 2018–19 timeline and milestones for CARR.

The next CARR meeting is scheduled for June 25, 2018.

5. List of attendees

Market representatives

Doug Paul, Alberta Investment Management Corporation

John McArthur, Bank of America Merrill Lynch

Nick Chan, Bank of Montreal

Mario Pereira, Bank of Montreal

Louise Stevens, Canada Mortgage and Housing Corporation
Karl Wildi, Canadian Imperial Bank of Commerce
Alex Prole, Canadian Imperial Bank of Commerce
David McKinnon, Manulife
Daniel Duggan, National Bank of Canada
Simon Labrosse, National Bank of Canada
Jason Chang, Ontario Teachers' Pension Plan
Ed Devlin, PIMCO
Jim Byrd, Royal Bank of Canada
Paul Hildebrand, Royal Bank of Canada
Alejandro Stanco, Scotiabank
Patrick Russett, Scotiabank
Brett Pacific, Sun Life Financial
Nicholas Jewitt, TD Bank
Mike Lin, TD Bank

Observers

Glenn Goucher, Canadian Derivatives Clearing Corporation
Jacques-A. Caussignac, Montréal Exchange
Joshua Chad, McMillan

Bank of Canada

Harri Vikstedt
Scott Kinnear
Samantha Sohal