

Minutes of the Canadian Alternative Reference Rate Working Group

Toronto, June 25, 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 in other jurisdictions to develop new risk-free or nearly risk-free reference rates was presented, along with a brief update on ongoing fallback work by the International Swaps and Derivatives Association (ISDA) on interbank offered rates. ISDA is expected to release a [consultation document](#) on ISDA fallback language for select interbank offered rates later this summer.

Members noted the importance of keeping abreast of global developments to help with the work of the Canadian Alternative Reference Rate Working Group (CARR) and its subgroups.

2. Updates from subgroups

The Scope of Work subgroup provided members with an update on their data-collection exercise, used to determine the size, scope and tenor of financial products that currently reference existing Canadian interest rate benchmarks. Members provided feedback on the preliminary results and suggested areas requiring further analysis. The subgroup agreed to further review the collected data and present a more detailed analysis at the next meeting.

The Alternative Rates subgroup presented members with a [document](#) summarizing their work to identify and evaluate a preferred risk-free rate. The subgroup identified five potential options, each of which was assessed against a set of objective selection criteria. Based on this analysis, the subgroup recommended to members that CARR focus its efforts on “enhanced CORRA” — a rate similar to CORRA, but based on a broader set of transactions with potentially expanded counterparties and/or collateral. The subgroup co-chairs agreed to finalize the next steps following the meeting.

The co-chairs of the newly formed Fallback Language subgroup provided a brief update. CARR members agreed to provide membership suggestions to the co-chairs following the meeting.

3. Administrative items

The co-chairs discussed possible public outreach initiatives to raise awareness and generate feedback for CARR-related work. They noted that they will be discussing CARR and other benchmark work at the Annual Provincial Borrowers Conference in Fredericton, on July 12. It was agreed that CARR should develop relevant [outreach material](#) that would be made available on the CARR website.

The next CARR meeting is scheduled for July 23, 2018.

4. 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
Daniel Duggan, National Bank of Canada
Simon Labrosse, National Bank of Canada
Jason Chang, Ontario Teachers' Pension Plan
Andrew Bastien, PSP Investments
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

Brian Gelfand, CDCC
Jacques Caussignac, Montréal Exchange
Philip Whitehurst, LCH
Joshua Chad, McMillan

Bank of Canada

Harri Vikstedt
Scott Kinnear
Zahir Antia
Samantha Sohal