

Minutes of the Canadian Alternative Reference Rate Working Group

Toronto, July 23, 2018, 11:30 a.m. to 1:30 p.m.

1. Review of global work on interest rate benchmarks

The International Swaps and Derivatives Association (ISDA) presented an overview of their ongoing work to implement fallback provisions for select interbank offered rates, including their recently launched [market consultation](#) on approaches to term and spread adjustments for derivatives fallbacks. Members were encouraged to respond to the public consultation by the October 12 deadline for comment submission.

One of the CARR co-chairs provided a brief update on the work under way in other jurisdictions to develop new risk-free or nearly risk-free reference rates. Members noted the importance of keeping abreast of these global developments, including the findings of ISDA's market consultation, to help inform 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 the Canadian Dollar Offered Rate (CDOR) and Canadian Overnight Repo Rate Average (CORRA). Members provided feedback on the results and suggested areas requiring further analysis. The subgroup agreed to further review the collected data and provide updated analysis at the next meeting, with the objective of publishing aggregated results before the end of September.

The Alternative Rates subgroup presented members with a revised workplan, following their recommendation to members at the last meeting that the group 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 noted that the subgroup would now focus its efforts on analyzing potential data sources and underlying transactions that could be used to calculate the recommended benchmark. It was also agreed that the subgroup would expand its membership to include a wider set of stakeholders.

The Fallback Language subgroup co-chairs provided a brief update on their work to develop appropriate fallback language for use in Canadian non-derivative products or contracts. The subgroup is currently gathering information on existing fallback language in Canadian documentation, and the co-chairs will share their findings at the next meeting.

3. Administrative items

The CARR co-chairs discussed their recent public outreach initiatives to raise awareness and generate feedback for CARR-related work. It was agreed that this work would continue, and that

the [stakeholder presentation](#) on the CARR website would be updated with new information as it became available.

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

The next CARR meeting is scheduled for August 20, 2018.

4. List of attendees

International Swaps and Derivatives Association (present for agenda item 1 only)

Katherine Darras

Ann Battle

Canadian Fixed-Income Forum Members (present for agenda item 1 only)

Chris Beauchemin, British Columbia Investment Management Corporation

Roger Casgrain, Casgrain & Company Limited

Daniel Bergen, The Great-West Life Assurance Company

Murray Shackleton, The Manufacturers Life Insurance Company

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

Ed Devlin, PIMCO

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

Baskar Ramachandran, LCH

Joshua Chad, McMillan

Bank of Canada

Harri Vikstedt

Paul Chilcott

Jean-Philippe Dion

Zahir Antia

Samantha Sohal

Ilya Vorobyev