



BANK OF CANADA  
BANQUE DU CANADA

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## Bank of Canada to become the administrator of key interest rate benchmark

**OTTAWA, ONTARIO** — The Bank of Canada today announced its intention to become the administrator of the Canadian Overnight Repo Rate Average (CORRA), a key interest rate benchmark for financial markets. The Bank will take over this role from the current administrator, Refinitiv, when enhancements to CORRA take effect next year. The Bank will provide the rate as a public good, at no cost. This is in line with developments in other major economies.

In Canada, close to \$12 trillion dollars of financial instruments are linked to benchmark interest rates, including CORRA. Today's announcement is part of Canada's contribution to a global reform effort to promote the use of risk-free rate benchmarks that are robust, reliable and resilient to market stress.

To that end, the Bank has worked closely with industry participants through the [Canadian Alternative Reference Rate Working Group](#) (CARR) to improve the methodology for calculating CORRA. CORRA will be based on a wider set of transaction data provided by the [Investment Industry Regulatory Organization of Canada](#). The result will be a highly credible benchmark that is more representative of the Canadian market for repurchase agreements (repos) and consistent with global best practices. The target date for implementing the enhanced methodology is the second quarter of 2020.

"The Bank expects that, over time, CORRA will be further adopted across a wide range of financial products and could potentially become the dominant Canadian interest rate benchmark, particularly in derivatives markets," said Bank of Canada Deputy Governor Lynn Patterson. "It is very gratifying to see representatives of the public and private sectors come together to make real progress on our shared goal of making Canadian financial markets more resilient and efficient."

CARR will work with stakeholders in the coming months to ensure preparedness and to confirm the timeline for implementation. It will also form a new subgroup that will develop a publishing process for CORRA and a comprehensive governance structure, including regular reviews of the methodology. The Bank is committed to ensuring CORRA is consistent with the [Principles for Financial Benchmarks](#) set out by the International Organization of Securities Commissions.

Market participants interested in participating in the efforts to help the financial system transition to CORRA should reach out to the [CARR secretariat](#).



## Background notes

- **CARR held public consultations** on the methodology for calculating CORRA in early 2019 and published the [full results](#) of those consultations today on its website.
- **Interest rate benchmarks** are used in a variety of contracts to specify how much money is to be delivered on particular dates. For example, a borrower may agree to pay a lender an amount of interest based on a benchmark that varies from one period to another. The two main interest rate benchmarks referenced in Canadian financial markets are CORRA and the Canadian Dollar Offered Rate (CDOR), which is administered by Refinitiv.
- **CORRA** is a transaction-based overnight risk-free interest rate benchmark that has been published since 1997. It is currently calculated using overnight inter-dealer Government of Canada repo market transactions. It is referenced in more than \$1 trillion in financial instruments. Although less widely used than CDOR, CORRA is currently the reference rate for overnight index swaps, a sizable derivatives market.
- **The Financial Stability Board** is leading the [global effort to coordinate benchmark reform](#), through the Official Sector Steering Group, as part of the G20's reform agenda to make the financial system safer.

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