

# **Minutes of the Canadian Alternative Reference Rate Working Group**

Toronto, 21 October 2019, 11:30 a.m. to 1:30 p.m.

## **1. Review of international developments**

The co-chair provided members with an overview of the recent FSB Official Sector Steering Group (OSSG) meeting. The FSB will provide their annual progress report on the global benchmark reform efforts before the end of the year.

The co-chair also provided members with a brief overview of the second roundtable on euro risk-free rates hosted by the ECB, as well as his discussions with market participants in Switzerland on their benchmark transition efforts. The euro short-term rate (€STR) was [launched](#) on 2 October.

Members were reminded to respond to ISDA's [consultation](#) on final parameters for calculating the benchmark fallback adjustments which closed on 23 October.

The co-chairs reviewed the discussion they had at the recent Canadian Fixed Income Forum (CFIF) meeting in Calgary on the progress globally and domestically in the transition to RFRs. Members discussed the impact of the global benchmark transition to RFRs on multi-rate jurisdictions like Canada and how demand for CORRA based products would be expected to pick-up.

## **2. Updates from subgroups**

The Transition subgroup detailed the results of a recent survey on the computer systems used by CARR members that might be impacted by the transition to RFRs. Following up on these results, the subgroup has begun to discuss with systems providers their plans for dealing with benchmark transition issues. The subgroup also discussed the initial draft of its Canadian Benchmark Transition User Guide.

The Term Risk-Free Rate subgroup summarised a recent meeting they had with corporate bankers to discuss the content of the upcoming survey to determine whether there is a need for a forward-looking term RFR in the Canadian market. The survey will be adjusted to reflect feedback from the drafting session to ensure that it will be understood by a broad range of stakeholders. The next draft will be discussed at CARR's November meeting.

The Fallback subgroup provided an overview of the fallback language included in recent domestic and international debt issuance.

The Accounting, Tax and Regulation subgroup provided an update on recent international developments, and indicated that it will circulate to CARR members a draft Terms of Reference and potential list of members prior to the next meeting.

### **3. Other items**

The co-chairs noted their upcoming outreach plans, including for presentations to the Canadian Bond Investors' Association and the Canadian Asset and Liability Management Association, as well as taking part in a panel discussion at the upcoming PRMIA Canadian Risk Forum.

The next CARR meeting will take place on 25 November 2019.

## **List of attendees**

### **Market representatives**

Douglas Paul, AIMCO  
John McArthur, Bank of America, Merrill Lynch  
Nick Chan, BMO Capital Markets  
Mario Pereira, BMO Capital Markets  
Alex Prole, Canadian Imperial Bank of Commerce  
Karl Wildi, Canadian Imperial Bank of Commerce  
Louise Stevens, Canada Mortgage and Housing Corporation  
Philip Whitehurst, LCH  
Dave Duggan, National Bank Financial  
Philippe Seyer-Cloutier, National Bank Financial  
Audrey Gaspar, OTPP  
Renaud De Jaham, PSP  
Jim Byrd, Royal Bank of Canada  
Alejandro Stanco, Scotiabank  
Michael Lin, TD Bank  
Nicholas Jewitt, TD Bank

### **Observers**

Alexandre Prince, TMX  
Joshua Chad, McMillan

### **Bank of Canada**

Harri Vikstedt  
Tamara Gomes  
Zahir Antia  
Thomas Thorn