

Minutes of the Canadian Alternative Reference Rate Working Group

Teleconference, 27 April 2020, 11:30 a.m. to 1:00 p.m.

1. Review of international developments

The co-chairs discussed the international timeline, including ARRC's [2020 Objectives](#), both the [March](#) and [April](#) statements by the UK Working Group on Sterling Risk-Free Reference Rates, and the FSB's April 14 [letter](#) to the G20 affirming that, "The financial stability risks that would be associated with an unsuccessful transition away from LIBOR are as relevant in the current environment as they were before".

A representative from LCH discussed the [results](#) of its consultation on pre-cessation triggers, for which most responses were in support of the proposed automatic pre-cessation trigger, which LCH will now move forward with. The LCH representative also mentioned LCH's 5 week [extension](#) of its timeline to move to EURSTR discounting.

2. ISDA fallback update

A representative from ISDA provided an overview of the preliminary [results](#) of ISDA's pre-cessation fallback trigger consultation. A significant majority of respondents are in favour of including both pre-cessation for LIBOR and permanent cessation fallbacks into the amended ISDA definitions and its protocol. ISDA will soon publish the full results of the consultation, including a breakdown of respondents.

The ISDA representative also discussed the fallback rate adjustment [rulebook](#) ISDA published with Bloomberg on April 22nd, which includes the equations Bloomberg will use to calculate fallback rates. Bloomberg is expected to soon begin publication of test data for fallback rates on a weekly basis.

3. Enhanced CORRA update

The Bank of Canada highlighted its recent [confirmation](#) that it will take over responsibility for publishing CORRA on 15 June. In this announcement, the Bank of Canada also indicated that it would begin to update its illustrative historical data series of its enhanced version of CORRA on a weekly basis. This data will allow market participants to calculate the basis between CORRA calculated under the current methodology with CORRA calculated under the enhanced methodology that will be employed by the Bank.

The Bank of Canada also reviewed a presentation on how CORRA behaved during the recent market turbulence.

4. Other items

A representative from Montreal Exchange indicated that it would likely be able to launch its futures contract on 12 June 2020, and that MX would soon launch a request for proposal for market-making in this contract (the launch date has since been [confirmed](#) and the RFP was [launched](#) by MX on 30 April).

The next CARR meeting will take place on 25 May 2020. Due to COVID-19 concerns and travel restrictions, meetings in the immediate future will be conducted by teleconference.

List of attendees

Market representatives

Douglas Paul, AIMCO
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, CHMC
Philip Whitehurst, LCH
Dave Duggan, National Bank Financial
Philippe Seyer-Cloutier, National Bank Financial
Audrey Gaspar, OTPP
Ed Devlin, PIMCO
Andrew Bastien, PSP
Jim Byrd, Royal Bank of Canada
Paul Hildebrand, Royal Bank of Canada
Alejandro Stanco, Scotiabank
John Gjata, Scotiabank
Michael Lin, TD Bank
Nicholas Jewitt, TD Bank

Observers

Jacques Caussignac, TMX

Guests

Ann Battle, ISDA

Bank of Canada

Harri Vikstedt
Maksym Padalko
Tamara Gomes
Zahir Antia
Thomas Thorn