

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

Teleconference, 29 June 2020, 11:30 a.m. to 1:00 p.m.

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

The co-chairs discussed the UK government's announcement that it will bring forward legislation to [amend](#) the UK's benchmark regulation. This amendment would provide the UK FCA with the power to compel the administrator of a non-representative benchmark to change the benchmark's methodology, which would help address the issue of contracts without robust fallback rates. Next, they discussed media [reports](#) of a statement by the UK FCA's Edwin Schooling Latter that an announcement confirming that LIBOR will be discontinued at the end of 2021 could come as early as November or December this year.

The co-chairs then discussed the US Credit Sensitivity Group's first workshop, which was held in [June](#). This group, which is separate from ARRC, is aimed at understanding issues associated with a transition from IBORs to RFRs in lending markets, and to explore methodologies to potentially develop a credit-sensitive rate or spread.

Next, discussion focused on the Working Group on Euro Risk-free Rates' [recommendation](#) on voluntary compensation for legacy swaptions, as well as the switch to €STR discounting, now [scheduled](#) for Monday July 27. Finally, the co-chairs discussed the launch of SARON-based mortgages in Switzerland.

## **2. Subgroup updates**

The Fallbacks subgroup provided an overview of its draft fallback language for floating rate notes. The subgroup agreed to prepare a draft consultation document for review.

The Transition subgroup discussed the transition of CORRA's administration to the Bank of Canada on 15 June, as well as the launch of the new MX CORRA futures contract on 12 June. The group then discussed a draft workplan to develop CORRA in-arrears average rates to help support the adoption of CORRA and promote the use of a consistent set of conventions in the Canadian market. Finally, the subgroup provided an overview of a potential CORRA advisory group that would provide industry advice to the Bank of Canada's CORRA Oversight Committee.

The Accounting, Tax and Regulation subgroup provided an overview of its recent work.

## **3. Other items**

Members thanked Ed Devlin for his many contributions to the group.

The next CARR meeting will take place on 27 July 2020 by teleconference.

## **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, CHMC  
Joshua Chad, McMillan  
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

### **Bank of Canada**

Harri Vikstedt  
Mark Hardisty  
Maksym Padalko  
Tamara Gomes  
Zahir Antia  
Thomas Thorn