

# CARR Overview

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# Canadian benchmark efforts

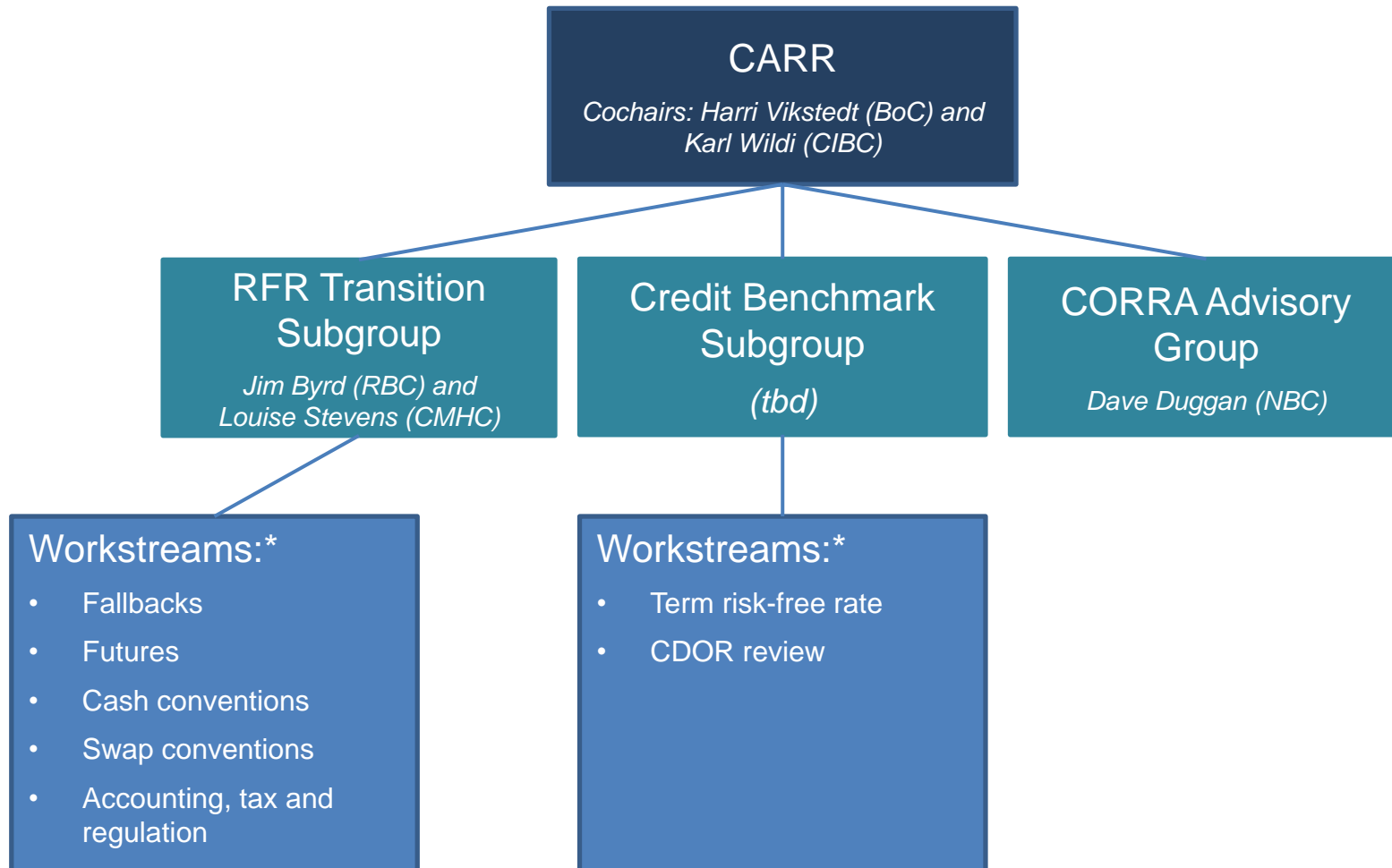
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Benchmark reform is a global issue, so the Bank of Canada created [CARR](#) (the Canadian Alternative Reference Rate working group), sponsored by the [Canadian Fixed-Income Forum](#) (CFIF), in March 2018

- CARR's membership includes both the public and private sectors (both the buy and sell sides)
  - CARR also works closely with other stakeholders including the Canadian Bankers Association, the Canadian Bond Investors Association, the Investment Industry Association of Canada and various Canadian regulatory authorities.
- CARR's initial work was focused on enhancing CORRA
- In September 2020, CFIF amended CARR's terms of reference to include two main objectives, each supported by a subgroup:
  1. **RFR Transition Subgroup** - responsible for supporting the adoption of, and transition to, CORRA as a key financial benchmark for Canadian derivatives and securities. Other current subgroups would be folded into this subgroup as workstreams.
  2. **Credit Benchmark Subgroup** - responsible analyzing for the current status of CDOR and its efficacy as a benchmark, as well as making recommendations based on the analysis to ensure Canada's benchmark regime is robust, relevant and effective in the years ahead.

# CARR's current structure

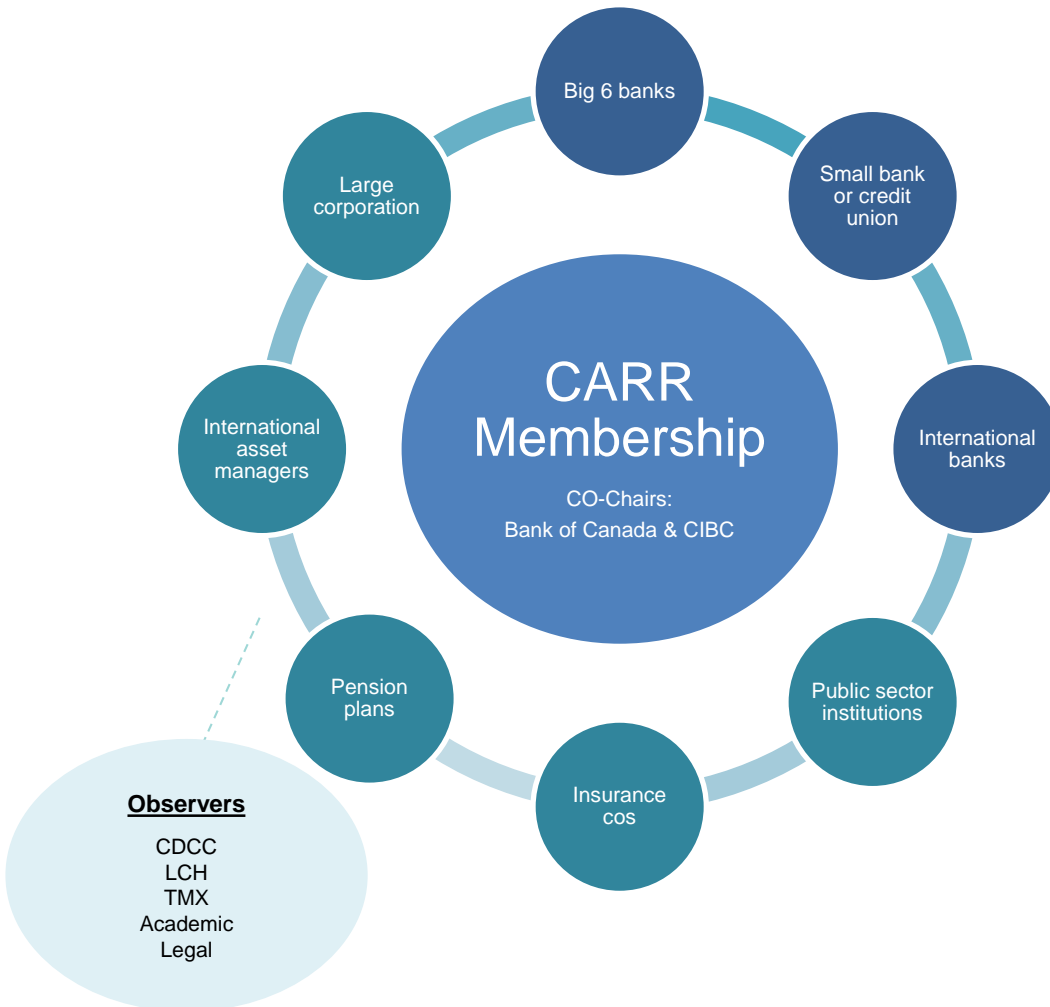
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\* Additional workstreams will be created as necessary.

# CARR's current membership composition



- Membership composition is meant to capture all aspects of benchmark usage
- Bank of Canada provides secretariat functions
- Monthly meetings, either virtually or in-person

# CARR has made significant progress in Canada

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Some of CARR's accomplishments in recent years include:

- In 2018, CARR [identified](#) CORRA as the Canadian overnight RFR benchmark, and in 2019 it [consulted](#) on recommendations to enhance the rate to make it more robust and representative.
- In June 2020, the Bank of Canada [became](#) the administrator of CORRA and enacted CARR's enhancements.
- The Futures workstream coordinated with the Montreal Exchange in its [development](#) of three-month CORRA futures.
- The Transition Subgroup has held a series of meetings and surveyed systems providers on their readiness for benchmark transition.
- A consultation paper has been developed on two items:
  - Draft fallbacks for FRNs referencing CDOR developed by the Fallback Language workstream.
  - Calculation methodology for FRNs referencing CORRA-in-arrears.
- CARR's co-chairs have also worked to raise the awareness of benchmark transition issues in Canada and have coordinated with other national working groups on benchmark reform (eg US ARRC and the UK Working Group on Sterling Risk-free Rates).