

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

Virtual, 16 November 2020, 11:30 a.m. to 1:30 p.m.

## **1. Introduction**

The co-chairs welcomed new members to the reconstituted CARR and explained the rationale behind the recent change in mandate to include the [review of CDOR](#). The co-chairs stressed that it was incumbent on all CARR members to promote the transition from CDOR to CORRA and to galvanize their respective organizations' benchmark transition efforts.

## **2. Roles and responsibilities**

The co-chairs provided an overview of CARR's history and its new structure, as described in CARR's [terms of reference](#). The co-chairs described CARR's current membership composition as well as its interaction with other stakeholders in the Canadian financial system. The co-chairs detailed the responsibilities of CARR members and the typical structure of CARR meetings.

## **3. Transition subgroup**

The Transition subgroup's co-leads provided an overview of the role of the subgroup, its membership and workstreams. The co-leads discussed the subgroup's recent accomplishments and its near-term plans, including an upcoming consultation document on fallback language for FRNs referencing CDOR and calculation methodology for FRNs referencing CORRA-in-arrears. CARR members then discussed the Accounting, Tax and Regulation subgroup's work on assessing Canadian exposures to financial instruments referencing US dollar LIBOR, governed by Canadian law. The [CORRA Advisory Group](#) chair provided an overview of the group and the results of its first [meeting](#). Finally, the co-leads discussed the subgroup's tentative plans for the next year.

## **4. Credit sensitive benchmark subgroup**

CARR members reviewed the mechanics of Bankers Acceptances (BAs), as well as the size and scope of the market for Canadian BAs. Members discussed the impact of changes in banking regulation to the BA market and the potential impact this could have on the market going forward. The calculation of CDOR was then discussed, as were the reforms that had been done to the CDOR submission process. CARR members finished by discussing the path forward for this subgroup.

## **5. International update**

The co-chairs discussed the FSB's [Global Transition Roadmap for LIBOR](#) and its implications for CARR members. The co-chairs then noted the success of the SOFR "big bang" on October 16<sup>th</sup>/19<sup>th</sup> (where central counterparties changed their discounting and calculation of price

alignment interest to be based on SOFR rather than the fed funds rate), which went smoothly and has resulted in a [marked](#) increase in volume for swaps referencing SOFR. The co-chairs then discussed the results of the Credit Sensitivity Group [workshops](#) held by US authorities, as well as letters from US authorities to workshop participants [highlighting](#) that firms will not be criticized solely for using a reference rate or rates other than SOFR and encouraging that banks [promptly](#) determine appropriate reference rates for lending activities.

## **6. Other items**

CARR members discussed the implications to the Canadian market and CARR's workplan of Refinitiv's [announcement](#) that, after its public consultation in September, it will discontinue the publication of the 6- and 12-month CDOR tenors after May 14, 2021. The co-chairs noted that this would [trigger](#) the new ISDA CDOR fallbacks. CARR members were asked to discuss the potential implications of this cessation with key stakeholders.

The next CARR meeting will take place on 14 December 2020 by teleconference.

## **List of attendees**

### **Market representatives**

Sandra Lau, AIMCO  
John McArthur, Bank of America-Merrill Lynch  
Bruno Jarry, BMO Capital Markets  
Karl Wildi, Canadian Imperial Bank of Commerce  
Brent Clode, Central 1  
Louise Stevens, CHMC  
Jason Granet, Goldman Sachs  
Glenn Taitz, Invesco  
Guillaume Pichard, Ministère des Finances du Québec  
Jean-Sébastien Gagné, National Bank of Canada  
Mike Manning, Ontario Financing Authority  
Audrey Gaspar, OTPP  
Renaud de Jaham, PSP  
Bruce Wagner, Rogers Communications  
Jim Byrd, Royal Bank of Canada  
Anuj Dhawan, Scotiabank  
Brett Pacific, Sunlife  
Greg Moore, TD Bank

### **Observers**

Philip Whitehurst, LCH  
Joshua Chad, McMillan LLP  
Dave Duggan, National Bank Financial  
Alan White, Rotman School of Management  
Jacques Caussignac, TMX

### **Bank of Canada**

Harri Vikstedt  
Mark Hardisty  
Maksym Padalko  
Annick Demers  
Wendy Chan  
Tamara Gomes  
Zahir Antia  
Kaetlynd McRae  
Thomas Thorn  
Andriy Stolyarov