

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

Teleconference, 10 September 2020, 11:30 a.m. to 1:00 p.m.

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

The co-chairs discussed the UK FCA's proposed new powers to potentially address "tough legacy" contracts through the creation of a synthetic LIBOR. It was also noted that the UK's Working Group on Sterling Risk-Free Reference Rates had published recommendations on conventions for referencing compounded-in-arrears SONIA in the sterling loan market ([statement](#); [supporting slides](#); [worked examples](#); [survey results](#)).

The co-chairs then discussed the upcoming 16 October switch by US CCPs from discounting and calculating price alignment interest (i.e. interest paid/due on variation margin) using SOFR, rather than the fed funds rate.

The co-chairs noted that ISDA had launched a risk-free rate adoption [indicator](#), highlighting adoption of risk-free rates in the six LIBOR jurisdictions.

Finally, the co-chairs discussed the results of the third and fourth [Credit Sensitivity Workshops](#) held by the New York Federal Reserve. These workshops are aimed at exploring issues, data requirements, methodologies and challenges associated with the development of a credit sensitive index or benchmark.

## **2. Subgroup updates**

The Fallbacks and Transition subgroups presented an updated version of the draft consultation document on: 1) fallback language for floating rate notes referencing CDOR; and 2) a calculation methodology for CORRA-in-arrears. The Fallbacks subgroup then detailed their work on fallback language for other cash products.

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

## **3. Other items**

The co-chairs highlighted proposed changes to CARR's mandate and membership.

The next CARR meeting will take place on November 16<sup>th</sup> by teleconference.

## **List of attendees**

### **Market representatives**

Douglas Paul, AIMCO  
John McArthur, Bank of America-Merrill Lynch  
Nick Chan, BMO Capital Markets  
Karl Wildi, Canadian Imperial Bank of Commerce  
Louise Stevens, CHMC  
Philip Whitehurst, LCH  
Joshua Chad, McMillan  
Dave Duggan, National Bank Financial  
Philippe Seyer-Cloutier, National Bank Financial  
Andrew Bastien, PSP  
Jim Byrd, Royal Bank of Canada  
Paul Hildebrand, Royal Bank of Canada  
Alejandro Stanco, Scotiabank  
Brett Pacific, Sunlife  
Michael Lin, TD Bank

### **Observers**

Jacques Caussignac, TMX

### **Bank of Canada**

Harri Vikstedt  
Mark Hardisty  
Tamara Gomes  
Zahir Antia  
Thomas Thorn