



CFIF 2021 workplan

26 January 2021

CFIF – what we do

- ❖ The Canadian Fixed-Income Forum (Forum) is a senior-level industry-wide committee established by the Bank of Canada to discuss developments in fixed-income market structure and functioning, market practices, and related policy issues. The goals of the Forum are to:
 - enhance the efficiency and resilience of the Canadian fixed-income market;
 - improve the quality, clarity and market-wide understanding of Canadian fixed-income trading practices;
 - evaluate and propose changes to market infrastructure; and
 - communicate any recommendations and analysis to oversight authorities, regulators, industry groups and other market participants as needed.

- ❖ The Forum will not discuss monetary policy or policy issues directly relating to the size and distribution of the federal government’s debt program which are covered through other fora.

CFIF accomplishments since 2015

- ❖ 2016: Survey of market liquidity, transparency and market access
- ❖ 2018 to present: Canadian Alternative Reference Rate (CARR)
 - 2018: Establishment of CARR Working Group
 - 2019: Revised CORRA methodology
 - 2020: Bank of Canada begins administering CORRA
CORRA futures launched
Mandate broadened to include credit sensitive benchmarks
 - 2020/21: In-arrears methodology and fallback language for FRNs referencing CDOR
- ❖ 2020: Launch of Government of Canada Market Functioning Steering Group (GMF)

- ❖ Deep dives
 - Corporate bond market functioning
 - Impact of HFTs
 - Mortgage market transparency

Promote intra-meeting discussions

- ❖ Last year, CFIF members endorsed the greater use of virtual networks consists of specialists outside of the direct CFIF membership for:
 - info sharing with specific topics, and
 - to surface new issues/trends for CFIF members to consider
- ❖ With the onset of COVID, efforts were shifted to engaging specialists for specific workstream related activities
- ❖ In 2021, the aim is to refocus on creating virtual networks that are not tied to specific workstreams but are more exploratory and forward-looking in nature
 - Conjunctural themes (in the following slides) could provide guidance for choice of topics
 - Discussions would happen within the network and a short report on trends and potential implications for market functioning could be table for CFIF to discuss

Feedback from CFIF Members

- ❖ In addition to the content of the 2021 workplan, feedback is welcomed on the best way to move the respective topics forward
 - Do conjunctural themes speak to all members?
 - Which topics should we prioritize?
 - How to balance between timely updates on conditions and medium-term trends?
 - How to leverage virtual networks with specialist?

CFIF workplan for 2021 – conjunctural discussion

Theme	Description
Trends in market liquidity	<ul style="list-style-type: none">• Review of BoC analysis on market liquidity• Developments in credit markets• Futures market liquidity
Market structure – trends and impacts	<ul style="list-style-type: none">• International developments in market standards• Changes in collateral management/optimization• Automated trading platforms• Corporate bond trading• Mortgage market transparency and development• ESG financing, investment strategies and products
Market infrastructure – impacts and developments	<ul style="list-style-type: none">• Role of CCPs• Reliability of infrastructure and risk of outages
Market themes and investment strategies	<ul style="list-style-type: none">• Impact of Canadian fixed income market from:<ul style="list-style-type: none">• rise in private debt• growth in fixed income mutual funds/ETFs

CFIF workplan for 2021 – policy projects

Theme	Description	Deliverables
Benchmark reform	CARR to focus on: <ul style="list-style-type: none">• transition to CORRA• review of CDOR	Quarterly updates to CFIF
Market structure	GoC Market Functioning SG (GMF) will design a blueprint for GoC market functioning in a low rate environment	Quarterly updates to CFIF

Meeting dates for approval

❖ January 26 (Virtual)

❖ April 6 (Virtual)

❖ June 15 (Virtual)

❖ October 5 (TBD)