

Minutes of the Canadian Alternative Reference Rate Working Group

Virtual, 26 April 2021, 11:30 a.m. to 1:30 p.m.

1. International update

Members discussed the ARRC's [key principles](#) for a forward-looking SOFR term rate. Members also discussed CME's announcement that it would launch 1-, 3- and 6-month SOFR term rates, with licensing limited to cash market transactions until end-June 2023.

Members then discussed credit sensitive rates, including Bank of America's [issuance](#) of a floating rate note linked to the Bloomberg Short-Term Bank Yield Index, and the implications for both LIBOR transition and Canada's work on credit sensitive rates. Members noted the LSTA's [market advisory](#) addressing the addition of a credit sensitive rate option as part of the LIBOR fallback language.

Members discussed benchmark transition progress in the UK, including its recent milestone of no new sterling LIBOR-based lending being made after end-March and the implications for multi-currency loan facilities.

Members also discussed the New York State's "legislative solution" for tough legacy contracts, which had now passed into law.

2. Transition Subgroup

The Subgroup discussed the finalized CDOR FRN fallbacks, as well as a document summarizing the consultative feedback and CARR's responses to it. After a final round of comments, these documents will be prepared for publication.

Subgroup members also discussed draft interbank swap conventions, and the steps needed to get these draft conventions ready for publication. Members also discussed the timelines for issuing recommended conventions for CORRA FRNs.

The Accounting, Tax, and Regulation workstream co-leads presented their plan for broadening the group's membership and the workstream's next step in fulfilling its mandate.

3. Credit Sensitive Subgroup

Workstream co-leads discussed their progress. Both the Market and Scope Workstream and CDOR Submission Workstreams discussed their surveys and their workplan for the next few months. The Bankers Acceptance Workstream discussed efforts to broaden its outreach to get feedback also from smaller BA investors.

4. Other items

Members discussed potential future topics that would be of interest to members, including potential presentations from external guests.

The next CARR meeting will take place on 25 May 2021 by video conference.

List of attendees

Market representatives

Douglas Paul, AIMCO
Sandra Lau, AIMCO
John McArthur, Bank of America-Merrill Lynch
Philip Lunn, BMO
Mario Pereira, BMO Capital Markets
Stephanie Robinson, BMO
Karl Wildi, Canadian Imperial Bank of Commerce
Brent Clode, Central 1
Louise Stevens, CHMC
Glenn Taitz, Invesco
Guillaume Pichard, Ministère des Finances du Québec
Jean-Sebastien Gagne, National Bank Financial
Mike Manning, Ontario Financing Authority
Audrey Gaspar, OTPP
Renaud de Jaham, PSP
Jim Byrd, Royal Bank of Canada
Anuj Dhawan, Scotiabank
Brett Pacific, Sunlife
Kevin Hsu, TD Bank
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
Wendy Chan
Zahir Antia
Kaetlynd McRae
Thomas Thorn
Andriy Stolyarov