

Minutes of the Canadian Alternative Reference Rate Working Group

Virtual, 25 October 2021, 11:30 a.m. to 1:30 p.m.

1. Introduction

Members were welcomed to the call.

2. International update

The co-chairs discussed topics covered in their recent calls with the lead of the EU's national working group. Members discussed the cross-currency basis swap RFR-first initiative, which has also resulted in a relatively large shift in cross-currency basis swap markets from Euribor to €STR, even though Euribor was not originally scoped in. Members also noted that CCPs had a "big bang" transition for EONIA on 16 October: EUR 13 trillion of notional has transitioned smoothly and the EUR-OIS market has almost completely moved to reference €STR.

Members discussed the status of the LIBOR transition as well as the development and use of term rates in the US and UK. The co-chairs noted that the EBA has [published](#) a short note on the transition risks of benchmark rates. They also noted the Federal Reserve Board's interagency [statement](#) on LIBOR transition which clarifies what constitutes new LIBOR exposure past the end-of December 2021.

Members discussed recent meetings that some members of CARR's Transition Subgroup have had with market participants and public authorities in Australia to discuss the evolution of the BBSW.

3. Credit Sensitive Subgroup

CARR's co-chairs provided an overview of CARR's recent presentation to CFIF, which provided an overview of CARR's analysis and stock take of CDOR. The co-chairs also discussed the next steps for this work, including the development of potential recommendations for CDOR. Members discussed the next steps for this work.

4. Accounting, Taxation and Regulation Subgroup

The Subgroup leads reviewed the revised structure of the group and its workplan. Three workstreams had been established, covering the group's three main issues: accounting, taxation and regulation. These workstreams had already begun to discuss potential issues that could arise, depending on what CARR ends up recommending for CDOR.

5. Transition Subgroup

The Subgroup leads discussed the potential work on developing fallback language for loans referencing CDOR, including how the work would be structured and who would complete it. Members also discussed the subgroup's work last year on surveying systems providers for their

readiness for LIBOR's cessation. Members discussed the potential need to conduct another set of surveys.

6. CORRA Advisory Group

Dave Duggan, chair of the CORRA Advisory Group, discussed its 5 October meeting. At this meeting, CAG members discussed recent developments in Canadian repo markets, the role of "tom-next" trades in the Canadian repo market, and how CARR had originally developed an enhanced version of CORRA.

7. Other items

The next full CARR meeting will take place virtually on 22 November 2021.

List of attendees

Market representatives

Sandra Lau, AIMCO
John McArthur, Bank of America Merrill Lynch
Philip Lunn, BMO
Carol McDonald, BMO
Mario Pereira, BMO
Brent Clode, Central1
Karl Wildi, Canadian Imperial Bank of Commerce
Louise Stevens, CHMC
Glenn Taitz, Invesco
Tom Wipf, Morgan Stanley
Dave Duggan, National Bank of Canada
Jean-Sebastien Gagne, National Bank Financial
Mike Manning, Ontario Financing Authority
Lisa Mantello, Osler, Hoskin & Harcourt
Audrey Gaspar, OTPP
Renaud de Jaham, PSP
Guillaume Pichard, Quebec Ministry of Finance
Jim Byrd, RBC Capital Markets
Anuj Dhawan, Scotiabank
Brett Pacific, Sunlife
Greg Moore, TD Bank
Wilfred Au, TD Bank

Observers

Philip Whitehurst, LCH
Joshua Chad, McMillan LLP
Alan White, Rotman School of Management
Robert Catani, TMX

Bank of Canada

Harri Vikstedt
Sheryl King
Wendy Chan
Zahir Antia
Kaetlynd McRae
Thomas Thorn
Andriy Stolyarov
Joshua Fernandes