

Minutes of the CORRA Advisory Group

Teleconference, 5 October 2021, 2:30 p.m. to 4:00 p.m.

1. Introduction

The Chair (Dave Duggan, National Bank of Canada) welcomed members.

2. Discussion of CORRA trends and market developments

Danny Auger (Bank of Canada) presented an overview of CORRA trends, including recent developments in repo markets and influences on CDOR's settings. Members discussed the global factors influencing CORRA such as flows from abroad. Members discussed "tom-next" repo trades. In recent years, tom-next trades have grown from niche to comprising a relatively large share of Canada's repo market. Members discussed whether these trades should be included in CORRA, and why CARR had chosen to exclude these trades when determining how to enhance CORRA. CAG will monitor the size of this market over the coming months, and will discuss the issue again at future meetings.

Members discussed the 30 September National Day for Truth and Reconciliation, which occurred on both a month-end and quarter-end. Canadian financial institutions did not have significant issues with managing cash flows around the holiday.

Adolfo Sastron (CDCC) provided an overview of CDCC fixed income clearing statistics, including the distribution and composition of trades during over the COVID crisis. Members discussed the presentation, including the role of provincial bond-based repos, and the role of pension funds in the market.

Alberto Rodriguez (TD) presented some thoughts on the upcoming OSFI expiration of the special treatment to sovereign issued securities from the leverage ratio exposure measure, in the context of the Bank of Canada's current monetary policy regime.

Brett Pacific (Sunlife) provided an overview of the thought process and steps taken behind CARR's [enhancements](#) to CORRA. Reflecting the earlier discussion on tom-next trades, members discussed CARR's original rationale for excluding them. The Chair highlighted that CAG's role is to rigorously study and recommend changes to CORRA, when necessary, so members should bear in mind CARR's analysis when thinking through CORRA.

3. Wrap-up and next steps

CAG members will continue monitor the Canadian repo markets and alert the CAG Chair or the Bank of Canada if they note any substantial developments.

List of attendees

Market representatives

Vincent Benoliel, Addenda
Annaleigh Greene, BMO Capital Markets
Adolfo Sastron, CDCC
Dave Duggan, National Bank of Canada
David Peters, Ontario Financing Authority
Robin Das, RBC-Dominion Securities
Brett Pacific, Sunlife
Alberto Rodriguez, TD

Observers

Alan White, Rotman School of Management

Bank of Canada

Mark de Guzman
Maksym Padalko
Wendy Chan
Danny Auger
Thomas Thorn