

Minutes of the Canadian Alternative Reference Rate Working Group

Virtual, 6 November 2021, 2:30 p.m. to 3:00 p.m.
Virtual, 22 November 2021, 11:30 a.m. to 1:30 p.m.

6 November

Overview of proposed recommendations for the future of CDOR

The CARR co-chairs thanked members for attending this brief, ad-hoc CARR meeting to discuss the preliminary recommendations for the future of CDOR that were developed as a result of the Credit Sensitive Subgroup's work. Members were supportive of the proposed recommendations.

22 November

1. Introduction

Members were welcomed to the call.

2. International update

Members discussed the recent FCA [statement](#) confirming rules for legacy use of new synthetic LIBOR rates and the authorities communication with respect to the use of US dollar LIBOR after December 2021. Members were also updated on ESMA's [final report](#) on draft regulatory technical standards on the clearing and derivative trading obligations in view of the LIBOR transition, which affected clearing obligations for various LIBOR and RFR-linked swaps.

Members were also updated on the progress in the US in transitioning away from LIBOR. Members noted that MRAC was considering an expansion of the SOFR-first initiative. Members also discussed transition hurdles in the eurodollar market.

3. Credit Sensitive Subgroup

CARR's co-chairs provided an overview of CARR's draft CDOR white paper and its recommendations. The co-chairs thanked the members of the Credit Sensitive Subgroup for the hard work they had put into this project. The co-chairs also noted the importance of hearing the views of all CARR members on this paper since CARR members are broadly representative of the different types of firms in Canadian financial markets with exposure to CDOR.

Members discussed the white paper and its recommendations, including their potential impacts on various types of market participants. Members also discussed whether a term CORRA rate would be appropriate for Canada. Members [subsequently] providing unanimous endorsement to the white paper and its recommendations, as well as to its publication by the end-of-the year.

4. Accounting, Taxation and Regulation Subgroup

The Subgroup leads noted the CDOR white paper's analysis of whether it was possible to "enhance" CDOR and agreed that such changes would render it a new rate from a legal perspective, potentially frustrating contracts.

The Subgroup leads discussed the recent work of the subgroup including examination of the CRA's guidance on credit sensitive rates, and how it applied to CDOR.

5. Transition Subgroup

The Subgroup leads discussed the work on developing fallback language for loans referencing CDOR.

6. Other items

The next CARR meeting will take place virtually on 13 December 2021.

List of attendees

Market representatives

Sandra Lau, AIMCO
John McArthur, Bank of America Merrill Lynch
Philip Lunn, BMO
Brent Clode, Central1
Karl Wildi, Canadian Imperial Bank of Commerce
Louise Stevens, CHMC
Glenn Taitz, Invesco
Tom Wipf, Morgan Stanley
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

Bank of Canada

Harri Vikstedt
Wendy Chan
Zahir Antia
Kaetlynd McRae
Thomas Thorn
Andriy Stolyarov