

Minutes of the Canadian Alternative Reference Rate Working Group

Virtual, 29 August 2022, 11:30 a.m. to 12:30 p.m.

1. Introduction

Members were welcomed to the meeting which was shortened to one hour.

2. International update

There was no international update due to the shortened meeting.

3. CARR subgroup updates

The Cash Securities subgroup noted its continued work on CDOR's "tough legacy", and how it was not seen as a material issue. Some concerns have arisen with respect to the US Trust Indenture Act that governs some of "tough legacy" securities, which are now being reviewed by subgroup members and members of the Accounting, Taxation, and Regulation subgroup.

The Term CORRA subgroup co-chairs discussed the establishment of the use case workstream. Term CORRA's use will be limited through its licensing agreement to certain pre-determined uses. This subgroup is tasked with identifying the permissible uses. The CARR co-chairs have worked with the Term CORRA co-chairs and other stakeholders to determine how Term CORRA could be administered. Work is also underway to determine whether there is agreement on going ahead with establishing Term CORRA.

The CORRA Loans subgroup noted that fallback language for CDOR loan facilities was published earlier in August. It is already being integrated into loan agreements. The subgroup called on lenders and relationship managers to review the language with their clients.

The Accounting, Taxation, and Regulation subgroup's work continued to be focused on helping other subgroups navigate ATR-related issues, particularly the Cash Securities and Term CORRA subgroups. The Trust Indenture Act concerns mentioned by the Cash Securities subgroup has been investigated from an American and a Canadian perspective, and will likely not be an issue.

The Operations and Infrastructure subgroup co-chairs has continued its work on a vendor survey and is trying to finalize its list of contacts to send the survey to. The co-chairs have had discussions with the Communications and Outreach subgroup on how to structure the public outreach on operational issues, as well as the need for any additional educational documents.

The Communications and Outreach subgroup co-chairs noted its discussions on potential awareness events. The co-chairs noted discussions with the CORRA Loans subgroup, where it was decided that external CARR outreach was not needed for the CDOR Loans fallbacks at this point, as banks are well-placed to discuss the fallback language with their clients.

The Derivatives subgroup has continued to work with the Term CORRA subgroup. It was noted that the MX 1-month CORRA futures was still expected to launch in January.

4. CARR publications

Members discussed CARR's upcoming publications and whether any existing publications needed to be updated.

5. Other items

The CARR co-chair noted that the co-chairs will be involved with outreach events in New York and London. Additional outreach events are being planned within Canada through various forums.

The next CARR meeting will take place virtually on 26 September 2022.

List of attendees

Market representatives

Carol McDonald, BMO
Luke Francis, Brookfield
Karl Wildi, Canadian Imperial Bank of Commerce
Brent Clode, Central1
Karl Wildi, CIBC
Louise Stevens, CMHC
Carl Edwards, Desjardins
Glenn Taitz, Invesco
Tom Wipf, Morgan Stanley
Jean-Sebastien Gagne, National Bank Financial
Andrew Bastien, PSP
Jim Byrd, RBC Capital Markets
Greg Moore, TD Bank

Observers

Ann Battle, ISDA
Philip Whitehurst, LCH
Joshua Chad, McMillan LLP
Robert Catani, TMX

Subgroup co-leads

Jacqueline Green, CIBC
Elodie Fleury, National Bank
Lisa Mantello, Osler
Sarah Patel, Scotiabank

Bank of Canada

Harri Vikstedt
Mark Hardisty
Sheryl King
Wendy Chan
Zahir Antia
Yumeng Yang
Thomas Thorn