

Minutes of the Canadian Alternative Reference Rate Working Group

Hybrid, 30 January 2022, 11:30 a.m. to 1:30 p.m.

1. Introduction

Members were welcomed to the meeting. The co-chairs noted that only five months remained until the end of the first phase of CARR's transition. After end-June this year, there will be no new CDOR exposures except for loans, hedging of loans, and risk-reducing derivative trades. The co-chairs thanked all those who contributed to the January 11 [publication](#) of CARR's Term CORRA material and the January 16 [publication](#) of CFIF's whitepaper on the impact of CDOR cessation on the BA market. The co-chairs noted that the first of the CARR-TMX webcast series would soon be released.

2. International update

Members discussed the 19 January ARRC [meeting](#), including discussions about the transition in loan markets. Members noted the discussions around ARRC's best practice recommendations on the scope of use of Term SOFR, and the potential implications of any changes in these recommendations for Term CORRA. Members also discussed the Summary of Key ARRC Recommendations, in particular its recommendation to remediate legacy contracts immediately, as there are significant operational risks associated with relying solely on fallback language. Members agreed that the US experience made clear the importance of explaining to companies with CDOR exposure what would happen if no actions were taken ahead of CDOR's cessation.

3. CARR subgroup updates

The Cash Securities subgroup noted that its document summarizing the subgroup's findings and recommended actions on tough legacy securities had received several comments, which were now being integrated. The subgroup's term sheets for Term CORRA FRNs are currently being translated ahead of publication.

The Derivatives subgroup noted that the January 9 CORRA-first initiative, after which the quoting convention for inter-dealer linear derivatives switched from CDOR to CORRA, had gone smoothly. Although the initiative did not directly affect non-dealers, some large clients have already reached out to discuss transitioning their own exposures away from CDOR. TMX's one-month CORRA futures [contract](#) was successfully launched earlier this month. Members noted that the TMX will be holding a CDOR-to-CORRA transition event in Toronto on 16 February.

The Term CORRA subgroup noted that the Term CORRA methodology, use cases, and administration documents were published in January. The subgroup is now in close contact with CanDeal and TMX as they implement the calculation methodology. Members discussed Term CORRA's potential use in cross-currency swaps, and how it relates to ARRC's conventions in this area.

The CORRA Loans subgroup discussed a loan remediation paper they were currently drafting to inform borrowers and lenders on what is changing as a result of CDOR's cessation and why. The loan liquidity white paper is currently being reviewed ahead of broader dissemination.

The ATR subgroup noted that ATR continues its work in relation to both Term CORRA and tough legacy securities.

The Operations and Infrastructure subgroup co-chairs discussed their vendor survey and CDOR transition impact assessment checklist. The vendor survey has been recirculated to firms that have not yet responded, while the impact assessment checklist will soon be ready to publish.

4. CARR publications and outreach

The Communications and Outreach subgroup co-chairs discussed client outreach efforts by banks after CARR's January 11th market notice on Term CORRA and the CARR-TMX webcast series. Members noted that hundreds of market participants had already [registered](#) for the CARR-TMX webcast series. The first set of webcasts have already been recorded and will be released to the public in the coming days. Additional webcasts have already been, or soon will be recorded.

5. Other items

The CARR co-chairs outlined upcoming outreach presentations with the Canadian Bankers Association, Canadian Treasurers Association, Central-1, the Investment Industry Association of Canada, the Pension Investment Association of Canada, as well as TMX event in Toronto. They noted that there will also be outreach efforts in Asia, similar to those held in London and New York.

The CARR co-chairs noted that CFIF had established a BA Transition Virtual Network to facilitate a successful transition away from BAs. The working group had held its first meeting in mid-January.

The next CARR meeting will take place on 27 February 2023.

List of attendees

Market representatives

John McArthur, Bank of America
Carol McDonald, BMO
Luke Francis, Brookfield
Karl Wildi, Canadian Imperial Bank of Commerce
Karl Wildi, CIBC
Louise Stevens, CMHC
Carl Edwards, Desjardins
Alan Turner, HSBC
Tom Wipf, Morgan Stanley
Jean-Sebastien Gagne, National Bank Financial
Mike Manning, Ontario Financing Authority
Audrey Gaspar, OTPP
Andrew Bastien, PSP
Jim Byrd, RBC Capital Markets
Guillaume Pichard, Quebec Ministry of Finance
Bruce Wagner, Rogers
Elaine Wright, Samuel, Son & Co.
Anuj Dhawan, Scotiabank
Brett Pacific, Sunlife
Greg Moore, TD Bank

Observers

Ann Battle, ISDA
Philip Whitehurst, LCH
William Wu, McMillan LLP
David Duggan, National Bank Financial
Robert Catani, TMX

Subgroup co-leads

Nicholas Chan, BMO
Jacqui Szeto, Canso
Jacqueline Green, CIBC
Daniel Parrack, CIBC
Philip White, LSEG
Elodie Fleury, National Bank
Lisa Mantello, Osler
Robin Das, RBC Capital Markets
JP Mendes Moreira, Scotiabank
Sarah Patel, Scotiabank
Alison Perdue, TD Securities
Ange Shi, TD Securities

Bank of Canada

Harri Vikstedt

Wendy Chan

Zahir Antia

Yumeng Yang

Thomas Thorn