

Minutes of the Canadian Alternative Reference Rate Working Group

Hybrid, 23 October 2023, 11:30 p.m. to 1:00 p.m.

1. Introduction

Members were welcomed to the meeting. The co-chairs noted that only 8 months remain until CDOR's publication ceases, and only a few days until CARR's November 1 "No new CDOR loans" milestone.

2. Term CORRA update

CanDeal noted that the administration of Term CORRA had been going smoothly, with the rate published daily at 1pm. CanDeal noted that they were consulting with participants on a republication policy for Term CORRA, which would determine if, when, and how Term CORRA could be republished should a significant error be discovered in a published Term CORRA rate. Members discussed potential options as well as the threshold for any republication. CARR members were encouraged to consult broadly within their institutions to determine what republication policy would work best for the Canadian market, particularly from an operational or logistical perspective.

CARR's co-chairs provided an update on the licensing of Term CORRA, noting that about 70 institutions were now in discussion with the TMX. The co-chairs noted that Refinitiv has Term CORRA available on a T+0 basis and efforts were still underway to have Term CORRA available on Bloomberg on a similar basis.

3. CDOR transition status

CARR members noted that new interest rate swap activity [continues](#) to predominantly reference CORRA and that nearly 60% of interest rate futures trading is using CORRA futures, which reflects a big shift in momentum for CORRA futures. Nonetheless, most activity remains concentrated in 3-month CORRA futures and not 1-month CORRA futures.

Members discussed Term CORRA derivatives. These instruments will likely not gain significant traction until after the loan market has moved in earnest to reference Term CORRA. The clients likely to move first away from CDOR-based loan facilities will be larger, more sophisticated firms, that will prefer CORRA compounded-in-arrears over Term CORRA as the former is expected to be a more cost-effective to hedge.

4. CARR subgroup updates

The Cash Securities subgroup discussed the process by which FRN issuers would inform noteholders that the terms of FRNs are changing as the result of CDOR's discontinuation. Members agreed that the subgroup should reach out the CDS to determine if a streamlined process

could be established for notifying noteholders. The subgroup co-leads noted that a letter from the MBSIA to CMHC on NHA-MBS fallback language was expected soon.

The Derivatives subgroup discussed CORRA futures. MX noted that it had published a summary of its consultation on converting CDOR futures and has decided to convert these futures on April 26, 2024. LCH has extended its consultation on its CDOR conversion and would like additional feedback from CARR members. ISDA will soon publish its Term CORRA floating rate option and thanked CARR members for their input.

The Term CORRA subgroup has focused recently on clarifying the use cases for Term CORRA through CARR's FAQ document. Members discussed a number of potential use case questions that have been received through CARR members and CARR's public email address.

The CORRA loan subgroup noted that there were a number of new loans being structured referencing Term CORRA. Members also discussed the fallbacks in existing loan facilities.

The ATR subgroup has been supporting various other subgroups on accounting, taxation and regulatory issues raised by members.

The Operations and Infrastructure subgroup co-chairs are waiting on comments on the redrafted Transition Aid document.

The Communications and Outreach subgroup co-chairs discussed recent events with benchmark transition panels, including the ISDA Canada conference and the CDPQ Symposium. Members discussed the next [planned](#) CARR-TMX webcasts.

5. Other items

The co-chairs provided an update of discussions at the CFIF BA Transition Virtual Network. The co-chairs briefly reviewed the path for the wind down of BAs that CFIF [published](#) on October 16, 2023.

The next CARR meeting will take place on 20 November 2023.

List of attendees

Market representatives

Carol McDonald, BMO
Luke Francis, Brookfield
Brent Clode, Central1
Karl Wildi, CIBC
Louise Stevens, CMHC
Carl Edwards, Desjardins
Alan Turner, HSBC
Audrey Gaspar, OTPP
Andrew Bastien, PSP
Guillaume Pichard, Quebec Ministry of Finance
Jim Byrd, RBC
Bruce Wagner, Rogers
Elaine Wright, Samuel, Son & Co.
Anuj Dhawan, Scotiabank
Derek Astley, TD Bank

Observers

Louise Brinkmann, CanDeal
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
Elodie Fleury, National Bank of Canada
Robin Das, RBC Capital Markets
JP Mendes Moreira, Scotiabank
Alison Perdue, TD

Bank of Canada

Harri Vikstedt
Sheryl King
Wendy Chan
Owen Zehr
Thomas Thorn