



SUMMARY OF THE DISCUSSION

Toronto, April 16, 2025, 1:30 to 3:30 p.m.

1. Canadian Collateral Management Service (CCMS) update

A CDS representative provided an update on CCMS, the triparty repo service developed by TMX and Clearstream. CCMS has continued to gain momentum with 11 clients now live on the platform and approximately \$9 billion in repo turnover processed since February 2025. Collateral comprises approximately 60% provincial and 40% Government of Canada (GoC) bonds, while corporate bonds represent less than 1% of activity but are expected to grow. Recent trades on CCMS are overnight to two weeks in term, with participants expressing interest in longer dated trades of one to three months.

The Post-Trade Modernization (PTM) at CDS will go live on April 28, requiring a brief pause in CCMS operations to allow back-office teams time to settle into the new system environment. CCMS is expected to resume activities on April 30. Looking ahead, about 35 counterparties in total are expected to join CCMS by year-end, with two onboarding windows planned in the summer and the fall. The first window will focus on large buy-side institutions and custodians. While the 2025 focus remains domestic, discussions around cross-border use and international client onboarding are scheduled to begin in May.

CCMS will also launch its pledge service for securities lending and CDCC initial margin later this summer. The Bank of Canada has announced its intention to join CCMS. It plans to use it for all of its repo-based market operations with its Primary Dealers. The Bank will begin the onboarding process in H2 2025, with a formal start date for using the system to be communicated later via a market notice. The Bank's involvement is expected to further accelerate CCMS adoption.

2. CIMPA subgroups update

The CIMPA subgroups provided updates on their progress.

a. Custodian model subgroup

Phase 1 of the CCMS custodian model for cash providers is now live in production, and Phase 2 for non-NI 81-102 securities providers is set to go live next week, ahead of schedule. A draft white paper on the custodian model framework has been circulated within the subgroup for review. This paper will be eventually published on the CIMPA website.

The subgroup discussed the regulatory constraints impacting NI 81-102 investment funds acting as securities providers, particularly the requirements for agent involvement in repo transactions.

Custodians raised concerns regarding assuming this agent role, citing the legal liabilities as well as the potential operational and financial impracticalities. As a result, the subgroup is exploring ideas of how to deal with this issue. Members also suggested engaging with SIMA (Securities and Investment Management Association) on this issue.

Additionally, a new workstream is being formed within the subgroup to review systemic inefficiencies in Canada's settlement infrastructure, with participation from back-office and operational experts nominated by CIMPA members. The CIMPA co-chairs mentioned that they will also invite non-CIMPA organisations to participate in this workstream.

b. Standardized baskets subgroup

The subgroup has successfully executed real-value test trades using preliminary GoC General Collateral (GC) baskets on the live CCMS platform. Following the completion of PTM at CDS on April 28, a standardized GoC GC basket, including Real Return Bonds, will be launched and made available to all participants on CCMS, with test trades to follow.

Initially, the baskets will be identified through a standardized flag within CCMS. However, the subgroup, in collaboration with CCMS and CDS, is evaluating whether a single ISIN may be possible for cleared basket trading in the future, particularly if CDCC cleared repo processes become linked to CCMS infrastructure. The subgroup is working with CIRO to ensure that these GC basket trades can be correctly captured and identified as GC trades in the Market Trade Reporting System. The subgroup recommends that the governance of standardized baskets be overseen by the subgroup in collaboration with CCMS. Once finalized, standardized baskets and their composition lists will be made publicly available to market participants.

Additionally, a dedicated workstream has been initiated to develop best practices for NHA MBS repo transactions and explore the creation of associated standardized baskets. An initial work plan is expected at the next quarterly CIMPA meeting.

c. Valuation and haircuts subgroup

The subgroup continues to progress on its two deliverables: a best practices note on collateral valuations, and a principles-based guidance note on repo haircuts. The draft valuation note outlines nine key elements related to collateral valuation, including considerations like pricing sources, timing, intraday vs. end-of-day pricing, and practices around less liquid assets such as NHA MBS. The draft has been circulated within the subgroup for review, with a targeted circulation to CIMPA members for review by end of May.

In terms of repo haircuts, the subgroup is drafting a guidance note informed by the recent Treasury Market Practices Group (TMPG) [white paper](#), the 2023 Investment Industry Association of Canada (IIAC) repo haircut [study](#), and an anonymized survey of dealer haircut practices in Canada. While this draft haircut note will remain non-prescriptive and principles-based, it will encourage participants to adopt sound risk management and recognize the systemic risks associated with ultra-low haircuts.

The note is targeted for completion over the summer and will be shared with CIMPA members ahead of finalization.

3. Fail fee framework for GoC transactions

A Bank of Canada representative provided an overview of the fail fee framework for GoC transactions published by the Canadian Fixed Income Forum (CFIF) in [2024](#). The framework was developed by CFIF's GoC Market Functioning Steering Group (GMF) and is now the responsibility of CIMPA. The framework is intended to support timely settlement in the GoC market, particularly in low interest rate environments.

To oversee the transition from design to implementation of the framework, a permanent governance subgroup under CIMPA will be established by June 2025. This subgroup will initially support CDS in building the infrastructure necessary to track and report fails and validate fail definitions. The subgroup will also be responsible for the governance of the fail fee, including when to turn on the fail fee collection, however, any decisions would need to be approved by both CIMPA and CFIF. The infrastructure build is expected to be ready by Q4 2025, after which there will be a 12-month trial period, during which fail rates and sample invoices will be provided to CDS participants, but no fees are charged. The goal of this phase is to familiarize market participants with the potential fee impacts and support informed decision-making on when full activation is appropriate.

Members were asked to provide nominations for this new subgroup to the CIMPA Secretariat.

4. Short-dated CORRA FRN transactions

A Bank of Canada representative discussed re-initiating the development of a T+0 short-dated CORRA-based floating rate note (FRN) as a money market replacement post-BA (bankers acceptance) cessation now that CDS has completed its PTM initiative. This initiative aims to address gaps in the current Canadian FRN market, where existing instruments are more bond-like (i.e., settling on a T+1 basis with a more complex issuance process) and thus not well suited for money market activity requiring quick turnaround and operational simplicity. The proposed instrument would mirror characteristics of the U.S. Yankee Floating Rate Certificate of Deposit market, with key features such as same-day settlement, shelf-style availability, streamlined documentation, and potential inclusion of callable terms. A new working group of subject matter experts will be formed to collaborate with CDS on exploring the necessary infrastructure changes needed to facilitate this type of money market instrument.

5. Other items

The member from CDCC provided an update on the progress of the Secured General Collateral (SGC) note. Following the upcoming implementation of PTM, the first issuance is expected by the end of Q2 2025.

The next CIMPA meeting will take place on June 12, 2025.

Meeting participants:**CIMPA members:**

Nick Chan, BMO Capital Markets (Co-Chair)
André Zanga, Casgrain & Company Limited
George Kormas, CDCC
Steve Everett, CDS
Josh Fogel, CIBC (representing Robert Lemon)
Sandy McRae, CPP Investment Board
Nicolas Poisson, Fiera Capital
Rob Goobie, HOOPP
David McKinnon, Manulife
Chris Miller, National Bank
Arthur Kolodziejczyk, RBC IS
Ciaran Dayal, Scotiabank (representing Robert Dias)
Travis Keltner, State Street
Adnann Syed, TD Asset Management

External participants:**Item 1**

Lee-Ann Gibbs, CDS

Observers:

Annaleigh Greene, BMO Capital Markets
Fabrice Tomenko, Clearstream
Kelsey Gunderson, CDS
Lisa Mantello, Osler, Hoskin & Harcourt LLP
Manisha Ramji, CDS

Subgroup co-leads:

Aaron Carter, CIBC
Alasdair Graham, BMO

Bank of Canada:

Harri Vikstedt (Co-Chair)
Maks Padalko
Wendy Chan
Zahir Antia
Danny Auger
Michael Mueller
Jessie Chen
Xuezhi Liu