

CDCC

Repo 2.0

CIMPA

**The Evolving Landscape of Repo Markets in Canada and the
Importance of Central Clearing**



June 12th, 2025

Repo 2.0 - Promoting Central Clearing of Repo in Canada

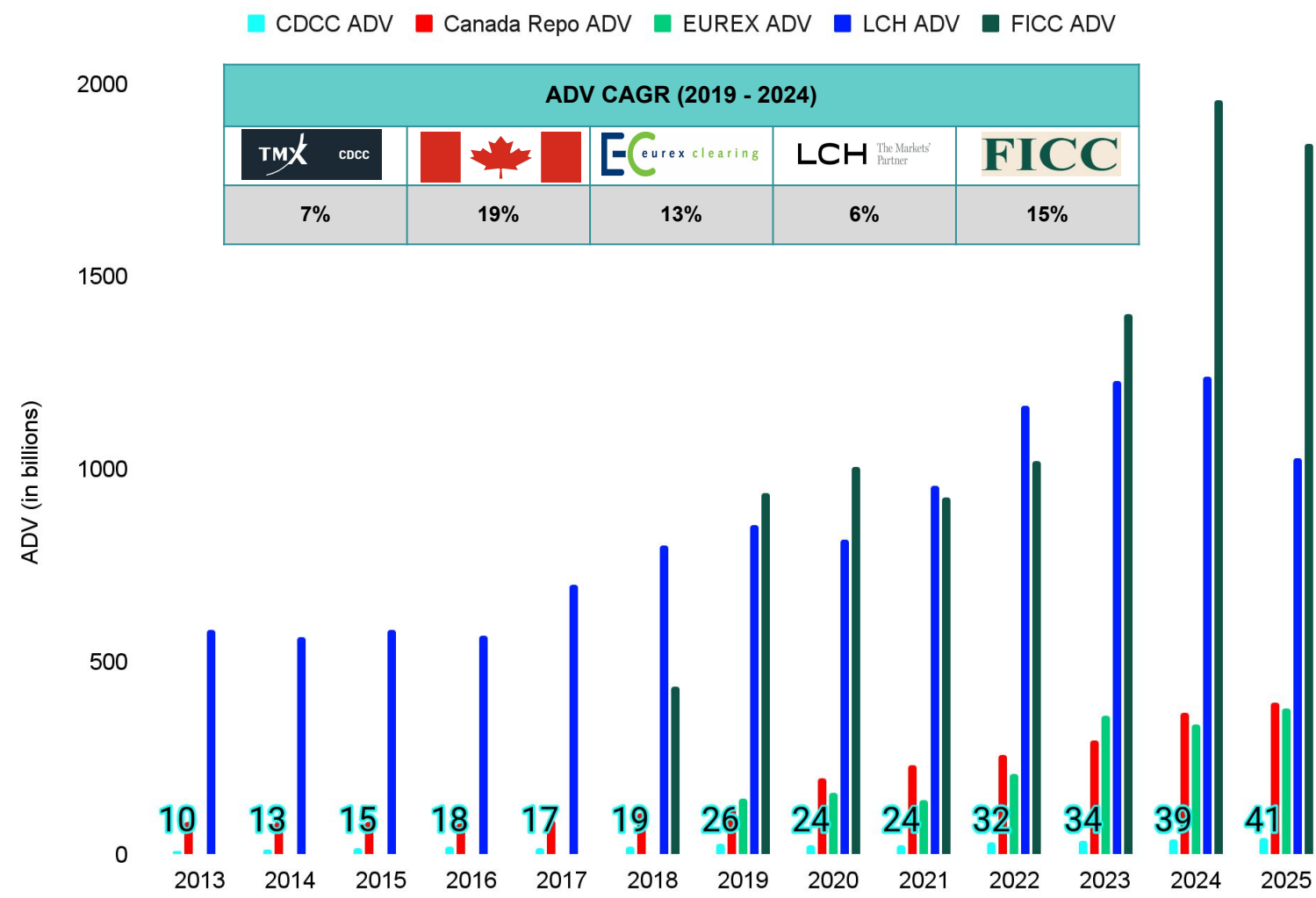
The repo market in Canada is evolving, and the growth opportunity for centrally cleared CCPs remains very important for the benefit of the marketplace, especially compared to other jurisdiction

Repo Market	The Canadian repo market demonstrates an approximate daily transaction volume of \$400 billion. Of this volume, 10-15% of transactions are centrally cleared through CDCC, with the majority of these cleared transactions occurring between dealers.
Market Transformation	Market transformation are driven by increased tri-party repo (CCMS) adoption, rising debt issuance, US primary dealer participation, and increased leveraged trading by hedge funds.
Industry collaboration	<p>The roadmap was developed based on extensive feedback from dealers and buy-side participants through market outreach effort.</p> <p>Establishing a CIMPA central clearing working group is essential to ensure industry alignment.</p>

Benefit for the Marketplace	<p>Renew interest in CCP clearing worldwide. Despite growth in the repo market, Canada's CCP clearing remains low, offering a large growth potential compared to Europe's 45% and the US expected 85%.</p> <p>CCP clearing offers key advantages for dealers (balance sheet netting) and the buy-side (such as less counterparty risk and better liquidity), making the market more attractive and competitive.</p>
Potential CDCC Volume Growth	Expected over 100% growth, exceeding \$100 billion daily volume (up from ≈ \$40 billion).





Current Repo CCP Market Overview

CDCC VOLUME VS PEERS



CDCC needs to address product and service gaps compared to its peers to ensure sustainable growth and increase centrally cleared repo in Canada.

Competitive Gaps: CDCC vs Peer CCPs

	PRODUCT		CLIENT ACCESS		ELECTRONIC TRADING	COLLATERAL MANAGEMENT	
PEER CCPs	SINGLE NAME	BASKET GC REPO	FOREIGN ACCESS	BUY-SIDE DIRECT ACCESS	DEALER TO CLIENT (D2C)	TRI-PARTY CAPABILITIES	EFFICIENT MARGINING
	✓ (US Government Securities)	✓ (GCF)	✓	✓ (Sponsored DVP/GC Service)	✓ (via GLMX, Tradeweb) RFQ	✓ (via BNY)	✓ (cross margining with CME IR futures- firm and clients)
	✓ (government, covered, agency and corporate bonds)	✓ (GC Pooling Multiple Basket)	✓	✓ (ISA Direct)	✓ (Eurex Repo) CLOB	✓ (via Clearstream)	✓ (cross margining with Eurex IR futures derivatives 2026)
 <small>The Markets' Partner</small>	✓ (LTD: Gilt and SA: 13 Euro debt markets)	✓ (LCH LTD £GC and LCH SA €GCPlus)	✓	✓ (Sponsored at both LCH LTD & SA)	✓ (via GLMX, Tradeweb) RFQ	✓ (via Euroclear)	✓ (cross margin netting across special and triparty general collateral activity)
	Limited: selected GoC & Provies	NO	NO	Limited (Large Pension Funds)	NO	NO	NO

Repo 2.0 - Market outreach

The proposed CDCC roadmap has received general support from key buy-side and sell-side participants following market outreach

PRODUCT/SERVICE EXPANSION

Single Name Expansion	There is broad enthusiasm for expanding the list of eligible single-name ISINs, particularly to include provincial issuers, large pension funds, and NHA-MBS. Stakeholders believe this will significantly enhance market liquidity and opportunities.
Service enhancement	Cross-netting across cash, repo, and futures is seen as conceptually attractive. Several stakeholders expressed a desire for the development of a term repo market in Canada, noting its prevalence in the US and Europe.
CCMS Integration	Integrating CDCC as the CCP in CCMS is key for concentrating liquidity in the Canadian market ecosystem.
Sponsored Repo	The sponsored repo mode (done-with) is seen as a valuable tool for improving balance sheet netting and attracting additional participants. Many stakeholders, especially those with US operations, have experience with this model and can provide valuable insights.

OTHER FEEDBACK

Timeline	Significant legal and IT changes affecting products and services must be implemented after the tri-party onboarding (CCMS) and US Treasury repo clearing requirements are met. CDCC needs to ensure operational readiness before the launch.
Operational Considerations	CDCC's ability to handle large amounts and intraday credit liquidity was also questioned. Concerns about the operational difficulty of futures cross-margining were brought up by some firms.
Technological readiness	Neither Canadian dealers nor buy-side firms report high technological sophistication in the repo space. Some face challenges integrating with trading platforms. GLMX is consistently identified as the preferred provider for dealer-to-client electronic trading.
Buy-Side direct participation	Dealers see a potential netting opportunity between leveraged US hedge funds and Canadian cash providers.

Repo 2.0 - Summary and Next steps

SUMMARY

- The CDCC Repo 2.0 roadmap outlines a three-phase strategy designed to align with market priorities and timelines.
- Continued collaboration with CIMPA is essential to drive CCP adoption and mitigate potential frictions.
- To improve Canada's repo market, we will consult with the market, upgrade our technology, invest strategically, seek legal advice, and continue business development with local and foreign partners to match leading CCPs offering.

NEXT STEPS

- Finalize CDCC Planning/Business Case (target late July)
- Present and refine detailed requirements with stakeholders, including operational teams (H2 2025)
- Work with CIMPA to drive CCP adoption and evaluate other potential foreign dealers and buy side participants to our marketplace

TIMELINE

	Phase 1	Phase 2	Phase 3
Overview	Modernize operations & broaden eligibility of securities	Integrate with CCMS & establish a CCP GC Repo market	Implement a sponsored repo model to expand market access
Start	Late 2025	H1 2026	H2 2026
Go Live	H1 2026	H1 2027	H2 2027

