



## **SUMMARY OF THE DISCUSSION**

Toronto, October 16, 2025, 4:00 to 6:00 p.m.

### **1. International Capital Market Association (ICMA) presentation on FinTech and Digitalization**

Gabriel Callsen, Senior Director, FinTech and Digitalization, at the International Capital Market Association ([ICMA](#))<sup>1</sup> outlined ICMA's strategic priorities, structure, and current initiatives. ICMA's priorities centre on automation and digitalization, the nexus with sustainable finance, and broader innovation with active engagement of regulators including the European Central Bank, Bank of England and Monetary Authority of Singapore on new technologies, tokenization and data standards. Mr. Callsen described ICMA's structure, including the FinTech Advisory Committee supported by topic-specific working groups. Collaborating with regulators and market participants, ICMA has published tokenization practical guidance, including [FAQs](#) and [DLT bond reference materials](#). As a collaboration venue to improve market efficiency via asset tokenization, the [Project Guardian](#) initiative focuses on challenges of custody and trading of tokenized securities and the need for standardization and interoperability to scale tokenized markets and avoid fragmentation with traditional securities.

To support the digital transformation of capital markets, Mr. Callsen introduced ICMA's [Bond Data Taxonomy](#), a common, machine-readable language that automates key processes in debt issuance and tokenization, and noted recent adoption by the World Bank, Euroclear, Clearstream and SWIFT. He also outlined the [Common Domain Model](#), a standardized data and lifecycle management model that facilitates trading and processing across repo, securities lending, bond and derivatives transactions. He then discussed the [AI in Capital Markets](#) working group, focused on regulatory and legislative developments and the need to balance innovation with governance and risk controls. He noted the AI benefits including more efficient operations, fewer settlement fails and stronger liquidity management, as well as the importance of a supportive regulatory framework in place for AI adoption.

Meeting participants discussed tokenization's path in fixed income markets. Mr. Callsen envisaged tokenization enabling continuous, on-demand issuance for frequent issuers (e.g., large corporates and SSA issuers) and, as a complement to existing markets, supporting intraday funding in collateral markets to improve efficiency. The CIMPA co-chairs encouraged members to engage with ICMA and to return next year with views on CIMPA's role and priorities for digitalization and tokenization in the Canadian market.

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<sup>1</sup> ICMA is a not-for-profit association to promote the well-functioning of cross-border capital markets, with about 630 members in 71 jurisdictions globally from across the various types of stakeholders, including private and public sector issuers, banks and securities dealers, asset and fund managers, insurance companies, law firms, capital market infrastructure providers and central banks.

## **2. Canadian Collateral Management Service (CCMS) update**

A CDS representative reported that a total of 14 clients are expected to be live on CCMS by early November, including 3 pension funds, with another 3 pensions and 1 custodian joining early next year. The launch of SGC (Secured General Collateral) Notes is targeted for mid-November, and work is underway to enable initial margin pledge to CDCC via the tri-party framework. The CIMPA co-chair added that the Bank of Canada aims to join CCMS in Q4 2026 and ultimately conduct all of its monetary policy market operations through CCMS.

## **3. CIMPA subgroups update**

### **a. Custodian model subgroup**

The custodian implementation model has been formally documented in a draft whitepaper and updated based on differences across custodians, notably on cut-off times (as early as 4 pm vs. as late as 6:30 pm), and the implication of this for industry-wide collateral optimization. When published, the whitepaper will be a living document and updated on a regular basis with new findings during the onboarding process. The CCMS team also implemented early-warning alerts to custodians on new trades/funding delays, automatic reallocation if a pledged security is reused before funding, and auto-deletion of pending deliveries so alternative assets can be selected seamlessly.

Launched in July, the settlement workstream identified six focus areas, including 1) how to reduce “gamification” of settlement in the market, 2) opportunities for harmonization and optimization of settlement activities/windows in future, 3) investigation of multiple payment windows on an intra-day basis and its effect on ACV/Collateral used for settlement, 4) pragmatic approach to international settlement models, 5) the different approaches between custodians vs broker dealers for settlement, and 6) evaluating potential market infrastructure enhancements to support tokenization in the Canadian market. A presentation from Value Exchange provided a benchmarking of international experience on settlement infrastructure setups to inform feasible options to tackle settlement issues in Canada. The workstream will create a prioritization list and sub workstreams to tackle the identified issues.

### **b. Standardized baskets subgroup**

The subgroup is working with TMX and Clearstream to finalize standardized GoC general collateral (GC) basket templates on the CCMS OSCAR platform, with deployment on October 18-19 and testing starting the following week. These standardized baskets will be validated by the TMX and Clearstream and ultimately approved by CIMPA. Once approved the basket details will be made available on the TMX and Clearstream webpages and also listed on the CIMPA webpage.

In parallel, the subgroup is coordinating with CRO to ensure accurate MTRS (Market Trade Reporting System) reporting of CCMS basket trades, which is critical for capturing all GoC repo trades for the potential inclusion in the CORRA calculation. End-to-end testing with a subset of market participants will begin the week of October 20, followed by broader dealer testing. A reporting guideline document will be prepared to help dealer reporting. The first live GoC GC basket trade is targeted for the end of 2025, with additional standardized baskets to follow in early 2026.

Related work on NHA MBS has begun to assess how to simplify and standardize these products within current CCMS capabilities to help foster the development of a more active Canadian NHA MBS.

**c. Valuation and haircuts subgroup**

Based on members' feedback, the subgroup has updated its two deliverables: a best practice note on collateral pricing and valuations, and a principles-based guidance note on repo haircuts. Further progress is paused, as the subgroup monitors global developments in the space, including the responses to the Bank of England's (BoE) discussion paper on enhancing the resilience of the gilt repo market, which seeks feedback by November 28. The two key themes covered in the paper are: 1) expanding central clearing of gilt repo and 2) introducing minimum haircuts on bilateral gilt repo. The CIMPA co-chairs will schedule a call with the BoE in the coming weeks to walk through the paper. The call will be open to CIMPA and CFIF members and other relevant stakeholders within their institutions.

**d. CORRA based floating rate BDN subgroup**

The subgroup held its inaugural meeting last week and agreed to a three-pronged plan:

- (1) Product: standardize issuance term sheet (conventions and other baseline parameters) to secure broad industry buy-in while allowing some flexibility;
- (2) Process: map end-to-end workflows across banks, CDS and buy-side clients (e.g., T+0 vs. T+1, shelf prospectus mechanics, CUSIP acquisition, and cost considerations); and
- (3) Legal/industry coordination: members to consult internal counsel and engage relevant industry groups to surface issues early, share information, and avoid surprises.

CDS will present current system capabilities and gaps at the next meeting to align near-term deliverables with required enhancements. While the initial launch targets a vanilla, market-standard product, the group aims to preserve optionality for familiar US-style features (e.g., callable structures).

**e. Fail fee governance subgroup**

The subgroup held a level-setting first meeting last week with broad membership. Its mandate is threefold: 1) finalize the remaining calibration of the fail-fee framework and support the development of CDS reporting infrastructure; 2) design and administer governance during a trial phase (and beyond if needed), including reporting to CIMPA and CFIF on improvements and on when/under what conditions to activate the fail fee; and 3) develop related best practices and documentation. While GoC fails are not an issue currently given the current rate environment, building the infrastructure now ensures readiness in the event of fails becoming an issue, which could happen in low or negative rate environments during which the cost of failing is low, or even beneficial.

The near-term plan is to complete the pre-trial transparency work in Q4 2025: lock down the fail definition for CDS and finalize transparency reporting (fail-rate metrics and participant-level reports showing hypothetical fees). After CDS implements the build, the subgroup would run a minimum one-year "dry-run"/transparency stage (currently expected roughly to coincide Q1 2026 to Q1 2027) with no fees exchanged. Then, the subgroup would determine and recommend if/when to proceed to the second stage of the trial during which fail fees would be exchanged or paid.

#### 4. Other items

The CDCC representative presented updates on its Repo 2.0 roadmap for expanding central counterparty (CCP) repo clearing in Canada. The three phase are: (1) modernize existing services with quick, industry driven fixes (expand eligibility for margin collateral and repo for provinces and large pensions, shift from collateral exchange to cash variation margin, enable same-day ISIN issuance/repo trading, and improve automation/reporting); (2) introduce CDCC cleared GC repo via CCMS, while preserving blind inter-dealer trading and adding a pure cash-provider membership class (no margin/clearing-fund contributions where no risk is introduced); and (3) expand cleared repo market access for buy-side and foreign participants, informed by US approaches (e.g., sponsored/agent models) but tailored to Canadian needs.

Development for Phases (1) and (2) begins in 2026 with delivery through 2027. Phase (3) is planned for 2028. CDCC will run broad consultations via CIMPA to balance global standards with a pragmatic Canadian design. CIMPA will launch a dedicated subgroup on repo central clearing in early 2026 to support the work on improving the Canadian central clearing infrastructure. CIMPA members and other market participants interested in being part of this central clearing repo subgroup, or the work going forward, are asked to submit their names to the CIMPA secretariat at [CIMPAsecretariat@bank-banque-canada.ca] by December 1, 2025.

The next CIMPA meeting is scheduled for January 15, 2026. Full-year 2026 quarterly meeting dates will be circulated in early November for member feedback. The co-chairs also invited members to send their 2026 work-plan proposals to the CIMPA co-chairs/secretariat, including ideas of topics where presentations from international participants would be valuable.

**Meeting participants:****CIMPA members:**

Nick Chan, BMO Capital Markets (Co-Chair)  
André Zanga, Casgrain & Company Limited  
George Kormas, CDCC  
Steve Everett, CDS  
Robert Lemon, CIBC  
Sandy McRae, CPP Investment Board  
Nicolas Poisson, Fiera Capital (represented by Frédérick Bérubé)  
Rob Goobie, Healthcare of Ontario Pension Plan (HOOPP)  
David McKinnon, Manulife  
Chris Miller, National Bank  
Arthur Kolodziejczyk, RBC IS (represented by Imran Sheri)  
Brian Tinney, RPIA  
Robert Dias, Scotiabank  
Travis Keltner, State Street  
Adnann Syed, TD Asset Management

**External participants:**

Elie Elkhal, CDCC  
Gabriel Callsen, International Capital Market Association (ICMA)

**Observers:**

Andrew Munn, CanDeal  
Kelsey Gunderson, CDS  
Manisha Ramji, CDS  
Joshua Chad, McMillan LLP

**Subgroup co-leads:**

Aaron Carter, CIBC  
Breiffni McCormack, RBC IS  
Ciaran Dayal, Scotiabank  
Michael Van Hees, Scotiabank

**Bank of Canada:**

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