



## **SUMMARY OF THE DISCUSSION**

Toronto, January 15, 2026, 4:00 to 6:00 p.m.

Philippe Muller (Bank of Canada) was welcomed as the new CIMPA co-chair, following the retirement of Harri Vikstedt from the Bank of Canada (BoC) last year. Simon Squire (BNY) was also welcomed as a new observer. A CIMPA co-chair opened the meeting by noting the strong momentum and industry engagement over the past year. The group discussed the potential use of Artificial Intelligence (AI) tools to support meeting transcription and summary, with the objective of administrative efficiency and transparency. Members were invited to inform the Secretariat should they have concerns.

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

A CDS representative reported increased volumes on the platform, supported by a steady onboarding pipeline, particularly among cash providers. Nine Tier 1 and Tier 2 banks and two custodians are currently live, with another custodian expected later this year. Pension fund participation continues to expand through enabled custodians. Current efforts are focused on completing cash provider onboarding by mid-year, allowing the remainder of 2026 to be dedicated to BoC onboarding and industry testing with primary dealers. Updates on onboarding progress (e.g., aggregate participation metrics) are communicated through periodic CCMS newsletter. International buy-side engagement was noted as a longer-term opportunity, and work is underway at CDS to explore an account operator model to facilitate foreign institutions' participation through custodian sponsorship.

### **2. Central clearing for repos**

#### **a. Launch of the new subgroup**

A CIMPA co-chair announced the launch of a new CIMPA subgroup focused on promoting central clearing for dealer to client repos. Philippe Muller and George Kormas (CDCC) will co-lead this subgroup. The subgroup will examine the expansion of central clearing capabilities, including CDCC Repo 2.0 initiatives, and will develop a roadmap with an emphasis on broad industry representation across functional areas. Subgroup membership will be finalized in the coming weeks, with bi-weekly meetings beginning in February.

#### **b. Discussion on cleared repo benefit**

A BoC representative presented a high-level overview of a forthcoming BoC Staff Discussion Paper (SDP) on whether clients benefit from centrally clearing repos. The note finds centrally cleared repo trades price slightly tighter than non-cleared ones, but the magnitude of these benefits appears small. Client's main benefit is more reliable access to dealer balance sheets around reporting dates. Client participation in

cleared repo rises at quarter ends, when dealers actively manage balance-sheet constraints. Usage remains more limited for term repo due to operational constraints for term netting. Constraints on broader participation include eligibility requirements, connection costs, and higher margin than bilateral trades. Members discussed what could facilitate greater cleared repo usage over time, including greater participation by cash providers, potential clearing of BoC term repos, and CCMS enhancements. The presenter invited industry feedback, ahead of publication of this SDP.

### **c. CDCC repo 2.0 update**

A CDCC representative updated its three-phase Repo 2.0 roadmap to expand central counterparty repo clearing in Canada, aimed at improving efficiency and market access. Next steps include market consultation and collaboration with the new CIMPA subgroup on repo central clearing.

- Phase 1 (target: Q1 2027) modernizes existing services. It includes adding eligible single-name collateral (e.g., provinces, large pensions, NHA MBS, FRNs), shifting from securities to cash variation margin, expanding initial margin (IM) collateral eligibility, streamlining operations, and optimizing risk margining (e.g., cross-margining with the MX futures market).
- Phase 2 (target: Q4 2027) leverages CCMS to launch CDCC-cleared general collateral (GC) repo and IM pledging, to onboard more Limited Clearing Members, and to create a new cash provider category with a potential exemption for IM and the default fund.
- Phase 3 (target: Q4 2028) broadens market access by introducing a sponsored repo model (or an alternative access model) to increase buy-side participation, extending cross-margining with MX to client activity, and enabling dealer-to-client electronic trading to optimize buy-side access.

## **3. CIMPA subgroups update**

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

Custodian operating models vary materially in settlement cut-off times (as early as 4 pm vs. as late as 6:30 pm). While CCMS supports extended operating hours, the subgroup is considering a standardized 5:00pm CCMS market cut-off and greater automation to support late-day processing. It is also engaging Securities and Investment Management Association (SIMA) and Canadian Securities Lending Association (CASLA) on NI 81-102 regulatory constraints affecting investment funds' participation in repo transactions.

An update was also provided on the settlement workstream. Based on industry feedback, priorities include multiple intraday payment windows, harmonized settlement cut-offs, settlement optimization, partial settlements, and tokenization readiness. The workstream expects to develop a more detailed roadmap by the end of Q1 and to establish sub-workstreams to tackle the identified items.

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

The subgroup has built a standardized Government of Canada (GoC) GC basket template and locked in the CCMS production environment. User acceptance testing (UAT) is ongoing, focusing on validating eligibility rules, collateral mapping, and end-to-end processing and reporting to the Canadian Investment Regulatory Organization (CIRO) to ensure accurate capture in the CORRA calculation. UAT is expected to finish by February, with a small-value live trade by the end of Q1. Once successful and approved, the basket definitions will be made available on the TMX and Clearstream webpages with links from the CIMPA webpage. Then, the subgroup will proceed to Phase 2 to introduce additional GC baskets (e.g. provincial debt).

**c. NHA MBS GC baskets subgroup**

Based on recent discussions and a questionnaire, the subgroup noted variation in NHA MBS market practices even among experienced participants and is therefore prioritizing standardization and operational efficiency. An educational session with the Mortgage-Backed Securities Issuer Association (MBSIA) is scheduled for the following week, and the subgroup will work with CCMS to validate product requirements and develop best practices to support NHA MBS GC basket adoption. It will also review international approaches and present an analysis in March 2026, with the aim of testing a basket on CCMS in Q2 2026. This basket is expected to expand NHA MBS use as repo collateral and improve secondary market cash trading, benefiting investors and potentially reducing spreads for issuers and mortgage borrowers.

**d. Valuation and haircuts subgroup**

An update was provided on the subgroup's two deliverables: a best-practice note on collateral pricing and valuation, and a principles-based guidance note on repo haircuts. Both were submitted to the CIMPA co-chairs late last year and discussed in December. The pricing and valuation note will be revised for the April CIMPA meeting. Timelines for the haircut note remain uncertain amid international developments (e.g., the Bank of England's work on the gilt repo market). Members emphasized the importance of setting haircuts at levels that balance capital efficiency and market activity with system resilience. Final guidance will be submitted to CFIF for approval and subject to broader industry consultation.

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

An update was provided on the feasibility assessment of the proposed product within the existing CDS money market framework. Market feedback gathered late last year has been documented, with the key requirements centered on alignment with current CDS legal, technical, and operational standards. With no material impediments identified, CDS will proceed with internal planning and prioritization, with remaining legal considerations handled through engagement between CDS and issuers' counsel. A standardized issuance template is also being developed and is under firm-level legal review.

**f. Fail fee governance subgroup**

CDS is finalizing the technical specifications to support the fails reporting infrastructure build and data extracts that could be used for monitoring, expected to complete in late Q2 or early Q3. Once complete, an initial trial phase will begin with publication of aggregate fail statistics and distribution of individual reports with failed transactions (and associated "hypothetical" fail fees) to direct CDS participants. The subgroup will develop best practices informed by prior work undertaken by the Government of Canada Market Functioning Steering Group, including related to partial fails and the bilateral claims process.

**4. Other items**

A BoC representative presented on tokenization and noted its potential to improve market efficiency through programmability, sharedness, and openness, as well as enabling new use cases not feasible with current infrastructure. However, benefits and risks are still being investigated. The suitability of the technology will likely be use-case dependent, with no universally optimal design. The presentation highlighted key public policy questions, including the appropriate settlement asset for tokenized platforms (e.g., central bank money vs. private money), the risk of fragmentation across multiple ledgers, interoperability between platforms, and implications for financial stability. International developments

(e.g., initiatives by the ECB, Swiss National Bank, and major infrastructure providers) underscored growing global momentum toward tokenization.

The presenter outlined a three-pillar workplan at the BoC covering economic analysis of tokenization's value proposition, industry outreach to identify use cases and coordination challenges, and hands-on experimentation. Current experimental work includes assessing Lynx adaptability, interoperability between tokenized and traditional systems, and tokenized repos. Members noted that Canadian specific settlement and risk model constraints may limit near-term adoption and agreed that further discussions would be useful to deepen industry engagement. There was also support for scheduling regular follow-up meetings and potentially creating a working group dedicated to tokenization. The presenter emphasized engagement with industry to assess appropriate tokenization adoption models. As the next steps, BoC proposes to organize a workshop on the tokenization agenda in Canadian financial markets, and will be asking CIMPA and CFIF members, as well as other relevant institutions, to nominate appropriate participants for this event.

The next CIMPA meeting is scheduled for April 16, 2026.

Participants are encouraged to subscribe to CIMPA updates via the [email alerts](#) to receive notifications on new materials added to the CIMPA website.

**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  
Rob Goobie, Healthcare of Ontario Pension Plan (HOOPP)  
Arthur Kolodziejczyk, RBC IS  
Brian Tinney, RPIA  
Travis Keltner, State Street  
Adnann Syed, TD Asset Management

**Observers:**

Simon Squire, BNY  
Andrew Munn, CanDeal  
Manisha Ramji, CDS  
Lisa Mantello, Osler, Hoskin & Harcourt LLP  
Todd Evans, Securities and Investment Management Association

**Subgroup co-leads:**

Alasdair Graham, BMO  
Aaron Carter, CIBC  
Dennis You, CMHC  
Breiffni McCormack, RBC IS  
Ciaran Dayal, Scotiabank

**Bank of Canada:**

Philippe Muller (Co-Chair)  
Zahir Antia  
Danny Auger  
Wendy Chan  
Grahame Johnson  
Mehak Khatler  
Xuezhi Liu  
Michael Mueller  
Maks Padalko  
Francisco Rivadeneyra