CANADIAN FIXED-INCOME FORUM | CIMPA

SUMMARY OF THE DISCUSSION

Montréal, June 18, 2026, 3:00 to 5:00 p.m.

The CIMPA co-chair welcomed attendees, highlighting the importance of hosting a CIMPA meeting in Montréal and the opportunity for local and out-of-town participants to connect.

1. Confirmation of endorsement

Members reviewed two key operational proposals for Canadian Collateral Management Service (CCMS).

1) **Set the CCMS Free of Payment cut-off time at 5pm ET.**
   A CDS representative noted broad dealer and buy-side support. While some buy-side participants favoured extended hours, consensus was to maintain the 5pm cut-off for the next 12–18 months. The 5pm cut-off time for free of payment was endorsed by CIMPA and will be reflected in the CCMS Product Guide online and client agreements.
2) **Align CCMS holidays with the Ontario trading calendar and repo trading hours.**
   Discussion clarified that the alignment is with the repo trading calendar, not the Equity TMX Ontario calendar. On early market close days, CCMS will remain open until the standard cut-off time, subject to future review. The operational proposal was endorsed by CIMPA.

No objections were raised during the discussion, and endorsement was confirmed by consensus.

2. Update on BoC analysis of repo markets

Members were informed of a forthcoming Bank of Canada (BoC) staff analytical paper analyzing the benefits of repo central clearing for non-dealer clients, noting increased use by buy-side CDCC members during periods of dealer balance sheet constraints (e.g., reporting dates). An update on Canadian repo market statistics was also provided, highlighting average daily volumes of $160 billion, shifts in client composition (including greater hedge fund and pension fund participation), and improved granularity in repo rates by collateral type. The updated fact sheet will be published on the CIMPA website, with plans for regular automated updates to inform trading activities and promote participation.

3. Canadian Collateral Management Service (CCMS) update

CCMS reported continued progress in platform adoption, with 16 clients currently live. 3 additional cash providers are expected to go live in 2-4 weeks, with a total of 34 institutions at various stages of onboarding. Driven by client demand, 2 additional custodians have committed to join, with another under discussion. A list of live clients is available upon request from the CCMS onboarding team.

BoC onboarding remains on track, and the CDCC Repo 2.0 project has commenced. CCMS onboarding timelines, previously around 10 months for most clients, are expected to decrease to about 5 months with the introduction of AI tools and an expanded onboarding team. A new testing window in September and October will support faster onboarding, while November and December will focus on BoC onboarding. Automatic Entitlements are now live and CCMS is ready for NHA MBS basket pilot trades. The first dealer signed a subscription agreement in June to issue Secured General Collateral (SGC) Notes.

4. Best Practices for Repo Collateral Valuation and Pricing

Members were presented highlights of the final draft of the best practices note prepared by the CIMPA Valuation and Haircuts Subgroup. The (non-binding) recommendations promote consistent valuation and pricing practices for fixed-income collateral in bilateral and tri-party repos. It is intended as a living document, with future updates to cover NHA MBS and equity repos and CORRA-based floating-rate Bankers' Deposit Notes (BDN).

Upon CFIF support, members confirmed endorsement to publish the document on the CIMPA webpage as a living guideline, enabling ongoing industry feedback and updates, particularly to maintain alignment with international standards and tri-party agent practices.

5. Best Practices for the Settlement of Government of Canada (GoC) Securities

The fail fee governance subgroup provided an update on the draft best practices, which is open for CIMPA members feedback until early July and will then be submitted to CFIF for endorsement. The draft sets out principles to improve settlement efficiency and reduce fails. It emphasizes the avoidance of practices that contribute to fails (e.g., delaying deliveries or adjusting trade records to avoid fail fees). Members are encouraged to maintain robust internal controls, including monitoring of unsettled trades, up-to-date contact information, and coordination across teams. An international participant also offered to share international best practices with the subgroup.

Proactive use of partial settlements is recommended to minimize the notional amount of fails, with early requests in the day and prompt resolution of any residual fail exposure. The subgroup also recommends extending fail fee practices to non-DVP transactions (e.g., securities lending) via bilateral claims.

A supporting FAQ document was introduced to clarify the objectives and mechanics of the fail fee trial period. The trial period is scheduled to begin in September, with public reporting of fail metrics but no actual fee exchange. A market notice from both BoC and CDS is expected to be issued in July, setting the timeline for the fail fee trial period.

6. CIMPA subgroups update

a. CIMPA strategic priorities for 2026

The CIMPA co-chair outlined a document highlighting the 2026 strategic priorities, including focus on the adoption of the CCMS triparty system, advancing CDCC modernization of central repo clearing, and finalizing key market best practices. The priorities document also outlined subgroup deliverables, timelines, and status updates to enhance transparency and coordination. A new visual tool was also introduced to centralize subgroup materials and track progress, supporting streamlined collaboration and regular members updates.

b. Custodian model subgroup and settlement workstream

Progress continues with custodial technical readiness for CDCC Repo 2.0 targeted for early 2027 and mandatory pre-readiness checks required for participation. Two models are under evaluation to reduce funding delay at CDS: locked CUID vs. locked single account. Work is ongoing on regulatory considerations related to NI 81-102, which may affect investment fund participation in repo transactions. Technical builds are needed at custodians to provide a dedicated repo agency model for collateral givers, with progress expected into early 2027. A whitepaper on the CCMS custodian model is currently under review.

Settlement work is organized into three streams: (i) broker-dealer settlement and partial settlements (currently under investigation with input from international markets and Clearstream), (ii) settlement optimization and harmonization (e.g., more frequent netting cycles), and (iii) tokenization (developing a white paper and considering to establish a dedicated CIMPA subgroup given growing industry interest).

c. Standardized baskets subgroup

The standardized GoC General Collateral (GC) basket is now operational in CCMS. CIRO MTRS2 system changes are scheduled for July 3rd to support accurate capture of basket trades for CORRA calculation, with reporting entities expected to go live in sequence. Subject to confirmation from CIRO and BoC on data robustness, BoC and TMX-CCMS will issue a market notice and publish the CIMPA approved GoC GC standardized basket. The subgroup will then proceed to Phase 2 with additional baskets (e.g. provincial debt). Members noted this as a key milestone to support the GC repo market development.

d. NHA MBS baskets subgroup

Work is underway to develop eligibility criteria, pricing rules, and CCMS templates for NHA MBS repo baskets, supported by the Valuation and Haircut Subgroup and workshops with CanDeal. Input from US market practitioners has informed the framework, with key elements of the US MBS market being incorporated. Following recent workshops, a broad survey was conducted to finalize eligibility and pricing criteria for the initial baskets, with input from the Mortgage-Backed Securities Issuer Association (MBSIA). Survey results were shared with participants, with consensus now being sought to finalize criteria in the coming weeks and to enable CCMS OSCAR testing and preparation for live trading later this year. Upon launch, CIMPA-approved baskets will be listed on the TMX-CCMS and CIMPA webpage for reference.

e. Valuation and haircuts subgroup

Work is ongoing on the principles-based guidance note of repo haircuts, alongside the best-practices note on repo valuation and pricing. Two key developments were noted: (i) the Bank of England’s (BoE) discussion paper on repo market resiliency, where feedback showed limited support for non-risk-sensitive minimum haircuts. The BoE will continue to assess the role of haircuts as part of a broader toolkit. (ii) the

BoC's MTRS data analysis of haircut practices in the Canadian repo market, with potential findings to be referenced or included in the final note.

The draft is currently under review and will be circulated to the full subgroup within two to three weeks. The note is not expected to recommend specific minimum haircuts on GoC repo but will promote their use as a prudent risk management tool, supported by benchmarking and stress testing. The subgroup aims to present the draft at the next CIMPA meeting, followed by broader industry consultation before seeking CFIF endorsement.

f. CORRA-based floating-rate BDN subgroup

The subgroup is advancing a new CORRA-based floating-rate (BDN) product to address the gap in the Canadian unsecured money market following the cessation of Bankers' Acceptances (BAs). Unlike the US, Canada currently lacks floating-rate money market instruments that are priced and settled on the same day (T+0). The proposed product has been confirmed within the existing CDS money market securities framework and most banks do not require additional board approvals to proceed with the new product. The business requirements document is nearly complete, with development, regulatory filing, and testing to follow. However, CDS noted resource constraints but indicated that, following completion of the fail fee initiative, focus will shift to this project. A desire for clear prioritization (see item 7 below) and potentially additional resources was emphasized to ensure timely delivery, alongside concurrent technical development and other industry initiatives.

g. Repo central clearing subgroup

Strong industry engagement continues following recent market survey and bilateral industry consultations. The subgroup focuses on expanding the number of ISINs eligible for central clearing and initial margin pledging, addressing operational impediments to participation, developing a centrally cleared GC basket, and advancing access models and cross-netting. The importance of a sponsored model to enable buy-side participation was highlighted, drawing on US experience and emphasizing account structure and custodian coordination. The BoC has begun internal planning for onboarding to CDCC to ensure readiness. CDCC is working in partnership with Clearstream and Eurex to leverage international experience in GC pooling and netting, aiming to expand eligible ISINs and standardize basket criteria.

7. TMX/CDS/CCMS list of prioritized technical investments

A CDS representative presented a prioritized list of technical investments and industry initiatives, with limited capacity for CIMPA initiatives (6%) relative to allocation for regulatory, risk, and technology work (60%) and major market programs (32%), highlighting the need for strategic sequencing. The immediate focus is completion of the fail fee initiative, targeted for September. Resources will then shift to the CORRA-based floating-rate BDN project. Other initiatives include auto entitlements and coupon tracking (now live), NHA MBS enhancements (development complete), BoC CCMS onboarding, and CCMS pledge functionality (currently underway with a dedicated team). Custodian model subgroup initiatives (e.g., locked account structures) are in planning and considered essential for future volume growth. Longer-term projects, including partial settlements and broader settlement enhancements, are scheduled for 2027 and beyond. Members emphasized the importance of transparent prioritization and regular CIMPA review. The prioritized list will remain a standing agenda item with ongoing member feedback encouraged.

8. Other business

The next CIMPA meeting is tentatively scheduled for October 15, 2026.

Meeting participants:

CIMPA members:
André Zanga, Casgrain & Company Limited
Karen McMeekin, CDCC
Steve Everett, CDS
Robert Lemon, CIBC
Richard Anton, CIBC Mellon
Sandy McRae, CPP Investment Board
Nicolas Poisson, Fiera Capital
Chris Miller, National Bank Financial (represented by Carl Attie)
Arthur Kolodziejczyk, RBC IS (represented by Imran Sheri)
Robert Dias (represented by Ciaran Dayal)
Travis Keltner, State Street
Adnann Syed, TD Asset Management

Observers:
Cherry Li, BMO Capital Markets
Simon Squire, BNY
Andrew Munn, CanDeal
Elie Elkhal, CDCC
Manisha Ramji, CDS
Fabrice Tomenko, Clearstream
Lisa Mantello, Osler, Hoskin & Harcourt LLP
Joshua Chad, McMillan 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
Michael Van Hees, Scotiabank

Bank of Canada:
Philippe Muller (Co-Chair)
Xuezhi Liu (Secretariat)
Danny Auger
Wendy Chan
Annick Demers
Maks Padalko