Minutes of the CORRA Advisory Group (CAG) Meeting

Hybrid meeting — 8 October 2026, 11:00 a.m. to 12:00 p.m.

1. Introduction

The Chair welcomed members to the meeting.

2. CORRA market update

A Bank of Canada (Bank) representative presented on recent developments in CORRA rate settings. Since the previous CAG meeting in April, CORRA had been volatile. It averaged 3.4 bps above the Bank of Canada's target rate, with the spread ranging from 0 bps to 12 bps. Upward pressure on CORRA was typically observed around certain month-ends, particularly following large Government of Canada bond maturities. CORRA also tended to move with net client repo activity. This activity peaked in August before declining as investors reduced leveraged long-bond positions in response to rising yields. Additional information is available in a recently published note by the Bank.

Settlement balances had generally remained at or above the upper end of the Bank's estimated steady-state range of $50 billion to $70 billion, averaging nearly $70 billion since the previous CAG meeting. The Bank planned to match settlement balances, which are floating-rate liabilities, with floating-rate assets, primarily term repos. As Government of Canada bonds on the Bank's balance sheet matured, they were being replaced with term repos. The Bank had introduced a two-week term repo operation to complement its overnight repo operations and help ease funding-market pressures. Term repos now matched approximately 80% of settlement balances.

The representative also reminded members that the Bank and OSFI had issued a joint statement encouraging Lynx participants to incorporate the Bank's Standing Liquidity Facility into their routine liquidity-management practices. The facility should not be viewed solely as an extraordinary tool for exceptional circumstances.

3. GC Repo Basket update and implications for CORRA calculation methodology

Mr. Danny Auger, co-chair of the CIMPA Basket sub-group, provided an update on the standardized Government of Canada General Collateral (GoC GC) basket on the Canadian Collateral Management Service (CCMS) platform. CCMS GoC GC basket trades eligible for CORRA calculation were implemented on July 6th.

Although the basket's launch has been successful, trading volumes remained low. Volumes are expected to increase as additional clients join the platform in 2027 and become more familiar with the product. Some reporting inconsistencies had emerged, which CIRO addressed by issuing clearer and more standardized reporting instructions.

A Bank representative reminded members that the 2025 CORRA Sunset Review had identified the possible need to revisit the calculation methodology once the GC baskets were implemented.

Members discussed the advantages and disadvantages of including GC basket trades in the CORRA calculation. They agreed that a review should be deferred until trading volumes increased and sufficient data were available to support a more informed analysis.

4. Use of the CORRA fallback methodology for an extended period: Should contingencies be considered?

Members discussed potential issues associated with the current CORRA fallback methodology in rare cases when CORRA cannot be published for an extended period. A Bank representative reminded members that the existing fallback methodology had been used recently because of technical issues at CIRO. The Bank sought members' views on whether market participants would be comfortable with the existing fallback methodology if CORRA could not be published for an extended period or whether contingencies should be considered in such situations.

Members agreed that the existing fallback methodology was robust and would be suitable even if its usage was for an extended period. They noted that the current fallback methodology was developed with significant input and feedback from market experts. They suggested that there was limited value in developing a contingency at this time because the use of the fallback methodology for an extended period could arise under several different scenarios. They also considered it unlikely that technical issues would persist long enough to make the existing fallback methodology unsuitable.

5. Other business

The Chair informed members that the CAG Terms of Reference stipulate that members will be appointed for a period of three years after which membership may rotate. The Chair, in consultation with the Secretariat, will review the membership and inform members of any changes to their membership status before the next CAG meeting.

There will be two in-person CAG meetings in 2027. One meeting will likely be in Montreal. Ad hoc calls may be required if issues related to CORRA arise.