

Minutes of the Canadian Alternative Reference Rate Working Group

CIBC Square, Toronto, 8 July 2024, 15:00 to 16:00

1. Introduction

Members were welcomed to the meeting. The CARR co-chairs began by noting that the CDOR cessation on June 28, 2024, appeared to have gone smoothly and thanked the group for their work in helping to ensure a successful transition.

2. Update on fallback language transition

A representative from Bloomberg (BBG) updated CARR on amendments to the fallback language on floating rate notes (FRNs). He noted that BBG had obtained clear fallback language for half of the approximately 70 CDOR referencing floating rate securities supported by BBG. The updates were results of amendments made public on the issuers' websites, or through the CDS Bulletin or through written notices submitted either via the issuer's syndicate group or its dealers. He encouraged issuers to reach out to [Bloomberg](#) should they have any outstanding questions or issues related to the fallback language in their securities. In order for these FRNs to be properly set-up in the system, BBG requires to have the specific fallback information before the next quarterly coupon period begins.

The speaker also provided an update on changes made to the Bloomberg platform post-CDOR cessation.

The member from CMHC noted that significant progress has been made with issuers to provide consent on the fallbacks for the NHA MBS securities that were issued before November 2020. In most cases, full consent has been received and only a handful of securities remain to be resolved. There has been no push back on the fallbacks and the outstanding issues are due to challenges in locating individual investors. CBIA plans to release a bulletin to help with the effort. CARR also asks those investors that hold any NHA MBS securities issued before November 2020 and who have not provided their consent to the proposed fallback, to do so as soon as possible. Investors are also asked to reach out pro-actively to the issuers if they own these securities and have not been approached by the issuer.

Information on the CDOR fallback for either Canada Mortgage Bonds or NHA MBS can be found on the [CMHC's website](#).

3. Term CORRA update

Andrew Munn from CanDeal Benchmark Administration Services (CBAS) provided an update on enhancements and developments in the administration of Term CORRA. He noted that various resource documents, which includes the Term CORRA methodology and other governance documents, are now available on the [CBAS website](#). The permitted Term CORRA use cases has also been [updated](#) to include valuation of CORRA swaps and performance measurement. The public can now access historical Term CORRA rates on the CBAS website. TMX is working with Bloomberg to provide publication of delayed Term CORRA rates on the Bloomberg platform.

The CARR co-chairs noted that the responsibility for Term CORRA, including for methodology and use cases, lies with CBAS going forward. Andrew Munn reiterated that CBAS will continue to work with the [Term CORRA Oversight Committee](#) to ensure smooth and reliable administration of Term CORRA.

4. CARR subgroup updates

Members of the loan transition subgroup provided a status update on the conversion of CDOR based loans to CORRA or Term CORRA. They noted that there was a huge push for conversion in the last two weeks of June and reported that almost all (close to 100%) bilateral loans have now been converted. There are also some outstanding syndicated CDOR based loans that need to be remediated but members do not expect any issues with the remaining cases. Overall, the remediation has gone much better than with USD LIBOR with only a small number of loans needing to be pushed into July. One CARR noted that this may be due to the fact that there was no synthetic CDOR option or Canadian legislation similar to the LIBOR Act.

A member of the Cash Securities subgroup noted that several potential maple bond issuers were not ready for CORRA despite that fact that they already issue in other currencies using an overnight risk-free benchmark. However, some members thought that this was a governance issue and not a system issue and that it would be resolved quickly.

A member of the Communication and Outreach group informed CARR that CFTC had [issued](#) a non-action letter on June 27, 2024 regarding certain reporting requirements for swap transitioning from CDOR to CORRA.

All other subgroup co-chairs informed CARR that CDOR cessation has gone smoothly and there are no further updates.

5. Other items

The last CARR meeting will take place on October 1, 2024.

List of attendees

Market representatives

Alex Nicholson, Bank of America
Anthony Laboni, RBC
Anuj Dhawan, Scotiabank
Brett Pacific, Sunlife
Bruce Wagner, Rogers Communications
Carl Edwards, Desjardin
Derek Astley, TD Bank
Elaine Wright, Alcoa
Jason Chang, AIMCO
Jean-Philippe Drolet, National Bank of Canada
Jim Byrd, RBC
Luke Francis, Brookfield
Ron Hoover, CIBC
Thomas Wilkinson, RBC

Observers

Dave Duggan, CAG chair
Josh Chad, McMillan LLP
Gavin Morris, TMX
Jody Nguyen, TMX
Andrew Munn, CanDeal

Subgroup co-leads

Carol McDonald, BMO
Mike Elsey, RBC
Lisa Mantello, Osler
Elodie Fleury, National Bank of Canada
Robin Das, RBC Capital Markets
JP Mendes Moreira, Scotiabank
Jacqueline Green, CIBC
Daniel Parrack, CIBC
Jacqui Szeto, Canso Investment Counsel
Louis Stevens, CMHC
Sara Patel, Scotiabank

Bank of Canada

Harri Vikstedt
Wendy Chan
Sheryl King
Xuezhi Liu
Greyson Addo
Thomas Thorn