



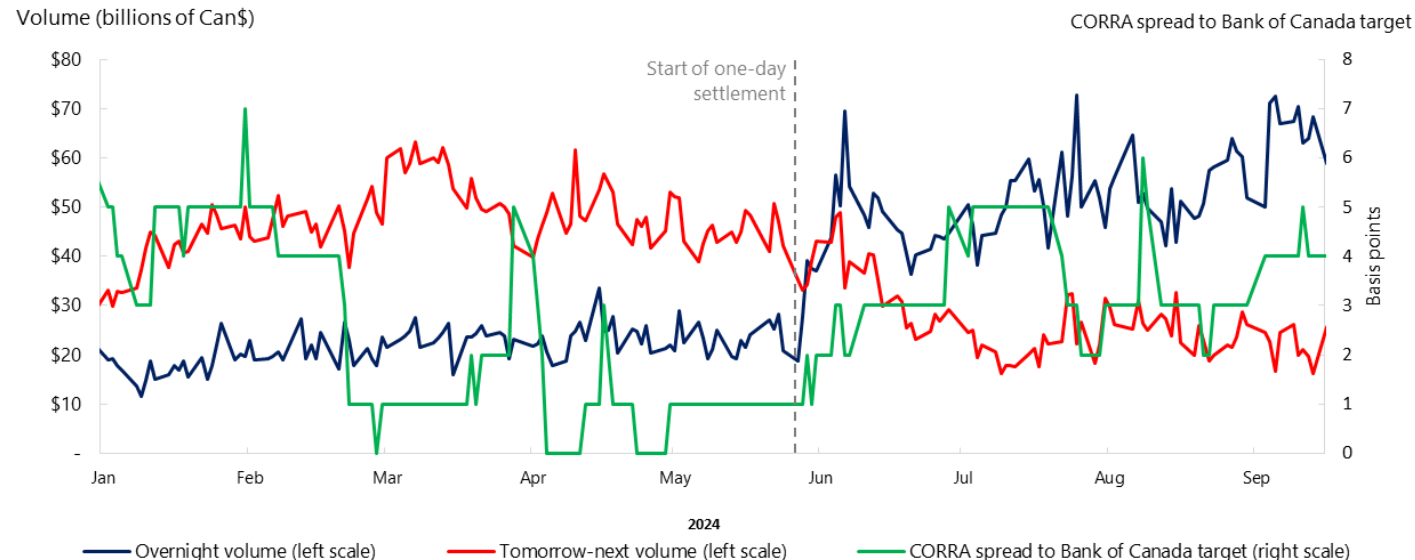
CORRA sunset review

October 3rd, 2024

CORRA volumes have more than doubled

- Post T+1 shift in May 2024 daily eligible CORRA volume has more than doubled to about \$50 billion.
- See the Bank's analysis on the factors leading to recent higher CORRA settings: [CORRA: Explaining the rise in volumes and resulting upward pressure](#)

Chart 1: Overnight and tom-next volumes vs CORRA

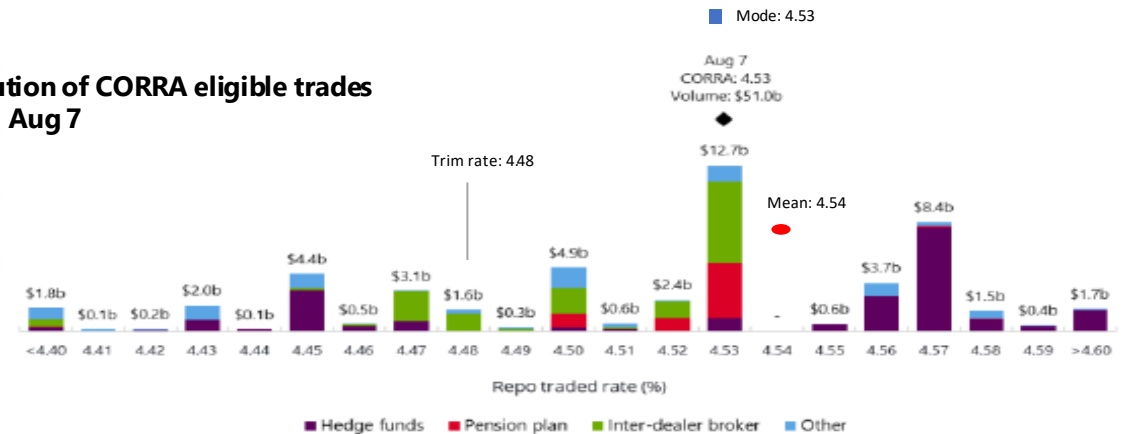


Note: CORRA is the Canadian Overnight Repo Rate Average.
Source: Market Trade Reporting System 2.0 and Bank of Canada
Last observation: September 15, 2024

Distribution of eligible repo trades has changed

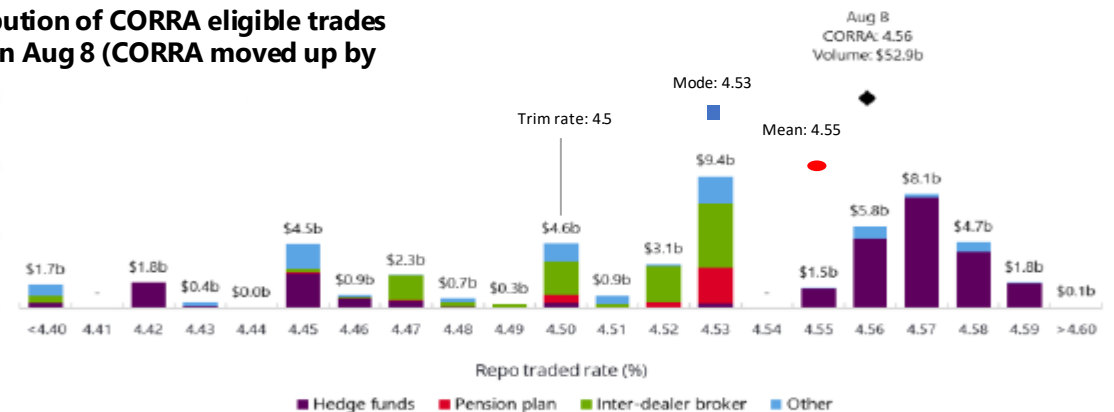
- Distribution of eligible CORRA trades by repo rate has become recently more bi-modal
- It is not clear if the current rate distribution change will be transitory or more persistent as it could be based on expectations of GoC yields and overall HF positioning.

Illustrative distribution of CORRA eligible trades o/n repo trades on Aug 7



Note: CORRA is Canadian Overnight Repo Rate Average
Sources: Market Trade Reporting System 2.0 and Bank of Canada
Last observation: Aug 7 2024

Illustrative distribution of CORRA eligible trades o/n repo trades on Aug 8 (CORRA moved up by 3bps)



Note: CORRA is Canadian Overnight Repo Rate Average
Sources: Market Trade Reporting System 2.0 and Bank of Canada
Last observation: Aug 8 2024

CARR Recommendations on CORRA Review

Decision 1: CORRA is representative and fit for purpose and does not require major changes to the calculation methodology

Decision 2: Timing of the 2025 sunset review should be pushed to Q4-2025. Given the very recent nature of some repo market changes more time is required to collect data on repo market dynamics

Decision 3: Scope of 2025 sunset review should include an analysis and recommended changes, if applicable, on:

- Level of the bottom 25% trim rate
- Inclusion of BoC trades
- Minimum \$3bn fallback threshold volume

Decision 4: Monitor, analyze and review the following changes beyond 2025 for any potential future adjustments to the CORRA methodology:

- Mean vs median calculation
- Changes to methodology arising from the introduction of GoC general collateral baskets

CARR Recommendations on CORRA Transparency

Decision 1: Increase CORRA transparency as soon as practically possible (potentially by Q1-2025)

- Exact parameters to be determined with CAG

Decision 2: Additional CORRA statistics are to be published on the same day and at the same time as CORRA

Do CFIF members agree with the CARR recommendations?

Next steps

- Subject to CFIF approval, CAG to discuss CARR/CFIF recommendations on October 16th, including both the scope of the sunset review as well as additional data transparency.
- Proposed scope and timing of sunset review as well as additional data transparency to be discussed at the November BoC CORRA Oversight Committee meeting.
- BoC to start implementation of additional CORRA transparency as soon as possible, potentially as early as Q1-2025.