

IBOR Transition Newsletter

QUARTERLY NEWSLETTER | SEPTEMBER 2023

The purpose of this newsletter is to provide the latest updates and industry developments regarding the transition from Interbank Offered Rates (IBORs) to alternative reference rates (ARRs). In this issue, you will find summarized jurisdictional highlights from the global regulatory community, industry working groups, and various industry news sources.

For additional information on the IBOR and CDOR transitions please visit [BMO's IBOR Transition Website](#).

CANADA

- The Canadian Alternative Reference Rate working group (CARR) [issued](#) a market notice reiterating the limited circumstances when it is appropriate to enter into new CDOR contracts after June 30, 2023.
- CARR [published](#) an analysis on tough legacy securities in-scope for CDOR Transition
- CARR [published](#) its recommendations for transitioning loans from CDOR to CORRA and announced a Milestone date of November 1, 2023 after which no new origination of CDOR or BA loans should occur
- CARR also recently updated their [CDOR Transition FAQs](#) which now includes questions related to BAX futures, Bankers' Acceptances (BAs), and Term CORRA among other topics
- The Ontario Securities Commission (OSC) monitors data on CDOR and CORRA-based OTC derivatives transactions with Ontario entities and begins publishing monthly trend analysis on their [website](#).
- CARR finalized their guidance on the allowable [Use Cases for Term CORRA](#), specifically loans and any associated derivative hedges
- CFIF [published](#) an update on the transition away from BAs. A heightened level of awareness from investors, issuers, regulatory authorities, and policy makers on alternative investment options to BAs is needed to ensure a successful transition given the relatively short timelines before BAs disappear.
- [CanDeal Benchmark Solutions](#) and [TMX Datalinx](#), announced the official launch of the forward-looking 1- and 3-month Term CORRA benchmark to be September 5, 2023.
- Ontario Securities Commission (OSC) and Autorite Financiers des Marches (AMF) [designate](#) Term CORRA as a "Designated Interest Rate" Benchmark
- CARR's [Weekly derivatives transition update](#) is showing derivatives liquidity moving quickly from CDOR to CORRA indicating progress in transition ahead of June 2024 cessation.
- Bank of Canada [reported](#) derivative liquidity is moving quickly from CDOR to CORRA indicating progress in transition ahead of June 2024 cessation.
- TMX [released](#) episode 5 of their webcast series – The transition of the Canadian loan market to CORRA and Term CORRA, featuring Carol McDonald, Managing Director & Head, Portfolio Management, Global Natural Resources, BMO Capital Markets and CARR Co-Chair of Loan Subgroup

UNITED STATES

- IOSCO [published](#) a Statement on Alternatives to LIBOR highlighting the use of Term SOFR rates in derivatives markets should remain limited so that these rates can remain sustainably available for more limited appropriate use cases.
- CFTC [announced](#) the approval of a made-available-to-trade (MAT) determination for Certain SOFR and SONIA OIS
- The Financial Stability Board (FSB) [issued](#) a statement with its final reflections on the LIBOR transition. The statement's key message included the importance of choosing reference rates that are robust, suitable, sustainable, and compatible and using robust contractual fallbacks.

FOR MORE INFORMATION ON THESE TOPICS, OR TO BE ADDED TO THIS QUARTERLY DISTRIBUTION LIST, PLEASE CONTACT IBOR.TRANSITIONOFFICE@BMO.COM | IBOR TRANSITION OFFICE