REFINITIV BENCHMARK SERVICES (UK) LIMITED

CANADIAN DOLLAR OFFERED RATE (CDOR)

CONSULTATION ON POTENTIAL CESSATION OF CDOR

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1. EXECUTIVE SUMMARY

The Canadian Dollar Offered Rate benchmark ("CDOR") is a daily benchmark reference rate for Bankers' Acceptance ("BA") borrowings. The Canadian BA market exists primarily within Canada and, at about 20% of the overall money market, constitutes the largest sector of the Canadian dollar money market after Government of Canada treasury bills. CDOR is currently the primary interest rate benchmark in Canada and is widely used in other Canadian dollar financial instruments including interest rate swaps, exchange-traded futures, loans and floating rate notes.

Refinitiv Benchmark Services (UK) Limited ("RBSL") is the administrator of CDOR. CDOR is an interest rate benchmark subject to the UK Benchmark Regulation1 ("BMR") ("Interest Rate Benchmarks"). As administrator, RBSL is responsible for collecting input data, determining and publishing CDOR, and for all aspects of governance, oversight, compliance and integrity of CDOR. RBSL is required to comply with Multilateral Instrument 25-102 Designated Benchmarks and Benchmark Administrators ("MI 25-102"), a rule adopted and administered by certain members of the Canadian Securities Administrators ("CSA"). RBSL has adopted policies and procedures to comply with these regulations. CDOR is not considered a critical benchmark for the purposes of the BMR but is designated as a critical benchmark and interest rate benchmark as defined by MI 25-102.2

On December 16, 2021, the Canadian Alternative Reference Rate working group ("CARR") issued a white paper ("White Paper") recommending that "RBSL should cease the calculation and publication of CDOR after June 30, 2024"3. The CARR recommendation has been unanimously endorsed by all members of both CARR and the Canadian Fixed-Income Forum ("CFIF").

CARR was established in March 2018 by CFIF in order to guide benchmark reforms in Canada and ensure that Canada continues to have a robust benchmark regime. It comprises senior representatives from a variety of institutions in the Canadian financial markets. Whilst CDOR continues to comply with both MI 25-102 and the BMR, CARR was asked to review CDOR within the context of trends for bank funding of corporate loans and the underlying BA market, the development of benchmark regulations and the broader global reform of similar interest rates benchmarks. These reforms have led to both methodology enhancements and benchmark cessations in favour of identified risk-free reference rates ("RFRs") in a number of jurisdictions.

Any decision to cease CDOR remains with RBSL as the designated benchmark administrator of CDOR and CARR’s recommendation does not constitute a public statement or publication of information that CDOR has ceased or will cease permanently or indefinitely. On December 16, 2021, RBSL issued a response to the CARR recommendation4 noting that CARR:

- Has concluded that certain aspects of CDOR's architecture will pose risks to its future viability and robustness,
- Has recommended that RBSL, as the CDOR benchmark administrator, cease publication of all of CDOR’s remaining tenors after June 30, 2024, and
- Indicates that the decision to cease publication of CDOR ultimately lies solely with RBSL and CARR's

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1 The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019
3 [www.bankofcanada.ca/2021/12/carr-publishes-white-paper-recommended-future-cdor](www.bankofcanada.ca/2021/12/carr-publishes-white-paper-recommended-future-cdor)
recommendation does not constitute a public statement or publication of information that CDOR has ceased or will cease permanently or indefinitely.

RBSL's response further noted that RBSL as benchmark administrator for CDOR will conduct its own analysis, engage with market participants and consider what further steps might be necessary in order to reach a conclusion regarding the future of CDOR.

As part of this next stage and in accordance with the RBSL Benchmark Methodology Change and Cessation Policy5, RBSL is issuing this consultation in order to invite direct comments and feedback from CDOR users, market participants and wider stakeholders in CDOR prior to making any decision regarding the future of CDOR. Consultation questions are listed in section 8 and RBSL encourages all market participants and stakeholders with views regarding the future of CDOR to submit responses so as to ensure that RBSL has a wide and representative set of views to inform its decision-making process.

Comments and feedback should be sent by 5pm (Toronto time) on February 28, 2022 to index_queries@refinitiv.com and include “CDOR Consultation” in the email subject line.

Following this RBSL will consider the feedback received and publish an outcome statement on the consultation. An anonymised summary of comments and feedback received will be included in the outcome statement.

Please note that the issuance of this consultation does not constitute a decision or a public statement or publication of information that CDOR has ceased or will cease permanently or indefinitely.

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2. ABOUT CDOR

CDOR is determined using contributions from the six major Canadian banks active in the issuance of BAs. Each Contribution is the rate at which each Contributor would be willing to lend (offer) funds against primary BA issuances with terms to maturity of approximately 1, 2, and 3 months to clients with existing credit facilities that reference CDOR plus a stamping fee. This represents the bid side of primary BA issuance. The majority of BA facilities reference CDOR as the lending rate to which a stamping fee is added by the lending bank. CDOR is therefore a committed lending rate, not a borrowing rate.

Contributions are submitted between 09:40am and 10:10am ET and CDOR is published at 10:15am ET on each bank business day in Toronto, Ontario. CDOR comprises three tenors: 1 month, 2 months and 3 months (two additional tenors, 6 months and 12 months, ceased to be published after 14 May 20216).

Contributions for the determination of CDOR are anchored in each contributor bank’s arm’s-length transactions in primary BA issuances and secondary BA market transactions and are subject to adjustments made by the contributor bank in light of other relevant market data (relating to products such as OIS swap rates, Canadian government T-bills and Canadian provincial bills) and expert judgment. The rate at which a contributor bank may sell a BA in the secondary market to institutional investors and other buyers in the money market is a significant point of price discovery but CDOR, as a primary market lending rate, includes a spread over secondary market BA rates. This spread reflects various factors that may include longer dated funding for primary market loans, bank regulations, supply and demand for BAs in the secondary market, demand in the primary market from corporate borrowers and volatility or uncertainty in secondary market funding rates.

Contributor banks are required by the CDOR contributor code of conduct to maintain CDOR submission procedures governing the determination of their contributions (including any use of expert judgment) to RBSL and to maintain daily submission records including a daily record of quantitative and qualitative factors comprising all market data and expert judgment considered to arrive at the daily contribution.


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3. GLOBAL BENCHMARK REFORM

CARR’s forward-looking assessment of the sustainability of CDOR over the longer term as presented in its White Paper comes in the context of broader reforms to interest rate benchmarks in recent years. In February 2013, the G20 asked the Financial Stability Board (“FSB”) to conduct a fundamental review of major interest rate benchmarks and to co-ordinate plans to reform such benchmarks with a view to ensuring the consistency, robustness and appropriate use of such benchmarks. In July 2013, the International Organization of Securities Commissions (“IOSCO”) published the Principles for Financial Benchmarks (“IOSCO Principles”)\(^7\), a global framework of standards applicable to benchmarks used in financial markets and which set out international standards for improving the robustness and integrity of financial benchmarks.

In 2014, the FSB published proposals on the reform of interest rate benchmarks. These included:

- Strengthening of interest rate benchmarks by anchoring them to a greater number of transactions,
- Improving the processes and controls around submissions for contribution-based benchmarks,
- Developing or identifying alternative nearly risk-free rates (RFRs) and,
- Where suitable, encouraging market participants to transition new contracts to an appropriate RFR.

In response to the FSB proposals and enhancements to the regulatory framework for benchmarks such as the EU benchmark regulation (Regulation (EU) 2016/1011)\(^8\), national or regional working groups were established to find ways to implement the proposals and benchmark administrators have sought to enhance the methodologies and governance for existing interest rate benchmarks.

These steps have included:

- In Europe, a hybrid methodology for EURIBOR was introduced by its administrator, the European Money Markets Institute (“EMMI”), with banks transitioning in a gradual manner starting in 2019 to a methodology that incorporates a waterfall emphasising a broad range of wholesale funding transactions. Additionally, the Working Group on Euro Risk-Free Rates in September 2018 selected the Euro Short-Term Rate (“€STR”) as the new euro risk-free rate.

- In the US, the Alternative Reference Rate Committee (“ARRC”) in June 2017 selected the Secured Overnight Financing Rate (“SOFR”) as an alternative to USD LIBOR. SOFR was first published in April 2018 and is a broad measure of the cost of borrowing cash overnight, collateralized by Treasury securities.

- In the UK, the Working Group on Sterling Risk-Free Reference Rates (“RFR WG”) in April 2017 identified the reformed Sterling Overnight Index Average (“SONIA”) as an alternative to GBP LIBOR. The reformed SONIA was first published in April 2018 and captures a broad scope of overnight unsecured deposits.

- In Japan, the Study Group on Risk-Free Reference Rates in December 2016 identified the Tokyo Overnight Average Rate (“TONA”) as the RFR for Japanese yen. TONA is the weighted average of call rates for uncollateralised overnight transactions. In addition, the administrator of TIBOR, the Japanese Bankers Association (JBA), implemented reforms to TIBOR in July 2017 with an enhanced methodology that introduced a waterfall for contributor banks to determine submissions.

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In Australia, the Bank Bill Swap Rate (BBSW) was reformed in 2018 so that it became a volume-weighted average price of all eligible transactions over a wider transaction window and subject to a waterfall methodology. The underlying market was expanded in scope to include a wider range of counterparties and the market transitioned from voice-brokered transactions to electronic platforms.

The administrator of LIBOR, ICE Benchmark Administration, announced enhancements in April 2018 that included contributor banks gradually transitioning to a new waterfall methodology, a process that was completed by April 2019. The waterfall methodology prioritised the use of a wide range of wholesale funding transactions to derive volume weighted average prices to be used as submissions.

Ultimately, the scope to reform and enhance existing interest rate benchmarks is limited by liquidity in the underlying market represented by each benchmark. Following an earlier speech in July 2017 on the future of LIBOR, the Chief Executive of the UK’s Financial Conduct Authority (FCA), Andrew Bailey, stated in July 2018 that firms should treat the discontinuation of LIBOR as something that will happen, noting that representativeness as required by benchmark regulation is difficult to achieve in the context of expert judgment and illiquid underlying markets.

This started a process that culminated in the announcement by the FCA on March 5, 2021, that “all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- immediately after 30 June 2023, in the case of the remaining US dollar settings.”

A clear consequence of the reform or cessation of existing interest rate benchmarks, together with the introduction of new RFRs, is that the accepted international best practice for benchmark design and governance has moved forward, most significantly with respect to the requirement that such benchmarks are clearly anchored in actual transactions to the extent possible. A precondition for this is a deep and liquid underlying market for the benchmark.
4. REVIEW AND ANALYSIS

In accordance with MI 25-102 and the BMR, the CDOR Methodology\(^9\) states that RBSL “…will carry out a review of the Methodology on at least an annual basis… Reviews will include an analysis of the underlying market the Benchmark seeks to represent, performance and appropriateness of the current Contributors, and analysis of other potential Contributors… The aim of the review will be to ensure that the Benchmark is still representative of the underlying market”. A prior review of CDOR led to the cessation of the 6- and 12-month tenors in May 2021 (see section 2).

Factors that would be relevant to any annual review of CDOR include the following.

**PANEL OF CONTRIBUTOR BANKS**

A submission-based benchmark requires a sufficiently large and diverse panel of contributor banks to avoid concentration of input data and ensure resilience in the determination process. The CDOR panel of contributor banks comprises six banks which together account for approximately 94% of BAs sold in the secondary market (source: CARR). The panel comprised nine banks prior to the withdrawal of Merrill Lynch Canada (in 2012), Deutsche Bank Securities Limited (in 2014) and HSBC Bank Canada (in 2018) (source: CARR). With six remaining contributor banks, any future withdrawals are a risk to the sustainability of CDOR\(^10\).

**BANKERS’ ACCEPTANCE MARKET**

CDOR is a committed lending rate in loan facilities between banks and their corporate clients. A significant input into the determination of submissions by contributor banks is the rate at which BAs are sold into the secondary market to refinance loans. The sustainability of CDOR is therefore dependent on both the current structure of the BA market and the trends affecting that structure.

A significant feature of the BA market is that BAs are created primarily with a 1-month tenor (and therefore reference 1-month CDOR). In its analysis of BA issuance over three years to November 2019 prior to the cessation of the 6- and 12-month tenors, RBSL established using statistics from contributor banks that average daily drawdowns resulting in the creation of 1-month BAs accounted for 91.8% of all BA creations (measured by dollar value). Drawdowns resulting in 2- and 3-month BA creations accounted for 7.8% and drawdowns resulting in 6- and 12-month BAs accounted for the remainder.

In its White Paper, CARR notes a similar structure by tenor with outstanding BAs referencing 1-month CDOR accounting for 83% of the total, with 2- and 3-month referencing BAs accounting for 15% of the total (last observation October 31, 2020). 1-month BAs have made up approximately 90% of average trading volume since 2015, supporting the view that secondary market activity in BAs is heavily concentrated in 1-month tenor.

The White Paper goes on to note a structural trend away from the issuance of BAs as a funding instrument by banks as a result of the Basel III regulation\(^11\). Requirements under the regulation including the Net Stable Funding Ratio (“NSFR”) and Liquidity Coverage Ratio (“LCR”) have introduced both (i) the need for longer dated funding for loans under BA facilities and (ii) a requirement for BA liabilities to be covered by high-quality liquid assets given the short tenor of most BAs sold into the market.

As CARR notes, a result of these requirements is that banks are reducing the creation of BAs and, of those that are created, reducing the amount sold into the secondary market. Of the C$217.8 billion in outstanding CDOR-

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\(^10\) As a comparison, the USD LIBOR panel comprises 15 contributor banks.

\(^11\) [www.bis.org/bcbs/basel3.html](http://www.bis.org/bcbs/basel3.html)
referenced loans as of October 2020, C$62.3 billion (28.6%) did not result in the creation of BAs. Of those that did, $155.5 billion (71.4%), only around C$86.6 billion were sold to the market with the balance being held on banks’ balance sheets. This trend has ramifications for the price discovery in the secondary BA market that informs submissions from contributor banks used in the determination of CDOR.

USES OF CDOR IN FINANCIAL PRODUCTS

Although CDOR is a key component of the BA market, acting as the interest rate reference for BA facilities in the primary market, it is the primary interest rate benchmark in the Canadian financial markets. Consequently, it is widely used in a variety of financial contracts and instruments that are not directly related to BAs, usage that amounts to C$20.7 trillion (as of October 31, 2020, source: CARR). Of this, C$16.6 trillion (80.2%) is in centrally cleared derivatives such as interest rate swaps and C$2.7 trillion (13.4%) is in OTC derivatives. Exchange traded derivatives account for C$755 billion (3.6%) and floating rate notes account for C$234 billion (1.1%).

Around C$140 billion of the total exposure to CDOR (0.7%) is in loans that result in the creation of BAs. On this point, the White Paper cites the concern raised by IOSCO in its September 2021 statement12:

*The disproportionality between the low/modest volume of transactions underlying credit sensitive rates and the increasingly higher volumes of activity in markets referencing them - the so-called inverted pyramid problem - raises concerns about market integrity, conduct risks and financial stability risks. The decline in the underlying activity of some of the credit sensitive rates during stress periods, such as the COVID-19 pandemic, raises additional regulatory concern.*

SUMMARY

All the points noted above would be factors in the annual review process by RBSL regarding the representativeness and future sustainability of CDOR in the context of regulatory requirements.

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5. CARR RECOMMENDATIONS AND CDOR ALTERNATIVES

Together with its recommendation that RBSL ceases the calculation and publication of CDOR after June 30, 2024, CARR suggests a two-stage process for a transition away from CDOR:

- The first stage would run until June 30, 2023, by the end of which CARR would expect all new derivative contracts and securities to have transitioned to using CORRA, with no new CDOR exposure after that date except with limited exceptions, and
- A second and final stage would run until June 30, 2024, providing firms with additional time to transition their loan agreements and deal with potential issues related to the re-documentation of “legacy” securities. The longer time window would also allow for more existing CDOR-based securities exposures to mature.

This CARR transition process, contingent on any decision yet to be taken by RBSL, is summarised in Figure 1.

![Figure 1: CARR’s Proposed CDOR Transition Process (source: CARR)](image)

* A notice from RBSL announcing the cessation of CDOR would trigger the calculation of the ISDA credit spread adjustment as well as the credit spread adjustment in CARR’s recommended fallback language for FRNs.
** Except where derivatives hedge or reduce CDOR exposures in derivatives or securities transacted before June 30, 2023 or in loan agreements transacted before June 30, 2024.

The principal alternative benchmark is the Canadian Overnight Repo Rate Average (CORRA), a measure of the cost of overnight general collateral funding in Canadian dollars using Government of Canada securities that dates back to 1997.

The Bank of Canada adopted the administration of CORRA from RBSL on June 15, 2020, simultaneously implementing changes to its methodology and making it available free of charge as a public good. To further support the use of CORRA, the Bank of Canada introduced a CORRA compounded index. Further information on CORRA and the compounded index is available from the Bank of Canada.¹³

To facilitate the use of CORRA as a benchmark in financial products, CARR has provided guidance on conventions as follows.


¹³ [www.bankofcanada.ca/rates/interest-rates/corra/methodology-calculating-corra](http://www.bankofcanada.ca/rates/interest-rates/corra/methodology-calculating-corra)
Further information including legal language for FRNs that reference CORRA and conventions for cross-currency swaps is available on the CARR webpage hosted by the Bank of Canada\textsuperscript{14}.

In its White Paper, CARR also anticipates consulting by the end of Q1 2022 on the potential need for any additional new benchmarks including forward-looking rates based on CORRA for use cases that cannot easily switch from the forward-looking CDOR benchmark to an in-arrears reference rate based on compounded CORRA\textsuperscript{15}.

The continuity of non-exchange traded derivatives that reference CDOR in the event of any cessation of CDOR is assured by the inclusion of CDOR in the ISDA 2020 IBOR Fallbacks Supplement or the ISDA 2020 IBOR Fallbacks Protocol\textsuperscript{16}. The ISDA fallback rate for CDOR is derived by applying a spread to adjusted (compounded in arrears) CORRA (similarly to the spread added to compounded SOFR as the fallback for USD LIBOR).

\textsuperscript{14} [www.bankofcanada.ca/markets/canadian-alternative-reference-rate-working-group](http://www.bankofcanada.ca/markets/canadian-alternative-reference-rate-working-group)

\textsuperscript{15} For comparable forward-looking benchmarks in other jurisdictions, see Term SOFR in the USA and Term SONIA in the UK.


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6. KEY FACTORS REGARDING THE SUSTAINABILITY OF CDOR

As CDOR administrator, RBSL is responsible for mitigating any risks to CDOR before they materialise as possible or actual failures of compliance with benchmark regulations and for ensuring the ongoing representativeness of CDOR. The annual review process for the CDOR methodology is one mechanism for satisfying these responsibilities. In the context of the annual review process, the findings from CARR regarding the sustainability of CDOR and discussions with the CDOR Oversight Committee and market participants, the following points are of relevance.

- As noted by IOSCO, the inverted pyramid problem (see section 4), which sees more than C$20 trillion in dependency from financial products on a benchmark that relies on an underlying market of less than 1% of that amount "raises concerns about market integrity, conduct risks and financial stability risks".

- More than 90% of both BA issuance and trading is with a tenor of 1-month whereas the bulk of exposure to CDOR is referenced to the 3-month CDOR tenor. For instance, the White Paper notes that of C$18.4 trillion in centrally-cleared CDOR derivatives (as of October 31, 2020), C$15.2 trillion referenced the 3-month CDOR tenor. This exacerbates the inverted pyramid problem.

- Requirements under the Basel III regulation, making BAs an increasingly costly form of funding and needing to be covered with high-quality liquid assets, are leading banks to reduce their dependence on BAs in favour of other forms of funding including longer-dated money. Banks are increasingly offering CDOR-referencing loans to their corporate clients that do not result in the creation of BAs and for those that do, are increasingly holding BAs on their balance sheet. This points to a trend of reducing sales of BAs into the secondary market that provides a key point of price discovery for submissions to CDOR by contributor banks.

- A regulatory requirement for the administration of CDOR is that it must be representative of its underlying market. Section 29 of MI 25-102 states that "(a) designated benchmark administrator of a designated critical benchmark must, at least once every 2 years, submit to the regulator or securities regulatory authority an assessment of the capability of the designated critical benchmark to accurately and reliably represent that part of the market or economy the designated critical benchmark is intended to represent".

The ability of RBSL to comply with this requirement on an ongoing basis and to maintain a representative and robust CDOR benchmark, particularly with respect to the key 3-month CDOR tenor, is complicated by the concentration of BA issuance in the 1-month tenor and the trend away from selling BAs into the secondary market.

- The sustainability of CDOR requires the ongoing commitment of the panel of contributor banks, all of which are members of CARR. The future commitment of existing contributor banks, of which only six remain, cannot be assumed17. Further, any withdrawal by one contributor bank may induce other contributor banks to withdraw.

- Enhancements to the methodology of CDOR to align it with accepted international best practice and to

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17 Contributor banks are required to provide six months’ notice to RBSL before withdrawing from the CDOR panel. Note that CARR expects that the six CDOR contributing banks will continue to remain on the CDOR panel and will support BA issuance, to the extent possible, until CDOR’s recommended cessation date of June 30, 2024.

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Anchor submissions from contributor banks more directly in transactions is complicated by (i) the concentration of BA issuance at the 1-month tenor rather than the key 3-month tenor, (ii) the trend away from the creation and sale of BAs in light of the Basel III regulation and (iii) the nature of CDOR as a committed lending rate in the primary market rather than a benchmark representing the cost of funds in a transparent secondary BA market.
7. REGULATORY CONSIDERATIONS

When considering the potential future cessation of CDOR, RBSL must ensure, amongst other things, that it meets its regulatory obligations and policy requirements. The key requirements are set out below.

**UK BMR:**

Article 28 of the UK BMR requires:

(1) an administrator shall publish, together with the benchmark statement referred to in Article 27, a procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the United Kingdom in accordance with Article 29(1). The procedure may be drafted, where applicable, for families of benchmarks and shall be updated and published whenever a material change occurs.

**MI 25-102:**

Subsections 20(1) and (2) of MI 25-102 require:

20. (1) a designated benchmark administrator must not cease to provide a designated benchmark, unless the designated benchmark administrator has provided notice of the cessation on a date that provides benchmark users and other members of the public with reasonable time to consider the impact of the cessation.

(2) A designated benchmark administrator must publish, simultaneously with the benchmark statement referred to in subsection 19(2), the procedures it will follow in the event of a significant change to the methodology or provision of the designated benchmark it administers, or the cessation of the designated benchmark, including procedures for advance notice of the implementation of a significant change or a cessation.

**RBSL Benchmark Methodology Change and Cessation Policy:**

Pursuant to these requirements the RBSL Benchmark Methodology Change and Cessation Policy is available here. This consultation on the potential cessation of CDOR is being issued in accordance with the RBSL Benchmark Methodology Change and Cessation Policy, specifically section 3.3, which requires:

(5) RBSL will carry out a public consultation to take into account the views of stakeholders and any relevant regulatory bodies in determining what specific procedures are appropriate and the impact of ceasing a particular Benchmark. Consultation papers are reviewed and agreed by the relevant Benchmark Oversight Committee and approved by the RBSL Board before publication.

Further to any decision taken regarding the potential cessation of CDOR, RBSL is then subject to the following obligation under MI 25-102:

27.(1) If a designated benchmark administrator decides to cease providing a designated critical benchmark, the designated benchmark administrator must

(a) promptly notify the regulator or securities regulatory authority, and

(b) not more than 4 weeks after notifying the regulator or securities regulatory authority, submit a plan to the regulator or securities regulatory authority for how the designated critical benchmark can be transitioned to another designated benchmark administrator or cease to be provided.
(2) Following the submission of the plan referred to paragraph (1)(b), a designated benchmark administrator must continue to provide the designated critical benchmark until one or more of the following have occurred:

(a) the provision of the designated critical benchmark has been transitioned to another designated benchmark administrator;

(b) the designated benchmark administrator receives notice from the regulator or securities regulatory authority authorizing the cessation;

(c) the designation of the designated benchmark has been revoked or varied to reflect that the designated benchmark is no longer a designated critical benchmark;

(d) 12 months have elapsed from the submission of the plan referred to in paragraph (1)(b), unless, before the expiration of the period, the regulator or securities regulatory authority has provided written notice that the written notice has been extended.

The RBSL Benchmark Methodology Change and Cessation Policy requires RBSL in the event of a possible benchmark cessation to “consider the selection of a credible, alternative benchmark such as, but not limited to, criteria that seek to match to the extent practicable the existing benchmark’s characteristics”.

The requirement to consider alternatives to CDOR has been substantially and comprehensively addressed by CARR following precedents set in other jurisdictions in preparation for the cessation of LIBOR (see section 5).

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8. CONSULTATION QUESTIONS

RBSL invites comments and feedback from users, market participants and wider stakeholders in CDOR prior to making any decision regarding the potential cessation of CDOR. RBSL requests responses on the following questions.

**Question 1:** Please indicate any material impacts, issues or problems presented by a potential cessation of CDOR and provide details of such impacts, issues or problems.

**Question 2:** Please indicate any specific use cases of CDOR that may not be substantially covered by the potential alternatives or fallbacks to CDOR.

**Question 3:** Does a potential cessation date of June 30th 2024 provide sufficient time to prepare for a potential cessation of CDOR? If not, please provide details of any concerns or problems.

**Question 4:** CARR proposes a two-staged approach to the transition from CDOR, with derivatives and securities expected to transition to CORRA by June 30, 2023 with limited exceptions. Does CARR’s proposed end date provide sufficient time for these instruments to transition from using CDOR? If not, please provide details of any concerns or problems.

**Question 5:** Please indicate any other factors relating to a potential cessation of CDOR that RBSL should consider when reaching a decision on the future of CDOR.

RBSL encourages all market participants and stakeholders with views regarding the future of CDOR to submit responses so as to ensure that RBSL has a wide and representative set of views to inform its decision-making process.

Respondents are asked to provide comments and feedback that express the views of their institution or employer (if appropriate) and to indicate their specific role and the identity and activity (relating to CDOR) of their institution or employer (if appropriate). Respondents are also asked to indicate if their comments and feedback should be treated as confidential. Regardless of any requests for confidentiality, an anonymised summary of comments and feedback received will be included in the outcome statement and the anonymised summary of comments and feedback received, particularly with respect to question 4, will be shared with CARR.

Comments and feedback should be sent by 5pm (Toronto time) on February 28, 2022 to index_queries@refinitiv.com and include “CDOR Consultation” in the email subject line.

Following this RBSL will consider the feedback received and then publish an outcome statement on the consultation. Pending any decision yet to be taken by RBSL, the outcome statement may include an announcement of the cessation of CDOR together with an effective date for such cessation.

Please note that the issuance of this consultation does not constitute a decision or a public statement or publication of information that CDOR has ceased or will cease permanently or indefinitely.
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