

IIAC ADVISORY

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CDCC “GC” Inclusion in Canadian Overnight Repo Rate (CORRA)

Background

On September 18th 2012 the Investment Industry Association of Canada (IIAC) released a consultation document seeking views from member firms and other interested market participants on the composition of the Canadian Overnight Repo Rate (CORRA), given the recent introduction of the Canadian Derivatives Clearing Corporation’s (CDCC) new fixed-income central counterparty (CCP) system¹. The IIAC had proposed that all Government of Canada general collateral (“GC”) repo trades executed through specific inter-dealer brokers be included in the CORRA calculation, including those now cleared through the CCP. Commenters were asked to reply by October 15 2012.

Summary of Comments Received

The IIAC received a total of 15 responses including 4 from non-IIAC member organizations. All commenters were unanimous in their view, that, CDCC “GC” should be included in the CORRA. The underlying rationale provided by most respondents was that a broader capture of “GC” traded on-screen would contribute to a more meaningful CORRA. None of the commenters expressed any concerns with the inclusion of CDCC “GC” in CORRA.

Conclusion

Given the comments received, the IIAC has proceeded with its proposal to include CDCC “GC” trades in the CORRA Calculation by instructing inter-dealer brokers submitting into the CORRA to include all Government of Canada “GC” traded on-screen effective October 29th 2012.

¹ The September 18th document is available for viewing on the IIAC website.
<http://www.iiac.ca/resources/5334/corra%20member%20advisory%20final%20sept%2018%202012.pdf>