

## CSA Multilateral Staff Notice 25-312

### *Reminder of Cessation of CDOR on June 28, 2024*

**June 6, 2024**

#### **Introduction**

Staff of the Ontario Securities Commission, Autorité des marchés financiers, British Columbia Securities Commission and Alberta Securities Commission are publishing this notice to remind market participants that the Canadian Dollar Offered Rate (**CDOR**) will cease to be published after a final publication on Friday, June 28, 2024 (the **CDOR Cessation Date**).

#### **Transition arrangements**

On February 23, 2023, the Canadian Securities Administrators (**CSA**) published CSA Staff Notice 25-309 *Matters Relating to Cessation of CDOR and Expected Cessation of Bankers' Acceptances* (the **2023 Notice**).<sup>1</sup> The purpose of the 2023 Notice was to help ensure that market participants were aware of transition issues regarding the cessation of CDOR on the CDOR Cessation Date and the related cessation of the issuance of Bankers' Acceptances.

Among other things, the 2023 Notice encouraged appropriate action well in advance of the CDOR Cessation Date by market participants that have issued or hold securities, or that are parties to derivatives or loan agreements, which:

- use CDOR as a reference rate, and
- extend, or might extend, past the CDOR Cessation Date.

The 2023 Notice indicated that transition arrangements would include ensuring that the relevant contractual provisions for these securities, derivatives and loans had appropriate fallback language that specifies a replacement rate for CDOR.<sup>2</sup>

#### **CARR guidance**

On April 30, 2024, the Canadian Alternative Reference Rate working group (**CARR**) published guidance to assist market participants that have not yet adopted appropriate transition

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<sup>1</sup> A copy of the 2023 Notice is at [https://www.osc.ca/sites/default/files/2023-02/csa\\_20230223\\_25-309\\_cessation-of-cdor.pdf](https://www.osc.ca/sites/default/files/2023-02/csa_20230223_25-309_cessation-of-cdor.pdf).

<sup>2</sup> "Fallback language" refers to the contractual provisions in an instrument that set out the process by which a replacement rate is to be used if a benchmark is not available for use. In the absence of appropriate fallback language, the 2023 Notice indicated that issuers or market participants may need to take actions to mitigate risk, such as renegotiating a contractual provision in an instrument or amending the instrument to include robust fallback language.

arrangements, including appropriate fallback language for existing securities, derivatives and loan agreements.<sup>3</sup>

If market participants have not already adopted appropriate transition arrangements, they should do so immediately.

## Questions

Please refer your questions to any of the following:

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<sup>3</sup> A copy of the CARR guidance is at <https://www.bankofcanada.ca/2024/04/carr-reiterates-that-market-participants-with-cdor-based-loans-derivatives-or-securities-must-prepare-cdors-cessation-post-june-28-2024/>. We note that CARR has published other documents to assist market participants with transition arrangements on the CARR website at <https://www.bankofcanada.ca/markets/canadian-alternative-reference-rate-working-group/>.