

Multilateral CSA Staff Notice 96-305

Derivatives Data Reporting Guidance for CDOR Transition

March 7, 2024

Introduction

Staff of the Alberta Securities Commission and Ontario Securities Commission (**Staff** or **we**) are publishing this notice to provide guidance to market participants with respect to over-the-counter (**OTC**) derivatives data reporting requirements in connection with life-cycle events that occur for OTC derivatives that reference certain interest rate benchmarks.

Background and Purpose

In response to concerns regarding interbank offered rates (**IBORs**), the Financial Stability Board has called for the cessation of the IBORs and the implementation of alternative reference rates. In order to ensure that OTC derivatives that reference IBORs will continue to function following the transition to alternative reference rates, parties to these OTC derivatives have implemented “fallback provisions”, which provide for alternative reference rates upon cessation or non-representativeness of certain IBORs.

Certain OTC derivatives incorporate or reference certain tenors of the Canadian dollar offered rate (**CDOR**).¹ As all tenors of CDOR will cease to be published following a final publication on June 28, 2024, these OTC derivatives are required to transition under fallback provisions to appropriate alternative reference rates by July 2, 2024 (the **CDOR transition**). The CDOR transition is a life-cycle event for the purposes of derivatives data reporting requirements under section 32 of Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* and Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (collectively, the **Trade Reporting Rules**).

Section 32 of the Trade Reporting Rules requires a reporting counterparty to report life-cycle events to a designated or recognized trade repository by the end of the business day on which the life-cycle event occurs, but if that is not technologically practicable, no later than the end of the business day following the day on which the life-cycle event occurs.

However, due to the large number of OTC derivatives that are expected to transition under fallback provisions on or before July 2, 2024, Staff recognize that this deadline may result in operational burden to reporting counterparties in this situation.

¹ CDOR may be defined or described differently in OTC derivatives.

Guidance

Staff are of the view that there is no public interest in recommending or pursuing an enforcement action against reporting counterparties in respect of late reporting of life-cycle event data under section 32 of the Trade Reporting Rules where both:

- the CDOR transition life-cycle event occurs on or before July 2, 2024, and
- life-cycle event data relating to the CDOR transition life-cycle event is reported on or before the end of the fifth business day after the day on which the CDOR transition life-cycle event occurs.

Staff provided similar guidance last year in relation to the U.S. dollar London interbank offered rate under Multilateral CSA Staff Notice 96-304 *Derivatives Data Reporting Guidance for USD LIBOR Transition*.

We understand that other Canadian Securities Administrators jurisdictions are considering requests for blanket orders to address this matter.

Questions

Please refer any questions to:

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