

Term CORRA Benchmark Statement

Term CORRA Benchmark Statement Published Under Multilateral Instrument 25-102 Designated Benchmarks and Benchmark Administrators (MI 25-102)

MI 25-102 Disclosure Requirement	Required Disclosure
<p>A description of the geographical area, if any, of that part of the market or economy the designated benchmark is intended to represent;</p>	<p>Term CORRA, the designated benchmark, is not intended to represent a particular geographical area but is tied to Canadian rates. It is a forward-looking interest rate benchmark pertaining to Canadian rates that is used in multiple global geographies calculated using the CORRA (Canadian Overnight Repo Rate Average) index swap (OIS) rate for 1- and 3-month tenors. CORRA is a measure of the cost of overnight general collateral funding in Canadian dollars using Government of Canada treasury bills and bonds as collateral for repurchase transactions.</p>
<p>A description of any other information that a reasonable person would consider to be useful to help existing or potential benchmark users to understand the relevant features of that part of the market or economy the designated benchmark is intended to represent, including both of the following, to the extent that accurate and reliable information is available:</p> <p>(A) information on existing or potential participants in that part of the market or economy the designated benchmark is intended to represent;</p> <p>(B) an indication of the dollar value of that part of the market or economy the designated benchmark is intended to represent;</p>	<p>Term CORRA is approved for use in connection with loan products, trade finance and single currency derivatives for end-users hedging Term CORRA-based loans. These use cases may evolve over time.</p> <p>\$300 - \$350 billion in loans that currently use CDOR as a reference rate are expected to transition to using Term CORRA as the reference rate.</p>
<p>an explanation of the circumstances in which the designated benchmark might, in the opinion of a reasonable person, not accurately and reliably represent that part of the market or economy the designated benchmark is intended to represent;</p>	<p>Term CORRA may become unreliable as a result of insufficient input data or severe market disruption</p>



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Information that sets out the elements of the methodology of the designated benchmark in relation to which expert judgment may be exercised by the designated benchmark administrator or any benchmark contributor;	The Term CORRA benchmark calculation does not require the application of expert judgment.
Notice that factors, including external factors beyond the control of the designated benchmark administrator, could necessitate changes to, or the cessation of, the designated benchmark;	Readers should note that factors, including external factors such as an enduring period of insufficient input data, a lack of adoption by market participants, or other changes in the needs of the market, beyond the control of the benchmark administrator, may necessitate changes to, or the cessation of, Term CORRA. Should these circumstances arise or if a material change or cessation of the benchmark be required, the benchmark administrator will provide public notice and request comments from market participants. Prior to any changes taking effect, they will also be reviewed by the Oversight Committee and its views will be provided to the board of directors of the benchmark administrator.
Notice that changes to, or the cessation of, the designated benchmark could have an impact on contracts and instruments that reference the designated benchmark or on the measurement of the performance of an investment fund that references the designated benchmark;	Readers should note that changes to, or the cessation of, Term CORRA could have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds. Users of Term CORRA are advised to regularly assess whether its continued use is appropriate. Users should develop contingency contractual provisions and fall-back plans in the event that Term CORRA becomes unavailable.
An explanation of all key terms used in the statement that relate to the designated benchmark and its methodology;	See definitions in this Benchmark Statement and in the Appendix for definitions of key terms used
The rationale for adopting the methodology for determining the designated benchmark;	Public consultation demonstrated that Canadian non-financial corporate issuers, in particular, had a strong desire for a term rate that would be less operationally complex than using overnight CORRA compounded in arrears and would better facilitate cash flow forecasting.



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<p>The procedures for the review and approval of the methodology of the designated benchmark;</p>	<p>The benchmark administrator regularly reviews the methodology to ensure that Term CORRA is suitable for its intended purpose. The Oversight Committee participates in this review process. Amendments to the methodology are subject to comment by the relevant stakeholders and the Oversight Committee before adoption.</p>
<p>A summary of the methodology of the designated benchmark, including, for greater certainty, the following, if applicable:</p> <ul style="list-style-type: none"> • a description of the types of input data to be used; • the priority given to different types of input data; • the minimum data needed to determine the designated benchmark; • the use of any models or methods of extrapolation of input data; • any criteria for rebalancing the constituents of the designated benchmark; • any other restrictions or limitations on the exercise of expert judgment; 	<p>Details pertaining to the methodology, including input data, prioritization of such input data, rebalancing criteria and the lack of reliance on expert judgement can be found on the CanDeal Benchmark Solutions website.</p>
<p>The procedures that govern the provision of the designated benchmark in periods of market stress or when transaction data might be inaccurate, unreliable or incomplete, and the potential limitations of the designated benchmark during those periods;</p>	<p>Benchmark calculation methodology has been designed to deal with market stress or limited transaction data being available. For example, should there not be sufficient liquidity in a given day, Term CORRA will use a fallback calculation using the previous day's published rate.</p>
<p>the procedures for dealing with errors in input data or in the determination of the designated benchmark, including when a re-determination of the designated benchmark is required;</p>	<p>The benchmark administrator has controls in place to minimize errors that could impact the integrity of Term CORRA. However, should a correction be required, a notice will be published on the CanDeal Benchmark Solutions website where market participants can also subscribe to e-mail notifications of such public notices.</p>



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Potential limitations of the designated benchmark, including its operation in illiquid or fragmented markets and the possible concentration of input data.	Should input data not be available due to a technology issue or if there was a market disruption or insufficient liquidity on a given day, Term CORRA will use a fallback calculation described in the methodology. This fallback methodology can be used for up to 10 business days in a row, after which time the Administrator will assess the underlying liquidity in CORRA futures and any potential changes required to the calculation method to ensure its robustness.

Appendix – Key Terms

- **Benchmark administrator:** CanDeal Benchmark Administration Services Inc acts as the Term CORRA benchmark administrator
- **Term CORRA:** The designated interest rate benchmark
- **CORRA:** Canadian Overnight Repo Rate Average