

Public minutes

FTSE Canada Fixed Income Advisory Committee

11 September 2023



**FTSE
RUSSELL**

An LSEG Business

Attendees

Members: fifteen (15); apologies: one (1)

FTSE Russell: twelve (12) including the Chair and Committee Secretary

Attendees were reminded of their obligations in relation to confidentiality of information, conflicts of interest and competition law. There were no declarations.

1. **Statutory governance matters and committee information**

1.1 Membership changes

1.1.1 FTSE Russell welcomed three new members to the advisory committee:

1.1.2 FTSE Russell thanked four outgoing committee members for their contribution to the work of the advisory committee.

1.2 Minutes

1.2.1 The minutes of the meeting held on Monday 17 October 2022 were approved as presented.

1.2.2 The public minutes of the meeting held on Monday 17 October 2022 were approved as presented.

1.3 Governance

1.3.1 Annual review of the [FTSE Canada Indexes ground rules](#) (for endorsement): the committee members were of the view that the ground rules had been maintained assiduously and remain fit for purpose. As required by IOSCO, the committee members endorsed the changes made to the ground rules in the period March 2022 to February 2023 retroactively.

1.4 Action points and matters arising

1.4.1 None.

1.5 Key notices and updates

1.5.1 Methodology notices published since the last meeting were duly noted. There were no requests for clarification.

2. **Index methodology and policy**

2.1 Market Structure Review for CAD-Denominated Bonds Issued by Global Entities (for discussion):

2.1.1 FTSE Russell invited the advisory committee to comment on the market structure for Maples from an investor standpoint, as well as sentiment among asset managers and asset owners regarding the inclusion of Maple bonds in the FTSE Canada Universe Bond Index. Maple bonds are securities issued in Canada, denominated in Canadian dollar by non-Canadian issuers (defined based on country of incorporation). The committee members were asked to provide their feedback on the market structure and definition of Maple bonds within the context of the domestic Canadian capital markets.

2.1.1.1 A discussion ensued and the committee members provided their comments.

2.1.1.2 Summary: FTSE Russell thanked the committee members for their comments and noted that they would consider the feedback received and internally discuss the appropriate course of action.

2.2 Canadian Dollar Offered Rate (CDOR) transition to Canadian Overnight Repo Rate Average (CORRA) (for information):

2.2.1 Background: on 16 May 2022, Refinitiv Benchmark Services Limited (RBSL), the benchmark administrator of the Canadian Dollar Offered Rate (CDOR), announced that the calculation and publication of all tenors of CDOR would permanently cease after 28 June 2024. The size of the CDOR market is approximately

CAD20 trillion, roughly about 10 times Canada's annual gross domestic product and a reflection of how widespread the use of CDOR is in transactions involving derivatives, bonds, loans and securitizations.

2.2.2 FTSE Russell explained that FTSE Russell had identified six constituents of the [FTSE Canada Floating Rate Notes \(FRN\) Index](#) referenced to the three month CDOR rate, and for which there would be a direct impact when resetting the rates post 28 June 2024. All other instruments were already referenced to Daily Compounded CORRA or would exit the index before 28 June 2024.

2.2.3 The advisory committee noted that FTSE Russell was effectively tracking the transition from term CDOR (rate) to term CORRA (rate) or Daily Compounded CORRA (rate), for the six identified constituents. According to communications with issuers with FRN CDOR references, the preference was to use Daily Compounded CORRA (rate). Additionally, FTSE Russell would continue liaising with the dealers/issuers to obtain further information for the transition of the current six FRN constituents. There were no comments from the committee members.

3. AOB

3.1 One item was raised by a committee member.

4. Meeting dates

4.1 2024: 13 February / 16 September

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