



LSEG POST
TRADE

LCH SwapClear CAD CDOR Conversion Quick Guide





This document is designed to provide SwapClear participants with a high-level overview of the LCH CAD CDOR conversion process, including timelines, a summary of reporting, analytical tools, and trade booking considerations. The following information should be supplemented with the *CAD CDOR Contract Conversion Operational Considerations* deck, which is available on the SwapClear Knowledge Centre. We encourage participants to contact LCH with questions or for additional information. This document is for information purposes only; the terms of the conversion are governed solely by the rulebooks of LCH Limited.

This conversion process is designed as a backstop to facilitate the conversion where participants have been unable to convert their CAD CDOR risk arising from LCH-cleared swaps in the market or otherwise.

Timelines

Event	Event Date	Portfolio Snap Date
LCH Member Test environment purge	Saturday 2 March 2024	N/A
Dress Rehearsal*	Saturday 20 April 2024	EOD Friday 19 April 2024 (UAT Environment)
Conversion	Saturday 8 June 2024	EOD Friday 7 June 2024

**The Dress Rehearsal event is only available for direct member participation. Clients that are interested in participating should contact LCH to discuss the dress rehearsal in more detail.*

Conversion Scope

In Scope	Out of Scope
CAD-CDOR vs Fixed IRS CAD-CDOR VNS CAD-CDOR ZCS CAD-CDOR/CDOR basis swaps CAD-CDOR/CORRA basis swaps	Any CAD-CDOR contract that either 1) is fully fixed before the cessation date or 2) matures before the cessation date will not be eligible for conversion.

Treatment of Basis Swaps

SwapClear will extend the Unilateral Basis Splitting Tool (UBST) functionality to CAD basis swaps. This will provide all users with the ability to split their outstanding basis swaps ahead of conversion, on dates they can freely and independently decide, putting control over the process into their hands.

Any in-scope CAD CDOR/CDOR and CAD CDOR/CORRA basis swaps that are still outstanding at the point of conversion will be split by LCH in a mandatory event occurring on the same date as the CAD CDOR conversion event.

Trade Booking Considerations

CAD CDOR trades outstanding at close of business on the Friday immediately prior to the conversion weekend will be operationally terminated. LCH will create CORRA equivalent trades as conversion process outputs, which will retain the accrual periods of the original, now terminated, contract. The CORRA output contract will incorporate the relevant ISDA/BISL Spread Adjustment to maximise cashflow continuity, i.e., the CDOR floating rate

will be replaced by the relevant compounded CORRA plus the non-compounded recommended spread adjustment¹.

Target Design Principles for CAD CDOR vs Fixed

The following table provides an illustrative mapping approach for converting a CAD CDOR vs fixed swap into a CORRA vs fixed swap. For the avoidance of doubt, final FpML representation will be made available via the LCH Portal. The Operational Considerations deck contains additional details around other CAD CDOR structure types.

Swap Leg	Feature	Comment
Fixed Leg	All details to remain the same	To note, the fixed leg of the converted CORRA trade will retain the 0 business days payment lag of the original contract
Floating Leg	Notional	Same as the original CAD CDOR trade
	Roll Convention	Same as the original CAD CDOR trade
	Effective Date	Same as the original CAD CDOR trade
	Maturity Date	Same as the original CAD CDOR trade
	Business Day Convention	Same as the original CAD CDOR trade, including Adjusted/Unadjusted specification
	Spread	Any contractual spread will be applied/persisted on the CORRA leg, same as it was on the original CAD CDOR trade (i.e., no adjustment). A spread adjustment (SA) will be populated on the CORRA leg (as defined by the original index/reset tenor of the CAD CDOR swap) in addition to any contractual spread. Treatment for stubs: The CORRA trade will carry over the regular period SA, not an interpolated SA. Note, LCH will cash compensate for the difference in spread value.
	Index	The new index will become the corresponding CORRA to the converted CDOR and will be booked under the ISDA 2021 FRO label.
	Day Count Fractions	Same as the original CAD CDOR trade
	CDOR Coupon Preservation	CAD CDOR coupons with all representative fixings occurring before cessation date will be preserved via overlay bookings.
	Fixings	As per vanilla OIS conventions, i.e., no offsets/lags/backward shifts. For CDOR trades with non-standard fixing lags these will be converted to standard fixing for the CORRA trade, i.e., 0 days. Any initial fixing applied to the original trade will not be carried across to the new CORRA swap.
	Fixing Centres	CATO – as per default convention for CORRA index. Additional fixing centres will not be persisted onto the new CORRA trade.
	Payment Lag	1 business day payment lag as per underlying CORRA index payment convention.
	Payment Calendar	Same calendar(s) as the original CAD CDOR trade
Fees with future payment dates	Same as the original CAD CDOR trade	

¹ Please see: [IBOR-Fallbacks CDOR Cessation Technical-Note 220516.pdf \(bbhub.io\)](#)

Trade Booking Considerations (Fixed and Payment Lags)

Feature	CDOR Swap	CORRA Swap	Overlay CDOR Leg	Overlay CORRA Leg
Fixing Lag and Fixing Centre	0D/CATO	0D/CATO	0D/CATO	0D/CATO
Payment Lag	0D/CATO	1D/CATO	0D/CATO	1D/CATO

CAD CDOR Coupon Preservation

LCH will use overlay bookings to preserve representative CAD CDOR fixings before the index cessation date and any such representative coupon periods. The following table provides the number of overlay bookings each account table can expect to receive based on product type. This is for overlay bookings only and does not include the converted CORRA swap.

Overlay Booking Model

Product Type	House	Client
Vanilla IRS: CDOR flat	1-booking	2-booking
Vanilla IRS: CDOR + spread	1-booking	2-booking
VNS	2-booking	2-booking
Zero Coupon	1-booking	2-booking
IRS Periodic Compounders (e.g., CDOR 3M CMP 6M)	2-booking	2-booking

The 2-booking model is two 0% fixed vs float swaps.

Coupon Preservation Considerations

- The periodicity (e.g., semi-annual, annual etc.) will be inherited from the floating leg of the original swap. The fixed leg day count fraction will be inherited from the fixed leg of the original swap.
 - The effective date of the overlay booking will match that of the original trade, which will ease reconciliation.
- The overlay booking matures at the point that the last representative CAD CDOR period prior to cessation has settled.
- The CAD CDOR leg of the overlay booking will replicate the CAD CDOR leg of the original trade exactly but with a shortened maturity.

Trade Date and Registration Date

Trade date and registration date for new converted trades, overlay bookings and cash compensation swaps will be as below.

Trade Details	
Registration Date	10 June 2024
Trade Date	7 June 2024

Cash Compensation

Cash compensation will be provided and will be the difference between the NPV of the original CAD CDOR trade (valued using the relevant fallback methodology for any cashflow fixing post cessation date) and the NPV of the CORRA equivalent trade.

Booking Considerations for Cash Compensation Swaps

SwapClear will book the cash compensating swaps for members and clients at the clearing account level*. The cash compensation amount will be delivered via an upfront fee on a new 1 CAD notional CORRA trade with a minimum remaining term to maturity. Trade level breakdown will be available via REP000315.

Bookings of cash compensation swaps will take place on 8 June 2024 and will be registered on the following Monday, 10 June 2024. Settlement will be on the Tuesday after the conversion weekend as CAD is a PPS+1 currency.

Trade Details			
Trade Type	Fixed vs Float	Effective Date	10 June 2024
Registration Date	10 June 2024	Maturity Date	11 June 2024
Trade Date	7 June 2024	Payment Date	11 June 2024

**The Margin Account Level is the parent account where the account and all affiliates are margined. The Clearing Account Level is the entity level of the account where clearing activity takes place and trades are booked against.*

Trade Booking and Reporting

Messaging Method	Direct Member	Clearing Broker	Client
Clearing Confirmed message via ClearLink	✓	✓	
Portal (FpML/Trade Attribute download)	✓	✓	✓
Reporting	✓	✓	✓
ATSS Sync (via MW)*	✓		✓

**ATSS Sync allows market participants to synchronize their portfolio population at MW and LCH. LCH will be responsible for communicating the details of the conversion events to MW for record-keeping purposes. Those interested in this process must coordinate the setup with MW and LCH.*



Reports

Reports	Description
Report 72FB	Provides the NPV per cashflow under a conversion scenario. The report will break down the components contributing to the conversion compensation fee. It includes the NPV per cashflow of the original trade computed using the fallback assumption and the NPV of the converted CORRA trade.
Report 315	Provides a daily summary of the value of the trades under a pre and post conversion regime and of the computed indicative cash compensation fee under a conversion scenario at the trade level .
Report F8	Provides trade attributes of live trades.

SwapClear Portal and Knowledge Centre

Subject	Description	Access
LCH Portal	Enhanced Portal screens provide visibility into the indicative impact of the conversion thereby enabling members, clients, and clearing brokers to view their indicative converted swaps based on today's portfolio and the indicative compensation amounts.	Log in to the LCH Portal . If you do not have access to the Portal, please reach out to your internal super users who will be able to grant access. Alternatively, feel free to contact Rates.ClientServices@lch.com , who will be able to advise on the relevant super users at your firm.
	<p>Conversion Trades – provides an indicative view of the CORRA transactions on a daily basis.</p> <p>Compensation Trades – provides an indicative view of all the compensation trades.</p> <p>Conversion FpML – provides a daily indicative view of conversion FpMLs on a daily basis.</p> <p>Compensation FpMLs – provides a final view of compensation FpMLs after conversion.</p> <p>Unilateral Basis Swap Splitting Tool – this new functionality provides the ability to split in-scope basis swap trades independently ahead of a conversion.</p> <p><i>These portal screens will be where final trade details/FpMLs can be accessed on the day of conversion.</i></p>	Log in to the LCH Portal and navigate to the SwapClear Portal . Once in the SwapClear Portal, open the Apps menu and expand the RFR Conversion drop down to access the Conversion portal screens.
LCH Knowledge Centre	The LCH Knowledge Centre hosts a variety of materials related to CAD CDOR conversion, such as operational considerations materials, recordings of conversion briefing calls, and reporting and product specifications.	Log in to the LCH Portal and navigate to the Knowledge Centre .

Fees

Fallback Fees

Effective 3 months prior to each LCH currency conversion date and each subsequent month up to the LCH currency conversion date, LCH will apply a monthly fallback fee for the outstanding IBOR contracts, as of the last good business day of that month.

The following charges will apply to cleared contracts in both SwapClear clearing member's proprietary or client account.

3 months prior to LCH conversion date	2 months prior to LCH conversion date	1 month prior to LCH conversion date
GBP 5.00	GBP 5.00	GBP 5.00

Any CAD basis swaps that be may voluntarily split into two interest rate swaps by LCH prior to conversion will not be double charged.

Conversion Fees

LCH will apply a conversion fee to SwapClear contracts registered in a SwapClear clearing member's proprietary or client account that require conversion by LCH.

Conversion Fee per Contract
GBP 30.00

An annual conversion fee cap will apply in 2024 for all SwapClear clearing member proprietary accounts as follows. This cap applies to conversion fees only and is not applicable for fallback fees.

Member Conversion Cap
GBP 175,000

For the avoidance of doubt, CAD CDOR conversion fees will contribute to the 2024 Conversion Fee Cap.

Additional information around 2024 fallback and conversion fees can be found here: [LCH Circular No 4283](#)

Unilateral Basis Swap Splitting Tool (UBST)

Functionality for trade-level, unilateral, elective basis swap splitting for CAD CDOR will be made available in the April 2024 SwapClear release – production go live is 8 April 2024. The **UBST** will allow SwapClear participants to split their in-scope CAD basis swap trade population independently ahead of conversion, allowing control over the process and for it to be performed at a time that is optimum for each participant.

There will be **no charge** for the use of the tool prior to the CAD CDOR conversion event, which will be held on 8 June 2024.

Scope

In Scope	Out of Scope
CAD CDOR/CDOR basis swaps	CAD CDOR/CORRA basis swaps with a non-standard 1bd payment lag on the CDOR leg will not be eligible for UBST as CAD CDOR vs Fixed with a 1bd payment lag on the CDOR leg is not supported for clearing.
CAD CDOR/CORRA basis swaps	

Scheduling

The unilateral basis swap splitting process will be run daily. Non-Economic Amend (NEA) submissions will be accepted throughout the day from 0.00 LDN/7pm NY with a **cut-off time at 4pm LDN/11am NY**. Any NEA submissions after cut-off time will be processed by LCH the following business day.

Election Process

Both members and clients can submit the trades elected to be split via either of the existing methods.

LCH Portal	ClearLink API
Navigate to the Portfolio Management area and initiate an NEA request – there is a column, 'BasisSplitFlag,' where the submission of 'Y' value will indicate that this trade is to be considered for the new daily basis splitting event. Any unsuccessful file submissions will be visible with an appropriate rejection reason enabling members and clients to resubmit with the correct values. Files can also be (re)uploaded to unflag trades for splitting by submitting a value of 'N' for the trade.	An NEA request to submit a trade to LCH for splitting will also be made available via the ClearLink API.

Output Trades

For the **floating leg** of the new basis swap split trades, all attributes will be inherited from the original basis swap.

The **fixed leg** with a 0% rate will inherit all the attributes of the floating leg, including the payment frequency.

All trades created via the UBST will be booked referencing the ISDA 2021 FRO, irrespective of the original basis trade ISDA definition version. The relevant ISDA FROs are:

- CAD-CDOR
- CAD-CORRA-OIS Compound

Original Basis Swap	Fixed Leg Attribute	New CAD CDOR Swap(s)	New CAD CORRA Swap
CDOR-CDOR	Payment Lag	0 BD	N/A
	Day Count Fraction	Same as original Basis	
	Payment Frequency	Same as original Basis	
CDOR-CORRA	Payment Lag	0 BD	1 BD
	Day Count Fraction	Same as original Basis	Same as original Basis
	Payment Frequency	Same as original Basis	Same as original Basis

New Post-Split Swap	Value
Registration Date	The same as the basis swap split date
Trade Date	The same as the basis swap split date

UBST Reporting

Name	Description
REP00325 – Basis Swap Split Scope	This report will be available in Production for CAD for house members, clearing brokers and direct client reporting at the same time as the UBST for CAD is launched. The purpose of the report is to provide firms with a view of their population of basis swap trades that are in-scope for the UBST. The report is published daily at EOD and can be downloaded via the Portal as per standard processes.
REP00324 – Basis Split Summary	This report is provided daily after a unilateral basis splitting event and is intended to provide a trade level summary of the CAD CDOR basis swap trades split that day. This report (published for house, clearing brokers and direct client reporting) details the original basis swap trade and its fixed vs float splits at a trade level.

IMM CAD Roll Convention

- LCH will perform the conversion of the IMM CAD CDOR trades into IMM CAD CORRA trades by adhering to the standard LCH conversion logic, by maintaining the original effective date and termination date into the conversion output bookings; and
- LCH will address the IMM CAD roll convention/definition changes separately from and likely subsequent to the wider CAD conversion event. LCH will provide more information to its users on this in due course.

Appendix

Member Circulars Issued to Date

- [Rates Reform: 2024 IBOR Fallback and Conversion Fees | LCH Group](#)
- [LCH Consultation on Conversion of Outstanding Cleared CAD CDOR Contracts | LCH Group](#)
- [LCH Consultation on Conversion of Outstanding Cleared CAD CDOR Contracts – Extension of Response Deadline | LCH Group](#)
- [LCH Consultation on Conversion of Outstanding Cleared CAD CDOR Contracts | LCH Group](#)

Accessing the LCH Knowledge Centre

The LCH Secure Area has been decommissioned and the Knowledge Centre is the new source of information. The Knowledge Centre can be accessed via the [LCH Portal](#).

If you do not have access to the Portal, please reach out to your internal super users, who will be able to grant access. Alternatively, feel free to contact Rates.ClientServices@lch.com, who will be able to advise on the relevant super users at your firm.

Once in the [LCH Portal](#), you can navigate to the Knowledge Centre tab to find information around CAD CDOR and other projects.

CONTACT US

If you have any questions, please contact either our Client Services team at Rates.ClientServices@lch.com or LCHSales@lseg.com.

Website: lch.com/services/swapclear

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