



CANDEAL
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Survey Report 2025

Evaluation of Term CORRA Use in Loans and Derivatives

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Introduction

Term CORRA is an interest rate benchmark that began publication on September 5, 2023. Together with the Canadian Overnight Repo Rate Average (**CORRA**)¹ it replaces the Canadian Dollar Offered Rate (**CDOR**), an interest rate benchmark which ceased to be published after its final publication on June 28, 2024, as the reference rate for most instruments that previously referenced CDOR.

Term CORRA is a forward-looking measurement of CORRA for 1- and 3-month tenors (or rates), based on market-implied expectations from CORRA derivatives futures markets. It is used for (i) business loans and (ii) derivatives. The latter includes single currency derivatives for lenders, borrowers and guarantors hedging Term CORRA based loans, cross-currency derivatives for borrowers hedging Term CORRA-based loans and interdealer trading of CORRA-Term CORRA basis swaps, with certain limitations.²

Term CORRA's use is limited through licensing agreements with financial institutions, corporate entities and government entities that provide business loans, as well as infrastructure platforms or operators that provide trading or clearing services for Term CORRA based derivatives (together, **Licensees**).

Term CORRA was designated as a designated interest rate benchmark by the Ontario Securities Commission (**OSC**) and the Autorité des marchés financiers (**AMF**) and CanDeal Benchmark Administration Services Inc. (**CBAS**) was designated by the OSC and AMF as the designated benchmark administrator for Term CORRA. CBAS is required to comply with Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators (MI 25-102)* in respect of Term CORRA. CBAS calculates Term CORRA rates from futures prices received from the Bourse de Montreal and TMX Inc. distributes the rates to the Licensees. Depending on their size and nature of business, the Licensees are grouped in the following tiers:

- Tier 1 - Canadian financial institutions who individually have a loan book equal to or greater than \$20 billion.
- Tier 2 – financial institutions with loan books between \$1 billion and \$20 billion.
- Tier 3 – financial institutions other than those belonging to Tier 1 and 2.
- Tier 4 – corporate entities, government entities that provide business loans and infrastructure platforms or operators that provide trading or clearing services for Term CORRA-based derivatives.

¹ CORRA is administered by the Bank of Canada.

² See the [CARR's approved use cases for Term CORRA](#) developed by the Canadian Alternative Reference Rate (CARR) working group.



Survey Scope and Objectives

As the designated benchmark administrator for Term CORRA, CBAS collects data, evaluates the adoption and application of Term CORRA by Licensees and makes the results of its analysis publicly available.

To achieve this purpose, CBAS sent a survey to all 126 Licensees with responses requested as at February 28, 2025 (**survey effective date**). The complete list of the survey questions sent to the licensees is included in **Appendix A**. Going forward, CBAS plans to send surveys and collect data regarding the use of Term CORRA on an annual basis.

The objectives of this first survey were to:

- a. understand the use of Term CORRA by Licensees in all tiers, including the volume of loan and derivative transactions based on Term CORRA and obtain insight in the types and volumes of derivative transactions based on Term CORRA and
- b. collect data on the use of Term CORRA that could be used to evaluate whether Term CORRA should be designated as critical benchmark for the purposes of MI 25-102 and monitor for the “inverse pyramid” issue.³

42 licensees provided responses to the survey and the response rates were as follows:

Tier	Response rate
Tier 1	100%
Tier 2	46%
Tier 3	30%
Tier 4	36%

CBAS thanks all the respondents who contributed the data. Given the importance of obtaining adequate data to analyze the use of Term CORRA, we are considering how to increase the participation rate in surveys going forward.

³ The Canadian Alternative Reference Rate Working Group (**CARR**), now disbanded, in its publication titled *CARR’s allowable use cases for Term CORRA* available here [CARR’s approved use cases for Term CORRA](#) notes that the goal of limiting Term CORRA’s use to only the products that truly need it is to help ensure that the size of the market referencing Term CORRA is appropriate relative to the size of the market used to determine Term CORRA (to manage the “inverse pyramid” issue).



Survey findings overview

Use of Term CORRA

Loans

CBAS collected data on the outstanding (drawn) value of loans based on Term CORRA and the dollar amount allocated (committed) to loans based on Term CORRA. The survey found that Term CORRA is a well adopted benchmark in Canadian dollar-denominated business loans.

Specifically, as seen in Figures 1 and 2 below, at the survey effective date drawn loans based on Term CORRA totaled almost \$182 billion, with a majority of these loans based on 1-month Term CORRA rates. With respect to committed loans, the survey results show that 68% of committed loans have the flexibility to be drawn in either CORRA or Term CORRA. A further 18% can be drawn in Term CORRA only.

Use of Term CORRA was lower than CORRA, with the dollar value of the drawn loans based on CORRA (at 56%) exceeding the value of drawn loans based on Term CORRA (at 44%).

The survey responses indicated that only one bank and one corporate (Tier 4) Licensee used Term CORRA for intercompany loans.

As noted above, while the response rate for the Tier 1 Licensees was 100%, a much smaller percentage of Licensees in other Tiers responded, which may have skewed the summary data. For example, the survey results show that 88% of Term CORRA loans were held by Tier 1 Licensees,⁴ but this relatively high percentage could be a reflection of the fact that Licensees in other Tiers, who likely also had Term CORRA loans, did not respond to the survey.

In conclusion, with respect to loans, the survey results indicate that a material fraction of loans reference Term CORRA, which suggests that borrowers find Term CORRA to be a reliable benchmark and are comfortable with its forward-looking calculation methodology.⁵

⁴ However, this percentage is consistent with the figures reported in the Canada Loans Bookrunner league tables on Bloomberg and OSFI monthly filings (available here [Financial data for banks - Office of the Superintendent of Financial Institutions](#)).

⁵ A copy of the methodology for Term CORRA is at the following link: [Term CORRA methodology](#). Term CORRA is a forward-looking measurement of overnight CORRA, based on market-implied expectations from CORRA derivatives markets. In contrast, CORRA is a measure of the cost of overnight general collateral funding in Canadian dollars. A copy of the methodology for calculating CORRA is available at this link: [CORRA methodology](#).

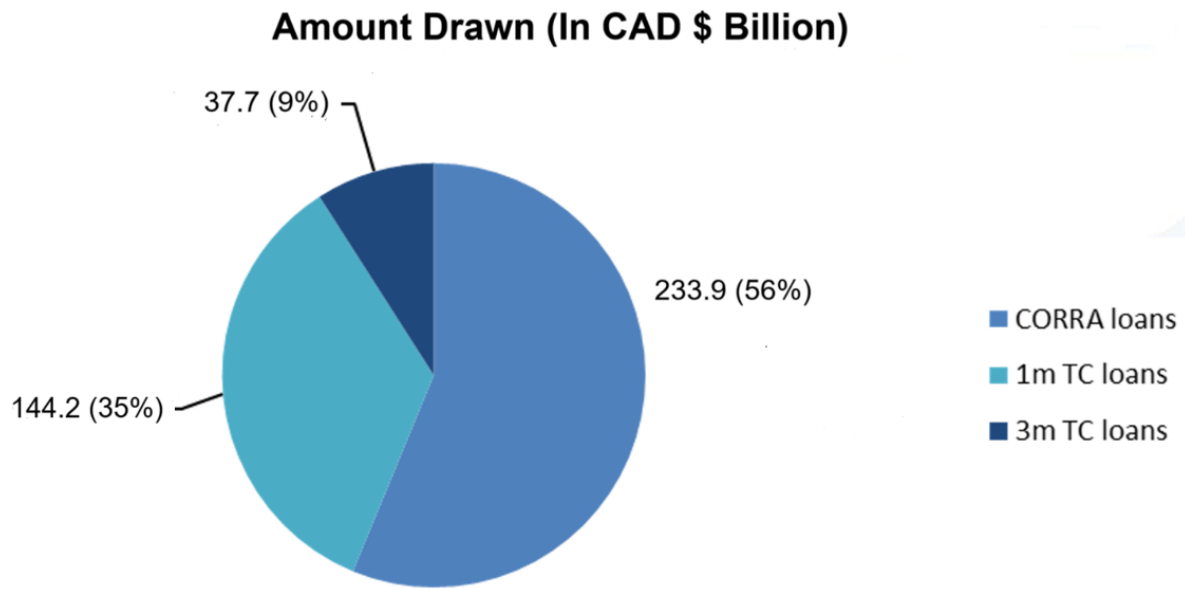


Figure 1: Amount Drawn

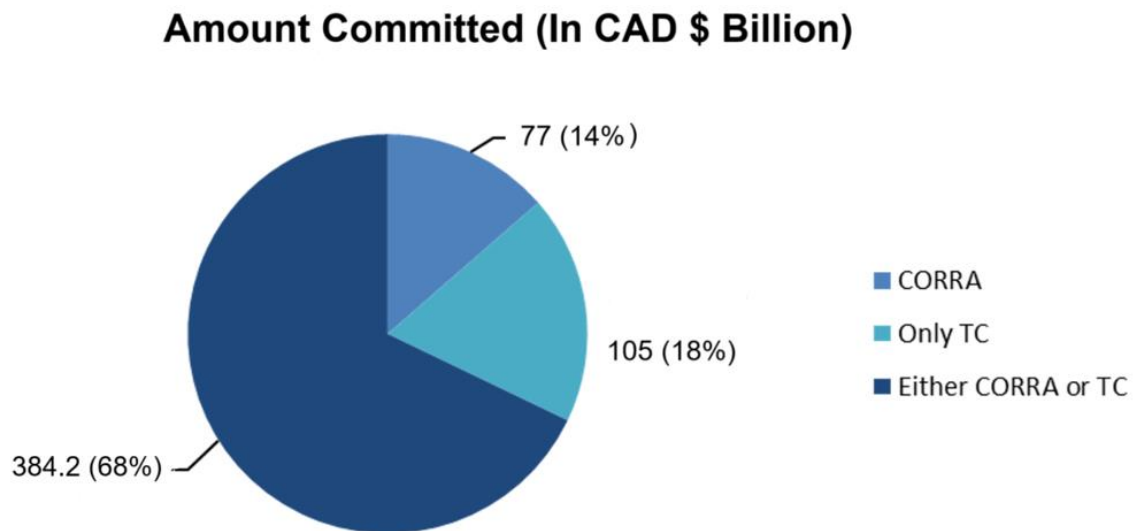


Figure 2: Amount Committed



OTC Derivative Transactions

With respect to OTC derivatives referencing Term CORRA, the survey responses indicate the following:

- there was very limited Term CORRA swap activity in fixed/float (25 trades outstanding at the survey effective date), cross currency (zero) or basis swaps (zero) for Tier 1 Licensees,
- very small total notional was reported in fixed/float swaps (\$500 million total for Tier 1 Licensees) and
- almost no derivative activity was reported by Licensees in other tiers, and some Tier 2 financial institutions did not provide derivative data at all.

We note, however, that an analysis conducted by the Ontario Securities Commission (**OSC**), based on data on OTC derivative transactions referencing CORRA or Term CORRA where an Ontario-based entity is a counterparty⁶ shows higher notional amounts and activity in February 2025. For example, the notional amount of fixed/float swaps was approximately \$2.5 to \$3 billion based on the OSC report data. The differences between the data in the OSC trend analysis and the data received in the survey responses are significant. CBAS is considering how to address these differences in the future, including ways to improve the survey response rates.⁷

Criticality of Term CORRA

MI 25-102 defines a designated critical benchmark as a benchmark that is designated for the purpose of the Instrument as “critical benchmark” by a decision of a securities regulatory authority. Designated critical benchmarks are subject to additional regulatory requirements, reflecting their importance and criticality. The Companion Policy to MI 25-102 provides guidance on the factors that would be considered by a securities regulatory authority in assessing whether a benchmark is critical to the financial markets. One of the factors is whether the benchmark is used directly (as is the case of Term CORRA) or together with other benchmarks as a reference for instruments or contracts or for measuring the performance of investment funds having a total value in Canada of at least \$400 billion on the basis of the range of maturities or tenors of the benchmarks. Other considerations include the substitutability of the benchmark and impact on the market in case the benchmark is no longer provided.

⁶ Source: [CORRA/Term CORRA-based OTC derivatives trend analysis](#).

⁷ For example, we noted that certain financial institutions were not able to distinguish the loan commitments based on CORRA from those based on Term CORRA. Certain financial institutions provided data only for their Canadian loan books.



As Figure 1 shows, the total value of drawn loans based on Term CORRA rates was \$182 billion. The notional value of OTC derivatives referencing Term CORRA was low, with the total value of instruments and contracts referencing Term CORRA well below \$400 billion. In addition, CORRA is more widely used. These factors suggest that, at the survey effective date, Term CORRA was not a critical benchmark and not likely to become one in the near future.

Market Activity for Transactions Supporting Term CORRA

As noted above, CBAS calculates Term CORRA rates from prices of futures traded on the Bourse de Montréal. Term CORRA is determined using trades and committed orders totalling \$1.3 billion for the 1-month rate and \$975 million for the 3-month rate. Assuming that the \$144 billion of drawn 1-month Term CORRA loans will reset on any business day in the coming month, this suggests, assuming an average of 22 business days in a month, approximately \$6.5 billion of loans will set based on the 1-month rate. CBAS considers the committed order and trade volumes supporting the calculation of Term CORRA to be reasonable given the outstanding loan volumes.

Conclusion

While the survey results indicated that Term CORRA is well adopted as an interest rate benchmark for Canadian dollar-denominated business loans, there is very low OTC derivative activity referencing Term CORRA. CBAS is trying to understand the reason for the low adoption in OTC derivatives, and whether it is due to the lack of transparency of Term CORRA derivative spreads, wider bid-offer spreads for Term CORRA compared to CORRA, or whether OTC derivatives referencing Term CORRA are not in demand in the Canadian market.



APPENDIX A

SURVEY QUESTIONS

Total aggregate amount of drawn CAD business loans ⁸ pricing using CORRA rates
Total aggregate amount of drawn CAD business loans using Term CORRA 1-month rates
Total aggregate amount of drawn CAD business loans using Term CORRA 3-month rates
Total aggregate amount of committed CAD business loans having only a CORRA drawdown option
Total aggregate amount of committed CAD business loans having only a Term CORRA drawdown option (1m or 3m)
Total aggregate amount of committed CAD business loans that have both CORRA or Term CORRA drawdown options
Total notional amount of swaps hedging CAD business loans linked to CORRA where the client pays fixed ⁹
Total number of trades in swaps hedging CAD business loans linked to CORRA where the client pays fixed
Total gross notional amount of fixed/float swaps linked to Term CORRA 1 month
Total number of fixed/float swaps linked to Term CORRA 1 month
Total gross notional amount of fixed/float swaps linked to Term CORRA 3 month ¹⁰
Total number of fixed/float swaps linked to Term CORRA 3 month
Total gross notional amount of cross currency swaps linked to Term CORRA benchmarks
Total number of cross currency swap trades linked to Term CORRA benchmarks

⁸ As referred to in the CARR document on allowable use cases for Term CORRA at the following link [CARR's approved use cases for Term CORRA](#), page 4.

⁹ As referred to in the CARR document on allowable use cases for Term CORRA at the following link [CARR's approved use cases for Term CORRA](#), page 4.

¹⁰ As referred to in the CARR document on allowable use cases for Term CORRA at the following link [CARR's approved use cases for Term CORRA](#), page 5.



Total gross notional amount of Term CORRA - CORRA basis swaps
Total number of Term CORRA - CORRA basis swap trades.
Total aggregate amount of outstanding intercompany loans based on Term CORRA 1 month or 3 month.
Percentage of internal Funds Transfer Pricing based on Term CORRA 1 month or 3 month.
Total gross notional amount derivative trades linked to Term CORRA benchmarks not included in columns L,N,P,R . (For example Caps, Floors, Swaptions)
Describe types of derivatives
Comments and feedback