

TO: Clearing Member Firms
Back Office Managers

DATE: May 16, 2024

FROM: CME Clearing

NOTICE #: 24-136

SUBJECT: **CAD CDOR to CORRA Primary Swap Conversion – May 17**

CME is on-track to conduct the CAD CDOR to CORRA Primary Swap Conversion on **Friday, May 17, 2024** beginning at 7:10 pm ET. Full details of the conversion are available in clearing [notice 24-115](#).

Summary of Conversion Process

At close of business on May 17, CME will convert each applicable cleared CAD CDOR Swap into corresponding Short-dated CDOR Swaps and CORRA OIS, as follows:

- Within the Clearing System, CME will close out each Pre-Conversion CDOR Swap and establish in the account of the position holder the following Replacement Swap(s):
 - o For each CAD CDOR swap, a fixed-float CORRA OIS
 - o For each CAD CDOR swap with representative CDOR fixings, an additional Short-dated CDOR swap is created to settle any unpaid coupon payments from periods with representative fixings.
 - Representative fixings are defined as the CDOR fixings published prior to June 30, 2024
- Each Replacement Swap will retain key economic terms of the corresponding Pre-Conversion CDOR Swap. The CORRA OIS will default some economics to the market standard CORRA contracts. The conversion methodology and retained swap economics will vary by CDOR swap economics and cash flow dates.

Operational Information and Reporting

Product Scope:

- All cleared CAD CDOR swaps except those with only representative CDOR fixings

CME Clearing will provide the following information during the conversion processing:

- End of Day Trade Register report made available by the Clearing House to IRS clearing members and clients via a secured FTP site;
- FpML termination message to relevant CME clearing firms in respect of the termination of each relevant CDOR Swap; and

- FpML clearing confirmation message to relevant CME clearing firms in respect of the establishment of each new relevant Replacement Swap.

Operational Timeline: (all times are estimates and actual times will vary)

- 7:10 – 7:20 pm ET: Indicative Analysis reports published to secured FTP sites
- 7:20 – 7:40 pm ET: CME runs conversion processing. Termination and new trade messages sent to clearing firms.
- 7:50 – 8:30 pm ET: CME publishes end-of-day trade registers (IRSTRs) to secured FTP sites

Trade Linkage:

In order to identify the link between each Pre-Conversion CDOR Swap and the relevant Replacement Swap(s), CME will send a replacement Trade ID and Original Trade ID respectively in the History section of the clearing confirmation messages. In the Trade Register report (IRSTR), each replacement swap links back to the original swap through the Converted Trade ID. The “Prior UTI” on each replacement swap will also reference the original CDOR swap’s UTI.

Cash Compensation

- In order to neutralize the value transfer from the Conversion of the economic position of each CDOR Swap into a Replacement Swap(s), CME will calculate a cash compensation that will be applied by CME to the CORRA Replacement Swap.
- **The cash compensation fee amounts will settle on Tuesday, May 21, 2024.**
 - o **Please note:** Monday, May 20, 2024 is a CAD settlement holiday in the Toronto calendar.

Indicative Analysis Reporting

- CME will publish an indicative analysis report on May 17 with the production cash compensation amounts and trade population
- File Name: *IRS_IBORCONV_FFF_20240517_EOD.csv* (FFF = 3 digit firm ID)

Please reference the presentation linked below for more details on the methodology and timeline:

<https://www.cmegroup.com/content/dam/cmegroup/trading/interest-rates/files/cme-conversion-for-cad-cdo-r-cleared-swaps.pdf>

For questions or testing assistance, please contact the CME Client Services Team at onboarding@cmegroup.com or 312.338.7112.

Regards,

CME Clearing