

CSA Notice and Request for Comment
Proposed Amendments to Multilateral Instrument 25-102
Designated Benchmarks and Benchmark Administrators
and
Proposed Changes to Companion Policy 25-102
Designated Benchmarks and Benchmark Administrators

May 30, 2024

Introduction

Today, the securities regulatory authorities (collectively the **Authorities** or **we**) of the Canadian Securities Administrators (the **CSA**) in British Columbia, Alberta, Saskatchewan, Ontario, Québec, New Brunswick, Nova Scotia, Yukon and Northwest Territories (the **Participating Jurisdictions**) are publishing for a 90-day comment period:

- proposed amendments to Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators* (**MI 25-102** or the **Instrument**), and
- proposed changes to Companion Policy 25-102 *Designated Benchmarks and Benchmark Administrators* (the **CP**).

The text of the proposed amendments to MI 25-102 (the **Proposed Amendments**) and the proposed changes to the CP (the **Proposed Changes**) is contained in Annex A and Annex B, respectively, of this Notice and will also be available on websites of the Participating Jurisdictions, including:

lautorite.qc.ca
asc.ca
bcsc.bc.ca
nssc.novascotia.ca
fcnb.ca
osc.ca
fcaa.gov.sk.ca
yukon.ca
justice.gov.nt.ca

We are issuing this Notice to solicit comments on the Proposed Amendments and the Proposed Changes. We welcome all comments on the Proposed Amendments and the Proposed Changes and also invite comments on the specific questions set out in Annex E of this Notice.

Background

Currently, MI 25-102 provides a comprehensive regime for the designation and regulation of benchmarks and their administrators, and the regulation of benchmark contributors and of certain benchmark users of designated benchmarks.

The Authorities that adopted MI 25-102 also entered into a memorandum of understanding (the **MOU**)¹ respecting the oversight of designated benchmarks and designated benchmark administrators, including the processing of applications for designation. The MOU outlines the manner in which the jurisdictions will cooperate and coordinate their efforts to oversee designated benchmarks and designated benchmark administrators in order to achieve consistency, efficiency and effectiveness in the overall oversight approach, as well as the efficient and effective processing of applications for designation.

To date, the Ontario Securities Commission (**OSC**) and the Autorité des marchés financiers (**AMF**) have designated:

- the Canadian Dollar Offered Rate (**CDOR**)² as a designated critical benchmark and a designated interest rate benchmark and Refinitiv Benchmark Services (UK) Limited (**RBSL**) as its designated benchmark administrator for purposes of MI 25-102, and
- Term CORRA as a designated interest rate benchmark and CanDeal Benchmark Administration Services Inc. as its designated benchmark administrator for purposes of MI 25-102.

Under the MOU, the OSC and the AMF are co-lead authorities of these designated benchmarks and designated benchmark administrators. No other Authorities have designated any benchmarks or benchmark administrators at this time.

Substance and Purpose

The Proposed Amendments will revise the requirements in MI 25-102 for assurance reports (the **Revised Assurance Report Requirements**).

The Revised Assurance Report Requirements are intended to address technical issues encountered by accounting firms that were engaged to prepare assurance reports in 2022 for RBSL as the designated benchmark administrator of CDOR and the six Canadian banks that are benchmark contributors to CDOR.

¹ A copy of the MOU is at https://www.osc.ca/sites/default/files/2021-05/mou_20210527_designated-benchmarks.pdf

² CDOR will cease to be published after June 28, 2024. It is expected that market participants will use the Canadian Overnight Repo Rate Average (**CORRA**) as the alternative reference rate for most instruments that currently reference CDOR. CORRA is an interest rate benchmark administered by the Bank of Canada. Term CORRA is only intended to replace CDOR for certain instruments (Term CORRA's use will be limited through its licensing agreements to trade finance, loans and derivatives associated with loans).

- These technical issues related to the manner in which MI 25-102 defined limited assurance reports and referenced the Canadian Standards on Assurance Engagements 3000, 3001, 3530 and 3531.
- While CSA staff provided guidance in 2022 on how the accounting firms could address the technical issues for purposes of preparing that year's assurance reports, CSA staff are now proposing the Revised Assurance Report Requirements to provide greater certainty to the parties that are required to prepare these reports.
- We sought to ensure that the Revised Assurance Report Requirements will also work for accounting firms that apply International Standard on Assurance Engagements 3000.

In addition, the Revised Assurance Report Requirements would apply to any designated benchmark that is not a designated commodity benchmark, a designated critical benchmark or a designated interest rate benchmark (e.g., if an Authority were to designate a crypto asset benchmark that is not a commodity benchmark or a term rate benchmark that is not an interest rate benchmark).

Summary of the Proposed Amendments and the Proposed Changes

The Proposed Amendments are set out in Annex A and the Proposed Changes are set out in Annex B.

Revised Assurance Report Requirements

We have proposed to amend the assurance report provisions in MI 25-102 that apply in respect of designated commodity benchmarks, designated critical benchmarks and designated interest rate benchmarks.

- For this purpose, we have proposed to repeal or replace certain definitions in MI 25-102 and add new definitions to MI 25-102.
- Background information and more detail on the Revised Assurance Report Requirements is set out in Annex C.

Furthermore, we have proposed an additional assurance report provision (new section 13.1 of MI 25-102) that would apply to any designated benchmark that is not a designated commodity benchmark, a designated critical benchmark or a designated interest rate benchmark (e.g., if an Authority were to designate a crypto asset benchmark that is not a commodity benchmark or a term rate benchmark that is not an interest rate benchmark). Background information on proposed section 13.1 of MI 25-102 is set out in Annex D.

We have also proposed changes to the CP to reflect the Revised Assurance Report Requirements.

Other

The Proposed Amendments and the Proposed Changes also include certain clarifications to other language in MI 25-102 and CP, respectively.

Anticipated Costs and Benefits of the Proposed Amendments and the Proposed Changes

Like the existing provisions in MI 25-102 and CP, the Proposed Amendments and the Proposed Changes would only apply in respect of a benchmark that is designated by a decision of an Authority.

Overall, the Authorities are of the view that the regulatory costs of the Proposed Amendments and the Proposed Changes are proportionate to the benefits that would be realized by impacted market participants and the broader Canadian market.

Unpublished Materials

In developing the Proposed Amendments and the Proposed Changes, we have not relied on any significant unpublished study, report or other written materials.

Local Matters

Where applicable, Annex F provides additional information required by the local securities legislation.

Request for Comments

We welcome your comments on the Proposed Amendments and the Proposed Changes and also invite comments on the specific questions set out in Annex E of this Notice. Please submit your comments in writing on or before August 28, 2024. Please send your comments by email. Your submissions should be provided in Microsoft Word format.

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at asc.ca, the AMF at lautorite.qc.ca and the OSC at osc.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Address your submission to the following CSA jurisdictions:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Superintendent of Securities, Yukon
Superintendent of Securities, Northwest Territories

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other Participating Jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour PwC
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Contents of Annexes:

This Notice includes the following Annexes:

- Annex A: Proposed Amendments to Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators*
- Annex B: Proposed Changes to Companion Policy 25-102 *Designated Benchmarks and Benchmark Administrators*
- Annex C: Background information on Revised Assurance Report Requirements
- Annex D: Background information on proposed section 13.1 of MI 25-102
- Annex E: Specific questions of the Authorities relating to the Proposed Amendments
- Annex F: Local matters (where applicable)

Questions

Please refer your questions to any of the following:

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