

# CAD CDOR Fallbacks

ISDA selected Bloomberg Index Services Limited (BISL) as the official adjustment services vendor to calculate various IBOR fallbacks. Calculations published are:

- Adjusted RFR: Compounded setting in arrears Risk Free Rate (RFR) for each relevant tenor – daily compounding of RFRs (e.g., CORRA, SOFR, SONIA)
- Spread Adjustment: Median of the historical differences between the IBOR per tenor and the compounded RFR for that tenor over a five-year period prior to an announcement constituting an 'Index Cessation Event' under the ISDA Definitions (i.e., an announcement regarding current or future permanent cessation or, in the case of LIBOR, non-representative publication)
- Fallback Rate: The 'all in' fallback rate, which is the combination of the Adjusted RFR and the Spread Adjustment for each relevant tenor

Fallback Rates are published by BISL for each IBOR and Tenor below:

IBOR	TENORS	IBOR	TENORS
AUD BBSW	1M, 2M, 3M, 4M, 5M, 6M	JPY LIBOR	S/N, 1W, 1M, 2M, 3M, 6M, 12M
CAD CDOR	1M, 2M, 3M, 6M, 12M	JPY TIBOR	1W, 1M, 3M, 6M, 12M
CHF LIBOR	S/N, 1W, 1M, 2M, 3M, 6M, 12M	MYR KLIBOR	1M, 3M, 6M
DKK CIBOR	1W, 1M, 3M, 6M, 12M	NOK NIBOR	1W, 1M, 2M, 3M, 6M
EUR EURIBOR	1W, 1M, 3M, 6M, 12M	NZD BKBM BID	1M, 2M, 3M, 4M, 5M, 6M
EUR LIBOR	O/N, 1W, 1M, 2M, 3M, 6M, 12M	NZD BKBM FRA	1M, 2M, 3M, 4M, 5M, 6M
GBP LIBOR	O/N, 1W, 1M, 2M, 3M, 6M, 12M	PLN WIBOR	O/N, T/N, 1W, 2W, 1M, 3M, 6M, 12M
HKD HIBOR	O/N, 1W, 2W, 1M, 2M, 3M, 6M, 12M	SEK STIBOR	T/N, 1W, 1M, 2M, 3M, 6M
ILS TELBOR	O/N, 1M, 3M, 6M, 9M, 12M	USD LIBOR	O/N, 1W, 1M, 2M, 3M, 6M, 12M
JPY Euroyen TIBOR	1W, 1M, 3M, 6M, 12M		

## Index Cessation Event for CDOR

On Monday 16 May 2022 the Benchmark Administrator for the Canadian Dollar Offered Rate (CDOR) issued an announcement on the future cessation of all remaining CDOR tenors, i.e., the 1M, 2M and 3M tenors. These tenors will have a final publication date of Friday 28 June 2024. A previous announcement on Thursday 12 November 2020 declared the then future cessation of the 6M and 12M CDOR tenors. These duly ceased publication on Friday 14 May 2021.

As a result of the Tenor and Index Cessation Events, BISL published the final fixed Spread Adjustments for CDOR tenors as follows:

CDOR	TENOR	TICKER	SPREAD ADJUSTMENT
CAD	1 Month	YCDOR01M Index	0.29547%
CAD	2 Months	YCDOR02M Index	0.30190%
CAD	3 Months	YCDOR03M Index	0.32138%
CAD	6 Months	YCDOR06M Index	0.49375%
CAD	12 Months	YCDORIY Index	0.54820%

## How to Calculate Fallback Rates - Example

### Step 1: Determine the Accrual Start Date

- Let Monday 7 Feb 2022 be the date for which a fallback for 1M CAD CDOR rate needs to be determined (because it is the date that CAD CDOR would have been sourced per the terms of the contract). This is the **Original Rate Record Day**.
- Find the **Accrual Spot Date** by adding the spot lag for CAD CDOR which is zero Reference Rate Business Days. Therefore, the Accrual Spot Date is also Monday 7 Feb 2022 (this is also the Reset Date).
- Subtract the Offset Lag (two Reference Rate Business Days) from the above to get Thursday 3 Feb 2022 as the **Accrual Start Date**.

### Step 2: Determine the Accrual End Date

Add tenor of 1M to the Accrual Start Date using the Modified Following Business Day convention. The **Accrual End Date** is thus Thursday 3 March 2022. The last CORRA rate used in the compounding period is the rate valid for the business day prior to the Accrual End Date.

This is published at 9:00 am Eastern Time on the Accrual End Date.

### Step 3: Calculate the Adjusted RFR

$$ARR_{f,t} = \underbrace{\frac{DayCount_I}{DayCount_{RR}}}_C \times \underbrace{\frac{1}{\delta_{S_{f,t}, E_{f,t}}}}_B \times \underbrace{\left[ \prod_{u \in AP_{f,t}} (1 + \delta_{u,u+1} \times RFR_u) - 1 \right]}_A$$

**A** = Determination of compounded rate

**B** = Annualizing factor

**C** = Day count adjustment between the IBOR and the RFR (CAD CDOR and CORRA in this case both use a day count of Act/365)

**Step 4: Determine the Median Period Start Date and Median Period End Date**

Note: For CAD CDOR, the Spread Adjustment for the 1M tenor was permanently fixed on Monday 16 May 2022. For illustrative purposes in this example, the Median Period is determined as follows:

- Subtract tenor from the Original Rate Record Day to get Friday 7 Jan 2022
- Median Period End Date is two Reference Rate Business Days earlier, i.e., Wednesday 5 Jan 2022
- Median Period Start Date is five years subtracted from the Median Period End Date, i.e., Thursday 5 Jan 2017

**Step 5: Determine the spread adjustment**

The **Spread Adjustment** is the median spread between the IBOR over the relevant tenor and the Adjusted RFR over the same relevant tenor for the above period.

**Step 6: Calculate the ‘all in’ Fallback Rate**

Fallback Rate = Adjusted RFR + Spread Adjustment  
 (where both components are for the same Original Rate Record Day).

**How Fallback Rates are Applied under ISDA Definitions**

The Fallback Rates each correspond to an ‘Original IBOR Rate Record Day’, which is the date that the relevant IBOR would have been published. For certain IBORs (e.g., CAD CDOR, GBP LIBOR), this is the Reset Date under the ISDA Definitions, while for other IBORs (e.g., USD LIBOR), it is two banking days (or business days in some cases) prior to such Reset Date.

On or after the Index Cessation Effective Date with respect to the relevant IBOR under the updated ISDA Definitions, participants need to observe the fallback rate for a given IBOR and tenor that corresponds to the Original IBOR Rate Record Day. This fallback rate is observed two payment business days prior to the payment date for the relevant transaction (the ‘Fallback Observation Date’). If the fallback rate for the Original IBOR Rate Record Day is available by the cut off time on the Fallback Observation Date, that rate should be used. If it is not available, participants should use the fallback rate that has been published for the most recent Original IBOR Rate Record Day as at the cut off time on the Fallback Observation Date. The cut off times for CDOR and LIBOR Fallbacks are as follows:

Currency	RFR	RFR publication time	ISDA cut-off time
CAD	CORRA	09:00 EST/EDT	11:30 EST/EDT
CHF	SARON	18:00 CET/CEST	20:30 CET/CEST
EUR	€STR	09:00 CET/CEST	11:30 CET/CEST
GBP	SONIA	09:00 GMT/BST	11:30 GMT/BST
JPY	TONA	10:00 JST	12:30 JST
USD	SOFR	08:00 EST/EDT	10:30 EST/EDT

The full text of the ISDA Definitions, which include these fallbacks, is available via the ISDA website at [www.isda.org](http://www.isda.org).

## Accessing Data

Bloomberg makes the Adjusted RFRs, the Spread Adjustments and the Fallback Rates broadly available to industry participants through various Bloomberg distribution channels such as the Bloomberg Terminal, the Desktop API, Data License and B-PIPE. The latest available data is displayed on the Bloomberg Terminal at **FBAK <GO>**. Data for prior days is displayed at **HP <GO>**.

The data is also available through authorized redistributors and delayed data is publicly available on Bloomberg's website at [bloomberg.com/professional/solution/libor-resource-center/](https://www.bloomberg.com/professional/solution/libor-resource-center/)

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Further details, including the Usage Terms, the Methodology and a set of FAQs, are available at [bloomberg.com/professional/solution/libor-resource-center/](https://www.bloomberg.com/professional/solution/libor-resource-center/) or on the Bloomberg Terminal at **ISDA <GO>**.

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