

FINAL CORRA AND CDOR FALLBACK PROVISIONS

PURPOSE

To release NHA MBS Information Circulars (CMHC 2834) with final CORRA and CDOR fallback provisions and provide an update on the future of CDOR NHA MBS.

BACKGROUND

As previously announced in Advice No. 13 and its subsequent update, CMHC is revising CMHC 2834 to incorporate final CORRA and CDOR fallback provisions that align with the fallback recommendations for CORRA and CDOR published by the Canadian Alternative Reference Rate Working Group (CARR) in July and November 2021, respectively.

POLICY AMENDMENT

By no later than September 1, 2022, Approved Issuers are required to use the updated version of the CMHC 2834 Information Circular included in this Advice.

NHA MBS Information Circular (CMHC 2834)

The CMHC 2834 is updated with the final fallback provisions for both CORRA and CDOR NHA MBS. In addition, disclosure regarding CORRA and its use as a reference rate for floating rate securities was removed from CMHC 2834. This version can be found under the NHA MBS FUTURE FORMS section on [CMHC Website](#) and will be moved to NHA MBS PROGRAM FORMS after September 1, 2022. Starting May 1, 2022, Approved Issuers can use either this version of the CMHC 2834 or the version released on November 24, 2021.

Future of the CDOR NHA MBS

On December 16, 2021, CARR published a white paper recommending that the calculation and publication of CDOR should be ceased after June 30, 2024, and that all new derivative contracts and securities are expected to have transitioned to using CORRA by June 30, 2023, with no new CDOR exposure after June 30, 2023, except with limited exceptions. CMHC supports the CARR recommendation and expects to cease the issuance of any new CDOR NHA MBS pools after December 31, 2022, barring any unforeseen circumstances. CMHC recommends that Approved Issuers stop issuing CDOR NHA MBS and start issuing CORRA NHA MBS as soon as possible on or after May 1, 2022. CMHC expects to provide a further update on the future of CDOR NHA MBS in mid 2022.

EFFECTIVE DATE OF CHANGE

Use of the revised CMHC 2834 will be mandatory for all NHA MBS pools issued on and after September 1, 2022. Issuers and investors can find all of the NHA MBS forms on [our website](#).

The next update to the NHA Mortgage-Backed Securities Guide will reflect this policy amendment.

ENQUIRIES

For further details on these policy changes please contact Geneviève Julien at gjulien@cmhc.ca or the CMHC Securitization Centre at securitization@cmhc.ca.



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