

## **Proposed change in respect of benchmarks holding CDOR vs SOFR Cross Currency Swaps – consultation period starting 18 May 2023**

DBIQ acting as or on behalf of the index administrator (however so described) (the "**Index Administrator**") of each benchmark in the lists referenced below proposes to make certain changes to the methodology of such benchmarks and hereby provides notice that there will be period of consultation with users of such benchmarks in respect of such changes running from (and including) the date of this notice and up to (and including) 16 June 2023.

A full list of directly affected benchmarks is available in Appendix 1 (*List of Directly Affected Indices*).

A list of benchmarks dependent on the directly affected benchmarks is available in Appendix 2 (*List of Dependent Indices*).

### **Proposed changes**

The relevant benchmarks currently reference a CAD CDOR (Canadian Dollar Offered Rate) and/or a CAD swap curve based on CDOR rates and instruments linked to CDOR (or, in respect of the benchmarks listed in Appendix 2 (*List of Dependent Indices*), reference one or more such relevant benchmarks). In accordance with the "Change in Methodology" provisions of the benchmarks, the Index Administrator proposes to amend the methodology of the benchmarks such that they will instead reference the Canadian Overnight Repo Rate Average (CORRA) and/or a CAD swap curve based upon CORRA, as applicable. Furthermore, where the title of any relevant benchmark reflects the reliance on CAD CDOR (whether directly or by reference to any applicable floating rate period) the title of such benchmark will be updated to reflect the changes described in this paragraph.

### **Reasons for the change**

Pursuant to the forthcoming anticipated discontinuation of CDOR in June 2024, the Bank of Canada have published a roadmap for transition from CDOR to CORRA<sup>1</sup>.

In view of the forthcoming anticipated discontinuation of CDOR and the associated industry-wide transition to CORRA based instruments supported by the Superintendent of Financial Institutions (OSFI) and the Bank of Canada, the Index Administrator is of the view that the representativeness of the benchmarks in respect of the economic reality they are intended to measure, and their appropriateness as a reference for financial instruments and contracts, would be put at risk in the absence of the proposed material change. The Index Administrator proposes to make this change in advance of the anticipated discontinuation of CDOR, in line with the of the OSFI and Bank of Canada guidance and as liquidity in the CORRA swaps market is now sufficient to provide an appropriate basis of reference.

### **Impact of the change**

If the proposed change is implemented, from and including the date of the change, the relevant benchmark will reference a CORRA-based swap curve in place of a CDOR-based swap curve and/or a CORRA-derived rate in place of CDOR, as applicable. It is impossible to predict either how a CORRA-based swap curve as compared with a CDOR-based swap curve or the substitution of CDOR with a CORRA-derived rate will affect a benchmark going forward. Although past performance is not an indicator of future performance, the Index Administrator has performed an analysis using historic data and concluded that the performance of the CDOR-based swap curve and the CORRA-based swap curve and-or CDOR swap instruments with CORRA-derived swap instruments, in each case for a given tenor, are correlated and meet consistent economic objectives. Further details are available on request from the Index Administrator for users of the relevant benchmark at: [index.data@db.com](mailto:index.data@db.com)

For a discussion of the different rate-based swaps, and the relative factors that may be reasonably expected to affect such rates, users are invited to contact the Index Administrator at: [index.data@db.com](mailto:index.data@db.com)

### **User feedback**

Users are invited to provide feedback on the proposed change during the consultation period. In order to provide such feedback, or for further details in respect of the proposed change including the potential impact on any relevant benchmark, please contact your Deutsche Bank representative or the DBIQ team at: [index.data@db.com](mailto:index.data@db.com)

### **Results of the consultation**

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<sup>1</sup> <https://www.bankofcanada.ca/wp-content/uploads/2023/02/CARR-milestones.pdf>

The Index Administrator will consider feedback on the proposal received during the consultation period and, if appropriate, will consider amending or implementing the proposal on this basis. The Index Administrator will notify users of the outcome of the consultation and the timeline for the implementation of any changes.

## Appendix 1 – List of Directly Affected Indices

Index Name	Ticker
Ascent Broad- Tranche 1 JAJ0	
Ascent Broad- Tranche 2 FMAN	
Ascent Broad- Tranche 3 MJSD	
CADUSD XCCY - JAJ0 - Ascent Broad Rebal	
CADUSD XCCY - FMAN - Ascent Broad Rebal	
CADUSD XCCY - MJSD - Ascent Broad Rebal	
DB Ascent Broad 2.0 USD JAJ0 Sub Index	
DB Ascent Broad 2.0 USD FMAN Sub Index	
DB Ascent Broad 2.0 USD MJSD Sub Index	
DB Ascent Broad 3.0 USD JAJ0 Sub Index	
DB Ascent Broad 3.0 USD FMAN Sub Index	
DB Ascent Broad 3.0 USD MJSD Sub Index	
DB USDCAD 1Y1Y Cross Currency Basis Excess Return Index	DBDSCA11
DB USDCAD 1Y2Y Cross Currency Basis Excess Return Index	DBDSCA12
DB USDCAD 1Y5Y Cross Currency Basis Excess Return Index	DBDSCA15
DB USDCAD 1Y10Y Cross Currency Basis Excess Return Index	DBDSCA1D

## Appendix 2 – List of Dependent Indices

<b>Index Name</b>	<b>Ticker</b>
Ascent Broad	DBACTBRU
Ascent Broad in EUR	DBACTBRE
Global Ascent II - USD	DBAC12U2
Global Ascent II - EUR	DBAC12E2
DB Ascent Broad 2.0 USD Index	DBACTB2U
DB Global Ascent III USD Index	DBAC12U3
DB Global Ascent IV USD Index	DBAC12U4
DB Global Ascent V USD Index	DBAC12U5
DB Ascent Broad 3.0 USD Index	DBACTB3U
Global Rates Ascent II Strategy	DBCUASU2
Global Rates Ascent II Leveraged Strategy	DBCUASL2
DB Global Ascent VC 5% Index	DBCUAC5P
DB Global Ascent III with Intraday Trend USD Index	DBAC12T3
DB Global Ascent III USD Hedged to AUD Index	DBAC12A3
Custom XCCY Swap Portfolio JPY	DBSMCUSB