

Bank of Canada Announces Additional Measures to Support Market Functioning

Notice - Friday, March 20, 2020, 16:00 (ET)

The Bank of Canada (Bank) continues to take actions to support the efficient and continuous functioning of Canadian financial markets by ensuring that the Canadian financial system has sufficient liquidity and that financial institutions can continue to extend credit to both households and businesses. To that end, the Bank is announcing four measures today designed to support market functioning given the rapidly evolving uncertainty around the impact of COVID-19.

First, the Bank is increasing the frequency of its Term Repo operations to at least **twice a week** starting Tuesday March 24, 2020. Operational details will be communicated along with future upcoming operations on the Bank's [website](#). The previously revised Term Repo [terms and conditions](#) remain in effect. The details of the upcoming operations for the week of March 23, 2020 are as follows:

Auction Type	Amount	Auction Date	Settlement Date	Term (Days)	Maturity Date
Regular	\$4 billion	24 March 2020	26 March 2020	175	17 September 2020
Regular	\$8 billion	24 March 2020	26 March 2020	357	18 March 2021
Regular	\$8 billion	26 March 2020	30 March 2020	360	25 March 2021
NHA MBS	\$4 billion	26 March 2020	30 March 2020	87	25 June 2020

Second, the Bank is announcing its intention to activate the Contingent Term Repo Facility (CTRF) by April 3rd to counter any severe market-wide liquidity stresses and further support the stability of the Canadian financial system. Upon activation, the CTRF would offer Canadian dollar term funding to eligible counterparties on a standing, bilateral basis. This facility would provide funding liquidity to a broad range of financial institutions that can demonstrate significant activity in the Canadian money and/or bond markets, are subject to federal or provincial regulation, and meet any other conditions the Bank may require. Terms and Conditions would be published upon activation. Stakeholders interested in signing legal documents or discussing their eligibility to the CTRF are asked to reach out to the Bank.

Third, following the previously announced [Coordinated Central Bank Action to Enhance the Provision of Global US Dollar Liquidity](#) the Bank is announcing that it intends to launch a USD Term Repo Facility, should the need arise. Funding would be provided against a broad range of Canadian dollar collateral eligible for the [Standing Liquidity Facility](#). Upon activation, the US dollar Term Repo Facility would provide US dollar liquidity to Canadian Primary Dealers and operations would be done on a fixed-rate full-allotment basis and at overnight index swaps + 25 bps. Terms and Conditions will be published at the time of activation.

Finally, reflecting the scale of liquidity operations the Bank is undertaking and the associated increases in settlement balances, the operating band will be narrowed to 25 basis points compared to 50 basis points previously. Effective Monday, March 23rd, the deposit rate will be set to the current target for the overnight rate.

The Bank of Canada continues to closely monitor global and domestic market developments and remains committed to providing all the liquidity the financial system needs so that it can continue to serve Canadians.

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