Bank of Canada to Introduce a Provincial Bond Purchase Program

Notice - Wednesday, April 15, 2020, 11:15 (ET)

The Bank of Canada today announced its intention to introduce a Provincial Bond Purchase Program (PBPP) to further support the liquidity and efficiency of provincial government funding markets.

This program will supplement the already-implemented Provincial Money Market Purchase Program. The aim of both these programs is to maintain well-functioning provincial funding markets in the face of significant demands for funding as governments implement their emergency measures, and businesses and households seek to bridge this difficult period.

The PBPP will purchase eligible securities in the secondary market. Eligible securities are made up of Canadian-dollar denominated bonds issued by all provinces and fully-guaranteed provincial agencies with remaining terms-to-maturity up to ten years. The program size will be capped at $50 billion. The program will remain active for a period of 12 months. The program’s parameters may be expanded if conditions warrant.

The Bank will conduct a targeted competitive process to select an asset manager to run this program. As previously announced, the Bank has retained BlackRock Financial Markets Advisory to provide advisory services and CIBC Mellon to serve as custodian.

The PBPP is expected to be operational in early May. The specific launch date and further operational details are expected to be announced by the end of April.

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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