



BANK OF CANADA
BANQUE DU CANADA

Commercial Paper Purchase Program (CPPP) – Term Sheet

April 2, 2020

Program Format

- The Commercial Paper Purchase Program (“CPPP” or “the program”) will be structured as a direct purchase program into a separate account held by the Bank of Canada (“BoC” or “the Bank”), managed by TD Asset Management Inc. (“TDAM” or “the Asset Manager”) and supported by Canada Imperial Bank of Commerce Mellon (“CIBC Mellon” or “the Custodian”). The program will serve to facilitate the issuance of commercial paper (“CP”) by eligible issuers in order to ensure credit flow and normal CP market functioning.

Duration

- The program will begin on April 2, 2020 and operate for 12 months from April 2, 2020 to April 1, 2021.

Eligible Issuers

- Eligible issuers are Canadian issuers of CP, including Canadian incorporated firms, municipalities and provincial agencies with an outstanding CP program.

Eligible Assets

- The program will purchase CP new issuance in the primary market via dealers and after issuance from eligible counterparties in the secondary market. The program will purchase from eligible issuers up to three-month CAD-denominated CP, including asset-backed CP (“ABCP”). Draws can be rolled during the operation of the program.

Ratings

- Eligible issuers will have a minimum short-term credit rating of R-1 High/Mid/Low from DBRS Morningstar as of April 2, 2020. If an issuer does not have a short-term credit rating from DBRS Morningstar, but has a short-term credit rating from Fitch, Moody’s, or S&P, the Bank will, at its discretion, determine whether the issuer is eligible. Issuers with a Fitch, Moodys or S&P rating must notify the asset manager 24 hours in advance of its request to participate in the CPPP. If an issuer is downgraded after April 2, 2020, the

issuer will remain eligible for purchase in the program, subject to Bank of Canada approval.

Issuer Limits

- The maximum amount of a single issuer's CP the program may own at any time will be limited to 1.25x the greatest amount of CAD-denominated CP that the issuer has outstanding on any day in the 12 months prior to April 2, 2020. The program will not purchase additional CP from an issuer whose total CP outstanding to all investors (including the program) equals or exceeds the program issuer limit described above.

Pricing

- The program will purchase CP at a spread above a reference rate, based on the current 3-month Canadian overnight index swap ("OIS") rate. The Bank reserves the right to adjust its pricing to meet policy objectives. All purchases will be on a fixed rate basis. Pricing will differ based on the credit rating of the issuer, with different spreads being applied to (1) issuers with DBRS short-term credit rating of R-1 High or Mid, and (2) issuers with DBRS short-term rating of R-1 Low. Indicative spread levels by rating are subject to change and will be posted on the Bank's website at 4:00pm ET daily. Posted pricing will be applied to purchases executed by TDAM on the next business day. The 3-month OIS will be struck at 11:00am ET on the day of pricing, based on the rate posted on the Bloomberg CDSOC ticker.

Program Operation

- Offers to sell primary and secondary CP to the program must be communicated via dealers to TDAM between 10:00am and 11:00am ET. For primary market sales, counterparties must provide details of the issuing entity and the nominal amount offered. For secondary market sales, counterparties must provide the CUSIP/ISIN, the maturity date, and the nominal offered. Price of secondary securities is to be determined using the Pricing described above. In order to participate in the program, dealers will be required to fill out a registration form disclosing issuer name, certified issuance limit, and other operational details.