



Government of Canada Bond Purchase Program: Terms and Conditions

Operational details

- The Bank will announce specific operational details (size, timing, the basket of eligible securities) at least one day ahead of each operation.

Type of transaction

- Government of Canada bonds will be purchased outright on a cash basis by the Bank of Canada through the Government of Canada Bond Purchase Program (GBPP).

Type of auction

- Purchases will be conducted through a multiple-rate, competitive reverse auction for a fixed Canadian-dollar par-value amount across a basket of eligible bonds.

Eligible counterparties

- **Government securities distributors** and customers may submit competitive offers only. Offers may be submitted by both government securities distributors and by customers, provided that, in the case of an offer by a customer, the customer has obtained a bidder identification number (BIN) from the Bank of Canada for Government of Canada securities auctions prior to the operation.
- Offers by customers must be submitted through a government securities distributor and include the customer's BIN. Where a government securities distributor submits offers, both on its own behalf and on the behalf of a customer, the offers on behalf of the customer must be listed separately from the distributor's own offers.
- Consistent with the Terms of Participation in Auctions for Government Securities Distributors, all eligible participants shall comply with IIROC Rule 2800, the Code of Conduct for IIROC-Regulated Firms Trading in Wholesale Domestic Debt Markets.
- The Bank of Canada has sole discretion to remove a government securities distributor or customer from the list of eligible participants for the GBPP. The Bank of Canada is also able to cap or limit a counterparty's offer(s) in an auction or otherwise cease purchasing Government of Canada bonds from that counterparty for any reason.

Maximum offer limit

- For each targeted bond, neither the total amount of bonds offered by a government securities distributor on its own behalf nor the total amount of bonds offered by a customer may exceed the maximum total purchase amount specified in the operation details.
- For each targeted bond included in the operation details, government securities distributors may submit up to five offers on their own behalf and up to five offers on behalf of each of their customers.
- Each offer must be stated in multiples of \$1,000 subject to the condition that each individual offer be for a minimum par value of \$1,000,000. Each offer shall state the yield to maturity to three decimal places (on a real yield basis in the case of real return bonds). Government securities distributors shall not make an offer directly or indirectly on behalf of, or in concert with, any other government securities distributor.

Auction process

- Offers shall be submitted to the Bank of Canada via its auction system or by any other method acceptable to the Bank of Canada and communicated to the counterparties. The Bank of Canada shall not bear any liability whatsoever for any errors in offers received or for delays in the transmission of offers.

Allocation mechanism

- The purchase price and payment required for each accepted offer will be determined on the basis of the accepted offer yields submitted. The calculation of the price for accepted offers will be carried to three decimal places on the basis of price per hundred, plus accrued interest (and inflation indexation adjustment in the case of real return bonds), if applicable.
- The Bank of Canada reserves the right to accept or reject any or all offers, in whole or in part, including without limitation, the right to accept less than the total amount specified in the operation details.

Results

- The operation results will be made available on the day of the operation via the Bank of Canada's auction system, or by any other method acceptable to the Bank of Canada and used to conduct the purchase operation. Those submitting offers will be notified of the acceptance or rejection, in whole or in part, of the submitted offers. Summary results for each operation will also be made available on the Bank of Canada's website.

Counterparty settlement instructions

- Securities shall be delivered to the Bank of Canada by 4:00 p.m. (EST) through

CDSX on the settlement day of the auction, on a delivery of securities versus payment of funds basis.

- In taking delivery of the purchased bonds from government securities distributors, the Bank of Canada will utilize CDSX provided by CDS Clearing and Depository Services Inc. ("CDS"). The delivery of bonds from a customer shall be settled through the government securities distributor who submitted the offer for the customer.
- Government securities distributors shall observe all applicable CDS Rules, Procedures, and User Guides for CDSX.
- The Bank of Canada's CDS settlement customer unit identifier (CUID) is BOCB.
- Settlement of purchases will occur two days after the transaction date (T+2).

Legal arrangements

- The Bank of Canada reserves the right to change the terms of subsequent GBPP operations by posting a revised version of these terms and conditions.
- All offers submitted by eligible counterparties for the Bank of Canada GBPP shall be subject to these terms.
- Each offer shall be unconditional and shall be received by the Bank of Canada not later than the time, and on the auction day, specified in the operation details, to which the offer is a response.
- All bonds delivered pursuant to offers from government securities distributors must be submitted free and clear of all liens, charges, claims, encumbrances, security interest, or other restrictions of any kind and a government securities distributor, in delivering bonds, is deemed to warrant and represent that all bonds delivered by it are so free and clear.
- No fees or commissions will be paid by the Bank of Canada in connection with these purchases of Government of Canada marketable bonds.