

Effective April 30, 2010

Terms and Conditions for Term Repo for Balance Sheet Management Purposes

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| Operation details: | Auction date, amount, settlement date, maturity date, substitution dates (if applicable), and other information will be announced by the Bank of Canada ahead of each auction. |
| Type of auction: | Multiple yield competitive auction for a fixed par Canadian dollar (CAD) amount. |
| Eligible counterparties: | Canadian Primary Dealers (PDs) in Government of Canada securities |
| Bidding process: | <p>Each bid must be submitted on a yield basis, up to two decimal places.</p> <p>A maximum of three bids can be submitted by each bidder.</p> <p>Verbal bids must be confirmed in writing.</p> <p>The minimum bid amount is \$10 million, with minimum increments of \$1 million.</p> <p>The Bank of Canada reserves the right to accept or reject any or all bids, in whole or in part, including, without limitation, the right to accept less than the total amount specified ahead of the auction.</p> |
| Bid Rates: | No minimum or maximum bid rates |
| Allocation mechanism: | Funds will be allocated in descending order of bid yields. Bids at the highest yield will be accepted first, and subsequently bids at successively lower yields will be accepted until the total amount of funds auctioned have been allocated. Bids at the cut-off yield (minimum accepted yield) will be pro-rated, and rounded down to the nearest \$1 million. |
| Maximum allocation: | Maximum aggregate outstanding for Term Repo for Balance Sheet for participants rated A or higher is \$2 billion; for those rated either BBB or lower, or those without a rating, the aggregate limit is \$1 billion. |
| Timing of results: | <p>Winning bidders will be notified by telephone following the allotment of the auction. The Bank of Canada will fax each winning bidder confirmations, setting out the specific terms of the transaction, including the securities. Results will be published on the Bank of Canada website as soon as possible following the auction.</p> <p>The total amount of assets acquired through each term Repo operation will be announced on the Bank of Canada's website on the settlement day by 16:45 (ET). These transactions will also be reflected on the Bank of Canada's balance sheet.</p> |
| Eligible securities: | Only directly-issued Government of Canada marketable securities denominated in Canadian dollars are eligible for these transactions. The securities must not mature on or prior to the date of maturity of the Term Repo operation. |
| Notification of | Counterparties must notify the Bank of Canada, in the form instructed, of the |



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| securities to be used: | securities that will be used as securities by 11:00 ET on the trade date. |
| Margins: | Eligible securities are subject to the same margin requirements as those applicable in the Standing Liquidity Facility (See Margin Requirements at http://www.bankofcanada.ca/en/financial/securities.pdf). |
| Margin Calls: | Transactions will be subject to margin calls if the value of the posted eligible securities falls below a threshold acceptable to the Bank of Canada. |
| Interest Calculation: | Interest on the funds will be calculated on an actual/365 day basis. |
| Coupon and Principal Payments: | All coupon payments received by the Bank of Canada on the securities during the term of the transaction will be kept by the Bank of Canada. The final settlement amount will be adjusted, as required, to account for these receipts in accordance with the Bank of Canada's Purchase and Resale Agreement. |
| Counterparty Settlement Instructions: | Securities shall be delivered to the Bank of Canada by 3 p.m. (Ottawa time) through CDSX on the settlement day of the auction, on a delivery of securities versus payment of funds basis. Securities to be delivered shall be confirmed with and priced by the Bank of Canada after the auction and prior to delivery. Bank of Canada CDS settlement CUID is BOCB. |
| Substitution: | On pre-announced substitution dates, the participants will have the right to substitute a maximum of three (3) securities underlying all transactions subject to notice by noon two business days prior to the substitution date and in accordance with the Bank's Purchase and Resale Agreement. |
| Legal Arrangements: | Eligible counterparties must have made the appropriate legal arrangements with the Bank of Canada. The Bank of Canada reserves the right to change the terms of subsequent Term Repo transactions by posting a revised version of these Terms and Conditions. Each bid shall be unconditional and shall be received by the Bank of Canada, not later than the time, and on the auction day, announced ahead of the auction. |