

Overview of the Draft Terms for Auctions of Government of Canada Ultra-Long Bonds

Characteristics	Government of Canada Ultra-Long Bond Auction
Bidders	<ul style="list-style-type: none"> • Government securities distributors (GSDs) can bid directly through the <i>Communication, Auction and Reporting System (CARS)</i>. • Customers can bid indirectly through GSDs. • Customers may submit bids through multiple GSDs.
Auction Size	<ul style="list-style-type: none"> • Maximum auction size will be specified in the call for tender.
Pricing Mechanism	<ul style="list-style-type: none"> • Uniform pricing (successful bids are allocated at the cut-off yield).
Auction Allocation Process	<ul style="list-style-type: none"> • Non-competitive bids are accepted first. • Competitive bids are accepted in rising order of yield until full issuance amount is allotted.
Bidder Identification Number	<ul style="list-style-type: none"> • To bid competitively, customers require a Bidder Identification Number (BIN) or an ultra-long BIN. • Only the draft Terms for Auctions of Government of Canada Ultra-Long Bonds is applicable to customers with an ultra-long BIN.
Competitive Auction Limit	<ul style="list-style-type: none"> • GSDs and customers both have a maximum competitive bidding limit of 50 per cent of the total tender size on their own behalf. • GSDs have a maximum submitting limit of 100 per cent for its own account and on behalf of customers.
Non-Competitive Auction Limit	<ul style="list-style-type: none"> • GSDs are not allowed to place non-competitive bids. • GSDs can bid up to \$10 million on behalf of customers. • Each customer can bid for a maximum of \$5 million. • Customers do not require a BIN or ultra-long BIN to bid non-competitively; however, GSDs are required to list non-competitive bids by customers separately.
Net Position Reporting	<ul style="list-style-type: none"> • GSDs and customers are not required to report their net position of ultra-long bond holdings at any time.
Compliance	<ul style="list-style-type: none"> • GSDs and customers are not required to complete an annual compliance report for their participation in ultra-long bond auctions.
Minimum Bidding Obligation	<ul style="list-style-type: none"> • GSDs and customers do not have a minimum bidding obligation. • The Bank of Canada is eligible without restriction to participate in each auction. However, there are no current plans for the Bank of Canada to participate in ultra-long auctions.
Call for Tenders	<ul style="list-style-type: none"> • Official call for tender issued at least one day prior to the auction. • Any call for tenders for ultra-long bonds would be communicated outside of the <i>Quarterly Bond Schedule</i> during the course of the fiscal year.
Bidding Format	<ul style="list-style-type: none"> • Bids will be placed in the form of yields.
Number of Bids per Auction Participant	<ul style="list-style-type: none"> • GSDs and customers can submit up to seven competitive bids.