

**INDEMNITY AGREEMENT
(CORPORATE BOND PURCHASE PROGRAM)**

THIS INDEMNITY AGREEMENT dated as of May 26, 2020 is made between the Bank of Canada, a body corporate established by the *Bank of Canada Act* (Canada), and Her Majesty the Queen in Right of Canada, as represented by the Minister of Finance.

WHEREAS:

- A. the Bank has established a Corporate Bond Purchase Program under which it intends to purchase Corporate Bonds issued by Canadian issuers; and
- B. the Government has agreed to indemnify the Bank against any and all losses that the Bank may suffer upon the sale or other disposition of any such Corporate Bonds or by reason of any failure on the part of the Issuer to make payment in full when due of any and all amounts owing under such Corporate Bonds.

NOW THEREFORE, for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereby agree as follows:

**ARTICLE 1
INTERPRETATION**

Section 1.1 Defined Terms.

As used in this Agreement, including the recitals, the following terms have the following meanings:

“Bank” means the Bank of Canada.

“Business Day” means any day of the year, other than a Saturday, Sunday or other day on which the Bank or the Department of Finance, Canada is closed for business.

“Corporate Bond” means any security, bond, debenture, note or other instrument representing or evidencing indebtedness of the Issuer thereof, including any interest therein or any financial asset or security entitlement related thereto.

“Cost” means, in relation to any Subject Corporate Bond, and at any time, the book value of such Subject Corporate Bond at such time, measured at its amortized cost, using the effective interest method in accordance with the International Financial Reporting Standards 9 (IFRS 9) related to the classification and measurement of financial instruments, as the same may be amended, replaced or superseded from time to time, provided that in the case of a Subject Corporate Bond of a class or series, the Cost, at any time, shall be the weighted average Cost of all Subject Corporate Bonds of that class or series, calculated as aforesaid, then held by the Bank, in each case determined by the Bank in good faith. Subject to Section 2.1(4), any and all such calculations and determinations made by the Bank shall be conclusive and binding upon the Government for all purposes of this Agreement, absent manifest error.

“Credit Documents” means in relation to any Corporate Bond, any agreement or instrument evidencing the Obligations thereunder or providing for a guarantee, security or other credit support in respect of such Obligations.

“Demand” has the meaning ascribed to such term in Section 3.1(1).

“Disposition” means, in relation to any Subject Corporate Bond, any sale, transfer, assignment, disposition or any other transaction, other than a repurchase transaction, by which the Bank disposes of its interest in such Subject Corporate Bond, and for purposes of this Agreement a Disposition shall be deemed to occur when such transaction settled, or should have settled.

“Government” means Her Majesty the Queen in Right of Canada, as represented by the Minister of Finance.

“Insolvency Event” means, in relation to any Issuer, any of the following events: (i) such Issuer commences, or there is commenced against such Issuer, a proceeding under any insolvency, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, bankruptcy, liquidation or other similar statute; or (ii) any order of relief or other order approving any such case or proceeding (including the entry of an order of relief against it or for the appointment of a receiver, controller, receiver-manager, trustee, monitor, custodian or similar official for it or for any substantial part of its property) is made or entered; or (iii) a receiver, receiver-manager, trustee or similar official is appointed for it or for any substantial part of its property; or (iv) the Issuer makes a general assignment for the benefit of creditors.

“Issuer” means, in respect of any Corporate Bond, the Person who is the issuer thereof, and any other Person obligated thereon.

“Loss” means in respect of a Loss Disposition and a related Subject Corporate Bond, the amount if any by which the Cost of such Subject Corporate Bond at the time of such Loss Disposition exceeds the Net Proceeds to the Bank in relation to such Subject Corporate Bond and such Loss Disposition, and **“Losses”** means the Loss in respect of more than one Loss Disposition.

“Loss Disposition” means any Disposition for which the Cost of the related Subject Corporate Bond at the time of such Disposition exceeds the Net Proceeds to the Bank in relation to such Subject Corporate Bond and such Disposition.

“Market Notice” means the Corporate Bond Purchase Program Market Notice issued by the Bank on May 19, 2020, together with the term sheet and all other related documents referred to therein or otherwise available on the related webpage, all as amended, supplemented or replaced from time to time.

“Net Proceeds” means the net proceeds actually received by the Bank upon, and by reason of, any Disposition of Subject Corporate Bond, after deducting or making provision for all related commissions, discounts and other costs of sale.

"Parties" means the Bank and the Government, collectively.

"Payment in Full" has the meaning ascribed thereto in Section 3.2 (2).

"Person" means any natural person, sole proprietorship, partnership, corporation, trust, joint venture, governmental authority, incorporated or unincorporated entity, or incorporated or unincorporated association of any nature.

"Program" means the Corporate Bond Purchase Program established by the Bank, as more fully set out in the Market Notice, under which the Bank may from time to time acquire Corporate Bonds, as amended, supplemented or replaced from time to time.

"Obligations" means, in respect of any Subject Corporate Bond, the debts, liabilities and obligations of the Issuer or Issuers under or in respect of such Subject Corporate Bond.

"Qualified Issuer" means an "Eligible Issuer" as described in the Market Notice (including any equivalent or replacement description).

"Settlement Amount" means for a Settlement Period, the aggregate amount of all Losses related to all Loss Dispositions during such Settlement Period.

"Settlement Period" means each calendar month beginning with May 2020.

"Settlement Statement" means, in relation to a Settlement Period, a statement substantially in the form of Schedule B attached hereto, prepared by the Bank, setting out in reasonable detail each Loss Disposition, and in relation to each such Loss Disposition, the calculation of the Cost of the related Subject Corporate Bond, the Net Proceeds of the Loss Disposition and the Loss.

"Subject Corporate Bond" means (i) any Corporate Bond issued by a Qualified Issuer, acquired by the Bank pursuant to or in connection with the Program, on or after May 26, 2020, whether in the primary market on issuance, in the secondary market, by completion of a repurchase transaction under which the Bank repurchases, or by way of rollover on the maturity of a Subject Corporate Bond held by the Bank, and (ii) any Corporate Bond designated pursuant to Section 1.2(1) or reflected as a Subject Corporate Bond in the records of the Bank in accordance with Section 1.2(2), in all cases as converted, redesignated or exchanged from time to time.

"Termination Date" means April 15, 2028, or such other date as the Parties may agree.

Section 1.2 Designation and Reports.

- (1) The Bank may, at any time, and from time to time, by notice to the Government, designate any Corporate Bond acquired whether in the primary or secondary market or otherwise held by the Bank on or after May 26, 2020, as a Subject Corporate Bond and any such designation shall be conclusive and binding upon the Government for all purposes of this Agreement.

- (2) The records of the Bank shall be conclusive and binding upon the Government, absent manifest error, with respect to whether any Corporate Bond was acquired by the Bank on or after May 26, 2020 pursuant to the Program, and, therefore, with respect to whether any Corporate Bond is a Subject Corporate Bond.
- (3) The Bank shall use reasonable efforts to publish from time to time on its website the aggregate principal or face amount of all Subject Corporate Bonds then held by the Bank, provided that the failure of the Bank to so publish shall not limit or reduce the liability of the Government hereunder.
- (4) Upon request made by the Government, the Bank shall use reasonable efforts to produce and deliver to the Government a monthly report listing the Subject Corporate Bonds acquired by the Bank since the last such report, whether in the primary market on issuance, in the secondary market, by completion of a repurchase transaction or by way of rollover or conversion, setting out such details as the Issuer, the CUSIP, ISIN or other identifying security number, principal amount, maturity date and coupon, provided that the failure of the Bank to use reasonable efforts to produce and deliver such a report or reports shall not limit or reduce the liability of the Government hereunder.

Section 1.3 Headings, etc.

The division of this Agreement into Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.

Section 1.4 Recitals.

The recitals form an integral part of this Agreement.

Section 1.5 References to Agreements.

Except as otherwise provided in this Agreement, any reference to this Agreement or any other agreement or document means this Agreement or such other agreement or document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented in accordance herewith and therewith.

ARTICLE 2 LOSSES ON DISPOSITION

Section 2.1 Losses on Disposition.

- (1) The Government shall indemnify and hold harmless the Bank against, and shall pay to the Bank, an amount equal to the aggregate amount of all Losses in respect of all Loss Dispositions of Subject Corporate Bonds.
- (2) The Bank shall deliver to the Government following each Settlement Period in which a Loss Disposition occurs a Settlement Statement setting out each Loss Disposition during the Settlement Period, as well as, in respect of each such Loss Disposition and the related Subject Corporate Bond, the Cost of such Subject Corporate Bond at the time of such

Loss Disposition, the Net Proceeds to the Bank in relation to such Subject Corporate Bond and such Loss Disposition and the Loss. Any and all such calculations and determinations made by the Bank in the Settlement Statement shall be conclusive and binding upon the Government, absent manifest error.

- (3) The Government shall pay to the Bank, in accordance with Section 5.1, on the second Business Day following delivery by the Bank of a Settlement Statement in respect of a Settlement Period, the Settlement Amount for such Settlement Period, as set out in the Settlement Statement.
- (4) If, upon reviewing a Settlement Statement, the Government determines in good faith that such Settlement Statement contains one or more material errors, the Government may, by notice to the Bank given within one Business Day after receipt (each, an “**Error Notice**”), bring such error or errors to the attention of the Bank, provided that delivery of an Error Notice shall not relieve the Government of its obligation to pay the Settlement Amount shown on such Settlement Statement in accordance with Section 5.1. The Bank shall consider each Error Notice in good faith and give notice to the Government within a reasonable time after receipt as to whether it agrees or disagrees with the Government’s determination. If the Bank agrees, it shall rectify the errors set out in the Error Notice by making appropriate corrections and adjustments to the next succeeding Settlement Statement and the Settlement Amount set out therein.
- (5) Any Loss Disposition in a Settlement Period which is not set out in a Settlement Statement delivered in relation to such Settlement Period may be set out in any subsequent Settlement Statement and in that case the Loss shall not change, will be set out separately on the subsequent Settlement Statement and will be recoverable by the Bank as if it had occurred in the subsequent Settlement Period to which such subsequent Settlement Statement relates.
- (6) Each Loss, and any aggregate amount of Losses for any Settlement Period, shall be calculated without regard to, and shall not be reduced by, any gain realized by the Bank on any Disposition of a Subject Corporate Bond, or by any interest or other amount received by the Bank in respect of any Subject Corporate Bond, in each case whether within or outside the relevant Settlement Period, and whether or not in relation to a Subject Corporate Bond of the same issue or series.

Section 2.2 Good Faith Efforts to Limit Cost.

In conducting any purchases of Corporate Bonds under the Program, whether by way of reverse auction or otherwise, the Bank shall make good faith, commercially reasonable efforts to ensure that its bids are made at such prices as shall limit the aggregate Cost of the Subject Corporate Bonds so purchased, provided that, for greater certainty, the foregoing shall not require the Bank to seek or transact at the lowest available price.

Section 2.3 Subrogation.

No rights of subrogation or other similar rights arise in favour of the Government upon any payment pursuant to this Article 2.

ARTICLE 3
INDEMNIFICATION AND PAYMENT ON ISSUER DEFAULT

Section 3.1 Indemnification and Payment on Issuer Default.

- (1) If any Issuer fails to make, or cause to be made, payment in full to the Bank of all principal, interest, discount, premium or any other amounts due under or in respect of any Subject Corporate Bond when the same are due and payable, after giving effect to any days of grace, including by way of acceleration on default, then the Government shall, on demand made by the Bank at any time and from time to time following any such failure, (a "**Demand**"), indemnify and save harmless, as principal obligor, the Bank against any and all losses incurred by the Bank by reason of such failure, and, without limitation of the foregoing, the Government shall pay, as primary obligor, to the Bank, on the second Business Day following delivery by the Bank of a Demand, the principal of, and all interest, discount, premium and other amounts due and payable under such Subject Corporate Bond which have not been paid in full to the Bank.
- (2) If an Insolvency Event occurs in relation to any Issuer, then all the Obligations of such Issuer shall be deemed for purposes of Section 3.1 (1) to be immediately due and payable.
- (3) If any Issuer shall fail to pay any of the Obligations of such Issuer when due, then the Bank may, at its option, deem all of the Obligations of such Issuer to be immediately due and payable and exercise its rights and remedies under Section 3.1 on that basis.

Section 3.2 Subrogation and Transfer

- (1) The Government shall not be entitled to be subrogated to the rights of the Bank in respect of any Subject Corporate Bond unless and until the Bank has been paid by the Government, following Demand by the Bank, the principal amount of such Subject Corporate Bond and all accrued interest, discount, premium and other amounts due under such Subject Corporate Bond.
- (2) Upon payment in full by the Government following Demand, of the principal of, and all interest, discount, premium and other amounts due under any Subject Corporate Bond (a "**Payment in Full**"), the Bank shall, on request by the Government, if and to the extent permitted under the terms of the applicable instruments and otherwise possible, transfer and assign to the Government all of the Bank's right, title and interest in and to such Subject Corporate Bond ("**Transfer**").
- (3) If upon a Payment in Full, the Bank is unable to Transfer the applicable Subject Corporate Bond to the Government upon request, or if no such request is made, then upon such Payment in Full the Government shall, to the extent permitted by law and the terms of the applicable instruments, be subrogated to the rights of the Bank under such Subject Corporate Bond; provided that such rights of subrogation shall be no greater than the rights held by the Bank.
- (4) If the Bank is unable to Transfer to the Government any Subject Corporate Bond in

respect of which the Government has been subrogated in accordance with Section 3.2(3), then the Bank shall, to the extent permitted by law and the terms of the applicable instruments, be deemed to appoint the Government its attorney-in-fact to exercise the rights of the Bank as holder of the Subject Corporate Bond, including, without limitation, through voting or other collective action directing the indenture trustee or other representative of holders of the Subject Corporate Bond to enforce their rights and remedies against the Issuer and/or any security for the related Obligations; and such power of attorney, being coupled with an interest, shall be irrevocable. At the request of the Government, the Bank shall execute and deliver to the Government a separate power of attorney evidencing the Government's authority to act in the place and stead of the Bank as holder of the Subject Corporate Bond in respect of which the Government has been subrogated.

ARTICLE 4

LIABILITY ABSOLUTE AND UNCONDITIONAL

Section 4.1 Debt Restructuring or Amendment.

For purposes of this Agreement, including in particular the indemnification and payment obligations of the Government in Section 3.1(1), and the determination of the amounts due and unpaid by an Issuer, the principal amount, interest, discount, premium and other amounts due by the Issuer under any Subject Corporate Bond, and when the same are due and payable under or in respect of any Subject Corporate Bond, shall be determined without giving effect to any reduction in amount, stay, deferral, extension or other modification thereof, made or effected after the date of issuance, for any reason, including:

- (a) the institution, in respect of an Issuer, of any insolvency, resolution, reorganization, compromise or arrangement proceeding (including under any corporate statute), the appointment in respect of an Issuer of a liquidator, sequestrator, receiver or receiver manager, or similar officer, the granting of any stay or the sanctioning of any plan of compromise or arrangement of an Issuer;
- (b) any restructuring or compromise of the Obligations;
- (c) any order of any court of competent jurisdiction, including any court order that amends, varies, reduces or otherwise affects any of the Obligations or the Subject Corporate Bond;
- (d) any agreement, waiver or consent of one or more holders of Corporate Bonds of the Issuer, including any collective action of such holders pursuant to any provisions allowing for the consent or votes of certain holders, or a certain percentage or proportion of holders, to be binding on all holders;
- (e) any agreement, waiver or consent of one or more creditors of the Issuer;
- (f) any law, regulation, order or other enactment or act of any government entity or jurisdiction, including any such that amends, varies, reduces or otherwise affects,

or purports to amend, vary, reduce or otherwise affect, any of the Obligations or the obligations of the Government, or the rights of the Bank;

- (g) any moratorium or other suspension of debts declared by any government; or
- (h) any combination of one or more of the foregoing.

Section 4.2 Liability Absolute and Unconditional.

The liability of the Government hereunder, and the rights and remedies of the Bank, shall be irrevocable, absolute and unconditional, and shall not be prejudiced, reduced, deferred or limited, irrespective of:

- (a) any lack of validity or enforceability of any of the terms of any Subject Corporate Bond;
- (b) any contest by the Issuer as to its Obligations under or in respect of the Subject Corporate Bond, the validity or enforceability of the terms of any Credit Document, or the perfection and priority of any security granted by the Issuer;
- (c) any defence, counter claim or right of set-off available to the Issuer;
- (d) any release, compounding or other variance of the liability of the Issuer or any other Person liable in any manner under or in respect of the Subject Corporate Bond or the Credit Documents or the modification or extinguishment of all or any part of the obligations of the Issuer or any other such Person under any Subject Corporate Bond by operation of law;
- (e) any change in the time or times for, or place or manner or terms of payment or performance of the Obligations or any consent, waiver, renewal, alteration, extension, compromise, arrangement, concession, release, discharge or other indulgences which the Bank or any other Person may grant to the Issuer or any other Person;
- (f) any amendment or supplement to, or alteration or renewal of, or restatement, replacement, refinancing or modification or variation of, or other action or inaction under, the Subject Corporate Bond, the Credit Documents, the Obligations, this Agreement or any other related document or instrument;
- (g) any discontinuance, termination, reduction, renewal, increase, abstention from renewing or other variation of the terms or conditions of any transaction with the Issuer or any other Person;
- (h) any change in the ownership, control, name, objects, businesses, assets, capital structure, constitution or amalgamation of an Issuer, except for any change in the ownership, control or jurisdiction of such Issuer that would cause it to cease to be a Qualified Issuer, any limitation of status or power, disability, incapacity or other circumstance relating to the Issuer or any other Person, including

without limitation any insolvency, bankruptcy, liquidation, reorganization, moratorium, readjustment, composition, dissolution, winding-up or other proceeding involving or affecting the Issuer or any other Person;

- (i) any dealings with any security granted pursuant to the terms and conditions of the Credit Documents, including the taking, giving up or exchange of securities, their variation or realization, the accepting of compositions and the granting of releases and discharges;
- (j) subject to Section 5.2, the assignment of all or any part of the benefits of this Agreement;
- (k) any impossibility, impracticability, frustration of purpose, force majeure or illegality of performance of the Obligations, the Subject Corporate Bond, this Agreement or any other related document or instrument,
- (l) any taking or failure to take security, any loss of, or loss of value of, any security, or any invalidity, non-perfection or unenforceability of any security held by or for the Bank, or any exercise or enforcement of, or failure to exercise or enforce, security, or irregularity or defect in the manner or procedure by which such security is realized upon;
- (m) the occurrence of any one or more of the events referred to in Section 2.2; or
- (n) any other circumstances which might otherwise constitute a defence available to, or a discharge of the Government, the Issuer or any other Person in respect of the Obligations or the Subject Corporate Bond.

Section 4.3 Bank not Prejudiced

The Bank shall not be prejudiced in any way in the right to enforce any provision of this Agreement by any act or failure to act on the part of any Issuer or the Bank. The Bank may, at any time and from time to time, in such manner it determines is expedient, without any consent of, or notice to, the Government and without impairing or releasing the obligations of the Government (i) change the manner, place, time or terms of payment or performance of any Obligations, (ii) renew or alter any Obligations, (iii) amend, vary, modify, supplement or replace any Credit Document or any other related document or instrument, (iv) discontinue, reduce, renew, increase, abstain from renewing or otherwise vary any credit or credit facilities to, any transaction with, the Issuer or any other Person, (v) release, compound or vary the liability of the Issuer or any other Person liable in any manner under or in respect of the Obligations, (vi) take or abstain from taking securities or collateral from any other Person, or from perfecting securities or collateral of any other Person, (vii) exercise or enforce or refrain from exercising or enforcing any right or security against the Issuer or any other Person, (viii) accept compromises or arrangement from any Person, (ix) apply any sums from time to time received to the Obligations, or any part thereof, and change any such application in whole or in part from time to time, and (x) otherwise deal with, or waive or modify its right to deal with, any Person and security.

Section 4.4 No Obligation to Exercise or Exhaust Recourse

The Bank shall not be required, prior to exercising any right or remedy hereunder, including making demand hereunder, to exhaust any recourse, right or remedy against the Issuer or any other Person, and the Government renounces all benefits of discussion and division.

ARTICLE 5 MISCELLANEOUS

Section 5.1 Payments.

All payments to be made to the Bank by the Government hereunder shall be made in immediately available funds and in Canadian Dollars, to such account or accounts as the Bank may from time to time by notice designate and shall be made so as to be received by the Bank prior to 4:00 PM (Toronto time) on the date due.

Section 5.2 Non-Assignability

The rights and obligations of the Parties under this Agreement shall not be assigned by either Party without the prior written consent of the other Party. Subject to the foregoing, this Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective successors and permitted assigns.

Section 5.3 No Set-off.

To the fullest extent permitted by law, the Government shall make all payments under this Agreement without regard to any defence, counter-claim or right of set-off available to it.

Section 5.4 Termination.

The obligations of the Parties hereunder shall terminate on the Termination Date.

Section 5.5 Confidentiality

It is understood that any information disclosed pursuant to this Agreement is to be kept confidential by the Parties, subject to applicable laws, regulations, financial reporting standards and approvals. Any Party who receives a request for information in respect of this Agreement pursuant to the *Access to Information Act* (Canada) shall consult with the other Party on any contemplated disclosure prior to making any disclosure.

Section 5.6 Notices.

All demands, deliveries, notices or other communications to be made or given under this Agreement shall be in writing or electronic form (including facsimile and e-mail) and delivered or transmitted to the respective addresses set forth in Schedule A. Either Party may by notice in writing to the other Party change their address in Schedule A. A demand, delivery or notice shall be deemed to have been given, or a communication deemed to have been received, on the day of actual delivery (or if such day is not a Business Day, on the next

Business Day) and, in the case of an electronic transmission, on the day of transmission, or on the next following Business Day if the day of transmission is not a Business Day or if transmitted after the 5:00 pm local time in Ottawa, Ontario on the day of transmission.

Section 5.7 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by both Parties.

Section 5.8 No Limitation of Rights.

The Bank shall not be required to elect as between its rights and remedies hereunder and shall be entitled to exercise its rights and remedies under this Agreement in accordance with this Agreement at such times and order and in such manner and as the Bank may determine. The availability of a particular right or remedy shall not limit the availability of any other right or remedy. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision (whether or not similar) and no waiver with respect to a particular event of default or other event shall constitute a waiver of any other event of default or other event and no exercise of a remedy shall constitute a waiver of a right to exercise any other remedy. No waiver of any provision of this Agreement shall be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right or remedy under this Agreement shall not operate as a waiver of that right or remedy. A single or partial exercise of any right or remedy shall not preclude a Party from any other or further exercise of that right or remedy or the exercise of any other right or remedy it may have.

Section 5.9 Entire Agreement.

This Agreement shall constitute the entire agreement between the Parties related to the subject matter hereof and shall supersede any existing agreements or directions between the Parties with respect to the subject matter thereof.

Section 5.10 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall remain in full force and effect.

Section 5.11 Governing Law and Jurisdiction.

This Agreement is governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Parties hereby submit to the non-exclusive jurisdiction of the courts of the Province of Ontario in any action or proceeding arising out of or relating to this Agreement.

Section 5.12 Counterparts.

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same

instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

[Remainder of page intentionally left blank. Signature page(s) follow.]

The Parties have executed this Agreement on the date first written above.

BANK OF CANADA

By:  Digitally signed by Jeremy Farr
Date: 2020.05.28 11:14:58 -04'00'

Authorized signing Officer

**HER MAJESTY IN RIGHT OF CANADA
AS REPRESENTED BY THE MINISTER
OF FINANCE**

By: 

Authorized signing Officer

**SCHEDULE A
ADDRESS FOR NOTICES**

All notices and communications pursuant to this Agreement are to be delivered or transmitted to:

Bank of Canada:

Financial Markets Department
Bank of Canada
234 Wellington Street
Ottawa, Ontario K1A 0G9

Attention: Managing Director, Financial Markets Department

Fax: (613) 782-8689

Email: fmdtass@bankofcanada.ca

Government of Canada:

Department of Finance, Canada
13th Floor
90 Elgin St.
Ottawa, Ontario K1A 0G5

Attention: Director, Reserves Management, Funds Management Division

Telephone No: (613) 369-4027

Fax: (613) 369-3922

E-mail: fin.rrm_grr.fin@canada.ca

and

Department of Finance, Canada
10th Floor
90 Elgin St.
Ottawa, Ontario K1A 0G5

Attention: Manager, Public Debt Reporting, Financial Management Directorate

Telephone No: (613) 369-3478

Fax: (613) 369-3482

E-mail: fin.publicdebtunitgroupeedettepublique.fin@canada.ca

with a copy to:

Department of Finance, Canada
Finance Legal Services
17th Floor
90 Elgin St.
Ottawa, Ontario K1A 0G5

Attention:

Jeff Miller
Counsel

Mobile:
Email: jeff.miller@canada.ca

and

Martin Marcone
General Counsel

Mobile:
Email: martin.marcone@canada.ca

SCHEDULE B
FORM OF SETTLEMENT STATEMENT

TO: Department of Finance, Canada

RE: Indemnity Agreement (Corporate Bond Purchase Program) dated as of May 26, 2020, between the Bank of Canada and Her Majesty the Queen in Right of Canada, as represented by the Minister of Finance (the "Agreement")

This Settlement Statement is delivered to you pursuant to Section 2.1(2) of the Agreement. Capitalized terms used herein and not otherwise defined have the meanings given to them in the Agreement.

Settlement Period: _____ to _____, 20__

Aggregate Losses in relation to Loss Dispositions
of Subject Corporate Bonds in Settlement Period,
as more particularly set out in Annex 1 hereto \$ _____

Please pay the above amount in immediately available funds to the Bank of Canada in accordance with Section 2.2 of the Agreement by wire transfer in accordance with the following instructions:

Beneficiary:	Bank of Canada
Financial institution:	_____
Bank number:	_____
Transit number:	_____
Account number:	_____
Account name:	_____
SWIFT code:	_____

Dated: _____, 20__

BANK OF CANADA

per: _____

Name
Title:

Annex 1

Loss Dispositions of Subject Corporate Bonds in Settlement Period

Subject Corporate Bonds sold in Settlement Period									
ISIN/ CUSIP	Face Amount	Coupon	Term	Disposition date	A: Cost	B: Gross Proceeds	C: Commissions, Discounts, Other costs	D:Net Proceeds = (B-C)	Losses = (A-D)
	\$	___% ^		___, 20__	\$	\$	\$	\$	\$
	\$	___% ^		___, 20__	\$	\$	\$	\$	\$
	\$	___% ^		___, 20__	\$	\$	\$	\$	\$
	\$	___% ^		___, 20__	\$	\$	\$	\$	\$
	\$	___% ^		___, 20__	\$	\$	\$	\$	\$
Aggregate Losses in Settlement Period									\$



BANK OF CANADA
BANQUE DU CANADA

The Honourable Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario
K1A 0G5

Dear Minister:

As you are aware the Bank has recently established facilities for the acquisition of financial assets, known as the Government of Canada Secondary Market Support Program, the Corporate Bond Purchase Program, and the Provincial Bond Purchase Program (the Facilities).

The Bank and the Minister of Finance have entered into an Indemnity Agreement with respect to each Facility pursuant to which the Government is required to indemnify and pay to the Bank amounts equal to the aggregate of all Losses (as therein defined) incurred on the disposition of the financial assets held by the Bank during the applicable term (the Term) of such agreements, being:

- Government of Canada Secondary Market Support Program Indemnity Agreement – term of April 1st, 2020 to April 1, 2050
- Corporate Bond Purchase Program Indemnity Agreement – term of May 26th, 2020 to April 15, 2028
- Provincial Bond Purchase Program Indemnity Agreement – term of May 7th, 2020 to April 15, 2033.

While the Indemnity Agreements do not address the treatment to be given to realized gains (Gains¹) arising from the disposition of financial assets held pursuant to the Facilities, the parties recognize and agree that any and all Gains that the Bank may realize in relation to a Subject Government Bond, Subject Provincial Bond, or Subject Corporate Bond (as therein defined) acquired pursuant to the Facilities will be fully remitted to the Government in accordance with the Settlement Periods arising during the respective Term of the relevant Indemnity Agreement (and thereby within the same timeframe as Losses).

All terms used herein but not defined herein shall have the meanings ascribed to such term in the applicable Indemnity Agreement. This letter upon acceptance shall represent and be considered an instrument supplemental to such Indemnity Agreement.

Yours sincerely,

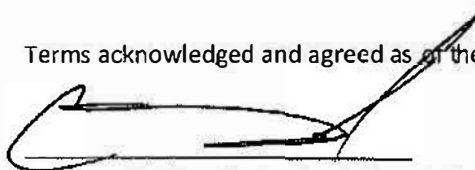
Bank of Canada

By: 

Digitally signed by Steve Thomas
Date: 2020.08.19 15:18:17 -0400

Authorized Signing Officer

Terms acknowledged and agreed as of the 19th day of August, 2020.


Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance

1. Gains: means in respect of related Facilities, the amount, if any, by which the Net Proceeds to the Bank in relation to such Subject Government Bond, Subject Corporate Bond or Subject Provincial Bond of the Facilities at the time of Disposition exceeds the Cost of the Subject Government Bond, Subject Corporate Bond or Subject Provincial Bond of the Facilities of the related Facilities.