



June 1, 2010

### Terms and Conditions for SPRA/SRAs

<b>Operation details:</b>	SPRA/SRAs are offered to eligible participants at the Bank's discretion to reinforce the target for the overnight rate. Offerings by the Bank of Canada are subject to pre-specified limits for each eligible participant.
<b>Type of operation:</b>	Fixed price offering for a fixed par Canadian dollar (CAD) amount.
<b>Eligible counterparties:</b>	Canadian Primary Dealers (PDs) in Government of Canada securities.
<b>Terms:</b>	Transactions are for a term of one business day.
<b>Pricing:</b>	The offering rate is equal to the target for the overnight rate.
<b>Allocation mechanism:</b>	Eligible counterparties may accept an amount of each offering up to their pre-specified limit. Pre-specified limits will be communicated directly to each eligible participant.
<b>Timing of results:</b>	<p>Transactions will be confirmed with counterparties by telephone. The Bank of Canada will fax the counterparty confirmations, setting out the specific terms of the transaction, including the securities.</p> <p>The total amount of securities acquired or sold through SPRA/SRAs will be announced on the Bank of Canada's website on the settlement day by 16:45 (Ottawa time). These transactions will also be reflected on the Bank of Canada's balance sheet.</p>
<b>Eligible securities:</b>	Directly-issued Government of Canada marketable securities denominated in Canadian dollars are eligible for these transactions. The securities must not mature on the date of maturity of the SPRA/SRA transaction.
<b>Notification of securities to be used:</b>	<p>SPRA operations: Counterparties must notify the Bank of Canada, in the form instructed, of the securities that will be used within 15 minutes of the offer being accepted by the counterparty.</p> <p>SRA operations: The Bank of Canada will notify counterparties of the securities that will be used within 15 minutes of the offer being accepted.</p>
<b>Margins:</b>	<p>SPRA operations: Eligible securities are subject to the same margin requirements as those applicable in the Standing Liquidity Facility (See Margin Requirements at <a href="http://www.bankofcanada.ca/en/financial/securities.pdf">http://www.bankofcanada.ca/en/financial/securities.pdf</a>).</p>

<b>Interest Calculation:</b>	Interest on the funds will be calculated on an actual/365 day basis.
<b>Coupon Payments:</b>	All coupon payments received by the Bank of Canada or by the eligible counterparty on the securities during the term of the transaction will be kept by the holder of the securities. 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.
<b>Counterparty Settlement Instructions:</b>	Securities shall be delivered or received to/from the Bank of Canada by 15:00 (Ottawa time) through CDSX on the settlement day of the offering, on a delivery of securities versus payment of funds basis. Securities to be delivered /received shall be confirmed between the Bank of Canada and the eligible counterparty and priced by the Bank of Canada after the offer and prior to delivery. Bank of Canada CDS settlement CUID is BOCB.
<b>Legal Arrangements:</b>	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 SPRA/SRA transactions by posting a revised version of these Terms and Conditions.