



# Government Bond Market Transparency

June 27, 2017

# Post-trade transparency for government bonds

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- ❖ Post-trade transparency: information on the prices and quantities of executed trades
- ❖ There is an exemption from mandatory **post-trade** transparency for government bonds
  - Includes GoC, provincial, municipal, agency bonds
  - The exemption is set to expire Jan 2018
  - Working group of staff from the CSA, Bank of Canada and Department of Finance is designing a mandatory transparency regime to broaden access to information on market valuations

# Possible impact of information leakage

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- ❖ Concern raised about transparency is “information leakage”
  - Releasing information too soon/with too much detail may inhibit dealers’ abilities to manage inventory following large trades
- ❖ Transparency is often calibrated to address potential impact
  1. Delays: time to manage inventory (e.g. 1 day)
  2. Volume caps: less information about trade size (e.g. \$10M)
- ❖ Delays/caps could be adapted for bond-classes with lower liquidity
  - Bonds which trade less often and in smaller size may warrant longer delays and lower volume caps
- ❖ We will be seeking comment on a proposed transparency regime from a broad range of market participants

# General discussion questions

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- ❖ Is the current level of access/transparency sufficient?
- ❖ Which are the most important uses of post-trade information?
  - Pricing, transaction cost analysis, compliance, portfolio valuation?
- ❖ Which current post-trade transparency sources are most useful?
  - CanPX, CDS/FIPS, others?
- ❖ Do you have concerns regarding transparency and potential impacts on liquidity?  
If so, how could these be mitigated?
- ❖ What data fields would be most useful? How important are having fields such as yield and yield spread to benchmark?

# Censoring discussion questions

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- ❖ Should regulators choose a simple regime, where most securities have identical delays/caps, or a complex regime, with more finely tailored delays/caps?
- ❖ What is the optimal delay for releasing transactions information on Canadian government debt to the public?
  - GoC? Provincial? Municipal?
  - Which bonds require longer delays?
- ❖ How should volume caps be calibrated?
- ❖ What should the most important factors be for determining volume caps and delays?