

## **PROPOSED LIST OF ELIGIBLE SECURITIES FOR RECEIVER GENERAL REPURCHASE AGREEMENTS**

### **Eligible Securities**

The following securities qualify as eligible securities for transfer under Receiver General Repurchase Agreements, provided that the security satisfies any applicable requirements set out below.

1. Securities issued or guaranteed by the Government of Canada, or an agent of the Government of Canada, including NHA mortgage-backed securities and Canada Mortgage Bonds.
2. Securities issued by or guaranteed by a provincial government, or agent of a provincial government, provided that the security
  - has a remaining term to maturity of 10.5 years or less; and
  - has a credit rating of at least A.
3. Securities issued by a municipality, financial institution, or corporation provided that the security
  - has a remaining term to maturity of 10.5 years or less;
  - has a credit rating of at least A; and
  - is a publicly traded security issued pursuant to an offering memorandum.

To be eligible, a security must satisfy the following requirements on the date of transfer:

1. All securities must be denominated in Canadian dollars.
2. The minimum principal amount of an individual security that may be transferred is \$5 million.
3. The security must not have an embedded option or carry a right of conversion into equity securities.
4. The Government must be satisfied that:
  - a liquid, public market exists for the security;
  - a reliable market price can be obtained for the security; and
  - aggregate holdings by the Government of a security are not an inappropriately large proportion of the Government's total holdings, as further set out below.
5. The security must not have been issued by the participant or any of its affiliated

entities.

6. Participants may deliver eligible securities on the same day that balances are tendered or provide eligible securities on a standing basis. Only eligible securities that are held in the Debt Clearing Service of The Canadian Depository for Securities Limited may be used.
7. The participant must not have provided any form of credit support or enhancement for the security. This would include, for example, bankers' acceptances for which the participant is the stamping financial institution.

### **Restrictions on Eligible Securities**

The transfer of eligible securities (other than securities issued or guaranteed by the Government of Canada or an agent of the Government of Canada) is subject to quantitative limits.

The Government will not accept the transfer of an eligible security if, after transfer of that security, the Government would be holding in excess of the limits noted below.

1. Up to 25 per cent of the principal amount outstanding of an individual issue.

The following limits for each eligible participant will be calculated on the basis of the total amount of securities held by the Government under Receiver General Repurchase Agreements with that participant.

2. Securities of an individual issuer (including its affiliated entities) set out in the first column in Table 1 which in the aggregate exceed the percentage set out in the second or third columns, as applicable;

Table 1

Issuer	A-Rated Securities	AA-Rated Securities
Securities issued or guaranteed by provincial governments or agents	10 per cent	20 per cent
All other securities	5 per cent	10 per cent

3. Securities of the issuers (including their affiliated entities) set out in the first column in Table 2, taken as a group, which in the aggregate exceed the percentages set out in the second and third columns.

Table 2

Issuer	A-Rated Securities	All Securities
Securities issued or guaranteed by provincial governments or agents	20 per cent	40 per cent
All other securities	10 per cent	20 per cent

Participants will be allowed to substitute eligible collateral in accordance with the Receiver General Repurchase Agreement, subject to operational guidelines established by the Bank of Canada or an agent that may be appointed by the Government to administer collateral on its behalf.

Distributions on collateral will be handled in accordance with the Receiver General Repurchase Agreement.

### Margin Requirements

The following margin requirements shall apply in respect of eligible securities.

Collateral Type	Maturity				
	0-1 yr	1-3 yrs	3-5 yrs	5-10 yrs	>10 yrs
G/C and agents: T-bills & bonds	1.0%	1.0%	1.5%	2.0%	2.5%
G/C strips and residuals	1.0%	1.0%	1.5%	2.0%	2.5%
Federal guarantees	1.5%	2.0%	2.5%	3.0%	3.5%
Provinces and agents: T-bills & bonds	2.0%	3.0%	3.5%	4.0%	4.5%
Provincial guarantees	3.0%	4.0%	4.5%	5.0%	5.5%
NHA MBS <sup>a</sup> and CMB	1.5%	2.0%	2.5%	3.0%	3.5%
Bankers' acceptances	7.5%	n/a	n/a	n/a	n/a
Commercial paper	7.5%	n/a	n/a	n/a	n/a
Corporate bonds (AA or better rated)	7.5%	7.5%	8.5%	9.0%	10.0%
Corporate bonds (A-rated)	12.0%	12.0%	13.0%	13.5%	15.0%

a. Minimum pool size of \$75 million.