

**TERMS AND CONDITIONS GOVERNING THE AFTERNOON AUCTION  
OF RECEIVER GENERAL CASH BALANCES  
(August 2021)**

**1. Overview**

Receiver General cash balances are invested through an auction process administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance (Canada). Auction procedures for the auctioning of Receiver General cash balances are administered by the Bank of Canada.

Auctions may be held on any day when Lynx is operating. Typically, there will be two auctions per day. The first auction (the “morning auction”) takes place at 9:15 a.m. Ottawa time. The second auction (the “afternoon auction”) takes place at 4:15 p.m. Ottawa time.

This document sets forth the Terms and Conditions for the afternoon auction, which will be carried out on an uncollateralized basis.

**2. Entities Eligible to Participate in the Afternoon Auction**

In order to be eligible to participate in the afternoon auction, an entity (each, a “participant”) must be:

- a) a Lynx participant;
- b) sign the participation agreement (substantially in the form of Appendix A); and
- c) such opinions and other documents as may be required by Canada in its sole discretion.

The selection of participants will be subject to the approval of the Minister of Finance based on such information and documents as the Minister may require.

A participant may be subject to sanctions if it violates these Terms and Conditions including, but not limited to, the suspension from one or more auctions or the revocation of its eligibility.

**3. Procedures Related to Tendering**

Call for Tender

The amount of Receiver General cash balances to be offered at auction and the maturity date for each tranche will be communicated to participants via the Communication, Auction and Reporting System (the CARS) by 4:00 p.m. Ottawa time on the business day of the auction.

### Date of Contracts

Transactions will be dated effective the business day of the auction.

### Time and Method of Tendering

All bids will be submitted to the Bank of Canada using the CARS in the prescribed format by 4:15 p.m. Ottawa time.

### Number of Bids

No participant may submit more than four bids in respect of any tranche of any one auction. In the event that more than four bids is submitted by a participant, only four will be accepted, in descending order of yield.

### Maximum Size of a Participant's Tender

For tranches equal to or greater than \$2.0 billion, the total value of bids submitted by a participant shall not exceed the greater of \$50 million, or the product of the total size of the tranche multiplied by 2.5 times the participant's Canadian Payments Association allocation ratio. For tranches less than \$2.0 billion, this total value limit shall be calculated as if the tranche size were \$2.0 billion.

If the sum of bids exceeds the limit noted above, bids will be accepted up to the limit in descending order of bids. That is to say, for any individual bid which causes the sum of the bids to exceed the limit, that portion of the bid which causes the limit to be exceeded will be rejected.

Participants will be notified if all or part of a bid has been rejected prior to the release of the auction results.

### Minimum Size of Bid

The minimum eligible bid is \$5 million. Eligible bids will be in even multiples of \$1 million.

### Places of Decimals

Bids will be accepted on a yield basis to two (2) places of decimals.

### Errors in Bids

Once submitted, bids may be modified, cancelled, or overwritten by composing and submitting a new bid through the CARS. To be accepted, modifications or cancellations of bids must be received before the auction deadline. Participants are solely responsible for the accuracy of their bids and all eligible bids submitted and not cancelled before the auction deadline time shall be valid, binding bids.

### Right of Refusal

The Minister of Finance reserves the right to accept or reject any or all bids, in whole or in part.

### Uncovered Auction

In the event that less than the total amount offered in the afternoon auction is accepted, the amount not awarded shall remain untendered.

### Notification of Auction Results

On the day of the auction, all participants will be advised via the CARS of the average, high, and low rates paid at each tranche of auction and the percentage allotment at the lowest accepted yield (this allotment will be rounded to the nearest \$1,000). The amount allocated and the corresponding amount due on the maturity date will be confirmed via the CARS to each winning participant.

## **4. Payment and Settlement**

Participants shall be awarded uncollateralized Receiver General cash balances as non-callable fixed-term deposits made by the Receiver General. No certificates will be issued for fixed-term deposits. Each participant and the Receiver General shall maintain a register of the amounts of deposits awarded and such register shall record:

- (i) the amount of each deposit made by the Receiver General with that participant and the maturity date thereof;
- (ii) the interest rate and amount of interest due and payable or to become due and payable from the participant to the Receiver General on each deposit; and
- (iii) the amount of any sum received by the Receiver General from the participant in repayment of deposits. The entries on the register of the Receiver General shall, absent manifest error, be prima facie evidence of the existence and amounts of the obligations of the participant.

Payment of amounts awarded and of amounts maturing shall be made via Lynx prior to 5:00 p.m. Ottawa time. Effective the value date, the amount of each participant's afternoon auction winnings (if any) will be netted against the amount of its maturing winnings from previous auctions (if any), plus interest thereon.

If the amount of Receiver General cash balances awarded on a particular day exceeds the principal amount maturing that day plus accrued interest, the participant will receive via Lynx the amount of the difference from the Bank of Canada on behalf of the Receiver General. If the amount of Receiver General cash balances awarded on a particular day is less than the amount maturing that day plus accrued interest, the participant will send via Lynx the amount of the difference to the Bank of Canada for credit to the Receiver General.

## **5. Contacts**

Participants are to provide the Bank of Canada with the names and telephone numbers of:

- 1) those individuals authorized to submit bids at the auctions;
- 2) those individuals responsible for the transmission/receipt of Lynx payments; and
- 3) those individuals who will be available for consultation if required.

The Bank of Canada is to be informed immediately of any changes to the contact list.

## **6. Amendments**

These Terms and Conditions may be amended by Canada at any time and from time to time. Amendments shall be effective upon the date specified, and if no date is specified, they shall be effective when posted on the Bank of Canada's website. Posting amendments on the Bank of Canada's website shall constitute sufficient notice for all purposes. By presenting a bid for Receiver General cash balances, a participant (i) agrees to be bound by these Terms and Conditions, and (ii) acknowledges having received notice of all amendments.

**Appendix A**

**PARTICIPATION AGREEMENT**

(to be provided on request)

**SCHEDULE A**  
**REPRESENTATIONS**

Nil