

## Overview of the Standard Terms for Government of Canada's Modified Auction for Ultra-Long Bonds

Characteristics	Overview
Bidders	<ul style="list-style-type: none"> <li>Government securities distributors (GSDs) can bid directly through the <i>Communication, Auction and Reporting System</i> (CARS).</li> <li>Customers can bid indirectly through GSDs.</li> <li>Customers may submit bids through multiple GSDs.</li> </ul>
Auction Size	<ul style="list-style-type: none"> <li>Maximum auction size will be specified in the Call for Tenders.</li> </ul>
Bond Maturity Date	<ul style="list-style-type: none"> <li>Bond maturity date will be specified in the Call for Tenders.</li> </ul>
Pricing Mechanism	<ul style="list-style-type: none"> <li>Uniform pricing (successful bids are allocated at the cut-off yield).</li> </ul>
Auction Allocation Process	<ul style="list-style-type: none"> <li>Non-competitive bids are accepted first.</li> <li>Competitive bids are accepted in rising order of yield until full issuance amount is allotted.</li> </ul>
Bidder Identification Number (BIN)	<ul style="list-style-type: none"> <li>To bid, customers require a Regular BIN or an ultra-long BIN.</li> <li>Customers with an ultra-long BIN can only bid at ultra-long bond auction.</li> </ul>
Competitive Auction Limit	<ul style="list-style-type: none"> <li>GSDs and customers both have a maximum competitive bidding limit of 40 per cent of the total tender size on their own behalf.</li> <li>The aggregate bids submitted by a government securities distributor on its own behalf and on behalf of its customers cannot exceed 70 per cent of the maximum auction size indicated in the Call for Tenders.</li> </ul>
Non-Competitive Auction Limit	<ul style="list-style-type: none"> <li>GSDs can bid up to \$3 million non-competitively.</li> <li>Each customer can bid non-competitively for a maximum of \$5 million.</li> <li>The sum of non-competitive bids submitted by a government securities distributor on behalf of customers and its own behalf cannot exceed \$10 million.</li> </ul>
Net Position Reporting	<ul style="list-style-type: none"> <li>GSDs and customers are not required to report their net position of ultra-long bond holdings at any time.</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>GSDs and customers are not required to complete an annual compliance report for their participation in ultra-long bond auctions.</li> </ul>
Minimum Bidding Obligation	<ul style="list-style-type: none"> <li>GSDs and customers do not have a minimum bidding obligation.</li> <li>The Bank of Canada is eligible without restriction to participate in each auction. However, there are no current plans for the Bank of Canada to participate in ultra-long bond auctions.</li> </ul>
Call for Tenders	<ul style="list-style-type: none"> <li>Official call for tender will be issued at least one business day (at 15:30) prior to the auction.</li> <li>Any call for tenders for ultra-long bonds would be communicated outside of the <i>Quarterly Bond Schedule</i> during the course of the fiscal year.</li> </ul>
Bidding Format	<ul style="list-style-type: none"> <li>Bids will be placed in the form of yields.</li> </ul>
Number of Bids per Auction Participant	<ul style="list-style-type: none"> <li>GSDs and customers can submit up to seven competitive bids.</li> </ul>