



# Government and Corporate Debt Transparency Proposal

Canadian Fixed Income Forum  
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Market Regulation Branch

OSC

ONTARIO  
SECURITIES  
COMMISSION

# Agenda

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2. Proposed Government Debt Framework
3. Expanded Corporate Debt Proposal
4. Implementation Details
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# Introduction

- The Canadian Securities Administrators published, on May 24, 2018, for a 90-day public comment period, CSA Staff Notice and Request for Comment 21-323 *Proposal for Mandatory Post-Trade Transparency of Trades in Government Debt Securities, Expanded Transparency of Trades in Corporate Debt Securities and Proposed Amendments to National Instrument 21-101 (NI 21-101) Marketplace Operation and Related Companion Policy*.
- The notice seeks feedback on the Proposed Amendments to NI 21-101 that would implement:
  - A proposed framework for mandatory-post trade transparency of trades for government debt securities (Proposed Government Debt Framework) and,
  - A proposal to expand the framework for mandatory post-trade transparency of trades in corporate debt securities (Expanded Corporate Debt Proposal).

# Proposed Government Debt Framework

## 1. Entities subject to reporting and transparency requirements

- It is proposed that any person or company that executes transactions in government debt securities report details of trades to the information processor, as required by the information processor;
- It is proposed that dealers, interdealer bond brokers, marketplaces and Banks be subject to reporting and transparency requirements.

## 2. Types of government debt securities that will be captured:

- All Government of Canada Debt Securities
- All Canada Mortgage Bonds
- All Provincial Debt Securities, including Real Return Bonds (RRBs), Strip Coupons and Residuals
- All Municipal Debt Securities
- All Federal and Provincial Agency Bonds other than Canada Mortgage Bonds (CMB).

# Proposed Government Debt Framework

## 3. Publication delays and volume caps

\$10M	\$5M	\$2M
Government of Canada Bills	Government of Canada nominal bonds with over 10 years remaining to maturity	All provincial debt securities including RRBs, Strip Coupons and Residuals
Government of Canada nominal bonds with 10 or less years remaining to maturity		All municipal debt securities All other agency debt securities
All CMB		Government of Canada RRBs
		Government of Canada Strip Coupons and Residuals

- GoC nominal bonds with less than 11 years to maturity at the time of issue will be subject to the \$10M cap to capture debt securities that become the 10-year benchmark relatively soon after issuance.
- In Ontario, government debt securities include a debt security of any school board in Ontario or of a corporation established under section 248(1) of the *Education Act* (Ontario). In Québec, it includes a debt security of the Comité de gestion de la taxe scolaire de l'île de Montréal.
- All other agency debt securities group includes National Housing Act Mortgage Backed Securities .

# Proposed Government Debt Framework

## 4. Trade details disseminated by the information processor (IP)

- The IP will publish the details of trades on its web site and they will be freely accessible.
- The initial requirements are set out below (subject to modifications that may arise from the comment process); any changes will be subject to public comment.

Summary level data for each bond	Transaction level data for each bond
1. CUSIP and/or ISIN number, where available	1. CUSIP and or ISIN number, where available
2. Issuer name	2. Issuer name
3. Type of Bond (New)	3. Maturity date
4. Original Issue Date (New)	4. Coupon rate
5. Maturity date	5. Date of execution
6. Coupon rate	6. Time of execution
7. Last traded price	7. Settlement date
8. Last traded yield	8. Type (indicates whether the transaction is new, a cancellation or a correction)
9. Total trade count (total trades done on the last trade date)	9. Volume (subject to volume caps)
10. Last trade date	10. Price
11. Highest traded price on the last trade date	11. Yield
12. Lowest traded price on the last trade date	12. Account type (retail or institutional counterparty)
	13. An indication of whether a commission was recorded ("yes" or "no" answer)

# Expanded Corporate Debt Proposal

The Expanded Corporate Debt Proposal will be implemented through:

- Proposed Amendments to NI 21-101 to extend the current (transparency) reporting requirements to any persons or companies that trade corporate debt securities; specifically, the Proposed Amendments expand the transparency requirements to Banks;
- Requirements set by the corporate debt information processor and approved by CSA.

# Implementation Schedule

- Implementation schedule – two phases:

April 1, 2019 – the information processor begins to disseminate post-trade information for trades in government debt securities executed by all IIROC Dealer members, marketplaces and interdealer bond brokers.

December 31, 2019 – the information processor begins disseminating post-trade information for trades in corporate and government debt securities by Banks.



# Next Steps

- Due date for submission of comments – August 29, 2018
- Finalize the Proposed Amendments and the designation of a government debt information processor prior April 1, 2019.