



Government and Corporate Debt Transparency

Canadian Fixed Income Forum
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Market Regulation Branch

OSC

ONTARIO
SECURITIES
COMMISSION

Agenda

1. Introduction
2. Government Debt Transparency Framework
3. Expanded Corporate Debt Transparency Framework
4. Implementation Details

Introduction

- In June, CSA amended existing rules to:
 - Introduce mandatory transparency of government debt trades
 - Expand existing transparency requirements relating to corporate debt trades to include banks
 - Existing requirements apply to dealers
- The Amendments became effective on August 31, 2020
- CSA also expanded mandate of IIROC information processor to include the dissemination of government debt

Government Debt Transparency Framework

Entities subject to reporting and transparency requirements

- The persons or companies subject to the government debt transparency framework as of August 31 are:
 - dealers
 - interdealer bond brokers
 - marketplaces and
 - Schedule I, II and III Banks

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)

Government Debt Transparency Framework

Volume caps

\$10M	\$5M	\$2M	250K
Government of Canada Bills (GoC Bills)	Government of Canada nominal bonds with over 10 years remaining to maturity (GoC>10)	All provincial debt securities including Real Return Bonds, Strip Coupons and Residuals	Québec municipal debt securities
Government of Canada nominal bonds with 10 or less years remaining to maturity (GoC <=10)		All municipal debt securities, except those issued in Québec	
		All other agency debt securities	
All Canada Mortgage Bonds (CMB)		Government of Canada Real Return Bonds	
		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.

Government Debt Transparency Framework

Dissemination Delay

- Post-trade information for both corporate and government debt trades will be disseminated on T+1 at 5:00 pm ET

Trade details disseminated by the information processor

- The IP will publish the details of trades on its web site and they will be freely accessible
- The post-trade information requirements are set out on the next slide
 - Any future changes to these requirements will be subject to public comment

Government Debt Framework

Trade details disseminated by the information processor (IP)

Summary level data for each bond	Transaction level data for each bond
<ol style="list-style-type: none">1. CUSIP and/or ISIN number, where available2. Issuer name3. Type of Bond (New)4. Original Issue Date (New)5. Maturity date6. Coupon rate7. Last traded price8. Last traded yield9. Total trade count (total trades done on the last trade date)10. Last trade date11. Highest traded price on the last trade date12. Lowest traded price on the last trade date	<ol style="list-style-type: none">1. CUSIP and or ISIN number, where available2. Issuer name3. Maturity date4. Coupon rate5. Date of execution6. Time of execution7. Settlement date8. Type (indicates whether the transaction is new, a cancellation or a correction)9. Volume (subject to volume caps)10. Price11. Yield12. Account type (retail or institutional counterparty)13. An indication of whether a commission was recorded ("yes" or "no" answer)

Expanded Corporate Debt Transparency Framework

- The Amendments expand the transparency requirements for reporting trades in corporate debt securities to Schedule I, II and III banks
- The reporting requirements are set by the corporate debt information processor (IIROC) and approved by the CSA

Implementation Schedule

Two phases:

1. August 31, 2020 – the information processor began to disseminate post-trade information for trades in corporate and government debt securities executed by all IIROC Dealer members, marketplaces, interdealer bond brokers and those persons or companies that currently report their transactions to IIROC.
1. May 31, 2021 – the information processor begins disseminating post-trade information for trades in corporate and government debt securities by those persons or companies that do not currently report their trades in these instruments to IIROC.