

Overview of Terms of Participation in Auctions for Government Securities Distributors and Customers¹

Characteristics	Overview
Government securities distributors (GSDs) that are not primary dealers (PDs)	<ul style="list-style-type: none"> • Not required to have core Canadian fixed-income operations in Canada • Not required to be a member of the Canadian Investment Regulatory Organization (CIRO), but need to demonstrate that they are regulated to a standard equivalent to CIRO • Status may be revoked if it fails to submit a winning bid each month and achieve allocations of at least \$50 million of Government of Canada securities every calendar quarter
Government securities distributors that are primary dealers	<ul style="list-style-type: none"> • Must have its core Canadian fixed-income operations located in Canada • Must be an investment dealer member of CIRO • A GSD may be designated as PD for either treasury bills or bonds, or both • Status may be revoked if auction performance and secondary market-making activity falls to a level that does not represent the activity expected of a PD
GSD bidding	<ul style="list-style-type: none"> • GSDs bid through the Bank of Canada Auction System (BCAS) • BCAS users are divided into two types: those who see and enter bids for the GSD's own account or those who see and enter bids for the customers
Customer bidding	<ul style="list-style-type: none"> • Bidder identification number (BIN) is required to bid at an auction • Must bid through GSDs either competitively or non-competitively • Only customers that are not affiliated with any other bidder may submit a separate auction bid
Competitive limits for bond and treasury bill auctions	<ul style="list-style-type: none"> • PDs and customers: 25% of the auctioned amount less net long position • Non-PD GSDs: 10% of the auctioned amount less net long position • The sum of bids on behalf of its customers cannot exceed 25% of the auctioned amount for PDs and 10% for non-PD GSDs • All bidders may submit up to seven competitive bids per auction
Non-competitive auction limits	<ul style="list-style-type: none"> • 0.5% of the auction amount per auction bidder • All bidders may submit only one non-competitive bid per auction
Minimum bidding requirements (MBRs)	<ul style="list-style-type: none"> • PD MBRs are calculated on a pro rata basis, where each PD must bid competitively at each auction for its equivalent share of an auction's amount • Non-PD GSDs and customers do not have an MBR
Reporting	<ul style="list-style-type: none"> • All GSDs must submit reports on transactions in debt securities to the CIRO and the Bank of Canada via the Market Trade Reporting System (MTRS 2.0) • All GSDs and customers bidding competitively must report their aggregate net positions in the auctioned security in BCAS or to the Bank of Canada
Monitoring and compliance	<ul style="list-style-type: none"> • Every year, each GSD shall certify that no customer bidding information was shared between two BCAS user types before an auction • Every year, each bidder shall certify that the information it provides to the Bank of Canada is correct

¹ In the event of a conflict between this document and the [Standard Terms for Auctions of Government of Canada Securities](#), the Standard Terms shall prevail.