

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.