

Debt Management Strategy Consultations

Overview

On 16 July 2025 the Government of Canada published the [*Debt Management Strategy 2025-26*](#) that sets out the government's borrowing plans for the fiscal year. The Department of Finance and the Bank of Canada are seeking the views of Government Securities Distributors (GSDs), institutional investors, and other interested parties on issues related to how the Government of Canada securities market is performing and views for the design and operations of the Government of Canada's domestic debt program for 2026–27. Regular consultations with market participants are an integral and valued part of the debt management process, and all market participants are encouraged to provide input.

Context

The fundamental objectives of the debt management strategy are to raise stable and low-cost funding to meet the financial needs of the Government of Canada and to maintain a well-functioning market for Government of Canada securities. Achieving stable, low-cost funding involves striking a balance between the cost and risk associated with the debt structure as funding needs change and market conditions vary. Having access to a well-functioning government securities market ensures that funds can be raised efficiently over time to meet the government's needs. Moreover, to support a liquid and well-functioning market for Government of Canada securities, the government strives to promote transparency and consistency.

In the *Debt Management Strategy 2025-26* the government announced an increased borrowing program for 2025-26, relative to 2024-25. The debt management strategy also announced the termination of the temporary 1-month treasury bill sector.

Feedback received through these consultations will help federal debt managers continue the implementation of the 2025-26 debt strategy and help design the 2026-27 debt strategy – a debt strategy which seeks to strike a prudent balance between cost and risk and strives to maintain a liquid, well-functioning Government of Canada securities market.

This year's Debt Management Strategy consultations will follow an in-person format and will be held in September and October 2025.

Current Market Conditions

1. How has the increased issuance of Government of Canada (GoC) securities thus far in the 2025-26 fiscal year:
 - a. Impacted the type of investors (including foreign) that are interested in GoC securities?
 - b. Impacted investor behaviour, preferences, investment strategies and requirements (e.g., increased usage of futures contracts, smaller trade tickets, increased usage of electronic trading)?
2. How would you characterize the functioning of the primary and secondary markets for GoC

securities this year compared to last year?

- a. How did the functioning of the cash, swap, and repo market hold up during the weeks of heightened market volatility earlier this year?
3. In an environment where the outstanding stock of Canadian-dollar debt has been growing (e.g., GoC securities, provincial securities, Canada Mortgage Bonds, and Canadian pension fund securities), how are dealers and clients absorbing the increased supply of GoC securities?
 - a. In this context, do you expect any impact of the return of the Bank of Canada as a buyer of GoC bonds in the secondary market, which is currently planned for late 2026 at the earliest?
4. How would you characterize the functioning of the Canadian repo market over the past year? Is there sufficient dealer balance sheet availability to support dealers' cash desk activities as well as their clients' needs?
5. What are the most binding constraints that impact your business in GoC securities and dealers' ability to allocate more balance sheet to their clients and cash desk activities (e.g., cost of funding, regulatory changes)?
 - a. Starting in late 2026 and in June 2027, respectively, the Securities and Exchange Commission will require cash transactions and repo transactions in the US Treasury market to be centrally cleared. How would such a requirement in Canada affect the cash and repo markets?
 - b. How has the Canadian Collateral Management Service (CCMS) thus far impacted your activities and market participants more generally? What impacts do you anticipate in the future?
 - c. What are the most important factors keeping buy-side clients from signing up to clear repos on CDCC?
 - d. How would the Bank of Canada potentially joining CDCC to clear its repo transactions with Primary Dealers affect the functioning/capacity of the repo market?
6. Since February 2024, the Bank of Canada has been purchasing fixed-rate Canada Mortgage Bonds (CMBs) in the primary market on behalf of the Government of Canada. How has the government's purchases of CMBs impacted the market for these securities? What has been the effect on price dynamics, the spreads of CMBs over GoC securities, and the types of clients active in these securities?
7. As detailed in the February 2025 [market notice](#), the Bank of Canada has launched the securities lending of the government's Canada Mortgage Bond (CMB) holdings, to support market well-functioning. What effect has it had on the market thus far, and are there any improvements that could be made to this securities lending program?

Treasury Bills

The government plans to continue its bi-weekly issuance of 3-, 6-, and 12-month maturities. Further, Cash Management Bills will continue to be used as needed to help manage the Government's cash in an efficient manner. Starting in August 2025, the government has terminated the issuance of 1-month

treasury bill which was introduced in 2024 on a temporary basis to support the Canadian money market's transition away from Bankers' Acceptances.

8. The government relies on treasury bills to act as a shock absorber for changes in financial requirements. In the *Debt Management Strategy 2025-26*, the government presented the projected gross treasury bill issuance of \$296 billion.
 - a. During recent years' consultations, it was commonly noted that demand for treasury bills was high. Have you noticed any change in market demand for this sector over the past year?
 - b. From your perspective, is the projected gross treasury bill issuance of \$296 billion appropriate? If not, what level would be appropriate?
 - c. What would be the factors that would justify moving treasury bill auctions to weekly?
9. Do you think the current issuance allocation between the 3/6/12 months responds adequately to current and evolving market needs? If not, what would you suggest?

Bonds

The *Debt Management Strategy for 2025-26* features increases to bond benchmark sizes across all sectors and marginal increases to issuance levels in each bond sector. It also announced an increase in bond issuance to \$316 billion, up from \$241 billion in the previous year.

Projected Gross Domestic Issuance of Bonds and Bills for 2025-26¹

Billions of dollars, end of fiscal year

	2023-24	2024-25	2025-26
Treasury bills	267	285	296
2-year	86	94	120
3-year	6	-	-
5-year	47	63	84
10-year	47	63	84
30-year	14	17	24
Green bond ²	4	4	4
Total Bonds	204	241	316
Total Domestic Issuance³	471	526	612
Share of Long Bonds (10-year +) to Total Bonds	30%	33%	34%
Share of Treasury bills to Total Issuance	57%	54%	48%

Sources: Bank of Canada; Department of Finance Canada calculations.

Notes: Numbers may not add due to rounding.

¹ Issuance subject to expenditure availability and market conditions.

² Green bond issuance may be higher or lower, according to market conditions.

³ Domestic gross bond issuance does not include \$11 billion of issuance in foreign currencies.

10. What comment do you have on bond auction sizes and timing, as well as any other points you feel are relevant?
 - a) Do you have any comments regarding the current benchmark size, liquidity or absorption capacity of the 2-, 5-, 10- and 30-year sectors?
 - b) What has been the market impact, if any, of the increases to target benchmark sizes across all sectors?
 - c) In your opinion, what part of the curve has the most capacity to absorb increased bond issuance?
11. What are your views on the ongoing growth of the futures market for GoC securities? What impacts do you see this market having upon the liquidity of GoC securities? In your view, how much of the futures trading is driven by hedge funds business?
12. What was the market effect of the [new facility for reopening off-the-run GoC nominal bonds](#)? Do you have any suggestions for this facility?
13. What are your views on the swap spread dynamics over the last year, and how do you anticipate those spreads to evolve going forward?
14. How is the balance sheet capacity of your firm to purchase additional Canadian fixed income debt (GoC's, CMB's; provi's, muni's, pensions, corps.) in the current environment?
15. Do you currently use or plan to use the Cash Management Bond Buyback ("CMBB") program? Please explain why or why not. Do you have any suggestions for improvement of the CMBB program?

Environmental, Social and Governance (ESG) Securities

In November 2023, the Government of Canada updated its [Green Bond Framework](#), which now includes certain types of nuclear energy expenditures. The government followed this Framework update with green bond syndications in February and October 2024 and February 2025. The government maintains its intention to conduct regular green bond issuance.

16. Do you have any comments about the green bond issuance process and the bonds' subsequent performance on secondary markets?
17. Do you have any comments about the Government's potential issuance of transition bonds?

Miscellaneous

18. What are your views on the [changes to the Debt Distribution Framework](#) that will come into effect on September 2, 2025?
19. Is there any other information you would like to provide?