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## Canada: Corporate Bond Purchase Program

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# Canada: Corporate Bond Purchase Program<sup>1</sup>

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Yale Program on Financial Stability Case Study  
July 15, 2022

## **Abstract**

The Bank of Canada (BoC) activated its Corporate Bond Purchase Program (CBPP) from May 26, 2020, to May 26, 2021, in response to liquidity strains in corporate bond markets that stemmed from economic uncertainty and the COVID-19 pandemic. Policymakers enacted the CBPP as part of a broader suite of policies meant to stabilize the Canadian economy. Through the CBPP, the BoC purchased Canadian corporate bonds through a tender process on the secondary market. The CBPP could hold up to CAD 10 billion (USD 7.7 billion) par value of eligible bonds issued by specific non-deposit-taking firms incorporated in Canada. The bonds had to meet certain rating requirements, though the BoC allowed certain bonds downgraded after the start of the pandemic to remain eligible. The BoC would not purchase more than 10% of the par value of eligible assets that were outstanding on April 15, 2020 from a particular eligible issuer. CBPP utilization peaked at CAD 218 million in bonds on March 24, 2021. Assets from the financial and energy sectors made up most of the BoC's corporate bond holdings. Corporate bond market liquidity improved rapidly after the CBPP's implementation.

**Keywords:** Canada, CBPP, corporate bond purchase, COVID-19, market liquidity programs

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<sup>1</sup> This case study is part of the Yale Program on Financial Stability (YPFS) selection of New Bagehot Project modules considering market support programs in response to COVID-19. Cases are available from the *Journal of Financial Crises* at <https://elischolar.library.yale.edu/journal-of-financial-crises/>.

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## Overview

Canada, in line with other countries, imposed lockdowns and travel restrictions in March 2020 in response to the spread of COVID-19, stressing its financial system and broader economy. Canadian corporate bond markets experienced “little or no activity in the early weeks of the crisis” (Gravelle and Wilkins 2021, 71). The tight liquidity conditions hindered business funding costs and firms’ ability to raise cash, and Canadian corporations fell back on bank credit lines (BoC 2020k).

Canada’s non-financial corporate sector is particularly reliant on non-bank credit. The amount of bonds outstanding issued by these Canadian firms increased to CAD 467 billion in 2009 from CAD 205 billion in 2008 (about USD 158 billion to USD 355 billion),<sup>3</sup> with all sectors showing an increase. Moreover, Bank of Canada (BoC) researchers found that compared with the average Canadian firm, corporations most affected by COVID-19 lockdowns, which represent about one-third of corporate revenue in the country, had less cash relative to their short-term financial obligations (BoC 2020k).

BoC policymakers activated a variety of market liquidity measures, including the Corporate Bond Purchase Program, which purchased Canadian corporate bonds through a tender process in the secondary market. The CBPP could hold up to CAD 10 billion par value of eligible bonds issued by specific non-deposit-taking firms

## Key Terms

Purpose: To support “the liquidity and proper functioning of the corporate debt market” (BoC 2020n).	
Launch Date	Announced: April 15, 2020
Operational Date	May 26, 2020
End Date	May 26, 2021
Legal Authority	Paragraph 18(g) of the Bank of Canada Act
Source of Funding	BoC expanded balance sheet
Administrators	TD Asset Management administered and Canadian Imperial Bank of Commerce Mellon supported the program as custodian
Overall Size	Max CAD 10 billion worth of bonds at par value
Maturity	Remaining term to maturity of five years or less at purchase time
Haircut Rate	Spread undisclosed to the public
Purchased Assets	CAD-denominated senior secured or senior unsecured corporate bonds issued by eligible participants that met certain rating requirements
Peak Utilization	CAD 218 million on March 24, 2021

<sup>3</sup> Per Federal Reserve Foreign Exchange Rate data, USD 1 = CAD 1.30 on December 31, 2019.

incorporated in Canada.<sup>4</sup> The bonds had to be CAD-denominated senior secured or senior unsecured corporate bonds and included in the FTSE Canada 0+ Year Universe Bond Index Series (BoC 2020n). The assets also had to have at least one rating of BBB Mid/BBB/Baa2 or higher for the senior unsecured rating or long-term foreign issuer credit rating assigned by any of DBRS Morningstar, Standard & Poor's, Moody's Investors Service, and Fitch Ratings, as of April 15, 2020. The CBPP allowed bonds that were downgraded below BoC standards after April 15, 2020, to remain eligible for participation, granted they retained at least one rating of BBB Low/BBB-/Baa3 or higher. The BoC would not purchase more than 10% of the par value of eligible assets that were outstanding from a particular eligible issuer on April 15, 2020 (BoC 2020n). The central bank did not publicize its pricing methodology.

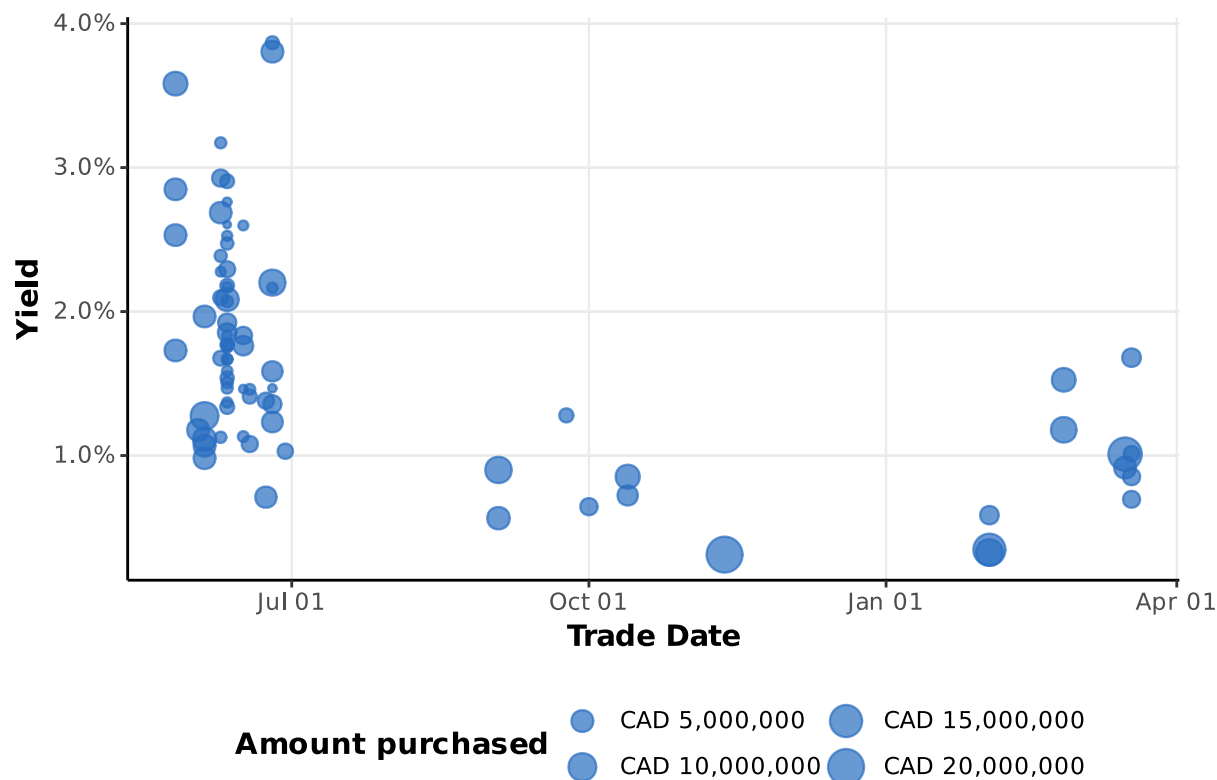
CBPP utilization peaked at CAD 218 million on March 24, 2021, and purchases later slowed as market conditions improved. The BoC aimed to purchase bonds that would roughly reflect a reference portfolio based on sectoral shares of eligible assets outstanding, and it was largely successful, though its holdings of bonds from the communication sector were substantially smaller than the reference portfolio. Bonds from the financial and energy sectors made up most of the BoC's corporate bond holdings (BoC 2020n).

### **Summary Evaluation**

Little research has been done on the CBPP's effectiveness alone. Even so, a calculation the BoC used in 2020 called the price-impact proxy, which measures the temporary impact of a trade on the price of a bond, showed a spike in illiquidity at the start of the pandemic that fell rapidly after the central bank's interventions, including the CBPP's introduction. Corporate bond market liquidity measures behaved in a similar manner (BoC 2020k). Yields on corporate bonds declined after the BoC began CBPP purchases, with yields ticking up at the start of 2021 (see Figure 1).

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<sup>4</sup> The BoC specified a list of eligible corporations in six specific sectors. See the Eligible Institutions key design decision for a list of these firms.

**Figure 1. CBPP Operations**

Source: Bank of Canada.

Though purchases were “limited” (BoC 2020l, 28), the program reduced illiquidity in corporate bonds, Jeremy Kronick, a former BoC economist, noted (Andolfatto, Nelson, and Kronick 2020). BoC researchers said these direct purchases “circumvented the limits of commercial banks” to directly meet the large demand for credit and money (Fontaine et al. 2021, 27).

Despite positive evaluation of the program, Kronick, and Steve Ambler, a researcher at the Canadian nonprofit research think tank C.D. Howe Institute, commented that the BoC’s “ventures” into private debt markets raised political and credit risk for the central bank (Ambler and Kronick 2020, 8). They argued that the purchases “may flatten yield spreads and hide the market’s judgement concerning the relative riskiness of different assets” (Ambler and Kronick 2020, 8).

<b>Context: Canada 2019-2020</b>	
<b>GDP (SAAR, Nominal GDP in LCU converted to USD)</b>	\$1.8 trillion in 2019 \$1.8 trillion in 2020
<b>GDP per capita (SAAR, Nominal GDP in LCU converted to USD)</b>	\$46,327 in 2019 \$43,258 in 2020
<b>Sovereign credit rating (five-year senior debt)</b>	Data for 2019: Moody's: Aaa S&P: AAA Fitch: AAA  Data for 2020: Moody's: Aaa S&P: AAA Fitch: AA+
<b>Size of banking system</b>	Data not available for 2019 Data not available for 2020
<b>Size of banking system as a percentage of GDP</b>	Data not available for 2019 Data not available for 2020
<b>Size of banking system as a percentage of financial system</b>	Data not available for 2019 Data not available for 2020
<b>Five-bank concentration of banking system</b>	84.2% in 2019 84.5% in 2020
<b>Foreign involvement in banking system</b>	Data not available for 2019 Data not available for 2020
<b>Government ownership of banking system</b>	Data not available for 2019 Data not available for 2020
<b>Existence of deposit insurance</b>	Yes, in 2019 Yes, in 2020
<i>Sources: Bloomberg; FRED; World Bank Global Financial Development Database; World Bank Deposit Insurance Dataset.</i>	

## Key Design Decisions

**1. Purpose: The Bank of Canada established the Corporate Bond Purchase Program to “support the liquidity and proper functioning of the corporate debt market.”**

The Bank of Canada (BoC) announced in mid-April that it would activate a Corporate Bond Purchase Program (CBPP) (BoC 2020e) and formally launched the facility on May 26, 2020, to “support the liquidity and proper functioning of the corporate debt market” (BoC 2020f).

**2. Part of a Package: The BoC created the CBPP alongside a broader suite of financial stabilization and liquidity provision programs.**

Policymakers established the CBPP as part of a broader suite of financial stabilization and liquidity provision measures that the BoC implemented in early 2020 in response to the COVID-19 pandemic. Other policies included (BoC 2020j):

- Lowering the target for the overnight rate by a cumulative 150 basis points to the effective lower bound of 0.25%;
- Launching the Bankers’ Acceptance Purchase Facility;
- Introducing a program to purchase Canada Mortgage Bonds in the secondary market;
- Introducing the Provincial Money Market Purchase Program;
- Introducing the Commercial Paper Purchase Program;
- Launching a program to purchase Government of Canada securities in the secondary market (minimum of CAD 5 billion per week, across the yield curve);
- Enhancing term repo operations;
- Coordinating with international policymakers for US-dollar liquidity and announcing that a US-dollar term repo facility would be made available on a contingency basis (should the need arise);
- Launching the Standing Term Liquidity Facility; and
- Launching the Contingent Term Repo Facility.

**3. Legal Authority: The Bank of Canada Act provides the BoC broad authority to buy and sell any financial instrument with any entity.**

Paragraph 18(g) of the Bank of Canada Act gives the Bank of Canada broad discretion to buy and sell securities in normal times (18(g)(i))<sup>5</sup> and in crisis times (18(g)(ii)).<sup>6</sup> Since 2008, the Act has allowed the bank to trade in virtually any security except equity interests in normal times; the crisis authority also extends to equities. The Act requires the Bank to establish and publish a policy statement describing how it will administer 18(g)(i).

To date, the Bank has never acted under the crisis authority in 18(g)(ii). Instead, the Bank justified all emergency measures during the pandemic crisis by revising its policy statement under 18(g)(i).

As mentioned in the Part of a Package key design decision, the BoC cut interest rates to 0.25% by the end of March 2020, a level the bank's Governing Council considered the effective lower bound (BoC 2020i). Theoretically, hitting an effective lower bound renders stimulus attempts via monetary policy less effective, so the BoC created the CBPP and began purchasing government bonds to stimulate demand (Witmer and Yang 2016; Gravelle and Wilkins 2021).<sup>7</sup> These purchases were the BoC's first exercises in quantitative easing (BoC 2009; Hertzberg and Duarte 2020).

**4. Governance: The Bank of Canada Act requires the BoC to release audited financial statements.**

The BoC is required to release audited financial statements (Bank of Canada Act 1985). Section 28 of the Bank of Canada Act (1985) also enables the Minister of Finance to appoint BoC auditors and to require that those auditors report on bank affairs to the Minister "from time to time."

**5. Administration: TD Asset Management administered the CBPP, and Canadian Imperial Bank of Commerce Mellon supported the program as custodian.**

CBPP purchases were transacted through a tender offer process (an auction), and eligible participants were given a list of eligible assets. The BoC required participants to submit their offers to sell eligible assets through authorized dealers. The dealers would then communicate those offers to TD Asset Management (TDAM), which acted as an agent for the BoC. Canadian Imperial Bank of Commerce Mellon held the assets as custodian. The BoC

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<sup>5</sup> Prior to the Global Financial Crisis, the Bank of Canada Act limited the securities that the BoC could buy and sell in normal times to short-term (less than 180-day) credit endorsed, accepted, or issued by a bank (BoC 2004; BoC 2008). In 2008, Parliament broadened the scope of 18(g)(i) to allow the purchase or sale of any security issued by any person, other than equity interests. The 2008 revision also clarified that the BoC had this authority either "for the purposes of conducting monetary policy or promoting the stability of the Canadian financial system."

<sup>6</sup> Subparagraph 18(g)(ii) allows the bank to purchase any security in a crisis "if the Governor is of the opinion that there is a severe and unusual stress on a financial market or the financial system" (Bank of Canada Act 1985). This power has been in the Act since 2001.

<sup>7</sup> See YPFS Market Liquidity II case about the Government of Canada Bond Purchase Program.



emphasized that it could change its administration strategy at any point during the CBPP's operation (BoC 2020c).

**6. Communication: Policymakers stated that the CBPP would aid the broader economy and individual Canadians by supporting corporate operations.**

BoC policymakers stated in the notice announcing the CBPP that a well-functioning Canadian-dollar corporate bond market, which was experiencing strains at the time, aids the broader Canadian economy because it helps firms access necessary longer-term finance to support their operations. Thus, by providing the needed liquidity, the BoC and the CBPP “serve[d] Canadians” (BoC 2020e).

**7. Disclosure: The BoC reported its aggregate corporate bond holdings every Friday on the bank’s weekly balance sheet.**

The Bank of Canada Act requires the central bank to publish aggregate financial information about its assets and liabilities every week on its website (Bank of Canada Act 1985). The BoC published transaction-level data for the CBPP, and it published its aggregate corporate bond holdings by sector with a one-month lag (BoC 2020c), exceeding the Act’s requirements (Bank of Canada Act 1985).<sup>8</sup>

**8. Use of SPV: This key design decision does not apply to the CBPP.**

This key design decision does not apply to the CBPP.

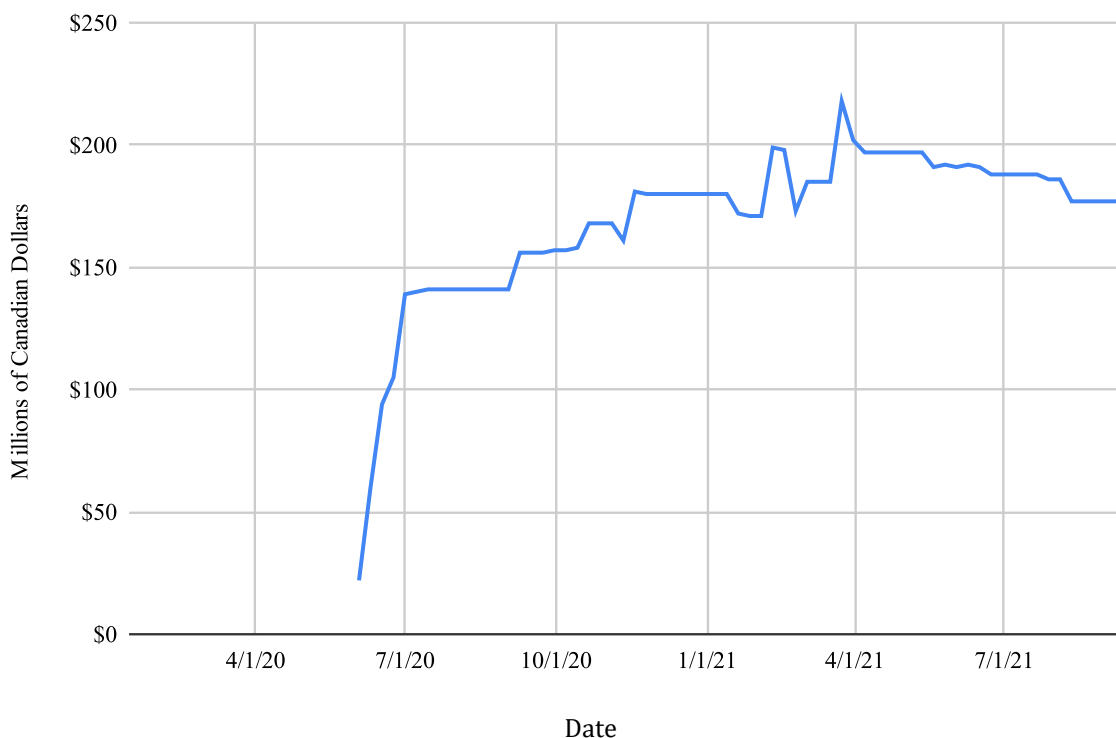
**9. Size: The CBPP could hold up to CAD 10 billion worth of bonds at par value.**

BoC policymakers also stated that they could raise the limitation if market conditions warranted an expansion (BoC 2020e). The central bank announced that, on an issuer basis, the BoC would not hold more than 10% of the par value of eligible assets that were outstanding on April 15, 2020 (BoC 2020n).

CBPP utilization peaked at CAD 218 million of bonds on March 24, 2021, and purchases have slowed since as market conditions have improved (see Figure 2).

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<sup>8</sup> See Annex 1 for detailed transaction-level data.

**Figure 2. Bank of Canada's Corporate Bond Assets**

Source: Bank of Canada.

The BoC aimed to purchase bonds that would roughly reflect a reference portfolio based on sectoral shares of eligible assets outstanding (BoC 2020n). The central bank was largely successful, though its holdings of bonds from the communication sector were substantially smaller than the reference portfolio.<sup>9</sup> Bonds from the financial and energy sectors made up most of the BoC's corporate bond holdings (see Figure 3).

**Figure 3. Sectoral Breakdown of Bank of Canada Corporate Bond Holdings**

Sector	Share of reference portfolio (%)	Share of actual total holdings (%)	Par value of actual total holdings (CAD, millions)
Communication	12.02	2.78	5.1
Energy	22.83	27.28	49.7
Financial	23.62	25.20	45.9
Industrial	13.09	12.44	22.6
Infrastructure	10.35	18.13	33.0
Real Estate	18.09	14.17	25.8
Total	100	100	182.1

<sup>9</sup> The BoC noted that the makeup would depend on market conditions and the specific assets offered to the BoC during the tender process (BoC 2020n).

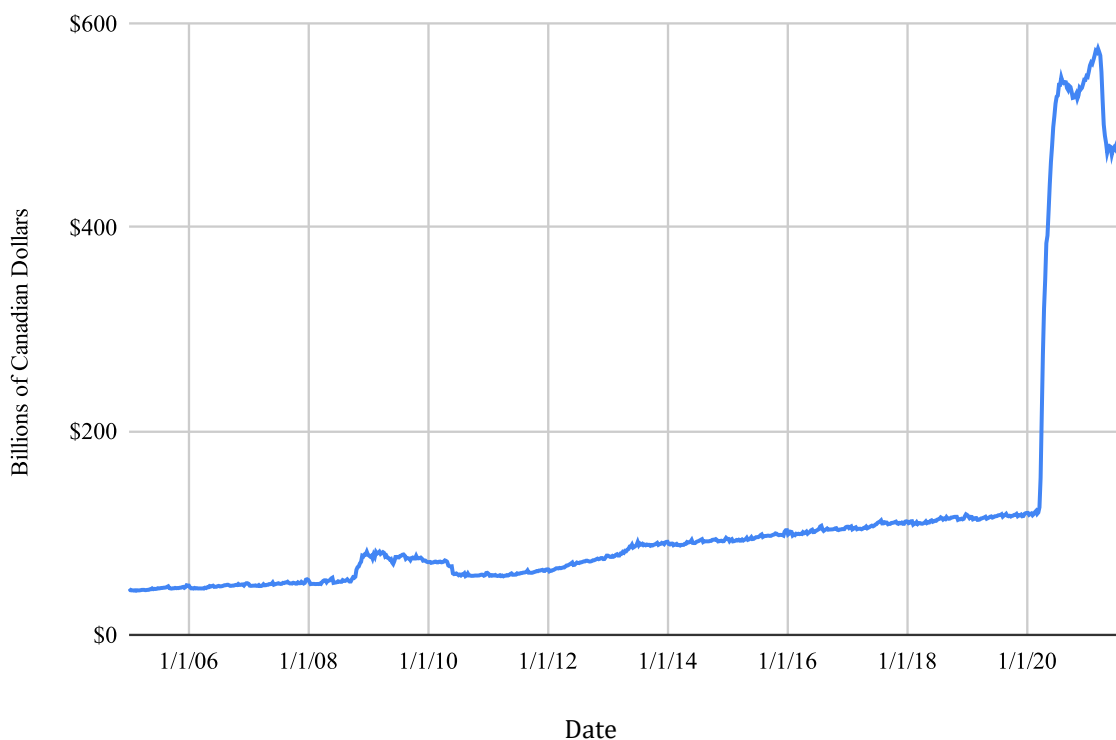
*Note: As of May 27, 2021.*

*Source: BoC 2020n.*

### 10. Sources of Funding: The BoC expanded its balance sheet to purchase the eligible corporate bonds.

The CBPP's enactment (BoC 2021a), as well as the implementation of other asset purchase programs, rapidly expanded the BoC's balance sheet during the worst part of the pandemic in 2020, from March to June, leaving the central bank's ledger at historic highs (see Figure 4). CBPP purchases made up a small proportion of the growth.

**Figure 4. Bank of Canada Total Assets**



*Source: Bank of Canada.*

The BoC and the Canadian government entered into an agreement by which the government would indemnify the central bank from losses resulting from asset sales through the CBPP, whereas gains on asset disposal would be remitted (BoC 2020m).

### 11. Eligible Institutions: Companies incorporated in Canada that do not take deposits were eligible to participate in the BoC's CBPP.

The BoC published a list of six eligible sectors and various bond issuers therein (BoC 2020b) (see Figure 5). Issuers from this list that experienced ratings downgrades and could no longer maintain at least one rating of BBB Mid/BBB/Baa2 or higher would continue to be eligible for the CBPP, but they had to have at least one rating of BBB Low/BBB-/Baa3 or higher (BoC 2020c).

**Figure 5. List of Corporate Bond Purchase Program Eligible Sectors and Issuers**

<b>Communication</b>	<b>Energy</b>	<b>Financial</b>
<ul style="list-style-type: none"> <li>• Bell Canada Inc.</li> <li>• Bell MTS Inc.</li> <li>• Rogers Communications Inc.</li> <li>• Shaw Communications Inc.</li> <li>• TELUS Communications Inc.</li> <li>• TELUS Corp.</li> </ul>	<ul style="list-style-type: none"> <li>• Algonquin Power Co.</li> <li>• AltaGas Ltd.</li> <li>• Brookfield Renewable Partners ULC</li> <li>• Bruce Power LP</li> <li>• Canadian Natural Resources Ltd.</li> <li>• Canadian Utilities Ltd.</li> <li>• CU Inc.</li> <li>• Enbridge Gas Inc.</li> <li>• Enbridge Inc.</li> <li>• Enbridge Pipelines Inc.</li> <li>• Energir Inc.</li> <li>• Husky Energy Inc.</li> <li>• Inter Pipeline Ltd.</li> <li>• North West Redwater Partnership / NWR Financing Co. Ltd.</li> <li>• NOVA Gas Transmission Ltd.</li> <li>• Ontario Power Generation Inc.</li> <li>• Pembina Pipeline Corp.</li> <li>• Suncor Energy Inc.</li> <li>• TransCanada PipeLines Ltd.</li> <li>• Westcoast Energy Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Caterpillar Financial Services Ltd.</li> <li>• CI Financial Corp.</li> <li>• Daimler Canada Finance Inc.</li> <li>• Fairfax Financial Holdings Ltd.</li> <li>• GE Capital Canada Funding Co.</li> <li>• General Motors Financial of Canada Ltd.</li> <li>• Genworth MI Canada Inc.</li> <li>• Great-West Lifeco Inc.</li> <li>• Sun Life Financial Inc.</li> <li>• Honda Canada Finance Inc.</li> <li>• Intact Financial Corp.</li> <li>• John Deere Canada Funding Inc.</li> <li>• John Deere Financial Inc.</li> <li>• MCAP Commercial LP</li> <li>• Nissan Canada Inc.</li> <li>• TMX Group Ltd.</li> <li>• Toyota Credit Canada Inc.</li> <li>• VW Credit Canada Inc.</li> </ul>
<b>Industrial</b>	<b>Infrastructure</b>	<b>Real Estate</b>
<ul style="list-style-type: none"> <li>• Alimentation Couche-Tard Inc.</li> <li>• BMW Canada Inc.</li> <li>• Brookfield Asset Management Inc.</li> <li>• Cameco Corp.</li> </ul>	<ul style="list-style-type: none"> <li>• 407 International Inc.</li> <li>• Alectra Inc.</li> <li>• AltaLink Investments LP</li> <li>• AltaLink LP</li> </ul>	<ul style="list-style-type: none"> <li>• AIMCo Realty Investors LP</li> <li>• Allied Properties Real Estate Investment Trust</li> <li>• bcIMC Realty Corp.</li> </ul>

<ul style="list-style-type: none"> <li>• Canadian National Railway Co.</li> <li>• Canadian Pacific Railway Co.</li> <li>• Canadian Tire Corp Ltd.</li> <li>• Dollarama Inc.</li> <li>• Finning International Inc.</li> <li>• George Weston Ltd.</li> <li>• Leisureworld Senior Care LP</li> <li>• Loblaw Cos. Ltd.</li> <li>• Magna International Inc.</li> <li>• Metro Inc./CN</li> <li>• Penske Truck Leasing Canada Inc.</li> <li>• Saputo Inc.</li> <li>• Sienna Senior Living Inc.</li> <li>• Teranet Holdings LP</li> </ul>	<ul style="list-style-type: none"> <li>• Brookfield Infrastructure Finance ULC</li> <li>• Emera Inc.</li> <li>• ENMAX Corp.</li> <li>• EPCOR Utilities Inc.</li> <li>• Fortis Inc./Canada</li> <li>• FortisAlberta Inc.</li> <li>• Greater Toronto Airports Authority</li> <li>• Hydro One Inc.</li> <li>• Hydro Ottawa Holding Inc.</li> <li>• Lower Mattagami Energy LP</li> <li>• NAV Canada</li> <li>• Toronto Hydro Corp.</li> <li>• Vancouver Fraser Port Authority</li> <li>• Winnipeg Airports Authority Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Bow Centre Street LP</li> <li>• Brookfield Property Finance ULC</li> <li>• Choice Properties LP</li> <li>• Choice Properties Real Estate Investment Trust</li> <li>• CT Real Estate Investment Trust</li> <li>• First Capital Real Estate Investment Trust</li> <li>• Granite REIT Holdings LP</li> <li>• H&amp;R Real Estate Investment Trust</li> <li>• Ivanhoe Cambridge II Inc.</li> <li>• OMERS Realty Corp</li> <li>• Original Wempi Inc.</li> <li>• RioCan Real Estate Investment Trust</li> <li>• SmartCentres Real Estate Investment Trust</li> <li>• Ventas Canada Finance Ltd.</li> </ul>
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*Source: BoC 2020a.*

Months after BoC officials enacted the CBPP, the central bank on October 6, 2020, expanded eligibility to allow certain buy-side participants to offer bonds into the program (BoC 2020g). Participants had to either be a portfolio manager registered with a provincial securities commission or a federally or provincially regulated Canadian pension plan (BoC 2020a; BoC 2020g). These new participants had to submit their offers to the CBPP through eligible primary dealers (BoC 2020a; BoC 2020g).

Primary dealers for Government of Canada bonds that were previously approved by the BoC were eligible to facilitate the CBPP bond purchases. The eligible dealers were (BoC 2020n; BoC 2020h):

- BMO Nesbitt Burns Inc.;
- Casgrain & Company Limited;
- CIBC World Markets Inc.;

- Desjardins Securities Inc.;
- HSBC Securities (Canada) Inc.;
- Merrill Lynch Canada Inc.;
- Laurentian Bank Securities Inc.;
- National Bank Financial Inc.;
- RBC Dominion Securities Inc.;
- Scotia Capital Inc.; and
- Toronto-Dominion Bank.

**12. Auction or Standing Facility: The BoC conducted CBPP purchases through a tender offer process (auction).**

For each tender process, the BoC provided eligible participants advance notice of assets eligible for CBPP purchase. Authorized dealers would communicate eligible participants' offers to sell given amounts of eligible assets at a specified spread to a TDAM account that the BoC held (BoC 2020c).

**13. Loan or Purchase: The BoC purchased eligible bonds from eligible participants.**

BoC Deputy Governor Toni Gravelle said in March 2021 that the BoC had no plans to sell the corporate bonds on its balance sheet (Gravelle 2021).

**14. Eligible Assets: The BoC would purchase only CAD-denominated senior secured or senior unsecured corporate bonds issued by eligible participants that met certain rating requirements.**

The BoC aimed to purchase bonds that would roughly reflect a reference portfolio based on sectoral shares of eligible assets outstanding (BoC 2020n).

The bonds must have been included in the FTSE Canada 0+ Year Universe Bond Index Series. Eligible assets also had to have at least one rating of BBB Mid/BBB/Baa2 or higher for the senior unsecured rating or long-term foreign issuer credit rating assigned by any of DBRS Morningstar, Standard & Poor's, Moody's Investors Service, and Fitch Ratings, as of April 15, 2020. Bonds that were subsequently downgraded after April 15, 2020, and no longer retained at least one rating of BBB Mid/BBB/Baa2 or higher were still eligible for the program, given they retained at least one rating of BBB Low/BBB-/Baa3 or higher. However, if a participant failed to maintain at least one rating of BBB Low/BBB-/Baa3 or higher, it would lose participation eligibility (BoC 2020n).

The minimum tender amount per security was CAD 1 million par amount. Eligible assets had to have a remaining term to maturity of five years or less at the time of purchase (BoC 2020n).

Floating rate notes and sinking fund bonds were ineligible (BoC 2020n).

**15. Purchase Price: BoC policymakers stated the central bank would purchase assets that satisfied the central bank's pricing and portfolio requirements.**

The central bank reserved the right to adjust its pricing and portfolio requirements as it deemed necessary (BoC 2020c). Further detail on the BoC's pricing policy is unavailable with currently published BoC documentation.

Deputy Governor Gravelle said the BoC set "conservative reserve prices" below which the BoC would not purchase corporate bonds in an attempt to constrain the unwarranted use of the CBPP and other purchase facilities (Gravelle 2021, 5).

The BoC would not hold more than 10% of the par value of an eligible participant's eligible assets outstanding on April 15, 2020. The overall program size was limited to a total of CAD 10 billion of eligible assets (BoC 2020c).

**16. Haircuts: Eligible participants would sell their bonds to the BoC via TDAM at a "specified spread."**

Details on how this spread was calculated and applied are unavailable with published BoC documentation (BoC 2020c).

**17. Interest Rates: This key design decision does not apply to the CBPP.**

This key design decision does not apply to the CBPP.

**18. Fees: This key design decision does not apply to the CBPP.**

This key design decision does not apply to the CBPP.

**19. Term: This key design decision does not apply to the CBPP.**

This key design decision does not apply to the CBPP.

**20. Other Restrictions on Eligible Participants: The BOC did not impose other restrictions or requirements on eligible issuers.**

The BoC did not publicly publish any limitations on stock purchases or executive compensation.

**21. Regulatory Relief: This key design decision does not apply to the CBPP.**

This key design decision does not apply to the CBPP.

**22. International Coordination: This key design decision does not apply to the CBPP.**

This key design decision does not apply to the CBPP.

**23. Duration: The BoC shuttered CBPP operations on May 26, 2021, as originally scheduled, a year after the facility opened.**

At the end of March 2021, Deputy Governor Gravelle said corporate borrowers had “unfettered access” to “fully functional” debt markets, and thus, the BoC had no reason to extend the CBPP (Gravelle 2021, 6; BoC 2021b). He also said the BoC did not plan to sell any assets purchased through the CBPP (Gravelle 2021).



## References and Key Program Documents

Documents cited in the text are introduced with a parenthetical author-date citation. Documents that are relevant to this case but have not been cited in text do not include this parenthetical reference.

### Implementation Documents

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**Annex 1. Bank of Canada Corporate Bond Purchase Program Transaction Data**

Trade Date	Settle Date	Amount Purchased (in CAD)	Issuer	Security Maturity Date	Coupon (%)	Purchase Price (CAD)	Purchase Yield (%)
5/26/20	5/28/20	5000000	RioCan Real Estate Investment Trust	10/3/22	2.83	100.676	2.531
5/26/20	5/28/20	6500000	H&R Real Estate Investment Trust	1/23/23	3.416	99.578	3.583
5/26/20	5/28/20	5000000	RioCan Real Estate Investment Trust	2/12/24	3.287	101.53	2.849
5/26/20	5/28/20	5000000	Loblaw Cos Ltd	6/10/24	3.918	108.32	1.73
6/2/20	6/4/20	5000000	Bell Canada Inc.	10/1/21	2	101.077	1.178
6/4/20	6/8/20	5000000	OMERS Realty Corp	4/5/21	2.971	101.558	1.068
6/4/20	6/8/20	5000000	Lower Mattagami Energy LP	5/18/21	4.331	103.135	0.982
6/4/20	6/8/20	6000000	Enbridge Gas Inc.	12/17/21	4.77	105.512	1.114
6/4/20	6/8/20	5000000	ENMAX Corp	10/18/22	2.922	102.193	1.966
6/4/20	6/8/20	10000000	Hydro One Inc.	4/5/24	2.54	104.605	1.275
6/9/20	6/11/20	2319000	First Capital Real Estate Investment Trust	3/1/21	4.5	101.113	2.927
6/9/20	6/11/20	1356000	SmartCentres Real Estate Investment Trust	6/23/21	2.757	100.671	2.096
6/9/20	6/11/20	135000	SmartCentres Real Estate Investment Trust	6/23/21	2.757	100.487	2.277
6/9/20	6/11/20	358000	Dollarama Inc.	7/22/21	2.337	101.334	1.127
6/9/20	6/11/20	1341000	Choice Properties LP	9/20/21	3.6	101.946	1.676
6/9/20	6/11/20	317000	First Capital Real Estate Investment Trust	12/5/22	3.95	101.843	3.172
6/9/20	6/11/20	533000	SmartCentres Real Estate Investment Trust	5/30/23	3.985	104.55	2.387

6/9/20	6/11/20	4857000	RioCan Real Estate Investment Trust	2/12/24	3.287	102.08	2.687
6/11/20	6/15/20	1757000	Leisureworld Senior Care LP	2/3/21	3.474	100.737	2.294
6/11/20	6/15/20	103000	Leisureworld Senior Care LP	2/3/21	3.474	100.813	2.174
6/11/20	6/15/20	400000	BMW Canada Inc.	10/19/20	1.78	100.09	1.507
6/11/20	6/15/20	1000000	TransCanada PipeLines Ltd	11/20/20	11.8	104.45	1.337
6/11/20	6/15/20	163000	TransCanada PipeLines Ltd	11/20/20	11.8	103.914	2.526
6/11/20	6/15/20	2000	Inter Pipeline Ltd	2/2/21	4.967	101.468	2.604
6/11/20	6/15/20	800000	AltaGas Ltd	9/28/21	3.72	102.764	1.539
6/11/20	6/15/20	297000	Westcoast Energy Inc.	10/28/21	3.883	103.259	1.468
6/11/20	6/15/20	207000	Pembina Pipeline Corp	11/10/21	3.43	102.287	1.668
6/11/20	6/15/20	182000	Canadian Pacific Railway Co	1/14/22	5.1	105.81	1.369
6/11/20	6/15/20	190000	Enbridge Inc.	2/22/22	4.85	105.412	1.588
6/11/20	6/15/20	50000	Inter Pipeline Ltd	5/30/22	3.776	101.919	2.761
6/11/20	6/15/20	440000	Magna International Inc.	12/15/22	3.1	102.415	2.071
6/11/20	6/15/20	230000	AltaGas Ltd	12/16/22	2.609	102.292	1.67
6/11/20	6/15/20	200000	Enbridge Inc.	1/13/23	3.94	105.499	1.75
6/11/20	6/15/20	2747000	Pembina Pipeline Corp	6/1/23	2.56	101.821	1.924
6/11/20	6/15/20	132000	AltaGas Ltd	6/12/23	3.57	104.618	1.834
6/11/20	6/15/20	3000000	Enbridge Pipelines Inc.	11/17/23	6.35	114.834	1.854
6/11/20	6/15/20	5900000	Pembina Pipeline Corp	1/22/24	2.99	102.988	2.084
6/11/20	6/15/20	825000	North West Redwater Partnership / NWR financing Co Ltd	7/22/24	3.2	105.306	1.77

6/11/20	6/15/20	502000	Westcoast Energy Inc.	9/12/24	3.43	106.371	1.77
6/11/20	6/15/20	965000	Penske Truck Leasing Canada Inc.	9/30/24	2.7	99.176	2.905
6/11/20	6/15/20	939000	Pembina Pipeline Corp	2/3/25	3.54	105.658	2.18
6/11/20	6/15/20	574000	NOVA Gas Transmission Ltd	5/27/25	8.9	129.76	2.473
6/16/20	6/18/20	267000	Honda Canada Finance Inc.	2/18/21	2.155	100.678	1.132
6/16/20	6/18/20	25000	Toyota Credit Canada Inc.	7/12/23	3.04	104.713	1.462
6/16/20	6/18/20	135000	Daimler Canada Finance Inc.	3/13/24	2.97	101.315	2.598
6/16/20	6/18/20	3598000	Honda Canada Finance Inc.	6/4/24	2.5	102.806	1.763
6/16/20	6/18/20	2418000	Honda Canada Finance Inc.	5/23/25	3.444	107.554	1.834
6/18/20	6/22/20	1839000	CU Inc.	4/1/22	9.92	115.505	1.08
6/18/20	6/22/20	1050000	Bell Canada Inc.	3/22/23	3.35	104.755	1.409
6/18/20	6/22/20	269000	CU Inc.	3/6/24	6.215	117.091	1.46
6/23/20	6/25/20	4664000	Hydro One Inc.	2/24/21	1.84	100.747	0.711
6/23/20	6/25/20	1861000	John Deere Financial Inc.	9/17/24	2.4	104.17	1.381
6/25/20	6/29/20	8456000	RioCan Real Estate Investment Trust	12/13/21	3.716	102.159	2.201
6/25/20	6/29/20	4285000	CU Inc.	5/1/23	9.4	122.72	1.233
6/25/20	6/29/20	15000	Ivanhoe Cambridge II Inc.	6/27/23	2.909	104.092	1.467
6/25/20	6/29/20	2701000	Toyota Credit Canada Inc.	7/12/23	3.04	104.987	1.357
6/25/20	6/29/20	755000	Original Wempi Inc.	2/13/24	4.309	101.476	3.867
6/25/20	6/29/20	206000	Brookfield Asset Management Inc.	3/8/24	5.04	109.488	2.165
6/25/20	6/29/20	4011000	Bell MTS Inc.	5/27/24	4	108.563	1.585

6/25/20	6/29/20	5000000	Sienna Senior Living Inc.	11/4/24	3.109	97.233	3.805
6/29/20	7/2/20	1500000	Dollarama Inc.	7/22/21	2.337	101.368	1.03
9/3/20	9/8/20	5500000	Hydro One Inc.	1/13/22	3.2	103.525	0.565
9/3/20	9/8/20	8700000	Hydro One Inc.	2/28/25	1.76	103.69	0.9
9/24/20	9/28/20	1067000	North West Redwater Partnership / NWR financing Co Ltd	7/22/24	3.2	106.681	1.279
10/1/20	10/5/20	2314000	Bell Canada Inc.	10/1/21	2	101.334	0.645
10/13/20	10/15/20	3995000	Toyota Credit Canada Inc.	10/11/22	2.62	103.739	0.723
10/13/20	10/15/20	6693000	Honda Canada Finance Inc.	12/19/22	2.488	103.519	0.853
11/12/20	11/16/20	20000000	Honda Canada Finance Inc.	2/18/21	2.155	100.465	0.312
2/2/21	2/4/21	15000000	VW Credit Canada Inc.	3/29/21	2.9	100.382	0.346
2/2/21	2/4/21	9000000	BMW Canada Inc.	8/6/21	2.57	101.132	0.327
2/2/21	2/4/21	2950000	VW Credit Canada Inc.	6/27/22	2.65	102.858	0.586
2/25/21	3/1/21	8000000	Canadian National Railway Co	11/16/23	1.45	100.719	1.179
2/25/21	3/1/21	6400000	TransCanada PipeLines Ltd	7/17/25	3.3	107.073	1.526
3/16/21	3/18/21	5000000	Honda Canada Finance Inc.	3/1/23	2.537	103.131	0.916
3/16/21	3/18/21	16500000	Honda Canada Finance Inc.	8/28/23	3.176	105.228	1.01
3/18/21	3/22/21	3027000	Brookfield Renewable Partners ULC	6/2/25	3.752	107.876	1.68
3/18/21	3/22/21	2260000	AltaLink LP	11/6/23	3.668	107.289	0.853
3/18/21	3/22/21	2191000	Enbridge Gas Inc.	4/25/22	4.85	104.516	0.696
3/18/21	3/22/21	1549000	Emera Inc.	6/16/23	2.9	104.004	1.013

Source: Bank of Canada.



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