

Bank of Canada to Introduce a Corporate Bond Purchase Program

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In order to support the efficient and continuous functioning of financial markets, the Bank of Canada is announcing its intention to introduce a Corporate Bond Purchase Program (CBPP).

This program will support the liquidity and proper functioning of the corporate debt market. A liquid and efficient market for Canadian-dollar corporate bonds allows companies, currently challenged by the impact of the COVID-19 pandemic, to continue to obtain necessary longer-dated financing to support their operations, ultimately aiding the Canadian economy. It also strengthens the pass-through of monetary policy actions to borrowers.

To support the flow of credit for corporate issuers in Canada, the CBPP will purchase eligible corporate bonds in the secondary market. The program size will be capped at \$10 billion and will be restricted to senior secured and unsecured bonds originated by Canadian incorporated companies with a remaining maturity of up to 5 years and a minimum credit rating of BBB or equivalent. Debt issued by deposit-taking institutions will be excluded given their access to other support facilities by the Bank of Canada. The program will remain active for a period of 12 months. The program's parameters may be expanded if conditions warrant.

The Bank will conduct a targeted competitive process to select an asset manager to run this program. As previously announced, the Bank has retained BlackRock Financial Markets Advisory to provide advisory services and CIBC Mellon to serve as custodian.

The CBPP is expected to be operational in early May. The specific launch date and further operational details of the program are expected to be announced by the end of April.

The Bank of Canada continues to closely monitor global and domestic market developments and remains committed to providing all the liquidity the financial system needs so that it can continue to serve Canadians.

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