

FTSE Canada Bond Indexes - Index Weights to be Adjusted for Canada Secondary Market Liquidity Program Purchases

06 April 2020

On March 31, 2020, FTSE Russell announced its review of index handling of Bank of Canada secondary market purchases of Government of Canada bonds and Canada Mortgage Bonds (CMBs) within the FTSE Canada Bond Indexes. We also communicated a proposal to reflect these purchases in line with current treatment of primary market operations. FTSE Russell has since received feedback from a broad range of market participants and thank those who have provided their views. Having carefully considered all the comments, FTSE Russell confirms that, effective from Tuesday April 7, 2020, Bank of Canada secondary market purchases of Government of Canada and Canada Mortgage Bonds will be reflected in the security-level index amount outstanding. Any amounts purchased since the start of the program up to and including Monday April 6, 2020 will be reflected in the index on Tuesday April 7, 2020, along with any further operations performed on that day.

This announcement provides further clarifying guidance on the operational implementation.

Frequency of Updates

- FTSE Russell will reflect the results from the Bank of Canada Secondary Market Purchase operations to adjust index holdings as they occur, which could be daily.
- The index will reflect the adjustment once the information of that day's secondary market purchase operations becomes available on the Bank of Canada website¹.

Index Announcements

- FTSE Russell will communicate the impact to index users via standard daily index announcement emails, in the same way all users are currently notified about new entry bonds, re-issues, amount outstanding changes, etc.
- Index review and update timing remains by 3 pm EST daily.

FTSE Russell will continue to monitor the evolving situation and will continue to provide additional clarity as needed.

Please contact pcbond@ftserussell.com / 416.572.7979 with any questions or comments.

¹ Results of Bank of Canada Secondary Market Purchase Facility for Government of Canada Marketable Bonds are announced at the following: <https://www.bankofcanada.ca/markets/government-securities-auctions/calls-for-tenders-and-results/>

Results of Bank of Canada Secondary Market Purchases for the Canada Mortgage Bonds are announced at the following: <https://www.bankofcanada.ca/press/market-notice/>

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