

Government and Corporate Debt Transparency

Canadian Fixed Income Forum – September 15, 2020

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Agenda

- Background and Update on Debt Transaction Reporting
- IIROC Information Processor
- Guidance on Implementation of GDT Phase II (May 31 2021)
- Update on Bulk Data Download
- Future Debt IP Website Enhancements
- Website screenshots, statistics and usage

Background

- IIROC currently receives debt transaction reports from IIROC Dealers and GSDs
- Pleased to be able to leverage this data to support the CSA's transparency initiatives and the Bank of Canada
- On July 6, 2016, IIROC was appointed by the CSA as the IP for corporate debt securities
- Full operation complete July 2017 and since that date have been providing public access to all corporate debt trades on the secondary market by all IIROC-regulated investment firms
- Entrusted by Bank of Canada with the publication of the Canadian Bankers' Acceptance (BA) Rates, and monthly Bond and Money Market Secondary Trading Statistics
- Beginning on June 15, 2020, IIROC began providing data to the Bank as they assumed responsibility for the calculation of CORRA

Update on Debt Transaction Reporting

IIROC Rule 2800C - Key Milestones

- November 1, 2015 - began receiving reports of debt transactions from IIROC Dealer Members who are GSDs or affiliated with a GSD on T+1 basis
- November 1, 2016 – began receiving reports from all other IIROC Dealer Members who trade debt
- Established a dedicated Surveillance team led by Rick Brown, Director of Debt Surveillance
- On March 29, 2019 published amendments to Rule 2800C to among other things:
 - shorten the transaction reporting deadlines for reportable debt transactions to trade date (T) from trade date + 1 (T+1)
- Fully implemented on April 27, 2020

IIROC Information Processor

Corporate Debt Transparency

- <https://bondtradedata.iroc.ca>
- As of July 6, 2016, IIROC IP provided delayed transparency for all retail corporate debt trades, and retail and institutional trades **in a subset of liquid bonds** on a T+2 basis **by Government Securities Distributors (“GSDs”)**.
- As of November 1, 2016, IIROC received debt securities transaction information from all remaining non-(“GSDs”). The trades received from those dealer members were not disseminated by IIROC IP as information processor, until the trade data for all corporate debt securities were made transparent on July 1, 2017.
- As of July 1, 2017, IIROC IP made **all corporate bond retail and institutional trades** publicly transparent on a T+2 basis, and subject to volume caps of \$2M for investment grade corporate debt securities and \$0.2M for non-investment grade corporate debt securities.

IIROC Information Processor

Addition of Government Debt

- As of August 31, 2020 IIROC IP
 - disseminates the existing post-trade information for corporate debt securities on a T+1 (at 5:00 pm ET) basis; and
 - disseminates post-trade information for trades in government debt securities executed by dealer members that are currently subject to IIROC Dealer Member Rule 2800C, marketplaces, inter-dealer bond brokers and Banks that are currently reporting their corporate debt transactions to the MTRS 2.0, with application of defined volume caps, on a T+1 (at 5:00 pm ET) basis.
- As of May 31, 2021 IIROC IP will disseminate on a T+1 (at 5:00 pm ET) basis, post-trade information for trades in corporate and government debt securities executed by those banks listed in Schedule I, II or III of the Bank Act (Canada) (“Banks”) that do not currently report their debt transactions to the MTRS 2.0.

Implementation of GDT – Phase II

High Level Approach

- IIROC will publish Notice in next few weeks which will lay out the process, contact information, and high-level timeline
- Will leverage MTRS 2.0 and the process used currently to onboard reporting entities

STEPS

- Enrolment of participating Schedule I, II, & III banks to confirm:
 - contact information
 - expected trading volume
 - appropriate connectivity method
- Information Sessions
 - Share Data Specifications and other connectivity documents
- Set schedule for testing and certification of data transfers
- Soft launch
- Full implementation on May 31, 2021

Implementation of GDT – Phase II

- Leveraging the *MTRS 2.0 Transaction Reporting Gateway* (reporting options below)
- Regardless of reporting option, Schedule I, II and III banks will be required to enrol and certify with IIROC
- Encourage banks to proactively reach out to IIROC to begin the process as soon as possible

Reporting Option	Recommended Use
Secure File Transfer Protocol (SFTP)	have large numbers of transactions and/or have automated their process
Manual Upload	have small numbers of transactions

Implementation of GDT – Phase II

Supporting Documentation

- **Enrolment and Certification Manual (the “Certification Manual”)** - persons and companies that are not currently providing information to IIROC IP regarding their trades in corporate and government debt securities will have to complete certain enrolment and certification tasks.
- **Debt Securities Transaction Reporting MTRS 2.0 User Guide (the “User Guide”)** - includes instructions for data contributors that are required to report trades in debt securities to IIROC in accordance with IIROC Rule 2800C and/or National Instrument 21-101.
- **MTRS 2.0 Transaction Reporting Gateway Guide (the “Gateway Guide”)** - covers the specifications of the MTRS 2.0 Transaction Reporting Gateway and includes information on account management, connectivity and file transmission procedures.

Implementation of GDT – Phase II

IIROC Role as Regulator versus Role as IP

Entities subject to IIROC Rule 2800C	Entities not subject to IIROC Rule 2800C
Debt Surveillance team plays a direct role in ensuring compliance with 2800C, including the integrity and timeliness of the reporting	IIROC IP shall: <ul style="list-style-type: none">• contact the person or company where discrepancies were identified;• If discrepancies continue to occur, then IIROC IP shall refer the matter to the relevant person or company's CSA jurisdiction;• Should the matter remain unsolved, CSA staff will engage the Bank of Canada
IIROC's Trading Conduct Compliance team also test data quality as part of their audits	

Debt IP Website

Update on Bulk Downloads / Future Enhancements

- Bulk download facility - Update
- Website Enhancements under Discussion
 - Improve experience for retail and small institutional investors
 - Improve search capability
 - Provide ability to track a set of bonds
 - Interactive data lookup and summary
 - Yield and volume over time visualizations
- Will consult

Corporate & Government Debt Transparency

Summary Statistics

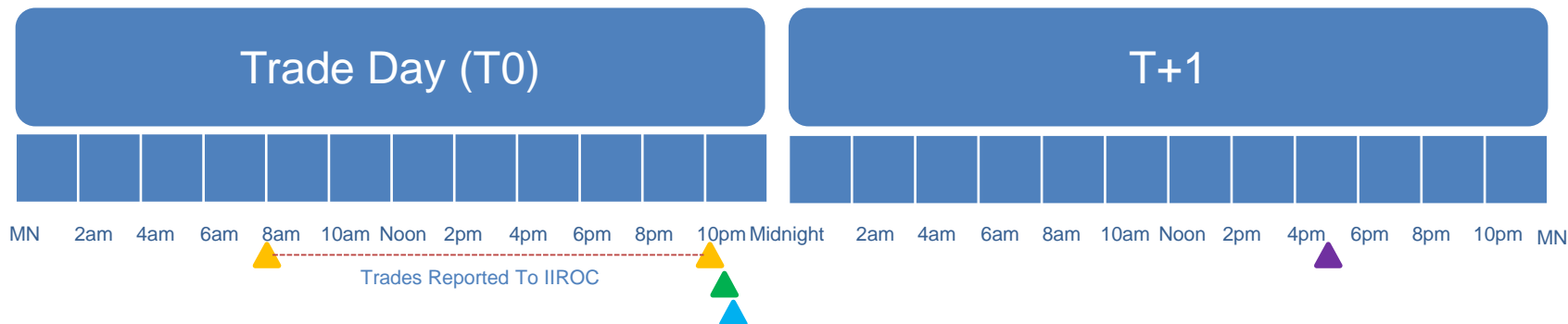
- Since July 2016, over 20 million debt trading transactions have been reported through MTRS2.0 to IIROC in compliance with Rule 2800C by 118 IIROC Dealer Members
- Since July 2016, 4.95 million qualifying* corporate debt trading transactions have been published on the Debt IP website
 - 2,701 issues
 - 620 issuers
 - 271,498 transactions shown with volume cap
 - \$748B capped volume (\$2.2T total uncapped volume)
- Since August 31 2020, 48,951 qualifying** government debt trading transactions have been published on the Debt IP website
 - 1,642 issues
 - 412 issuers
 - 9,605 transactions shown with volume cap
 - \$87B capped volume (\$312B total uncapped volume)

* Secondary Market only; Money Market excluded; Corporate Strip Bonds Excluded

** Secondary Market only; Foreign Sovereign Debt Excluded

Trade Reporting and Debt IP Processing

Average Processing Statistics



Trade Data Reporting	Deadline
Dealers report executed Debt/Repo trades using IIROC secure gateway, csv file or website form as per Dealer Member Rule 2800C	On or before 10pm

Debt Data Processing Steps	Scheduled Start	Average Processing Time
1. Debt Reference Data Load (CUSIP, Ratings, BoC, Dealer Profile)	T at 10pm	7 min
2. Debt Trade Processing (Debt & Repo Trades Loaded to Debt Data Warehouse)	T at ~10:07pm	40 min
3. Debt IP Reference Data Load (FIGI, Bank LEI Exclusion)	T at ~10:50pm	51 sec
4. Debt IP Data Processing (Load Debt IP DB with Eligible Trades from Debt DW and publish view to Debt IP website)	T+1 at 4:55pm	11 sec

Service Level Objective (SLO) – New trades are to be available on website at latest 5pm, T+1



Debt IP Website

Screenshot of Summary Page

Added Fields
- Type of Bond
- Original Issue Date

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Current View : Summary View

Issuer Name CUSIP / ISIN / FIGI

Issuer	Security ID	Type Of Bond	Maturity Date	Original Issue Date	Coupon Rat...	Last Traded Price	Last Yield	Total Trade Coun...	Last Tra
TELUS CORP	BBG004D0FW72	Corp	2024-04-01	2013-04-01	3.350	107.620	1.006	21	2020-
QUEBEC PROV MEDIUM TERM NT CDS-	CA74814ZEL37	Govt	2022-12-01	2011-12-02	3.500	106.868	0.395	10	2020-
BROOKFIELD RENEWABLE PARTNERS C...	BBG0087HBQW2	Corp	2025-06-02	2015-03-06	3.752	111.072	1.201	4	2020-
BROOKFIELD ASSET MGMT INC	BBG005XKF4J2	Corp	2026-01-28	2014-01-28	4.820	115.280	1.703	3	2020-
ALTALINK L.P.	BBG005HVFTB9	Corp	2023-11-06	2013-11-04	3.668	109.212	0.707	1	2020-
LOBLAW COS LTD	BBG0057VRM95	Corp	2023-09-12	2013-09-10	4.860	110.967	1.135	3	2020-
PROV OF ONTARIO	CA683234SL32	Govt	2033-03-08	2003-02-17	5.850	149.421	1.498	9	2020-
PROV OF BRITISH COLUMBIA	CA110709EK47	Govt	2029-06-18	1998-06-18	5.700	137.441	1.191	7	2020-
TD CAPITAL TRUST IV	BBG0000NHNX3	Corp	2108-06-30	2009-09-15	6.631	104.401	1.099	1	2020-
PROV OF QUEBEC	CA748148QJ59	Govt	2029-10-01	1998-05-01	6.000	140.764	1.229	1	2020-
ONTARIO PROV CDA	CA68323ACY88	Govt	2046-12-02	2015-02-02	2.900	118.695	1.982	17	2020-
CANADA GOVT	CA135087ZU15	Govt	2022-06-01	2011-08-02	2.750	104.385	0.201	6	2020-
MONTREAL QUE	CA614852PH86	Govt	2025-09-01	2015-11-02	3.000	109.999	0.937	18	2020-
ROYAL BK CDA MONTREAL QUE	BBG0086JH390	Corp	2022-03-02	2015-03-02	1.968	101.970	0.625	9	2020-
PROV OF ONTARIO	CA68323ZUP21	Govt	2022-06-02	1994-12-09	0.000	99.440	0.326	5	2020-
QUEBEC PROV MEDIUM TERM NT CDS-	CA74814ZES89	Govt	2024-09-01	2013-12-18	3.750	112.280	0.617	17	2020-
ONTARIO PROV CDA	CA68323ACC68	Govt	2045-06-02	2013-05-10	3.450	128.710	1.986	13	2020-


100 items per page 1 of 43 1 - 100 of 4266 items

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Application of Volume Cap (Provincial Bond)



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Current View : Trade View

Issuer Name
 CUSIP / ISIN / FIGI

Issuer: QUEBEC PROV MEDIUM TERM NT CDS-
CUSIP: 74814ZEL3
ISIN: CA74814ZEL37
FIGI:
Coupon: 3.500
Maturity Date: 2022-12-01

Execution Date	Execution Time	Settlement Date	Transaction Type	Volume	Price	Yield	Account Type	Commiss
2020-09-09	11:07:24	2020-09-11	New	2,000,000	106.860	0.395	I	no
2020-09-09	11:40:08	2020-09-09	New	475,000	106.862	0.401	I	no
2020-09-09	13:22:30	2020-09-11	New	11,000	106.834	0.406	I	no
2020-09-09	14:32:14	2020-09-11	New	11,000	106.834	0.406	I	no
2020-09-09	15:05:36	2020-09-11	New	2,000	106.850	0.399	I	no
2020-09-09	15:47:47	2020-09-11	New	2,000	106.836	0.405	I	no
2020-09-09	15:54:01	2020-09-11	New	12,000	106.866	0.392	I	no
2020-09-09	16:14:46	2020-09-11	New	2,000	106.809	0.417	R	no
2020-09-09	16:31:33	2020-09-10	New	355,000	106.844	0.405	I	no
2020-09-09	16:34:50	2020-09-10	New					

From : 09-09-2020

To : 09-09-2020

Account Type:

All

Retail

Institutional

Volume caps

\$10M	\$5M	\$2M	250K
Government of Canada Bills (GoC Bills)	Government of Canada nominal bonds with over 10 years remaining to maturity (GoC > 10)	All provincial debt securities including Real Return Bonds, Strip Coupons and Residuals	Québec municipal debt securities
Government of Canada nominal bonds with 10 or less years remaining to maturity (GoC <= 10)		All municipal debt securities, except those issued in Québec	
		All other agency debt securities	
All Canada Mortgage Bonds (CMB)		Government of Canada Real Return Bonds	
		Government of Canada Strip Coupons and Residuals	

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Debt IP Website

Application of Volume Cap (Provincial Bond)

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Current View : Trade View

Issuer Name CUSIP ISIN FIGI

List All Bonds

Issuer: BAIE ST PAUL QUE CDS-
 CUSIP: 05676BCP00 ISIN: CA05676BCP00 FIGI: Coupon: 4.000 Maturity Date: 2020-12-07

Execution Date	Execution Time	Settlement Date	Transaction Type	Volume	Price	Yield	Account Type	Commis
2020-09-01	15:14:39	2020-09-03	New	250,000	+	100.887	0.561 I	no

From : 09-01-2020
 To : 09-01-2020

Account Type:
 All
 Retail
 Institutional

Volume caps

\$10M	\$5M	\$2M	250K
Government of Canada Bills (GoC Bills)	Government of Canada nominal bonds with over 10 years remaining to maturity (GoC>10)	All provincial debt securities including Real Return Bonds, Strip Coupons and Residuals	Québec municipal debt securities
Government of Canada nominal bonds with 10 or less years remaining to maturity (GoC <=10)		All municipal debt securities, except those issued in Québec All other agency debt securities	
All Canada Mortgage Bonds (CMB)		Government of Canada Real Return Bonds Government of Canada Strip Coupons and Residuals	

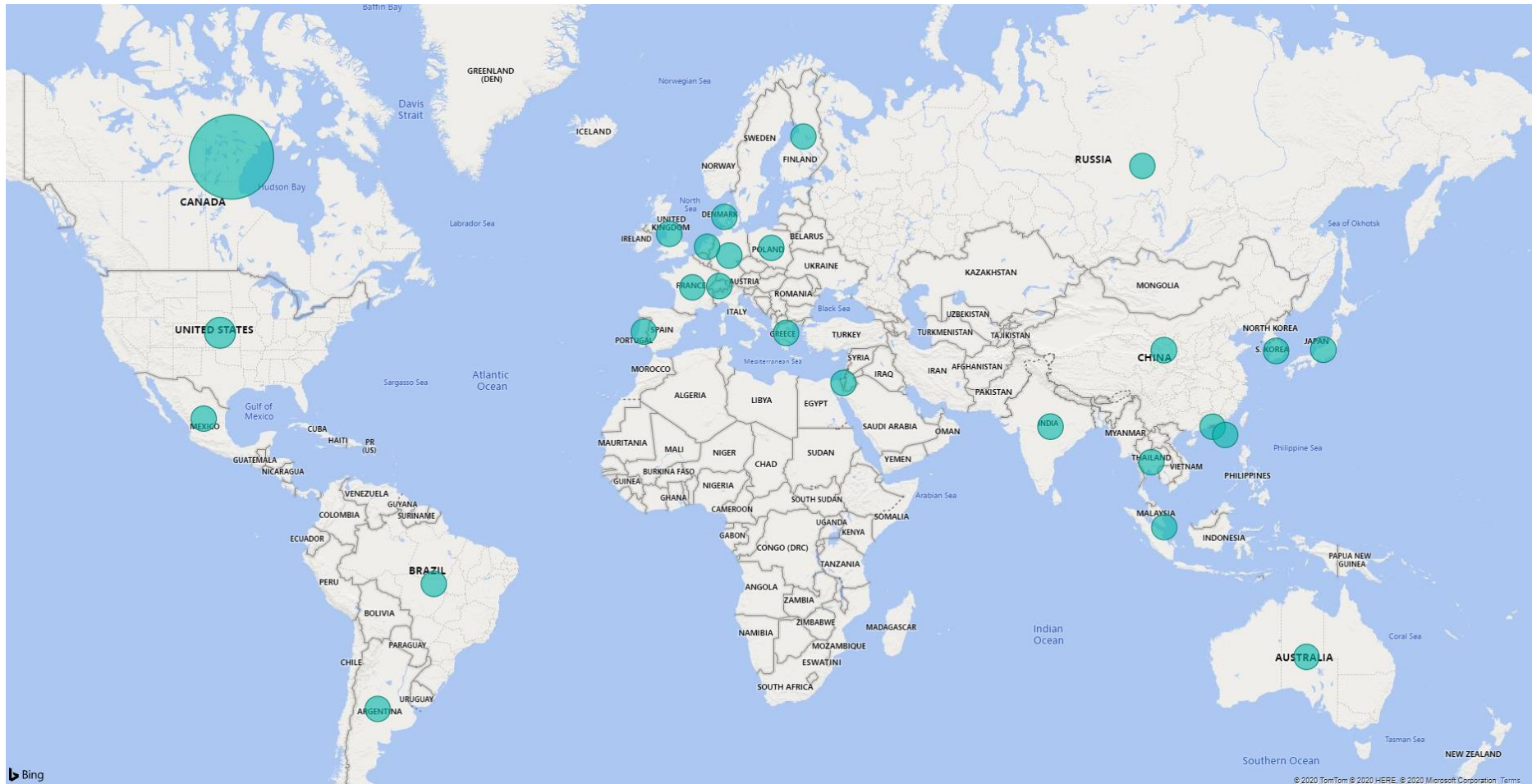
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Last six months



Website usage originated from 26 countries
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