

TERMS AND CONDITIONS

Canada Savings Bonds (CSBs), Canada Premium Bonds (CPBs) and Canada Investment Bonds (CIBs) purchased in non-certificated form through an *Authorized Investment Dealer* are subject to terms and conditions approved by the Minister of Finance, which are summarized below.

In these terms and conditions:

- *Authorized Investment Dealer* means an *Investment Dealer* who is authorized to sell CSBs, CPBs and CIBs;
- *bond* means the particular series of non-certificated CSBs, CPBs and CIBs for sale on the date *you* instruct an *Authorized Investment Dealer* to purchase them pursuant to these terms and conditions and for which principal and interest are recorded by *Investment Dealers*, not by the Bank of Canada;
- *Investment Dealer* means a member of both the Investment Dealers Association (IDA) and The Canadian Depository for Securities Limited (CDS) and who can record CSBs, CPBs and CIBs on behalf of *you*, or other entities as may be determined by the Minister of Finance;
- *we* means Canada Investment and Savings, the Bank of Canada and its agents; and
- *you* means the purchaser and owner of the *bonds*.

Buying bonds

You may only buy *bonds* with Canadian currency in multiples of \$100 subject to a minimum purchase amount of \$300 for regular interest *bonds* and \$100 for compound interest *bonds*. The Minister of Finance may end the sale of *bonds* at any time.

Record of Holdings

The record of holdings of CSBs, CPBs and CIBs will be held by your *Investment Dealer*. Your primary rights and remedies are against your *Investment Dealer* holding the record, not the Bank of Canada.

Who can own bonds

At the time of purchase, *bonds* may only be recorded in the name of Canadian residents.

Bonds may be recorded in the following manner:

- in the name of one or more individuals, whether adult or minor; if more than one individual owns the *bonds*, it may be specified should a co-owner die that the share of the deceased co-owner is to go, subject to applicable laws, to the surviving co-owner;
- in the name of the estate of a deceased individual or in the name of the trustee appointed under a will;
- in a personal trust;
- in the name of a sole proprietorship;
- in the name of a charitable organization or charitable foundation registered under the *Income Tax Act* (Canada); and
- in the name of a trust governed by one of the following plans under the *Income Tax Act* (Canada) or provincial legislation: a Registered Retirement Savings Plan, a Registered Retirement Income Fund, a Registered Education Savings Plan, a Deferred Profit Sharing Plan, an Employee Profit Sharing Plan or a Registered Pension Plan.

The maximum amount of principal that a person may own in each series and in each type of CSBs, CPBs or CIBs is \$500,000. A person may own CSBs, CPBs and CIBs above this limit if they are purchased with the proceeds of a maturing series, or because the person received them upon the death of the owner or a co-owner. Otherwise, the Minister of Finance may order a person to redeem the CSBs, CPBs and CIBs in excess of the maximum limit. No further interest will be earned on the amount of CSBs, CPBs and CIBs owned above this limit after the Minister's order to redeem. The Minister of Finance may change the \$500,000 maximum ownership limit at any time.

If there is any doubt whether a person is eligible to own *bonds* and how the *bonds* may be recorded, the Minister of Finance has the right to make the final decision.

Regular interest bonds

Regular interest *bonds* earn simple interest at the rates determined by the Minister of Finance until the earlier of maturity or redemption, based on the denomination of the regular interest *bonds*. Any simple interest will be paid to the owner on each annual anniversary until maturity, or at the time of redemption, as the case may be (please refer to **Redeeming bonds** below).

Compound interest bonds

Compound interest *bonds* earn, in addition to simple interest, compound interest at the rates determined by the Minister of Finance until the earlier of maturity or redemption based on the interest earned on each annual anniversary of the issue date prior to maturity. Any compound interest will be paid at the time of redemption or upon maturity, as the case may be (please refer to **Redeeming bonds** below).

Exchanging bonds

At any time before they mature, compound interest CSBs may be exchanged for regular interest CSBs of the same series plus, if applicable, payment of earned interest, compound interest CPBs may be exchanged for regular interest CPBs of the same series plus, if applicable, payment of earned interest, and compound interest CIBs may be exchanged for regular interest CIBs of the same series plus, if applicable, payment of earned interest,

Prior to 10 months following their issue date, regular interest CSBs may be exchanged for compound interest CSBs of the same series, regular interest CPBs may be exchanged for compound interest CPBs of the same series, and regular interest CIBs may be exchanged for compound interest CIBs of the same series.

At any time before they mature, compound interest non-certificated CSBs may be exchanged for compound interest certificated CSBs and compound interest non-certificated CPBs may be exchanged for compound interest certificated CPBs. At any time before they mature, except during the 11th and 12th months following the issue date and annual anniversary dates, regular interest non-certificated CSBs

may be exchanged for regular interest certificated CSBs and regular interest non-certificated CPBs may be exchanged for certificated CPBs. Please note certificated CSBs and CPBs are subject to different terms and conditions than these summarized terms and conditions. For more information or a copy of the summary terms and conditions for certificated CSBs and CPBs, please contact your *Investment Dealer*.

CIBs do not exist in certificated form and therefore may not be exchanged for a certificated CIB.

Transferring and assigning bonds

CSBs and CPBs - Subject to the applicable laws and in a manner acceptable to the Bank of Canada, CSBs and CPBs may only be transferred and assigned in the following cases:

- to a trust governed by one of the following plans under the *Income Tax Act* (Canada) or provincial legislation: a Registered Retirement Savings Plan, a Registered Retirement Income Fund, a Registered Education Savings Plan, a Deferred Profit Sharing Plan, an Employee Profit Sharing Plan or a Registered Pension Plan;
- from one of the above plans to the beneficial owner or beneficiary thereof;
- to a beneficiary, estate, or trustee appointed under a will if the owner dies or from the estate or the trustee to the beneficiary thereof;
- if the owner has a spouse or the *bond* is owned by spouses of each other, to one of those spouses in the event of divorce or if stipulated in a written separation agreement in form and substance acceptable to the Bank of Canada;
- from a charitable organization or charitable foundation to an individual as a prize or scholarship; and
- where they are to be pledged to Her Majesty in right of Canada as security for any purpose.

CIBs - Subject to applicable laws and in a manner acceptable to the Bank of Canada, CIBs may be transferred and assigned by contacting your *Investment Dealer* holding the record.

The minimum amount that may be transferred and assigned for each type of *bond* is the lesser of \$100 or the balance remaining in previously held *bonds*.

Adding owners

You may name additional individuals to be co-owners by providing your *Investment Dealer* with a properly completed prescribed form, and upon which, *you* can specify that in the event of death the share of the deceased co-owner is to go, subject to applicable laws, to the surviving co-owner.

Redeeming bonds

CSBs - You can redeem your CSBs at any time in principal amounts equal to multiples of \$100 by contacting your *Investment Dealer* holding the record.

CPBs - You can redeem your CPBs **on any annual anniversary of the issue date or during the 30 days thereafter by contacting your Investment Dealer holding the record**. If CPBs are redeemed during the 30 days following the annual anniversary of the issue date, **no interest will be earned for the period following the anniversary date**. In the event that evidence acceptable to the Bank of Canada is provided to show:

- the owner has died;
- the redemption is ordered by a court; or
- the proceeds of redemption are required by the owner:
 - to avoid bankruptcy;
 - to purchase a home further to the Home Buyer's Plan of the Government of Canada; or
 - to pursue education further to the Lifelong Learning Plan of the Government of Canada,

CPBs may be redeemed at other times by contacting your *Investment Dealer* holding the record.

CIBs - CIBs may not be redeemed prior to maturity.

No interest is earned on any CSBs and CPBs redeemed prior to the first three months after the issue date.

No interest is earned in respect of the calendar month in which CSBs and CPBs are redeemed.

The minimum amount that may be redeemed for each type of *bond* is the lesser of \$100 or the balance remaining in previously held *bonds*.

Errors and Omissions

Neither *we* nor the Minister of Finance will be responsible for any errors or omissions in any correspondence, statements, or certificates we send in respect of the *bonds* unless your *Investment Dealer* holding the record advises the Bank of Canada in writing of such error or omission within 30 days of receipt of such correspondence, statements, or certificates.

For more information on these terms and conditions, contact your Investment Dealer or the Bank of Canada.

Contacting the Bank of Canada

New Canada Savings Bonds
P.O. Box 2770, Station D
Ottawa, Ontario
K1P 1J7

1-800-575-5151

1-800-354-2222 (TTY/Teletypewriter)

www.csb.gc.ca