

# TERMS AND CONDITIONS

Canada Premium Bonds (CPBs) are issued subject to the terms and conditions approved by the Minister of Finance, which are summarized below.

In these terms and conditions:

- *bonds* means the series of CPBs on sale the date *you* completed this application and purchased the *bonds* pursuant to this application;
- *you* means the purchaser 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 CPBs at any time.

## Who can own *bonds*

At the time of purchase, *bonds* may be registered or recorded only in the names of bona fide residents of Canada.

*Bonds* may be registered in the name of:

- one individual in his/her own right, whether adult or minor; or,
- two or more individuals with right of survivorship.\*

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

*\*Province of Quebec: The term "with right of survivorship" is not applicable under current law.*

## Ownership Limits

The maximum amount of principal that a person may own per series and per type of registration of CPBs is \$500,000. A person may own CPBs 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 registered owner or a co-owner. Otherwise, the Minister of Finance may order a person to redeem the CPBs in excess of the maximum limit. No further interest will be earned on the amount of CPBs 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.

## Regular interest *bonds*

Regular interest *bonds* accrue simple interest at the rates determined by the Minister of Finance until the earlier of maturity or redemption by the registered owner. Earned interest will be paid to the registered owner on each annual anniversary date until maturity. Regular interest CPBs redeemed prior to maturity will only receive simple interest paid up to the last annual anniversary date of the bond, except in certain circumstances (please refer to **Redeeming *bonds*** below).

For regular interest *bonds*, as interest payments are prepared and issued during the 11th and 12th months following the issue date and annual anniversary dates, if regular interest *bonds* are redeemed during these months, **an amount equal to the interest earned since the last anniversary date will be deducted from the proceeds of redemption as that amount will be included in the registered owner's annual interest payment.**

## Compound interest *bonds*

Compound interest *bonds* accrue, in addition to simple interest, compound interest at the rates determined by the Minister of Finance until the earlier of maturity or redemption by the registered owner. Accrued interest will be credited on each annual anniversary date for a particular series until maturity. If a compound interest CPB is redeemed prior to maturity, then simple and compound interest shall be payable to the registered owner up to the last annual anniversary date of the bond, except in certain circumstances (please refer to **Redeeming *bonds*** below).

## Redeeming *bonds*

CPBs are redeemable by the registered owner at any time by contacting any authorized sales agent office in Canada and providing proper identification. **Interest on CPBs will only be paid up to the last annual anniversary date of the *bonds* in question.**

CPBs may be redeemed prior to maturity with interest paid up to the end of the month prior to the date of redemption by providing evidence acceptable to the Bank of Canada to show:

- the registered owner has died;
- the redemption is ordered by a court; or
- the proceeds of redemption are required by the registered 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.

❖ **No interest is earned on *bonds* redeemed prior to the first three months after the issue date.**

❖ **No interest is earned within the calendar month in which *bonds* are redeemed.**

## Exchanging *bonds*

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

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

At any time before they mature, regular interest CPBs may be exchanged for an equal amount in other denominations of regular interest CPBs of the same series. As well, compound interest CPBs may be exchanged for an equal amount of other denominations of compound interest CPBs of the same series.

## Transferring and assigning *bonds*

Subject to the applicable laws and in a manner acceptable to the Bank of Canada, *bonds* may be transferred and assigned in the following cases:

- to a beneficiary as the result of the death of a registered owner;
- if the registered owner has a spouse, or the *bonds* are owned or held 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;
- to The Canada Retirement Savings Plan or to The Canada Retirement Income Fund (providing that the registered owner has an existing Canada Retirement Savings Plan or Canada Retirement Income Fund);
- to The Canadian Depository for Securities Limited; and
- where they are to be pledged to Her Majesty in right of Canada as security for any purpose.

If the *bonds* are transferred to an existing Canada Retirement Savings Plan or Canada Retirement Income Fund, the *bonds* will become governed by the terms and conditions governing CPBs purchased in those registered plans. The minimum amount in *bonds* that can be transferred and assigned per series for each type of registration to The Canada Retirement Savings Plan is \$500.

If the *bonds* are transferred to The Canadian Depository for Securities Limited, the *bonds* will become governed by the terms and conditions governing CPBs purchased in non-certificated form through an Authorized Investment Dealer.

## Adding owners

*You* may name additional individuals to be co-owners with right of survivorship by providing the Bank of Canada with the approved form, properly completed. In the event of death the share of the deceased co-owner is to go, subject to applicable laws, to the surviving co-owner\*.

\*The term "surviving co-owner" is invalid and not applicable in the Province of Quebec. The transfer of ownership in case of death must be in accordance with the provisions of the *Civil Code of Quebec*.

## Errors and Omissions

Neither the Bank of Canada nor the Minister of Finance will be responsible for any errors or omissions in any correspondence, statements, or certificates sent unless the Bank of Canada is advised in writing of such error or omission within 30 days.

## Contacting the Bank of Canada

By mail:  
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