

TERMS AND CONDITIONS

Canada Premium Bonds (CPBs) purchased in non-certificated form through an *Authorized Investment Dealer* are issued 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 CPBs;
- *bonds* means the particular series of non-certificated CPBs on sale 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 Industry Association of Canada (IIAC) and The Canadian Depository for Securities Limited (CDS) and who can record CPBs on behalf of *you*, or other entities as may be determined by the Minister of Finance;
- *we* means the Bank of Canada and its agents; and
- *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.

Record of Holdings

The record of holdings of CPBs 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 be registered or recorded only in the names of bona fide residents of Canada.

Bonds may be recorded in the name of:

- a) one individual in his/her own right, whether adult or minor; or, two or more individuals with right of survivorship.*
- b) in the name of the trust governed by The Canada Retirement Savings Plan or The Canada Retirement Income Fund;
- c) in the name of a trust governed by
 - (i) a Deferred Profit Sharing Plan (DPSP);
 - (ii) an Employee Profit Sharing Plan (EPSP);
 - (iii) a Registered Retirement Savings Plan (RRSP);
 - (iv) a Registered Pension Plan (RPP);
 - (v) a Registered Retirement Income Fund (RRIF);
 - (vi) a Registered Education Savings Plan (RESP);
 - (vii) a Tax Free Savings Account (TFSA);
- d) within the meaning assigned to these expressions by the Income Tax Act (Canada) and relevant provincial legislation;
- e) in any other form of registration which may be acceptable to the Minister of Finance; or
- f) in the name of CDS

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).

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 your

Investment Dealer holding the record. **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 contacting your *Investment Dealer* holding the record and 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.

Bonds may be redeemed in whole or in part. 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*, or in multiples of \$1.00 for self-directed holdings transferred from The Canada Retirement Savings Plan or The Canada Retirement Income Fund, on behalf of the registered owner, by the Authorized Sales Agent or other entity holding the record, in a manner acceptable to the Bank 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.

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 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, a Registered Pension Plan or a Tax Free Savings Account;
- from one of the above plans to the beneficial owner or beneficiary thereof; and
- where they are to be pledged to Her Majesty in right of Canada as security for any purpose.

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 with right of survivorship by providing your *Investment Dealer* 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 or statements. Your *Investment Dealer* must be advised in writing of such error or omission within 30 days of receipt of such correspondence or statements.

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

Contacting the Bank of Canada

By mail:

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

Via phone:

1 800 575-5151
1 800 354-2222 (TTY/Teletypewriter)