

MODEL PRA EXECUTION AGREEMENT

THIS AGREEMENT made as of the • day of •, 20•

BETWEEN:

(the "**Agent**")

- and -

(the "**Indirect Bidder**")

WHEREAS the Bank of Canada ("**BOC**") offers a term purchase and resale agreement program for private sector money market instruments ("**PRA Program**") to primary dealers ("**PDs**") in Government of Canada securities and indirect bidders who submit bids through PDs;

AND WHEREAS the Agent is a PD and the Indirect Bidder would like to participate in the PRA Program through the Agent;

AND WHEREAS the Agent has agreed to act for the Indirect Bidder subject to the terms and conditions of this Agreement;

AND WHEREAS, the Bank of Canada will be entering into transactions directly with the Indirect Bidder and the term "Agent" used to describe Primary Dealers in this Agreement in no way refers to Primary Dealers acting as agents on behalf of the Bank of Canada but solely to Primary Dealers acting as execution agent for the Indirect Bidder.

NOW THEREFORE in consideration of the premises and mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1.0 DEFINITIONS. Whenever used in this Agreement the following words and terms shall have the respective meanings ascribed to them in this Section 1:

"**Agreement**" means this Agency Agreement as amended from time to time;

“**Auction**” means any auction under the PRA Program announced by BOC;

“**Bid**” means, in respect of any Auction, a bid submitted by the Indirect Bidder in compliance with the PRA Program;

“**CDSX**” means the CDSX clearing and settlement system operated by CDS Clearing and Depository Services Inc. and any of its successors or assigns and includes any successor to that system.

“**Cut-off Time**” means, in respect of any Auction, the deadline set by BOC for receiving bids as announced by BOC;

“**Eligible Securities**” means, in respect of any Auction, the securities listed as eligible securities or eligible collateral to be purchased and resold by BOC under the PRA Program;

“**ID Number**” means the identification number assigned by BOC to the Indirect Bidder for the purposes of any Auction;

“**Parties**” means the Agent and the Indirect Bidder and “**Party**” means either of them;

“**PRA Program Terms**” means the terms and conditions for the PRA Program and for any Auction as published or announced by BOC from time to time;

“**Purchase**” means the initial purchase of Eligible Securities by BOC under any trade under the PRA Program;

“**Resale**” means the resale of the Eligible Securities from BOC back to the sellers under any trade under the PRA Program;

“**Settlement Date**” means, in respect of any Purchase or Resale, the date of settlement as published or announced by BOC.

2.0 APPOINTMENT OF THE AGENT

2.1 **Appointment.** The Indirect Bidder hereby appoints the Agent as its agent in participating in the PRA Program and the Agent hereby accepts such appointment and agrees to act as agent in accordance with the terms set forth in this Agreement.

2.2 **Not Joint Venture.** Under no circumstances shall this Agreement be construed as one of partnership or joint venture between the Indirect Bidder and the Agent.

3.0 SERVICES

3.1 **Acceptance of Bids.** Indirect Bidder is responsible for ensuring that any Bids it submits to the Agent shall be eligible under the PRA Program and acceptable to BOC, including, but not limited to, compliance with the minimum bid rate, minimum increments, applicable bidding limits, eligible collateral and form of the Bid. The Agent will have no responsibility with respect to accuracy, authorization, or validity of any Bid, notice or other communication submitted or received by the Agent generally as part of the New Term PRA Facility for Private Sector Investments. The following process will apply:

- (a) The Indirect Bidder must submit its Bid, along with its ID Number, for any Auction to the Agent by **[insert time/date]** prior to the Cut-off Time for such Auction. The Bid must be submitted to the Agent by **[insert phone and or email details]**. The Agent shall only be obligated to submit a Bid from the Indirect Bidder if such Bid is received in accordance with this Section 3.1(a).
- (b) The Agent will communicate the Bid it receives from the Indirect Bidder to BOC in accordance with the PRA Program Terms. The Bid will be submitted by the Agent, as agent on behalf of the Indirect Bidder, referencing the Indirect Bidder's ID Number. The Agent is not responsible for reviewing, correcting or amending any Bid submitted by the Indirect Bidder.

3.2 **Communication of Results.** If the Agent receives notification from BOC that the Indirect Bidder has submitted a winning Bid, the Agent will notify the Indirect Bidder of such fact within **[enter time frame]** of receiving such notification from BOC. The Agent will not be obligated to notify the Indirect Bidder of the results of any Auction unless the Agent receives notification from BOC that the Indirect Bidder has winning bids.

3.3 **Settlement of Purchase.** The Agent will have no obligation to extend credit to the Indirect Bidder to settle a transaction. The Indirect Bidder will settle the Purchase for each winning Bid as follows:

- (a) The Indirect Bidder must deliver Eligible Securities for the winning Bid to the Agent as follows:

[insert account/delivery details]

so that the Agent receives such Eligible Securities by no later than 11:00 am, Toronto time, on the Settlement Date. The Agent is not obligated to settle the Indirect Bidder's trade unless and until the Agent has received Eligible Securities from the Indirect Bidder for such trade.

- (b) If the Eligible Securities are received by the Agent in accordance with Section 3.3(a), the Agent will deliver the Eligible Securities on behalf of the Indirect Bidder to BOC through CDSX in accordance with BOC instructions.
- (c) Upon settlement of the trade with BOC through CDSX, the Agent will deliver the funds it receives from BOC in respect of the Indirect Bidder's trade to the Indirect Bidder in the following account:

[insert account information]

The Agent is not obligated to settle the Indirect Bidder's trade unless and until the Agent has received payment from BOC for such trade.

3.4 **Settlement of Resale.** The Resale of any PRA Program trade will settle as follows:

- (a) The Indirect Bidder must deliver sufficient funds to settle the Resale on the Settlement Date to the Agent as follows:

SEND CAD CUSTOMER PAYMENT INSTRUCTIONS TO: _____

BENEFICIARY BANK: _____

BENEFICIARY: _____

so that the Agent receives such funds by no later than 11:00 am, Toronto time, on the Settlement Date. The Agent is not obligated to settle the Indirect Bidder's trade unless and until the Agent has received payment from the Indirect Bidder for such trade.

- (b) If the funds are received by the Agent in accordance with Section 3.4(a), the Agent will deliver the funds on behalf of the Indirect Bidder to BOC through CDSX in accordance with BOC instructions.
- (c) Upon settlement of the trade with BOC through CDSX, the Agent will deliver the Eligible Securities it receives from BOC in respect of the Indirect Bidder's Resale to the Indirect Bidder in the following account:

[insert account information]

The Agent is not obligated to settle the Indirect Bidder's trade unless and until the Agent has received Eligible Securities from BOC for such trade.

- 3.5 **Margin.** Transactions may be subject to margin calls. Margin calls to the Indirect Bidder will be communicated by the BOC via email through the bidding Agent.

- 4.0 **INDEMNITY.** The Indirect Bidder will indemnify the Agent against any loss, claim, judgment, liability, action, proceeding, damage, cost, suit and investigation or expense ("**Claims**") incurred or suffered by the Agent as a result of Agent carrying out its obligations under this Agreement, except to the extent that the Claims arise out of the gross negligence or unlawful act of the Agent.

Notwithstanding the foregoing, under no circumstances shall the Agent be liable to the Indirect Bidder or to any other person for any special, indirect, incidental or consequential losses or damages whatsoever (including, but not limited to, lost profits or revenues) arising out of the performance or breach of this Agreement whether claims for said losses or damages are premised on contract, tort (including negligence), or otherwise.

- 5.0 **CONFIDENTIALITY.** Each Party covenants and agrees that it shall not, and that it shall take all reasonable steps to ensure that its affiliates and each of its and their directors, officers, employees, agents, advisors or independent contractors (collectively, "**Representatives**") do not, directly or indirectly, either during the term of this Agreement or at any time thereafter, disclose or use any information which it may acquire with respect to the business and affairs of the other Party or its clients, suppliers, agents or contractors (the "**Confidential Information**", which term as used herein does not include information that (i) was or becomes generally available to the public other than as a result of a disclosure by either Party or any of its Representatives in breach of this Agreement, (ii) was available to the disclosing Party or any of its Representatives on a non-confidential basis prior to its disclosure to such Party by the other Party pursuant to this Agreement, (iii) is obtained by the disclosing Party on a non-confidential basis from a source other than the other Party or its agents, provided that, to the best of the disclosing Party's knowledge, such source is not prohibited from transmitting the information by a confidentiality agreement with, or other legal or fiduciary obligation to, the other Party or its agents, or (iv) has been authorized by the providing Party to be disseminated on a non-confidential basis) for any purpose, other than as required to carry out its duties hereunder, without the consent of the other Party or as required by applicable law, regulation or lawful requirement of a regulatory, judicial or taxing authority. Before granting access to any Confidential

Information of the other Party to any Person under this provision, a Party shall properly instruct that Person about the confidentiality of it and the steps to be taken to protect it. Before granting that access to any Person other than a Representative, except as provided in the next sentence, a Party shall have that Person sign an agreement causing that Person to be bound by terms substantially the same as those in this provision. Before granting access to any Confidential Information in any legal proceeding a Party shall, unless it may not lawfully do so, promptly notify the other Party and allow the other Party reasonable time to oppose such process. Notwithstanding the foregoing, the Agent shall be permitted to disclose Confidential Information to regulatory authorities having jurisdiction over it pursuant to a request of the regulator.

6.0 REPRESENTATIONS AND WARRANTIES. The Indirect Bidder represents and warrants to the Agent as follows: (i) it has full power and authority to enter into this Agreement and is duly on the date of this Agreement and on each day during the term of this Agreement authorized to execute and become a party to this Agreement; (ii) it has read and understands the PRA Program and is eligible to participate as an indirect bidder in the PRA Program; (iii) it will comply with all the terms and conditions of BOC in connection with the PRA Program; (iv) it is acting for its own account, and it has made its own independent decisions to enter into this Agreement and any trade with BOC and as to whether any trade is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (v) it is not relying on any communication (written or oral) of the Agent as advice or as a recommendation to enter into any transaction; and (vi) the Agent is not acting as a fiduciary for or as an advisor to it in respect of this Agreement or any transaction under the PRA Program. These representations and warranties shall survive the termination of this Agreement.

7.0 TERM

This Agreement shall terminate on the earlier of (i) the date on which the parties agree in writing; or (ii) the effective date of termination of the PRA Program. This Agreement hereunder shall terminate automatically without the requirement of any notice if the Indirect Bidder ceases to be eligible to participate in the PRA Program or if a party makes an assignment for the benefit of creditors within the meaning of the *Bankruptcy and Insolvency Act* (Canada), *Companies Creditors Arrangement Act* (Canada) or similar legislation of any relevant jurisdiction or if a party passes or purports to pass, or takes or purports to take any corporate proceedings to enable it to take proceedings for its dissolution or liquidation.

8.0 NOTICE

Except as otherwise provided herein all notices, requests, approvals or other communications to any Party hereunder shall be in writing (including facsimile and electronic mail (confirmed by facsimile or similar writing)) and shall be given:

if to the Agent:

-

[address]

Telephone: •

Facsimile: •

Attention: •

if to the Indirect Bidder:

-
- [address]
- Telephone: •
- Facsimile: •
- Attention: •

or such other address or facsimile number as such party may hereafter specify by written notice to the other party or parties. Each such notice, request or other communication shall be effective when delivered or transmitted to the address or number specified above or, if given by facsimile, when such facsimile is transmitted to the specified number above and the appropriate confirmation is received.

9.0 ENTIRE AGREEMENT

[Standard clause to be inserted]

10.0 GOVERNING LAW

This Agreement shall be governed by the laws of Ontario and the federal laws applicable therein.

IN WITNESS WHEREOF the Parties have duly executed this Agreement.

{Agent }

:

Name:

Title:

Name:

Title:

{Indirect Bidder}

Name:

Title:

Name:

Title: