

CanadaBond: Direct Retail Access to Government of Canada Securities

Executive Summary

CanadaBond is a proposed digital platform that would allow individual Canadians to purchase treasury bills and bonds directly at primary auctions. This initiative restores the historical role ordinary citizens played in federal borrowing, offering the government an alternative funding channel alongside institutional investors. We are asking the Minister of Finance to direct a \$2 million pilot under existing authority.

Background

Since confederation, Canadians have supported federal borrowing by directly purchasing government savings bonds. In 1868, the new Dominion of Canada called for tenders on \$1,500,000 of 6% ten-year bonds. Sir John Rose, the finance minister at the time of the first bond issue, commented:

"The most gratifying feature connected with the distribution of the stock was that it was not taken up by speculators and capitalists, but was diffused over the whole country in small sums held by trustees and executors, charitable institutions, and individuals who thus invested their small savings. It had thus the effect of giving the public at large an interest in the permanency and stability of the institution of the country".

This early commitment to broad, citizen-based participation in federal financing laid the foundation for a century of direct public investment in government debt. That legacy grew substantially during the world wars, when national savings campaigns mobilized citizens to purchase Victory Bonds in support of the war effort. In 1945, this momentum was formalized with the creation of Canada Savings Bonds (CSBs), with the program administered under the Retail Debt Program (RDP).

For much of the 20th century, the RDP offered Canadians a secure, low-barrier way to save while supporting public spending. But by 2015, the program's operating cost had climbed to \$58 million annually, representing 76 basis points of outstanding bonds. With bond yields around 1%, this administrative burden significantly reduced the net benefit to the government. The largest single expense was a \$36 million Hewlett-Packard back-office contract that absorbed 62% of the program budget. As sales declined and fixed costs remained high, the program became more expensive than issuing wholesale bonds, and new sales were discontinued in 2017.

Since the program's closure, individuals can only purchase treasury securities on the secondary market through brokers or ETFs, facing transaction fees that average around \$25 per trade.

Such fees effectively eliminate the value of investing small amounts, discouraging broader public participation.

In the U.S., TreasuryDirect serves as the official method for individuals to directly purchase marketable securities. Launched in 2002, TreasuryDirect enables individuals to place non-competitive bids in scheduled Treasury auctions in \$100 increments. As of 2023, TreasuryDirect has 3.9 million accounts holding US \$159 billion in securities. TreasuryDirect clearly illustrates how governments can offer direct retail access to securities markets efficiently and cost-effectively.

Build Plan

Canada Digital Service (CDS) will lead development of the CanadaBond platform, including the public-facing portal, secure book-entry ledger, and payment processing system. The platform will operate independently from the commercial book entry system and use direct payment routing through the Receiver General, enabling a parallel retail channel that integrates with Bank of Canada auctions without disrupting existing market infrastructure. The sections below outline the platform design.

Product Offerings

CanadaBond will offer access to Treasury bills (1, 3, 6, and 12 months) and Treasury bonds (2, 5, 10, and 30 years). The platform will also support Certificates of Indebtedness (C of I), a non-interest-bearing security used to hold funds between auctions.

Frontend Mock-ups

Canada Digital Service (CDS) will lead development of a bilingual, accessible, and mobile-responsive CanadaBond frontend, using the [Canada.ca Design System](#) and drawing inspiration from TreasuryDirect.

Front Page

The screenshot shows the 'CanadaBond' section of the Canada.ca website. At the top, there are links for 'MENU', 'Securities', 'Auctions', 'Laws and Regulations', and 'Notices'. A search bar is also present. Below the header, the 'CanadaBond' logo is displayed, followed by a brief description: 'Access Treasury bills and bonds from the source with no fees or intermediaries. Create an account, verify your identity, and participate securely in Government of Canada auctions.' A large central box contains two options: 'Sign In' (with 'Interac® Sign-In Partner' and 'GCKey username and password' buttons) and 'Create an Account' (with a 'Register for an account' button). A link 'Not sure how to sign in?' is also provided.

The page will be hosted as a sub-page on the [Canada.ca](#) website. Users will be able to log in with GCKey or Interac Sign-In Partner.

User Dashboard

The dashboard is titled 'My CanadaBond Account'. It features a 'My Dashboard' section with 'Current Holdings' (Marketable Securities: \$10,000.00, Zero-Percent C of I: \$0.00) and a 'View Details' button. Below this is an 'Upcoming Auctions' section with three boxes: '3-Month T-Bill' (Auction Date - July 7, 2025), '2-Year Bond' (Auction Date - July 12, 2025), and '4-Week T-Bill' (Auction Date - July 31, 2025). Each auction box has 'Preview' and 'Submit Bid' buttons. At the bottom of this section are 'View Upcoming Auctions' and 'See All Auction Results' buttons. The final section is 'Account Activity', which displays a table of transactions:

Date	Description	Amount	Status
June 18, 2025	Submitted bid - 3-Month T-Bill	\$1,000	Confirmed
June 11, 2025	Interest paid - 2-Year Bond	+\$42.50	Confirmed
May 28, 2025	Funds withdrawn to bank account	-\$1,000	Confirmed
May 25, 2025	Maturity - 6-Month T-Bill	+\$1,000	Redeemed
May 21, 2025	Linked bank account ending in 1234	—	Verified

An 'Account History' button is located at the bottom of the activity table.

Users will be provided a clear snapshot of their current holdings, upcoming auctions, and recent account activity.

Buy Direct Page

The screenshot shows the 'Buy Direct' section of the CanadaBond website. At the top, there are language links for 'Français' and 'English'. Below that is a navigation bar with 'My CanadaBond Account', 'Buy Direct', 'Current Holdings', and 'Account' dropdown menus. The main content area is titled 'Buy Direct' and contains a section for 'Marketable Securities' with three radio button options: 'Bills - Short-term securities of less than 1 year', 'Bonds - Long-term fixed principal securities of 2 years or more', and 'Zero-Percent Certificate of Indebtedness'. Below these are two buttons: 'Submit' and 'Cancel'.

Users will be able to choose between short-term bills, long-term bonds, or the zero-percent C of I.

T-Bill Selection Screen

The screenshot shows the 'T-Bill Selection Screen' under the 'Buy Direct > Treasury Bills' section. It features a 'Purchase Information' section with a table for 'Product Term', 'Auction Date', and 'Issue Date'. There are six rows of options for different terms and dates. Below this is a 'Purchase Amount (required)' field with a dollar sign icon. A 'Source of Funds (required)' dropdown menu is labeled 'Select option'. Under 'Schedule Reinvestment', there are two radio button options: 'Yes' and 'No', with a note explaining that bills can be scheduled for reinvestment up to 2 years. At the bottom are 'Submit' and 'Cancel' buttons.

Users choose a term (1-, 3-, 6-, and 12-month) and enter a purchase amount. Users select a source of funds, and optionally schedule reinvestment.

Auction System

Canada Digital Service will lead development of a direct book-entry system to record ownership of securities held by retail investors. This system will operate independently from the commercial book-entry system and will not interface with the Bank of Canada Auction System (BCAS) for price-setting, as all retail bids submitted through CanadaBond are non-competitive. This allows the institutional auction process to continue unchanged. CanadaBond will require only the final auction result to settle retail purchases, while total retail participation figures would be reported back to BCAS. This mirrors how TreasuryDirect operates.

Payment Rails

Canada Digital Service will build the backend payment infrastructure to support secure, low-cost transfers between user bank accounts and the Receiver General. PAD (Pre-Authorized Debit) will be used to pull funds from users to pre-fund purchases, while direct deposit will be used to send coupon and maturity payments back to users. Both methods are reliable and cost-effective, with per-transaction fees typically around \$0.25.

Identity Verification

Users will verify their identity through either Interac Verification (instant, bank-based), or Identity+ (document upload). Verification is required to meet Anti-Money Laundering (AML) regulations. Users must provide their SIN, which is used to prevent duplicate accounts, enforce investment caps, and for tax reporting.

Auction Integrity

The following safeguards are recommended for the initial rollout of CanadaBond. These conditions are expected to evolve over time and should be refined in consultation with the Bank of Canada:

- A T-5 cutoff will apply to retail orders.
- Each participant will be limited to \$10,000 per auction.
- Retail participation will be capped at 10% of the total auction size.
- Securities will be non-transferable to the commercial book-entry system.

Call to Action

We request the Minister of Finance approve the \$2 million CanadaBond pilot from existing budgets, direct immediate formation of a joint Finance Canada and Bank of Canada project team, and provide Cabinet with a progress report within 12 months.

Contact

Davide Radaelli

daviderady@gmail.com