

Investment and Credit Guidelines for the Exchange Fund Account

I. Eligible Issuers

To be eligible for EFA investments, an entity must have a credit rating in the top seven long-term categories from at least two of the following four rating agencies, at least one of which must be either Moody's Investors Service or Standard & Poor's:

Ratings agency	Minimum rating
Moody's Investors Service	A3 or better
Standard & Poor's	A- or better
Fitch Ratings	A- or better
Dominion Bond Rating Service	A (low) or better

Notes: The Bank for International Settlements (BIS) and the IMF are deemed to be eligible entities. Rating references elsewhere in this document use the ratings scale of Standard & Poor's.

II. Aggregate and Individual Limits on Holdings

a) Sovereigns and Directly Guaranteed Agencies

Type of issuer	Aggregate category limits (as % of liquid reserves)	Individual counterparty limits (as % of liquid reserves)
AAA sovereigns in domestic currency (including directly guaranteed agencies)	Unlimited	Unlimited
AAA sovereigns in foreign currency (including directly guaranteed agencies), and AA- to AA+ sovereigns in domestic and foreign currency (including directly guaranteed agencies)	25	10
Single-A sovereigns (including directly guaranteed agencies)	2	See below ¹

¹The limits for single-A sovereigns (including directly guaranteed agencies) are as follows:

Credit rating	Total exposure	Of which home currency	Of which non-home currency
	(millions of US dollars)		
A+	500	500	50
A	250	250	25
A-	100	100	10

b) Other Eligible Securities/Deposits

Type of issuer/financial institution	Aggregate category limits (% of liquid reserves)	Individual counterparty limits (% of liquid reserves)
Implicitly guaranteed sovereign agencies (including eligible US Agencies)	15	3
Supranationals (not including deposits at the BIS)	25	10
Deposits at the BIS	10	--
Commercial bank deposits	US\$1.5 billion	See limits below

III. Financial Institution (FI) Counterparty Credit Risk Limits

a) For Swaps, Deposits and Forwards

Type of exposure	Credit rating of FI counterparty						
	A-	A	A+	AA-	AA	AA+	AAA
	(millions of US dollars)						
Actual exposure	10	25	50	100	150	200	300
Aggregate actual exposure for all FI counterparties	2% of liquid reserves			N/A			
	25% of liquid reserves						
Total potential exposure for all FI counterparties	1,250						

b) For Repo Transactions

Minimum credit rating for a counterparty	A-	
Business line limits for counterparties, by credit rating	AAA	US\$750 million
	AA	US\$500 million
	A	US\$300 million
Eligible collateral	US treasuries and agencies	
Minimum rating for collateral	AAA	
Maximum term of collateral	10.5 years	

IV. Terms of Investments

Instrument	Maximum term
Commercial bank deposits and other non-marketable investments	3 months
Commercial bank marketable investments	1 year
Single-A sovereign instruments	
In local currency	5 years
In foreign currency	1 year
All other marketable securities	10.5 years (unless matching a specific liability that exceeds 10.5 years)

V. Liquidity Limits

Minimum holdings of US Treasuries	10% of liquid reserves
Minimum issue size	US\$500 million
Maximum holding of any issue/note program/commercial paper (CP) program	10% of the issue/note program/CP program
Maximum non-marketable investments beyond 5 days in term	15% of liquid reserves

VI. Currency Composition Guideline

Currency	Portion of liquid reserves
US dollar	US\$ 15 billion, subject to an operating range
Euro and/or yen	Remainder of the EFA