

May 7, 2026

Office of Structured Finance
Division of Corporation Finance
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Attn: Kayla Roberts
Chief, Office of Structured Finance

Re: Canadian Covered Bonds

Dear Ms. Roberts:

We write in response to the ABS Concept Release¹ to request interpretive guidance from the staff of the Division of Corporation Finance (the “Division”) of the Securities and Exchange Commission (the “Commission”) with respect to the offer and sale by Canadian banks (the “Banks”) of covered bonds pursuant to a registration statement filed with the Commission.

We respectfully request that the staff of the Division (the “Staff”) concur with our view that the regulatory framework of Canada applicable to the issuance of covered bonds (“Covered Bonds”) and the related Guarantee (described below) is sufficiently robust that it is no longer necessary for Covered Bond issuers to disclose the cover pool assets in accordance with various provisions of Regulation AB under the Securities Act of 1933, as amended (the “Securities Act”), as contemplated by a series of no-action letters² issued beginning in 2012 (we refer to the letters, which are virtually identical, together for convenience as the “No Action Letter”). The guidance we seek will benefit market participants because it will provide a viable alternative for these Banks to offer and sell registered Covered Bonds rather than relying on exempt offerings for their issuance.

¹ Concept Release on Residential Mortgage-Backed Securities Disclosures and Enhancements to Asset-Backed Securities Registration, Securities Act Release No. 33-11391 (Sept. 24, 2025), 90 Fed. Reg. 47254 (Oct. 1, 2025).

² See Royal Bank of Canada, SEC No Action Letter (May 18, 2012), <http://www.sec.gov/divisions/corpfin/cf-noaction/2012/rbc051812-f3.htm>, The Bank of Nova Scotia, SEC No Action Letter (May 31, 2013), <http://www.sec.gov/divisions/corpfin/cf-noaction/2013/bankofnovascotia-053113-f3.htm> and Bank of Montreal, SEC No Action Letter (July 4, 2013), <http://www.sec.gov/divisions/corpfin/cf-noaction/2013/bank-montreal-070313-f3.htm>.

Background

The Banks have offered and sold Covered Bonds outside the United States in Europe, Australia and Canada, in reliance on Regulation S of the Securities Act, and in the United States in reliance on Rule 144A of the Securities Act. From 2012 to 2016, two Banks issued nearly \$21 billion of Covered Bonds in the United States pursuant to registration statements filed on Form F-3 in accordance with the No Action Letter.³ We refer to the No Action Letter for a complete description of Covered Bonds and the protections afforded investors in such securities.

The Banks

Each Bank that would benefit from this interpretive guidance has a class of common shares listed on the Toronto Stock Exchange and the New York Stock Exchange. Each Bank is a “foreign private issuer” as such term is defined in Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 405 under the Securities Act, with its common shares registered pursuant to Exchange Act Section 12(b). Each Bank files periodic reports and furnishes current reports to the Commission, and, as discussed below, is generally eligible to register primary offerings of its securities on a Registration Statement on Form F-3.⁴

Regulation of Covered Bonds in Canada

On April 26, 2012, the Canadian Government introduced legislation to establish a registry for institutions that issue Covered Bonds and for Covered Bond programs and to provide for the protection of Covered Bond contracts and Covered Bond collateral in the event of the issuer’s bankruptcy or insolvency. The legislation prohibits federally regulated financial institutions from issuing Covered Bonds except in compliance with this framework. This legislation, amending the National Housing Act (“NHA”), became effective on July 6, 2012. It designates the Canada Mortgage and Housing Corporation (“CMHC”), a crown corporation, with the authority to implement and administer the Covered Bond legal framework. On December 17, 2012, CMHC published the Canadian Registered Covered Bond Programs Guide that implements the legislation and sets out certain conditions and restrictions for Covered Bond offerings by Canadian issuers. The most recent form of the Canadian Registered Covered Bond Programs Guide was issued in July 2025 (the “Guide”).⁵

Covered Bonds are issued by depository institutions subject to supervision by banking authorities and registered with CMHC in compliance with the Guide. CMHC registered Banks must comply with minimum specific disclosure requirements set forth in the Guide. In addition,

³ Royal Bank of Canada, Registration Statement on Form F-3 (File No. 333-181551) (July 19, 2023), <https://www.sec.gov/Archives/edgar/data/1000275/000121465912003110/s629120f3a2.htm> and The Bank of Nova Scotia, Registration Statement on Form F-3 (File No.333-188984) (Aug. 29, 2013), <https://www.sec.gov/Archives/edgar/data/9631/000089109213007494/e55177f3a.htm>.

⁴ Each Bank has on file with the Commission an effective registration statement on Form F-3 that relates to its issuance from time to time of, among other securities, debt securities. Each Bank files its annual report on Form 40-F.

⁵ See Canada Mortgage and Housing Corporation, Canadian Registered Covered Bond Programs Guide (July 2025), <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/project-funding-and-mortgage-financing/securitization/canadian-registered-covered-bonds/canadian-registered-covered-bond-programs-guide-en.pdf>.

the framework provides for significant transparency. For example, CMHC registrants must maintain a website where investors can access, among other items, public offering documents, material transaction documents, monthly reports, and cover pool data. CMHC registrants must comply with any additional reporting obligations enacted by the CMHC. As administrator of the legal framework, the CMHC has the authority to reject applications, to suspend a CMHC registrant's right to issue additional registered Covered Bonds, and to deregister programs and issuers (provided in each case that no Covered Bonds are outstanding under such program or issued by such issuer).

Pursuant to the NHA and the Guide, the Guarantor (described below), may only hold as Covered Bond collateral: (a) certain loans secured by Canadian residential property; and (b) a limited amount of substitute assets consisting of Canadian government-issued securities. Further, the Guarantor may not: (a) hold cash in excess of the amount necessary to meet the Guarantor's obligations for the next six months, subject to certain exceptions; (b) include in its asset pool a residential loan insured by the CMHC or certain other specified institutions; and (c) transfer into its asset pool any loan with a loan-to-value ratio exceeding 80%. Registrants must also establish a minimum and maximum level of overcollateralization and disclose such levels in their offering documents and the Covered Bonds registry. The Guarantor is required to comply with certain risk-monitoring and risk-mitigation requirements, including: (a) performing a valuation calculation measuring the present value of the collateral held by it relative to the value of the guaranteed and outstanding Covered Bonds; (b) entering into hedges that comply with certain requirements to mitigate its risk of financial loss or exposure from fluctuations in interest rates or currency exchange rates; and (c) performing an asset coverage test (described in the No Action Letter) monthly to ensure a specified level of overcollateralization. Defaulted loans and loans more than three months delinquent are excluded from the asset coverage test. Every CMHC registered issuer is required under the Guide to engage a qualified cover pool monitor, which must follow specific procedures set out in the Guide on a statistically significant sample size of cover pool mortgage loans.

In many important respects, residential mortgage loans in the Canadian market are different from those in the United States. In particular, loans generally have five-year maturities and 25-year amortizations so these must be renewed every five years. Loans are full recourse to the borrower in addition to recourse to the property securing the loan. The number of mortgage loans in arrears tends to be quite low.⁶

Regulation AB Reporting

When the first No Action Letter was issued in 2012, there was no regulatory framework in Canada relating to the issuance of Covered Bonds. While the No Action Letter concluded that Covered Bonds were not asset-backed securities,⁷ the letter required disclosure of material information with respect to the Cover Pool consistent with applicable disclosure requirements

⁶ See, e.g., Canadian Bankers Association, Mortgage Arrears (Feb. 2026) (providing historical data on mortgage loans in arrears), <https://cba.ca/assets/canadianbankersassociation/documents/articles/statistics/stat-mortgages-arrears-february-2026-en.pdf>.

⁷ The issuing bank is the primary obligor on the Covered Bond and the creditworthiness of the bank is the primary investor consideration when investing in Covered Bonds. The cover pool secures the primary obligation of the bank. Covered Bonds rank *pari passu* with all other senior bank debt.

specified in Regulation AB for residential mortgage loans, both in the registration statement and in subsequent periodic reports. Initially such reporting was workable for the Banks, but with the amendments to Regulation AB in 2014, requiring by 2016 loan level disclosure under certain provisions of Regulation AB related to residential mortgage loans, the Banks abandoned registered offerings and reverted to issuing Covered Bonds in exempt offerings.

Maturity of, and Robustness of, the Canadian Regulatory Framework

The Canadian regulatory framework for Covered Bonds has now been in place almost 15 years. The regulatory framework is comprehensive, robust, transparent and prescriptive. Since 2012, Canadian banks have issued nearly 450 series of Covered Bonds under this regulatory framework. There have been no payment defaults or losses of any kind in connection with Canadian Covered Bonds. The quality of Canadian Covered Bonds and the regulatory framework was attested to by the action of the Bank of Canada, the central bank, in 2020 at the onset of the pandemic in designating Covered Bonds as eligible collateral at the central bank. Covered Bonds also are eligible collateral at the European Central Bank.

There is extensive information available to investors and potential investors on each Bank's website as required by the Guide. Monthly reports on the cover pool are available back to the initial Covered Bond offering in 2007. Every version of a program document and offering document is also available online through their multiple amendments. For every offering, the final terms or pricing supplement and the related swap agreements are available online as well. This presents a complete and comprehensive picture of the Covered Bond program for each Bank and the performance and evolution of the cover pool over time.

In light of the fulsome disclosure required under the mature Canadian regulatory framework, we ask that the Staff concur with our view that the requirement in the No Action Letter for disclosure of the cover pool in accordance with Regulation AB is no longer necessary. Filing transaction-related documentation and monthly investor reports with the Commission, in addition to the traditional corporate filings that each Bank makes with the Commission as a registrant together with the information available on each Bank's website provides complete disclosure for investors. The prudential and supervisory regulatory framework that exists with respect to the issuers and with respect to the Covered Bonds provides robust investor protections.

We note that the Commission has deferred in many instances to the prudential or disclosure regime of other regulators, notably in insurance offerings, bank offerings and in the Multi-Jurisdictional Disclosure System. We believe that deference to the comprehensive Canadian regulatory and disclosure system described above for Covered Bonds is appropriate.

Registration of the Covered Bonds

As it was previously under the No Action Letter guidance and with the prior registered Covered Bonds, the Guarantor would be a co-registrant on Form F-3 with the Bank. The Guarantor provides the Guarantee with respect to the Bank's Covered Bond obligations, as described above.⁸ The Guarantor and the Guarantee are described in detail in the No Action

⁸ The Bank is the sole limited partner of the Guarantor LP and holds substantially all of the interests in the Guarantor LP.

Letter.⁹ The Guarantor does not have a class of securities registered under Section 12(b) or Section 12(g) of the Exchange Act. It does not file reports pursuant to Section 13 and 15(d) of the Exchange Act.

Disclosure Considerations

The Guarantor holds only the residential mortgage loans in the cover pool, certain currency and interest rate swap agreements and a *de minimis* amount of cash from time to time. The Guarantor holds no other assets. The Guarantor's financial statements may be omitted under Rule 3-10 of Regulation S-X if, as here, the guaranteed parent security is a debt security. Summary financial information with respect to the Guarantor also may be omitted in accordance with Section (a)(4)(vi) of Rule 13-01 of Regulation S-X. Importantly, separate financial statements for the Guarantor would provide no new information. The Guarantor is a consolidated subsidiary of its parent bank; an investor will have access to the Bank's financial statements. In addition, an investor will have access to the cover pool information, including the monthly investor reports.

The monthly investor reports provided pursuant to the Guide's requirements contain extensive pool-level statistical disclosure regarding the cover pool loans, including aggregate flow of funds information. The reports include information on outstanding Covered Bonds, descriptions of rating triggers, satisfaction of the asset coverage test, regulatory over-collateralization minimum, aggregate valuation calculation, cover pool arrearage, delinquencies, geographic distribution, credit bureau score distribution, mortgage rate distribution, remaining term distribution, loan seasoning, range of remaining principal balance, property type distribution, loan-to-value distribution, and province by province disclosure of delinquency by loan-to-value ratio. These reports are available on each issuer's website; however, in light of the materiality of the information in the reports to the Guarantor's ability to perform on its Guarantee, the reports would be filed (not furnished) with the Commission on Form 6-K and, therefore, incorporated by reference into the applicable prospectus. Monthly investor reports are required by the Guide to be made publicly available by each Bank by the 15th business day of the following month. Accordingly, the Bank and Guarantor will file the monthly investor reports promptly thereafter with the Commission on Form 6-K.

The Guarantor is exempt pursuant to Rule 12h-5 of the Exchange Act from the requirements of Sections 13(a) and 15(d) of the Exchange Act as a result of qualifying for omission of its financial statements under Rule 3-10 of Regulation S-X. Accordingly, the Guarantor would not file periodic reports with the Commission other than these Form 6-Ks.

⁹ See the registration statements cited at note 3, which contain descriptions of the Guarantor and the Guarantee. Any new registration statement would contain narrative descriptions of the Guarantor, the Guarantee and the role of the Guarantor substantially consistent with those which were previously provided in the registration statements as well as with the descriptions provided in the offering documents in current use by the Banks. The information relating to the Guarantor that would be included in the Registration Statement on Form F-3 also would satisfy the requirements of Rule 13-01(a)(1) through (3) of Regulation S-X.

Exhibits

Material agreements relating to the issuance of Covered Bonds would be filed as exhibits to the registration statement (as they previously were). A representative list of material agreements is attached to this letter as Annex A.

Conclusion

We hereby request that the Staff reaffirm the view expressed in the No Action Letter that Covered Bonds are not asset-backed securities within the meaning of Section 3(a)(79) of the Exchange Act. We further request that the Staff confirm that it will not take enforcement action if Covered Bonds and the related Guarantees are offered and sold by CMHC registered Banks pursuant to a Registration Statement on Form F-3 in the manner outlined in this letter, including the continuing obligation to file Form 6-Ks.

Should you require additional information or wish to discuss this request further, we are available at your convenience. We appreciate your consideration of this matter and appreciate the Staff's time and attention.

Sincerely,

Jerry R. Marlatt
Anna T. Pinedo

MAYER BROWN LLP

ANNEX A

Representative List of Material Agreements to be Filed as Exhibits

- 1.1 Underwriting Agreement
- 4.1 Trust Deed
- 4.2 Master Definitions and Construction Agreement
- 4.3 Mortgage Sale Agreement
- 4.4 Asset Monitor Agreement
- 4.5 Servicing Agreement
- 4.6 Agency Agreement
- 4.7 Intercompany Loan Agreement
- 4.8 Limited Partnership Agreement of the Guarantor
- 4.10 Corporate Services Agreement
- 4.11 Cash Management Agreement
- 4.12 General Security Agreement
- 4.13 Bank Account Agreement
- 4.14 Guaranteed Investment Contract
- 4.15 ISDA Master Agreement, Schedule, Credit Support Annex, Interest Rate Swap Confirmation
- 4.16 ISDA Master Agreement, Schedule, Credit Support Annex, Covered Bond Swap Confirmation
- 5.1 Opinion of Issuer's Canadian counsel
- 8.1 Tax opinion of Issuer's U.S. counsel
- 8.2 Tax opinion of Issuer's Canadian counsel
- 23.1 Consent of Issuer's accountants
- 25.1 Form T-1