



CIRCULAR 149-23
December 14, 2023

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF BOURSE DE MONTRÉAL INC. TO INTRODUCE REFERENCE RATE FALLBACK PROCEDURES

On October 24, 2023, the President and Chief Executive Officer of Bourse de Montréal Inc. (the “**Bourse**”) approved amendments to the rules of the Bourse (the “**Rules**”) in order to include fallback procedures for benchmark reference rates, namely to modify the settlement price procedure for Three-month Canadian Bankers’ Acceptance Futures (BAX) contracts to allow for their conversion to Three-Month CORRA Futures (CRA) contracts, before the discontinuation of CDOR. These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

The amendments attached hereto will become effective on December 15, 2023, after market close. Please note that the revised articles will also be available on the Bourse’s website (www.m-x.ca).

The amendments described in the present circular were published for public comment by the Bourse on October 25th, 2023 (see circular [129-23](#)). Following the publication of this circular, no comments were received by the Bourse.

For additional information, please contact Maxime Rousseau-Turenne at maxime.rousseau-turenne@tmx.com.

Maxime Rousseau-Turenne
Legal Counsel
Bourse de Montréal Inc.

AMENDMENTS TO THE RULES

BLACKLINE VERSION

[...]

Article 1.101 Definitions

[...]

CDOR Cessation Event (Événement Déclencheur de l'Abandon du Taux CDOR) means the permanent cessation of the calculation and publication of all tenors of CDOR following a final publication on June 28, 2024, as announced on May 16, 2022 by the administrator of CDOR, currently Refinitiv Benchmark Services (UK) Limited (“**RBSL**”).

[...]

Appendix 6E-4.1 THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACTS (BAX)

[...]

(f) Fallback Procedure. If, as determined by the Bourse in its sole discretion, the level of liquidity in BAX is such that the procedures set out in this Appendix 6E-4.1 would not generate an appropriate Settlement Price with respect to any BAX contracts, the Bourse may calculate the daily Settlement Price of any such BAX contracts that expire after the CDOR Cessation Event under Article 12.14A(b) below by subtracting the ISDA spread adjustment (value adjustment under Article 12.14) from the Three-Month CORRA Futures (CRA) daily Settlement Price, rounded to the nearest price increment.

[...]

Article 12.14A Reference Rate Fallback Procedures

Notwithstanding anything to the contrary in the Rules, including Article 12.14, the following shall apply to the Three-month Canadian Bankers' Acceptance Futures:

a) BAX Fallback Effective Date

The BAX fallback effective date shall be April 26, 2024, except where the Bourse determines at any time and in its sole and absolute discretion that implementation of the fallback procedure on such date could result in an unacceptable level of operational or market disruption or where financial stability issues could

threaten the orderly transition of the contract. In such a case, the Bourse shall determine in its sole and absolute discretion an alternative BAX fallback effective date and notify Approved Participants (these alternatives constituting the “**BAX Fallback Effective Date**”).

b) BAX Fallback Procedure

Following close of business day on the BAX Fallback Effective Date, the Bourse shall convert all open positions in the BAX contract that expire after the CDOR Cessation Event as follows:

(i) each position in the contract that is affected by the CDOR Cessation Event shall be terminated at a price determined by the Bourse (the “Termination Price”) and replaced with a corresponding open position in Three-Month CORRA Futures (a “Replacement Position”);

(ii) the Termination Price of such contracts shall be equal to the truncated value, to four decimal places, of:

(A) the most recent daily Settlement Price for the Three-Month CORRA Futures on the BAX Fallback Effective Date,

minus

(B) a value adjustment amount which shall be equal to the spread adjustment for the rate in Article 12.14 published by Bloomberg Index Services Limited and equal to 0.32138% for the three-month tenor.

The Replacement Position shall be assigned to a position holder by the Bourse in accordance with the following procedure:

(i) the Replacement Position in Three-Month CORRA Futures shall be equal in trading unit size and direction to the position in the contract and with the same delivery month;

(ii) the price at which the Replacement Position is assigned to the position holder shall be the most recent daily Settlement Price for the contract on the BAX Fallback Effective Date.

c) Clearing of the Replacement Position

Clearing of the Replacement Position shall be subject to the rules of CDCC for Three-Month CORRA Futures, including for the avoidance of doubt the determination of daily and final Settlement Prices in respect of each Replacement Position.

d) Termination of Trading

(i) Following close of business day on the BAX Fallback Effective Date, trading in BAX contracts expiring after the CDOR Cessation Event shall be terminated and such contracts shall no longer be available for trading at the Bourse with immediate effect;

(ii) Trading in the contracts expiring before the CDOR Cessation Event shall continue after the BAX Fallback Effective Date until the date of termination of trading of each such contract under Article 12.11.

[...]

AMENDMENTS TO THE RULES

CLEAN VERSION

[...]

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