



# Montréal Exchange Quarterly Derivatives Market Activity Update

Q3 2016



## Capital Formation

Toronto Stock Exchange  
TSX Venture Exchange  
TSX Private Markets  
TSX Trust

## Derivatives

Montréal Exchange  
CDCC  
BOX

## Efficient Markets

Toronto Stock Exchange  
TSX Venture Exchange  
TSX Alpha Exchange  
CDS  
NGX  
Shorcan

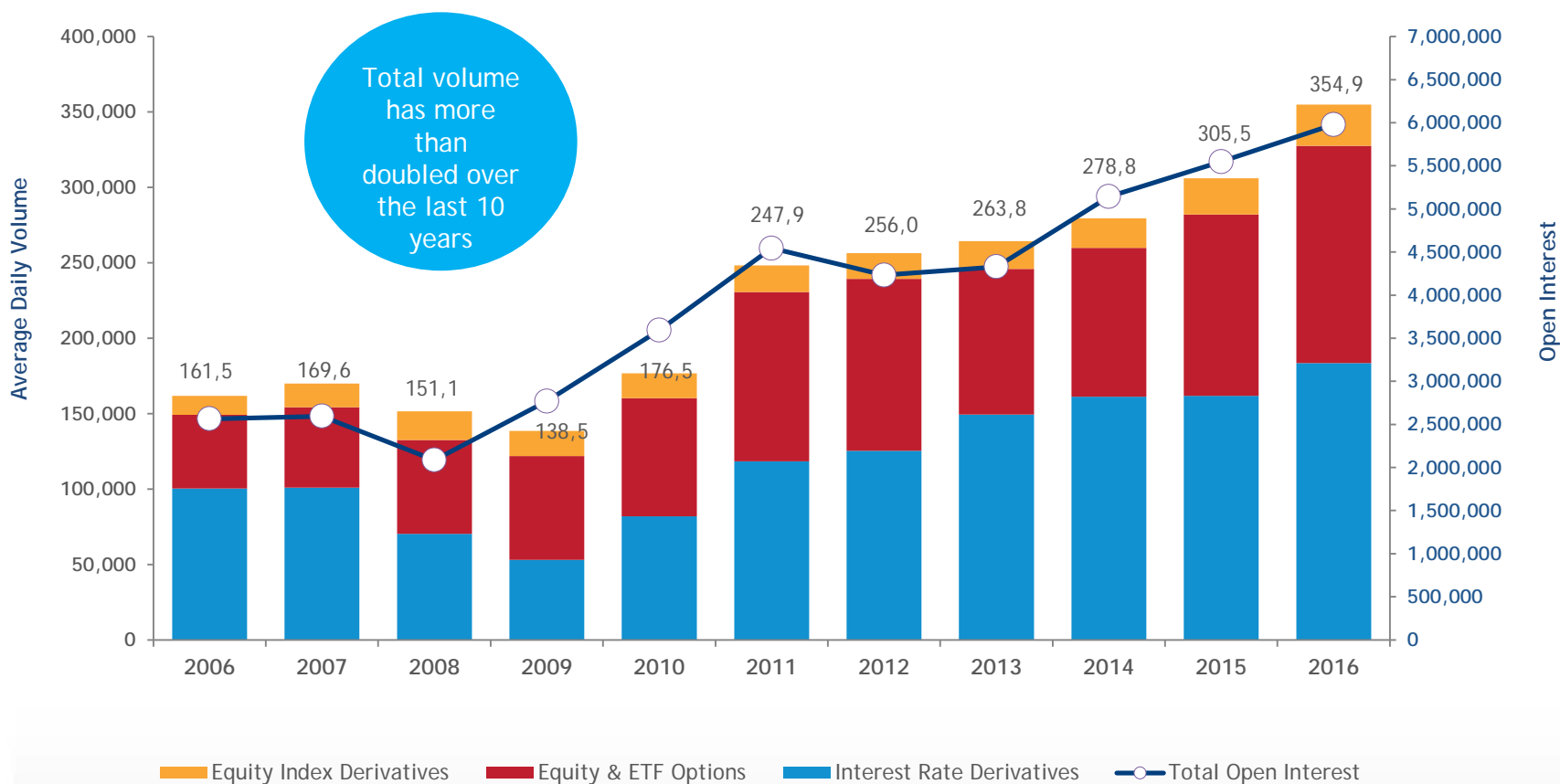
## Market Insights

TMX Datalinx  
TMX Insights  
TMX Atrium  
eXplore

## Market Solutions

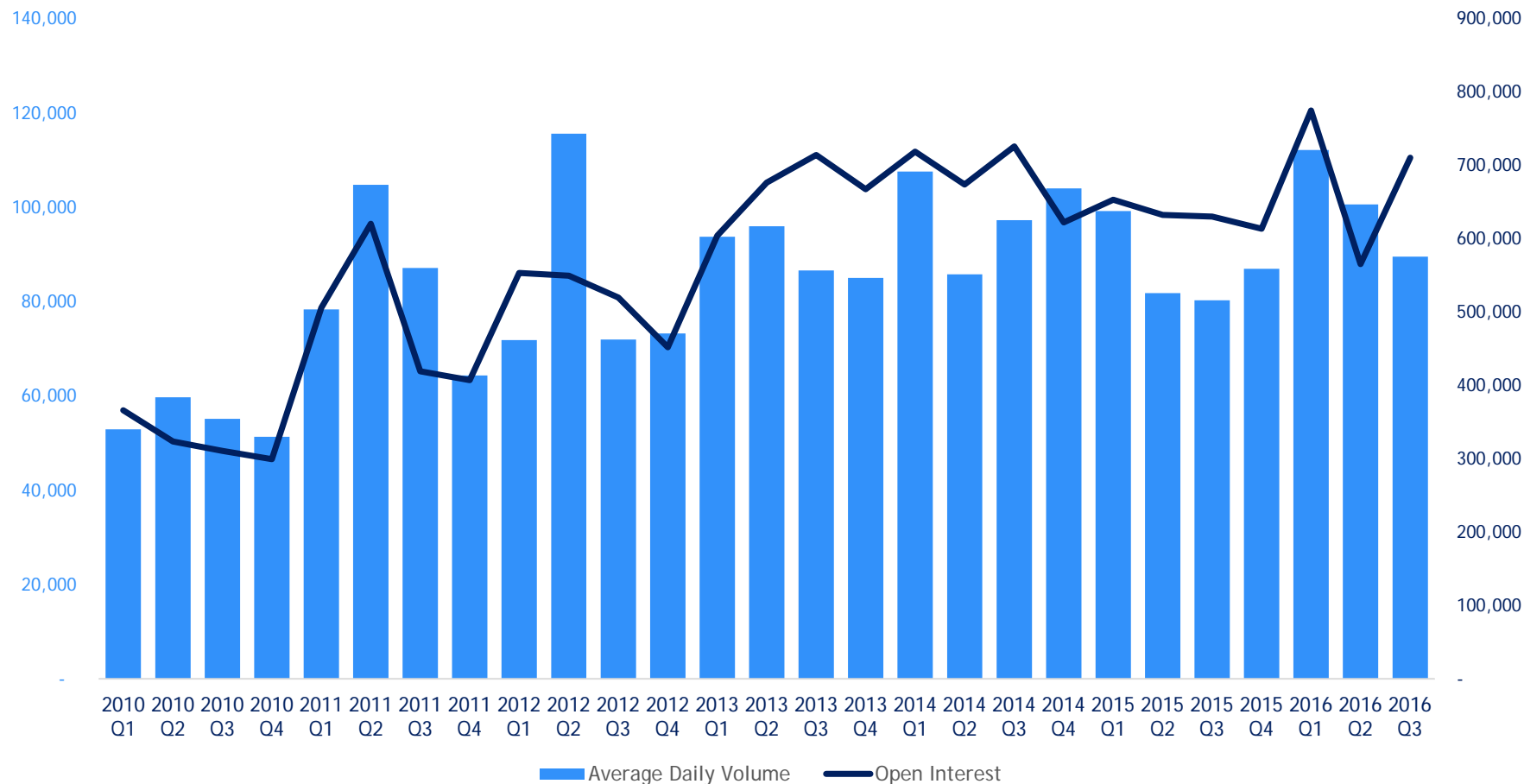
AgriClear

# Montréal Exchange Average Daily Volume & Open Interest



# SHORT-TERM INTEREST RATE DERIVATIVES

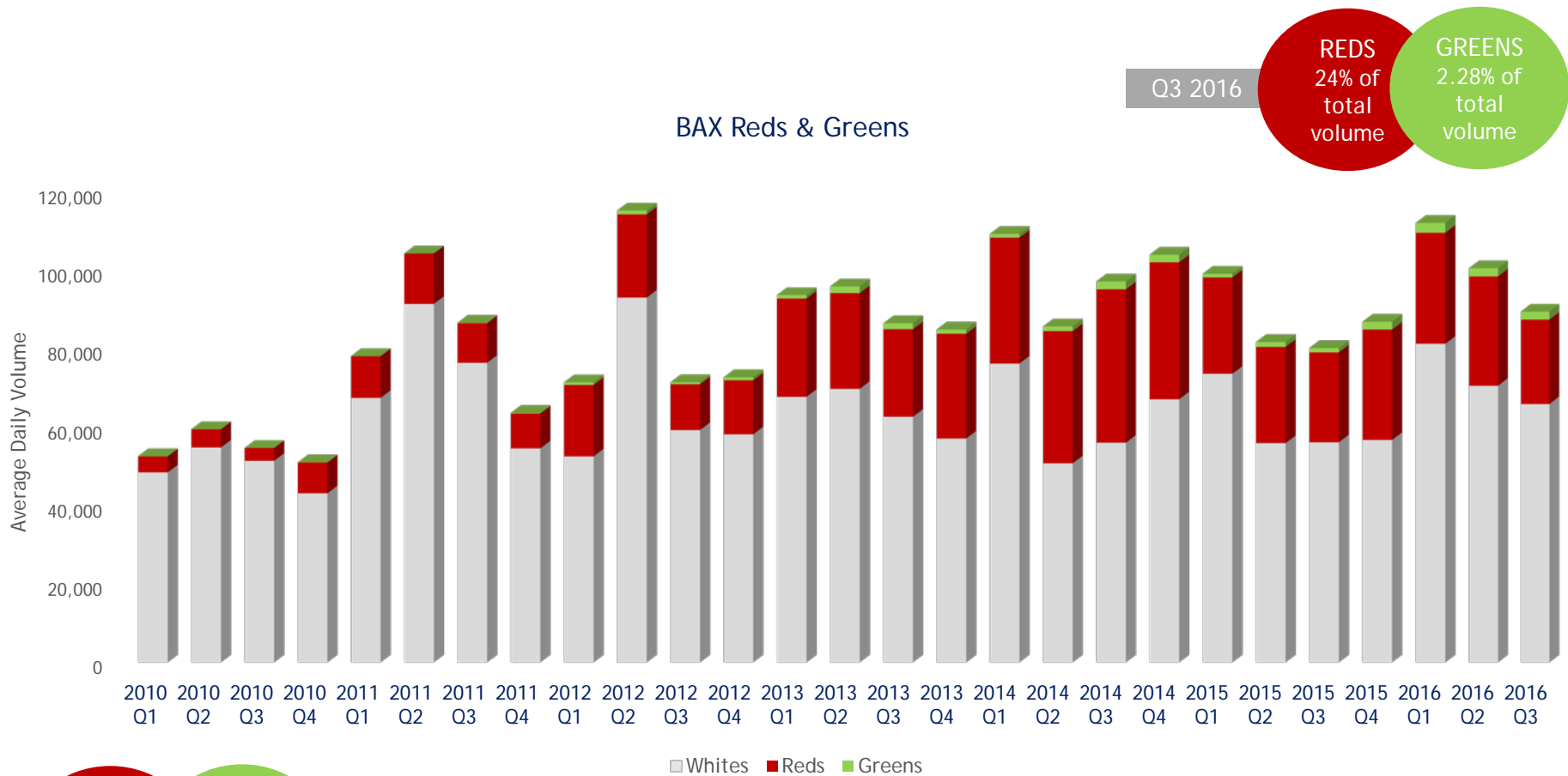
# Three-Month Bankers' Acceptance Futures (BAX) Volume and Open Interest



- Based on Canadian Dollar Offered Rate (CDOR)
- C\$1,000,000 nominal value of Canadian bankers' acceptances with a three-month maturity
- Cash settlement
- Price increment:
  - 0.005 = C\$12.50 per contract for the six (6) nearest listed contract months, including serials
  - 0.01 = C\$25.00 per contract for all other contract months
- 3 years of quarterly contracts: Whites, Reds and Greens, and two (2) nearest non-quarterly months (serials)



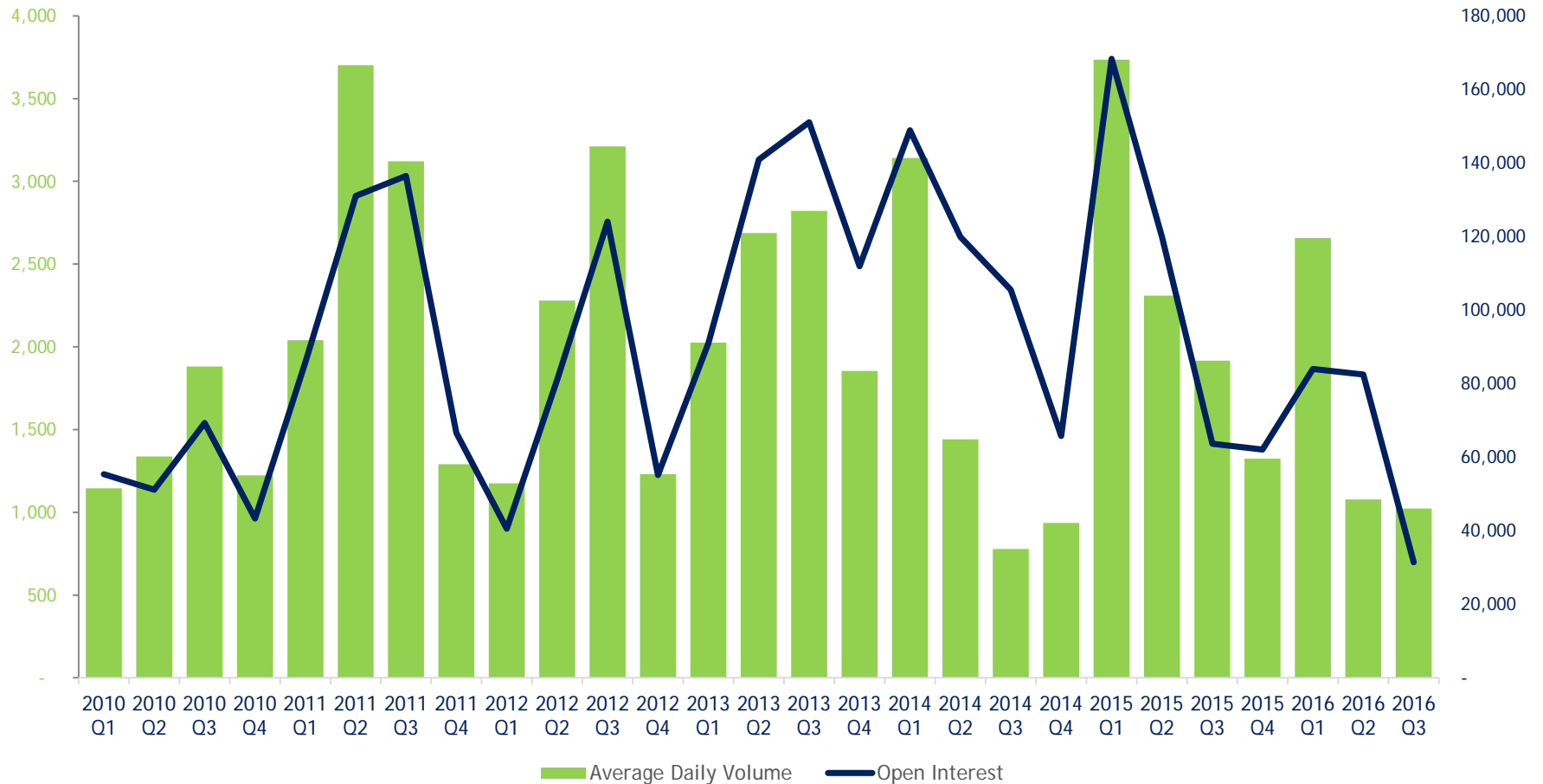
# BAX Reds and Greens Volume



Q3 2016  
**REDS**  
 24% of total volume  
**GREENS**  
 2.28% of total volume

Q1 2010  
**REDS**  
 8% of total volume  
**GREENS**  
 0.08% of total volume

# Options on BAX (OBX) Volume and Open Interest

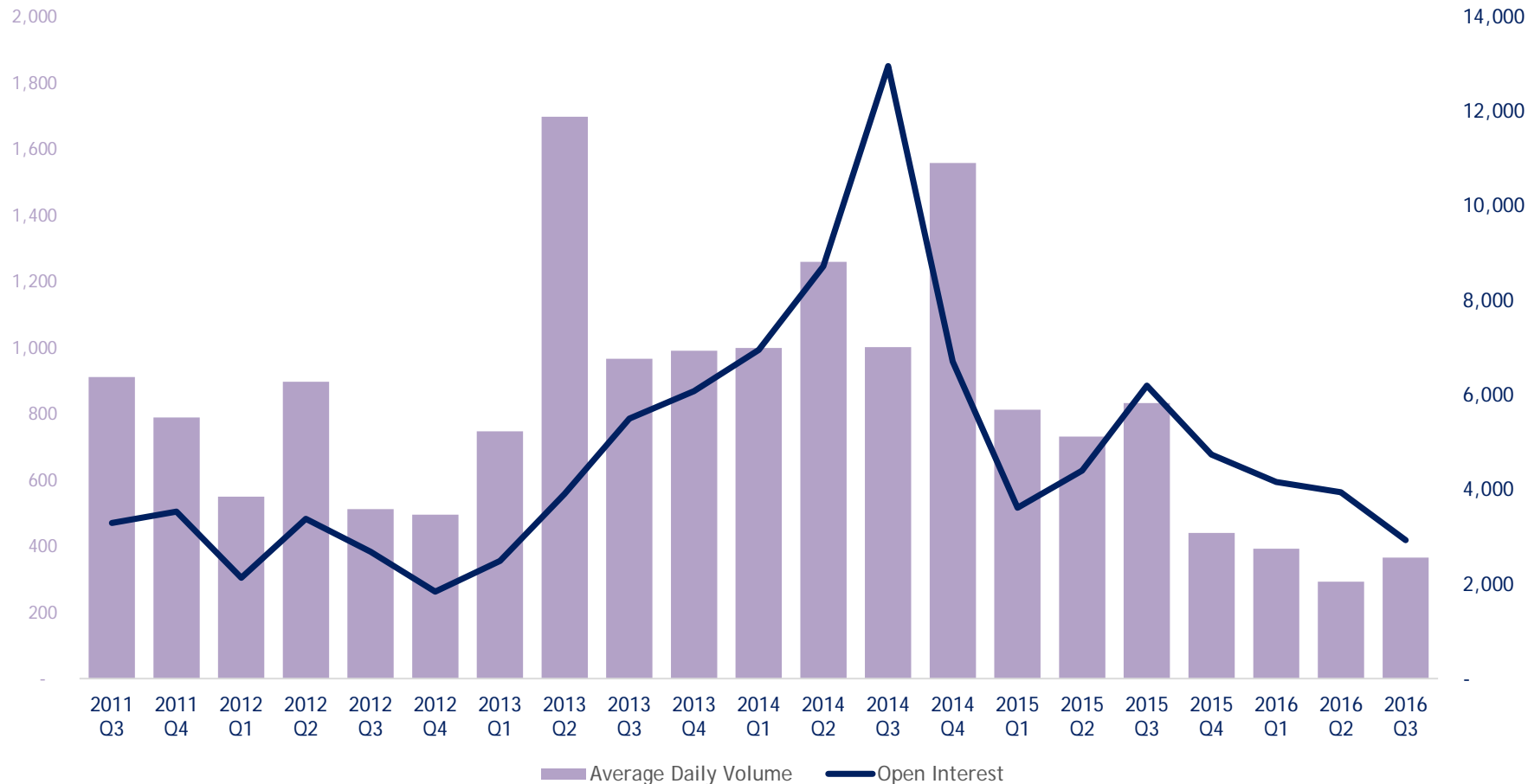


- Quoted in points where each 0.01 point (1 basis point) represents C\$25
- Price increment:
  - 0.005 = C\$12.50 per contract
  - 0.001 = C\$2.50 per contract for cabinet trades



# GOVERNMENT OF CANADA BOND FUTURES

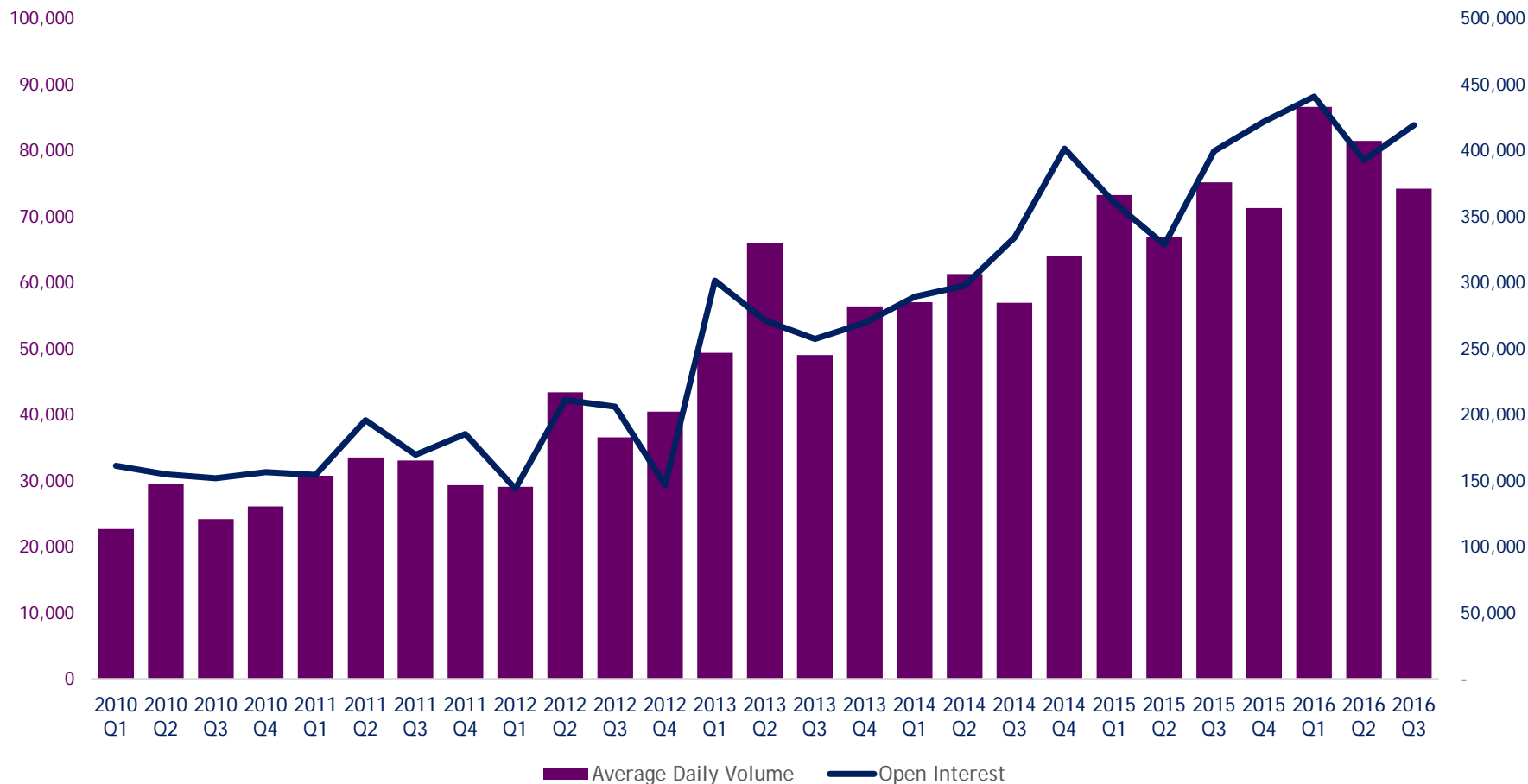
# Five-Year Government of Canada Bond Futures (CGF) Volume and Open Interest



- C\$100,000 nominal value of a Government of Canada bond with a 6% notional coupon
- Physical delivery of eligible Government of Canada bonds
- Price increment: 0.01 = C\$10 per contract



# Ten-Year Government of Canada Bond Futures (CGB) Volume and Open Interest



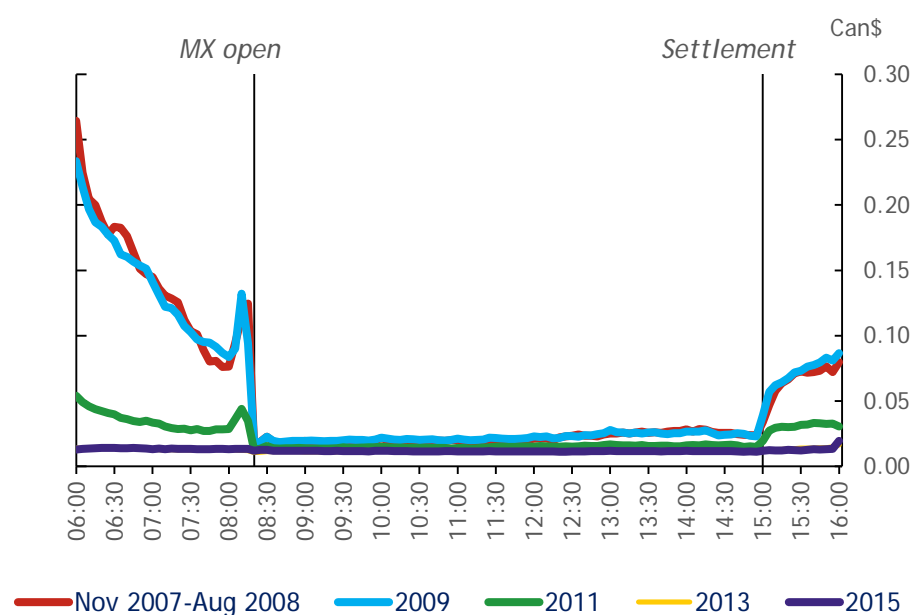
- C\$100,000 nominal value of a Government of Canada bond with a 6% notional coupon
- Physical delivery of eligible Government of Canada bonds
- Price increment: 0.01 = C\$10 per contract

# CGB Bid-Ask Spread Improvement

Daily Average of CGB Bid-Ask Spread



Intraday CGB Bid-Ask Spread

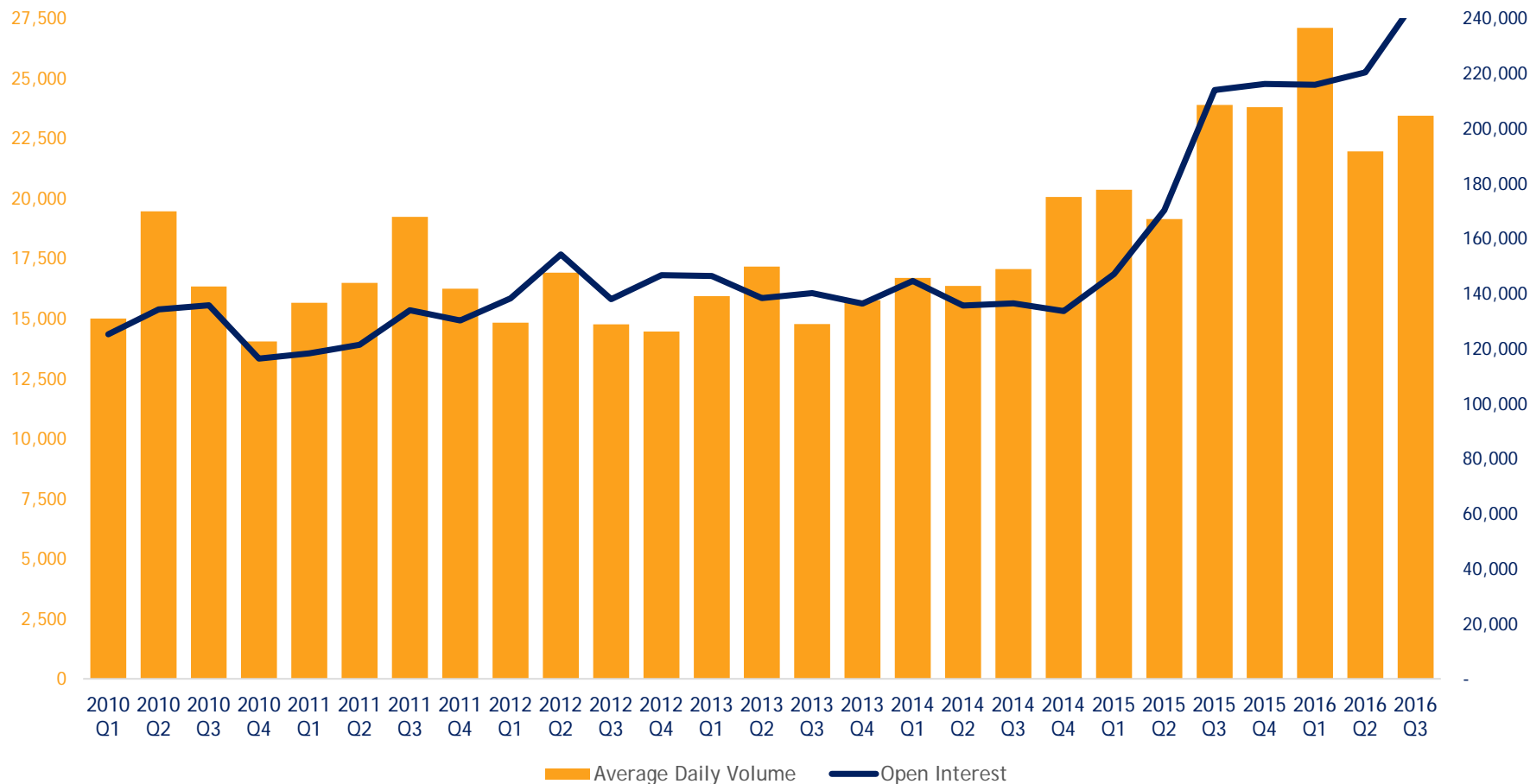


*Note:* 20-day moving average of daily average bid-ask spread, 8:20 to 16:00  
*Source:* Trends in the CGBs, Canadian Fixed Income Forum. Bank of Canada. April 25 2016.

*Note:* Five minute averages of the bid-ask spread, 6:00 to 16:00  
*Source:* Trends in the CGBs, Canadian Fixed Income Forum. Bank of Canada. April 25 2016.

# EQUITY INDEX FUTURES

# S&P/TSX 60 Index Futures (SXF) Volume and Open Interest



- Notional \$Value of one SXF contract: C\$200 multiplied by S&P/TSX 60 Index Standard Futures contract value
- Cash settlement
- Price Increment:
  - 0.10 index points for outright positions
  - 0.01 index points for calendar spreads



# OFF-EXCHANGE TRANSACTIONS

# Block Trades and Crosses

BLOCK TRADES	ELIGIBLE PRODUCTS	MINIMUM VOLUME THRESHOLD
	ONX	1,000 contracts
	OIS	200 contracts
	BAX (Reds and Greens)	Reds: 1,000 contracts / Greens: 500 contracts
	OBX	2,000 contracts
	CGB	1,500 contracts
	CGZ/CGF/LGB	500 contracts
	Futures Contracts on S&P/TSX Indices (Only block trades priced at a basis to the index close, BIC) *	100 contracts (execution of block trades priced at a BIC)
PRESCRIBED TIME DELAY IS 15 MINUTES FOR ALL ELIGIBLE PRODUCTS		

Note: Block trades available for other products

\* Futures contracts on S&P/TSX indices: No outright block trades

CROSSES	ELIGIBLE PRODUCTS	MINIMUM VOLUME THRESHOLD	PRESCRIBED TIME DELAY
	BAX/ONX/OIS	No Threshold	<ul style="list-style-type: none"> <li>• 5 seconds (front month, BAX: 1<sup>st</sup> four quarterly months)</li> <li>• 15 seconds (remaining months &amp; strategies)</li> </ul>
	OBX/OGB	<ul style="list-style-type: none"> <li>• ≥ 250 contracts</li> <li>• &lt; 250 contracts</li> </ul>	<ul style="list-style-type: none"> <li>• 0 seconds (all expiry months &amp; strategies)</li> <li>• 5 seconds (all expiry months &amp; strategies)</li> </ul>
	Government of Canada Bond Futures Contracts	No Threshold	<ul style="list-style-type: none"> <li>• 5 seconds</li> </ul>
	Futures Contracts on S&P/TSX Indices	<ul style="list-style-type: none"> <li>• ≥ 100 contracts</li> <li>• &lt; 100 contracts</li> </ul>	<ul style="list-style-type: none"> <li>• 0 seconds (all expiry months)</li> <li>• 5 seconds (all expiry months &amp; strategies)</li> </ul>

Note: Crosses available for other products



# Exchange for Physical, Exchange for Risk & SXF Riskless Basis

## Exchange for Physical (EFP)

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Transaction whereby two parties enter into an agreement in which one party purchases a cash market position and simultaneously sells a corresponding futures contract position and the other party sells the cash market position and simultaneously purchases the corresponding futures contract position.

## Exchange for Risk (EFR)

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Transaction whereby two parties enter into an agreement in which one party purchases an over-the-counter derivative instrument and simultaneously sells a corresponding futures contract and the other party sells the over-the-counter derivative instrument and simultaneously purchases the corresponding futures contract.

EFP and EFR transactions permitted on following instruments:

- Interest rate futures contracts
- Futures contracts on S&P/TSX indices

## SXF Riskless Basis

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- Riskless basis cross transactions on listed futures contracts on S&P/TSX indices
- Purchase/sale of index futures contracts against cash instruments for an average cash market price plus a pre-negotiated basis

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