

# Advisory Notice A20-005

## Deactivation of Implied Pricing Algorithm for Five-Year Government of Canada Bond Futures (CGF) Roll Strategy

Bourse de Montréal Inc. (the “Bourse”) wishes to inform market participants that it will deactivate the implied pricing algorithm for the Five-Year Government of Canada Bond Futures (CGF) roll strategy as of Monday July 6, 2020.

As such, the implied orders generated by the implied pricing algorithm (using regular orders) will no longer be registered in the order book by the trading engine. **Consequently, as of the effective date, all orders on the CGF roll strategy (intra-group strategy) will come from the roll strategy’s own order book**, as is the case for the Ten-Year Government of Canada Bond Futures (CGB) roll strategy. The implied pricing algorithm will continue to be activated for inter-group strategies involving the CGF contract, like for the 2CGF-1CGB strategy.

The deactivation of the implied pricing algorithm will make the CGF roll strategy’s individual leg allocation prices more predictable; the allocation price of the nearest leg will be the previous day’s settlement price and the allocation price of the second leg will be derived from the first leg allocation price and the strategy traded price.

*Example of a September 2020 to December 2020 roll strategy:*

<i>Contract</i>	<i>Front Month: September 2020</i>	<i>Back month: December 2020</i>	<i>CGF Roll strategy</i>
<i>MX Product symbol</i>	<i>CGFU20</i>	<i>CGFZ20</i>	<i>CGFU20CGFZ20</i>

*This means that if the participant is buying the roll strategy, he is buying one CGFU20 and selling one CGFZ20 contract.*

For more information on the Bourse's implied pricing algorithm, please visit the [Implied Pricing for Fixed Income Derivatives](#) web page.

For additional information on this notice, or if you require technical assistance, please contact the Technical Help Desk.

**Technical Help Desk**

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