

# Advisory Notice A20-017

## **Fallback provision for Three-Month Canadian Bankers' Acceptance Futures (BAX)**

This notice is to inform market participants that Bourse de Montréal Inc. (the "Bourse") is supporting the efforts led by ISDA and industry-wide working groups (including the Canadian Alternative Reference Rate ("CARR") working group) to improve and strengthen fallback provisions in financial instruments. The objective of the Bourse is to make sure that its derivative contracts have a robust fallback provision to ensure continued financial stability.

The Bourse intends to review its Rules to address the risk that the Three-Month Canadian Dollar Offered rate ("3M CDOR") is discontinued while market participants continue to hold exposure on the Three-Month Canadian Bankers' Acceptance Futures (BAX) contract. To that effect, the Bourse contemplates an alignment with the standard fallback language developed by ISDA for the over-the-counter (OTC) derivatives marketplace.

There are currently no plans to discontinue the 3M CDOR as a reference rate in the Canadian market, but it should be recognized that CDOR is a voluntary survey-based measure that is potentially subject to discontinuation risk.

The Bourse plans to communicate more information about the review of the fallback language in due time and reserves the right to make necessary adjustments based on further market assessment and consultations with market participants.

For more information on ISDA's fallback provisions work, please visit the ISDA's [benchmark reform](#) web page. For more information about the CARR working group, please visit the [CARR](#) web page.

## Market Operations Department

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