

CIRCULAR 119-25

September 15, 2025

**REQUEST FOR PROPOSALS: MARKET MAKING OF FTSE CANADA BANK CREDIT INDEX
FUTURES (BCS)**

Bourse de Montréal Inc. (the “Bourse”) is issuing a Request for Proposals (“RFP”) for the market making of the FTSE Canada Bank Credit Index Futures (BCS). This RFP is intended for approved participants and foreign approved participants, as well as their eligible clients, interested in submitting proposals outlining their abilities and commitment towards market making activities for the designated contracts. The market making requirements and the conditions of the program are indicated in the attached RFP.

At the end of the RFP submission period, the Bourse may proceed with the selection of up to three market makers.

Proposed Timeline:

Implementation Timeline*	Event
September 15, 2025	Distribution of RFP
October 10, 2025	Deadline for delivery of business cases and proposals to the Bourse
October 31, 2025	Notification of selected Market Makers
November 14, 2025	Deadline for signature of the Market Making Agreement
February 2, 2026	Launch of the Market Making Program

** The proposed timeline is subject to change at the discretion of the Bourse.*

You will find more information about the Market Making Program, as well as the Request for Proposal and Market Maker Application in Annex 1.

For additional information, please contact:

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MONTRÉAL EXCHANGE

Request for Proposal

**MARKET MAKING OF FTSE CANADA BANK
CREDIT INDEX FUTURES (BCS)**



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Introduction and Purpose of the Request for Proposal

The Montréal Exchange (the “**Bourse**”) is inviting all approved participants/foreign approved participants or clients of approved participants/foreign approved participants with direct electronic access to the Bourse who are interested in the new market making program described herein (the “**Market Making Program**”) to submit a proposal outlining their abilities and commitment towards the market making of the FTSE Canada Bank Credit Index Futures (BCS). (a “**Proposal**”).

Background¹

Having successfully developed the Canadian yield curve offering with sustained growth in the 5-Year (CGF), 2-Year (CGZ) Government of Canada Bond Futures coupled with the strong liquidity in the 10-Year GoC Bond Futures (CGB), the Bourse is expanding into the credit segment to better meet the needs of its participants. As part of its continued efforts to innovate and meet the evolving needs of market participants, the Montréal Exchange (MX) announced its intention to introduce the FTSE Canada Bank Credit Index Futures (BCS).

This new, first of its kind credit derivatives product is slated for a launch in Q1 2026, pending regulatory approval. The BCS is based on the FTSE Canada Bank Credit Spread Index and is designed to provide a transparent, flexible, and direct way to manage credit exposure to the Canadian banking sector. The contract isolates the credit spread component of a portfolio of Canadian Bank bonds. This innovative contract will offer market participants a new tool to hedge risk and implement strategic investment views in the Canadian credit market.

Program

Description of the Market Making Program

As part of its efforts, the Bourse will proceed, if the responses submitted are satisfactory, with the selection of up to three (3) market makers (the “**Market Makers**”) who will quote the Designated Contracts (as defined below).

Qualifying Criteria

The Bourse is seeking up to three Market Makers to foster a robust and active market in the new FTSE Canada Bank Credit Spread Futures. Market makers will be essential in providing continuous liquidity and promoting the unique features of this credit derivative. Firms that have a deep expertise in the credit markets and a clear strategy for educating potential users will be considered.

The Bourse will consider candidates that can demonstrate their capabilities to provide the necessary market liquidity and product promotion to institutional clients, and that can achieve open interest thresholds, amongst other factors and obligations, in order to encourage product success in a way that meets the needs of the domestic and global investment community. The

¹ Additional background information about the product can be found on [BCS landing page](#).

Bourse is also looking for candidates who can provide liquidity and engage in the block and basis markets, as well as quote the calendar spread during roll periods.

Firms interested in applying for Market Maker status must submit a short business case with this Request for Proposal outlining the reasons for which they are best qualified to fulfill the objectives described above. The business case should also address the applicant's ability to effectively market the product to end users and attract new business. The applicant shall explain how its business model complements the efforts and the objective to develop the Designated Contracts and unlock their full potential.

Eligibility and Selection Criteria

All approved participants/foreign approved participants or clients of approved participants/foreign approved participants of the Bourse are eligible to be appointed as a Market Maker.

The Bourse will consider the criteria listed in article 3.112 of its Rules in selecting Market Makers, including:

- Technology: Automation capabilities which can be deployed to support efficient market making activities.
- Knowledge: Market Makers will be required to have the necessary skills and experience for the market making of interest rate products.
- Compliance with rules: Only approved participants/foreign approved participants or clients of approved participants/foreign approved participants in good standing and in compliance with the Rules of the Bourse will be considered.

Incentives

In exchange for meeting the market making obligations on the Designated Contracts, the Bourse shall grant incentives to the Market Makers.

Full or partial incentives shall be paid monthly, subject to the Market Maker fulfilling the obligations contained in the Market Making Agreement signed with the Bourse.

Transaction and Clearing Fee Waivers

The Market Makers shall be eligible for fee waivers on the Designated Contracts, comprising transaction fees and clearing fees. The fee waivers shall remain in effect for the duration of the Market Making Program.

Variable Compensation

The Bourse will distribute a portion of its net transaction revenues (net of rebates) for the Designated Contracts between the selected Market Makers on a monthly basis, for the length of the term.

Fixed Compensation

The Bourse will grant a fixed compensation, referred to as the stipend, to the selected Market Makers, paid on a monthly basis for a period of up to two (2) years.

Duration of the Program

The duration of the Program will be five (5) years. Market Makers will be required to sign a standard Market Making Agreement with the Bourse.

Designated Interest Rate Futures Contracts

FTSE Canada Bank Credit Index Futures (BCS) (the “**Designated Contracts**”).

Market Making Requirements

Market Makers will be required to post markets at the contracted minimum size and maximum spread (or better), for a predefined percentage of time. The agreement may also include other requirements related to the daily settlement of markets, the quarterly roll period and/or other quantitative and/or qualitative requirements.

Monitoring of Performance

The Bourse will monitor the Market Makers’ order book activity to determine compliance with the obligations set forth in the Market Making Agreement. The Bourse shall be solely responsible for the monitoring of Market Makers’ compliance with the Market Making Program obligations and the calculation of the corresponding incentives in accordance with the terms of the Market Making Agreement.

Application Process

To respond to this Request for Proposals (“**RFP**”), please provide the Bourse with a short business case addressing how the applying firm meets the criteria outlined in the Qualifying Criteria section, in addition to a Proposal using the Market Maker Application form below, addressing the requirements and selection criteria outlined herein. All Proposals should be submitted to the contact person indicated below by no later than 5:00 pm Eastern Time (ET) on **October 10th, 2025**.

Contact Information

For any questions or information, including confidential details regarding the market making requirements and/or incentives, please contact:

Cory Bast, Managing Director, Interest Rate Derivatives - CRM
Phone: 1 (416-450-7005 - | Email: cory.bast@tmx.com, or

Alexandre Prince, Executive Director, Interest Rate Derivatives
Phone: 1 (514) 244-4813 | Email: alexandre.prince@tmx.com

Timeframe

Sept 15th, 2025	Distribution of RFP
October 10th, 2025	Deadline for delivery of Business Cases and Proposals to the Bourse
October 31st, 2025	Notification of selected Market Makers

November 14th, 2025	Deadline for signature of the Market Making Agreement
February 2nd, 2026	Launch of Market Making Program

Market Maker Application

The Bourse will evaluate business cases and Proposals based on the criteria mentioned herein. All Proposals should include a completed Market Maker Application attached (page 8).

Confidentiality

All documents submitted by respondents and the information contained in the Proposals shall be treated as confidential by the Bourse.

Evaluation

The objective of the evaluation process is to identify the business cases and proposals that, in the discretion and assessment of the Bourse, most effectively meet the requirements and selection criteria provided for in this RFP. Any additional information provided by the respondents will also be considered if it is deemed to be the most beneficial to the Bourse's market participants.

General Terms and Conditions

1. The Market Making Program is subject to the Rules of the Bourse and in the event of an inconsistency between the Market Making Program and the Rules of the Bourse, the latter shall prevail. However, where a term of the Market Making Program is more specific than or supplement the Rules, such more specific or supplementary term will apply.
2. The issuance of this RFP shall not cause any express or implied commitment or undertaking on the part of the Bourse and the Bourse is under no obligation or commitment, whatsoever, to accept any Proposal, select Market Maker(s) or implement the Program. The Bourse may cancel, amend or withdraw this RFP, at its own discretion, without prior notice.
3. All decisions will be made by the Bourse at its sole discretion, including regarding the selection of Market Maker(s), and shall be final and binding.
4. The Bourse shall not be liable for any fees, costs or expenses incurred by the respondent resulting from this RFP or any other request.
5. Proposals received after the deadline for Proposal submissions will only be accepted at the discretion of the Bourse.
6. All Proposals shall be binding for a period of 30 days following the deadline for Proposal submissions. Should a respondent wish to alter or amend a Proposal, it shall withdraw its original Proposal by delivering written notice via email to the contact person listed above, and submit a new Proposal prior to the deadline for Proposal submissions. The respondent may revoke its Proposal at any time prior to the deadline for Proposal submissions by delivering written notice via email to the contact person listed above.
7. The selected Market Maker(s) will be required to sign the same standard Market Making Agreement with the Bourse prior to being admitted into the Program. No incentives may be earned before the binding standard Market Making Agreement has been signed by the Bourse and the selected Market Maker(s).
8. The selected Market Maker(s) will be required to, directly or through their clearing member (responsible for the allocation process), set up a sub-account that can be recognized by the Bourse, and will also set up a Multi-Purpose sub-account (i.e. client netted account) at the Canadian Derivatives Clearing Corporation (CDCC).
9. If selected, the Market Maker consents to the disclosure of their status as a market maker on the Designated Contracts in any marketing efforts the Bourse deems appropriate, including, but are not limited to, the Bourse's website.
10. The Bourse reserves the right to terminate the Market Making Agreement or modify the Market Making Program upon 30-day written notice to the Market Maker(s).
11. The Bourse reserves the right to replace or appoint additional Market Maker(s) in instances including, but not limited to, where a Market Maker fails to fulfil the obligations set forth in the Market Making Agreement. The replacement or addition of a new Market Maker is at the sole discretion of the Bourse, and can be completed by selecting a Market Maker that originally submitted a Proposal or by re-opening this RFP. The Bourse reserves the right to change the terms of this RFP or to reopen it after the deadline for Proposal submissions without prior notice.

Market Maker Application

Conditions for Applying for Market Maker Status
<p>Applicants shall meet the criteria listed in article 3.112 of the Rules of the Bourse, including:</p> <ol style="list-style-type: none">1. Have adequate financial capital to support Market Making obligations;2. A history of compliance with the regulation of the Bourse;3. A reliable trading infrastructure, risk management system and technology to support electronic trading, as well as adequate operational capacity;4. Experience with trading similar derivative instruments;5. Willingness to promote the Bourse as a marketplace;6. Willingness to sign a Market Making Agreement;7. Any other factors deemed relevant by the Bourse. <p>Additional criteria for client market makers:</p> <ol style="list-style-type: none">1. Client agrees to be subject to the jurisdiction of the Bourse's Regulatory Division with respect to its trading activity and conduct as a market maker during the term of the market making assignment;2. Client must obtain the acknowledgement of the approved participant providing it with electronic access.
General Information
<p>Firm name:</p> <p>Address:</p> <p>Firm Division:</p> <p>Authorized Contact name:</p> <p>Title:</p> <p>Phone:</p> <p>Email:</p>
Market Making status

AP/FAP ☐
Client of an AP/FAP ☐

Designated Contracts (specify category & name contracts)

Equity and ETF Options	<input type="checkbox"/>	_____
Index Options	<input type="checkbox"/>	_____
Currency Options	<input type="checkbox"/>	_____
Index Futures	<input type="checkbox"/>	_____
Share Futures	<input type="checkbox"/>	_____
STIR Futures	<input type="checkbox"/>	_____
Bond Futures	<input type="checkbox"/>	_____
Credit Futures	<input type="checkbox"/>	_____
Options on STIR Futures	<input type="checkbox"/>	_____
Options on Bond Futures	<input type="checkbox"/>	_____

Market Making Capital

Equal or greater than C\$250,000? ☐ YES ☐ NO As of Date: _____

Other Exchange Memberships

Information on Technology

Description of technology supporting electronic trading, trading tools and infrastructure:

Adequate personnel in place to support:

On-screen quoting functions: ☐ YES ☐ NO

Trading functions: ☐ YES ☐ NO

Name of Independent Software Vendors (ISVs):

Description of Access to Contract's Underlying Market :

Description of Risk Management Tools:

Additional Safeguards (if applicable):

N/A ☐

Operational Capacity

Description of ability to manage operational tasks (trade allocation, reconciliation, administration of rebates, etc.):

Adequate personnel in place to support:

Operational functions: ☐ YES ☐ NO

Name of Clearing Member:

In the case of client market makers, established relationship with an active execution broker?

☐ YES ☐ NO

Market Making & Trading Experience

Number of years market making similar contracts:

Number of years trading similar contracts :

Description of general experience (products, venues):

Description of experience trading Montréal Exchange (MX) products and participation in MX market making or other commercial programs:

COMMITMENT TO DESIGNATED CONTRACTS

Contracts	Minimum Size	Minimum Spread
FTSE Canada Bank Credit Index Futures (BCS):		
Outrights	_____	_____
Roll period	_____	_____
Best efforts to post a continuous basis market (if applicable):	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A
Best efforts to provide block markets upon request:	<input type="checkbox"/> Yes <input type="checkbox"/> No	

What are the advantages of your market making abilities over other firms?

Acknowledgment and Signature
<p>The Applicant attests the information provided herein is complete and accurate.</p> <p>Signature of Authorized Contact:</p> <p>Date:</p>