

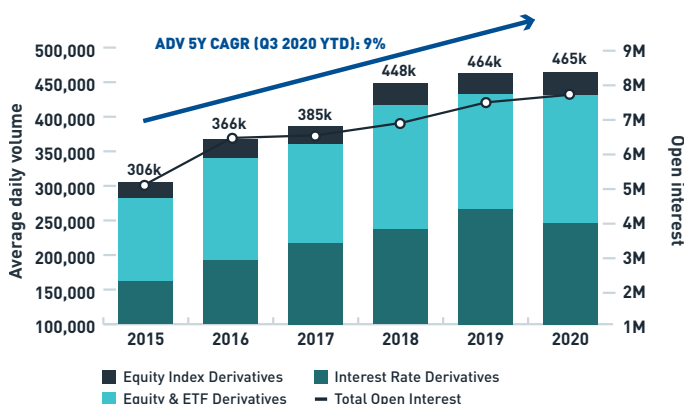
MONTREAL EXCHANGE

Q3 2020 Derivatives Highlights

Market statistics show strong results despite challenging environment

- **Total ADV of 465k** contracts for Jan-Sep period, in line with 2019
- **Record trading in SSF:** ADV of 52k contracts, up **223% YoY**

Average Daily Volume and Open Interest (all products)



Segment	Product	ADV	YoY CHG (%)
IRD	BAX	95k	-21%
IRD	CGF	22k	47%
IRD	CGB	127k	-1%
EQD	SXF	34k	9%
EQD	Share Futures	52k	223%
EQD	ETF Options	37k	9%

- **IRD market comment:** BoC's commitment to leave its key rate unchanged at 0.25% combined with the large-scale purchase of government bonds creates a challenging market environment.
- **EQD market comment:** Signs of economic recovery and loose monetary policy helped the stock market rise. High volatility observed in some sectors generated activity in the derivatives market.

Product Highlights

STIR Futures updates

BAX Reds and Greens proportion of total volume increases to 41%

BAX open interest at quarter end: 1M up 6% YoY

Strong liquidity in BAX Whites: often 5k+ contracts posted on both sides

CORRA Futures (CRA) volume since launch: 7k contracts

CORRA Futures (CRA) record open interest: 5.1k contracts (Sep16)

GoC Bond Futures performing well

5Y (CGF) average daily volume: 22k, up 47% YoY

CGF open interest at quarter end: 67k, up 34% YoY

CGB open interest at quarter end: 620k, up 9% YoY

CGF EFP volume: 172k contracts (17% of CGF volume), up 30% YoY

5Y/10Y strategy volume: 170k contracts, up 497% YoY

Index Derivatives statistics are up

SXF index futures average daily volume: 34k, up 9% YoY

SXK (banks index) record open interest: 19k contracts (Sep 29)

Single Share Futures (SSF) continue to rise

SSF ADV: 52k, RevCon (options) ADV: 4K, total ADV: 56k YTD

Basis trade on Close (BTC): 89% of SSF volume YTD

Options market continues to benefit from uncertain outlook

ETF options average daily volume: 37k, up 9% YoY

USD options (USX) YTD volume: 16k, up 978% YoY

Key Milestones and Facts

Extended hours updates

The average daily volume on products available for trading between 2 a.m and 6 a.m (ET) remains strong and represents a significant part of MX volume. YTD statistics during the extended hours period:

Products	ADV	YoY Growth
All products	15k	36%
BAX	5k	16%
CGB	9k	35%
SXF	2k	112%

ESG Futures coming to MX!

Building on the growing interest for ESG responsible investing, the MX plans to launch the [S&P/TSX 60 ESG Index Futures \(SEG\)](#) on December 14, 2020. This new contract will allow asset managers with strict mandates to align with ESG requirements. A [request for proposal](#) for the market making of the new contract is currently published. Visit the [Sustainable investing at TMX landing page](#) to learn more about TMX ESG offering and initiatives.

CORRA Futures update

Since the launch of [CORRA Futures](#) on June 12, robust market conditions have been observed in the outright contracts and in CORRA Futures / BAX strategies. Key statistics:

- 7k+ contracts traded across five different expiries
- 30+ participants involved in more than 180 transactions

Launch of Average Price Service

On October 1st, the MX launched its average price service (APS), allowing participants to add trades to a pricing group in order to obtain an average price calculated by the Bourse. Participants are then able to perform allocations and/or give-ups at the calculated price using these trades. Many participants are currently in the process of implementing this new service.

Full BAX curve now trades in half-tick increments

Since September 21, the minimum price fluctuation (tick size) of the third year of BAX quarterly expiries (BAX Greens) is trading in increment of 0.005 index points (equal to C\$12,50), resulting in all BAX expiries having the same tick size.

Upcoming launch of 2Y GoC bond futures (CGZ)

The MX is planning for the development of the CGZ contract, in an effort to build a complete liquid yield curve offering. In response to market needs, the underlying nominal value will change from C\$200,000 to C\$100,000. Stay tuned for more on this upcoming project!

Register for Option education events!

The MX offers multiple options education events designed to provide retail investors with the knowledge needed to successfully navigate the options market. Topics covered include:

- Options as a risk management tool
- Options trading and volatility
- Determine an entry point in the market

Check out the upcoming events directly on the [Option Matters](#) blog!

Comments requested!

In September 2020, MX published some files for comments, including mainly:

- Introduction of an approved hedge for share futures contracts
- Modification to the expiry cycle of equity index, equity, ETF and currency options

Visit the [circular](#) section of MX website to see details.

Decommission of old MX diffusion protocols

The HSVF D4 and OBF A1 (non-BTIC) protocols are planned to be decommissioned as of March 1, 2021. Market participants are strongly encouraged to upgrade to the new versions, in order to ensure a smooth transition. More details can be [found here](#).

Did you know?

- MX often partners with key firms to host webinar sessions on key industry topics. Next event:
 - October 27: [Webinar](#) (and white paper) in collaboration with **Macro Hive** on how Canadian equity and bond futures can enhance momentum strategy returns. Webinar moderated by **Dr. Ranjan Bhaduri**, Founder & CEO, Bodhi Research Group.
- SXK (Canadian Banks Index futures) has a multiplier of only C\$20, making it suitable for smaller investors and for multiple trading strategies. Find out more about MX's Sector Index futures [here](#).
- MX and OptionsPlay are organizing weekly sessions to discuss the markets, economics and trade ideas for Canadian equity and options markets. [Register here!](#)

For more information

m-x.ca

INTEREST RATE DERIVATIVES

irderivatives@tmx.com

EQUITY DERIVATIVES

equityderivatives@tmx.com

The information provided in this document is provided solely for information purposes and shall not be construed in any jurisdiction as providing any advice or recommendation with respect to the purchase or sale of any derivative instrument, underlying security or any other financial instrument or as providing legal, accounting, tax, financial or investment advice. Bourse de Montréal Inc. (the "Bourse") recommends that you consult your own advisors in accordance with your needs. All references in this document to specifications, rules and obligations concerning a product are subject to the rules, policies and procedures of the Bourse and its clearinghouse, the Canadian Derivatives Clearing Corporation, which prevail over this document. Although care has been taken in the preparation of this document, the Bourse and/or its affiliates do not guarantee the accuracy or completeness of the information contained in this document and reserve the right to amend or review the content of this document any time and without prior notice. Neither the Bourse, nor any of its affiliates, directors, officers, employees or agents shall be liable for any damages, losses or costs incurred as a result of any errors or omissions in this document or of the use of or reliance upon any information appearing in this document. BAX®, CGB®, CGF®, SXF®, MX® and OBX® are registered trademarks of Bourse de Montréal Inc. TMX® is a registered trademark of TSX Inc. used under license. © 2020 Bourse de Montréal Inc., all rights reserved.