

MONTREAL EXCHANGE



Q1 2021

Derivatives Highlights

Q1

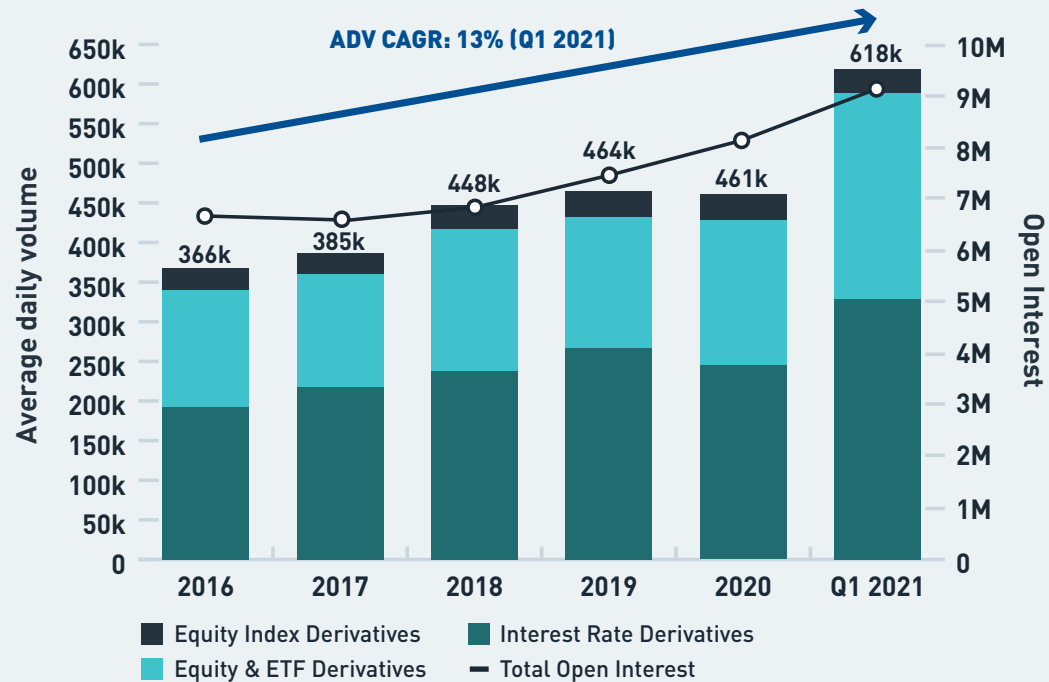
Strong performance by interest rate and equity derivative products

**TOTAL ADV
of 618k
CONTRACTS**

In Q1, up
4% YoY

**Total Open Interest of 9.2M
contracts** at quarter end, up
21% YoY

Average Daily Volume and Open Interest (all products)



Segment	Product	ADV	YoY CHG (%)
IRD	3M BAX	123k	-24%
	3M OBX options	2k	-75%
	3M CRA	132	N/A
	2Y CGZ	10k	N/A
	5Y CGF	32k	6%
	10Y CGB	163k	4%
	All IRD products	329k	-8%
EQD	Index futures	30k	-35%
	Share futures	78k	107%
	ETF options	52k	33%
	Equity options	129k	12%
	All EQD products	289k	21%

Market Observations

- **Interest rates:** The Canadian rates environment was quite active in Q1, as inflation pressure considerably re-shaped the yield curve (steepening). Volatility was also observed in the short end, leading to a higher probability of rate hikes being priced down the BAX curve. The Bank of Canada also continued its frequent and large bond size auction program.
- **Equity:** The Canadian stock market performed well in Q1 (up 7%), driven by growing optimism of an eventual economic re-opening. A favourable context for commodity and natural resources and better-than-expected bank earnings generated considerable interest in the Canadian markets.

Volume and Open Interest displayed in number of contracts.

Product Highlights

STIR - Increased activity down the BAX curve

Records in BAX Reds (55k) and Greens (6k) average daily volumes in Q1

Record in BAX open interest: 1.6M (Feb. 26)

BAX open interest at quarter end: 1.4M, up 69% YoY

- Breakdown: Whites (66%), Reds (29%), Greens (5%)

Daily volume record in CORRA futures (CRA): 2,070 contracts (Jan. 22)

Growth in 2Y (CGZ) and 5Y (CGF) GoC bond futures continues

CGZ quarterly volume record: 10k contracts ADV

Active basis trading:

- CGZ EFP volume in Q1: 4k contracts ADV (40% of CGZ volume)
- CGF EFP volume in Q1: 5k contracts ADV (15% of CGF volume)

5Y/10Y curve spread actively traded in Q1: 272k total contracts, up 96% YoY

Record quarter for Single Share Futures (SSF)

SSF total ADV: 80k, RevCon (options) ADV: 2k, SSF ADV: 78k in Q1

Basis Trade on Close (BTC): 94% of SSF volume in Q1

Increased demand for Canadian equity and ETF options

Equity options daily volume record: 416k (Jan. 15)

- Financials and Energy sectors were the top performers

iShares S&P/TSX 60 Index* (XIU) ADV: 29k contracts, up 11% YoY

Institutional Content

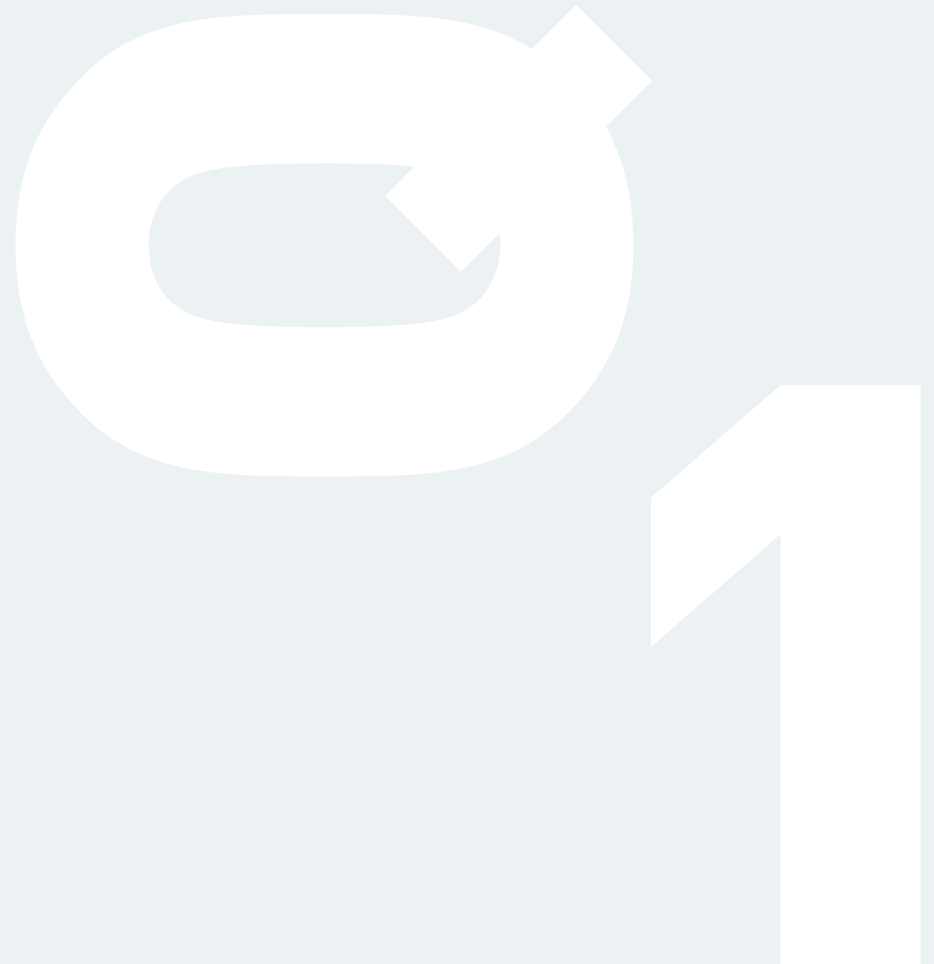
Newly launched Futures Flash Series:

- [Forecasting/Understanding Negative Basis in Futures](#)
- [Jun/Sep CGB Roll: A Roll Unlike the Others](#)

[CGZ: A Use Case for Portfolio Managers](#)

[CPI/Reflation Trade in Canada](#)

[Canada CTA Trading Model](#)



Key Milestones and Updates

Extended Hours Activity Update

The Q1 volume achieved between 2 a.m. and 6 a.m. (ET) represents 6% of daily volume. Q1 statistics during the extended hours period:

Products	ADV	Growth vs Q4 2020
All products	20k	31%
BAX	7k	97%
CGB	11k	10%
SXF	1.4k	30%

Launch of S&P/TSX 60 Dividend Index* Futures!

The [S&P/TSX 60 Dividend Index Futures \(SDV\)](#) was launched on February 2, 2021. This product offers investors exposure to the dividends of Canadian companies, facilitating multiple trading strategies. Already, 6k contracts have traded since the launch.

World's First Options on Bitcoin ETF

On February 23, 2021, MX introduced the world's first bitcoin ETF options (BTCC), and added another one (EBIT) on March 3, 2021. These innovative listings enable investors to access diversification and the growth potential of bitcoin via an underlying ETF, with no need for a digital wallet and no fear of losing their private key. The open interest and the underlying ETF's AUM are quickly growing! Click [BTCC](#) or [EBIT](#) to see the quotes.

Get ready for Asian trading hours!

On [September 19, 2021](#), MX and CDCC are further extending trading hours by opening the market at 8:00 p.m. ET (T-1), allowing market participants to trade Canadian exchange-traded futures for 20.5 hours a day. The goals are to provide more opportunities to hedge risk and optimize portfolios, enhance market liquidity, and create greater price transparency and frictionless trading on a global marketplace. Visit m-x.ca/yourtime for more information.

Introduction of Long-Term Futures Contracts on the S&P/TSX 60 Index* (SXF)

At the request of participants, MX has listed [additional yearly December expiries](#) on the S&P TSX 60 Index Standard Futures contracts. Since February 2, 2021, it has been possible to trade the SXF contract up to December 2025, enabling more trading strategies.

Upcoming Launch of S&P/TSX Composite ESG Index* Futures

The MX will launch a new [S&P/TSX Composite ESG Index Futures \(SCG\)](#) contract on April 26, 2021. The underlying Index measures the performance of the S&P/TSX Index* constituents that meet sustainability criteria, while taking into account the industry group weights. The product is available in GTE and will also be tradeable as a Basis Trade on Close (BTC) instrument.

Options Education Events!

The MX organizes multiple options education events designed to provide retail investors with the knowledge needed to successfully navigate the options market.

- [Sign up](#) for the May 31st Virtual Options Education Day
- Check out the periodic updates on upcoming events on the [Option Matters](#) blog!

The Global Hunt for Alpha Webinar on April 27th ET / April 28th SGT

Join the MX and Bodhi Research Group for a webinar on the global hunt for alpha, featuring a stellar panel! [Registration](#) is free but required.

Publication for Comments

In Q1 2021, MX published several files for comments on the changes it intends to implement in Q2 2021:

- [Amendments](#) concerning trading halts on equity index futures
- [Amendments](#) to block thresholds on 2Y (CGZ) and 5Y (CGF) bond futures

Visit the [Circulars](#) section of the MX website to stay informed of the latest developments on MX markets.

Reminder - New position limits rules to be effective as of July 2021

Starting in Q3 2021, [new position limits rules](#) will apply to MX's interest rate and equity derivatives product suite. The proposed changes were published late in 2019, but their implementation was delayed due to unfavourable market conditions in 2020. Participants are encouraged to review the upcoming changes to determine if there will be an impact on their portfolio.

Exchange Notices

- Technical Notice 21-005: [Asian Trading Hours](#)
- Advisory Notice A21-003: [Listing of S&P/TSX Composite ESG Index* Futures](#)
- Technical Notice 21-002: [MX Diffusion Protocol Decommission Timeline](#)
- Technical Notice 21-001: [Implied Volume on Strategy Instruments in HSVF](#)

Did you know?

- MX is gradually rolling out new options expiry cycles, which will be harmonized with share futures expiry cycles. Learn more about the rollout plan [here](#).
- To support the adoption of CORRA as a benchmark rate, the Bank of Canada started publishing a [CORRA compounded index](#) that can be used to calculate the CORRA compounded rate between any two dates.
- 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 often partners with key firms to host webinar sessions on hot industry topics. Reach out to your MX representatives for more information.

For more information

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