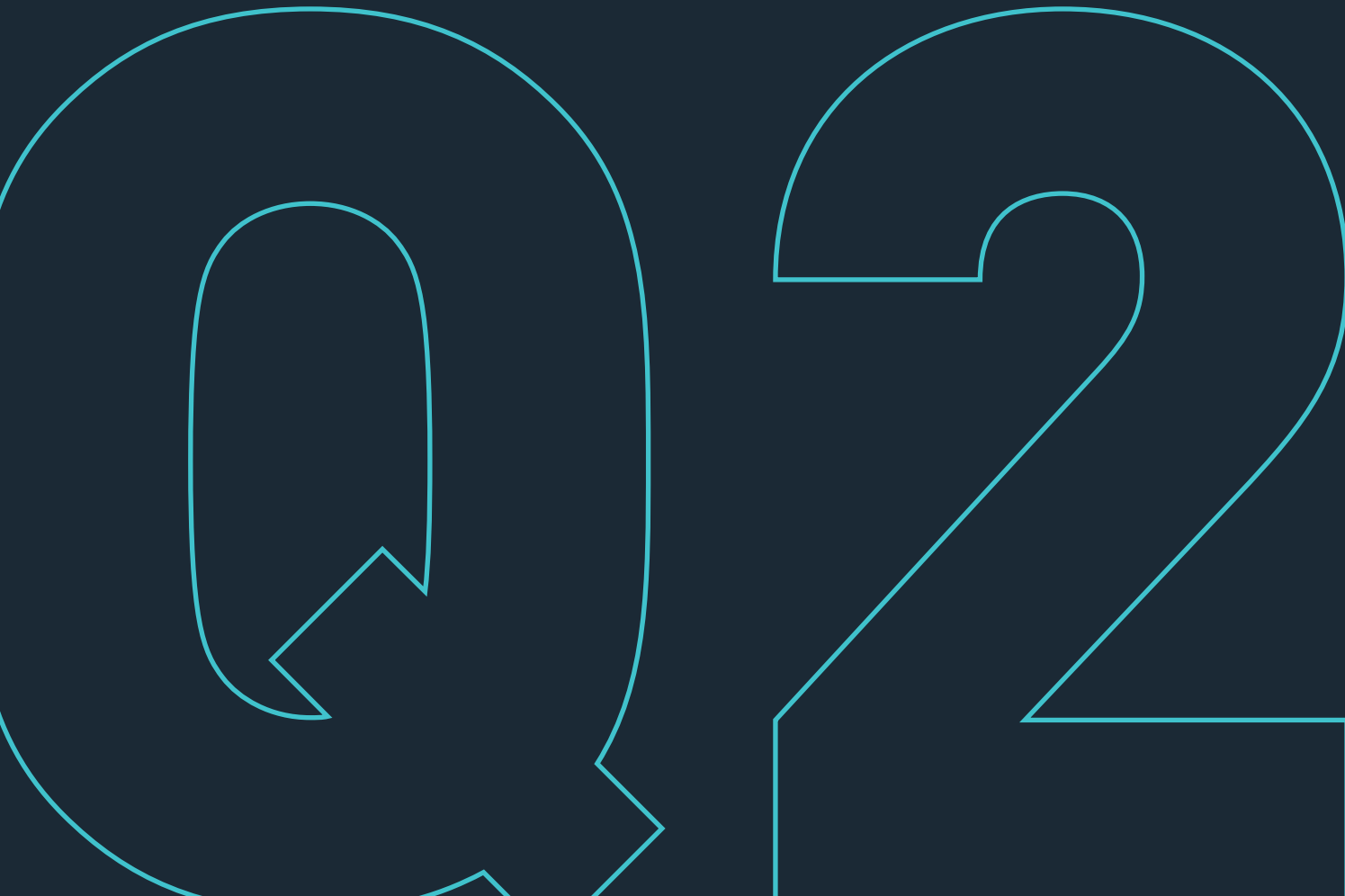


MONTREAL EXCHANGE



Q2 2022

Derivatives Highlights



MX's strong performance in Q2 was thanks to its diverse product offerings in both IRD and EQD

TOTAL ADV of 606k CONTRACTS

In 2022, up **2.2%** vs 2021

Total open interest reaching ~12M contracts at June 30 2022, up **25%** vs 2021

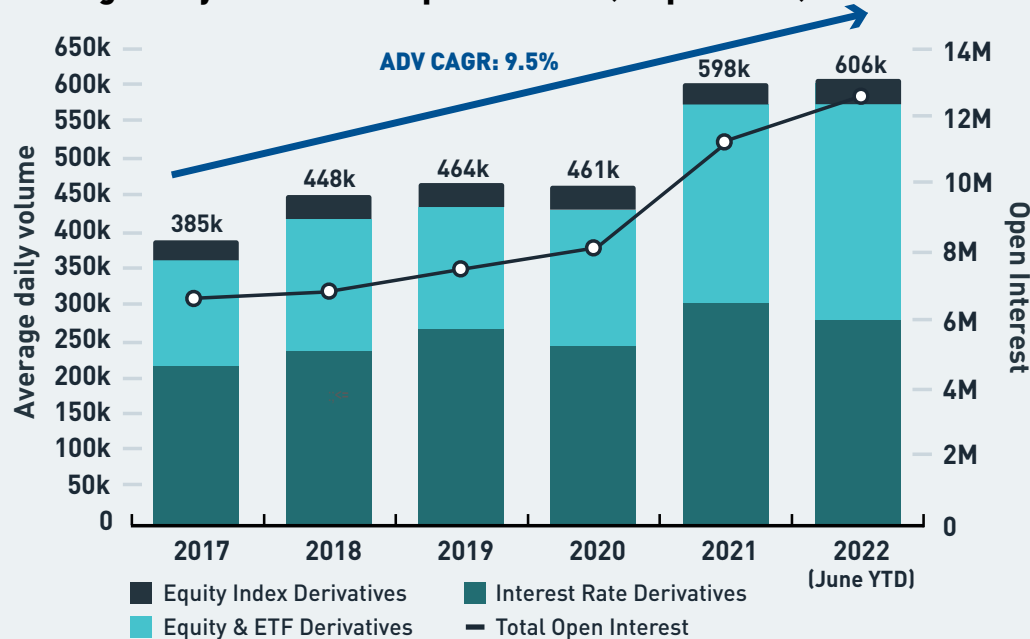
Resilient monthly volume in a volatile environment: 621k contracts ADV in June (up 5% vs 2021)

Record monthly volume for 2Y (CGZ) and 5Y (CGF) GoC bond futures: 27k and 48k respectively in May

Strong Q2 volume observed in key IRD and EQD products despite market headwinds:

2Y GoC bond futures (CGZ™): **21k** contracts ADV
 5Y GoC bond futures (CGF™): **41k** contracts ADV
 S&P/TSX 60 Index* futures (SXF™): **34k** contracts ADV
 Equity and ETF Options: **214k** contracts ADV

Average Daily Volume and Open Interest (all products)



Segment	Product	2022 YTD ADV	YoY CHG (%)	
IRD	3M BAX	69k	-37%	
	3M OBX™ options	1k	-19%	
	3M CORRA (CRA)	2k ¹	+350%	
	2Y CGZ	21k	155%	
	5Y CGF	41k	38%	
	10Y CGB™	149k	-2%	
All IRD products		280k	-7%	
EQD	Index futures	34k	19%	
	Share futures	82k	-7%	
	ETF options	53k	11%	
	Equity options	156k	21%	
	All EQD products		326k	11%

¹ Since the start of the new market-making program in May 2022

Market Observations

- **Interest rates:** Expectations of higher interest rates continued to dent government debt appetite pushing bond yields and Canada's 10-year yield to a yearly high of 3.5% in June. Strong jobs data for the month of May and inflation concerns triggered two consecutive 50bps rate hikes from the BoC in April and June. BAX prices faced some price pressure around central bank decisions but maintained resilient volume while CRA showed positive signs of interest. The short-to-medium part of the curve traded actively in the futures space.
- **Equity:** Volatility persisted during the quarter on the back of high inflation, persistent supply chain issues and uncertainties about central banks' ability to soothe markets. The S&P/TSX Composite Index* was down 14% during the quarter but continued to outperform its U.S. counterpart, thanks in part to upward earnings revisions in the Energy sector.

Volume and Open Interest displayed in number of contracts.

Product Highlights

Introduction of CORRA liquidity provide boost to STIR futures

CRA open interest at quarter end: ~13k contracts

- ADV up 350% vs. 2021 reflecting a growing interest in CORRA futures
- Pick up in BAX™-CRA spread strategies
- Activity developing in all 12 quarterly expiries

Strong quarter for 2Y (CGZ) and 5Y (CGF) GoC bond futures

Open interest at the end of Q2:

- CGZ: 56k contracts (up 56% vs Q2 2021)
- CGF: 94k contracts (stable vs Q2 2021)

Active basis trading:

- CGZ EFP volume in Q2: 4k contracts ADV (16% of CGZ volume)
- CGF EFP volume in Q2: 6k contracts ADV (13% of CGF volume)

Record quarterly volume for 2Y/5Y curve spread: 125k contracts traded
5Y/10Y curve spread actively traded in Q2: 15k contracts ADV, up 127% YoY

Growth continues in S&P/TSX 60 Index Futures (SXF)

SXF ADV in Q2: 34k contracts (up 22% vs Q2 2021)

Interest in Canadian Equity options remained very strong

- Energy, Financials and Materials were the most active sectors
- Equity Options open interest: 5.9M contracts (up 24% YoY)

Institutional Content

[CORRA Futures \(CRA\): Learn more](#)

[New total return sector index futures](#)

[Article alert: New oil trade insights](#)

[Investing in Canada's growth sectors using Total return Futures](#)

[A potential opportunity mid/post sell-off](#)

[Potential opportunity: wide 2-year swap spreads](#)

[Potential LGB Trading Strategies](#)

[CGZ: A use case for Portfolio Managers](#)

[Canada CTA Trading Model](#)



Key Milestones and Facts

Overnight trading in flagship products

- Global participants took advantage of the **Overnight Trading Hours** (8 p.m to 6 a.m (ET)) to manage their Canadian exposure during non-local business hours. As of Q3 2021, the MX is now open 20.5 hours a day. Visit m-x.ca/yourtime for more information.
- **Overnight Trading Hours** statistics:

Products	Q2 2022 ADV
All products	14k
BAX	1k
CGB	11k
CGF	1k
SXF	2k

The activity taking place during the overnight trading hours represents about 5% of MX daily volume on average for eligible products.

Updates on the 30-Year GoC Bond Futures (LGB™)

A [new market making partnership](#) has been developed on the 30-year point of the Canadian listed yield curve, in collaboration with National Bank Financial and Desjardins Securities. Take advantage of:

- Robust liquidity in the front contract and quarterly calendar roll
- Strong basis market offering
- [More trading opportunities](#)

Visit the [LGB landing page](#) for additional resources on the LGB product.

A specification change to the delivery period is coming up and should be implemented this fall (on the March 2023 expiry and onwards), subject to regulatory approvals ([Circular 084-22](#)).

- Consequently, the Bourse has suspended order entry and trading on the relevant LGB expiries in anticipation of this change ([Advisory Notice A22-006](#)).

New market making initiative - 3M CORRA Futures (CRA)

In May 2022, MX implemented a new market making partnership with National Bank of Canada and TD Securities aimed at driving growth in CORRA futures as the industry moves towards benchmark transition. June trades have already demonstrated increased interest in the new Canadian reference rate futures. [Learn more now.](#)

Benchmark Transition roadmap for MX products (CDOR to CORRA)

MX is committed to facilitate the access and transition to CORRA, by developing a robust and efficient market for 3M CORRA Futures. As announced in Advisory Notice [A22-004](#), the Bourse outlined the following plan regarding the future of BAX and CORRA futures ecosystems:

- Continuation of BAX contract listing (until further notice)
- Conversion mechanism from BAX to equivalent CRA contracts for post-June 2024 expiries
- Cessation of OBX contract listing for post June 2024 expiry dates
- Launch of Options on CRA in mid-2023

New Total Return Sector Index Futures!

In May, six new total return sector index futures were launched at [MX website](#).

New Market Making Obligations on Equity/ETF options

Market making obligations with tighter bid-ask spreads and larger size requirements have been implemented since May on selected expiries.

News from the Regulatory Division

- **Memorandum of understanding between IIROC and MX**
Please consult the [summary of key features](#) and the [FAQ](#) for more details.
- **Upcoming cybersecurity incident reporting requirements**
Please see details regarding the [proposed amendments](#) to the rules to introduce cybersecurity incident reporting requirements applicable to all Canadian and foreign approved participants.
- **Call for nomination**
The Bourse seeks applications from interested and qualified persons in order to fill an independent seat within the Regulatory Division's:
 - [Special Committee](#), which is mandated to oversee the Division's functions and activities.
 - [Disciplinary Committee](#), which is charged with hearing complaints as well as accepting or rejecting offers of settlement.

Last MX Technical User Roadmap Group Webinar

The Technology Quarterly Roadmap for Q2 2022 was replaced for this quarter by a speaking panel at the Canadian Annual Derivatives Conference (CADC)TM on June 21st, 2022, titled "Trends in Technology, Front to Back and Beyond". The diverse panel of representatives from both Exchange and third-party vendors in a conversation on various topics, including what technical innovations they are prioritizing for their clients in 2022, what technology delivery challenges they are facing in the post-pandemic world, and where they see Tech in their organization in the future. The panel was moderated by Colm Boyle of the MX, and the speakers on the panel included Russell Levens, from ION Markets, Patti Paladino from Trading Technologies, Etienne Phaneuf CEO of ArchES Computing, and Joséphine Tran from TMX Group. The next Quarterly roadmap in Q3 2022 will be planned for August 2022.

Covered Trade functionality coming up in Q4

In response to client demand, in Q4, MX will be launching the covered trade feature used to trade delta neutral strategies between futures options and their underlying (ex. OBX and BAX) or futures vs futures (ex. CGZ vs a Strip of BAX). Please reach out for more information.

Upcoming 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. Check out the periodic updates on upcoming events on the [Option Matters](#) blog!

Key Exchange Notices

- Advisory Notice 22-004:
[Update on 3M CORRA Futures and BAX following the CDOR cessation announcement](#)
- Advisory Notice 22-003:
[Listing of New Total Return Sector Index Futures](#)
- Technical Notice 22-007:
[Implement Sequence Number Rollover Patch in HSVF D6](#)
- Technical Notice 22-006:
[2022 Protocol Upgrade](#)

Did you know?

- On June 20-21, MX hosted the 21st edition of the Canadian Annual Derivatives Conference (CADC) in Montréal. This flagship event brought together industry experts from across Canada and the world to exchange ideas on the Canadian derivatives landscape. Panel write-ups will be available on the MX website shortly. Access the latest recap of the conference here and get a taste of the incredible panel thematics.
- MX offers [listed options](#) on 4 Bitcoin ETFs and 4 Ether ETFs from different ETF providers, enabling investors to access diversification and growth potential of cryptocurrencies.
- Put/Call ratios are available on a daily basis on the trading activity section of the [MX website](#).
- Real-Time bid/ask quotes are available on the MX website for Canadian options and futures contracts. [Sign up](#) for a free account and create a “My Quotes” portfolio to easily keep track of your options and future positions.

For more information

INTEREST RATE DERIVATIVES

irderivatives@tmx.com

EQUITY DERIVATIVES

equityderivatives@tmx.com



m-x.ca

[in m-x.ca/linkedin](https://m-x.ca/linkedin)

Copyright © 2022 Bourse de Montréal Inc. All rights reserved. Do not copy, distribute, sell or modify this document without Bourse de Montréal Inc.'s prior written consent. This information is provided for information purposes only. Neither TMX Group Limited nor any of its affiliated companies guarantees the completeness of the information contained in this publication, and we are not responsible for any errors or omissions in or your use of, or reliance on, the information. This publication is not intended to provide legal, accounting, tax, investment, financial or other advice and should not be relied upon for such advice. The information provided is not an invitation to purchase securities listed on Montreal Exchange, Toronto Stock Exchange and/or TSX Venture Exchange. TMX Group and its affiliated companies do not endorse or recommend any securities referenced in this publication. BAX, Canadian Annual Derivatives Conference [CADC], CADC, Conférence canadienne annuelle des dérivés [CCAD], CCAD, CGB, CGF, CGZ, CRA, LGB, OBX, SXF, Montreal Exchange, MX, and MX-OBX are the trademarks of Bourse de Montréal Inc. TMX, the TMX design, The Future is Yours to See., Voir le futur. Réaliser l'avenir. are the trademarks of TSX Inc. and are used under license.

* The S&P/TSX 60 Index and the S&P/TSX Composite Index (the “Indices”) are the products of S&P Dow Jones Indices LLC or its affiliates (“SPDJ”) and TSX Inc. (“TSX”). Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”); and TSX® is a registered trademark of TSX. SPDJ, Dow Jones, S&P, their respective affiliates and TSX do not sponsor, endorse, sell or promote any products based on the Indices and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions or interruptions of the Indices or any data related thereto.