

Circular 045-23
Monday, March 27, 2023

SELF-CERTIFICATION

AMENDMENTS TO THE DAILY SETTLEMENT PRICE PROCEDURES APPLICABLE TO THE THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACT (BAX), THREE-MONTH CORRA FUTURES CONTRACT (CRA) AND ONE-MONTH CORRA FUTURES CONTRACT (COA)

Bourse de Montreal Inc. (the "Bourse"), using its emergency authority under section 9 of the *Derivatives Regulation*, hereby announces temporary amendments to Appendices 6E-4.1, 6E-4.5 and 6E-4.6 of the rules of the Bourse regarding the Minimum Thresholds of contracts required for the determination of the Settlement Prices for all contract months for the Three-Month Canadian Bankers' Acceptance Futures contract (BAX), the One-Month CORRA Futures contract (COA) and the Three-Month CORRA Futures contract (CRA).

The adjustment of the Minimum Thresholds is required in light of ongoing market conditions and substantially diminished short-term interest rate futures contracts liquidity in order to generate settlement prices that are aligned with market conditions at the time of settlement price calculation.

These amendments, attached hereto, shall be effective as of today, Monday, March 27, 2023 and will remain in effect until the Bourse determines that they are no longer warranted.

For further information, please contact the Market Operations Department at (514) 871-7877.

Robert Tasca
Managing Director, Derivatives Products and Services
Bourse de Montréal Inc.

AMENDMENTS TO THE RULES

BLACKLINE VERSION

[...]

Appendix 6E-4.1 THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACTS (BAX)

The daily Settlement Price procedure for the Three-Month Canadian Bankers' Acceptance Futures contract (BAX) is executed by a fully automated pricing algorithm which utilizes the parameters described in paragraphs (b), (c) and (d) of Appendix 6D-4.1 to ensure accuracy in the process.

(a) Definitions:

(i) "Regular order" means Orders routed by Approved Participants to the Bourse's Trading System.

(ii) "Implied order" means orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the Electronic Trading System.

(iii) "Minimum Threshold" means the applicable threshold for BAX ~~will be:~~ which is set at 5 contracts, up to 50 contracts, for all contract months.

~~(1) 100 contracts for the first four quarterly contract months ("whites");~~

~~(2) 75 contracts for quarterly contract months 5 to 8 ("reds"); and~~

~~(3) 50 contracts for quarterly contract months 9 to 12 ("greens").~~

[...]

Appendix 6E-4.5 ONE-MONTH CORRA FUTURES CONTRACTS (COA)

The daily Settlement Price procedure for the One-Month CORRA Futures contract (COA) is executed by a fully automated pricing algorithm which utilizes the parameters described in paragraphs (b) and (c) and of Appendix 6D-4.5 to ensure accuracy in the process.

(a) Definitions:

(i) "Regular order" means Orders routed by Approved Participants to the Bourse's Trading System.

(ii) "Implied order" means orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the Electronic Trading System.

(iii) "Minimum Threshold" means the applicable threshold for COA, which is set at 5 contracts, up to 25 contracts, for all contract months, will be:

~~(1) 25 contracts for all contracts.~~

[...]

Appendix 6E-4.6 THREE-MONTH CORRA FUTURES CONTRACTS (CRA)

The daily Settlement Price procedure for the Three-Month CORRA Futures contract (CRA) is executed by a fully automated pricing algorithm which utilizes the parameters described in paragraphs (b) and (c) of Appendix 6D-4.6 to ensure accuracy in the process.

(a) Definitions:

(i) "Regular order" means Orders routed by Approved Participants to the Bourse's Trading System.

(ii) "Implied order" means orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the Electronic Trading System.

(iii) "Minimum Threshold" means the applicable threshold for CRA, which is set at 5 contracts, up to 25 contracts, for all quarterly contract months 1 to 12.

[...]

AMENDMENTS TO THE RULES

CLEAN VERSION

[...]

Appendix 6E-4.1 THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACTS (BAX)

The daily Settlement Price procedure for the Three-Month Canadian Bankers' Acceptance Futures contract (BAX) is executed by a fully automated pricing algorithm which utilizes the parameters described in paragraphs (b), (c) and (d) of Appendix 6D-4.1 to ensure accuracy in the process.

(a) Definitions:

- (i) "Regular order" means Orders routed by Approved Participants to the Bourse's Trading System.
- (ii) "Implied order" means orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the Electronic Trading System.
- (iii) "Minimum Threshold" means the applicable threshold for BAX, which is set at 5 contracts, up to 50 contracts, for all contract months.

[...]

Appendix 6E-4.5 ONE-MONTH CORRA FUTURES CONTRACTS (COA)

The daily Settlement Price procedure for the One-Month CORRA Futures contract (COA) is executed by a fully automated pricing algorithm which utilizes the parameters described in paragraphs (b) and (c) and of Appendix 6D-4.5 to ensure accuracy in the process.

(a) Definitions:

- (i) "Regular order" means Orders routed by Approved Participants to the Bourse's Trading System.

(ii) "Implied order" means orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the Electronic Trading System.

(iii) "Minimum Threshold" means the applicable threshold for COA, which is set at 5 contracts, up to 25 contracts, for all contract months.

[...]

Appendix 6E-4.6 THREE-MONTH CORRA FUTURES CONTRACTS (CRA)

The daily Settlement Price procedure for the Three-Month CORRA Futures contract (CRA) is executed by a fully automated pricing algorithm which utilizes the parameters described in paragraphs (b) and (c) of Appendix 6D-4.6 to ensure accuracy in the process.

(a) Definitions:

(i) "Regular order" means Orders routed by Approved Participants to the Bourse's Trading System.

(ii) "Implied order" means orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the Electronic Trading System.

(iii) "Minimum Threshold" means the applicable threshold for CRA, which is set at 5 contracts, up to 25 contracts, for all contract months.

[...]