

CIRCULAR 080-25

REQUEST FOR PROPOSAL: MARKET MAKING OF THE ADJUSTED INTEREST RATE S&P/TSX 60 TOTAL RETURN INDEX FUTURES

Bourse de Montréal Inc. (the “Bourse”) is issuing a Request for Proposal (“RFP”) for the market making of the Basis Trade on Close of the Adjusted Interest Rate S&P/TSX 60 Total Return Index Futures (symbol: BAF). 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.

Implementation Timeline*	Event
June 26, 2025	Distribution of RFP
July 21, 2025	Deadline for delivery of business cases and Proposals to the Bourse
August 4, 2025	Notification of selected Market Makers
August 25, 2025	Deadline for signature of the Market Making Agreement
September 2, 2025	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 THE ADJUSTED INTEREST
RATE S&P/TSX 60 TOTAL RETURN INDEX
FUTURES**



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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 Bourse’s Adjusted Interest Rate S&P/TSX 60 Total Return Index Futures (a “**Proposal**”). Since these contracts only transact via Basis Trade on Close (BTC), the market making will be made on the BTC symbol: BAF.

Background

The landscape of financial markets has witnessed a growing appreciation for total return indices in recent years. These benchmarks, which account for both price appreciation and the reinvestment of dividends, offer a more comprehensive reflection of investment performance. Consequently, there has been a parallel rise in the demand for financial instruments that allow investors to directly manage exposure to these total returns.

In a move to further diversify its product suite and cater to evolving market demands, the Bourse is set to launch an innovative new contract later this year: Adjusted Interest Rate S&P/TSX 60 Total Return Index Futures (“**AIR S&P/TSX 60 Total Return Index Futures**”). This offering marks a first for the Canadian market, providing participants with a direct and efficient mechanism to trade and manage exposure to the total return of Canada’s benchmark equity index, encompassing both price appreciation and dividend reinvestment. The Bourse will implement a dedicated Market Making Program for these AIR S&P/TSX 60 Total Return Index Futures during regular trading hours. This initiative underscores the Bourse’s commitment to fostering innovation, enhancing market accessibility, and equipping investors with sophisticated tools to navigate the Canadian equity landscape.

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 three market makers (the “**Market Makers**”) who will quote the Designated Contracts (as defined below).

Qualifying Criteria

The Bourse is seeking three Market Makers to catalyze the growth and adoption of its new AIR S&P/TSX 60 Total Return Index Futures. These appointments are crucial to establishing a liquid and efficient market for this first-of-its-kind Canadian derivative. The Bourse will prioritize candidates demonstrating a strong capacity to provide consistent market liquidity, actively promote the unique characteristics and applications of AIR S&P/TSX 60 Total Return Index Futures. These criteria are designed to foster product success and ensure its utility for both domestic and international investors seeking sophisticated tools for managing equity and interest rate sensitivities.

Interested firms are invited to submit a concise business case in response to this Request for Proposal, reflecting their qualifications to meet the aforementioned objectives. The business case should detail the applicant's strategy for maintaining robust intraday liquidity, effectively market the product to end users and attract new participants to this market. Furthermore, applicants should explain how their business model aligns with the Bourse's vision for developing these Designated Contracts and realizing 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 the Designated Contracts.
- 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.

Incentives shall be paid, 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.

Compensation

The Bourse will grant a compensation to the selected Market Makers, that will take the form of a fixed compensation, and that will be based on their respective performance, for the length of the term.

Duration of the Program

The duration of the Program will be up to one (1) year. Market Makers will be required to sign a standard Market Making Agreement with the Bourse.

Designated AIR S&P/TSX 60 Total Return Index Futures Contracts

Basis Trade on Close on the AIR S&P/TSX 60 Total Return Index Futures (Symbol: BAF) (the “**Designated Contracts**”), on the four (4) nearest quarterly expiry months and the four (4) yearly expiry.

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 (rate of presence). The agreement may also include other requirements related to the daily settlement of markets, 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 **July 21, 2025**.

Contact Information

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

Ron Hochman, Managing Director, CRM Equity Derivatives
Phone: 1 (514) 871-7882 | Email: ron.hochman@tmx.com

Etienne Ménard, Head of Product, Equity Derivatives
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Timeframe*

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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 9).

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 provided one or multiple account numbers for the purpose of the allocation process. Additionally, the market maker 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 fulfill 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.

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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	<input type="checkbox"/>
Client of an AP/FAP	<input type="checkbox"/>
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"/> _____
Options on STIR Futures	<input type="checkbox"/>

Options on Bond Futures	<input type="checkbox"/>

Market Making Capital	

Equal or greater than C\$250,000? <input type="checkbox"/> YES <input type="checkbox"/> 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: <input type="checkbox"/> YES <input type="checkbox"/> NO Trading functions: <input type="checkbox"/> YES <input type="checkbox"/> 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 <input type="checkbox"/>
Operational Capacity

Description of ability to manage operational tasks (trade allocation, reconciliation, administration of rebates, etc.):
Adequate personnel in place to support:
Operational functions: <input type="checkbox"/> YES <input type="checkbox"/> NO
Name of Clearing Member: _____
In the case of client market makers, established relationship with an active execution broker? <input type="checkbox"/> YES <input type="checkbox"/> 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:

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>