

MONTREAL EXCHANGE

Q3 2024

Highlights



Q3

Montréal Exchange (MX) volumes continue to jump to hit a record quarter

TOTAL ADV of 785k CONTRACTS

In Q3 2024, up **17.5%** vs 2023

Total open interest of 19.6M contracts, up **23%** vs 2023

Three-Month CORRA Futures (CRA™), now a short-term rate flagship contract

Bond futures with one of the busiest quarters ever

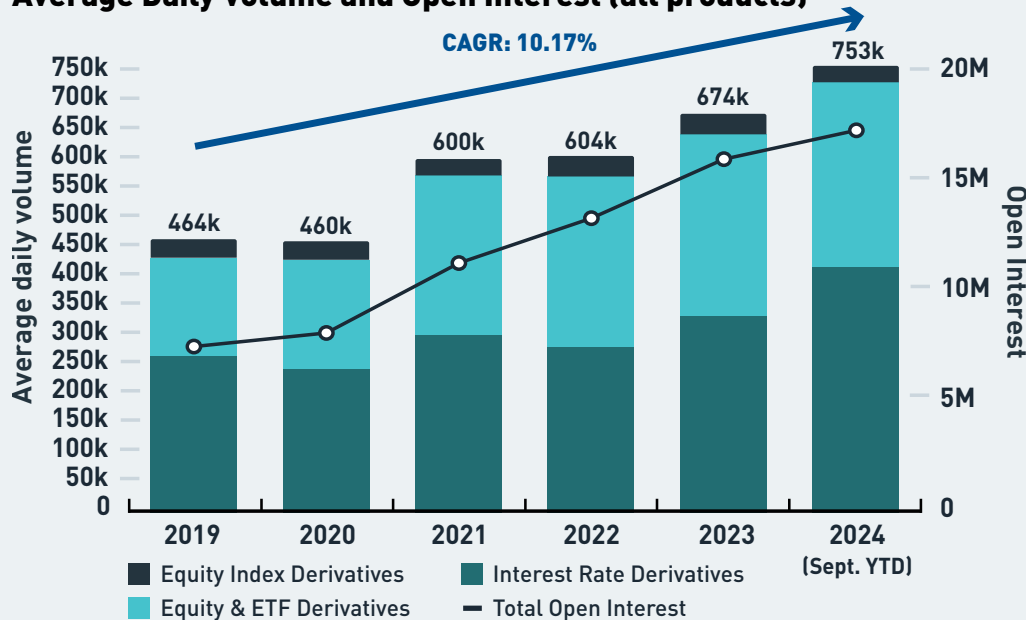
Significant activity in the short-term interest rate segment:

Three-Month CORRA Futures (CRA): **139k** contracts ADV

Two-Year Government of Canada Bond Futures (CGZ™): **67k** contracts ADV

Five-Year Government of Canada Bond Futures (CGF™): **72k** contracts ADV

Average Daily Volume and Open Interest (all products)



Segment	Product	2024 YTD ADV	YoY CHG (%)
IRD	3M CORRA (CRA)	118k	+396%
	2Y CGZ	65k	+59%
	5Y CGF	65k	+39%
	10Y CGB™	162k	+19%
	All IRD Products	419k	+26%
EQD	Index Futures	27k	-20%
	Share Futures	75k	+11%
	ETF Options	88k	+21%
	Equity Options	145k	-14%
All EQD Products		335k	-2%

Market Observations

- Interest rates:** The easing monetary cycle continued in Q3 with the BoC having cut by an additional 25 bps in July while the Fed cut the rate by 50 bps in light of inflation progress and risk balancing. The overall uncertainty about the Central Bank's path forward brought record activity across the curve with Three-Month CORRA Futures (CRA) registering their best quarter to-date and bond futures displaying strong momentum, as evidenced with CGF highest quarterly volume.
- Equity:** MX's flagship S&P/TSX 60 Index* Standard Futures (SXF™) saw another volume contraction this quarter vs the previous quarter as the impact of the forward repricing hasn't bottomed out yet (ADV -8.5% Q3 vs Q2, -20% YoY). ETF options are booming on the back of structured notes issued by banks and distributed to their retail clients, notes that are leveraging the high interest rates environment and are using options on sectors such as Banking. We are expecting this trend to continue for the near future (ADV up 21% YoY). Delta one strategies that are less profitable under current conditions played a role in equity options volume this year. The reduction of this type of strategy impacted negatively volumes (ADV -14% YoY).

Volume and Open Interest displayed in number of contracts.

Product Highlights

A growing CORRA ecosystem

CRA completely overtook its predecessor, Three-month Canadian Bankers' Acceptance Futures (BAX™), with volume in September (ADV of 169k contracts) being one of the Top 10 most active months in short-term rate history. Q3 ADV reached a new high of 139k.

CRA adoption continues to increase with open interest at a record high of 1.2mln contracts.

One-Month CORRA Futures (COA™): A new liquidity program was launched to provide better on-screen liquidity. The 4 nearest contract months are available for trading.

→ Members of our Proprietary Trader Program benefit from fee waivers until year-end.

Options on Three-Month CORRA Futures (OCR™): The addition of a new market-making program offers participants with an additional tool to hedge and trade Canadian rate exposure.

→ 17,250 contracts traded in September and 13,000 via blocks.

Z24 expiry building up with participants leveraging the use of strategies, call/put spreads.

Please refer to our [CORRA microsite](#) for more details including product illustrations and complete specifications.

The Fixed Income asset class with notable achievements

CGZ & CGF:

- Combined ADV of 140k contracts in Q3 2024, up 52% vs Q3 2023
- Combined Open Interest of 469k contracts, up 98% vs Q3 2023

CGB ADV at quarter end: 170k contracts (+32% YoY)

Dynamic basis market trading:

- CGZ EFP volume in Q3: 16k contracts ADV (23% of CGZ volume)
- CGF EFP volume in Q3: 11k contracts ADV (15% of CGF volume)

Curve spread actively traded in Q3: 11k ADV for 5Y/10Y spread; 3k ADV for 2Y/5Y spread

- Activity also picking up in the 2Y/10Y, 2Y/5Y/10Y and 10Y/30Y strategies

The Equity Derivative asset class with notable achievements

Equity and ETF option market structure revamp activated as planned on June 3rd for Guaranteed cross / price improvement auction while Options covered with stocks functionality was activated on Sept 3rd. Very positive feedback from our participants that quickly integrated these functionalities in their execution of options.

Retail equity option commercial program launched in early Q3 with the goal to stimulate investments in technology and create momentum in the retail option market segment.

Institutional Content

[One-Month CORRA Futures: Timely Trade Opportunities](#)

[Summer: Season of Opportunities?](#)

[Awful April: Better Cross Currency Spread Opportunities?](#)

[Trading Mechanics: Price versus Yield Spread](#)

[CORRA in 2024: A Year for Forests \(Not Trees\)](#)

[A Closer Look at Swap / Invoice Spread Opportunities](#)

[The Emergence of Cryptocurrency Futures Trading in Canada](#)

[Using TMX Futures to Position for 2024 Central Bank Rate Cuts](#)

[Cross Currency Opportunities Created by Higher Rates Economic Pessimism Grips Canada Inflation Market](#)

[How to Use TMX Futures to Trade Different Macro and Crisis Scenarios](#)

[Liquidity of Interlisted Stocks in the Canadian Options Markets](#)

[“Free Money Trade”: Astute CGB Basis Traders Found a Free Option](#)

[Potential strategies: Long Canadian Government Bond Futures Contracts](#)

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

Key Milestones and Facts

Overnight trading

- 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 Q4 2021, MX is now open 20.5 hours a day. Visit m-x.ca/yourtime for more information.
- **Overnight Trading Hours** statistics:

Products	Q3 2024 ADV
All products	24.3k
CRA	4.8k
CGB	14.3k
CGF	1.8k
CGZ	1.7k
SXF	1.7k

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

→ Overnight activity in CRA stands out with a daily record of 23k, September 16th.

News from the Regulatory Division

• Position Limits on Cash Settled interest Rate Listed Products

On July 24, 2024, the Regulatory Division (the "Division") published Circular [084-24](#) to self-certify the amendments to the Rules of MX to remove the position limits on cash settled interest rate listed products. These amendments became effective on July 31, 2024 after market close. On August 19, 2024 the Division published Circular [096-24](#) to update the frequently asked questions and answers (FAQs) on Position Limits.

• Policy Priorities 2024/2025

On July 26, 2024, the Regulatory Division published Circular [085-24](#) detailing its Policy Priorities for the remainder of 2024 and 2025. This semi-annual publication illustrates the Division's policy initiatives that are currently underway, including initiatives that have been self-certified and are being implemented, published for comments, or that the Division is presently contemplating. The Policy Priorities are listed on the Division's website here.

Last MX Technical User Group Roadmap Webinar

The Technology Quarterly Roadmap for Q3 2024 was conducted on July 31, 2024, with over 160 people signed up and 140 live attendees. The turnout was the largest since inception. The main topics focused on the new Montréal Exchange Protocols with changes required for regulatory required client identifier, CDCC enhancements for GCM along with new Ops Import files, The MX FIA SIFMA Disaster Recovery schedule, and upcoming changes to the PAR report. The next webinar will be held on November 12, 2024 and will update users on the progress of the client identifiers project, as well as other future endeavours.

Government of Canada Bond Futures Inter-Commodity spreads on Bloomberg and LSEG Data & Analytics

Participants now have complete access to the inter-commodity spreads between the different bond futures contracts (CGZ, CGF, CGB and LGB) through all Bloomberg's Terminals and LSEG Data & Analytics' platforms. Through the integration, market participants are now able to view and execute the Montréal Exchange's yield curve spread trades, a beneficial functionality to trade at different points on the curve in a single transaction. This will build upon the existing activity for curve spreads (11k ADV for 5Y/10Y; 4k ADV for 2Y/5Y). The following [codes and feeds](#) are now available:

Curve Spread Product	Ratio of contracts	Bloomberg	LSEG Data & Analytics ¹	MX HSVF OBF Feeds ¹
5yr (CGF) vs 10 yr (CGB)	2 : 1	XQCN Comdty	CGF-CGBF20	2CGFF0-1CGBF0
2yr (CGZ) vs 5 yr (CGF)	3 : 1	CVXQ Comdty	CGZ-CGFF20	3CGZF0-1CGFF0
2yr (CGZ) vs 10 yr (CGB)	11 : 2	CVCN Comdty	CGZ-CGBF20	11CGZH0-2CGBH0
2 yr (CGZ) vs 30 yr (LGB)	20 : 1	CVLGB Comdty	CGZ-LGBF20	20CGZF0-1LGBF0
5 yr (CGF) vs 30 yr (LGB)	7 : 1	XQLGB Comdty	CGF-LGBF20	7CGFF0-1LGBF0
10 yr (CGB) vs 30 yr (LGB)	7 : 2	CNLGB Comdty	CGB-LGBF20	7CGBF0-2LGBF0

¹ F Character represents F for Front month Symbol and can either be H, M, U or Z. 20 (or 0) in the examples stands for 2020, but will be represented by the actual real expiry calendar year.

Key Exchange Notices

- Advisory Notice A24-015: [Activation of the Covered with Stocks Functionality](#)
- Advisory Notice A24-014: [Request for Quote \(RFQ\)](#)
- Advisory Notice A24-013: [Inclusion of CORRA Futures Spreads on Bloomberg and LSEG Data & Analytics](#)
- Advisory Notice A24-012: [Activation of the Guaranteed Cross Auction Functionality](#)
- Advisory Notice A24-011: [Reminder - Industry change to T+1 settlement cycle](#)
- Advisory Notice A24-009: [Activation of Covered with Stocks and Guaranteed Cross Auction Functionalities](#)
- Advisory Notice A24-007: [Modification to closing times to Basis Trades on Close on SXF](#)
- Advisory Notice A24-005: [Modification to order price limit of BAX and opening time of STIRs strategies](#)
- Advisory Notice A24-004: [Reminder - Listing of Options on Three-Month CORRA Futures \(OCR\)](#)
- Advisory Notice A24-001: [Inclusion of GoC Bond Futures Inter-Commodity spreads on Bloomberg and LSEG Data & Analytics](#)
- Advisory Notice A23-001: [Listing of One-Month CORRA Futures \(COA\)](#)

Did you know?

- Investors can access the latest CORRA-related benchmark developments, including recent news and initiatives on MX's [CORRA microsite](#).
- MX offers [listed options](#) on four Bitcoin ETFs and four 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

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