



MONTREAL EXCHANGE

Futures on FTSE Canada Bank Credit Spread Index - User Guide

Subject to regulatory approval, the Montréal Exchange is expected to launch its new FTSE Canada Bank Credit Spread Index Futures in Q1-2026. This will be the first Canadian Futures contract to manage credit exposure. Trading Canadian credit has never been easier!

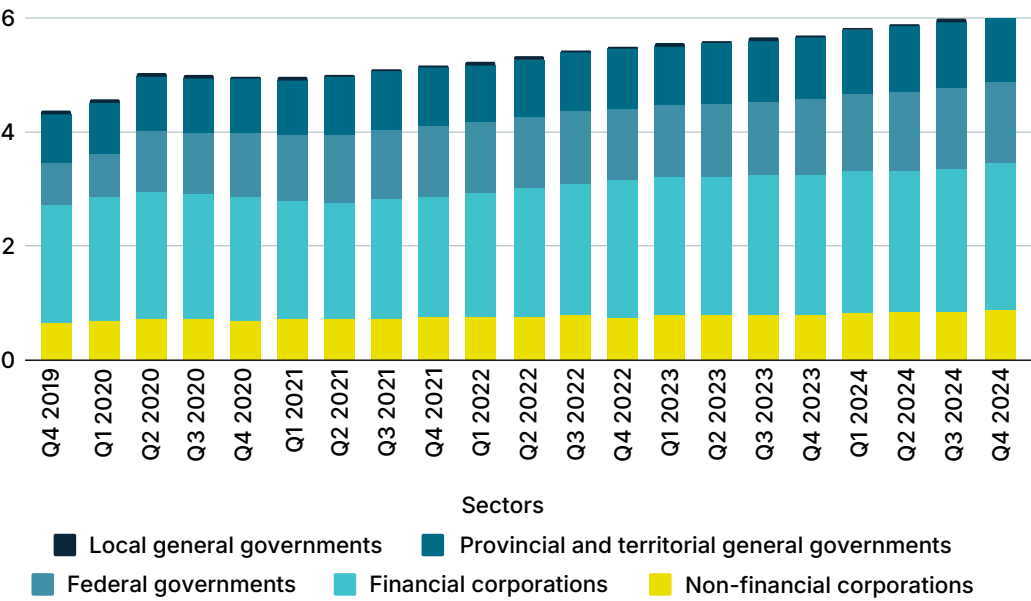
Benefits

- Increased number of liquid points on the Canadian listed yield curve
- Obtain more precise exposure to Canadian credit
- Facilitate hedging to manage market exposure and risks
- Enhance liquidity or fund management
- Enable trading strategies across credit markets, complementing products like ETFs and Total Return Swaps

Potential for a Vibrant Canadian Credit Futures Market

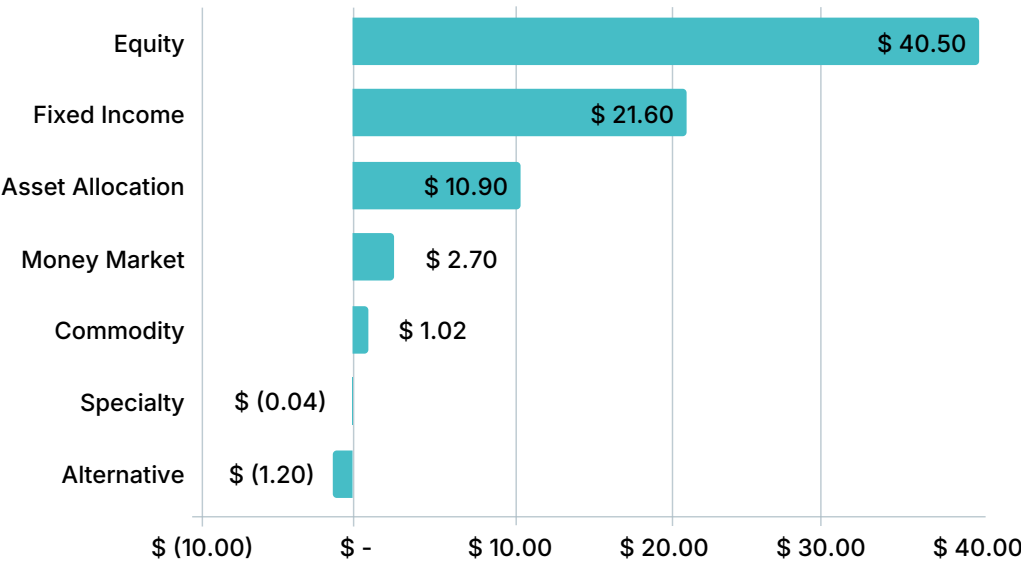
- Size of Canadian corporate debt (+\$3 trillion in 2024) and large financial corporate issuance activity.
- Fixed-income ETFs with their largest inflows in 2024 totalling over \$21 billion.

Canadian corporate debt by sector (\$ trillion)



Source: StatsCan

Canadian ETF Flows by Asset Class in 2024 (\$Billion)



Source: TD Securities, Bloomberg

Key Contract Specifications*

Symbol	BCS (Canada Bank Credit Futures)
Underlying	The FTSE Canada Bank Credit Spread index
Trading unit	50* x Index Spread (FTSE Canada Bank Credit Spread Index is at ~100bps)
Price Quotation	<p>Based on the underlying index, such that each basis point of credit spread = \$50 per contract. The contract size is C\$5,000 x the Contract Index.</p> <p>Quoted in terms of a Contract Index equal to 100 points minus the Underlying Index (expressed in %);</p> <p>For example, a FTSE Canada Bank Credit Index value of 87.50 shall correspond to a credit spread of 0.8750% and a contract price of 99.125</p>
Minimum Price Fluctuation	0.005 Contract Index points = C\$25
Expiry cycle	March, June, September and December
Settlement date	The third Wednesday of the expiry month
Final settlement price	<p>Based on the relevant FTSE Canada Bank Credit Spread Index series value on the last trading day.</p> <p><i>(Each contract expiry has its own associated Index series)</i></p>
Contract Type	Cash-settled

**Subject to regulatory approvals*

Key characteristics

- Underlying based on liquid and representative Canadian Banks bonds
- Direct exposure to credit spread
- Constant CS01 of C\$50 (multiplier of the contract)
- Long position benefits from credit tightening

Trading Strategies & Uses

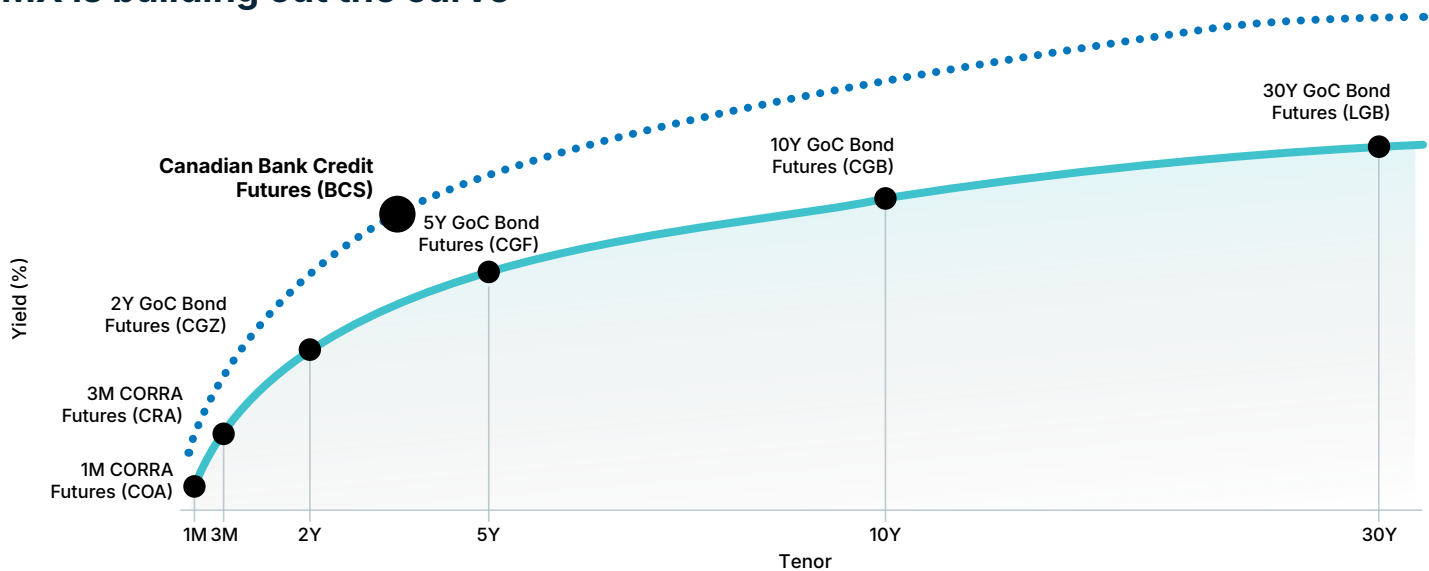
BCS a cost-efficient and simple way to:

- Manage interest rate risk, duration and portfolio risk profiles
- Take exposure to the Canadian credit markets
- Express tactical views
- Replicate synthetic corporate bond positions (long or short)
- Implement relative value trades
- Manage portfolio liquidity

Comparison of Credit Products

	Canadian Bank credit futures (BCS)	Exchange traded funds (ETFs)	Total return swap (TRS)	Credit default swap (CDX)
Exchange traded	<div></div>	<div></div>		
Unfunded	<div></div>		<div></div>	<div></div>
Isolate credit risk	<div></div>			<div></div>
Shorting Capability	<div></div>	with borrowing	<div></div>	<div></div>
Representative of CAD corporate market	<div></div>	<div></div>	<div></div>	

MX is building out the curve



For more information

m-x.ca

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