

MONTRÉAL 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!

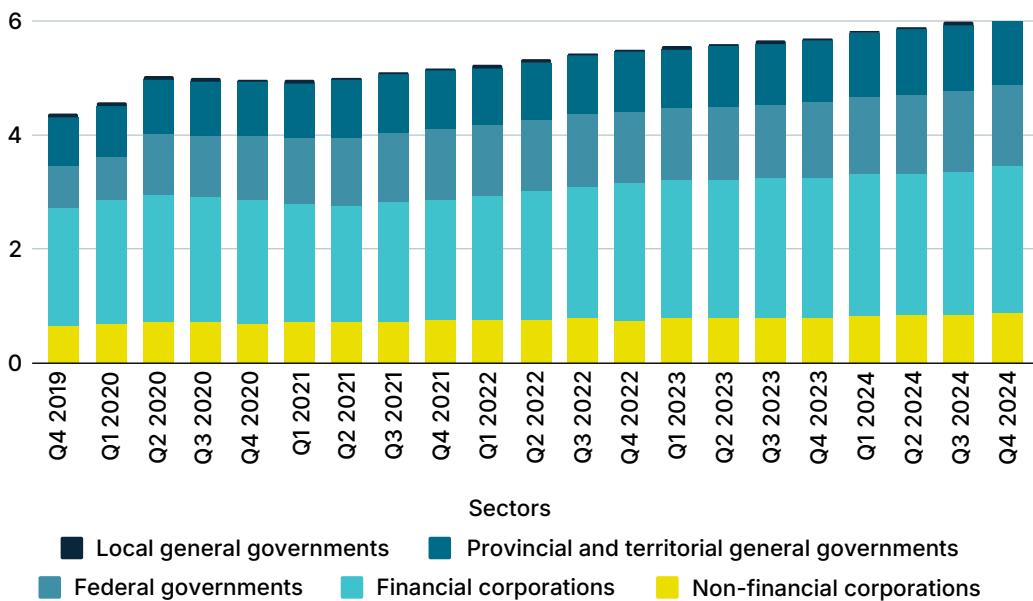
## Benefits

- 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\*

<b>Symbol</b>	BCS (Canada Bank Credit Futures)
<b>Underlying</b>	The FTSE Canada Bank Credit Spread index
<b>Trading unit</b>	50* x Index Spread (FTSE Canada Bank Credit Spread Index is at ~100bps)
<b>Price Quotation</b>	<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>
<b>Minimum Price Fluctuation</b>	0.005 Contract Index points = C\$25
<b>Expiry cycle</b>	March, June, September and December
<b>Settlement date</b>	The third Wednesday of the expiry month
<b>Final settlement price</b>	<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>
<b>Contract Type</b>	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

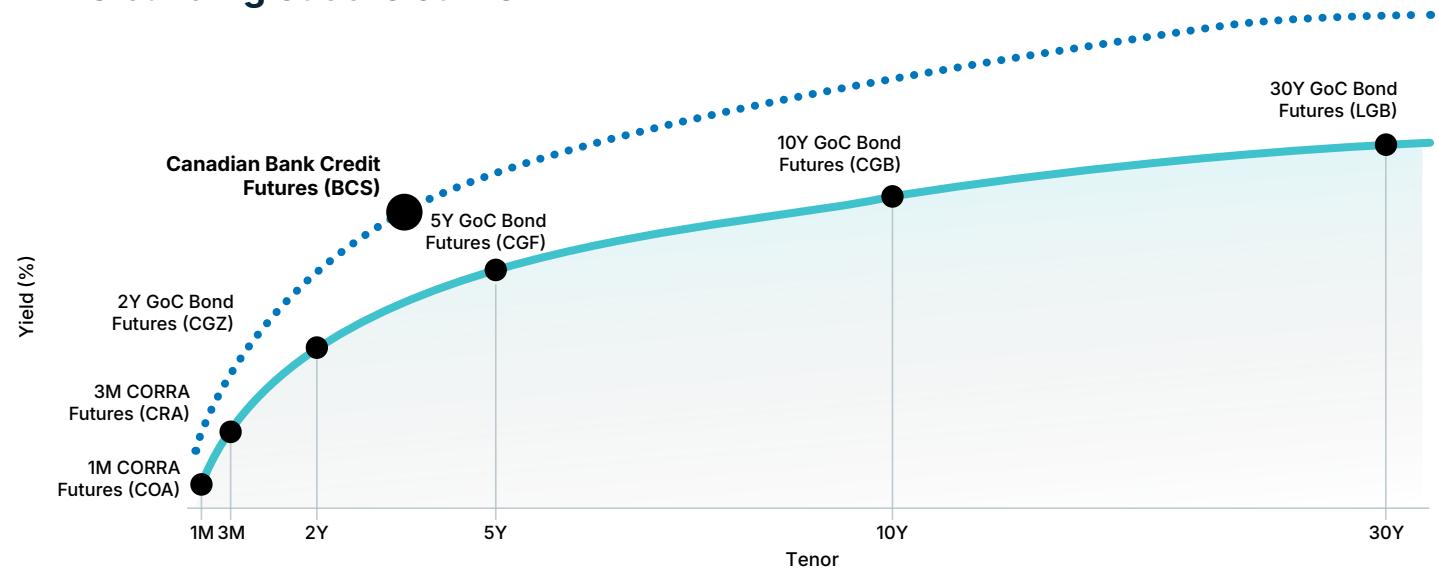
BCS a cost-efficient and simple way to:

- 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		●	●	
Unfunded	●		●	●
Isolate credit risk	●			●
Shorting Capability	●	with borrowing	●	●
Representative of CAD corporate market	●	●	●	

## MX is building out the curve



## For more information

[m-x.ca](http://m-x.ca)

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