

# CORRA Futures Update

Summary of CORRA Futures market development since launch

Presented to CFIF Committee

January 26, 2021



# Highlights

**3M CORRA Futures (CRA) successfully launched on June 12, 2020**

**Market making program in first 4 CRA outright contracts and CRA / BAX strategies listed**

## **Key statistics since launch:**

- 13k+ contracts traded across seven different expiries
- Highest daily volume: 1,915 contracts on Sep 11, 2020
- 41 accounts involved in more than 360 transactions
- Small volume traded during extended hours (2am-6am)
- Successfully completed two expiry cycles

Some issues reported by market participants in third party providers trading platforms

- Management of the front month contract, as the Contract Month (ex: Z20) does not correspond to the Expiry Month (ex: Z20 expires in H21)

# Penetration rate vs international peers

3M CORRA Futures statistics relative to BAX are comparable to similar international RFR futures vs Benchmark STIR futures after the first 6 months.

	Average daily volume			Open Interest (at the end of the period)		
Period	3M CORRA ADV	BAX ADV	(%)	3M CORRA OI	BAX OI	(%)
Statistics since launch of 3M CORRA Futures	94	65 697	0.14%	5 578	1 147 439	0.49%
Period	3M SOFR ADV	Eurodollar ADV	(%)	3M SOFR OI	Eurodollar OI	(%)
First 6 months after launch (summer 2018)	4 465	2 508 352	0.18%	28 309	14 278 349	0.20%
2019	20 501	2 694 339	0.76%	130 536	10 940 505	1.19%
2020	29 740	1 995 203	1.49%	473 121	9 148 070	5.17%
Last 3 months of 2020	49 658	1 499 304	3.31%			
Period	3M SONIA ADV	Sterling ADV	(%)	3M SONIA OI	Sterling OI	(%)
First 6 months after launch (summer 2018)	3 255	844 182	0.39%	17 898	4 251 411	0.42%
2019	11 537	696 618	1.66%	42 188	3 839 413	1.10%
2020	31 969	627 465	5.10%	124 895	4 401 362	2.84%
Last 3 months of 2020	50 159	533 673	9.40%			

# Market participants feedback

Activity flow is currently driven by CAD swap desk / dealers

Early test trading, participants getting comfortable with the product

General feeling that there is no rush to push CORRA mandate

Catalysts needed to see a strong uptick:

- Benchmark transition in the cross-currency swap market
- Involvement of FRN issuers
- Clear message from regulators / decision makers to use CORRA

# What's next?

**Projected 2021 ADV: 2k+ contracts, representing nearly 2% of BAX ADV**

**Reduction of minimum tick size for front CRA contract (March / April 2021)**

- From 0.005 = C\$12.50 to 0.0025 = C\$6.25

**Options on 3M CORRA Futures (in evaluation, timeline tbd)**

**Launch of 1M CORRA Futures (product approved internally, timeline tbd)**

- MX received some positive comments on launching the 1M version in a near future

The information provided in this document, including financial and economic data, quotes and any analysis or interpretation thereof, is provided solely for information purposes and shall not be construed in any jurisdiction as providing any advice or recommendation with respect to the purchase or sale of any derivative instrument, underlying security or any other financial instrument or as providing legal, accounting, tax, financial or investment advice. All references in this document to specifications, rules and obligations concerning a product are subject to the rules, policies and procedures of Bourse de Montréal Inc. and its clearinghouse, the Canadian Derivatives Clearing Corporation, which prevail over this document.

Although care has been taken in the preparation of this document, Bourse de Montréal Inc. and/or its affiliates do not guarantee the accuracy or completeness of the information contained in this document and reserve the right to amend or review, at any time and without prior notice, the content of this document. Neither Bourse de Montréal Inc. nor any of its affiliates, directors, officers, employees or agents shall be liable for any damages, losses or costs incurred as a result of any errors or omissions in this document or of the use of or reliance upon any information appearing in this document.

BAX® and CRA® are trademarks of Bourse de Montréal Inc. TMX® is a trademark of TSX Inc. used under license. All other trademarks used are the property of their respective owners.

© 2021 Bourse de Montréal Inc., all rights reserved