

## NOTICE TO MEMBERS

No. 2023 - 120

October 12, 2023

### Exchange Traded Products Update on BAX fallbacks implementation plan

As outlined in June 2023 ([Operational Notice 2023-M58](#)), the Canadian Derivatives Clearing Corporation (“CDCC”) would like to remind its Clearing Members that the Montréal Exchange’s CDOR-referenced contracts - Three-Month Canadian Bankers’ Acceptance Futures (BAX) contracts - that expire after June 2024 will be converted into a notional equivalent number of CORRA-referenced contracts, applying the applicable ISDA spread adjustment.

Following a market consultation, and in light of LCH’s recent announcement on conversion of outstanding cleared CAD CDOR contracts<sup>1</sup>, CDCC, in collaboration with the Montréal Exchange, plans to convert BAX contracts into equivalent Three-Month CORRA Futures (CRA) contracts following the close of the business day on **April 26, 2024** (pending CDCC regulatory approvals).

External and internal consultations have led to an updated conversion guide, accessible here: [BAX Fallbacks Implementation Plan](#). Please take note of the following:

- BAX configuration to handle 4 decimals will be performed a week prior conversion.
- A cash adjustment to account for the 5th decimal BAX settlement value will be implemented by CDCC on Monday following the conversion.
- CDCC reports will display closing / opening trades on Monday post-conversion.
- Conversion on April 26, 2024, will be subject to a one-off conversion fee.

CDCC continues to support Clearing Members through their transition to CORRA. As we mark the final stages of the changeover to the new interest rate benchmark rate, Members also have the ability to proactively convert BAX positions into equivalent CORRA positions ahead of the transition, where viable, using the Montréal Exchange’s existing trading functionality of CORRA-BAX spreads.

For further information, Clearing Members may contact the CDCC’s Business Operations Department or direct email inquiries to [cdcc-ops@tmx.com](mailto:cdcc-ops@tmx.com).

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<sup>1</sup> [LCH Consultation on Conversion of Outstanding Cleared CAD CDOR Contracts](#)