



Reference Document for:

Trader Competencies

Refer to Appendix 9 to review the Trader competency profile



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements



Trader Competencies

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From a regulatory perspective, the competencies for a highly competent and compliant Trader at a minimum includes the following:

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3	Understand and apply the following as applicable: <ul style="list-style-type: none">I. Universal Market Integrity Rules (UMIR)II. GatekeepingIII. Best executionIV. Marketplace operations and trading processes		



1. Marketplace Structure and Regulation		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
I. Role of securities and derivatives regulators, SRO and applicable laws	<ul style="list-style-type: none"> • Canadian Securities Administrators (CSA) and provincial/territorial securities and derivatives regulators, including: <ul style="list-style-type: none"> ○ Jurisdiction ○ Mandate and objectives ○ Governance structure ○ Legislation ○ National Instruments (NI), Multilateral Instruments (MI), National policies, Staff notices and Companion Policies (CP) ○ Distinctions between provincial regulatory frameworks ○ Enforcement powers ○ Dealer and individual registration requirements • Canadian Investment Regulatory Organization (CIRO), including: <ul style="list-style-type: none"> ○ Jurisdiction ○ Recognition orders and delegated authorities ○ Mandate and objectives ○ Enforcement powers ○ Dealer registration and individual approval requirements ○ Corporation Investment Dealer Partially Consolidated 	<ul style="list-style-type: none"> • Act in accordance with requirements that apply to the approved role and responsibilities • Act in accordance with legal requirements that apply to approved role and responsibilities related to the dealer’s business • Keep up to date with knowledge and understanding of all relevant business, industry, legal and regulatory developments



1. Marketplace Structure and Regulation		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none">○ Guidance Notes, Forms and Supporting Schedules○ Requirements relevant to trading on marketplaces● Applicable laws, including:<ul style="list-style-type: none">○ Provincial/territorial securities laws and regulations, including:<ul style="list-style-type: none">▪ Primary and secondary distribution of securities▪ Secondary market liability▪ Raising capital▪ Issuer disclosure▪ Proxy solicitation▪ Takeover bids▪ Improper conduct (e.g., trading with non-public information)▪ Shareholder rights, remedies, and obligations▪ Dealer and individual registration categories	



1. Marketplace Structure and Regulation		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
II. Marketplaces	<ul style="list-style-type: none"> • Definition of marketplace under Securities Act and NI 21-101, including: <ul style="list-style-type: none"> ○ Exchange ○ Quotation and trade reporting system ○ Person or company that: <ul style="list-style-type: none"> ▪ Constitutes, maintains, or provides a market or facility for bringing together buyers and sellers of securities ▪ Brings together the orders for securities of multiple buyers and sellers ▪ Uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade ▪ Dealer that executes a trade of an Exchange-traded security outside of a marketplace, but does not include an inter-dealer bond broker • CIRO definition of marketplace, which includes: <ul style="list-style-type: none"> ○ Recognized exchange or a commodity futures exchange registered in a jurisdiction of Canada ○ Recognized quotation and trade reporting system (QTRS) ○ Person or company that facilitates the trading of securities or derivatives in a jurisdiction of Canada, and: 	<ul style="list-style-type: none"> • Consider differences between CIRO and CSA definitions of a marketplace when executing trades • Consider the following market structures when dealing in equities: <ul style="list-style-type: none"> ○ Dynamics between the Exchange and ATS' ○ The National Best Bid and Offer (NBBO) ○ Smart Order Routers • Consider rules applicable to various products (including equity, derivative, debt, crypto, etc.) when executing trades • Consider order routing strategy and criteria to determine an appropriate order routing destination for individual trades, including: <ul style="list-style-type: none"> ○ Volume ○ Order to trade ratios ○ Technology and support ○ Broker attribution ○ Market making and primary markets ○ Costs and rebate models ○ Latency of execution ○ Latency of data ○ Client preference ○ Potential crossing/internalization opportunities ○ Market hours



1. Marketplace Structure and Regulation		
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	<ul style="list-style-type: none"> ▪ Constitutes, maintains, or provides a market or facility for bringing together buyers and sellers of securities or derivatives ▪ Brings together the orders for securities or derivatives of multiple buyers and sellers ▪ Uses established non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade • Regulatory guidance on crypto-asset trading platforms • Trade surveillance, including surveillance of trading in: <ul style="list-style-type: none"> ○ Equity ○ Debt ○ Derivatives ○ Inter-listed products ○ Any other marketplaces and/or product • Policies and procedures (P&Ps) of a marketplace to address: <ul style="list-style-type: none"> ○ Confidentiality ○ Investigations ○ Conflicts of interest arising from operations or services, including: <ul style="list-style-type: none"> ▪ Those related to commercial interest 	



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	<ul style="list-style-type: none"> ▪ The interests of owners and operators ▪ Responsibilities and sound functioning of the marketplace ▪ Those between operations and regulatory responsibilities • Marketplace operations, including: <ul style="list-style-type: none"> ○ Market structure (e.g., call market, auction market, dealer market) ○ Means of access, including co-locations ○ Hours of operation ○ Services offered, including: <ul style="list-style-type: none"> ▪ Order entry ▪ Co-location ▪ Trading ▪ Execution ▪ Routing ▪ Data ○ Types of orders offered ○ Features and characteristics of orders ○ Procedures regarding the entry, display, and execution of orders ○ How orders interact, including the priority of execution for all order types ○ Order routing procedures ○ Order and trade reporting procedures 	



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	<ul style="list-style-type: none"> ○ Safeguards and procedures to protect trading information of marketplace participants ○ Steps taken to ensure that marketplace participants have knowledge of and comply with the requirements of the marketplace ○ Relevant outsourcing arrangements with arms-length third parties, including any function associated with: <ul style="list-style-type: none"> ▪ Routing ▪ Trading ▪ Execution ▪ Data ● Types of products listed, traded, or quoted ● Marketplace participants, including: <ul style="list-style-type: none"> ○ Class of participation or other access ○ Type of trading activities, including: <ul style="list-style-type: none"> ▪ Agency trading ▪ Proprietary trading ▪ Registered trading ▪ Market making ● Criteria for access to services offered ● Arrangements for permitting clients of marketplace participants to have access to the marketplace ● Conditions under which marketplace participants may be subject to suspension or termination to access services offered 	



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	<ul style="list-style-type: none"> • Procedures that will be involved in the suspension or termination of a marketplace participant • Fee model, including fees relating to: <ul style="list-style-type: none"> ○ Connecting to the market or facility ○ Access ○ Data ○ Regulation ○ Trading ○ Routing ○ Co-location ○ Rebates and discounts • Methodologies and benchmarks used for calculating explicit and implicit trading costs • System of internal controls for: <ul style="list-style-type: none"> ○ Order entry ○ Order routing ○ Execution ○ Trade reporting ○ Trade comparison ○ Data feeds ○ Co-location ○ Market surveillance 	
III. Exchanges	<ul style="list-style-type: none"> • Securities regulatory authorities' recognition orders, terms, and conditions • General criteria for recognition as an Exchange, including: 	<ul style="list-style-type: none"> • Consider specific requirements for trading listed securities or derivatives on an exchange that do not apply to other types of marketplaces (e.g., ATS)



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	<ul style="list-style-type: none"> ○ Requirements: <ul style="list-style-type: none"> ▪ For an issuer to enter into an agreement in order for the issuer's securities to trade on the marketplace ▪ Governing the conduct of marketplace participants ▪ Set by the marketplace in respect of the method of trading or algorithm used by those marketplace participants to execute trades on the system ○ Disciplinary action ○ Direct or indirect guarantee of a two-sided market for a security on a continuous or reasonably continuous basis ● Rules of Exchanges and applicable Regulator Services Provider requirements for: <ul style="list-style-type: none"> ○ Toronto Stock Exchange (TSX) ○ Montréal Exchange (MX)/ Bourse de Montréal ○ TSX Venture Exchange (TSXV) ○ Canadian Securities Exchange (CSE) ○ NEO Exchange (NEO) ○ Alpha Exchange (Alpha) ○ Nasdaq Canada ● Definition of a Participating Organization (PO), including: <ul style="list-style-type: none"> ○ Member in good standing of a recognized self-regulatory organization 	<ul style="list-style-type: none"> ● Consider that a Participating Organization's (PO) representative must: <ul style="list-style-type: none"> ○ Represent the PO in all dealings with the Exchange, with full authority to speak for and bind the PO ○ Ensure that the PO, each related company and their partners, shareholders, directors, officers, and employees comply with Exchange requirements ○ Be primarily responsible to the Exchange for the conduct of partners, shareholders, directors, officers, and employees which require compliance with Exchange requirements without in any way limiting the duties and liabilities of others under Exchange rules ● Consider that a PO must exercise authority and control over accounts maintained with the approved trader pursuant to relevant requirements ● Consider role and obligation of a PO that has acted in the purchase or sale of a security on the Exchange to: <ul style="list-style-type: none"> ○ Promptly send or deliver to its client, if any, a written confirmation of the purchase or sale ○ Provide the quantity and description of the security ○ Where the security is a restricted share, provide the description of the security and the appropriate restricted share term or an



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	<ul style="list-style-type: none"> ○ Any person granted access to the trading system by the Exchange provided such access has not been terminated or suspended ○ Member of the Exchange ● Approved Person (AP) within the meaning of the rules for Exchanges, including: <ul style="list-style-type: none"> ○ A related company ○ An employee of the PO or related company to that extent that such employee has Exchange approval or the approval of a recognized self-regulatory organization ○ Partners, directors and officers of the PO or related company ○ A person holding a significant equity interest in the PO or related company ○ Other persons as may be designated from time to time by the Exchange ● Approved traders with Exchange approval to enter orders into the trading system ● Third-party electronic access to the Exchange via an intermediating PO that provides: <ul style="list-style-type: none"> ○ Direct electronic access ○ Routing arrangement ○ Order execution service ● Order and trade reporting, including: <ul style="list-style-type: none"> ○ Daily trading blotters 	<ul style="list-style-type: none"> ○ abbreviation with an explanation of the abbreviation ○ Provide the consideration ○ Indicate whether the PO was acting as principal or agent: <ul style="list-style-type: none"> ■ If acting as agent, the name of the PO from or to or through whom the security was bought or sold ○ Indicate the date upon which the purchase or sale took place ○ Indicate the commission, if any, charged in respect of such purchase or sale ○ Provide the name of the Registered Representative (RR) or other person instructed by the client to make the purchase or sale ○ Confirm that the purchase or sale took place upon the Exchange ● Consider PO requirements to provide third party electronic access to the Exchange, including obligation to: <ul style="list-style-type: none"> ○ Be responsible for compliance with Exchange requirements with respect to the entry and execution of orders transmitted by each third party through the PO ○ Provide the Exchange with prior written notification of the individual appointed to be responsible for such compliance



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	<ul style="list-style-type: none"> ○ Order acknowledgement, trade execution reports and drop copy reports provided through the Exchange’s order entry interface ○ Orders and trades reported to CIRO in real-time in accordance with its responsibilities as the designated Regulation Services Provider ○ Trades reported to Clearing and Depository Services (CDS) at the end of the Trading Day ○ Orders and trades reported to respective Information Processor in accordance with the requirements stated in NI 21-101 ○ Treatment of inter-listed securities 	<ul style="list-style-type: none"> ○ Disclose to the Exchange the unique client identifier associated with each third party electronic access client that is used for the purpose of providing third party electronic access to an Exchange ○ Inform the Exchange immediately if it knows or has reason to believe that it or its third party electronic access client has or may have breached a material provision of: <ul style="list-style-type: none"> ▪ Exchange requirements, or ▪ Written agreement ○ Notify the Exchange if the PO terminates a third party electronic access client's access to the Exchange ○ Conditions for termination of third party electronic access to the Exchange’s trading system without notice, including: <ul style="list-style-type: none"> ▪ Misuse of the Exchange's trading system or interference with fair and orderly markets ▪ Failure to comply with Exchange Requirements ▪ Conduct, business, or affairs unbecoming or inconsistent with just and equitable principles of trade, or detrimental to the interests of the Exchange ○ Required termination by the Exchange or CIRO



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SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
IV. Alternative Trading Systems (ATS)	<ul style="list-style-type: none"> • NI 21-101 Marketplace Operation • NI 23-101 Trading Rules • NI 24-101 Institutional Trade Matching and Settlement • CIRO Marketplace Members regulated as ATS operators • ATS markets, including: <ul style="list-style-type: none"> ○ Auction markets ○ Call markets ○ Crossing systems or networks ○ Dark pools ○ Market making systems • ATS Rules, including: <ul style="list-style-type: none"> ○ Registration and CIRO membership ○ Compliance with the applicable provisions in NI 21-101 and NI 23-101 ○ Order and trade reporting requirements ○ Information consolidation requirements ○ Market integration requirement ○ Transparency requirements ○ Technology and recordkeeping requirements ○ Market regulation obligations 	<ul style="list-style-type: none"> • Consider Universal Market Integrity Rules (UMIR) and applicable rules and securities regulations when entering orders and executing trades • Use ongoing informational access to multiple marketplaces to find the trade that best achieves clients' particular priorities per best execution/price requirements • Consider role and oversight of ATS by CIRO as the Regulation Services Provider, which includes: <ul style="list-style-type: none"> ○ Trading conduct compliance with CIRO requirements ○ Requirements for monitoring and supervising the ATS and its subscribers ○ Enforcement of CIRO orders and directions ○ Record keeping requirements



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SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> • Generally prohibited activities, including: <ul style="list-style-type: none"> ○ Requiring listing agreements ○ Two-sided market guarantees for a security or derivative on a continuous or reasonably continuous basis • Applicable marketplace thresholds • Permitted securities for ATS: <ul style="list-style-type: none"> ○ Exchange-traded securities ○ Corporate debt securities ○ Government debt securities ○ Foreign exchange-traded securities <ul style="list-style-type: none"> ○ Over-the-counter equity securities (CSA approval required) • Prohibition on intentionally locking or crossing markets • Differences between QTRS and an ATS 	
V. Clearing/ settlement structures and functions	<ul style="list-style-type: none"> • Roles of Clearing and Depository Services (CDS) and Canadian Derivatives Clearing Corporation (CDCC), including: <ul style="list-style-type: none"> ○ Settlement time frames ○ Reporting requirements ○ Trade processing ○ Positions ○ Exercises, tenders, assignments, and deliveries ○ Settlement procedures ○ Margin processing 	<ul style="list-style-type: none"> • Consider procedures for clearance and settlement of transactions when executing trades • Consider back office operations where trade confirmations and settlement disclosures are required, including: <ul style="list-style-type: none"> ○ Communication protocols in place to minimize errors and client impacts, where applicable



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	<ul style="list-style-type: none"> ○ Clearing fees ○ Escalation procedure ○ Overnight clearing ● Marketplace rules and guidelines for trading and post-trade settlement, including: <ul style="list-style-type: none"> ○ Processes for settlement and delivery ○ Dealer requirements, guidelines and best practices for trade confirmations sent to clients, including: <ul style="list-style-type: none"> ▪ Client contract ▪ Trade reconciliation ▪ Cancel-and-correct procedures ▪ Resolving client disagreements not addressed by cancel-and-correct procedures ● Clearing arrangements <ul style="list-style-type: none"> ○ Clearing give-up ○ Special settlement terms ● Trade-for-trade (TFT) settlement ● Continuous net settlement (CNS) ● Buy-ins ● Custody of assets and applicable controls which ensure the safety of funds or securities ● Short sales and failed trades ● Extended Failed Trade (EFTR) reporting 	



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
I. Capital formation and market trading	<ul style="list-style-type: none"> • Functions of capital markets, including: <ul style="list-style-type: none"> ○ Means for determining the price or required return for any financial asset (security) ○ Mechanism for the buying and selling of securities ○ Reducing the search and information costs of trading • Process of capital formation, including: <ul style="list-style-type: none"> ○ Supply and use of capital in a market-system ○ Types of intermediaries ○ Role of underwriters ○ Initial Public Offering Process (IPO) ○ Private Placement and Prospectus Offerings ○ Bought Deals ○ Primary and secondary markets <ul style="list-style-type: none"> ▪ Exchanges, QTRS, ATS, over-the-counter (OTC) ▪ Depth and sources of liquidity ▪ Related dynamics • Types of financial instruments, including: <ul style="list-style-type: none"> ○ Equities ○ Fixed-income products, including: <ul style="list-style-type: none"> ▪ Convertibles 	<ul style="list-style-type: none"> • Consider impact of market fragmentation on liquidity and price discovery for certain financial instruments • Consider: <ul style="list-style-type: none"> ○ Process in which capital is raised for Canadian issuers ○ Role of the underwriters in IPOs, prospectus financings, and private placements ○ UMIR requirements when trading during distribution of certain securities transactions ○ Trading restrictions for private placements (hold periods) and securities on grey/restricted lists • Consider valid security ownership by an investor, which includes: <ul style="list-style-type: none"> ○ Final prospectus has been receipted (if applicable) or the security is otherwise eligible for distribution under applicable securities legislation ○ Agreement/commitment to purchase has been signed ○ Securities have been allocated such that the buyer is assured of receiving such securities • Transaction, between the issuer and the dealer(s), is legally closed, which is different than "closing of the book" • For fixed income products, consider: <ul style="list-style-type: none"> ○ Issuers ○ Product features and scheduled cash flows ○ Common interest and principal payment structures ○ Disposal and redemption provisions



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ▪ Corporate bonds ▪ Foreign debt instruments ▪ Foreign issuer bonds ▪ Foreign currency denominated bonds ▪ Zero coupon bonds ○ Derivatives ○ Exchange-Traded Funds (ETFs) ○ Managed products ○ Structured products ○ FX products ○ Commodities and related instruments ○ Crypto assets ○ Other investment products • Requirements for securities ownership • Elements of a marketplace, including: <ul style="list-style-type: none"> ○ Liquidity ○ Immediacy ○ Transparency ○ Price discovery ○ Fairness ○ Market integrity ○ Transaction costs 	



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
II. Trade desk function, supervision and compliance	<ul style="list-style-type: none"> • Role of internal trade surveillance • Responsibilities of the head of trading and each person who has authority, supervision, or responsibility over the trading activities of the participant • Trading desk compliance reviews • Policies and procedures for a trading supervisory system, including: <ul style="list-style-type: none"> ○ Identification of relevant requirements ○ Documentation of the supervision system, which includes: <ul style="list-style-type: none"> ▪ Step-by-step descriptions of the testing methodologies, together with any definitions that would be necessary to explain the logic of the procedures ▪ Outline of the principal elements of the testing methodology, including frequency, sample size, and sources of information to be used ▪ Any exception reports, trading data and other documents to be reviewed as well as any systems that are used ○ Training and proficiency, including: <ul style="list-style-type: none"> ▪ Applicable requirements ▪ Adopted procedures 	<ul style="list-style-type: none"> • Consider dealer oversight over the activity of the traders to ensure compliance with all Exchange, ATS and CIRO requirements • Consider any surveillance or trade desk review reporting conducted by a Supervisor or compliance department that is brought to the attention of the trader, including: <ul style="list-style-type: none"> ○ The written record of the report by the officer, director, partner, or employee ○ The details of an investigation that is the subject of the report and review ○ The written record of the findings of the investigation ○ The findings of the investigation are reported to the Market Regulator if finding results in a violation of an applicable provision of UMIR • Verify all elements of the trade ticket are included for the purpose of an audit trail • Identify and escalate potential regulatory rule infractions, including: <ul style="list-style-type: none"> ○ Incorrect or missing order marker ○ Order bundling ○ Restricted/grey/ list trading ○ Client principal trading ○ Normal Course Issuer Bids (NCIBs) ○ Control block sales ○ Manipulative and deceptive trading • Report any issues identified, for the purpose of Regulatory Market Correction System (RMCS), to the appropriate Supervisor or compliance department



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	<ul style="list-style-type: none"> ▪ Electronic systems used ▪ Changes in requirements, procedures, or systems ▪ Problems found by compliance monitoring ○ Proper delegation of supervisory and compliance personnel, including: <ul style="list-style-type: none"> ▪ No conflicts of interest ▪ Supervisors and compliance staff retain the responsibility for their respective obligations, even where the tasks have been delegated to others ○ Procedures for dealing with violations, including: <ul style="list-style-type: none"> ▪ Steps to correct identified problems ▪ Escalation procedures ▪ Documented corrective actions ○ Supervision systems, including: <ul style="list-style-type: none"> ▪ Updated requirements, procedures, systems, business lines, offices and employees and effective compliance testing ○ Results of compliance reviews, including identifying: <ul style="list-style-type: none"> ▪ Compliance problems 	



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ▪ Problems increasing or decreasing over time ▪ Previously identified issues that have been adequately addressed ○ Reports to a Board of Directors • Trading of securities on a Grey or Watch List • Surveillance and reporting requirements for trading (including transaction reporting) and conduct in debt securities markets, where applicable • Operating systems and resources for debt market and other fixed income trading activities, where applicable • Policies and procedures relating to debt and other fixed-income securities, where applicable • Manipulative, deceptive and unfair advantage practices in the debt securities markets and derivatives of debt securities markets, where applicable • Policies and procedures for reporting complaints investigations and other trade related matters • Complaint record-keeping requirements • Marketplace rules on investigations, discipline and appeals 	



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
III. Role of Traders	<ul style="list-style-type: none"> • CIRO definition of Trader: <ul style="list-style-type: none"> ○ An individual, approved by CIRO as a Trader, whose activity is restricted to trading through a Marketplace Member's trading system, and who may not advise the public • Types of Traders and clients, including: <ul style="list-style-type: none"> ○ Agency ○ Proprietary ○ Buy-side ○ Sell-side ○ Retail ○ Institutional 	<ul style="list-style-type: none"> • Consider function and relationship with: <ul style="list-style-type: none"> ○ Registered Representatives ○ Investment Representatives (IRs) ○ Portfolio Managers (PMs) ○ Compliance personnel ○ Trade surveillance personnel ○ Supervisors • Consider applicable regulatory requirements for Registered Representatives and Investment Representatives for executing trades, including responsibility to: <ul style="list-style-type: none"> ○ Verify all relevant details of a trade are accurately reflected in all orders placed ○ Ensure that trading is executed without discretion as to either the security traded, its quantity, price and/or the time of the trade for non-discretionary/non-managed accounts ○ Record trading details, including the client's agreement ○ Remain available to client during trading hours or following dealer policies and procedures to ensure that a colleague is otherwise available ○ Identify irregular trading requests that are inconsistent with a client's portfolio, past trading and investment objectives ○ Escalate concerns to Supervisor and compliance about suspicious, manipulative, or deceptive practices ○ Alert the trade desk to investigate with the Exchanges, if required



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
		<ul style="list-style-type: none"> ○ Identify and escalate suspicious activities and recommendations that reflect irregular requests, including rationale and actions taken ● Use clear and unambiguous language in trading activities ● Demonstrate familiarity with the appropriate trading terminology and conventions ● Comply with dealer obligation to keep: <ul style="list-style-type: none"> ○ Fixed-income securities market dealings, trades between clients and counterparties confidential ○ Dealer's own trading activities and planning strategies confidential to ensure market integrity on a pre-trade basis
IV. Trade execution	<ul style="list-style-type: none"> ● Trade execution requirements, including: <ul style="list-style-type: none"> ○ Processes for placing orders ○ Processes for handling order errors and changes ○ Purpose and application of the cash account rule ○ Restriction process on overdue cash accounts ○ Requirements to confirm orders with clients, including fees and commissions ○ Types of buy, sell and short sell orders 	<ul style="list-style-type: none"> ● Consider UMIR and applicable rules and securities or derivatives regulations when entering orders and executing trades ● Ensure trades are conducted in accordance with dealer procedures and risk/compliance standards ● Correct errors in compliance with applicable dealer processes ● Develop order entry trade practices that will provide priority for client orders and/or mitigate conflicts with clients ● Identify applicable requirements for entering specific trade orders ● Note specific client instructions on tickets or within trader notes to form part of an audit trail ● Ensure the correct trade markers are applied on each transaction to mark the audit trail of each individual order in the marketplace ● Follow guidelines for market making accounts, including that: <ul style="list-style-type: none"> ○ A letter from the listed company must be provided stating that the company is aware of the market making activity



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	<ul style="list-style-type: none"> ○ Long and short margin accounts and special margin situations ● Handling trades for various types of accounts including: <ul style="list-style-type: none"> ○ Employee stock purchase plans ○ Insider and control sales ● Requirements for market making ● Fair and allowable trade allocation practices ● The impact of high-frequency trading on the marketplace with algorithms, including: <ul style="list-style-type: none"> ○ Trading algorithms ○ Smart order routers ● Different types of requirements applicable to Order Management Systems (OMS) ● Characteristics of trading algorithms and strategies used to achieve execution objectives ● Risks raised by failure to obtain adequate instructions on all elements of a trade, including: <ul style="list-style-type: none"> ○ Dealer or trader held responsible for the loss resulting from the cancellation of the order ○ Internal discipline 	<ul style="list-style-type: none"> ○ Each market making account must have a dedicated account number trading only that security ● Adopt fair and allowable trade allocation practices for accumulated trades



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ○ Regulatory sanctions ○ Having to compensate clients for any losses that may subsequently result from the trade 	
V. Order and product features	<ul style="list-style-type: none"> ● Designating orders, including: <ul style="list-style-type: none"> ○ Non-client orders for the account of a responsible designated trader at a market maker dealer ○ Principal orders ○ Jitney orders ○ Orders that are part of a program trade ○ On account of an issuer that is purchasing pursuant to a normal course issuer bid ● NCIB Marker ● Order durations, including: <ul style="list-style-type: none"> ○ Day orders ○ Good til cancelled ○ Good til date ○ Immediate or cancel ○ Fill or kill ● Price types, including: <ul style="list-style-type: none"> ○ Market ○ Limit ● Order types, including: 	<ul style="list-style-type: none"> ● Comply with specific marketplace rules on orders and products ● Identify creditworthy derivatives counterparties willing to offer client a favourable price ● Report pre-trade notification to the regulator for speciality crosses as needed ● Enter bona-fide orders that do not artificially increase or decrease the volume or trading price of a security



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none">○ Buy○ Sell○ Sell short○ Limit orders○ Limit on open○ On-stop○ On-book dark○ Iceberg○ Post only○ Anonymous○ Dark○ Bypass○ Long life● Cross types, including:<ul style="list-style-type: none">○ Basis○ Volume-weighted average price (VWAP)○ Contingent○ Internal○ Bypass○ Derivative○ Special trading session● Minimum Ticks Rule<ul style="list-style-type: none">○ Selling under \$0.50 = \$0.005○ Selling at \$0.50 and over = \$0.010	



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ○ Board Lot size ● Short Marking Exempt Marker ● Other products & order features, including: <ul style="list-style-type: none"> ○ Routing ○ Drop copy orders ● Market Maker Program and Odd Lot Dealer System, including: <ul style="list-style-type: none"> ○ Odd lots ○ Minimum guaranteed fill size ○ Registered Trader (RT) participation ● Rules and requirements for listed derivatives trading, including: <ul style="list-style-type: none"> ○ Criteria and requirements of an approved participant ○ Eligibility criteria for Approved Persons (AP) and Foreign Approved Persons (FAP) to execute Trades on behalf of an approved participant ○ Product specifications for: <ul style="list-style-type: none"> ▪ Equity index options ▪ Equity options ▪ ETF options ▪ Currency options ▪ Futures and futures options 	



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> • Treatment of long and short positions for derivatives • Price and reporting limits on derivatives • Behaviour and dynamics of the derivatives markets in which trading will be conducted • Risks and obligations resulting from derivatives trades • Dealer’s duty to report derivatives data, including: <ul style="list-style-type: none"> ○ Creation data ○ Life-cycle event data ○ Valuation data ○ Errors and omissions • Fair pricing policies and procedures when acting as principal in OTC derivatives trades, where applicable, taking into consideration all relevant factors, including: <ul style="list-style-type: none"> ○ Fair market value or settlement price of the equivalent listed derivative at the time of the transaction ○ Fair market value of the derivatives underlier and of any related derivatives involved in the same trading strategy at the time of the transaction 	



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ○ Expense involved in effecting the transaction or transactions ○ Dealer’s entitlement to a profit ○ Total dollar amount or dollar amount at risk of the transaction or transactions ● Trading agreements for derivatives transactions, positions, and accounts ● Requirements for dealers writing listed derivatives on behalf of a client, including: <ul style="list-style-type: none"> ○ Trade execution through a margin account ○ Written margin account agreements ○ Written account agreement defining the rights and obligations relating to transacting in listed derivatives for registered accounts ● Requirements for dealers writing, issuing, or guaranteeing over-the-counter derivatives on behalf of a client, including: <ul style="list-style-type: none"> ○ Written margin agreements defining the rights and obligations relating to transacting in over-the-counter derivatives ○ Supplementary over-the-counter derivative agreements defining the 	



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<p>rights and obligations relating to transacting in over-the-counter derivatives</p> <ul style="list-style-type: none"> • Requirement for dealers to calculate and obtain minimum client margin from clients with derivative positions according to the following: <ul style="list-style-type: none"> ○ All open written transactions and resulting short positions carried in a margin account ○ Each derivative margined separately and: <ul style="list-style-type: none"> ▪ For equity, index participation unit, debt or currency options, any difference between the market price of the underlying interest ▪ For index options, any difference between the current value of the index • Exercise price of the option has value only in providing the amount of margin required on that particular option 	
VI. Ethics, conflicts of interest and confidentiality	<ul style="list-style-type: none"> • CIRO standards of conduct • Ethics in the securities industry, including: <ul style="list-style-type: none"> ○ Proper care ○ Independent professional judgment ○ Trustworthiness and integrity ○ Honesty and fairness 	<ul style="list-style-type: none"> • Comply with CIRO and other applicable ethical standards of conduct • Apply an ethical decision-making process by: <ul style="list-style-type: none"> ○ Identifying the issue ○ Identifying the individuals involved



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ○ Professionalism ● Consequences and risks of unethical behaviour ● Various types of ethical dilemmas ● Conflicts of interest rules and obligations ● Potential conflicts, including: <ul style="list-style-type: none"> ○ Compensatory ○ Managerial ○ Ownership ● Protection and proper use of corporate assets and opportunities ● Confidentiality of corporate, client and third-party information ● Fair dealing with securities holders, clients, suppliers, competitors and employees ● Prohibition, approval, disclosure and action required regarding personal financial dealings with clients ● Containment of confidential information, including: <ul style="list-style-type: none"> ○ Information barriers and firewalls ○ Wall-crossing, grey and restricted list ○ Role of investment banking and corporate finance ○ Role of research department 	<ul style="list-style-type: none"> ○ Gathering the facts and identifying potential courses of action, and the potential consequences of each action ○ Making the decision ○ Reflecting on the process ● Ensure conflicts of interest are addressed, disclosed and/or avoided in accordance with the applicable rules on conflicts, including those on personal financial dealings ● Consider policies and procedures when handling material non-public information in the necessary course of business ● Escalation to the appropriate Executive or compliance personnel



2. Trading in Capital Markets		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none">○ Cybersecurity	



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
I. Universal Market Integrity Rules (UMIR)	<ul style="list-style-type: none"> • Role of CIRO as Regulation Services Provider, including: <ul style="list-style-type: none"> ○ Agreements with marketplaces • UMIR requirements and restrictions on: <ul style="list-style-type: none"> ○ Participating Organizations (PO) ○ Short selling requirements and delivery obligations ○ Order entry and exposure <ul style="list-style-type: none"> ▪ Designation and identifiers ▪ Trades to be on a marketplace ▪ Minimum size requirements of certain orders entered on a marketplace ▪ Provision of price improvement by a dark order ○ Trading in a marketplace, including: <ul style="list-style-type: none"> ▪ Liability for bids, offers and trades ▪ Contract record and official transaction record ▪ Recorded prices ▪ Cancelled trades ▪ Trading in listed or quoted securities by a derivatives market maker ▪ Extended failed trades 	<ul style="list-style-type: none"> • Consider UMIR and applicable rules and securities or derivatives regulations when entering orders and executing trades, including: <ul style="list-style-type: none"> ○ Risks brought about by electronic trading and DEA ○ Audit trail requirements ○ Areas for potential violations, including: <ul style="list-style-type: none"> ▪ Manipulative and deceptive practices ▪ Fair and equitable practices ▪ Disruptive trading ▪ Reporting requirements • Consider Market Integrity Officials authority over when presented with: <ul style="list-style-type: none"> ○ Halts, Delays, or Suspended Trading ○ Circumstances where a trade may be varied or cancelled • Handle material insider information or significant sized orders with proper care to prevent violation of insider trading and frontrunning rules • Review order exposure and client-principal trade rules when executing certain client orders of a particular size and volume • Review applicable restrictions when conducting market stabilization activities for securities under a distribution



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ▪ Variation and cancellation and correction of trades ▪ Inability to rely on marketplace functionality ▪ Direct electronic access and routing arrangements ○ Trading halts, delays, and suspensions, including: <ul style="list-style-type: none"> ▪ Regulatory halts, delays, and suspensions of trading ○ Compliance, including: <ul style="list-style-type: none"> ▪ Compliance requirement ▪ Extension of restrictions ▪ Suspension or restriction of access ▪ Power of market integrity officials ▪ Report of short positions ▪ Audit trail requirements ▪ Retention of records and instructions ▪ Exchange and provision of information by market regulators ▪ Synchronization of clocks ▪ Assignment of identifiers and symbols ○ Administration of UMIR, including: <ul style="list-style-type: none"> ▪ General exemptive relief ● UMIR Rules on Direct Electronic Access (DEA) and Routing Arrangements 	



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> • NI 23-103 Electronic Trading and Direct Electronic Access (DEA) to Marketplaces • Volatility controls, including: <ul style="list-style-type: none"> ○ Dealer Controls ○ Marketplace Thresholds ○ Market Wide Circuit Breakers ○ Single Stock Circuit Breakers ○ Bid/ask limits • Self-trade prevention tools, including: <ul style="list-style-type: none"> ○ Cancel newest ○ Cancel oldest ○ Decrement and cancel ○ Trade and suppress • Role and/or application of: <ul style="list-style-type: none"> ○ A Market Integrity Official ○ A designated information processor • Requirements applicable to prohibited practices under UMIR, including: <ul style="list-style-type: none"> ○ Abusive trading <ul style="list-style-type: none"> ▪ Manipulative and Deceptive Activities <ul style="list-style-type: none"> • Artificial Pricing • Artificial Volumes ○ Improper Orders and Trades, including: <ul style="list-style-type: none"> ▪ Insider Trading ○ Front Running/Client Priority – Client Consent 	



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ○ Client Order Exposure ○ Client-Principal Trades, including: <ul style="list-style-type: none"> ▪ “Best Available Price” obligation ○ Off-Marketplace Trading, including: <ul style="list-style-type: none"> ▪ Conditions and exemptions ○ Trading During Certain Securities Transactions 	
II. Gatekeeping	<ul style="list-style-type: none"> ● Gatekeeper obligations of directors, officers, and employees of marketplace participants ● Gatekeeper obligations with respect to access to marketplaces ● Gatekeeper reporting, which includes: <ul style="list-style-type: none"> ○ Identification of the provisions of UMIR which may have been violated ○ Specific dates on which the activity took place (or may have taken place) ○ Identification of the security or securities involved ○ Identification of specific orders or trades including: <ul style="list-style-type: none"> ▪ Time of the order entry or trade execution ▪ Marketplace on which the orders were entered or executed ▪ Volume and price of the orders or trades 	<ul style="list-style-type: none"> ● Escalate any “red flags” which may be indicative of improper behaviour by a client, director, officer, partner or employee to Supervisor or compliance department ● Report any issues identified, for the purpose of gatekeeper reporting, to the appropriate Supervisor or compliance department ● Consider any gatekeeper reporting conducted by a Supervisor or compliance department that is brought to the attention of the trader including: <ul style="list-style-type: none"> ○ The written record of the report by the officer, director, partner, or employee ○ The details of an investigation that is the subject of the report and review ○ The written record of the findings of the investigation ○ The findings of the investigation are reported to the Market Regulator if finding results in a violation of an applicable provision of UMIR



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ▪ Names of all employees involved in the handling or entry of the orders ▪ Identification of the client on whose behalf the order or trade was entered or executed ○ How and when the behaviour was detected ○ All investigative and other actions taken in response to the initial detection ○ All actions taken or proposed to be taken in response to the findings of the investigation ○ Name, title, and contact information of the person filing the report • Gatekeeping responsibilities, including: <ul style="list-style-type: none"> ○ Client’s typical financial activity and patterns in order to identify suspicious transactions ○ Applicable regulatory frameworks on whistleblowers ○ Applicable reporting obligations to dealers and regulators • Role of other CIRO Approved Persons and staff concerning market integrity and gatekeeping with respect to trades 	



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
III. Best execution	<ul style="list-style-type: none"> ● Rules and guidance on best execution including order handling ● Policies and procedures for best execution ● Client disclosure of best execution policies, including fixed income best execution and fair pricing, where applicable ● Minimum governance requirements for best execution, including: <ul style="list-style-type: none"> ○ Process designed to achieve best execution ○ Process for review of compliance with the best execution obligation ● Order Protection Rule, including: <ul style="list-style-type: none"> ○ Differences between protected and unprotected marketplaces ○ Policies and procedures to operationalize prevention of trade-throughs of better priced protected bids and offers ○ Dark Trading ○ Directed Action Orders ○ Order Protection by Re-Price ○ Order Protection by Cancel 	<ul style="list-style-type: none"> ● Consider CIRO, UMIR and applicable rules and securities or derivatives regulations when entering orders and executing trades ● Conduct analysis to ensure that the way in which client orders and order flows are managed are in compliance with best execution requirements, including, where applicable, factors and market characteristics relevant to: <ul style="list-style-type: none"> ○ Foreign-exchange trades ○ OTC trades ○ Illiquid fixed income trades ● Consider that a marketplace participant’s client business must be conducted: <ul style="list-style-type: none"> ○ Within the bounds of ethical conduct and good business practice ○ In a manner consistent with just and equitable principles of trade ○ In a manner that is not detrimental to the interests of the investing public and the securities industry ○ Taking reasonable steps to specifically address identifying, disclosing, avoiding, or otherwise addressing material conflict of interests in the best interest of the client ● Consider material conflicts of interest that may arise when sending client orders for handling or execution and how these conflicts are to be managed ● Take account of order and trade information from all appropriate marketplaces



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
		<ul style="list-style-type: none"> • Consider any policies and procedures for accessing or not accessing particular marketplaces where a dealer will move an order entered on one marketplace to another marketplace • Consider best execution policies and procedures when material changes to the trading environment or market structure occur and consult with others as needed • Consider the following factors when manually handling a client order for trades on a marketplace: <ul style="list-style-type: none"> ○ Direction of the market for the security ○ Depth of the posted market ○ Last sale price and the prices and volumes of previous trades ○ Size of the spread ○ Liquidity of the security ○ Client identifiers • Consider the dealer’s order handling and routing practices intended to achieve best execution of client orders for listed securities or derivatives, including: <ul style="list-style-type: none"> ○ Identity of any marketplace to which the dealer might route the client orders for handling or execution ○ Identity of each type of intermediary to which the dealer might route the client orders for handling or execution ○ Circumstances where the dealer may route client orders to a marketplace or intermediary



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
		<ul style="list-style-type: none"> ○ Circumstances, if any, under which the dealer will move a client order entered on one marketplace to another marketplace ○ Nature of any ownership by the dealer or an affiliated entity or arrangement with any marketplace or intermediary ○ If any client orders may be routed to an intermediary pursuant to an arrangement with that intermediary ○ Whether fees are paid by the dealer or payments or other compensation is received by the dealer for a client order routed, or a trade resulting from a client order routed, to a marketplace or intermediary ○ Circumstances under which the costs associated with the fees paid by dealer or the compensation received by the dealer will be passed on to the client ○ Whether routing decisions are made based on fees paid by the dealer or payments received by the dealer ● Consider unique features of illiquid fixed income markets and their impact on pricing
IV. Marketplace operations and trading processes	<ul style="list-style-type: none"> ● Trading in the Book, including: <ul style="list-style-type: none"> ○ Committed orders to buy or sell a security on the Exchange ○ Trading in the special terms market ● Trading controls <ul style="list-style-type: none"> ○ Halts 	<ul style="list-style-type: none"> ● Follow the rules of the marketplace on which the particular order is entered and executed to ensure compliance ● Consider UMIR rules when dealing with off-marketplace trades and transfers of existing positions in exchange-listed products ● Prior to the entry of an order, follow:



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ○ Marketplace threshold parameters ○ Bid/ask limits ○ Single stock circuit breakers ● Trading hours and sessions, including: <ul style="list-style-type: none"> ○ Pre open <ul style="list-style-type: none"> ▪ Calculated opening price ○ Market on Open <ul style="list-style-type: none"> ▪ Opening allocation ▪ Guaranteed orders ▪ Delayed opening ○ Continuous trading ○ Odd lot trading ○ Market on Close (MOC) <ul style="list-style-type: none"> ▪ MOC-eligible Securities ▪ MOC imbalance determination ▪ MOC imbalance ▪ Calculated closing price ▪ Price movement extension ▪ Closing call allocation ▪ MOC volatility parameters ○ Post market cancel ○ Extended trading ○ Must Be Filled (MBF) session for option expiry ● Order books, including: 	<ul style="list-style-type: none"> ○ Applicable regulatory standards with respect to the review, acceptance, and approval of orders ○ Relevant policies and procedures ○ All requirements of UMIR and each Policy ● Identify orders that are eligible from those not eligible to be entered into the book ● Identify proper steps that must be taken when applicable rules and regulations have been breached ● Consider using self-trade prevention tools of the exchange to prevent wash trades (change of beneficial or economic ownership)



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ○ Central limit order book ○ Odd lot ○ Special terms ○ MOC ● Account types, including: <ul style="list-style-type: none"> ○ Client (CL) ○ Inventory (IN) ○ Non-client (NC) ○ Options market maker (OT) ○ Options firm account (OF) ○ Equities specialist (ST) ● Maximum price variation thresholds ● Trading stages, including: <ul style="list-style-type: none"> ○ Pre-opening ○ No-cancellation stage ○ Opening/closing ○ Market session (continuous trading) ○ Intra-session auction periods ● Cancellation and modification of orders, including: <ul style="list-style-type: none"> ○ Maximum price variation thresholds ● Order price filter ● Order identification (markers), including: <ul style="list-style-type: none"> ○ Order for an insider or significant shareholder 	



3. Trading Rules, Orders and Activities		
SUB-COMPETENCY	KNOWLEDGE For Traders to understand as applicable	BEHAVIOURS AND SKILLS For Traders to apply as applicable
	<ul style="list-style-type: none"> ○ Client Identifiers/Legal Entity Identifiers ● Block trades ● Self trade prevention, including: <ul style="list-style-type: none"> ○ Cancel newest ○ Cancel oldest ○ Decrement and cancel ○ Trade and suppress ● Regulatory exemptions from the requirement for trades to be on a marketplace (i.e. off-marketplace), including: <ul style="list-style-type: none"> ○ Exempt distribution from control ○ Exempt take-over bid ○ Trades by a controlling shareholder under a NCIB ○ Trades during a statutory resale restriction ○ Certain designated trades as principal 	