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Contact:

Market Regulation Policy

e-mail: market_regulation_policy@ciro.ca

Guidance on Marketplace Thresholds

Executive Summary

The Canadian Investment Regulatory Organization (**CIRO**) is publishing updated guidance on the operation of price thresholds beyond which orders must be prevented from trading (**Marketplace Thresholds**). This Guidance has been updated to address the operation of Marketplace Thresholds during extended trading hours. In particular, this Guidance:

- extends the time period when Marketplace Thresholds would apply to include from 7:00 a.m. to 9:30 a.m. ET and from 4:00 p.m. to 8:00 p.m. ET
- requires marketplaces to reset the One-Minute Reference Price to match the opening price on the listing exchange once the opening trade has occurred
- clarifies the operation of Marketplace Thresholds during periods of limited trading activity.

Each marketplace in Canada that has retained CIRO as its regulation services provider must implement the Marketplace Thresholds.

In this guidance, all rule references are to the Universal Market Integrity Rules (**UMIR**) unless otherwise specified.

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1. Background

A Marketplace Threshold is triggered when a marketplace receives an order that, if executed, would exceed the prescribed threshold level for that security. They operate as part of a multi-tiered approach to preventing erroneous orders and controlling short-term, unexplained price volatility. Marketplace Thresholds are based on principles to reduce the need for regulatory intervention, support the market-wide operation of the price discovery mechanism, and limit regulatory burden on industry stakeholders.

The Guidance confirms that Marketplace Thresholds:

- are required on each marketplace that has retained CIRO as its regulation services provider;
- apply to continuous trading during both the core trading hours and extended hours;
- set specific price thresholds beyond which a marketplace may not execute an order unless consented to by a Market Integrity Official;
- are measured against two reference prices: the national last sale price and the One-Minute Reference Price;
- do not require controls on the volume of an order;
- apply to all orders except for: a Basis Order, a Closing Price Order, a Special Terms Order, a Volume-Weighted Average Price Order, an Opening Order, a Market-on-Close Order, Net Asset Value Order, and an order that participates in an auction following the resumption of trading after a trading halt;
- apply to an order received by a marketplace as a directed-action order (**DAO**); and
- should be publicly disclosed on the website of each marketplace, along with the functionality of the control mechanism(s) used to implement the Marketplace Thresholds.

In setting specific Marketplace Thresholds, CIRO is not limiting its ability to bring forth enforcement action with respect to trading activity that may have occurred within the prescribed thresholds but is still considered to be in contravention of CIRO rules. In addition, the application of specific Marketplace Thresholds does not impede CIRO's existing authority under UMIR to vary or cancel trades.

2. Provision for Marketplace Thresholds

Section 8 of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (**Electronic Trading Rules**) provides that a marketplace must not permit the execution of orders for exchange-traded securities to exceed the price and volume thresholds set by the marketplace or, if the marketplace has retained a regulation services provider, its regulation services provider. Since all marketplaces trading listed securities and quoted securities in Canada have retained CIRO to be their regulation services provider, the thresholds are established by CIRO.[1]

[1] If CIRO ceases to be the regulation services provider for any marketplace trading listed or quoted securities, subsection 8(2) of the Electronic Trading Rules would require CIRO to coordinate the thresholds with the other regulation services providers and any Exchanges or QTRSs that perform their own market integrity regulation.

3. Principles guiding Marketplace Thresholds

CIRO has established three guiding principles to ensure Marketplace Thresholds effectively control price movement and can be appropriately integrated into the multi-tiered approach for the control of short-term volatility and the prevention of erroneous orders.

3.1 Application prior to the level of volatility for regulatory intervention

The first guiding principle is that Marketplace Thresholds should be implemented to preclude reaching levels of volatility where regulatory interference becomes necessary to maintain market integrity. The prescribed parameters of Marketplace Thresholds have been chosen to generally preclude the execution of an order that would otherwise trigger regulatory intervention in the form of a Single-Stock Circuit Breaker (**SSCB**) or the application of CIRO's policies and procedures for the variation or cancellation of trades[2] (**Unreasonable Trade Policy**). The circumstances when a SSCB would be triggered for a security are set out in CIRO Bulletin GN-URPART10-26-0001 *Guidance on Single-Stock Circuit Breakers* (February 23, 2026). The Unreasonable Trade Policy sets out the circumstances when CIRO would not intervene and identifies the factors that would be considered when CIRO would exercise its discretion to intervene for the cancellation or variation of trades.

Marketplace Thresholds are designed to prevent the execution of an order that exceeds the prescribed parameters and is:

- a single active order received by the marketplace;
- part of a series of orders for a particular security, of which most have been generated from the same source (e.g. the same "Trader ID") over a very short period; or
- one of a series of stop-loss orders for a particular security that are held by the marketplace for processing which have been triggered at the same time or in succession over a very short period.

3.2 Minimum impact on price discovery and access to "tradable" liquidity

The second guiding principle is that the control mechanisms underlying the Marketplace Thresholds should limit interference with the execution of orders at reasonable prices. While specific Marketplace Threshold levels are prescribed in this Guidance, the control mechanism that a marketplace may employ to implement the Marketplace Thresholds is not. A marketplace should have flexibility to choose the control mechanism that best suits its platform and customers. To preserve a fair and orderly market, a marketplace's control mechanism should:

- have the least amount of impact that is practical on the market-wide operation of the price discovery mechanism and access to "tradable" liquidity
- not exacerbate price movement during periods of rapid market volatility by:
    - preventing access to orders that would otherwise be able to execute at "acceptable" prices; or

[2] For details on CIRO's Unreasonable Trade Policy, see CIRO Notice 12-0258 Guidance on Regulatory Intervention for the Variation or Cancellation of Trades (August 20, 2012).

- redirecting “unacceptable” orders to other marketplaces or returning the orders to a smart order router for re-entry on another marketplace.

A control mechanism used to implement the Marketplace Thresholds that simply rejects offending orders would not meet the principle of not exacerbating price movement during periods of rapid market volatility. However, providing a message with the reason for the rejection would meet this principle.

Offending orders could also be prevented by executing up to the limit set by the Marketplace Thresholds with the remaining balance either re-priced and booked as a limit order at that price or cancelled with a message sent to the originator of the order indicating the reason for the re-price or cancellation. When a Participant or Access Person that entered the order receives notice that an order or a portion of an order had been re-priced or cancelled, the Participant or Access Person is given the opportunity to review the order to ensure that its re-entry would not interfere with a fair and orderly market and not contravene requirements set under UMIR Policy 7.1.

3.3 Minimum imposition of regulatory burden on other entities

The third and final guiding principle is that the control mechanism adopted by a marketplace should, to the greatest extent possible, not impose a regulatory burden (including the need for technological changes) on other marketplaces or on service providers, regulation services providers, information processors, Participants and Access Persons.

4. Elements of Marketplace Thresholds

4.1 Hours of operation

Marketplace Thresholds operate at the prescribed levels during the following continuous trading sessions:

- core trading hours of 9:30 a.m. to 4:00 p.m. ET
- extended hours from 7 a.m. to 9:30 a.m., and 4:00 p.m. to 8:00 p.m. ET.

CIRO Market Surveillance continues to monitor trading in listed securities during all hours when a marketplace for which CIRO acts as the regulation services provider is open for trading, including during extended hours.[3]

The current framework of Marketplace Thresholds does not apply to overnight trading after 8:00 p.m. ET. If a marketplace is approved to offer overnight trading in the future, CIRO would assess the volatility controls framework as a whole to determine the appropriate regulatory approach at that time.

[3] CIRO acts as the regulation services provider for the equity marketplaces listed at https://www.ciro.ca/markets/equity-markets-we-regulate

4.2 Prescribed Marketplace Thresholds

4.2.1 Threshold levels

The following table sets out the price parameters for Marketplace Thresholds:

Class of Security	Price Category of Security	Threshold Level
Securities not subject to SSCBs	0.00 > - < 0.50	300%
	0.50 ≥ - < 1.00	50%
	1.00 ≥ - < 5.00	30%
	5.00 ≥ - < 10.00	20%
	10.00 ≥ - < 30.00	15%
	30.00+	10%
Exchange-listed Debt	All price categories	20%
Exchange-Traded Funds (other than Leveraged Exchange-Traded Funds)	All price categories	10%
Leveraged Exchange-Traded Funds	All price categories	Multiple of leverage multiplied by 10%[4]
Securities subject to SSCBs[5] (excluding all Exchange-Traded Funds)	All price categories	10%

[4] For example, a Leveraged Exchange-Traded Fund that is leveraged at a 2:1 ratio would be subject to a 20% threshold.

[5] See **https://www.ciro.ca/rules-and-enforcement/universal-market-integrity-rules/single-stock-circuit-breakers** for a daily list of securities that are subject to SSCBs.

4.3 Price category determination

The price category of a security will be based on the last NLSP of that particular security on the immediately preceding trading day on the exchange on which the security is listed. For a newly listed security, the listing exchange is expected to notify all other marketplaces of the initial price category for that security by no later than the evening prior to the first trading day of the security. This process is expected to be similar to current practice to identify the price at which a newly listed security will trade to determine a standard trading unit for that security.

4.4 Reference prices

To determine a price increase or decline, a marketplace must compare each order to two reference prices:

1. The national last sale price[6] of that security on that particular trading day (**NLSP**); and

2. The national last sale price of that security at the start of the most recent minute interval (**One-Minute Reference Price**).

The One-Minute Reference Price is the value of the NLSP at the start of each minute. It remains unchanged for that minute and is updated at the next one-minute interval based on the NLSP at that time.

For example, the One-Minute Reference Price at 10:01:08 is the value of the One-Minute Reference Price that was established at 10:01:00 and does not change, regardless of any trades occurring during that minute, until it is reset at 10:02:00 to the value of the NLSP at 10:02:00.

Marketplaces must:

- prevent the execution of the offending order that would trade at a price that exceeds the prescribed threshold level measured against either of these two reference prices, and
- configure these parameters in their systems to accommodate any future changes to either the threshold levels or the one-minute time interval.

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[6] UMIR 1.1 defines "last sale price" as the price of the last sale of at least one standard trading unit of a particular security displayed in a consolidated market display but does not include the price of a sale resulting from an order that is:

(a) a Basis Order;
(b) a Call Market Order;
(c) a Closing Price Order;
(d) a Special Terms Order unless the Special Terms Order has executed with an order or orders other than a Special Terms Order;
(e) a Volume-Weighted Average Price Order; or
(f) a Net Asset Value Order.

4.5 Trades exempt from Marketplace Thresholds

The following trades are not subject to Marketplace Thresholds:

- The first trade of each trading day in a particular security in Canada (including the Opening Trade[7] on the Primary Listing Exchange), and
- The first trade in a particular security in Canada after the lifting of a regulatory trading halt.

The first trade of each trading day in a particular security in Canada will set the initial NLSP.

When a marketplace opens for continuous trading at 7:00 a.m., orders will be exempt from Marketplace Thresholds until after the first trade of the day has been executed, which will set the first reference price for thresholds calculations. The first trade of each trading day in a particular security will set the initial NLSP but will not be subject to Marketplace Thresholds.

The last sale price from the previous trading day will not be used as a reference price in the calculation of Marketplace Thresholds.

Given "race conditions" and certain timing issues, it may be difficult at times for a marketplace to identify the first trade. However, a marketplace is expected to make reasonable efforts to identify the first trade of a trading day in a particular security on a marketplace to meet this aspect of the Guidance.

4.6 Reset of One-Minute Reference Price After Opening Trade

As Marketplace Thresholds will begin operating on marketplaces before the opening of a Primary Listing Exchange[8] (**Opening Trade**), there may be circumstances where a marketplace trade will set the One-Minute Reference Price shortly before the Opening Trade on a Primary Listing Exchange. For the purposes of this Bulletin, an "Opening Trade" means the trade resulting from an Opening Order[9] as defined under UMIR 1.1. Pursuant to UMIR 6.2(1)(b)(ii), all Opening Orders must be designated accordingly on a marketplace, and such designations are publicly displayed under UMIR 6.2(7)(a).

In the circumstances described above, an incoming order priced close to the price of the Opening Trade could be prevented from executing if it exceeds the Marketplace Threshold measured against the earlier One-Minute Reference Price, notwithstanding that the Opening Trade has set the NLSP.

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[7] For the purposes of this Bulletin, an "Opening Trade" means the trade resulting from an Opening Order as defined under UMIR 1.1.

[8] See CIRO Bulletin **GN-URPART1-25-0001** – UMIR – *Primary Listing Exchange Designation* (August 19, 2025).

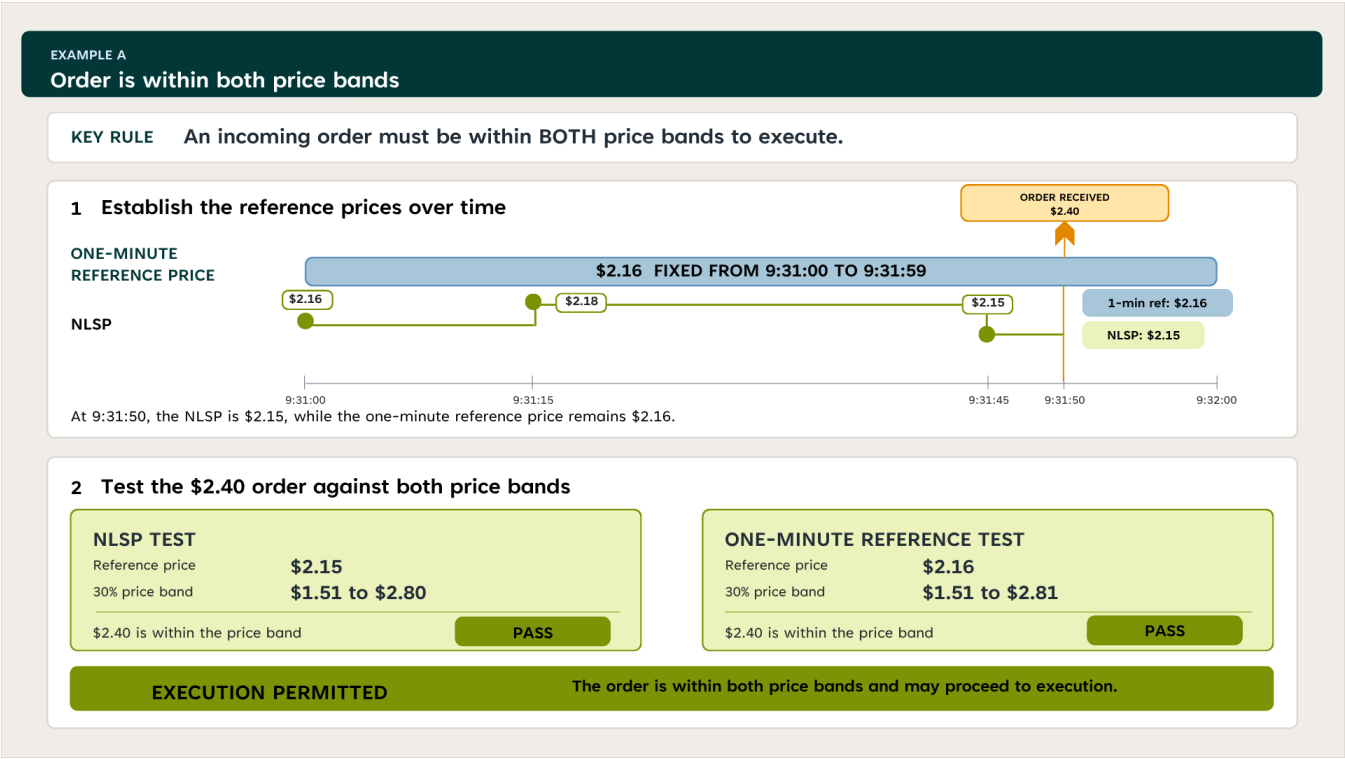
[9] Under UMIR 1.1, an "Opening Order" is defined as an order for the purchase or sale of a security entered on a marketplace prior to the opening of trading on that marketplace on a trading day for the purpose of calculating and executing at the opening price of the security on that marketplace on that trading day provided an order shall cease to be an Opening Order if the order does not trade at the opening of trading of that security on that marketplace on that trading day.

To mitigate this risk, once the Opening Trade has occurred on the Primary Listing Exchange, all marketplaces must reset the One-Minute Reference Price for that security to match the price of the Opening Trade on the Primary Listing Exchange.

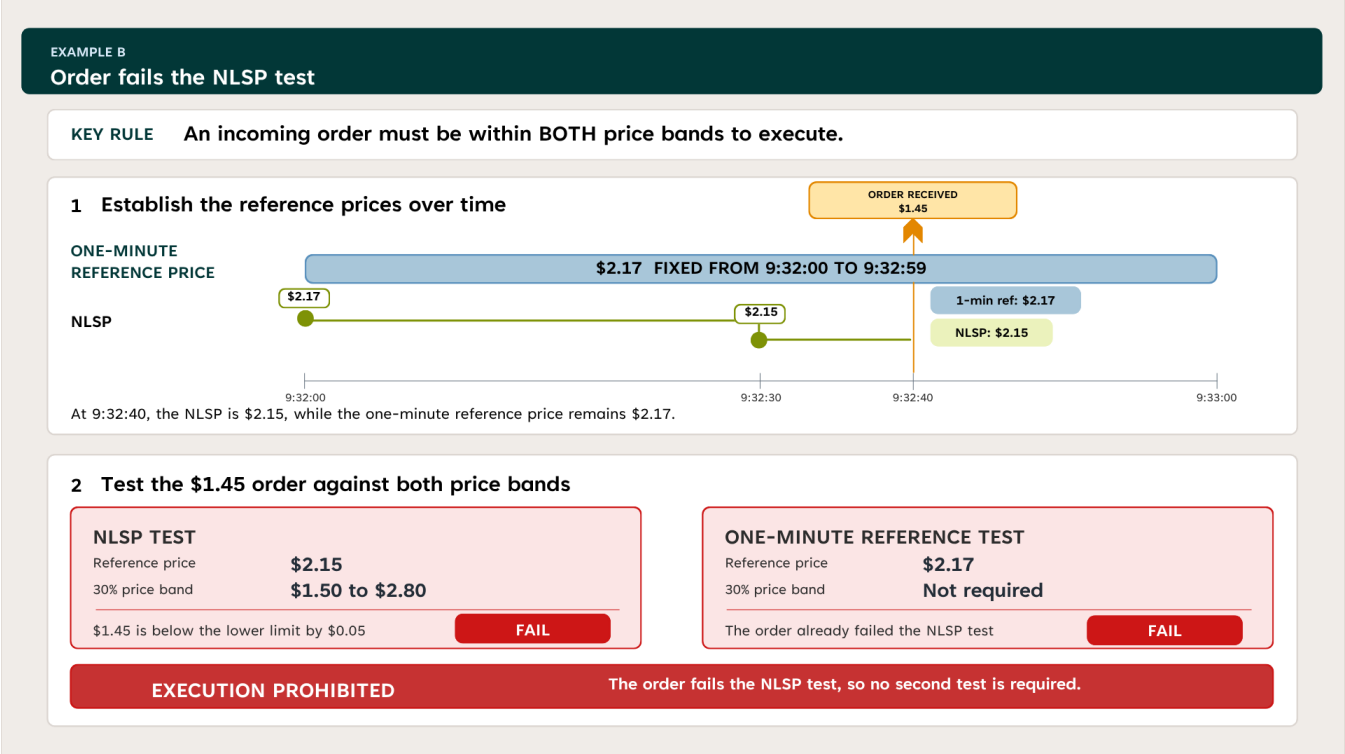
For example, if a marketplace trade at 9:29:45 a.m. establishes a One-Minute Reference Price of $7.00, and the Opening Trade on the Primary Listing Exchange occurs at 9:30:05 a.m. at $10.20, marketplaces must reset the One-Minute Reference Price to $10.20 once the Opening Trade has occurred.

4.7 Operation of Reference Prices

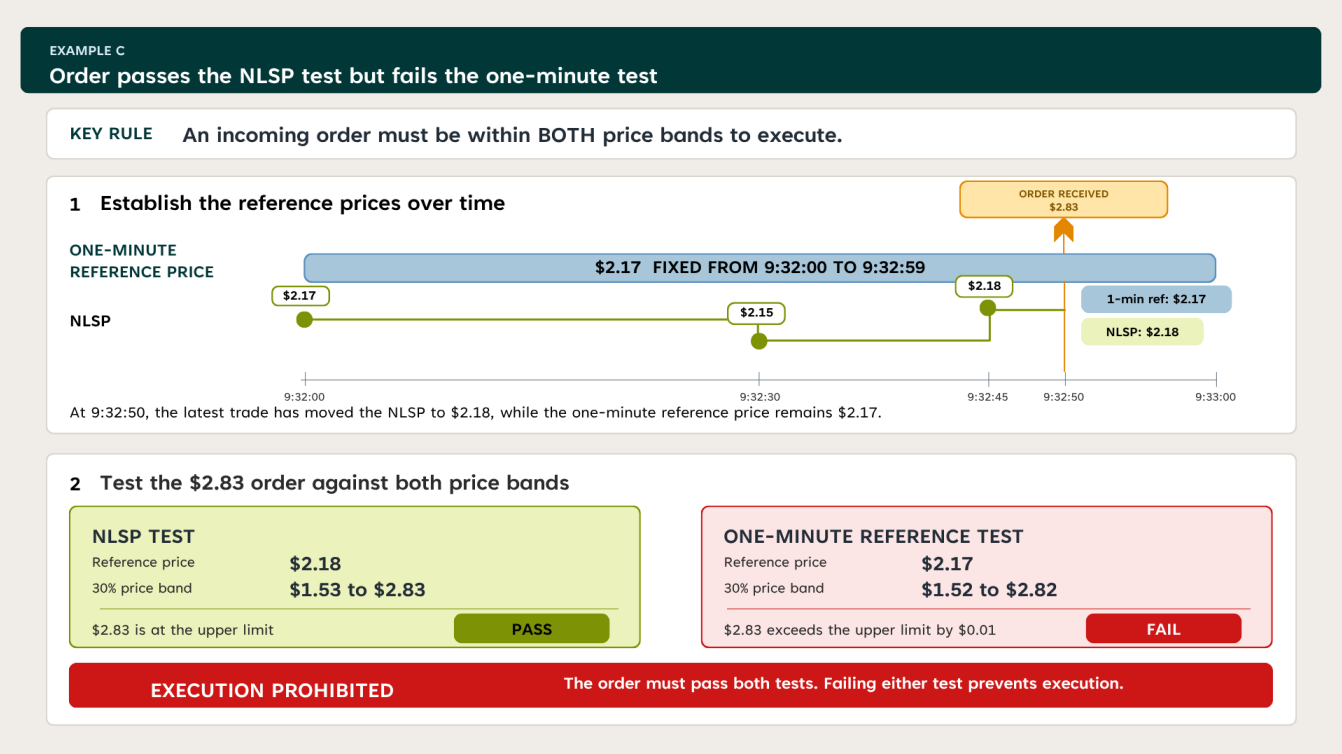
Below are examples that highlight the interplay of the NLSP and One-Minute Reference Price bands to create the Marketplace Thresholds used to prevent offending orders from execution.



- Order for $2.40 received at 9:31:50
- Order is measured against NLSP ($2.15) ±30%. NLSP price band is $1.51 - $2.80.
- Order price is within the Marketplace Threshold.
- Order is measured against One-Minute Reference Price ($2.16) ±30%. One-Minute Reference Price band is $1.51 - $2.81.
- Order price is within the Marketplace Threshold.
- Order is submitted for execution.



- Order for $1.45 received at 9:32:40
- Order is measured against NLSP ($2.15) ±30%. NLSP price band is $1.50 - $2.80.
- Order price is outside the Marketplace Threshold and order execution is prohibited.
- The order does not need to be checked measured against the One-Minute Reference Price as execution is prohibited when measured against the NLSP.



- Order for $2.83 received at 9:32:50.
- Order measured against NLSP ($2.18) ±30%. NLSP price band is $1.53 - $2.83.
- Order price is within the Marketplace Threshold.
- Order measured against One-Minute Reference Price ($2.17) ±30%. One-Minute Reference Price band is $1.52 - $2.82.
- Order price is outside the one-minute reference price band and Marketplace Threshold and order execution is prohibited.

4.8 Operation of Marketplace Thresholds during periods of limited trading activity

The One-Minute Reference Price is used to mitigate the risk of significant price movement over a short period of time, including movements that may result from a runaway algorithm or a series of stop-loss orders triggered at the same time or in succession.

If for example, no trades occur in a security for an extended period after 4:00 p.m., the NLSP and the One-Minute Reference Price will equal the same price. In that case, Marketplace Thresholds will continue to be calculated by reference to both the NLSP and the One-Minute Reference Price; however, both reference prices will have the same value. The following scenario below illustrates how Marketplace Thresholds are calculated during trading sessions where there may be limited trading activity in a security:

How the One-Minute Reference Price operates:

- At 3:59:00 p.m., a trade occurs at $5.00 on Marketplace A. This becomes the One-Minute Reference for one minute from 3:59 to 4:00 p.m.

- At 3:59:30 p.m., there is a trade at $5.01 on Marketplace B, which sets the NLSP.
- For any incoming orders between 3:59:30 p.m. to 4:00 p.m., the two reference prices are:
    - $5.00, being the One-Minute Reference Price
    - $5.01, being the NLSP.
- If no further trades occur after 4:00 p.m., then the two reference prices will be:
    - $5.01, being the NLSP
    - $5.01, which becomes the One-Minute Reference Price at 4:00 p.m. based on the value of the NLSP.

Accordingly, where there are no trades for an extended period after 4:00 p.m., the NLSP and the One-Minute Reference Price will be the same.

4.9 Threshold override

In instances where it is appropriate for an order to be executed outside of the prescribed Marketplace Thresholds, marketplaces are expected to implement their control mechanisms with the ability to override the system such that an order that would otherwise be prevented from trading could be permitted to execute. A marketplace may only use this feature upon instruction or prior consent from a Market Integrity Official to maintain a fair and orderly market.

Threshold Override requests should be directed to a CIRO Market Integrity Official by the relevant marketplace. If a Participant's order is rejected by a Marketplace Threshold, the Participant may contact the marketplace where the rejection occurred so that the marketplace can request an override from CIRO, where appropriate.

4.10 No requirement for volume controls

A volume control is not part of the Marketplace Threshold regime. This is due to the specific obligations imposed on Participants and Access Persons to have automated controls prior to order entry,[10] and the difficulty to accurately determine the order volume controls that would be appropriate for a particular Participant or Access Person. Nonetheless, under the Electronic Trading Rules, a marketplace may introduce volume controls in its regular assessment of any risk management and supervisory controls, policies and procedures relating to electronic trading.[11]

4.11 Application to all marketplaces

Each marketplace in Canada that has retained CIRO as its regulation services provider must adopt Marketplace Thresholds. Since it is possible for dark orders to execute at prices outside of the Marketplace Threshold parameters if the national best bid and offer are wide enough, Marketplace Thresholds must be implemented on all marketplaces, including non-transparent marketplaces, so that short-term volatility and erroneous orders are effectively addressed.

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[10] See UMIR Policy 7.1, Part 7.

[11] See Subsection 7(2) of NI 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*.

4.12 Orders subject to Marketplace Thresholds

Marketplace Thresholds apply to all orders except for the following because these orders do not set the last sale price:

- a Basis Order,
- a Closing Price Order,
- a Net Asset Value Order,
- a Special Terms Order, and
- a Volume-Weighted Average Price Order.

In addition, Marketplace Thresholds do not apply to:

- an Opening Order,
- a Market-on-Close order, and
- an order that participates in a post-halt auction.

Opening Orders are excluded to prevent the unnecessary triggering of a Marketplace Threshold in the instance where the execution of an Opening Order in a security may be delayed, and the price of an Opening Order may be materially different from a trade in that security that took place earlier that trading day. Not applying Marketplace Thresholds to Opening Orders, Market-on-Close Orders and orders that participate in a post-halt auction will ensure that they may be executed at their calculated prices. However, the price of an Opening Order, Market-on-Close Order or order participating in a post-halt auction can be used to set the NLSP for the purposes of Marketplace Threshold calculations.

4.13 Application of Marketplace Thresholds to Directed-Action Orders

DAOs are subject to Marketplace Thresholds.[12] While a DAO is an instruction to the receiving marketplace to immediately execute the order without reference to the prices of orders on other marketplaces, Marketplace Thresholds must prevent the execution of a DAO that exceeds the prescribed price parameters.

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[12] Under National Instrument 23-101 *Trading Rules*, a "directed-action order" means a limit order for the purchase or sale of an exchange-traded security, other than an option, that,

(a) when entered on or routed to a marketplace is to be immediately
  (i) executed against a protect order with any remained to be booked or cancelled; or
  (ii) placed in an order book;
(b) is marked as a directed-action order; and
(c) is entered or routed at the same time as one or more additional limit orders that are entered on or routed to one or more marketplaces, as necessary, to execute against any protected order with a better price than the order referred to in paragraph (a).

4.14 Transparency of Marketplace Threshold functionality

Transparency of Marketplace Threshold functionality provides certainty to Participants and Access Persons on how a marketplace will treat an order that exceeds Marketplace Thresholds.

Each marketplace is expected to publicly disclose a detailed description of the functionality of the control mechanism(s) it uses to implement the Marketplace Thresholds. The description should provide specific examples of how the marketplace will handle an order that triggers a Marketplace Threshold.

4.15 Other marketplace controls

The Marketplace Thresholds prescribed in this Guidance are the minimum price levels at which a marketplace must prevent the execution of an order for a listed or quoted security. However, a marketplace may implement tighter price levels and introduce other controls to address the risks of electronic trading that take place on its platform or to provide an additional customer service offering. This type of functionality is expected to be submitted for review by the applicable securities regulatory authority prior to operation and would be publicly and clearly disclosed on the marketplace's website.

5. Applicable Rules

UMIR Rules this Guidance Note relates to:

- UMIR 1.1
- UMIR 2.2
- UMIR Policy 7.1

6. Previous Guidance Note(s)

This Guidance note repeals and replaces:

- CIRO Notice 15-0186 – Rules Notice – Guidance Note – UMIR – *Guidance on Marketplace Thresholds* (August 5, 2015).
- CIRO Notice 16-0138 – Rules Notice – Guidance Note – UMIR – *Additional Guidance Respecting Single-Stock Circuit Breakers and Marketplace Thresholds* (June 20, 2016).

7. Related Documents

This Guidance Note is related to the following Guidance Notes:

- GN-URPART10-26-XXXX – Guidance Note – UMIR – *Guidance on Single-Stock Circuit Breakers* (XXXX XX, 2026).
- CIRO Notice 12-0258 – Rules Notice – Guidance Note – UMIR – *Guidance on Regulatory Intervention for the Variation or Cancellation of Trades* (August 20, 2012).