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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 ~~regarding~~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 ~~IIROC~~CIRO as its regulation services provider must ~~build a mechanism to~~ 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. ~~The~~ Marketplace Thresholds are based on principles ~~focused on reducing~~to reduce the need for regulatory intervention, ~~limiting regulatory burden on industry stakeholders, and supporting~~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 ~~IIROC~~CIRO as its regulation services provider;
- apply to continuous trading during both the core trading hours ~~of 9:30 a.m. to 4:00 p.m. ET~~and extended hours;
- set specific price thresholds beyond which a marketplace may not execute an order unless consented to by a Market Integrity Official;
- ~~will measure~~are measured against two reference prices: the national last sale price and the ~~national last sale price established at one-minute intervals~~One-Minute Reference Price;
- ~~need~~do not ~~include~~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 ~~(at least~~ on the website of ~~the~~each marketplace~~) as to~~, along with the functionality of the control mechanism(s) used to implement the Marketplace Thresholds.

~~In this guidance, all rule references are to UMIR unless otherwise specified.~~

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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. ~~1.~~ Provision for Marketplace Thresholds

Section 8 of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (**"Electronic Trading ~~Rule~~"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 ~~IIROC~~CIRO to be their regulation services provider, the thresholds ~~would be~~are established by ~~IIROC~~CIRO.[1]

3. ~~2.~~ Principles ~~Guiding~~guiding Marketplace Thresholds

~~IIROC~~CIRO has established three guiding principles to ~~help~~ ensure Marketplace Thresholds effectively control price movement and can be appropriately integrated into ~~a~~the multi-tiered approach for the control of short-term volatility and the prevention of erroneous orders.[2]

3.1 ~~2.1~~ Application ~~Prior~~prior to ~~Level~~the level of ~~Volatility~~volatility for ~~Regulatory Intervention~~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**")[3] or the application of ~~IIROC~~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 ~~IIROC Notice 14-0170 –~~CIRO Bulletin GN-URPART10-26-0001 *Guidance ~~Respecting the Expansion of~~on Single-Stock Circuit Breakers* (~~July 10~~February 23, ~~2014~~2026).

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

~~[2] See Section 2.1 – Controlling Unexplained Price Volatility in IIROC Notice 14-0089 – Request for Comments – Proposed Guidance on Marketplace Thresholds (April 3, 2014).~~

~~[3] For details on the current operation of Single-Stock Circuit Breakers, see IIROC Notice 14-0170 – Guidance Note – *Guidance Respecting the Extension of Single-Stock Circuit Breakers* (July 10, 2014).~~

[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).

The Unreasonable Trade Policy sets out the circumstances when ~~IIROC~~CIRO would not intervene and identifies the factors that would be ~~taken into account~~considered when ~~IIROC~~CIRO would exercise its discretion to intervene for the cancellation or variation of trades.[4]

~~The operation of~~ Marketplace Thresholds ~~has been~~are designed to ~~preclude~~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, ~~the preponderance~~ of which most have been generated from the same source (e.g. the same "Trader ID") over a very short period ~~of time~~; 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 ~~of time~~.

3.2 ~~2.2~~ Minimum ~~Impact~~impact on ~~Price Discovery~~price discovery and ~~Access~~access to "~~Tradable" Liquidity~~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. ~~IIROC believes that it is beneficial for a~~A marketplace ~~to~~should have flexibility ~~in choosing~~to choose the control mechanism that best suits its platform and customers~~; however there are a number of principles that~~. To preserve a fair and orderly market, a marketplace's control mechanism should ~~follow in order to preserve a fair and orderly market. One such principle is that the 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~~.~~
- ~~As well, the control mechanism should~~ 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
  - ~~.~~ redirecting "unacceptable" orders to other marketplaces or returning the orders to a smart order router for re-entry on another marketplace.

~~We note that if the~~A control mechanism used to implement the Marketplace Thresholds that simply rejects offending orders~~, that mechanism~~ would not meet the principle of not exacerbating price

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[4] ~~The Unreasonable Trade Policy is set out in IIROC Notice 12-0258 – Guidance Note – *Guidance on Regulatory Intervention for the Variation or Cancellation of Trades* (August 20, 2012).~~

movement during periods of rapid market volatility. ~~Amending the functionality to provide~~However, providing a message ~~as to~~with the reason for the rejection ~~however,~~ would meet this principle.

~~As well, the execution of offending~~Offending orders could ~~equally~~also be ~~precluded~~prevented by executing ~~the order~~up to the limit ~~provided~~set by the Marketplace Thresholds with the remaining balance ~~of the order~~ 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. ~~Upon the~~When a Participant or Access Person that entered the order ~~receiving~~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 ~~2.3~~ Minimum ~~Imposition of Regulatory Burden on Other Entities~~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 ~~so that these entities are not unnecessarily burdened by the introduction of a Marketplace Threshold control mechanism~~.

4. ~~3.~~ 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 ~~3.1~~ Prescribed Marketplace Thresholds

4.2.1 ~~3.1.1~~ Threshold ~~Levels~~levels

~~Until changed with the issuance of further guidance, the~~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	~~not subject~~ 0.00 > - ~~.50~~0.50 <	300%
	~~.50 ≥ -~~ 1.00 ~~<~~0.50 ≥ - <	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]

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

Securities subject to SSCBs[5] (excluding all Exchange-Traded Funds)	All price categories	10%

~~A Marketplace Threshold is to be triggered for a particular security when an order is received by a marketplace that, if executed, would exceed the prescribed threshold level.~~

~~In setting specific Marketplace Thresholds, IIROC 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 IIROC rules. As well, the application of specific Marketplace Thresholds does not impede IIROC's existing authority under UMIR to vary or cancel trades.~~

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 ~~3.1.2~~ Reference ~~Prices~~prices

~~For the purposes of determining~~To determine a price increase or decline, a marketplace must compare each order ~~of a security to be traded on the marketplace~~ to two reference prices:

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

[5] See ~~http://www.iiroc.ca/industry/rulebook/Pages/SSC-Breakers.aspx~~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.

[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; ~~or~~
(e) a Volume-Weighted Average Price Order; or
(f) a Net Asset Value Order.
(g)

2. ~~the~~The national last sale price of that security ~~that occurred on~~at the start of the most recent minute interval (~~"~~**One-Minute Reference Price**~~"~~). ~~For example: at 10:00:00 the~~

The One-Minute Reference Price ~~would be~~is the value of the NLSP at ~~10:00:00 and~~the start of each minute. It remains ~~constant~~unchanged for ~~one~~that minute ~~until it~~and is updated at the next one-minute ~~increment~~interval based on the NLSP at ~~10:01:00. Therefore, the value of~~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 ~~orders~~trades occurring during that ~~are executed~~minute, until it is reset at 10:02:00 to the value of the NLSP at 10:02:00.

~~If an order, on execution,~~

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 reference prices, the marketplace must preclude the execution of the offending order.~~
  - ~~To accommodate any future changes to either~~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~~, we expect marketplaces to ensure that these parameters are configurable in their systems~~.
  -

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.

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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.

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).
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- 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.
-
- 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.
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- 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.
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4.7 Operation of Reference Prices

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

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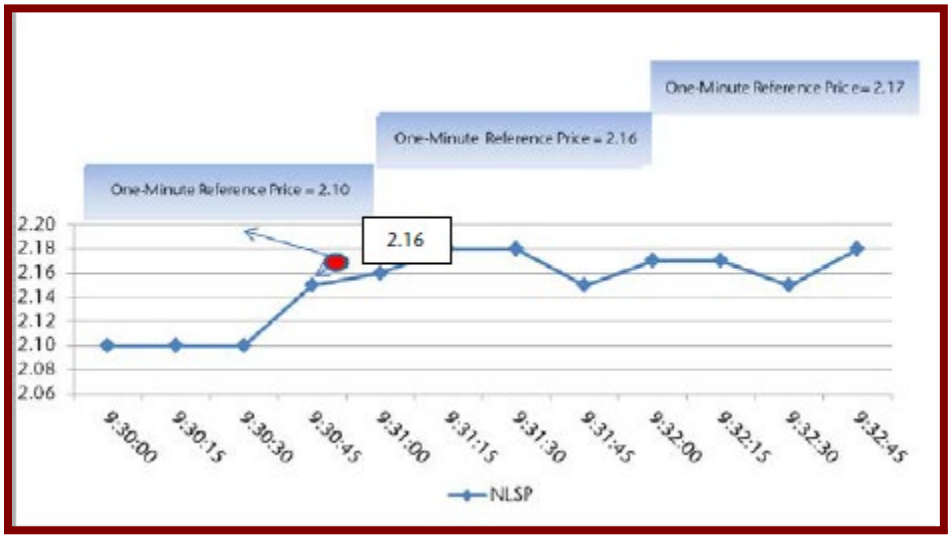
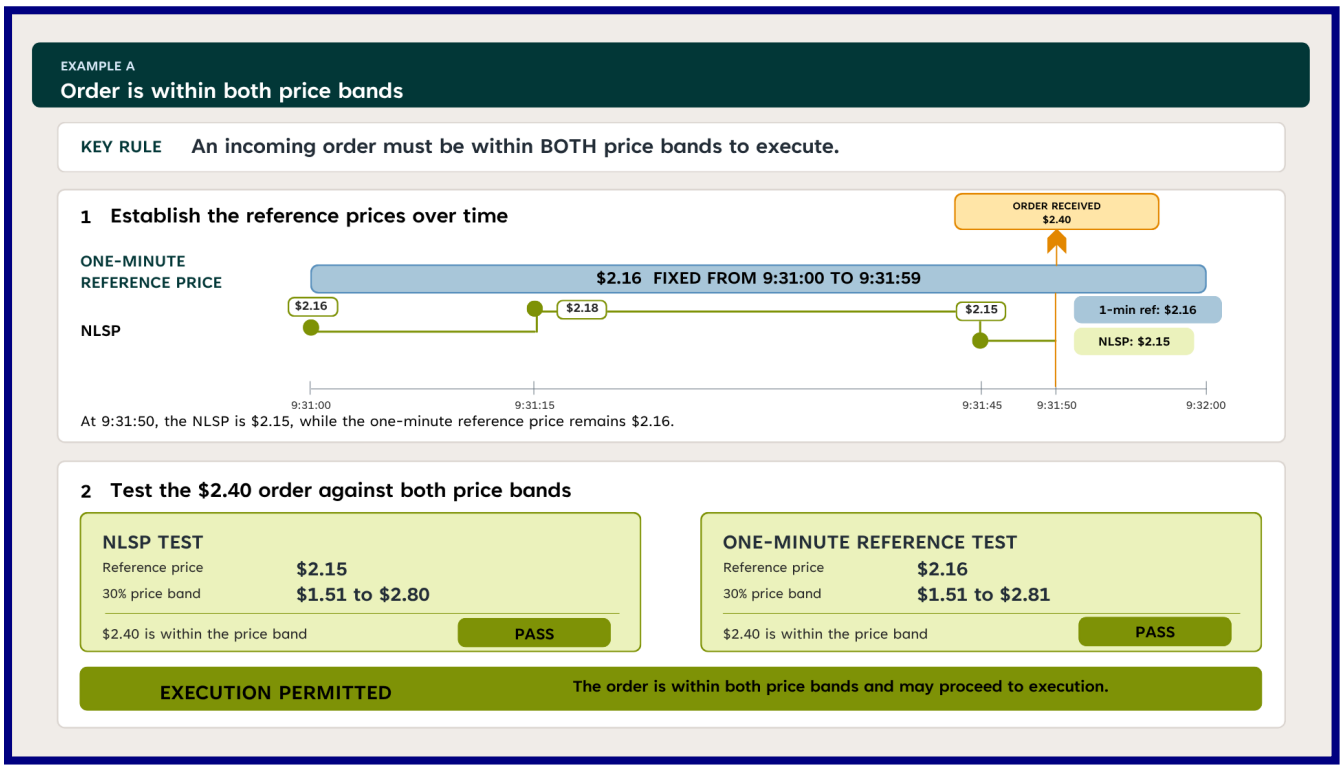
[8] See CIRO Bulletin GN-URPART1-25-0001 – UMIR – *Primary Listing Exchange Designation* (August 19, 2025).

[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.

~~Example A~~

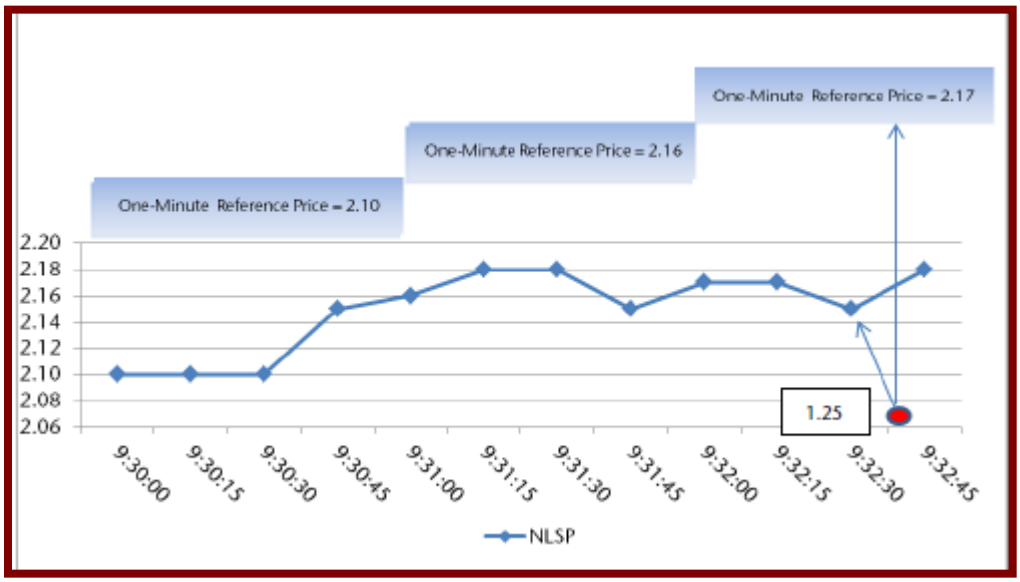


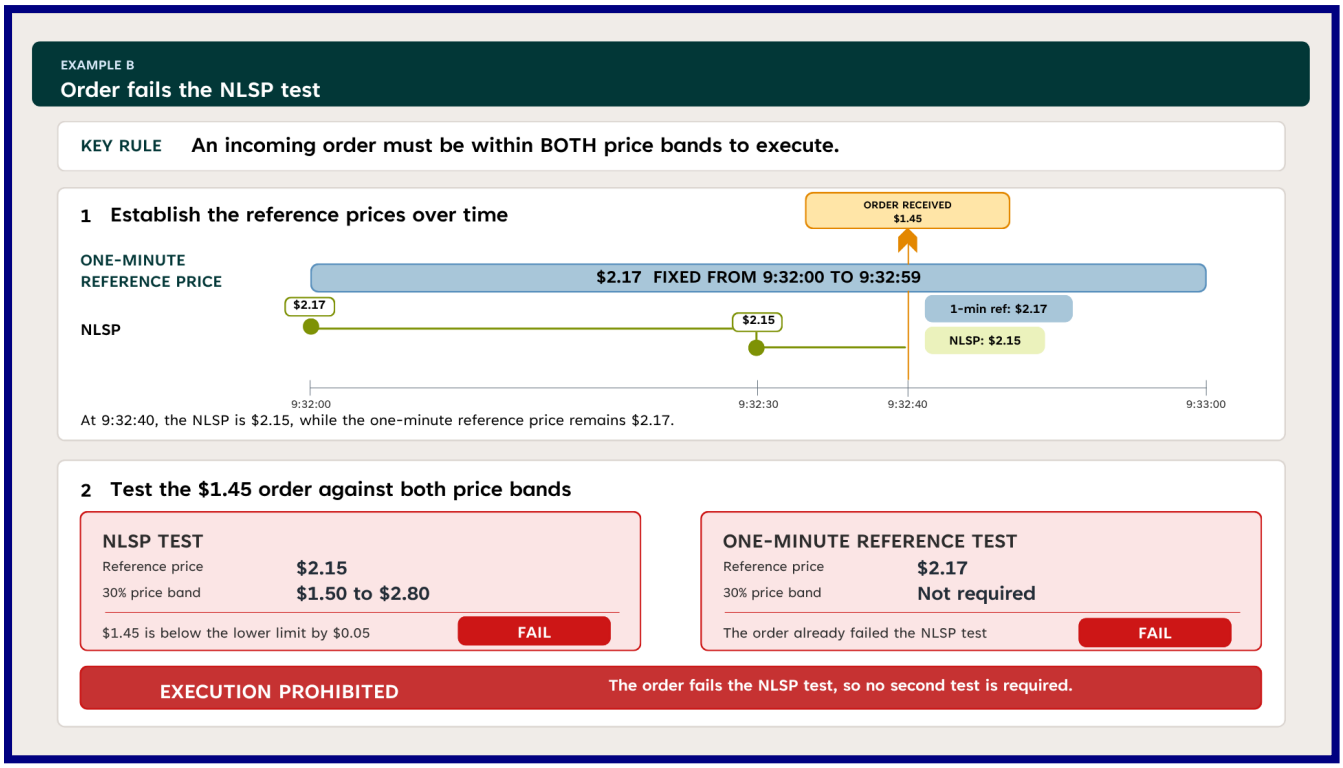


- Order for $2.40 received at ~~9:30:50 ($2.16)~~9:31:50
- ~~Measured~~Order is measured against NLSP ($2.15) ~~+/-~~ ±30%. NLSP price band is $1.51 - $2.80.
- Order price is within the Marketplace Threshold.
- ~~Measured~~Order is measured against One-Minute Reference Price ($~~2.10~~2.16) ~~+/-~~ ±30%. One-Minute Reference Price band is $~~1.47~~1.51 - $~~2.73~~2.81.

- Order price is within the Marketplace Threshold.
- Order is submitted for execution.

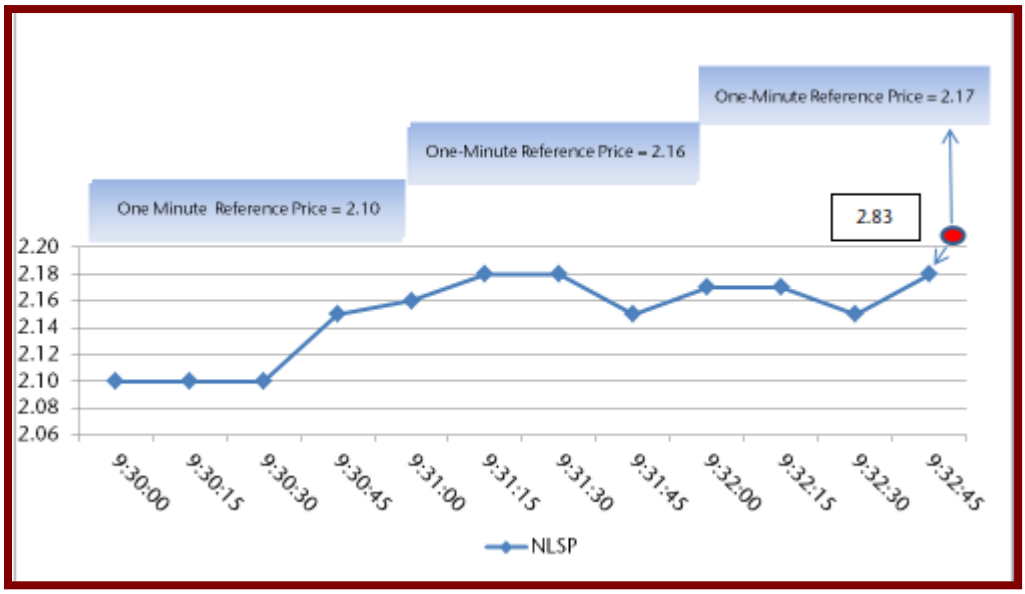
~~Example B~~

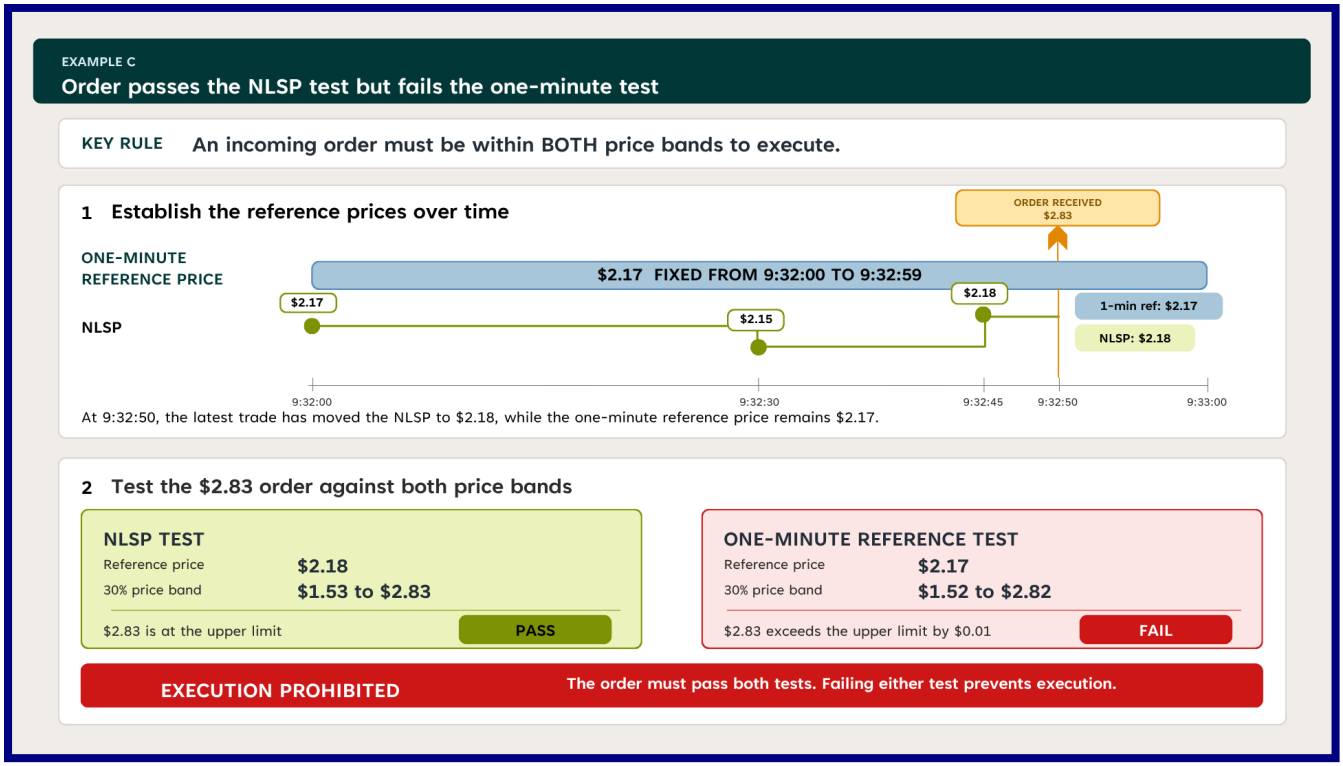




- Order for $1.45 received at 9:32:40 ~~($1.25)~~
- ~~Measured~~Order is measured against NLSP ($2.15) ~~+/-~~ ±30%. NLSP price band is $1.50 - $2.80.
- Order price is outside the Marketplace Threshold and order execution is prohibited.
- The order does not need to be checked measured against the One-Minute Reference Price as execution is prohibited when measured against the NLSP.

~~Example C~~





- Order for $2.83 received at 9:32:50 ~~($2.83)~~.
- ~~Measured~~Order measured against NLSP ($2.18) ~~+/-~~ ±30%. NLSP price band is $1.53 - $2.83.
- Order price is within the Marketplace Threshold.

- ~~Measured~~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.

~~3.1.3 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, we expect the listing exchange to send a notice by the evening prior to the first trading day of the security to all other marketplaces indicating the initial price category for that security. We expect this process to be similar to current practice for determining the price at which a newly listed security will trade for the purposes of calculating a "standard trading unit" for that security.~~

4.8 ~~3.1.4 Hours of~~ **Operation of Marketplace Thresholds** ~~are to operate at the prescribed levels during the core trading hours of 9:30 a.m. to 4:00 p.m. ET.~~**during periods of limited trading activity**

~~3.1.5 First Trade Exempt from Thresholds~~

~~The first trade of each trading day in a particular security in Canada will set the initial NLSP but will not be subject to Marketplace Thresholds. Similarly, the first trade in a particular security in Canada after the lifting of a regulatory trading halt will not be subject to Marketplace Thresholds. Given race conditions and certain timing issues, it may be difficult at times for a marketplace to identify the first trade of a trading day in a particular security. However, if a marketplace makes reasonable efforts to identify the first trade of a trading day in a particular security on a marketplace, it is IIROC's view that this would be sufficient to meet this aspect of the Guidance.~~

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 ~~3.1.6~~ Threshold ~~Override~~override

~~There may be~~In instances ~~when~~where it is appropriate for an order to be executed outside of the prescribed Marketplace Thresholds~~. To address this situation, it is expected that~~, marketplaces ~~build~~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. ~~This~~ A marketplace may only use this feature ~~is to be used by a marketplace only~~ upon instruction or prior consent from a Market Integrity Official ~~in order~~ to maintain a fair and orderly ~~markets~~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.

~~3.2 No Requirement for Volume Controls~~

~~Because of~~

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[~~7~~10] and the difficulty to accurately determine ~~an~~the order volume controls that would be appropriate for a particular Participant or Access Person~~, IIROC does not believe at this time that a volume control by itself should form part of the Marketplace Threshold regime~~. Nonetheless, under ~~NI 23-103~~the Electronic Trading Rules, a marketplace ~~is required to regularly assess whether it requires~~may introduce volume controls in its regular assessment of any risk management and supervisory controls, policies and procedures relating to electronic trading[~~8~~] ~~and in so doing may introduce volume controls~~.[11]

[~~7~~10] See UMIR Policy 7.1, Part 7.

[~~8~~] ~~Subsection 7(1) of NI 23-103~~

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

4.11 ~~3.3~~ Application to ~~All Marketplaces~~all marketplaces

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

4.12 ~~3.4~~ Orders ~~Subject~~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.[9] ~~These order types do not set last sale price, therefore we believe that these orders do not need to be subject to Marketplace Thresholds.~~

In addition, Marketplace Thresholds do not apply to:

- an Opening ~~Orders~~Order,
- a Market-on-Close ~~orders or orders~~order, and
- an order that ~~participate~~participates in a post-halt auction. ~~We have excluded~~

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. ~~We note however, that~~ 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 ~~3.5~~ Application of Marketplace Thresholds to Directed-Action Orders

DAOs are subject to Marketplace Thresholds.[~~10~~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

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[9] ~~Reference should be made to Rule 1.1 of UMIR for the definitions of these order types.~~

[~~10~~12] Under National Instrument ~~23-103~~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,

marketplaces, Marketplace Thresholds ~~will~~must prevent the execution of a DAO that exceeds the prescribed price parameters.

4.14 ~~3.6~~ Transparency of Marketplace Threshold ~~Functionality~~functionality

~~IIROC expects that each marketplace will~~

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~~, at least on the website of the marketplace,~~ 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 ~~will be handled by the marketplace.~~

~~Transparency of Marketplace Threshold functionality provides certainty to Participants and Access Persons as to how an order that exceeds Marketplace Thresholds will be treated by a marketplace~~.

4.15 ~~3.7~~ Other marketplace controls

The Marketplace ~~Controls~~

~~We note that the above thresholds~~Thresholds prescribed in this Guidance are the minimum price levels ~~whereby~~at which a marketplace must ~~preclude~~prevent the execution of an order for a listed or quoted security. However, a marketplace ~~is not prohibited from implementing~~may implement tighter price levels and ~~introducing~~introduce other controls to address the risks of electronic trading that take place on its platform or to provide an additional customer service offering. ~~We would expect that this~~ This type of functionality ~~would~~is expected to be submitted for review by ~~statutory regulators~~the applicable securities regulatory authority prior to operation and would be publicly and clearly disclosed on the ~~website of the~~ marketplace's website.

5. ~~4.~~ Applicable Rules

UMIR Rules this Guidance Note relates to:

- UMIR 1.1
- UMIR 2.2
- UMIR Policy 7.1

(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).
(d)

6. ~~5.~~ Previous Guidance Note(s)

This Guidance ~~Note~~note repeals and replaces:

~~Market Integrity Notice XX-XXX – *XXXX* (XX XX, 2003).~~

- 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. ~~6.~~ Related Documents

This Guidance Note is related to the following Guidance Notes ~~[indicate any guidance notes related to the same topic that are referenced within the body of the Guidance Note]~~ :

~~This Guidance Note is related to the following Bulletins [indicate implementation bulletin under which the Guidance Note is published]~~

~~7. Appendices~~

- 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).