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Rule Connection: UMIR

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Guidance on Single-Stock Circuit Breakers

Executive Summary

The Canadian Investment Regulatory Organization (**CIRO**) is publishing updated guidance on the exercise of the existing authority under the Universal Market Integrity Rules (**UMIR**)[1] to halt trading in a particular security as a result of a single-stock circuit breaker (**SSCB**).

~~Updates to this Guidance Note are being made as part~~This guidance expands the operation of the ~~UMIR Guidance Update Project. This project is to make non-material changes to improve clarity and accuracy and make it easier for investment dealers to find and understand, and assist in compliance with UMIR~~SSCB program to extended trading hours.

CIRO initially introduced SSCBs in 2012. The SSCB program has since expanded to include a broader range of listed securities and ~~to broaden~~additional periods of the ~~time during the~~ trading day ~~when SSCBs operate~~. Listed securities that are not covered by the SSCB program ~~will~~ continue to be subject to regulatory intervention by a Market Integrity Official by exercising their existing authority under UMIR.[2]

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

[1] Rule 10.9(1)(a) of UMIR provides a Market Integrity Official with the power to delay, halt or suspend trading at any time and for such a period of time as the Market Integrity Official may consider appropriate in the interest of a fair and orderly market.

[2] See Guidance Note **12-0258** - *Guidance on Regulatory Intervention for the Variation or Cancellation of Trades* (August 20, 2012).

Table of Contents

1. Background 3
2. Overview of SSCB Operation ~~of SSCBs~~ 4
3. Securities Covered by SSCB Program 5
3.1 Actively-Traded Securities 5
3.1.1 Use of Weighted Average 6
3.2 Exclusion of Initial Trading Data of Newly Listed Securities 6
4. SSCB Trigger Levels 6
5. Length of Trading Halt ..... ~~7~~8
6. ~~Trading~~ Hours ~~during which SSCBs may be Triggered ..... 8~~of Operation 9
7. Handling Trades Executed after the Triggering of a SSCB ..... ~~8~~9
8. Special Circumstances ..... ~~9~~10
9. Applicable Rules ..... ~~9~~10
10. Previous Guidance Note ..... ~~9~~10
11. Related Documents 10

1. Background

~~It is CIRO's view that market~~Market forces should generally drive trading activity without regulatory interference. Ordinarily, CIRO will only exercise its discretionary regulatory intervention to vary or cancel a trade in specific circumstances as set out in UMIR 10.9(1)(d) and 10.9(2) and further detailed in Guidance Note **12-0258** - *Guidance on Regulatory Intervention for the Variation or Cancellation of Trades* (August 20, 2012).

The SSCB regime was implemented in addition to the guidance relating to variation and cancellation of trades referenced above, and is intended to address rapid, significant and unexplained price movement in a particular security that calls into question whether there is a ~~"~~fair and orderly market~~"~~ for that security. SSCBs are intended to operate as part of a multi-tiered approach to controlling short term, unexplained price volatility. The four identified levels of ~~control~~controls are described below:

- The first set of controls is at the Participant level. Participants are required, under Part 1 of Policy 7.1 of UMIR, to have policies and procedures reasonably designed to ensure that trading is carried out in compliance with the applicable Requirements, which include provisions of securities legislation, UMIR, the Trading Rules[3] and the Marketplace Rules.[4]
- The second set of controls ~~would be~~is at the marketplace level. Each marketplace is expected to have effective volatility parameters in place that would detect "erroneous orders" prior to execution.[5]
- The third set of controls is SSCBs.
- The fourth set of controls are market-wide circuit breakers which would trigger and halt trading on all marketplaces when there are declines in prices ~~which~~that affect the market generally.[6]

Given the "tiered" nature of these controls, the content of the Requirements at each level must be co-ordinated to ensure that there are no readily identifiable gaps and that each set of controls is capable of "working" effectively in conjunction with the other levels. Market integrity requires that there be a

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[3] Per UMIR 1.1, "Trading Rules" means National Instrument 23-101 – *Trading Rules*, as amended, supplemented and in effect from time to time.

[4] Per UMIR 1.1, "Marketplace Rules" means the rules, policies and other similar instruments adopted by an Exchange or a QTRS as approved by the applicable securities regulatory authority but not including any rules, policies or other similar instruments related solely to the listing of securities or derivatives on an Exchange or to the quoting of securities on a QTRS.

[5] Under section 8 of National Instrument 23-103 - *Electronic Trading and Direct Electronic Access to Marketplaces*, marketplaces are required to prevent the execution of orders exceeding price and volume thresholds set by a marketplace or a regulation services provider. For additional guidance on marketplace thresholds, see Guidance Note **15-0186** - *Guidance on Marketplace Thresholds* (August 5, 2015) and Guidance Note **16-0138** - *Additional Guidance Respecting Single-Stock Circuit Breakers and Marketplace Thresholds* (June 20, 2016).

[6] See Guidance Note **GN-URPart9-25-0001** - *Guidance on Market-wide Circuit Breakers* (August 19, 2025).

"fair and orderly market" in the trading of all listed securities. Notwithstanding the SSCB regime, CIRO retains the discretionary power to intervene, if required, to ensure a "fair and orderly market" in the trading of a listed security when:

- the security is not subject to SSCBs or
- the security is subject to SSCBs but the breaker has not been triggered.

2. Overview of SSCB Operation ~~of SSCBs~~

SSCBs apply to:

- each security that is a constituent of the S&P/TSX Composite Index
- each Exempt Exchange-traded Fund (**ETF**)[7], the assets of which are comprised principally of listed securities
- each Canadian Depositary Receipt[8] (**CDR**), the assets of which are comprised solely of foreign securities and
- each security that is considered "actively-traded" for the purposes of this guidance, including any qualifying leveraged ETFs (**Leveraged ETFs**)[9] (collectively **qualifying securities**).

Trigger levels for SSCBs:

- for each qualifying security that is not Leveraged, there would be a halt in the event of a price increase or decline of:
  - ~~at least 10% and 20 trading increments in a five-minute period between 9:50 a.m. and 3:30 p.m.~~
  - at least 10% and 20 trading increments in a five-minute period between 7:00 a.m. to 9:00 a.m., 9:50 a.m. and 3:30 p.m., and 4:15 p.m. to 8:00 p.m.,
  - at least 20% and 40 trading increments in a five-minute period between ~~9:30~~9:00 a.m. and 9:50 a.m. or
  - at least 20% and 40 trading increments in a five-minute period during the 30- minute period following the resumption of trading after a regulatory halt, including a regulatory halt caused by the triggering of a SSCB

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[7] In UMIR, an Exempt Exchange-traded Fund means a mutual fund for the purposes of applicable securities legislation, the units of which:
(a) are a listed security or a quoted security; and
(b) are in continuous distribution in accordance with applicable securities legislation
but does not include a mutual fund that has been designated by the Market Regulator to be excluded from the definition.

[8] A Canadian Depositary Receipt or CDR is a product listed on an Exchange and represents shares of foreign-listed securities.

[9] A Leveraged ETF uses financial derivatives and debt to amplify the daily returns of an underlying index. Leveraged ETFs aim at keeping a constant amount of leverage during the investment time frame such as a 2:1 or 3:1 ratio. If a Leveraged ETF has a 2:1 ratio, this means that each dollar of investor capital is matched with an additional dollar of invested debt, theoretically returning 2% where the index returns 1%. This could also work in the opposite direction with amplified losses.

- for qualifying Leveraged ETFs, the trigger level is calculated by multiplying the standard trigger levels for non-leveraged qualifying securities by the ETF's leverage ratio.
  For example, for a qualifying Leveraged ETF with a 2:1 ratio, the trigger levels are set at twice the usual levels of non-leveraged qualifying securities such that there would be a halt in the event of a price increase or decline of:
  - at least 20% and 40 trading increments in a five-minute window between 9:50 a.m. and 3:30 p.m. or
  - at least 40% and 80 trading increments in a five-minute window after 9:30 a.m. and before 9:50 a.m. and during the 30-minute period following the resumption of trading after a regulatory halt (including a regulatory halt caused by the triggering of an SSCB).
- the threshold used to calculate the trigger level of a particular security may be temporarily widened by Market Integrity Officials with notice, when acting in response to an extraordinary event where increased volatility may be considered "normal" trading activity
- prices of trades that may execute outside the "best bid – best ask" spread are excluded from the trigger calculation.

In addition, SSCBs:

- apply during:
  - core trading hours from 9:30 a.m. to 3:30 p.m.
  - extended trading hours from to 7:00 to 9:30 a.m. and from 4:15 to 8:00 p.m.
- provide an initial trading halt of 5 minutes that may be extended for a further 5-minute period
- would result in the cancellation of any trade that executed at more than 5% beyond the trigger level.

3. Securities Covered by SSCB Program

CIRO maintains a daily list of all listed securities that are subject to SSCBs on its **website**. Any party that wishes to download the SSCB-eligible securities list from our website should contact CIRO staff by e-mail at **SSCBSupport@ciro.ca** to set up a Secure File Transfer Protocol (SFTP) account.

A listed security not covered by the SSCB program will continue to be subject to regulatory intervention by a Market Integrity Official by exercising their existing authority under UMIR 10.9.[10]

3.1 Actively-Traded Securities

CIRO believes that it is important that SSCBs are not applied too widely as this could inadvertently capture price movements that may be representative of the normal trading patterns of a particular security, such as those securities which are less liquid, have lower value and historically demonstrate

[10] Also see Guidance Note **12-0258** – *Guidance on Regulatory Intervention for the Variation or Cancellation of Trades* (August 20, 2012).

higher short-term volatility. As such, for the determination of an actively-traded security for the purposes of SSCBs, CIRO:

- uses a weighted average rather than a simple average in the calculation of the trading volume and value criteria, and
- excludes data from the first five trading days of a newly listed security in the weighted average volume and value calculations.

3.1.1 ~~(a)~~ Use of Weighted Average

CIRO uses weighted averages to determine whether a listed security is considered "actively-traded." To qualify, the security ~~will~~must have traded, on at least one marketplace as reported on a consolidated market display, during the three previous calendar months immediately before the determination date:

- a weighted average of at least 500 times per trading day and
- with a weighted average trading value of at least $ 1,200,000 per trading day.

For the volume and value calculations above, ~~we use~~CIRO uses an exponentially weighted average with a half-life[11] of ten days, instead of the simple average~~.~~ Our analysis indicated that using this approach to determine an actively-traded security has several benefits, including:

- ~~places more importance on~~prioritizes the security's recent trading activity, and
- results in faster updates to SSCB selection criteria~~,~~ so that actively traded securities are added to the program sooner, and newly inactive ones are removed more quickly~~,~~ than ~~would've occurred as under past~~using previous methods.

~~(b)~~ 3.2 Exclusion of Initial Trading Data of Newly Listed Securities

With respect to newly listed securities, ~~we will exclude~~CIRO excludes the volume and value trading data of the first five trading days from the weighted average calculation of volume and value. This approach :

- avoids incorporating excessive trading volumes sometimes found in the initial trading phase of new listings,
- when determining if a security is actively-traded~~. We believe that this method~~, results in a better representation of the "normal" trading activity of new listings~~.~~,
- ~~Our analysis indicates that this approach~~ improves the actively-traded selection criteria, and
- better captures securities that should be subject to SSCB protection.

[11] "Half-life" is the period of time in which the exponential weight reduces to one-half.

4. SSCB Trigger Levels

A SSCB will be triggered for a particular security if its price increases or declines by at least 10% and 20 trading increments in a 5-minute period. The ~~inclusion of a~~ minimum ~~tick~~trading increment requirement ~~avoids~~helps avoid the inappropriate triggering of SSCBs for lower-priced securities ~~with lower value~~, which have historically ~~demonstrate~~exhibited higher short-term volatility when measured only by percentage price movement.

To account for additional volatility that may ~~be present~~occur in the periods set out below, an SSCB will be triggered only where the price increases or declines by at least 20% and 40 trading increments within a five-minute period:

- pre-open (9:00 a.m. to 9:30 a.m.)
- post-open (9:30 a.m. to 9:50 a.m.) ~~and~~
- in the 30-minute period following the resumption of trading after a regulatory halt (including a regulatory halt caused by the triggering of a SSCB)~~, a SSCB will be triggered for a particular security only in the event of a price increase or decline, in a 5-minute period, of at least 20% and 40 trading increments~~.

A Market Integrity Official may, with notice, temporarily widen the threshold of a particular security in response to an extraordinary event where increased volatility may be considered "normal" trading activity.

The ~~below~~following table ~~provides a summary of the applicable~~sets out when SSCBs are operational during the continuous trading session and the trigger levels that apply:

Time or circumstance	**Trigger Level**		
~~**Qualifying security type**~~	~~**Trigger level between 9:50 a.m. and 3:30 p.m.**~~		~~**Trigger level between 9:30 a.m. and 9:50 a.m. or within 30 minutes after a regulatory halt**~~
	Qualifying Security other than a Qualifying Leveraged ETF	~~Price change of at least 10% and 20 trading increments~~	~~Price change of at least 20% and 40 trading increments~~**Qualifying Leveraged ETF with a 2:1 ratio**[12]

[12] We use a 2:1 ratio for purposes of an example. For qualifying Leveraged ETFs, the trigger level is calculated by multiplying the standard trigger levels for non-leveraged qualifying securities by the ETF's leverage ratio

~~Qualifying Leveraged ETF with a 2:1 ratio~~7:00 – 9:00 a.m.	At least 10% and 20 trading increments	~~Price change of at~~At least 20% and 40 trading increments	~~Price change of least 40% and 80 trading increments~~
9:00 – 9:50 a.m.	At least 20% and 40 trading increments	At least 40% and 80 trading increments	
9:50 a.m. – 3:30 p.m.	At least 10% and 20 trading increments	At least 20% and 40 trading increments	
3:30 – 4:15 p.m.	N/A – not in operation		
4:15 – 8:00 p.m.	At least 10% and 20 trading increments	At least 20% and 40 trading increments	
Within 30 minutes after trading resumes following a regulatory halt	At least 20% and 40 trading increments	At least 40% and 80 trading increments	

4.1 Determination of SSCB Reference Prices

When determining a price increase or decline, CIRO compares ~~each trade~~the price of a security traded on a marketplace (the potential "triggering" trade) to a reference price. For this calculation, the reference price is any transaction in that particular security in the 5-minute period immediately preceding the potential "triggering" trade. ~~Generally speaking,~~

At 7:00 a.m., when SSCBs first begin operating, there will not be any trades in the security from the previous five minutes that can be used to ~~determine~~establish a reference price ~~CIRO looks to~~. In this case, the first trade after 7:00 a.m. will not itself trigger an SSCB. That trade will instead be used as the starting reference price for assessing subsequent trades.

For the rest of the trading day, CIRO determines the reference price by using the lowest trade price in the ~~5-minute period to determine~~previous five minutes when assessing a price increase, and ~~looks to~~ the highest trade price in the ~~5-minute period to determine~~previous five minutes when assessing a price decline. If the ~~last trade occurred more than~~security has not traded in the previous five minutes ~~earlier~~, there is no reference price ~~is calculated~~ and ~~the~~no SSCB will ~~not trigger~~be triggered. The ~~price of any~~next trade will serve as the starting reference price for the next five minutes.

Certain trades are excluded from the SSCB calculation. A trade that is permitted ~~by~~under UMIR or ~~by~~ Part 6 of the Trading Rules (the **Order Protection Rule**) to ~~be executed~~execute outside ~~of~~ the "best bid – best ask" spread will not trigger ~~a~~an SSCB ~~nor~~and will ~~it~~not be used ~~in calculating price movement for~~

~~the purposes of establishing a "~~to determine whether the trigger~~" point. Prices of trades (other than those described above) that execute~~ level has been reached. Other trades on dark marketplaces are included in the calculation ~~of the reference price in the same way that these~~, consistent with how those trades are ~~currently~~ included in the ~~calculation~~determination of ~~the~~a "last sale price" under UMIR.

5. Length of Trading Halt

Following the triggering of a SSCB, the "triggered" security will be halted for a period of five minutes. A Market Integrity Official may extend the halt by a further five minutes if a significant imbalance of buy and sell orders remains.

If, during the 5- or 10-minute (as applicable) halt, CIRO determines that a further halt is required~~,~~ (for instance, to facilitate the dissemination of material news ~~that may have leaked into the market~~), CIRO will send an electronic notice to market participants and replace the SSCB halt with a traditional regulatory halt.

Unless such a regulatory halt is imposed, each marketplace may resume trading at the expiry of the 5- or 10-minute period. Immediately after a SSCB halt is triggered, marketplaces should prepare to resume trading by either:

- entering a "pre-open" state to allow for order entry and the dissemination of an indicated "calculated opening price" or
- permitting order entry and using a "shotgun" opening at the resumption of trading.

6. ~~Trading~~ Hours ~~during which SSCBs may be Triggered~~of Operation

~~SSCBs are operational between the hours of 9:30 a.m. and 3:30 p.m. CIRO is of the view that the post-open (9:30 a~~

SSCBs are operational only during specified periods of the continuous trading session. To reduce the risk of unintended market disruption, CIRO has excluded the time period near the close of the regular trading session from SSCB operation.

SSCBs are operational during the following periods:

- 7:00 a.m. to 3:30 p.m.
- 4:15 p.m. ~~– 9:50 a.m.) is a period of natural volatility during which care must be taken to avoid the unnecessary triggering of SSCBs. CIRO takes this additional volatility into account by increasing the required price movement to 20% and 40 trading increments during the post-open period.~~to 8:00 p.m.

SSCBs are not operational during the following period:

- 3:30 p.m. to 4:15 p.m.

While certain trades, including those during a closing auction on a listing Exchange, are excluded from triggering an SSCB and from the calculation of the SSCB reference price[13], activity on another marketplace could otherwise trigger an SSCB and result in a halt in the security across all marketplaces. CIRO has determined that excluding the period near the close from SSCB operation supports fair and orderly markets.

During ~~periods~~the period when SSCBs are not operational, ~~including the period of 3:30 p.m. – 4:00 p.m.,~~ a Market Integrity Official continues to have the ability to exercise their powers to halt or suspend trading in a particular security~~,~~ as provided under UMIR 10.9(1)(a).

7. Handling Trades Executed after the Triggering of a SSCB

~~CIRO expects, given~~Given the volume and speed of trading in the current market, ~~that~~ some trades ~~will~~may occur after the triggering of a SSCB but prior to the invocation of the trading halt across all marketplaces.

A Market Integrity Official will use their authority granted under UMIR 10.9(1)(d)[~~12~~14] ~~of UMIR~~ to cancel any trade ~~that is more than~~priced above an additional 5% beyond the ~~reference price than the~~ calculated trigger price~~,~~ as ~~these trades are clearly in a zone where a person would not have had~~this price range exceeds a reasonable expectation of execution at that time. ~~Any trades~~Trades that execute at a price less than an additional 5% beyond the trigger price will not be cancelled.

8. Special Circumstances

There are certain circumstances when a SSCB should not be triggered even if market prices experience the qualifying movement within the specified period ~~of time~~. In particular, a SSCB will not be invoked for the balance of the trading day following the triggering of the market-wide circuit breaker (as the triggering of the market-wide circuit breaker indicates that market sentiment, not liquidity issues for that particular security, is responsible for the price movement).

9. Applicable Rules

Rules this Guidance Note relates to:

- UMIR 1.1
- UMIR 10.9
- UMIR Policy 7.1

[13] As noted earlier in this Guidance Note, the price of any trade that is permitted by UMIR or by the Order Protection Rule to be executed outside of the "best bid – best ask" spread will not trigger a SSCB.

[~~12~~14] UMIR 10.9(1)(d) provides that a Market Integrity Official may, in governing trading in securities on the marketplace, vary of cancel any trade which, in the opinion of such Market Integrity Official, is unreasonable or not in compliance with UMIR or any Policy.

10. Previous Guidance Note

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

- ~~Guidance Note 14-0170 – *Guidance Respecting the Expansion of Single-Stock Circuit Breakers* – Partially Repealed Guidance (July 10, 2014).~~
- ~~Guidance Note 16-0138~~CIRO Bulletin GN-URPART10-26-0001 – ~~*Additional* Guidance *Respecting*~~*on* *Single*~~-~~ *Stock Circuit Breakers* ~~*and Marketplace Thresholds* (June 20, 2016).~~
- ~~Guidance Note 20-0009 – *Additional Guidance Respecting Securities Covered by Single-Stock Circuit Breakers* (January 14, 2020).~~
- ~~Guidance Note 23-0006 – *Additional Guidance Respecting Application of Single-Stock Circuit Breakers* (January 19, 2023~~(February 23, 2026).

11. Related Documents

This Guidance Note is related to the following Guidance Notes:

- Guidance Note **12-0258** - *Guidance on Regulatory Intervention for the Variation or Cancellation of Trades* (August 20, 2012).
- Guidance Note ~~15-0186~~XX-XXXX - *Guidance on Marketplace Thresholds* (~~August 5~~XXXX XX, ~~2015~~2026).
- Guidance Note **16-0138** - *Additional Guidance Respecting Single-Stock Circuit Breakers and Marketplace Thresholds* (June 20, 2016).
- Guidance Note **GN-URPart9-25-0001** - *Guidance on Market-wide Circuit Breakers* (August 19, 2025).

~~This Guidance Note is related to the following Bulletin:~~

- ~~Rules Bulletin 15-0022 – *Update Respecting the Expansion of Single-Stock Circuit Breakers* (January 28, 2015).~~