Monday, November 9, 2026

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Re: CIRO Request for Comment on Proposed Guidance on Marketplace Thresholds and Single-Stock Circuit Breakers, Published on October 13, 2026

The **Canadian Independent Finance and Innovation Counsel (CIFIC)** appreciates the opportunity to provide comments to CIRO on proposed updates to its guidance on marketplace thresholds and its guidance on single-stock circuit breakers (SSCBs) (the **Proposal**).

The Canadian Independent Finance and Innovation Counsel represents more than 40 national Investment Dealers and their industry's position on securities regulation, public policy, and industry issues. We represent notable CIRO-regulated Investment Dealers in the Canadian securities industry.

Industry View

The Investment Dealers we represent support CIRO's proposal to update its guidance on marketplace thresholds and its guidance on single-stock circuit breakers (SSCBs) in anticipation of extended trading hours in Canadian equity markets.

As trading hours expand, it is important that the regulatory framework evolves accordingly to maintain market integrity, protect investors, and ensure consistent application of volatility controls across marketplaces.

Volatility Controls for Extended Hours

Volatility controls are particularly important during extended trading hours, when trading activity and liquidity may be more limited. Lower liquidity can contribute to wider bid-ask spreads, greater price fluctuations, and increased sensitivity to individual orders. Appropriate controls can help prevent erroneous trades, reduce unexplained short-term volatility, and support orderly price discovery.

The Investment Dealers we represent strongly support maintaining appropriate volatility controls throughout extended trading hours. These protections are essential to preventing erroneous orders and sudden, unexplained price movements. However, the framework must also recognize the different liquidity, spread, and volatility characteristics of extended-hours trading. CIFIC therefore recommends that CIRO calibrate these controls to protect against clearly erroneous or disruptive executions without unnecessarily restricting legitimate trading activity and price discovery. We also encourage CIRO to assess the effectiveness of such controls during the Initial Implementation Period and make adjustments, where warranted, based on actual trading conditions.

Support for the Proposed Changes

CIRO is proposing the following principal changes:

Marketplace Thresholds

- Extend the application of Marketplace Thresholds to include trading from 7:00 a.m. to 9:30 a.m. ET and from 4:00 p.m. to 8:00 p.m. ET.

- Require marketplaces to reset the One-Minute Reference Price to the opening trade price on the Primary Listing Exchange once that opening trade occurs.
- Clarify the operation of Marketplace Thresholds during periods of limited trading activity.
- Maintain the existing price threshold parameters during the Initial Implementation Phase, subject to subsequent review.

Single-Stock Circuit Breakers

- Extend SSCB operating hours to begin at 7:00 a.m. ET and end at 8:00 p.m. ET, subject to specified exceptions.
- Apply wider SSCB trigger levels of at least 20% and 40 trading increments within five minutes between 9:00 a.m. and 9:30 a.m. ET.
- Suspend SSCB operation between 3:30 p.m. and 4:15 p.m. ET to reduce the risk of disrupting the establishment of closing prices.
- Review the operation of SSCBs alongside Marketplace Thresholds as additional trading data becomes available.

CIFIC recognizes the importance of maintaining appropriate protections while accommodating the different trading conditions that may arise outside regular market hours.

Support for the Phased Implementation Approach

The Investment Dealers we represent support CIRO's proposed phased implementation approach.

Under the proposal:

- **Final Guidance**: CIRO intends to publish the Final Guidance, targeting January 2027, following consideration of stakeholder comments.
- **Implementation Period**: The Final Guidance would become effective no earlier than 120 days following publication, with the Initial Implementation Period not expected to begin before May 2027.
- **Monitoring and Assessment**: CIRO would collect and assess order and trading activity during extended hours to determine whether the existing volatility controls operate as intended.
- **Subsequent Adjustments**: Based on the information collected, CIRO would determine whether further amendments to Marketplace Thresholds or SSCBs are warranted before finalizing the framework for the broader rollout of extended trading hours.

CIFIC considers this a prudent approach, particularly given the limited historical data available on trading activity during the proposed extended hours.

Maintaining the existing price thresholds initially should allow CIRO to assess their effectiveness based on actual market conditions rather than assumptions. We recommend that CIRO's assessment consider whether the controls prevent erroneous or disruptive executions, whether SSCB halts unnecessarily delay opening or closing price formation, and whether the controls operate consistently across marketplaces. The assessment should also consider the impact of the controls on market liquidity, execution quality, and orderly trading, particularly during periods of lower trading activity.

CIFIC also recommends that any material changes to Marketplace Thresholds or SSCBs following the Initial Implementation Period be communicated sufficiently in advance and accompanied by an appropriate implementation and testing period. CIRO should consult with Investment Dealers, marketplaces, and technology service providers to assess the operational implications of such changes and ensure that affected stakeholders have sufficient time to update their systems and processes before implementation.

CIRO's Questions

Questions on Marketplace Thresholds and SSCBs
(a) Question 1 – Initial Implementation Period
(i) Effective date of Final Guidance
CIRO is proposing that the Final Guidance become effective no earlier than 120 days after publication to allow marketplaces to prepare for the Initial Implementation Period. In light of competing technology priorities, CIRO does not expect the Initial Implementation Period to begin before May 2027. If the Final Guidance is published after January 2027, would a minimum 120-day period provide marketplaces and other impacted stakeholders with sufficient time to complete any necessary technology, systems or operational changes?

CIFIC supports providing a minimum of 120 days between publication of the Final Guidance and its effective date.

CIFIC considers the proposed minimum 120-day implementation period reasonable, recognizing that marketplaces will bear primary responsibility for implementing the changes. However, Investment Dealers will also need to assess potential impacts on their order management systems, smart order routers, pre-trade risk controls, market data infrastructure, and related operational processes. We therefore recommend that CIRO retain flexibility to extend the implementation period if industry-wide testing identifies material issues or additional time is

required to ensure operational readiness. Implementation timelines should also be coordinated across marketplaces, to the extent practicable.

(ii) Length of Initial Implementation Period

CIRO is seeking feedback on the appropriate length of time for the Initial Implementation Period. Data collected during the Initial Implementation Period would assist CIRO in reviewing order and trade activity during extended trading hours and assess whether further changes to the Marketplace Thresholds and SSCB frameworks are needed.

Regarding the length of the Initial Implementation Period, CIFIC supports allowing sufficient time to collect meaningful trading data across different market conditions. The period should be determined based on the quality and representativeness of the information collected rather than an arbitrary deadline.

Questions on Marketplace Thresholds

(b) Question 2 - Data from Initial Implementation Period to be used for Assessment

CIRO recognizes that marketplaces currently take different approaches to address incoming orders that breach Marketplaces Thresholds as long as the execution of the offending order is being precluded. This can take one of the following forms:

- rejecting the incoming order
- repricing the incoming order, or
- booking the incoming order where there is no tradable liquidity on the other side and preventing any future execution of that booked order while it continues to fall outside Marketplace Threshold parameters.

To assist CIRO in assessing the appropriateness of the Marketplace Threshold price parameters during the Initial Implementation Period, CIRO is seeking information from marketplaces about orders that breach Marketplace Thresholds. This would include all orders that are rejected, repriced, or otherwise booked but not immediately tradable. For each such order, it would be helpful if marketplaces could include the following information:

- date and time of incoming order
- market order number (also known as the Sequence Number)
- symbol
- price
- volume
- National Last Sale Price (NLSP) and One-Minute Reference Price at the time the order was received by the marketplace
- identify whether the order was rejected, repriced, or booked (but not immediately tradable) on the marketplace.

CIRO seeks feedback from marketplaces on whether it would be feasible to provide a report containing this information to CIRO at the end of the Initial Implementation Period.

As CIRO has directed these questions primarily to marketplaces, CIFIC will defer to marketplace operators and will not provide responses to these specific questions.

(c) Question 3 – Reprice One-Minute Reference Price to Opening Trade Price only

(i) Other trades resulting from an auction

CIRO is proposing the repricing of the One-Minute Reference Price only in the context of the Opening Trade, and not in other instances such as any subsequent re-opening or closing auction later in the trading day. The reason for this proposal is that a new marketplace will now be open for a significant period of time prior to the listing exchange, which could contribute to a material difference between the pre-open trade prices and the calculated opening price on the listing exchange.

CIRO does not expect the same degree of potential price divergence during core trading hours, including in the case of a re-opening or closing auction, because the security would generally have been trading continuously throughout the day. Re-openings and closing auctions also occur under the current framework, and CIRO has not identified any material issues related to price divergence. Accordingly, to reduce operational complexity, CIRO is proposing to require the One-Minute Reference Price to be repriced only in connection with the Opening Trade.

CIRO seeks feedback on whether commenters agree with this proposed approach.

(ii) Implementation Impact of Repricing One-Minute Reference Price to Opening Trade Price

In order for marketplaces to reprice the One-Minute Reference Price to the Opening Trade price as proposed, marketplaces would need to:

- identify and consume the Opening Trade price from the listing exchange
- distinguish the Opening Trade from other auctions (e.g. reopenings and closing auctions) on a listing exchange.

CIRO seeks feedback on whether the above information is currently available from each of the listing exchanges as part of the market data feed in order to facilitate this implementation, and if not, whether this information may be made available by each of the listing exchanges.

(iii) No Opening Trade on Listing Exchange

In the event there is no Opening Trade on a listing exchange in a particular symbol due to limited liquidity, the first trade on the listing exchange would continue to establish the NLSP.

However, where the opening auction process on a listing exchange does not result in a trade, and the first trade on that exchange occurs later in the trading day during the continuous trading session ("first trade"), CIRO would not view that circumstance as presenting the same risk that needs to be addressed by the repricing requirement described above. Any difference between the price of that first trade on the listing exchange and prices on other marketplaces would generally be similar to the price variation that can occur during normal continuous trading. CIRO also notes that this scenario can occur today, without any corresponding obligation for marketplaces to reset the One-Minute Reference Price. Accordingly, CIRO is proposing that the requirement to reset the One-Minute Reference Price apply only in connection with the Opening Trades on a listing exchange.

CIRO seeks feedback on whether commenters agree with this proposed approach.

The questions above principally concern marketplace-specific systems, data availability, reporting capabilities, and the operation of reference prices.

As CIFIC represents Investment Dealers rather than marketplaces, we defer to marketplace operators regarding the technical feasibility and operational implementation of these requirements.

Nevertheless, CIFIC encourages CIRO to provide clear operational guidance and advance notice of any changes to order handling or routing. We also recommend CIRO ensures consistent implementation, including that the required opening-trade information is available in a timely and consistent manner, and that adequate testing time be provided across marketplaces. It is important that any changes do not create unnecessary technological complexity or additional costs for Investment Dealers.

Given the importance of the opening trade and reference-price mechanisms to order execution and market stability, CIFIC recommends that CIRO coordinate industry-wide testing with marketplaces, Investment Dealers, and technology service providers before implementation. Testing should validate the accuracy, availability, and timely dissemination of opening-trade information; the resetting of the One-Minute Reference Price; and the consistent operation of these mechanisms across marketplaces. Any issues identified should be resolved before the framework becomes effective to minimize the risk of unintended trading disruptions.

Question on SSCBs

(iv) Question 4 – Operation of SSCBs near opening

CIRO is proposing that SSCBs begin operating at 7:00 a.m. ET during extended trading hours, with wider trigger levels applying from 9:00 a.m. to 9:30 a.m. ET to account for potential volatility near the opening of the regular trading session. During this period, Marketplace Thresholds would

continue to operate as the first layer of protection against erroneous orders and short-term unexplained price movements. For SSCB-eligible securities, the applicable Marketplace Threshold would remain at 10%, such that a single incoming order that would execute outside the applicable threshold would be rejected, repriced or otherwise prevented from executing.

Accordingly, under the proposed wider SSCB parameters, an SSCB would generally only be triggered during the pre-opening period where a series of orders causes the price of the security to move by at least 20% and 40 trading increments within five minutes.

CIRO seeks feedback on whether:

- Applying wider SSCB trigger levels appropriately balances the need to address potential volatility near the open with the objective of maintaining volatility controls during extended trading hours? In the event a SSCB is triggered near the open, there is a possibility of delaying the Opening Trade on the Primary Listing Exchange.
- SSCBs should continue to operate during the pre-opening period, rather than be suspended, during extended trading hours?

CIFIC recognizes the rationale for applying wider SSCB trigger levels between 9:00 a.m. and 9:30 a.m. ET, while maintaining Marketplace Thresholds as the first layer of protection.

This approach seeks to balance the need to prevent excessive short-term volatility with the importance of avoiding unnecessary trading interruptions immediately before the regular market opening.

CIFIC supports CIRO assessing the effectiveness of these parameters during the Initial Implementation Period, including the frequency of SSCB triggers and whether SSCB halts could interfere with the opening process on the Primary Listing Exchange.

CIFIC recognizes the rationale for suspending SSCBs between 3:30 p.m. and 4:15 p.m. ET to reduce the risk of disrupting closing-price formation. CIFIC encourages CIRO to monitor trading activity during this period to assess whether the suspension achieves its intended objective and whether additional safeguards may be warranted to address the risk of disorderly trading.

<u>Additional Considerations for Investment Dealers</u>

While the Proposal primarily concerns marketplaces, its implementation may have implications for Investment Dealers and their technology service providers.

CIFIC encourages CIRO to:

- Ensure consistent implementation and communication of volatility controls across marketplaces.
- Provide sufficient notice of any changes affecting order routing, trading systems, or operational processes.
- Minimize unnecessary technological changes and compliance costs for Investment Dealers.
- Consult with Investment Dealers before introducing further adjustments following the Initial Implementation Period.

These considerations will help ensure that the expanded volatility framework supports market integrity without imposing disproportionate operational burdens on market participants.

Lastly, the Investment Dealers we represent would appreciate clarification regarding the application of the proposed guidance to firms that do not participate in extended-hours trading or do not offer order-execution services outside regular market hours. In particular, we ask CIRO to confirm whether these firms would be subject to any additional operational, technological, supervisory, or compliance requirements arising from the Proposal. We encourage CIRO to ensure that any new obligations are proportionate to a firm's trading activities and do not impose unnecessary costs or operational burdens on firms that do not participate in extended-hours trading.

Thank you for considering our comments on this proposal.

As always, we are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact us with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,

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