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By email

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Dear Sirs/Mesdames,

Re: CIRO Proposed Amendments to Guidance on Marketplace Thresholds and Single-Stock Circuit Breakers (Reference: Request for Comments ("RFC") Notice 26-0210)

We appreciate the opportunity to comment on the above-noted proposed changes to the existing guidance regarding marketplace thresholds and single-stock circuit breakers ("SSCBs").

Tradelogiq Markets Inc. ("Tradelogiq") is a regulated Canadian marketplace operator with two separate alternative trading systems ("ATSs"): Omega ATS and Lynx Periodic Match. As a marketplace operator, we would be expected to implement the changes necessary to facilitate the expected outcomes as set out in the guidance.

Our responses to the specific questions asked in the RFC are provided in the attached appendix.

We are generally supportive of the proposal to extend SSCBs and Marketplace Thresholds but note there are complexities that can be avoided regarding the repricing of the One-Minute Reference Price to only the Opening Trades. As indicated from our response, repricing the One-Minute Reference Price to re-opening and closing auction trades in addition to Opening Trades would simplify implementation, would be consistent from a principles perspective in terms of the rationale for repricing the One-Minute Reference Price for Opening Trades, and would not undermine the continued efficacy of the Marketplace Threshold framework. If CIRO were to instead implement the guidance as proposed, then a longer implementation period will be warranted.

Separate from our specific comments on the questions posed, we also note that a review and assessment of the impact of the proposed changes would help towards finalizing the guidance specific to a slightly extended trading day of 7:00am to 8:00pm, but will not address other issues and matters that will need to be considered and resolved

before a “Full Rollout of Extended Trading Hours” (presumably meaning a rollout to 22/5 or 23/5 trading – or more). For example, in an environment where the “trading day” runs from 9pm to 8pm the next day:

- What will be considered the “first trade of the day” for the purposes of the starting reference price under each of the SSCB and Marketplace Threshold Frameworks? Should the concept of the first trade of the day be abandoned and trading reference will always be made to the last LSP-eligible trade?

- If liquidity is expected to be thin for the majority of symbols traded outside of core trading hours, should the One-Minute Reference Price be ignored or be subject to a wider band where there has been no LSP-eligible trade for some specified period of time outside of core hours (e.g., no LSP-eligible trade for the last hour) to allow trades to occur at the prevailing quoted prices?

- Otherwise, will marketplaces that choose to offer trading during those extended hours be able to rely on CIRO surveillance staff being readily accessible at 2:00am to provide permission to widen thresholds to allow trades to go through that violate the applicable threshold but represent current pricing? Or should marketplaces be given latitude to make such decisions on their own, within some prescribed limits?

- Should there be a re-think about how board lots (i.e., “standard trading units” under UMIR) are determined? And for which day and at what time does a change in board lot size apply?

- Will revisions to the definition of “trading day”, and any provisions within UMIR dependent on the definition (whether based on a measurement of activity, or a trade happening at the end of a trading day or a preceding trading day) be needed?

We encourage CIRO to commence this additional review work and prepare any consultation publications needed for this next phase of work, if not already underway, if it hopes to facilitate a “Full Rollout of Extended Trading Hours” within a reasonable period of time.

Thank you for the opportunity to provide our feedback. Should you have any questions or would like to discuss further, please do not hesitate to contact us.

Best regards,

Jonathan Sylvestre

Chief Compliance Officer & Head of Market Structure
Tradelogiq Markets Inc.

cc: Laurence Rose, Chairman, President and CEO, Tradelogiq
Cindy Petlock, Chief Legal Officer and Corporate Secretary, Tradelogiq

APPENDIX
RESPONSES TO SPECIFIC QUESTIONS FROM THE RFC

Note: We are answering the questions in a different order from that set out in the notice as our response to Question 1 is dependent on how CIRO resolves the potential implementation issue identified in our response to Question 3.

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

We agree that it is appropriate to reprice the One-Minute Reference Price to the "Opening Trade" to address the types of situations identified by CIRO that could affect trading at open as a result of a stale, questionably-priced, last sale price.

For example, if a questionably-priced, LSP-eligible first trade of the day were to occur at approximately 7:10am at $31.66 for a stock that typically trades around the $42 to $45 mark, and the only LSP-eligible trade subsequent to it was the Opening Trade at 09:30:00.500 at $41.20, the Opening Trade would be permitted to print, but then marketplaces would not be permitted to execute subsequent trades at or near the Opening Trade price for the remainder of the one minute period until 09:31:00.000, as those prices would exceed the $34.826 upper bound of the One-Minute Reference Price threshold.[1] Marketplaces would have to block all trades near the opening price of $41.20 (and above $34.826) from occurring until 9:31:00 when the One-Minute Reference Price would presumably then be updated to the more recent Opening Trade price.

A repricing of the One-Minute Reference Price would prevent this issue from arising and would allow subsequent trades in that first minute to occur at / near the Opening Trade price – a price derived from an opening call auction that under normal circumstance is considered to produce a fair price.

Repricing of One-Minute Reference Price for re-opening and closing auctions

We agree with CIRO's expectation that there should not be the same degree of potential reference 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. We are also not surprised that reference price divergence issues associated with re-openings and closing auctions are rare. CIRO takes the view that for these reasons, and to reduce operational complexity, it is not necessary to require a repricing of the One-Minute Reference Price for re-opening and closing auction prices.

However, in our view, if call auctions are generally considered to produce fair prices, then it should also be reasonable to adopt an approach of repricing the One-Minute Reference Price to a re-opening or closing auction price to re-align (and re-anchor) the threshold to a more current fair call auction price. This would result in consistency in approach and should not otherwise undermine the purpose or efficacy of the marketplace volatility threshold regime if significant price divergence between last sale price and a re-opening and/or closing auction price is rare, as this must mean that the re-opening and closing auction prices are often reasonably aligned with the last sale price for the purposes of marketplace volatility thresholds and there would be minimal to no effect in the event of a re-pricing of the One-Minute Reference Price in the vast majority of cases.

At the same time, it would help avoid the type of scenario described earlier in justification of re-pricing the One-Minute Reference Price for the Opening Trade. We chose the scenario above because it is based off an actual example involving a re-opening of a halted stock where the re-opening occurred hours after the halt and a re-pricing of the One-Minute Reference Price would have been similarly justified. Specifically, on September

[1] Until 09:31:00, the One-Minute Reference Price band as determined from the stale $31.66 trade would be $28.494 to $34.826 based on a threshold level of 10% applicable to stocks in this price range.

30, 2026, the symbol "FM" commenced trading in the $45 dollar range[2] and had dropped to $31.66 at the time of it being halted "pending company contact" at 10:11am.[3] The stock was permitted to resume trading later that day (at 2:30pm) and reopened at $41.20. Any trades after the re-opening auction at or near the $41.20 re-opening price in the first minute of trading until 2:31pm should have been blocked by other marketplaces for violation of the One-Minute Reference Price threshold (which was based off an earlier trade price that was clearly invalidated by the re-opening auction). A repricing of the One-Minute Reference Price to the re-opening auction price would have re-anchored the threshold to the more current fair price established by the re-opening call auction. There is no reason not to assume that similar price divergence could arise for less-liquid securities between the last sale price and the closing auction, and they would similarly benefit from a re-anchoring of the One-Minute Reference Price to presumably fair and efficient closing auction price for trading in the post-market extended hours.

Further to the arguments put forward above, there are also operational complexities with implementing a re-pricing of the One-Minute Reference Price for only the Opening Trades that could be resolved by requiring that the reference price also be repriced for re-opening and closing auction trades. These are discussed in the next section.

Issues with distinguishing opening auctions, from re-opening auctions and closing auctions

It is our understanding that not all of the exchange market data feeds that we receive include identifiers to allow the recipient to distinguish an opening from a re-opening auction trade. It is also our understanding that one exchange does not include identifiers on any of their opening, reopening or closing auction trades to allow a recipient to distinguish between any of the three, with all being identified only as auction trades.[4]

Time-collaring or some other tracking mechanism could be employed in order to attempt to comply with a requirement to only capture the first auction trade of the day, but these will be imprecise and will present risk of either missing an Opening Trade or incorrectly applying a re-opening trade as an Opening Trade for the purposes of the repricing of one-minute reference prices.[5]

The additional complexity of trying to manage this and the associated risk of imprecision does not seem justified when it would be much simpler for marketplaces to implement the option discussed in the previous section of repricing the One-Minute Reference Price for opening, re-opening and closing auction trades (i.e., for auction trades). Otherwise, CIRO should ensure that marketplaces are clearly distinguishing between the different auction trades on trade messages published in their market data fees in order to ensure compliance with the expectation of only repricing the One-Minute Reference Price for Opening Trades – but this will also necessitate a longer implementation period (see our response to Question 1 below).

Circumstances where there is no opening trade

We agree with CIRO's approach to not also require a repricing of the reference price upon the first trade on the listing exchange where the opening auction fails to produce an Opening Trade.

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[2] The average of the daily VWAP for FM for the days of September prior to September 30 was around $44.

[3] The stock had been subject to two SSCB halts during the 20 minutes preceding the halt at 10:11am.

[4] It is our understanding that this exchange publishes a summary message at the end of each auction that identifies the nature of each auction type, but this is not a trade message and LSP tracking is currently built around trades, not extraneous summary messages.

[5] For example, time-collaring around the normal opening auction times will miss openings that are delayed beyond the norm. Attempting to only capture the first opening auction could capture a re-opening where there were no trades resulting from the opening auction on the listing exchange and no regular trades until the reopening.

Question 1 – Initial Implementation Period

Effective date of Final Guidance

As it relates to the proposal for how SSCB halt and resume messages received from CIRO will be handled, there is little effort expected other than to test that the SSCBs are being properly handled during the extended pre-market hours.

For Marketplace Thresholds, extending the hours to start at either of the current 8:00am start or 7:00am expected near-term start is of limited consequence. Work will, however, be required to implement the change in approach to the repricing of the One-Minute Reference Price.

If CIRO adopts our recommendation of applying the One-Minute Reference Price overwrite to all opening, re-opening and closing auction trades, then 120 days will be sufficient.

If CIRO instead decides to proceed as proposed and require repricing of the One-Minute Reference Price only for Opening Trades, then a longer implementation period would be appropriate so that the exchanges can make the needed changes to their market data feeds, which would require them to provide specification documents and make testing facilities available in advance. In this case we suggest at least a 180-day implementation period on the assumption that exchanges will be expected to implement market data feed changes into production by the 120th day, which would then leave sufficient time for testing by all marketplaces of the changes needed to implement the one-minute reference repricing mechanisms using production data from the exchanges.

Length of Initial Implementation Period

A duration for the Initial Implementation Period may be difficult to specify in advance given the current uncertainty regarding the level of activity that will be observed during extended hours trading. If activity is low, then there may not be sufficient data upon which to make any decisions on whether further changes to the SSCB and Marketplace Threshold frameworks are needed before allowing for a “Full Rollout of Extended Trading Hours”, which we assume means before allowing for extended trading hours to be expanded to 22/5 or 23/5 trading.

Given that we understand there are some marketplaces that are planning to seek to offer longer hours, then it may not be fair to hold these up for an unreasonable amount of time due to a lack of data after say six to twelve months. In that case, CIRO may need to allow these marketplaces to proceed if there has been no evidence of harm identified, with its review and assessment to be completed sometime thereafter when there is sufficient data to analyze.

Question 2 – Data from Initial Implementation Period to be used for Assessment

The following information for incoming orders that were rejected due to a NLSP Price Band violation is readily available and can be provided to CIRO at short notice:

- Date and transact time of the reject
- ExecID
- Symbol
- Price
- Volume of rejected order
- Reason for reject (being “NLSP Band Exceeded”)

Providing the sequence number from the FIX message sent to clients may not be useful for CIRO's analysis as these are unique to each order entry session (i.e., sequenced within each order entry session). The sequence number published on an order entry session message will therefore not correspond to the message sequence numbers sent to CIRO Market Regulation Feed (MRF), which are unique at the feed level. ExecID and timestamp would allow a reject message to be inserted by CIRO in sequence into the FIX messages it received via the MRF.

Associating the NLSP and One-Minute Reference Price to the reject is possible but will involve effort as these data points are not currently attached to FIX messages returned to the client and would need to be stitched to the reject messages after the fact from internal system logs that are stored but not currently databased for this type of analytic purpose. Rather than asking each marketplace to make a similar individual effort to do this work, it would be more efficient if CIRO were to collect the reject and order repricing messages from each marketplace and then stitch this together with the regulatory data it maintains, from which it can determine the applicable LSP and One-Minute Reference Price at the time of each reject / repricing.

For orders that are booked on our venues at prices through the threshold boundary because they are not tradeable upon entry, these cannot be easily identified as there is no adjustment to the order, and therefore no tag or reason code assigned (as the order is booked as received in this case). Identifying these will require even more effort as it requires reassessing every single booked order (and CFO'd order) to determine whether or not the booked price was through one or both of the NLSP or One-Minute Reference Price thresholds. Any orders subsequently received that are tradeable against the booked order would be rejected, and these could then be reported to and analyzed by CIRO.

While we assume CIRO's request will be limited to orders received during extended hours (before 9:30am and after 4:00pm), and while we acknowledge that the number of orders during those time frames should be significantly lower than during core hours, this doesn't necessarily mean a significant decrease in the amount of effort required to build the analytics necessary to supply the requested data.

Question 4 – Operation of SSCBs near opening

The approach being proposed by CIRO does not seem unreasonable. Further, if there is sufficient rationale to justify extending marketplace thresholds during extended hours then the same rationale would presumably apply for extending the operation of SSCBs.