Scotiabank

November 20, 2026

The Bank of Nova Scotia ("Scotiabank")
Global Equity
Scotiabank North
40 Temperance St, 4th Floor
Toronto, ON M5H 1Y4

Via Email

Market Regulation Policy
Canadian Investment Regulatory Organization
Suite 2600
40 Temperance Street
Toronto, Ontario M5H 0B4
Market_Regulation_Policy@ciro.ca

and

Trading and Markets
Ontario Securities Commission
Suite 2200
20 Queen Street West Toronto, Ontario M5H 3S8
e-mail: TradingandMarkets@osc.ca

and

Market Oversight
Alberta Securities Commission
Suite 600
250-5th Street SW, Calgary, Alberta, T2P 0R4
e-mail: CIRO-Reporting@asc.ca

Re: CIRO Notice 26-0066 Proposed Amendments Respecting Client Delivery Obligations

Scotia Capital Inc. ("Scotiabank") appreciates the opportunity to comment on CIRO's proposal to apply volatility controls during extended trading hours. We recognize the importance of appropriate safeguards to help prevent erroneous orders, mitigate short-term price volatility, and promote fair and orderly markets across all trading sessions. We support CIRO's proposal to apply volatility controls during extended trading hours.

The extension of trading hours is purported to be in support of retail investor demand for greater flexibility for engaging with markets. Simultaneously, proponents of extended hours trading consistently note that extended trading is likely to be an illiquid period with wider bid-ask spreads which results in greater implicit transaction costs for investors. This combination of factors suggests that retail investors are likely to be exposed to greater risks in engaging in extended hours trading than they would be during the traditional trading day.

We believe that the protection of liquidity-seeking (and in particular retail) investors should be considered the guiding principle for policy making in this area. Where there is a conflict between flexibility for professional or liquidity-supplying (market making) participants and the protection of liquidity seekers, the balance of decision making should favour conservatism in the interest of retail investors and liquidity seekers in general. It is therefore our view that the protections available during the extended trading session should be at least as robust and stringent as those applied during the regular trading session, including the period immediately prior to the traditional 9:30 AM market opening.

More broadly, we support a framework in which appropriate volatility protections operate continuously throughout the trading day, with exceptions granted only in specific circumstances where a spuriously triggered volatility control may cause grievous harm to market function, for example by interfering with the orderly closure of markets in connection with an index event. We believe that a consistent approach with narrow and purpose-built exceptions would contribute to building investor confidence in Canada's capital markets.

Finally, we ask CIRO to consider requirements for consistent and universal dissemination of threshold levels by marketplaces, allowing marketplace participants to understand the circumstances in which their orders may be subject to a threshold. Such an approach would alleviate current participant uncertainty and confusion respecting the numerous diverse and inconsistent threshold models at various marketplaces. In that regard, we believe that the transparency offered by the LULD mechanism in the U.S. has been a positive development that Canada can learn from.

We thank CIRO for its thoughtful consultation and engagement with industry participants on this proposal. We have included additional considerations in our responses to CIRO's specific questions below.

Answers to Selected Specific 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?

Scotiabank Response:

Yes.

(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.

Scotiabank Response:

Canadian markets currently offer extended hours (8:00 AM – 9:30 AM and 4:00 PM – 5:00 PM). We suggest that CIRO examine the feasibility of assessing the effect of the proposed extended threshold regime using historical data. If historical simulation is seen as feasible, such data can be combined with a relatively short Initial Implementation Period (such as 60 days), where the Initial Implementation Period data gathering is focused on changes in market practices resulting from the extension of trading hours to before 8:00 AM and after 5:00 PM by CIX Trading or others.

If, on the other hand, historical simulation is deemed infeasible, then we believe a 120 day Initial Implementation Period is appropriate.

(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.

Scotiabank Response:

We support the proposed approach. We note that CIRO may wish to consider situations where a particular security is simultaneously listed on two exchanges.

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

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.

Scotiabank Response:

No comment.

(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.

Scotiabank Response:

We support this approach. We note that CIRO may wish to consider situations where a particular security is simultaneously listed on two exchanges.

(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?*

Scotiabank Response:

As noted above, the primary consideration in the design of volatility controls should be the protection of liquidity takers, while offering consistency and predictability to the extent possible. We do not believe it is appropriate to allow greater deviations at a time when investor participation is likely to increase (i.e. 9:00 AM – 9:30 AM) as compared to a potentially less-active period (7:00 AM – 9:00 AM). For these reasons, we believe SSCB bands should be consistent through the entire 7:00 AM – 9:30 AM pre-open period with no widening for the "immediately before traditional open" period. In the event of a SSCB trigger within five minutes of 9:30 AM market open, the opening auction would be delayed – consistently with the current re-opening process for SSCBs during the traditional trading session.

We note that concerns have been raised related to interlisted stocks and the possibility that SSCBs could trigger inconsistent opening times with the U.S. market. We do not believe this to be a material consideration. It is also not a new concern; Canadian stocks can currently experience a delayed opening at any time, and likewise U.S. openings for interlisted stocks may also occasionally be delayed. Such delays and resulting mismatches in opening times do not appear to cause investor alarm or confusion.

On the other hand, inconsistent application of SSCBs prior to the open, including at the time during which investors are more likely to engage in pre-open trading, can lead to investor confusion or loss of confidence.

We therefore believe that, in the absence of concrete evidence of adverse effect, initial implementation of extended volatility controls should allow SSCBs to operate throughout the pre-open period with no suspension ahead of traditional market-open.

We appreciate the opportunity to comment on this important matter.

Alex Perel, CFA
Managing Director
Scotiabank Global Banking and Markets
alex.perel@scotiabank.com