

# IIROC NOTICE

## **Rules Notice Technical**

UMIR

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## **Circuit Breaker Levels for the Fourth Quarter**

### **Summary**

This Rules Notice provides guidance relating to the imposition, during the Fourth Quarter of 2011, of a general regulatory halt in the trading of securities in co-ordination with the application of “circuit breakers” on markets in the United States. This Rules Notice also provides guidance relating to the imposition of a general regulatory halt on a day when trading is not scheduled for markets in the United States.

### **Background**

Rule 9.1 of the Universal Market Integrity Rules allows the Investment Industry Regulatory Organization of Canada (“IIROC”) to impose a trading halt or suspension for regulatory purposes. It is the policy of IIROC to co-ordinate trading halts with markets in the United States when “circuit breakers” are invoked on those markets. The circuit breaker trigger points are set at three fluctuating levels representing 10%, 20% and 30% of the Dow Jones Industrial Average (“DJIA”). The levels are calculated by the New York Stock Exchange (“NYSE”) at the beginning of each calendar quarter, using the average closing value of the DJIA for the preceding month. Each trigger is rounded to the nearest 50 points.



There may be occasions when marketplaces in Canada are open for trading and the NYSE is closed for a recognized holiday in the United States. On those days, IROC would invoke “circuit breakers” using levels representing 10%, 20% and 30% of the average closing value of the S&P/TSX Composite Index in the month immediately preceding the calendar quarter. As with “circuit breakers” based on the DJIA, each trigger is rounded to the nearest 50 points.

### **Levels During the Fourth Quarter**

The NYSE has announced that **effective Monday, October 3, 2011** for the **Fourth Quarter**, trading halts will be triggered when the DJIA declines below its closing value on the previous trading day by:

**Level 1 (10%) – 1,100 points**

**Level 2 (20%) – 2,250 points**

**Level 3 (30%) – 3,350 points**

During the **Fourth Quarter**, in the event that marketplaces in Canada are open for trading on a trading day that the NYSE is not scheduled to be open for trading, trading halts will be triggered when the S&P/TSX Composite Index declines below its closing value on the previous trading day by:

**Level 1 (10%) – 1,200 points**

**Level 2 (20%) – 2,450 points**

**Level 3 (30%) – 3,650 points**

The length of the regulatory halts will be as follows:

#### **Level 1:**

- before 2 p.m. – one hour
- at 2 p.m. or later but before 2:30 p.m. – 30 minutes
- at 2:30 p.m. or later – trading shall continue, unless there is a level 2 halt.

#### **Level 2:**

- before 1 p.m. – two hours
- at 1 p.m. or later but before 2 p.m. – one hour
- at 2:00 p.m. or later – trading shall halt and not resume for the remainder of the day.

#### **Level 3:**

- at any time – trading shall halt and not resume for the remainder of the day.