

IIROC NOTICE

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Circuit Breaker Levels for the Second Quarter

Summary

This Rules Notice provides guidance relating to the imposition, during the Second Quarter of 2012, 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 Second Quarter

The NYSE has announced that **effective Monday, April 2, 2012** for the **Second Quarter**, trading halts will be triggered when the DJIA declines below its closing value on the previous trading day by:

Level 1 (10%) – 1,300 points

Level 2 (20%) – 2,600 points

Level 3 (30%) – 3,900 points

During the **Second 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%) – 1,250 points

Level 2 (20%) – 2,500 points

Level 3 (30%) – 3,750 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.