

## **PART 9 – TRADING HALTS, DELAYS AND SUSPENSIONS**

### **9.1 Regulatory Halts, Delays and Suspensions of Trading**

- (1) **Regulatory Halts and Suspensions** - No order for the purchase or sale of a security shall be executed on a marketplace or over-the-counter, at any time while:
  - (a) an order of a securities regulatory authority to cease trading in the security remains in effect;
  - (b) in the case of a listed security, the Market Regulator of the Exchange on which the security is listed has halted or suspended trading in the security while such halt or suspension remains in effect;
  - (c) in the case of a quoted security, the Market Regulator of the QTRS has halted or suspended trading in the security while such halt or suspension remains in effect; and
  - (d) in the case of any security other than a listed security or a quoted security, a Market Regulator of an ATS on which such security may trade has halted trading for the purposes of the public dissemination of material information respecting such security or the issuer of such security.
  
- (2) **Regulatory Delay** - No order for the purchase or sale of a security shall be executed on a marketplace or over-the-counter, at any time while:
  - (a) in the case of a listed security, the Market Regulator of the Exchange on which the security is listed has delayed trading in the security while such delay remains in effect; and
  - (b) in the case of a quoted security, the Market Regulator of the QTRS has delayed trading in the security while such delay remains in effect.
  
- (3) **Exceptions for Non-Regulatory Purposes** - Despite subsections (1) and (2), an order may be entered on a marketplace or an order may trade on a marketplace, if the Exchange or QTRS has:
  - (a) suspended trading in the security by reason only that the issuer of the security has:
    - (i) ceased to meeting listing or quotation requirements established by the Exchange or QTRS, or
    - (ii) failed to pay to the Exchange or QTRS any fees in respect of the listing or quotation of securities of the issuer; or

- (b) delayed or halted trading in the security as a result of:
  - (i) technical problems affecting only the trading system of the Exchange or QTRS, or
  - (ii) the application of a Marketplace Rule.

**(4) Trading Outside Canada During Regulatory Halts, Delays and Suspensions** - If trading in a security has been prohibited on a marketplace in accordance with clauses (1)(b), (c) or (d) or subsection (2), a Participant may execute a trade in the security, if permitted by applicable securities legislation, outside of Canada on a foreign organized regulated market.

<p><b>Defined Terms:</b> NI 14-101 section 1.1(3) – “securities legislation” and “securities regulatory authority”          NI 21-101 section 1.1 – “ATS” and “order”          UMIR section 1.1 – “Exchange”, “foreign organized regulated market”, “listed security”, “Market Regulator”, “marketplace”, “Marketplace Rules”, “Participant”, “quoted security” and “QTRS”          UMIR section 1.2(2) – “trade”</p> <p><b>Regulatory History:</b> Effective August 27, 2004, the applicable securities commissions approved an amendment to subsection (1) to delete the phrase “entered on a marketplace or” immediately prior to the word “executed”.          Effective May 16, 2008, the applicable securities commissions approved an amendment to subsection (4) to replace the phrase “an exchange or organized regulated market outside of Canada that publicly disseminates details of trades executed on that market” with “a foreign organized regulated market”.</p> <p><b>Market Integrity Notice:</b> The following is the relevant portion of the text of Market Integrity Notice 2002-012 issued on July 9, 2002 under the heading “<b>Regulation ID Order Markers and Order Inhibition during Regulatory Halts &amp; Suspensions</b>”:</p> <p><b>Order Inhibition During Regulatory Halts and Suspensions</b></p> <p>Rule 9.1 provides that no order for the purchase or sale of security be entered on a marketplace during the period of a regulatory halt or suspension. A regulatory halt or suspension is imposed by IIROC to ensure a fair and orderly market. The regulatory halt or suspension is applicable in all marketplaces that have adopted UMIR. A delay, halt or suspension imposed by a marketplace, including the TSX and TSX Venture, is not governed by Rule 9.1 of UMIR and orders may be entered on any marketplace in accordance with the market quality rules of the marketplace on which the order is entered.</p> <p>Staff of TSX and TSX Venture will institute an inhibition on order entry upon being notified of a regulatory halt or suspension by IIROC. Notwithstanding actions that may be undertaken by marketplaces, Participants are under an obligation not to enter orders on a marketplace during a regulatory halt or suspension.</p> <p>If orders for a particular security have been entered or executed on a marketplace during a regulatory halt or suspension that affects that security, the marketplace will be required to cancel all such orders and trades prior to reopening trading in the particular security. When a regulatory halt or suspension is being lifted, IIROC will announce a time when orders may again be entered on a marketplace (and marketplaces will be able to go into a “pre-open” state with respect to the affected security) together with a time at which marketplaces will again be able to execute trades in the affected security.</p> <p><b>Market Integrity Notice:</b> The following is the relevant text of Market Integrity Notice 2005-035 issued on December 8, 2005 under the heading “<b>Guidance – Regulatory Halts and Marketplace Hours of Operation</b>”:</p> <p><b>Summary</b></p> <p>This Market Integrity Notice provides guidance relating to the procedures of the Investment Industry Regulatory Organization of Canada (“IIROC”) for imposing a regulatory trading halt on a security listed on a recognized exchange in Canada (an “Exchange”) that also trade on another marketplace, including an alternative trading system (“ATS”), that has hours of operation different from the Exchange on which the security is listed.</p> <p>An issuer of a listed security should be aware that a regulatory halt on trading may be imposed to accommodate the dissemination of material information during trading hours on any marketplace on which the securities of that issuer are traded. An issuer should consider the trading hours of the marketplaces on which their securities are traded when timing material announcements that otherwise do not have to be released immediately.</p> <p><b>Proposed Changes to Hours of Operation of Certain Marketplaces</b></p> <p>Presently, IIROC has been retained to be the regulation services provider for: the Toronto Stock Exchange (“TSX”), TSX Venture Exchange (“TSXV”) and Canadian Trading and Quotation System (“CNQ”), each as an Exchange; and for Bloomberg Tradebook Canada Company, Liquidnet Canada Inc. and Perimeter Markets Inc. (“PMI”), each as an ATS. Currently, each of these marketplaces conducts regular trading between 9:30 a.m. and 4:00 p.m. (Toronto time).</p>
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PMI has announced that the hours of operation of its BlockBook facility will be extended. Effective December 12, 2005, BlockBook will open for trading at 8:30 a.m. (Toronto time) rather than 9:30 a.m. MSI has also announced that due to the addition of income trust units to the S&P/TSX Composite Index on December 16, 2005, the BlockBook facility will remain open for trading until 5:00 p.m. (Toronto time) on December 16, 2005 only rather than the regular closing time of 4:00 p.m. Any security which is listed on the TSX may be traded on BlockBook.

On October 7, 2005, the CNQ published notice of an application to vary its recognition order as an Exchange. Public comment was requested on various aspects of the application including a proposed change to the rules of CNQ to establish an "Alternative Market" that would trade securities listed on any other Exchange. One of the proposed rule changes would provide that, unless otherwise determined by the Board of CNQ, the hours of operation of CNQ would be from 8:00 a.m. to 6:00 p.m. (Toronto time). The proposed changes to the recognition order and the rules and policies of CNQ are subject to the approval of the Ontario Securities Commission.

#### **Impact of Marketplace Hours on Timely Disclosure Announcements and Regulatory Halts**

IIROC administers the timely disclosure requirements imposed on issuers that are listed on the TSX, TSXV and CNQ. Generally, the timely disclosure requirements call for the immediate release of significant announcements. With the approval of IIROC, certain announcements may be delayed until the close of trading.

Pursuant to Rule 9.1 of the Universal Market Integrity Rules ("UMIR"), it is the policy of IIROC to impose a regulatory halt on the execution of trades in order to allow an issuer to publicly disseminate material information respecting the issuer. The purpose of the regulatory halt in these circumstances is to give all marketplace participants an opportunity to consider the material information and to adjust their trading intentions accordingly.

IIROC may impose a regulatory trading halt if the issuer of a listed security is making an announcement of material information during the trading hours of the Exchange on which the security is listed. If the announcement is made outside of the hours of operation of the Exchange on which the security is listed but while trading in that security may occur on another marketplace (including an ATS), IIROC also may impose a regulatory trading halt to permit the dissemination of the material information.

Under Rule 9.1 of UMIR, a regulatory halt on the trading of a security imposed by IIROC for the dissemination of timely disclosure or for any other reason will prevent the execution of a trade in that security on a marketplace in Canada or over-the-counter. However, trading in the security may continue on an organized regulated market outside of Canada that publicly disseminates details of trades on that market.

#### **General Commentary:**

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, IIROC 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.

During the first week of January, April, July and October, IIROC will issue a Market Integrity Notice setting out the point decline in the DJIA that would trigger application of the "circuit breakers" during that calendar quarter.

The length of the regulatory halts will be as follows:

Level 1 (DJIA declines 10% below its closing value on the previous trading day):

- 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 (DJIA declines 20% below its closing value on the previous trading day):

- 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 (DJIA declines 30% below its closing value on the previous trading day):

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