

10.9 Power of Market Integrity Officials

- (1) A Market Integrity Official may, in governing trading in securities on the marketplace:
 - (a) delay, halt or suspend trading in a security at any time and for such period of time as such Market Integrity Official may consider appropriate in the interest of a fair and orderly market;
 - (b) refuse to allow any bid price or ask price to be recorded at any time if, in the opinion of such Market Integrity Official, such quotation is unreasonable or not in compliance with UMIR or any Policy;
 - (c) settle any dispute arising from trading in securities on the marketplace where such authority is not otherwise provided for in any requirement governing trading on the marketplace;
 - (d) vary or cancel any trade which, in the opinion of such Market Integrity Official, is unreasonable or not in compliance with UMIR or any Policy;
 - (e) vary or cancel any trade upon application of the buyer and seller provided such application has been made by the end of trading on the day following the day on which the trade was made or such earlier time as may be established in any Marketplace Rule of the marketplace on which the trade was executed;
 - (f) in respect of any trade which has not complied with the requirements of Part 5, correct the price of the trade to a price at which the trade would have complied with such requirement, or
 - (g) require the Participant to satisfy the better bid or offer up to the disclosed volume if the trade failed to comply with the requirements of Part 5;
 - (g.1) in respect of any trade of a principal order or non-client order that has not complied with the requirements of Rule 5.3, require the Participant to satisfy the client order at the price and up to the volume of the trade which failed to comply with the requirements of Rule 5.3.
 - (h) provide to any person an interpretation of any provision of UMIR and any Policy in accordance with the purpose and intent of the provision and shall ensure that any such interpretation is observed by such person;
 - (i) exercise such powers as are specifically granted to a Market Regulator or Market Integrity Official by UMIR and any Policy; and

- (j) exercise such powers as are specifically granted to the Market Regulator by the marketplace where the marketplace is entitled to grant such powers.
- (2) In determining whether any quotation or trade in a security is unreasonable, the Market Regulator shall consider:
- (a) prevailing market conditions;
 - (b) the last sale price of the security as displayed in a consolidated market display;
 - (c) patterns of trading in the security on the marketplace including volatility, volume and number of transactions;
 - (d) whether material information concerning the security is in the process of being disseminated to the public; and
 - (e) the extent of the interest of the person for whose account the order is entered in changing the price or quotation for the security.
- (3) In connection with the exercise of a power under this Rule, upon the verbal, written or electronic request of the Market Integrity Official, the Regulated Person shall, within the time period specified by the Market Integrity Official:
- (a) provide any information, document or records in the possession or control of the person that the Market Regulator determines may be relevant to the exercise of a power by the Market Regulator and such information, document or records shall be provided in such manner and form, including electronically, as may be required by the Market Regulator; and
 - (b) allow the inspection of, and permit copies to be taken of, any information, document or records in the possession or control of the person that the Market Regulator determines may be relevant to the exercise of a power by the Market Regulator.
- (4) If a Market Integrity Official has provided notice to a Regulated Person pursuant to subsection (3), the Regulated Person shall, notwithstanding any policy or procedure of the Regulated Person with respect to the retention of information, documents or records, retain any document or record in the possession or control of the Regulated Person that is relevant to the exercise of the power by the Market Integrity Official for a period of 30 days from the date of the notice or such other period as may be specified by the Market Regulator.

Defined Terms: NI 21-101 section 1.1 - "order"

UMIR section 1.1 – "consolidated market display", "disclosed volume", "document", "last sale price", "Market Integrity Official", "Market Regulator", "marketplace", "Marketplace Rules", "Participant", "Policy", "Regulated Person" and "UMIR"

UMIR section 1.2(2) – "person" and "trade"

Regulatory History: Effective March 11, 2005, the applicable securities commissions approved amendments to section 10.9 to add subsections (3) and (4).

Effective March 9, 2007, the applicable securities commissions approved an amendment to subsection (1) of Rule 10.9 to replace the word "disallow" with the word "vary" in clause (d) and to add clause (g.1)

Effective May 16, 2008, the applicable securities commissions approved an amendment to clause (g) of subsection (1) of Rule 10.9 to replace the phrase "volume of the trade which" with "disclosed volume if the trade".

In connection with the recognition of IROC and its adoption of UMIR, the applicable securities commissions approved amendments to Rule 10.9 that came into force on June 1, 2008 to:

- (a) in clause (b) of subsection (1), delete the phrase "these Rules" and substitute the word "UMIR";
- (b) in clause (d) of subsection (1), delete the phrase "these Rules" and substitute the word "UMIR";
- (c) in clause (h) of subsection (1):
 - (i) delete the phrase "these Rules" and substitute the word "UMIR", and
 - (ii) insert the word "the" after the phrase "intent of"; and
- (d) in clause (i) of subsection (1), delete the phrase "these Rules" and substitute the word "UMIR".

Proposed Amendments: For information on the current proposed amendments for Rule 10.9, refer to Market Integrity Notice 2007-017 – Request for Comments - Provisions Respecting Short Sales and Failed Trades (September 7, 2007) which includes a proposed amendment to add to paragraph the following as clause (e.1):

- (e.1) cancel any trade that is a failed trade in respect of which notice has been, or should have been, provided to the Market Regulator in accordance with Rule 7.11 if, in the opinion of such Market Integrity Official:
 - (i) the account has failed to diligently pursue making available the applicable securities or monies or making arrangement for the borrowing of the applicable securities,
 - (ii) there is no reasonable prospect that the failure will be rectified pursuant to the rules, requirements or procedures of the marketplace on which the trade was executed or the clearing agency through which the trade was to be settled, and
 - (iii) the cancellation of the trade is appropriate in the interest of a fair and orderly market.