



Cboe Canada Market Wide Circuit Breaker FAQ

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Contents

Scope of this FAQ 2

General Market-Wide Circuit Breaker Questions 3

MWCBs for the Cboe Canada Inc. Exchange (Cboe Canada)..... 4

Scope of this FAQ

This FAQ is a high-level overview of what is anticipated to occur in the event of a Market-Wide Circuit Breaker (MWCB). It is not a definitive statement of what would in fact occur in these circumstances, and items noted remain subject to change based on the facts and circumstances at the time of the event. Refer to applicable rules for additional detail.

General Market-Wide Circuit Breaker Questions

Read frequently asked questions about market-wide circuit breakers.

What are Market-Wide Circuit Breakers?

All Canadian equities marketplaces have established procedures for coordinated cross-market trading halts in the event of a severe market price decline, in accordance with [guidance](#) issued by the [Canadian Investment Regulatory Authority](#) (CIRO). These procedures, known as MWCBs, halt trading temporarily or, under extreme circumstances, close the markets before the normal close of the trading session. MWCBs are triggered by a single-day decrease in the S&P 500 Index that reaches an applicable threshold.

What are the applicable circuit breaker thresholds and general halt durations?

There are three distinct threshold levels, each with its own halt duration, as follows:

- Level 1 halt (7% decline in S&P 500 index)
 - Trading will halt for a *minimum* of 15 minutes if the drop occurs before 3:25 p.m. ET.
 - At or after 3:25 p.m. ET, no Level 1 halt will occur.
- Level 2 halt (13% decline in S&P 500 index)
 - Trading will halt for a *minimum* of 15 minutes if the drop occurs before 3:25 p.m. ET.
 - At or after 3:25 p.m. ET, no Level 2 halt will occur.
- Level 3 halt (20% decline in S&P 500 index)
 - At any time during the trading day, trading will halt for the remainder of the trading day.

① **NOTE:** Each halt level can only be triggered once per day. For example, if the S&P 500 Index declines 7% at 10:00 a.m. ET and triggers a Level 1 halt, there will be no additional Level 1 halts even if the Index crosses the 7% boundary later during the same trading day following the resumption of trading from the initial Level 1 halt.

Who triggers the MWCB?

CIRO is responsible for monitoring the S&P 500 Index and opening a bridge with all Canadian marketplaces to announce the trigger for the MWCB halt. Messages will be published by marketplaces informing marketplace participants of the event.

What triggers Canadian market-wide halts when U.S. markets are closed for trading?

In situations where Canadian marketplaces are open for trading either fully or partially while U.S. markets are closed, trading halts may nevertheless be implemented. These halts will occur on trading days or during specific periods when the S&P/TSX Composite Index declines below its closing value from the previous trading day by:

- Level 1 – 7%
- Level 2 – 13%

- Level 3 – 20%

MWCBs for the Cboe Canada Inc. Exchange (Cboe Canada)

Read frequently asked questions about market-wide circuit breakers for Cboe Canada.

How will Cboe Canada halt and re-open trading of its listed securities in the event of a Level 1 or Level 2 MWCB?

Cboe Canada's NEO-L Trading Book will halt trading in all Cboe Canada listed securities immediately upon receipt of a Level 1 or Level 2 trigger notification from CIRO. Individual halt messages for each listed security will be sent on the Cboe Canada Multicast PITCH feed. A re-opening call will be scheduled for each Cboe Canada listed security on NEO-L once the market resumption time has been indicated by CIRO. Trading will be scheduled to resume at 15 minutes following the start of the MWCB (unless CIRO has requested a longer halt duration).

How will Cboe Canada halt and re-open non-listed securities?

Trading of all non-listed securities on all Cboe Canada Trading Books will be halted immediately upon receipt of an MWCB trigger notification from CIRO. Cboe Canada will wait for a resumption time indicated by CIRO to resume trading of non-listed securities.

What will happen with open orders when an MWCB is triggered?

By default, open orders will be queued and remain on the book for all securities. Resting orders on listed securities may be entered, modified, and cancelled at any time during the halt or during the re-opening call. Resting orders on non-listed securities may not be entered or modified, but can be cancelled during the suspension. After a halt is lifted, open orders on a Cboe Canada listed security on NEO-L will enter a re-opening call. On NEO-N and NEO-D, open orders will remain on the book until the Continuous Trading Session has resumed on NEO-L.

How will a Level 3 MWCB be handled?

Cboe Canada will halt trading of all securities for the remainder of the trading day upon receipt of a Level 3 MWCB trigger notification from CIRO. For Closing Call Eligible Securities, the Closing Call will not be executed. The Closing Prices for all listed securities will be set to the Last Sale Price nearest to 4:00 p.m. ET and disseminated on the Cboe Canada Multicast PITCH feed at 4:00 p.m. ET. Any open orders remaining on the books will be cancelled back to Members based on their duration (e.g., DAY orders will be cancelled at the end of the trading day).

When will Cboe Canada send resumptions for listed securities following a Level 3 MWCB?

At the start of the next trading day, all Cboe Canada listed securities will be available for trading. A **Trading Status** message will be sent on the Cboe Canada Multicast PITCH feed indicating the status of each security.