

November 20, 2025

25-0314

Rules Bulletin > Approval/Implementation Bulletin

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## Amendments Respecting Contingent Derivative Orders

### Executive Summary

On October 17, 2025, the Canadian Securities Administrators (**CSA**) approved amendments to the Universal Market Integrity Rules (**UMIR**) that facilitate the execution of an order for a listed security or quoted security that is contingent on the execution of one or more trades in a listed derivative that is also a related derivative (**Amendments**).

On February 27, 2025, CIRO published for comment proposed changes to UMIR in CIRO Bulletin [25-0059](#) *Proposed Amendments Respecting Contingent Derivative Orders*. These amendments were proposed to align UMIR with amendments to the Rule Book of the Toronto Stock Exchange (**TSX**) in relation to “Contingent Option Trades”.

No changes to the proposed amendments were made.

## **1. Comments received**

We received two comment letters in response to Bulletin 25-0059. We provide a summary of these comments and our response in Appendix C.

## **2. Implementation**

The Amendments will be effective on December 22, 2025, being 30 days after the publication of this Bulletin.

Currently, TSX is the only Canadian marketplace approved to offer functionality consistent with the definition of a Contingent Derivative Order. It is expected that Participants seeking to execute a Contingent Derivative Order will execute the order on the TSX in a manner that is consistent with TSX procedures for “Contingent Option Trades”.

Given that the execution of a Contingent Derivative Order should follow existing TSX procedures, it is not expected that Participants will need to undertake significant technology work to accommodate the new order type. Compliance with the requirement to apply a designation pursuant to UMIR Rule 6.2 can be achieved through the use of the existing TSX marker “MS” that is applied by TSX for the execution of “Contingent Option Trades”.

Where applicable, Participants will be expected to update policies and procedures in respect of the use of Contingent Derivative Orders.

## **3. Appendices**

[Appendix A](#) – Amendments to UMIR (blackline)

[Appendix B](#) – Amendments to UMIR (clean)

[Appendix C](#) – Summary of comments received and CIRO’s responses

**Appendix A – Amendments to UMIR (blackline)**

The Universal Market Integrity Rules are hereby amended as follows:

Text of Provision Following Adoption of the Proposed UMIR Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed UMIR Amendments
<p><b>1.1 Definitions</b></p> <p>“best ask price” means the lowest price of an order on:</p> <p>(a) any protected marketplace as displayed in a consolidated market display to sell a particular security, or</p> <p>(b) an Exchange as displayed to sell a listed derivative,</p> <p>but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Contingent Derivative Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p> <p>“best bid price” means the highest price of an order on:</p> <p>(a) any protected marketplace as displayed in a consolidated market display to buy a particular security, or</p> <p>(b) an Exchange as displayed to buy a listed derivative,</p> <p>but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Contingent Derivative Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p> <p>“Contingent Derivative Order” means an order for the purchase or sale of a listed security or a quoted security that is entered to trade on a marketplace and that is contingent on the execution of one or more trades in a listed derivative that is also a related derivative.</p> <p>“Dark Order” means:</p>	<p><b>1.1 Definitions</b></p> <p>“best ask price” means the lowest price of an order on:</p> <p>(a) any protected marketplace as displayed in a consolidated market display to sell a particular security, or</p> <p>(b) an Exchange as displayed to sell a listed derivative,</p> <p>but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, <u>Contingent Derivative Order</u>, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p> <p>“best bid price” means the highest price of an order on:</p> <p>(a) any protected marketplace as displayed in a consolidated market display to buy a particular security, or</p> <p>(b) an Exchange as displayed to buy a listed derivative,</p> <p>but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, <u>Contingent Derivative Order</u>, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p> <p><u>“Contingent Derivative Order” means an order for the purchase or sale of a listed security or a quoted security that is entered to trade on a marketplace and that is contingent on the execution of one or more trades in a listed derivative that is also a related derivative.</u></p> <p>“Dark Order” means:</p>

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<p>(a) an order no portion of which is displayed on entry on a marketplace in a consolidated market display; or</p> <p>(b) that portion of an order which on entry to a marketplace is not displayed in a consolidated market display if that portion may trade at a price other than the price displayed by that portion of the order included in the consolidated market display</p> <p>but does not include an order entered on a marketplace as:</p> <p>(c) part of an intentional cross;</p> <p>(d) a market order that is immediately executed in full on one or more marketplaces at the time of entry;</p> <p>(e) a limit order that is immediately executed in full on one or more marketplaces at the time of entry;</p> <p>(f) a Basis Order;</p> <p>(g) a Call Market Order if that Call Market Order may only trade with other Call Market Orders and the matching of Call Market Orders occurs less frequently than once every minute;</p> <p>(h) a Closing Price Order;</p> <p>(i) a Market-on-Close Order;</p> <p>(j) an Opening Order;</p> <p>(k) a Volume-Weighted Average Price Order; or</p> <p>(l) a Contingent Derivative Order.</p> <p><b>“disclosed volume”</b> means the aggregate of the number of units of a security relating to each order for that security entered on a protected marketplace and displayed in a consolidated market display that is offered at a price below the intended price of a trade in the case of a purchase or that is bid at a price above the intended price of a trade in the case of a sale, but does not include the volume of:</p>	<p>(a) an order no portion of which is displayed on entry on a marketplace in a consolidated market display; or</p> <p>(b) that portion of an order which on entry to a marketplace is not displayed in a consolidated market display if that portion may trade at a price other than the price displayed by that portion of the order included in the consolidated market display</p> <p>but does not include an order entered on a marketplace as:</p> <p>(c) part of an intentional cross;</p> <p>(d) a market order that is immediately executed in full on one or more marketplaces at the time of entry;</p> <p>(e) a limit order that is immediately executed in full on one or more marketplaces at the time of entry;</p> <p>(f) a Basis Order;</p> <p>(g) a Call Market Order if that Call Market Order may only trade with other Call Market Orders and the matching of Call Market Orders occurs less frequently than once every minute;</p> <p>(h) a Closing Price Order;</p> <p>(i) a Market-on-Close Order;</p> <p>(j) an Opening Order; <del>or</del></p> <p>(k) a Volume-Weighted Average Price Order; <del>;</del> <u>or</u></p> <p><u>(l) a Contingent Derivative Order.</u></p> <p><b>“disclosed volume”</b> means the aggregate of the number of units of a security relating to each order for that security entered on a protected marketplace and displayed in a consolidated market display that is offered at a price below the intended price of a trade in the case of a purchase or that is bid at a price above the intended price of a trade in the case of a sale, but does not include the volume of:</p>

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<p>(a) a Basis Order;</p> <p>(b) a Call Market Order;</p> <p>(c) a Market-on-Close Order;</p> <p>(d) an Opening Order;</p> <p>(e) a Special Terms Order;</p> <p>(f) a Volume-Weighted Average Price Order; or</p> <p>(g) a Contingent Derivative Order.</p> <p><b>“last sale price”</b> means the price of the last sale of at least one standard trading unit of:</p> <p>(a) a particular security displayed in a consolidated market display but does not include the price of a sale resulting from an order that is:</p> <ul style="list-style-type: none"> <li>(i) a Basis Order;</li> <li>(ii) a Call Market Order;</li> <li>(iii) a Closing Price Order;</li> <li>(iv) a Special Terms Order unless the Special Terms Order has executed with an order or orders other than a Special Terms Order;</li> <li>(v) a Volume-Weighted Average Price Order; or</li> <li>(vi) a Contingent Derivative Order,</li> </ul> <p>(b) a particular option traded on an Exchange.</p>	<p>(a) a Basis Order;</p> <p>(b) a Call Market Order;</p> <p>(c) a Market-on-Close Order;</p> <p>(d) an Opening Order;</p> <p>(e) a Special Terms Order; <del>or</del></p> <p>(f) a Volume-Weighted Average Price Order; <del>;</del> <u>or</u></p> <p><u>(g) a Contingent Derivative Order.</u></p> <p><b>“last sale price”</b> means the price of the last sale of at least one standard trading unit of:</p> <p>(a) a particular security displayed in a consolidated market display but does not include the price of a sale resulting from an order that is:</p> <ul style="list-style-type: none"> <li>(i) a Basis Order;</li> <li>(ii) a Call Market Order;</li> <li>(iii) a Closing Price Order;</li> <li>(iv) a Special Terms Order unless the Special Terms Order has executed with an order or orders other than a Special Terms Order; <del>or</del></li> <li>(v) a Volume-Weighted Average Price Order; <del>;</del> <u>or</u></li> <li><u>(vi) a Contingent Derivative Order.</u></li> </ul> <p>(b) a particular option traded on an Exchange.</p>
<p><b>5.3 Client Priority</b></p> <p>...</p> <p>(2) Despite subsection (1) but subject to Rule 4.1, a Participant is not required to give priority to a client order if:</p> <p>(a) the client specifically has consented to the Participant entering principal orders and non-client orders for the same security at the same price on the same side of the market on the same settlement terms;</p>	<p><b>5.3 Client Priority</b></p> <p>...</p> <p>(2) Despite subsection (1) but subject to Rule 4.1, a Participant is not required to give priority to a client order if:</p> <p>(a) the client specifically has consented to the Participant entering principal orders and non-client orders for the same security at the same price on the same side of the market on the same settlement terms;</p>

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<p>(b) the principal order or non-client order is:</p> <ul style="list-style-type: none"> <li>(i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace,</li> <li>(ii) automatically generated by a system operated by the Participant or on behalf of the Participant based on pre-determined order and trading parameters established, programmed and enabled for trading prior to the receipt of the client order,</li> <li>(iii) for a managed account and the client order is for a managed account under the direction of the same person and in respect of which executions are allocated between the various managed accounts on an equitable basis in accordance with the established practices of the Participant,</li> <li>(iv) a Basis Order, or</li> <li>(v) a Contingent Derivative Order;</li> </ul> <p>(c) the client order has been entered directly by the client of the Participant on a marketplace;</p> <p>(d) the principal order or non-client order is executed pursuant to an allocation by the trading system of a marketplace and:</p> <ul style="list-style-type: none"> <li>(i) either: <ul style="list-style-type: none"> <li>(A) the security which is the subject of the order trades on no marketplace other than that marketplace,</li> <li>(B) the principal order or non-client order is a Call Market Order, a Contingent Derivative Order, an Opening Order, a Market-</li> </ul> </li> </ul>	<p>(b) the principal order or non-client order is:</p> <ul style="list-style-type: none"> <li>(i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace,</li> <li>(ii) automatically generated by a system operated by the Participant or on behalf of the Participant based on pre-determined order and trading parameters established, programmed and enabled for trading prior to the receipt of the client order,</li> <li>(iii) for a managed account and the client order is for a managed account under the direction of the same person and in respect of which executions are allocated between the various managed accounts on an equitable basis in accordance with the established practices of the Participant, <del>or</del></li> <li>(iv) a Basis Order<del>;</del> <u>or</u></li> <li><u>(v) a Contingent Derivative Order;</u></li> </ul> <p>(c) the client order has been entered directly by the client of the Participant on a marketplace;</p> <p>(d) the principal order or non-client order is executed pursuant to an allocation by the trading system of a marketplace and:</p> <ul style="list-style-type: none"> <li>(i) either: <ul style="list-style-type: none"> <li>(A) the security which is the subject of the order trades on no marketplace other than that marketplace,</li> <li>(B) the principal order or non-client order is a Call Market Order, <u>a Contingent Derivative Order,</u> an Opening Order, a Market-on-</li> </ul> </li> </ul>

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<p>on-Close Order or a Volume-Weighted Average Price Order,</p> <p>(C) each of the client order and the principal order or non-client order was entered on the same marketplace,</p> <p>(D) the client has instructed the Participant to enter the client order on a particular marketplace, or</p> <p>(E) the client has instructed the Participant to enter the client order in a manner that does not disclose the identifier of the Participant in a consolidated market display,</p> <p>(ii) the client order was entered by the Participant on that marketplace immediately upon receipt by the Participant, and</p> <p>(iii) if the client order was varied or changed by the Participant at any time after entry, the variation or change was on the specific instructions of the client;</p> <p>(e) either the client order or the principal order or non-client order is a Special Terms Order and the client order would not have executed in the transaction or transactions involving the principal order or non-client order due to the terms and conditions of at least one Special Terms Order; or</p> <p>(f) a Market Integrity Official requires or permits the principal order or non-client order to be executed in priority to a client order.</p> <p>...</p>	<p>Close Order or a Volume-Weighted Average Price Order,</p> <p>(C) each of the client order and the principal order or non-client order was entered on the same marketplace,</p> <p>(D) the client has instructed the Participant to enter the client order on a particular marketplace, or</p> <p>(E) the client has instructed the Participant to enter the client order in a manner that does not disclose the identifier of the Participant in a consolidated market display,</p> <p>(ii) the client order was entered by the Participant on that marketplace immediately upon receipt by the Participant, and</p> <p>(iii) if the client order was varied or changed by the Participant at any time after entry, the variation or change was on the specific instructions of the client;</p> <p>(e) either the client order or the principal order or non-client order is a Special Terms Order and the client order would not have executed in the transaction or transactions involving the principal order or non-client order due to the terms and conditions of at least one Special Terms Order; or</p> <p>(f) a Market Integrity Official requires or permits the principal order or non-client order to be executed in priority to a client order.</p> <p>...</p>

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<p><b>6.2 Designations and Identifiers</b></p> <p>...</p> <p>(b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:</p> <ul style="list-style-type: none"> <li>(i) a Call Market Order,</li> <li>(ii) an Opening Order,</li> <li>(iii) a Market-on-Close Order,</li> <li>(iv) a Special Terms Order,</li> <li>(v) a Volume-Weighted Average Price Order,</li> <li>(v.1) a Basis Order,</li> <li>(v.2) a Closing Price Order,</li> <li>(v.3) a bypass order,</li> <li>(v.4) a directed action order as defined in the Trading Rules,</li> <li>(v.5) a Contingent Derivative Order,</li> <li>(vi) part of a Program Trade,</li> <li>(vii) part of an intentional cross or internal cross,</li> <li>(vii.1) a derivative-related cross,</li> <li>(viii) a short sale but not including an order which is designated as a “short-marking exempt order” in accordance with subclause 6.2(1)(b)(ix),</li> <li>(ix) a short-marking exempt order,</li> <li>(x) a non-client order,</li> <li>(xi) a principal order,</li> <li>(xii) a jitney order,</li> <li>(xiii) for the account of a derivatives market maker,</li> <li>(xiv) for the account of a person who is an insider of the issuer of the security which is the subject of the order,</li> </ul>	<p><b>6.2 Designations and Identifiers</b></p> <p>...</p> <p>(b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:</p> <ul style="list-style-type: none"> <li>(i) a Call Market Order,</li> <li>(ii) an Opening Order,</li> <li>(iii) a Market-on-Close Order,</li> <li>(iv) a Special Terms Order,</li> <li>(v) a Volume-Weighted Average Price Order,</li> <li>(v.1) a Basis Order,</li> <li>(v.2) a Closing Price Order,</li> <li>(v.3) a bypass order,</li> <li>(v.4) a directed action order as defined in the Trading Rules,</li> <li><u>(v.5) a Contingent Derivative Order,</u></li> <li>(vi) part of a Program Trade,</li> <li>(vii) part of an intentional cross or internal cross,</li> <li>(vii.1) a derivative-related cross,</li> <li>(viii) a short sale but not including an order which is designated as a “short-marking exempt order” in accordance with subclause 6.2(1)(b)(ix),</li> <li>(ix) a short-marking exempt order,</li> <li>(x) a non-client order,</li> <li>(xi) a principal order,</li> <li>(xii) a jitney order,</li> <li>(xiii) for the account of a derivatives market maker,</li> <li>(xiv) for the account of a person who is an insider of the issuer of the security which is the subject of the order,</li> </ul>

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<p>(xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order,</p> <p>(xvi) for the account of a client where the order is sent using direct electronic access,</p> <p>(xvii) for the account of a client where the order is sent under a routing arrangement,</p> <p>(xviii) for the account of an order execution only client,</p> <p>(xix) of a type for which the Market Regulator may from time to time require a specific or particular designation,</p> <p>(xx) a bundled order, or</p> <p>(xxi) a multiple client order.</p> <p>(c) Where a designation is required under 6.2(1)(b)(xx) or (xxi), the Participant does not need to include a client identifier on the order under 6.2(1)(a)(iv).</p> <p>...</p>	<p>(xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order,</p> <p>(xvi) for the account of a client where the order is sent using direct electronic access,</p> <p>(xvii) for the account of a client where the order is sent under a routing arrangement,</p> <p>(xviii) for the account of an order execution only client,</p> <p>(xix) of a type for which the Market Regulator may from time to time require a specific or particular designation,</p> <p>(xx) a bundled order, or</p> <p>(xxi) a multiple client order.</p> <p>(c) Where a designation is required under 6.2(1)(b)(xx) or (xxi), the Participant does not need to include a client identifier on the order under 6.2(1)(a)(iv).</p> <p>...</p>
<p><b>6.3 Exposure of Client Orders</b></p> <p>(1) A Participant shall immediately enter for display on a marketplace that displays orders in accordance with Part 7 of the Marketplace Operation Instrument a client order to purchase or sell 50 standard trading units or less of a security unless:</p> <p>(a) the client has specifically instructed the Participant to deal otherwise with the particular order;</p> <p>(b) the Participant executes the order upon receipt at a better price;</p>	<p><b>6.3 Exposure of Client Orders</b></p> <p>(1) A Participant shall immediately enter for display on a marketplace that displays orders in accordance with Part 7 of the Marketplace Operation Instrument a client order to purchase or sell 50 standard trading units or less of a security unless:</p> <p>(a) the client has specifically instructed the Participant to deal otherwise with the particular order;</p> <p>(b) the Participant executes the order upon receipt at a better price;</p>

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<p>(c) the Participant returns the order for confirmation of the terms of the order;</p> <p>(d) the Participant withholds the order pending confirmation that the order complies with applicable securities requirements or, if applicable, the Marketplace Rules of any Exchange on which the security is listed or of any QTRS on which the security is quoted;</p> <p>(e) the Participant determines based on market conditions that entering the order on a marketplace would not be in the best interests of the client;</p> <p>(f) the order has a value of more than \$100,000;</p> <p>(g) the order is part of a trade to be made in accordance with Rule 6.4 by means other than entry on a marketplace; or</p> <p>(h) the client has directed or consented to the order being entered on a marketplace as:</p> <ul style="list-style-type: none"> <li>(i) a Call Market Order,</li> <li>(ii) an Opening Order,</li> <li>(iii) a Special Terms Order,</li> <li>(iv) a Volume-Weighted Average Price Order,</li> <li>(v) a Market-on-Close Order,</li> <li>(vi) a Basis Order,</li> <li>(vii) a Closing Price Order, or</li> <li>(viii) a Contingent Derivative Order.</li> </ul> <p>...</p>	<p>(c) the Participant returns the order for confirmation of the terms of the order;</p> <p>(d) the Participant withholds the order pending confirmation that the order complies with applicable securities requirements or, if applicable, the Marketplace Rules of any Exchange on which the security is listed or of any QTRS on which the security is quoted;</p> <p>(e) the Participant determines based on market conditions that entering the order on a marketplace would not be in the best interests of the client;</p> <p>(f) the order has a value of more than \$100,000;</p> <p>(g) the order is part of a trade to be made in accordance with Rule 6.4 by means other than entry on a marketplace; or</p> <p>(h) the client has directed or consented to the order being entered on a marketplace as:</p> <ul style="list-style-type: none"> <li>(i) a Call Market Order,</li> <li>(ii) an Opening Order,</li> <li>(iii) a Special Terms Order,</li> <li>(iv) a Volume-Weighted Average Price Order,</li> <li>(v) a Market-on-Close Order,</li> <li>(vi) a Basis Order, <del>or</del></li> <li>(vii) a Closing Price Order, <del>or</del> <u>or</u></li> <li><u>(viii) a Contingent Derivative Order.</u></li> </ul> <p>...</p>
<p><b>6.6 Provision of Price Improvement by a Dark Order</b></p> <p>...</p>	<p><b>6.6 Provision of Price Improvement by a Dark Order</b></p> <p>...</p>

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<p>(2) Subsection (1) does not apply if the order entered by the Participant or Access Person is:</p> <ul style="list-style-type: none"> <li>(a) a Basis Order;</li> <li>(b) a Call Market Order;</li> <li>(c) a Closing Price Order;</li> <li>(d) a Market-on-Close Order;</li> <li>(e) an Opening Order;</li> <li>(f) a Volume-Weighted Average Price Order;</li> <li>(g) for less than one standard trading unit; or</li> <li>(h) a Contingent Derivative Order.</li> </ul>	<p>(2) Subsection (1) does not apply if the order entered by the Participant or Access Person is:</p> <ul style="list-style-type: none"> <li>(a) a Basis Order;</li> <li>(b) a Call Market Order;</li> <li>(c) a Closing Price Order;</li> <li>(d) a Market-on-Close Order;</li> <li>(e) an Opening Order;</li> <li>(f) a Volume-Weighted Average Price Order; <del>or</del></li> <li>(g) for less than one standard trading unit; <del>or</del> <u>or</u></li> <li><u>(h) a Contingent Derivative Order.</u></li> </ul>
<p><b>8.1 Client-Principal Trading</b></p> <p>...</p> <p>(2) Subsection (1) does not apply if the client has directed or consented that the client order be:</p> <ul style="list-style-type: none"> <li>(a) a Call Market Order;</li> <li>(b) an Opening Order;</li> <li>(c) a Market-on-Close Order;</li> <li>(d) a Volume-Weighted Average Price Order;</li> <li>(e) a Basis Order;</li> <li>(f) a Closing Price Order; or</li> <li>(g) a Contingent Derivative Order.</li> </ul> <p>...</p>	<p><b>8.1 Client-Principal Trading</b></p> <p>...</p> <p>(2) Subsection (1) does not apply if the client has directed or consented that the client order be:</p> <ul style="list-style-type: none"> <li>(a) a Call Market Order;</li> <li>(b) an Opening Order;</li> <li>(c) a Market-on-Close Order;</li> <li>(d) a Volume-Weighted Average Price Order;</li> <li>(e) a Basis Order; <del>or</del></li> <li>(f) a Closing Price Order; <del>or</del> <u>or</u></li> <li><u>(g) a Contingent Derivative Order.</u></li> </ul> <p>...</p>

## Appendix B – Amendments to UMIR (clean)

### 1.1 Definitions

**“best ask price”** means the lowest price of an order on:

- (a) any protected marketplace as displayed in a consolidated market display to sell a particular security, or
- (b) an Exchange as displayed to sell a listed derivative,

but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Contingent Derivative Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.

**“best bid price”** means the highest price of an order on:

- (a) any protected marketplace as displayed in a consolidated market display to buy a particular security, or
- (b) an Exchange as displayed to buy a listed derivative,

but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Contingent Derivative Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.

**“Contingent Derivative Order”** means an order for the purchase or sale of a listed security or a quoted security that is entered to trade on a marketplace and that is contingent on the execution of one or more trades in a listed derivative that is also a related derivative.

**“Dark Order”** means:

- (a) an order no portion of which is displayed on entry on a marketplace in a consolidated market display; or
- (b) that portion of an order which on entry to a marketplace is not displayed in a consolidated market display if that portion may trade at a price other than the price displayed by that portion of the order included in the consolidated market display

but does not include an order entered on a marketplace as:

- (c) part of an intentional cross;
- (d) a market order that is immediately executed in full on one or more marketplaces at the time of entry;
- (e) a limit order that is immediately executed in full on one or more marketplaces at the time of entry;

- (f) a Basis Order;
- (g) a Call Market Order if that Call Market Order may only trade with other Call Market Orders and the matching of Call Market Orders occurs less frequently than once every minute;
- (h) a Closing Price Order;
- (i) a Market-on-Close Order;
- (j) an Opening Order;
- (k) a Volume-Weighted Average Price Order; or
- (l) a Contingent Derivative Order.

**“disclosed volume”** means the aggregate of the number of units of a security relating to each order for that security entered on a protected marketplace and displayed in a consolidated market display that is offered at a price below the intended price of a trade in the case of a purchase or that is bid at a price above the intended price of a trade in the case of a sale, but does not include the volume of:

- (a) a Basis Order;
- (b) a Call Market Order;
- (c) a Market-on-Close Order;
- (d) an Opening Order;
- (e) a Special Terms Order;
- (f) a Volume-Weighted Average Price Order; or
- (g) a Contingent Derivative Order.

**“last sale price”** means the price of the last sale of at least one standard trading unit of:

- (a) a particular security displayed in a consolidated market display but does not include the price of a sale resulting from an order that is:
  - (i) a Basis Order;
  - (ii) a Call Market Order;
  - (iii) a Closing Price Order;
  - (iv) a Special Terms Order unless the Special Terms Order has executed with an order or orders other than a Special Terms Order;
  - (v) a Volume-Weighted Average Price Order; or
  - (vi) a Contingent Derivative Order,
- (b) a particular option traded on an Exchange.

### 5.3 Client Priority

...

- (2) Despite subsection (1) but subject to Rule 4.1, a Participant is not required to give priority to a client order if:
- (a) the client specifically has consented to the Participant entering principal orders and non-client orders for the same security at the same price on the same side of the market on the same settlement terms;
  - (b) the principal order or non-client order is:
    - (i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace,
    - (ii) automatically generated by a system operated by the Participant or on behalf of the Participant based on pre-determined order and trading parameters established, programmed and enabled for trading prior to the receipt of the client order,
    - (iii) for a managed account and the client order is for a managed account under the direction of the same person and in respect of which executions are allocated between the various managed accounts on an equitable basis in accordance with the established practices of the Participant,
    - (iv) a Basis Order, or
    - (v) a Contingent Derivative Order;
  - (c) the client order has been entered directly by the client of the Participant on a marketplace;
  - (d) the principal order or non-client order is executed pursuant to an allocation by the trading system of a marketplace and:
    - (i) either:
      - (A) the security which is the subject of the order trades on no marketplace other than that marketplace,
      - (B) the principal order or non-client order is a Call Market Order, a Contingent Derivative Order, an Opening Order, a Market-on-Close Order or a Volume-Weighted Average Price Order,
      - (C) each of the client order and the principal order or non-client order was entered on the same marketplace,
      - (D) the client has instructed the Participant to enter the client order on a particular marketplace, or

- (E) the client has instructed the Participant to enter the client order in a manner that does not disclose the identifier of the Participant in a consolidated market display,
- (ii) the client order was entered by the Participant on that marketplace immediately upon receipt by the Participant, and
- (iii) if the client order was varied or changed by the Participant at any time after entry, the variation or change was on the specific instructions of the client;
- (e) either the client order or the principal order or non-client order is a Special Terms Order and the client order would not have executed in the transaction or transactions involving the principal order or non-client order due to the terms and conditions of at least one Special Terms Order; or
- (f) a Market Integrity Official requires or permits the principal order or non-client order to be executed in priority to a client order.

...

## 6.2 Designations and Identifiers

...

- (b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:
  - (i) a Call Market Order,
  - (ii) an Opening Order,
  - (iii) a Market-on-Close Order,
  - (iv) a Special Terms Order,
  - (v) a Volume-Weighted Average Price Order,
  - (v.1) a Basis Order,
  - (v.2) a Closing Price Order,
  - (v.3) a bypass order,
  - (v.4) a directed action order as defined in the Trading Rules,
  - (v.5) a Contingent Derivative Order,
  - (vi) part of a Program Trade,
  - (vii) part of an intentional cross or internal cross,
  - (vii.1) a derivative-related cross,
  - (viii) a short sale but not including an order which is designated as a “short-marking exempt order” in accordance with subclause 6.2(1)(b)(ix),

- (ix) a short-marking exempt order,
- (x) a non-client order,
- (xi) a principal order,
- (xii) a jitney order,
- (xiii) for the account of a derivatives market maker,
- (xiv) for the account of a person who is an insider of the issuer of the security which is the subject of the order,
- (xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order,
- (xvi) for the account of a client where the order is sent using direct electronic access,
- (xvii) for the account of a client where the order is sent under a routing arrangement,
- (xviii) for the account of an order execution only client,
- (xix) of a type for which the Market Regulator may from time to time require a specific or particular designation,
- (xx) a bundled order, or
- (xxi) a multiple client order.

(c) Where a designation is required under 6.2(1)(b)(xx) or (xxi), the Participant does not need to include a client identifier on the order under 6.2(1)(a)(iv).

...

### **6.3 Exposure of Client Orders**

- (1) A Participant shall immediately enter for display on a marketplace that displays orders in with Part 7 of the Marketplace Operation Instrument a client order to purchase or sell 50 standard trading units or less of a security unless:
- (a) the client has specifically instructed the Participant to deal otherwise with the particular order;
  - (b) the Participant executes the order upon receipt at a “better price”;
  - (c) the Participant returns the order for confirmation of the terms of the order;
  - (d) the Participant withholds the order pending confirmation that the order complies with applicable securities requirements or, if applicable, the Marketplace Rules of any Exchange on which the security is listed or of any QTRS on which the security is quoted;
  - (e) the Participant determines based on market conditions that entering the order on a marketplace would not be in the best interests of the client;

- (f) the order has a value of more than \$100,000;
- (g) the order is part of a trade to be made in accordance with Rule 6.4 by means other than entry on a marketplace; or
- (h) the client has directed or consented to the order being entered on a marketplace as:
  - (i) a Call Market Order,
  - (ii) an Opening Order,
  - (iii) a Special Terms Order,
  - (iv) a Volume-Weighted Average Price Order,
  - (v) a Market-on-Close Order,
  - (vi) a Basis Order,
  - (vii) a Closing Price Order, or
  - (viii) a Contingent Derivative Order.

...

#### **6.6 Provision of Price Improvement by a Dark Order**

...

- (2) Subsection (1) does not apply if the order entered by the Participant or Access Person is:
  - (a) a Basis Order;
  - (b) a Call Market Order;
  - (c) a Closing Price Order;
  - (d) a Market-on-Close Order;
  - (e) an Opening Order;
  - (f) a Volume-Weighted Average Price Order;
  - (g) for less than one standard trading unit; or
  - (h) a Contingent Derivative Order.

#### **8.1 Client-Principal Trading**

...

- (2) Subsection (1) does not apply if the client has directed or consented that the client order be:
  - (a) a Call Market Order;
  - (b) an Opening Order;
  - (c) a Market-on-Close Order;

- (d) a Volume-Weighted Average Price Order;
- (e) a Basis Order;
- (f) a Closing Price Order; or
- (g) a Contingent Derivative Order.

## Appendix C - Summary of comments received and CIRO's responses

### Comments Received in Response to Notice 25-0059 - Proposed Amendments Respecting Contingent Derivative Orders

On February 27, 2025, the Canadian Investment Regulatory Organization (CIRO) published Rules Bulletin [25-0059](#) to facilitate the execution of an order for a listed security or quoted security that is contingent on the execution of one or more trades in a listed derivative that is also a related derivative. We received two comment letters from the following commenters:

Investment Industry Association of Canada (IIAC)  
Canadian Independent Finance and Innovation Counsel (CIFIC)

Copies of these comments are publicly available on CIRO's website at: [Proposed Amendments Respecting Contingent Derivative Orders](#).

The following table provides a summary of the comments received:

Summary of Comments	Responses
<b>General Comments on the Proposed Amendments</b>	
<p>IIAC – does not oppose the Proposed Amendments as they support the goal of facilitating contingent option trades linked to trades on the Montreal Exchange (MX) and are expected to have de minimus impact.</p> <p>IIAC – suggests that the incremental approach between the Proposed Amendments and related amendments to the rules of the TSX presents opportunities for improvements in the public consultation process.</p> <p>CIFIC – No objections to the Proposed Amendments as operational impacts are expected to be limited and there are potential benefits related to improved operational clarity and greater confidence in the regulatory treatment of these transactions.</p>	<p>We thank the commenters for their responses.</p>
<b>Comments on the Consultation Process</b>	
<p>IIAC – The Proposed Amendments ought to have been subject to public consultation prior to the related TSX rule amendments being finalized. This would allow for consideration of wider market issues and avoid the appearance that the Proposed Amendments were a <i>fait accompli</i>.</p>	<p>The wider market structure issues identified by the commenter are concerns that relate to the ability for contingent option trades on the TSX to trade outside the NBBO. These issues were first subject to comment as part of the approval process for the related TSX rule amendments, and the UMIR Amendments do not materially impact any of these issues. The Amendments are intended to introduce a new order type and</p>

	<p>required exceptions to various UMIR provisions, consistent with those that are available for other order types that may trade outside the NBBO in compliance with OPR.</p> <p>We do not agree that the Amendments were a <i>fait accompli</i>. Any amendments to UMIR are subject to a review and approval process by the Canadian Securities Administrators and the Board of Directors of CISO, and it is inaccurate to conclude that an approval is a foregone conclusion.</p>
<p><b>Comments on the potential impact of the Proposed Amendments</b></p>	
<p>IIAC – The Proposed Amendments do not reference any data on the expected volume and value of contingent option trades</p>	<p>The functionality to support the use of a Contingent Derivative Order is only supported on the TSX. A similar order type (subject to different operational processes and constraints) has been available and used on the TSX for many years. CISO has no insight into the expected use going forward.</p>
<p>IIAC – The Proposed Amendments would allow the equity portion to trade outside the NBBO. Similar order types offered by US exchanges require the trades to adhere to the NBBO. The Proposed Amendments do not offer a qualitative comparison to other marketplaces as support.</p>	<p>The comment letter offers comparisons to US options exchanges, not US equity exchanges. CISO does not have a Regulation Services Agreement with the MX, and therefore a comparison in this regard is not within scope. The TSX is the only Canadian marketplace offering functionality consistent with the entry and execution of a Contingent Derivative Order and therefore no comparison with other Canadian equity marketplaces can be made. We also note that requirements related to trading outside the NBBO in equities are within the Order Protection Rule (OPR) in National Instrument 23-101 <i>Trading Rules</i> and are not administered or interpreted by CISO.</p>
<p>IIAC – The Proposed Amendments do not detail how the Proposed Amendments may impact price discovery and suggests that the price discovery process in the cash market must be protected. Both the Proposed Amendments and the related TSX amendments appear to imply that option market price discovery occurs independently from cash markets and that the TSX price discovery process can be bypassed. This presumption is questionable and suggests that caution should be exercised on any future carveouts from CLOB requirements that could have long-term impacts</p>	<p>The Amendments do not imply anything regarding price discovery. Our understanding is that contingent option trades on the TSX are considered to be “calculated price orders” as defined in National Instrument 23-101 <i>Trading Rules</i> and can rely on an available exception to OPR. As noted above, OPR is not administered by CISO.</p>

<p>on price discovery. Any future carve-outs from CLOB requirements should be preceded by an analysis of impacts to price discovery as well as relevant market data on special terms orders (e.g., volume, value and trades by security) with a measure of market impact.</p>	
<p><b>Comments on operational impacts</b></p>	
<p>CIFIC – Expects minimal operational impacts. The introduction of a new order marker should be straightforward to implement.</p> <p>IIAC – Expects de minimus impacts</p>	<p>We agree that there should be minimal operational impacts. On implementation, no new order marker is expected to be used. Compliance with the requirement to apply a designation pursuant to UMIR 6.2 can be achieved through the use of the existing TSX marker for these trades that has been used for many years. We note that one impact is that Participants may need to update relevant policies and procedures.</p>