



ITG Canada's Policy Regarding Circuit Breaker Halts

Canadian Marketplaces will only halt when the US Marketsⁱ (Dow Jones Industrial Average) reach circuit breaker triggersⁱⁱ. If the US markets are closed for a Holiday then the Canadian Circuit Breaker is based on the decline of the TSX. The Canadian Markets do not have independent circuit breaker thresholds when the US markets are open.

ITG Canada Corp. ("ITG") will endeavour to cancel all open client orders on Canadian and US Markets during the halt or as soon as the Market starts a reopening session or general open, whichever occurs earlier. Once ITG has submitted cancels to all destinations and marketplaces (explained in further detail below), ITG will start to accept new orders. This means that clients will have to resubmit new orders and re-establish priority in the Markets. This uniform approach is to ensure that client's have an opportunity to re-evaluate price levels and to be consistent with how our US bound orders are treated.

OPEN ORDERS ON TSX/NYSE/NASDAQ CIRCUIT BREAKERS

Please note that neither TSX, Nasdaq nor the NYSE automatically cancel market orders it receives prior to a halt.

ITG'S POLICIES REGARDING CIRCUIT BREAKER TRADING HALTS

Treatment of DMA Orders

If an Exchange implements a circuit breaker halt, to the extent possible, ITG will cancel all orders or portions of orders that are outstanding with the exchange that implemented a halt on trading. In such case, ITG will endeavor to notify Customers of any such halts via normal communication processes. Please be aware that ITG will cancel such Customer orders even if at the time of the halt a symbol is still trading on any venue.

After a halt, Customers will then have to resubmit any DMA orders prior to the point in time in which trading will resume on that market. Cancel amounts or executed portions of orders sent to an exchange may not be fully known at the time of the halt notice.

Treatment of Router and Algorithms Orders

Similar to the process above, if an Exchange implements a circuit breaker halt, to the extent possible, ITG will cancel all Customer orders or portions of orders that are outstanding in halted markets. ITG will also cancel, to the extent possible, unexecuted portions of orders still in our algorithms and routers. As mentioned above, ITG will endeavor to notify Customers of any such halts via normal communication processes. Cancel amounts or executed portions of orders may not be fully known at the time of the halt notice.

After a halt, Customers will then have to resubmit any orders prior to the point in time in which trading will resume on particular markets.

Note on treatment of ITG NetSM Orders

ITG Net is an Investment Technology Group Inc. global trade routing network. As a routing system it merely connects ITG Net Customers with various brokerage firms. ITG has no role in either the receipt or execution of orders that simply go through ITG Net. Consequently, Customers of ITG Net are advised to inquire with the various brokers who receive their orders as to their respective policies in connections with circuit breaker trade halts.

Please contact your Account Executive or the Trading Desk at 416-874-0700 with any questions concerning this Policy.

Appendix A

Circuit Breaker Notices

For your convenience, we are providing NYSE and NASDAQ circuit breakers links:

http://www.nyse.com/press/circuit_breakers.html

<http://www.nasdaqtrader.com/Trader.aspx?id=CircuitBreaker>

Link to Investment Industry Regulatory Organization of Canada 2nd Quarter 2010 Circuit Breaker Notice:

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=CC7BDC3048E44CDC97DDE16BFCE03495&Language=en>

Levels During the Third Quarter

The NYSE has announced that **effective Friday, July 2, 2010** for the **Third Quarter**, trading halts will be triggered when the DJIA declines below its closing value on the previous trading day by:

Level 1 (10%) – 1,000 points

Level 2 (20%) – 2,050 points

Level 3 (30%) – 3,050 points

During the **Third 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%) – 1,150 points

Level 2 (20%) – 2,350 points

Level 3 (30%) – 3,500 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:

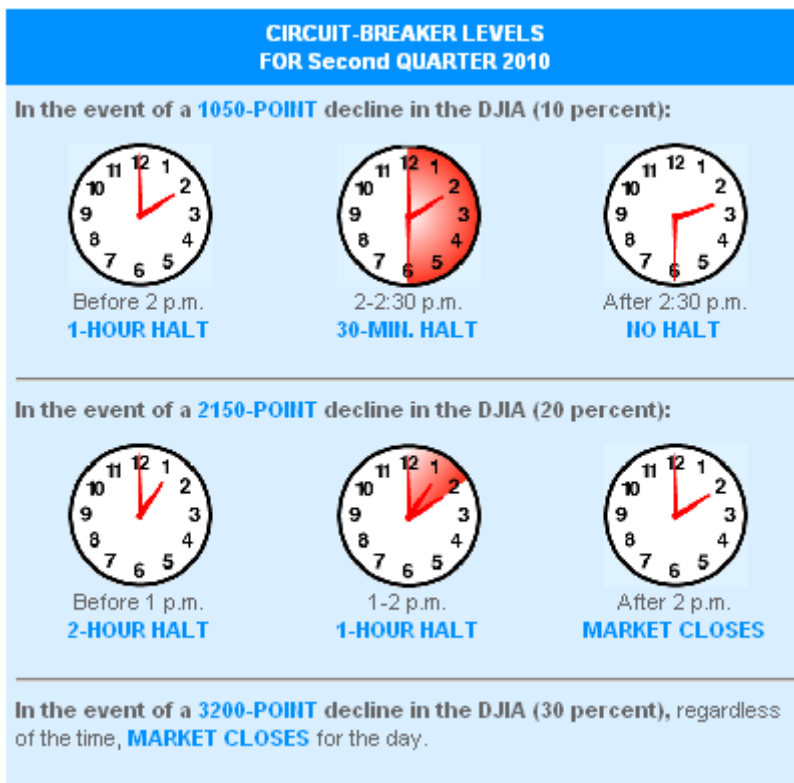
- before 1 p.m. - two hours
- at 1 p.m. or later but before 2 p.m. – one hour
- at 2:00 p.m. or later - trading shall halt and not resume for the remainder of the day.

Level 3 Halt:

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

Appendix B

Screen shot of the NYSE 2nd Quarter 10' Circuit-Breaker Levels



NYSE Circuit Breakers

In response to the market breaks in October 1987 and October 1989 the New York Stock Exchange instituted circuit breakers to reduce volatility and promote investor confidence. By implementing a pause in trading, investors are given time to assimilate incoming information and the ability to make informed choices during periods of high market volatility.

Rule 80B

Effective April 15, 1998 the SEC approved amendments to Rule 80B (Trading Halts Due to Extraordinary Market Volatility) which revised the halt provisions and the circuit-breaker levels. The trigger levels for a market-wide trading halt were set at 10%, 20% and 30% of the DJIA, calculated at the beginning of each calendar quarter, using the average closing value of the DJIA for the prior month, thereby establishing specific point values for the quarter. Each trigger value is rounded to the nearest 50 points.

The halt for a 10% decline would be one hour if it occurred before 2 p.m., and for 30 minutes if it occurred between 2 and 2:30, but would not halt trading at all after 2:30. The halt for a 20% decline would be two hours if it occurred before 1 p.m., and between 1 p.m. and 2 p.m. for one hour, and close the market for the rest of the day after 2 p.m. If the market declined by 30%, at any time, trading would be halted for the remainder of the day.

Under the previous Rule 80B trigger points (in effect since October 19, 1988) for a market-wide trading halt, a decline of 350 points in the DJIA would halt trading for 30 minutes and a drop of 550 points one hour. These trigger points were hit only once on October 27, 1997, when the DJIA was down 350 at 2:35 p.m. and 550 at 3:30, shutting the market for the remainder of the day.

DISCLAIMER

This policy has been prepared solely for informational purposes only and is not intended to provide financial, legal, accounting or tax advice and should not be relied upon in that regard. Although the information contained in this policy has been obtained from sources that ITG Canada Corp. believes to be reliable, we do not guarantee its accuracy, and as such, the information may be incomplete or condensed. The information provided is as of the date hereof and is subject to change without notice. ITG Canada Corp. (Member CIPF) is registered as an Investment Dealer in the provinces of Ontario, Quebec, British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia and New Brunswick. © 2008 ITG Canada Corp. All Rights Reserved. Not to be reproduced without permission.

ENDNOTES

ⁱ In response to market collapse of 1987, the NYSE implemented circuit breakers to reduce volatility and promote investor confidence. By implementing a pause in trading, investors are given time to assimilate incoming information and the ability to make informed choices during periods of high market volatility. In the age of algorithms, smart routers, and program trading, the implementation of pauses in trading to allow for a recovery seems more essential.

The Nasdaq follows a similar criterion as the NYSE in regards to circuit breaker halts. A Nasdaq halt would also include non-Nasdaq stocks. The trigger levels for a market-wide trading halt were set at 10%, 20% and 30% of the DJIA, calculated at the beginning of each calendar quarter, using the average closing value of the DJIA for the prior month, thereby establishing specific point values for the quarter. Each trigger value is rounded to the nearest 50 points.

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Upon resumption of trading after a halt on the NASDAQ, there will be no pre-opening process and upon resumption of trading after a halt on the NYSE, a normal pre-opening process will be conducted. Upon resumption of trading on NASDAQ and the NYSE, non-NASDAQ securities will also resume trading.

ⁱⁱ IIROC Notice 08-0116, October 1, 2008 Circuit Breaker Levels for the Fourth Quarter. 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.