

Notice of BCSC non-objection to proposed amendments to Canadian Investment Regulatory Organization (CIRO)'s proposed amendments Respecting Reasonable Expectations to Settle Short Sales

On March 11th, 2026, the BCSC and the CIRO's other recognizing regulators¹ provided the CIRO with notification of their non-objection or approval² of the CIRO's proposed amendments to the Universal Market Integrity Rules (UMIR) and Investment Dealer Partially Consolidated (IDPC) Rules respecting expectations to settle short sales (the Amendments).

The Amendments to the IDPC Rules establish a requirement that an Investment Dealer, before entering an order to sell a listed security as a short sale, have a reasonable expectation to settle the trade on the settlement date. The amendments to UMIR introduce a "deemed to own" exception to the reasonable expectations to settle requirement.

The Amendments were part of proposed changes published by CIRO for comment on January 9, 2025, in CIRO Bulletin 25-0001 *Proposed Amendments Respecting Mandatory Close-out Requirements*. In response to public comments, CIRO is withdrawing the portion of the proposed changes that would have required Investment Dealers to:

- close out a fail-to-deliver position in the event of a settlement failure in a listed security at the recognized clearing agency by specified timelines by buying or borrowing shares,
- pre-borrow the affect security where there has been a failure to close out by specified timelines for all future short sales in the security at issue, and
- provide certain reporting and notifications.

We attach the CIRO's approval bulletin. The Amendments will be effective on August 11, 2026.

April 2, 2026

¹ Alberta Securities Commission, Financial and Consumer Affairs Authority of Saskatchewan, Manitoba Securities Commission, Ontario Securities Commission, Autorité des marchés financiers, Financial and Consumer Services Commission of New Brunswick, Nova Scotia Securities Commission, Prince Edward Island Office of Superintendent of Securities, Office of the Superintendent of Securities, Digital Government and Service Newfoundland and Labrador, Office of the Superintendent of Securities, Northwest Territories, Office of the Superintendent of Securities, Nunavut and Office of the Yukon Superintendent of Securities

² Non-objection and approval are the different ways in which the recognizing regulators express their decisions after reviewing proposed rules of the CIRO.