

July 25, 2025

**To:**

**Market Surveillance Division**

Canadian Investment Regulatory Organization (CIRO)  
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**Cc:**

**Listings Compliance**

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**Subject: Urgent Request for Investigation – Suspected “Spoofing” & “Layering” by Broker Morgan Stanley on HPQ Silicon Inc. (TSX-V: HPQ) shares**

Dear CIRO Surveillance Team,

I am writing on behalf of HPQ Silicon Inc. (“HPQ” or the “Company”) to **formally request an immediate market surveillance and regulatory review** of trading activity involving **broker Morgan Stanley** on our common shares (TSX-V: HPQ) over the past **four trading days**.

Based on detailed internal monitoring of the Level II order book, we have identified **a consistent and repeated pattern of what appears to be a “spoofing” and a “layering behavior**, specifically originating from Morgan Stanley’s order activity.

**Summary of Observations:**

- **Each trading day**, large ask-side (sell) orders are being placed on multiple price levels at exactly **7:00 AM EST** — prior to market open.
  - These orders are **never executed** and are **cancelled just before or at market open (around 9:30 AM EST)**.
  - The pattern is then **repeated daily**, with minor variations in price level but consistently of a large volume (typically well above market depth norms).
  - These orders appear designed to **artificially pressure the bid side** in order to **create an illusion of selling interest** and **potentially manipulate market sentiment** or **algorithms reacting to visible liquidity**.
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We have collected **multiple dated screenshots** of HPQ's market depth from our trading platform, which clearly documents this repetitive behavior. The screenshots include broker ID and time-stamped order entries and cancellations. (See attached PDF annex to this email titled: *Supporting documentation Regarding MS Spoofing and layering of HPQ shares over 4 days, that covers the activity from July 22, 2025, to this morning of July 25, 2025*).

#### Why This Warrants Immediate Action:

This form of activity clearly fits the definition of spoofing and/or layering, both of which are explicitly prohibited under *CIRO's Universal Market Integrity Rules (UMIR)*. If not addressed promptly, such behavior severely undermines confidence in the fairness and integrity of trading on the TSX Venture Exchange (TSX-V) — especially for small-cap issuers exposed to thin liquidity. This is not an isolated concern. **Many investors, both Canadian and foreign, have expressed growing frustration with what they perceive as a systemic failure to monitor and enforce basic market integrity standards in Canada.**

#### Our Formal Request:

We respectfully request that CIRO:

1. **Review order book activity on HPQ shares** from Morgan Stanley over the past 4 trading days (e.g., July from July 22 to July 25, 2025, and we suspect July 21, 2025),
2. **Investigate whether large pre-market ask orders** are being used to mislead market participants, then withdrawn without intent to trade,
3. Confirm whether this behavior constitutes **a violation of UMIR 2.2 (Manipulative or Deceptive Activities)** or other applicable regulations,
4. Provide guidance to the Company on how such patterns are evaluated and escalated by CIRO.

HPQ is fully committed to protecting shareholder value and supporting the integrity of Canada's Public Capital Markets, **and that is why we are providing these supporting materials** — including screenshots, timestamps, and internal logs — to assist with your investigation.

**Furthermore, we bring to your attention that HPQ shares have been subject to sustained abnormal trading activity well before the recently documented instances of spoofing and layering by broker Morgan Stanley.**

This broader pattern — beginning around May 20, 2025 — includes persistent downward price pressure, high-volume selling following positive corporate news, execution patterns indicative of coordinated manipulation, and **targeted disinformation campaigns on investor forums such as *Stockhouse* and *CEO.ca*, where baseless claims about the Company appear intended to erode investor confidence and amplify selling pressure.**

We therefore formally also request a regulatory review and trading surveillance investigation into this broader period of anomalous and potentially manipulative behavior affecting HPQ shares.

Despite the disclosure of several materially positive developments over the past months — including the May 21, 2025 confirmation of pilot-scale fumed silica production; the May 28, 2025 evaluation of HPQ's fumed silica material by a leading global manufacturer under LOI; the June 10, 2025 announcement of a hydrogen commercial agreement; and the June 18, 2025 launch of a high-performance battery production initiative — our share price has declined from approximately \$0.19 to \$0.145, while exhibiting the following concerning indicators:

- High-volume selling activity immediately following positive announcements,
- Persistent downward pressure during low liquidity periods,
- Apparent spoofing or layering activity in Level II order books,
- Abnormally high activity through dark pools and alternative trading systems (ATS), including CX2, Omega, and TriAct.

We are particularly concerned about the disconnection between the Company's fundamental performance and its market valuation, and whether this may be driven by:

- Naked short selling,
- Abuse of the short trading exemption,
- Quote stuffing and order book manipulation,
- Abuse of dark pool trading to distort visible liquidity.

Accordingly, we respectfully request that CRO initiate a formal market surveillance review of HPQ trading activity, especially during the period from May 27 to July 27, 2025. Specifically, we would appreciate:

1. An analysis of short sale activity and potential fail-to-deliver positions,
2. An analysis of short trading exemption activity,
3. A review of order placement and cancellation patterns suggesting spoofing or layering,
4. Any insights into broker-level trading behavior that may indicate manipulative practices.

We are prepared to provide supporting documentation, including internal price-volume analysis, order book snapshots, and corporate news timelines.

HPQ is committed to transparency, regulatory cooperation, and protecting the integrity of the Canadian capital markets. We also wish to protect our shareholders from harmful and potentially unlawful market behavior that undermines confidence in the Venture Exchange.

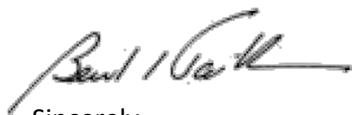
We thank you for your attention to this matter and welcome your guidance on the appropriate next steps.



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We appreciate your urgent attention to this matter, and we look forward to your response.



Sincerely,  
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President & CEO  
HPQ Silicon Inc.  
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