



NEWS RELEASE

For immediate release

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Protects investors, ensures integrity of debt and equity markets

Enhanced technology to improve IIROC's oversight of Canada's capital markets

July 13, 2017 (Toronto, ON) – The Investment Industry Regulatory Organization of Canada (IIROC) today announced it has reached an agreement with Nasdaq's SMARTS that will enable the regulator to significantly enhance its market surveillance capabilities resulting in increased investor protection.

The agreement follows an extensive and thorough vendor selection process. The system will enable IIROC to use SMARTS's most advanced leading-edge surveillance technology to oversee all securities trading on debt and equity markets across Canada. IIROC carries out this oversight in support of both its mandate and that of the Canadian Securities Administrators to help ensure compliance with its trading rules and applicable provincial and territorial securities regulations.

"Canadian investors need to have confidence that our capital markets operate fairly and with integrity," said IIROC President and CEO Andrew Kriegler. "These enhancements will enable IIROC to more effectively detect and respond to potential market abuses across debt and equity markets. This system will also strengthen IIROC's analytical capabilities so we can identify and respond to emerging market trends in an efficient manner."

The system, which is capable of monitoring up to one billion transactions daily in real time, will support cross-asset surveillance and investigations, as well as allow for quicker detection of trading anomalies across multiple products and dealer firms. It can also accommodate the addition of new asset classes as financial products and markets evolve.

“By allowing us to be more agile and flexible, the system will provide a solid foundation for the evolution of IIROC’s market supervision in the years ahead and bring us one step closer to our vision of providing leading-edge market surveillance,” said Victoria Pinnington, Senior Vice President, Market Regulation and Policy. “This state-of-the art system offers new tools and approaches including machine learning and artificial intelligence that our team will leverage to more efficiently monitor for abusive behaviour.”

The enhanced Nasdaq SMARTS surveillance system, which is expected to be fully implemented by the summer of 2018, holistically examines scenarios across multiple trading venues and asset classes. The system gathers the data required via direct real-time feeds from trading venues, providing visualizations and alerts that distil millions of pieces of data into a snapshot that can efficiently identify potential manipulative and deceptive activity across debt and equity markets.

“By supporting IIROC over the past several years in its rigorous efforts in monitoring and protecting Canada’s markets, this has complemented Nasdaq’s relentless commitment to leveraging technology to strengthen the integrity of the global capital markets,” said Lars Ottersgård, Executive Vice President and Head of Market Technology, Nasdaq. “We look forward to continuing this successful partnership and working with our clients in maintaining a fair, transparent and safe global marketplace and ensuring that firms have the tools to do so as well.”

IIROC currently uses an earlier version of Nasdaq SMARTS for market surveillance and investigations to ensure trading is carried out in accordance with IIROC’s Universal Market Integrity Rules. In fiscal 2016-2017, IIROC monitored more than 446 million trades on five stock exchanges and eight Equity Alternative Trading Systems, coordinating 1,470 trading halts and 83 cease trade orders and triggering 53 single stock circuit breakers.

Nasdaq provides surveillance technology for 47 marketplaces around the world.

IIROC is the national self-regulatory organization which oversees all investment dealers and their trading activity in Canada’s debt and equity markets. IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while supporting healthy Canadian capital markets. IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of dealer firms and their registered employees and through setting and enforcing market integrity rules regarding trading activity on Canadian debt and equity marketplaces.

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