

# NEWS RELEASE

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## **IIROC and Canadian Securities Administrators consult on internalization in equity market**

*Regulators seek input from all market participants*

**March 12, 2019 (Toronto, ON)** – The Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Securities Administrators (CSA), today published a [consultation paper](#) to seek input on internalization practices on Canadian equity marketplaces and how these activities fit within the regulators’ rule framework.

“As our capital markets continue to evolve and respond to their clients’ needs, it is important for us to ensure that they remain fair and operate with integrity,” said Victoria Pinnington, IIROC Senior Vice-President, Market Regulation. “We recognize there may be competing interests and views about internalization and its impact on our markets. We want to ensure that Canadian investors will continue to have confidence in our equity markets.”

The term “internalization” is broad. While interpretations vary, an internalized trade generally applies to a trade on a marketplace with the same investment dealer firm as both the buyer and the seller. Currently, in Canada, IIROC’s rule framework does not permit internalization that results from order execution by a dealer without that execution occurring on a marketplace.

In December 2017, IIROC and the CSA began to explore [internalization](#) with stakeholders to get a clearer picture of industry practices before considering whether regulatory measures are necessary to protect investors and the integrity of Canada’s capital markets.

IIROC and the CSA will continue to explore the topic and will assess this feedback on this consultation paper, together with earlier insights, to determine how evolving market structure and trading practices intersect with existing rules.

“Our goal is to continue to protect investors and foster fair and efficient capital markets across Canada,” Pinnington added.

The comment period will end on May 13, 2019.

IIROC is the national self-regulatory organization that 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 more than 170 Canadian investment dealer firms and their more than 29,000 registered employees, the majority of whom are commonly referred to as investment advisors. IIROC also sets and enforces market integrity rules regarding trading activity on Canadian debt and equity marketplaces.

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