

IIROC and Nasdaq unveil state-of-the-art market surveillance technology to enhance oversight of Canada's capital markets

New tools to help national regulator better protect investors

May 9, 2019 (Toronto, Ontario and New York, New York) – [The Investment Industry Regulatory Organization of Canada \(IIROC\)](#) and [Nasdaq](#) (Nasdaq: NDAQ) today launched IIROC's upgraded market surveillance system using Nasdaq's [SMARTS](#) – a leading-edge technology that significantly enhances the way IIROC oversees Canada's capital markets and protects investors from potential market abuses.

Given the industry transformation taking place, IIROC must be adaptable and flexible in supporting increasingly fast-paced, technology-driven demands for innovation by providing efficient and up-to-the-minute market oversight. As a result, in its Strategic Plan, IIROC committed to improving its existing surveillance system and, following a robust selection process, named Nasdaq as the vendor of choice. Today's launch is the culmination of the two organizations' work to build and test a world-class system.

"IIROC is positioned at the forefront of market surveillance in Canada, thanks to Nasdaq's real-time, multi-asset, state-of-the-art SMARTS technology," says Victoria Pinnington, IIROC's Senior Vice-President, Market Regulation. "We are setting the stage for our future with a system designed to improve how we oversee securities trading on debt and equity markets, by opening the door to use artificial intelligence that is more analytical and predictive."

The SMARTS technology allows IIROC to better detect and respond to potential market abuses, inspiring greater confidence among all market participants that Canada's capital markets are operating fairly and with integrity, and that investors are protected. IIROC directly manages and maintains the system, which monitors up to one billion transactions daily in real-time and supports cross-asset surveillance and investigations. IIROC's market surveillance team will be able to more quickly detect trading anomalies across multiple products and firms, and identify and respond to emerging trends in an efficient manner. For example, new visualization tools take multiple sources of data and distill them into a single snapshot, giving IIROC an immediate and clear picture of the activity so that they can quickly assess next steps.

"IIROC has rigorously pursued staying at the global forefront of regulatory market oversight and surveillance innovation," said Lars Ottersgård, Executive Vice President and Head of Market Technology, Nasdaq. "In our long-term relationship, we have proudly collaborated with IIROC in helping them achieve their goals in maintaining a fair, transparent and safe capital market ecosystem for Canada, as well as its market participants and investors."

Nasdaq provides surveillance technology to more than 50 marketplaces, 18 regulators and 170+ market participants, including several buy-side institutions, across 65 countries.

IIROC is entrusted with the responsibility of monitoring all equity and debt market activity in Canada, under Recognition Orders issued by the Canadian Securities Administrators (CSA) and by agreement with the marketplaces. IIROC ensures trading is carried out in accordance with Universal Market Integrity Rules (UMIR) and other IIROC rules. IIROC oversees trading on all of Canada's five stock exchanges and eight equity alternative trading systems and all debt trading carried out by its members. IIROC refers potentially manipulative or abusive trading activity to its Enforcement team or, where the suspected activity is outside IIROC's jurisdiction, IIROC collaborates with the CSA for further investigation. The CSA leverages IIROC's expertise and data collection as a part of its investigations and prosecutions.

Client Identifiers

Last month, IIROC also announced it has received approval to require the inclusion of a [client identifier](#) on each order for a listed security sent to a marketplace and on each reportable trade in a debt security – allowing for more transparency and accountability in Canada's capital markets. This requirement will be implemented over a six-to-24-month period. Client identifiers are already required in other global jurisdictions, including Europe, and have enhanced their risk management, surveillance and investigative capabilities.

To find out more about IIROC's SMARTS technology, visit our [media backgrounder](#). You can also find out about IIROC's market oversight role [by watching our animation](#).

About IIROC

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.

About Nasdaq

Nasdaq (Nasdaq: NDAQ) is a leading global provider of trading, clearing, exchange technology, listing, information and public company services. Through its diverse portfolio of solutions, Nasdaq enables customers to plan, optimize and execute their business vision with confidence, using proven technologies that provide transparency and insight for navigating today's global capital markets. As the creator of the world's first electronic stock market, its technology powers more than 100 marketplaces in 50 countries. Nasdaq is home to over 4,000 total listings with a market value of approximately \$14 trillion. To learn more, visit:

<https://business.nasdaq.com>.

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