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Improved surveillance to enhance market integrity and investor protection

IIROC Proposes Rule Change to Expand Oversight of Trading in Debt Securities

February 20, 2013 (Toronto, ON) – The Investment Industry Regulatory Organization of Canada (IIROC) today issued for comment a [proposed rule](#) and a plan to create a system for timely surveillance and enhanced oversight of Canadian debt market activity.

In recent years, trading in debt securities has increased significantly. In 2012, the value of secondary domestic bond market trading was approximately \$10 trillion. Money market activity accounted for an additional \$6.7 trillion. In comparison, equity markets represented approximately \$1.9 trillion in value during 2012.

“We are moving forward with these important initiatives because we recognize that robust regulatory supervision and oversight of the debt markets are critical to enhancing market integrity and investor confidence,” said IIROC President and Chief Executive Officer Susan Wolburgh Jenah.

IIROC’s proposed rule and plan to replace the existing Market Trade Reporting System (MTRS) will facilitate the collection of detailed transaction data related to all debt trading by Canadian dealers and their affiliates. As a result, IIROC will be better able to monitor and enforce compliance with existing investor protection and market integrity rules. MTRS is a co-operative effort between IIROC and the Bank of Canada.

IIROC’s compliance program requires that IIROC-regulated firms conduct appropriate levels of internal supervision of debt securities trading.

In 2011, IIROC introduced a Fair Pricing Rule requiring IIROC-regulated firms to ensure clients received fair prices on debt transactions. Other IIROC investor protection and market integrity

rules applicable to the debt market include those addressing manipulation, client priority and suitability.

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IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. Created in 2008 through the consolidation of the Investment Dealers Association of Canada and Market Regulation Services Inc., IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive 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 equity marketplaces.