

For Immediate Release
Friday, May 28, 2010

**CSA and IIROC publish update of regulatory issues and next steps
to address developments in market structure in Canada**

Toronto – The Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC) today published Joint Staff Notice 23-308 *Update on Forum to Discuss Consultation Paper 23-404 Dark Pools, Dark Orders and Other Developments in Market Structure in Canada and Next Steps*. The Notice provides a high-level overview of the key themes raised at a recent forum co-hosted by the CSA and IIROC in Toronto on March 23, 2010, as well as a discussion of regulatory initiatives underway to address the issues raised.

The Forum brought together marketplaces, dealers and buy-side representatives to discuss issues raised in CSA-IIROC Consultation Paper 23-404 *Dark Pools, Dark Orders, and Other Developments in Market Structure in Canada* and in the comment letters submitted in response. The Consultation Paper was issued for public comment on October 2, 2009. A summary of comments received in response to the paper and the list of commenting organizations are included in the Notice.

Themes that emerged during the Forum included issues such as:

- the practice of broker preferencing at the marketplace level;
- dissemination of indication of interest by dark pools;
- the use of certain order types by marketplaces;
- requirements for price improvement;
- use of sub-penny pricing;
- marketplace data fees;
- the impact of high frequency trading on our market; and
- electronic trading and direct market access.

The Notice describes ongoing regulatory initiatives and specifically:

- the consideration of additional transparency requirements for marketplaces;
- a review of sub-penny pricing;
- ongoing reviews of new order types proposed by marketplaces;
- CSA staff's review of fees charged by marketplaces, including data fees;
- a review of electronic trading, including direct market access; and
- monitoring the impact of high frequency trading on the Canadian market.

These regulatory initiatives together form part of a comprehensive examination of market structure in Canada.

The Notice is available on the websites of IIROC and of CSA members.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada.

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