

**For Immediate Release
Friday, May 14, 2010**

Canadian Regulators Analyze Issues Arising from Recent Market Volatility

Toronto – The Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC) are conducting a comprehensive analysis of the events of May 6 in relation to the volatility that occurred on U.S. and Canadian marketplaces. The CSA and IIROC are engaged in active dialogue with other regulators, marketplaces and market participants to examine issues related to the market volatility as well as the increased reliance on electronic trading.

“In today’s dynamic markets, where trading is increasing in speed and complexity, the CSA and IIROC are looking very closely at the risks involved in electronic trading,” said Jean St-Gelais, CSA Chair and President and Chief Executive Officer of the Autorité des marchés financiers (Québec). “The events of May 6 indicate how rapidly market conditions can change. The CSA and IIROC are addressing the key risk factors and are committed to reviewing the existing market regulatory framework to ensure protection of investors and market integrity.”

On May 6, Canada’s marketplaces were impacted by events occurring in U.S. marketplaces. Although the volatility in Canada was not as extreme as in the U.S., IIROC quickly responded by re-pricing or cancelling some unreasonably priced trades that were transacted between 2:40 p.m. and 3:10 p.m. EDT.

In Canada, there is one set of rules, the Universal Market Integrity Rules (UMIR), that apply to trading on all equity marketplaces. There are currently three equity exchanges and six equity Alternative Trading Systems (ATs) operating in Canada. UMIR rules allow IIROC to halt or suspend trading on a stock-by-stock basis or to impose a market-wide halt through the use of circuit breakers, which are applied consistently to all Canadian equity marketplaces.

The CSA and IIROC are examining a number of electronic trading issues, such as the need to standardize parameters used by Canadian stock exchanges and ATs. Currently, some marketplaces use “freeze parameters” on their trading engines that allow them to freeze trading in specific securities where a significant price change occurs. This allows them to determine if a sudden price movement is due to potential erroneous trades. Currently, the use of these parameters is not consistent amongst the exchanges and ATs and the CSA and IIROC are addressing that inconsistency.

Susan Wolburgh Jenah, IIROC President and CEO, confirmed that “IIROC is continuing to closely monitor all trading on Canadian equity marketplaces to ensure market integrity. We are also conducting a review of trading that occurred during this period of extreme volatility to identify any potential regulatory issues.”

In addition, the CSA and IIROC are examining the appropriateness of the existing circuit breaker policy. IIROC is also reviewing all relevant policies and practices under UMIR as they relate to these matters.

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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