

For Immediate Release
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Canadian securities regulators seek comment on the internalization of trade orders

TORONTO – The Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC) today published for comment the Joint CSA/IIROC Consultation Paper 23-406 *Internalization within the Canadian Equity Market*. The consultation paper seeks feedback in response to concerns regarding the internalization of orders within the Canadian equity market.

Internalization is generally considered to relate to situations where a trade is executed with the same dealer as both the buyer and the seller.

“We are seeking feedback to consider how current trading practices fit within our rule framework, offer investors protection, and support the evolution and functioning of a fair and efficient market,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers.

This consultation paper provides relevant data in relation to the magnitude of internalization in Canada, while identifying specific concerns and seeking feedback with respect to these issues.

Some of the areas of focus identified in the consultation paper include the common versus individual good, the retail investor and segmentation of retail orders, and the impact of broker preferencing in an evolving Canadian market. Broker preferencing is a common order matching feature of many Canadian equity marketplaces that allows an incoming order to match and trade first with other orders from the same dealer, ahead of orders from other dealers that are at the same price while also having time priority.

The comment period is open until May 13, 2019. The CSA notice can be found on CSA members’ websites.

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

For Investor inquiries, please refer to your respective securities regulator. You can contact them [here](#).

For media inquiries, please refer to the list of provincial and territorial representatives below or contact us at media@acvm-csa.ca.

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