



Now New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES¹**

and

Baljit Bassi Rana

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA (the “Corporation”) will announce that it proposes to hold a hearing (the “Settlement Hearing”) to consider whether, pursuant to Mutual Fund Dealer Rule 7.4.4.3, a hearing panel of the Pacific District Committee (the “Hearing Panel”) of the Corporation should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the Corporation (“Staff”) and Baljit Bassi Rana (the “Respondent”).

2. Staff and the Respondent consent and agree to the terms of this Settlement Agreement.

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

II. CONTRAVENTIONS

4. The Respondent admits to the following violations of the Mutual Fund Dealer Rules¹:

- a) On February 16, 2019, the Respondent photocopied the signature pages from account forms previously signed by two clients and reused the signature pages on four account forms and submitted the forms to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1);
- b) Between March 22, 2018 and June 2, 2020, the Respondent altered and used to process transactions seven account forms in respect of seven clients, by altering information on the account forms without having the client initial the alterations, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1), and
- c) Between November 28, 2016 and January 13, 2021, the Respondent obtained, possessed, and in some instances used to process transactions, 11 pre-signed account forms in respect of 9 clients, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

III. TERMS OF SETTLEMENT

5. Staff and the Respondent agree and consent to the following terms of settlement:

- (a) the Respondent shall pay a fine in the amount of \$18,000 pursuant to Mutual Fund Dealer Rule 7.4.1.1(b).
- (b) the Respondent shall pay costs in the amount of \$2,500 pursuant to Mutual Fund Dealer Rule 7.4.2;
- (c) payment by the Respondent of the fine and costs shall be made to and received by the Corporation in certified funds as follows:
 - i) \$5,500 (\$3,000 fine and \$2,500 costs) upon acceptance of the Settlement Agreement;
 - ii) \$5,000 (fine) on or before the last business day of the first month following the date of the Settlement Agreement;

¹ At the time of the conduct addressed in this proceeding, MFDA Rule 2.1.1 was in effect and is now incorporated into Mutual Fund Dealer Rule 2.1.1 referred to in this proceeding.

iii) \$5,000 (fine) on or before the last business day of the second month following the date of the Settlement Agreement; and
iv) \$5,000 (fine) on or before the last business day of the third month following the date of the Settlement Agreement;

(d) if the Respondent fails to make any of the payments described above in subparagraph (c), any outstanding balance of the fine and costs shall become immediately due and payable to the Corporation;

(e) the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; and

(f) the Respondent shall attend by videoconference on the date set for the Settlement Hearing.

6. Staff and the Respondent agree to the settlement on the basis of the facts set out in this Settlement Agreement herein and consent to the making of an Order in the form attached as Schedule "A".

IV. AGREED FACTS

Registration History

7. From July 12, 2007 to September 4, 2007, and since April 11, 2011, the Respondent has been registered in the securities industry.

8. Since April 11, 2011, the Respondent has been registered in British Columbia² as a dealing representative with Sun Life Financial Investment Services (Canada) Inc. (the "Dealer Member"), a Dealer Member of the Corporation (formerly a Member of the MFDA).

9. At all material times, the Respondent conducted business in the Golden, British Columbia area.

The Dealer Member's Policies and Procedures

10. At all material times, the Dealer Member's policies and procedures provided:

² The Respondent has also been registered in Alberta since January 1, 2016.

“SLFISI prohibits advisors from obtaining pre-signed forms from their clients in accordance with MFDA MSN-0066. An advisor may only use forms that are duly executed by the client after information on the form has been properly completed. Use of pre-signed trade order forms may be evidence of fraud, forgery, discretionary trading or other illegal or improper conduct. Some examples of pre-signed forms include, but are not limited to:

- having a client sign a form which is blank or only partially completed (a “Pre-Signed Form”);
- having a client sign multiple forms for use in future trading;
- an advisor signing a client’s name to a document;
- cutting and pasting, photocopying or using liquid paper on a document to “re-use” a previous signature;
- altering or correcting any information on a signed document, without the client initialing the document to show the change was approved;
- reproducing client initials beside changes made to a document where the client forgot to initial;
- using correction fluid to “white out” old instructions and write in new instructions on a signed client form;
- receiving client instructions over the phone or by e-mail and signing the client’s signature on an account form to carry out the instructions; and
- photocopying a previously-submitted account form and altering the trade details in order to process a new trade...”

Photocopied and Reused Client Signatures

11. On February 16, 2019, the Respondent photocopied the signature pages from Mutual Fund Investment Application Forms previously signed by two clients, reused the signature pages on four Mutual Fund Investment Application Forms and submitted the forms to the Dealer Member for processing.

Altered Account Forms

12. Between March 22, 2018 and June 2, 2020, the Respondent altered and used to process transactions, seven account forms in respect of seven clients, by altering information on the account forms without having the client initial the alterations.

13. The account forms consist of:

- One Mutual Fund Investment Application Form;
- One Know Your Client Update form;
- Two Order Tickets;
- One Pre-Authorized Chequing/Automatic Withdrawal Form; and
- One Know Your Client Forms.

14. The alterations to the account forms included changes to client withdrawal amounts, investment objectives, time horizon, investment instructions, net worth, and fund code/name.

Pre-Signed Account Forms

15. Between November 28, 2016 and January 13, 2021, the Respondent obtained, possessed, and in some instances used to process transactions, 11 pre-signed account forms in respect of 9 clients.

16. The account forms consist of:

- Three Mutual Fund Investment Application Forms;
- One Nominee Fee-Based Agreement;
- One New Account Application Form (Investment Application);
- One Client Consent to Electronic Delivery of Documents (MFA);
- Four Pre-Authorized Chequing/Automatic Withdrawal Form; and
- One Order Ticket.

The Dealer Member's Investigation

17. On March 21, 2021, while conducting daily trade reviews, the Dealer Member identified one of the altered account forms described above.

18. The Dealer Member completed a review of the client files maintained by the Respondent and identified the remaining account forms described above.

19. The Dealer Member sent a letter to all of the client's whose account the Respondent serviced in order to address the deficiencies in the account forms described above. The Dealer Member requested that the clients review their statements to ensure the accuracy of the transactions within their accounts, confirm their authorization of the transactions in their accounts and review the Know Your Client information. None of the clients responded to the Dealer Member with any concerns.

20. On November 4, 2021 the Dealer Member issued a warning letter to the Respondent. The Dealer Member also imposed a period of close supervision on the Respondent that continues until the completion of this proceeding. The Dealer Member requires the Respondent to pay a fee of \$400 per month in relation to the close supervision. To date, the Respondent has paid the Dealer Member a total of \$7,200 in close supervision fees, plus an additional \$2,500 fine arising from the conduct described above.

Additional Factors

21. There is no evidence that the Respondent received any financial benefit from the conduct set out above beyond the commissions or fees she would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

22. There is no evidence of client loss or lack of authorization for the underlying transactions, and no clients have complained to Staff or the Dealer Member.

23. The Respondent has not previously been the subject of MFDA or Corporation disciplinary proceedings.

24. By entering into this Settlement Agreement, the Respondent has saved the Corporation time, resources and expenses that would have otherwise been necessary to conduct a contested hearing of the allegations.

V. ADDITIONAL TERMS OF SETTLEMENT

25. This settlement is agreed upon in accordance with Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure.

26. The Settlement Agreement is subject to acceptance by the Hearing Panel. At or following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. Settlement Hearings are typically held in the absence of the public pursuant to Mutual Fund Dealer Rule 7.3.5 and Rule 15.2(2) of the Mutual Fund Dealer Rules of Procedure. If the Hearing Panel accepts the Settlement Agreement, then the proceeding will become open to the public and a copy of the decision of the Hearing Panel and the Settlement Agreement will be made available at www.mfda.ca.

27. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel. Unless otherwise agreed, any monetary penalties and costs imposed upon the Respondent are payable immediately, and any suspensions, revocations, prohibitions, conditions or other terms of the Settlement Agreement shall commence, upon the effective date of the Settlement Agreement.

28. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel:

- (a) the Settlement Agreement will constitute the entirety of the evidence to be submitted at the settlement hearing, subject to Rule 15.3 of the Mutual Fund Dealer Rules of Procedure;
- (b) the Respondent agrees to waive any rights to a full hearing, a review hearing or appeal, including before the Board of Directors of the Corporation or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction;

- (c) except for any proceedings commenced to address an alleged failure to comply with this Settlement Agreement, Staff will not initiate any proceeding under the Mutual Fund Dealer Rules against the Respondent in respect of the facts contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in this Settlement Agreement, whether known or unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;
- (d) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to Mutual Fund Dealer Rule 7.4.1.1 for the purpose of giving notice to the public thereof in accordance with Mutual Fund Dealer Rule 7.4.5; and
- (e) neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against the Respondent.

29. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under Mutual Fund Dealer Rule 7.4.3 against the Respondent based on, but not limited to, the facts set out in this Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

30. If, for any reason, this Settlement Agreement is not accepted by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to Mutual Fund Dealer Rules 7.3 and 7.4, unaffected by the Settlement Agreement or the settlement negotiations.

31. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law. The terms of the Settlement Agreement,

including the attached Schedule “A”, will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

32. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile or electronic copy of any signature shall be as effective as an original signature.

DATED this 12th day of May, 2023

“Baljit Rana”

Baljit Rana

“JR”

Witness – Signature

JR

Witness – Print name

“Charles Toth”

Staff of the Corporation

Per: Charles Toth

New Self-Regulatory Organization of Canada, Vice-
President, Enforcement (Mutual Fund Dealers)

ⁱ On January 1, 2023, the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Mutual Fund Dealers Association of Canada (the “MFDA”) were consolidated into a single self-regulatory organization that is temporarily called the New Self-Regulatory Organization of Canada (referred to herein as the “Corporation”) and is recognized under applicable securities legislation. The Corporation adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the “Interim Rules”). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and certain by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation. Pursuant to Mutual Fund Dealer Rule 1A and s. 14.6 of By-law No. 1 of the Corporation, contraventions of former MFDA regulatory requirements may be enforced by the Corporation. Pursuant to Mutual Fund Dealer Rule 1A, MFDA By-law No. 1 continues to be applicable to this proceeding.



Now New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULESⁱ**

and

Baljit Bassi Rana

ORDER

WHEREAS on March 20, 2023, the New Self-Regulatory Organization of Canada (the "Corporation") issued a Notice of Hearing pursuant to Mutual Fund Dealer Rules 7.3 and 7.4 in respect of a disciplinary proceeding commenced against the Baljit Bassi Rana (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the Corporation ("Staff"), dated [date] (the "Settlement Agreement"), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to Mutual Fund Dealer Rules 7.3 and 7.4.1;

WHEREAS on [date], the Corporation provided notice to the public of a Settlement Hearing in respect the Respondent;

AND WHEREAS based upon the admissions of the Respondent in the Settlement Agreement, the Hearing Panel is of the opinion that:

- (a) On February 16, 2019, the Respondent photocopied the signature pages from account forms previously signed by two clients and reused the signature pages on four account

forms and submitted the forms to the Member for processing contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1);

(b) Between March 22, 2018 and June 2, 2020, the Respondent altered and used to process transactions seven account forms in respect of seven clients, by altering information on the account forms without having the client initial the alterations, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1); and

(c) Between November 28, 2016 and January 13, 2021, the Respondent obtained, possessed, and in some instances used to process transactions, 11 pre-signed account forms in respect of 9 clients, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

- a. the Respondent shall pay a fine in the amount of \$18,000 pursuant to Mutual Fund Dealer Rule 7.4.1.1(b).
- b. the Respondent shall pay costs in the amount of \$2,500 pursuant to Mutual Fund Dealer Rule 7.4.2;
- c. payment by the Respondent of the fine and costs shall be made to and received by the Corporation in certified funds as follows;
 - i) \$5,500 (\$3,000 fine and \$2,500 costs) upon acceptance of the Settlement Agreement;
 - ii) \$5,000 (fine) on or before [Date];
 - iii) \$5,000 (fine) on or before [Date]; and
 - iv) \$5,000 (fine) on or before [Date];
- d. if the Respondent fails to make any of the payments described above in subparagraph (c), any outstanding balance of the fine and costs shall become immediately due and payable to the Corporation;
- e. the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; and
- f. If at any time a non-party to this proceeding, with the exception of the bodies set out in Mutual Fund Dealer Rule 6.3, requests production of or access to exhibits in this proceeding that contain personal information as defined by the Corporation's Privacy Policy, then the Corporation's Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all

personal information, pursuant to Rules 1.8(2) and (5) of the Mutual Fund Dealer Rules of Procedure.

DATED this [day] day of [month], 202[].

Name,
Chair

Name,
Industry Representative

Name,
Industry Representative

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