



**CIRO · OCRI**

Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements

**Order**

**File No. 202239**

**IN THE MATTER OF  
THE MUTUAL FUND DEALER RULES  
and  
Stephen Joseph Talosi**

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**ORDER**

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**WHEREAS** on September 6, 2022, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 (now Mutual Fund Dealer Rules 7.3 and 7.4) in respect of a disciplinary proceeding commenced against Stephen Joseph Talosi (the “Respondent”);

**AND WHEREAS** an appearance was held electronically by videoconference before a Hearing Panel of the Central Regional Council of the MFDA in this matter on November 21, 2022;

**AND WHEREAS** on January 1, 2023, the MFDA and the Investment Industry Regulatory Organization of Canada (“IIROC”) consolidated to form the New Self-Regulatory Organization of Canada, now called the Canadian Investment Regulatory Organization (“CIRO”);

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of CIRO, a consolidation of IIROC and the MFDA dated July 21, 2023 (the “Settlement Agreement”), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to sections 20 and 24.1 of MFDA By-law No. 1 (now Mutual Fund Dealer Rules 7.3 and 7.4.1);

**AND WHEREAS** on August 8, 2023, CIRO provided notice to the public of a Settlement Hearing in respect of the Respondent;

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

- a) between about February 2019 and June 2019, sent confidential client information to a third party without ensuring that the clients had provided prior consent, contrary to the Member's policies and procedures and MFDA Rules 2.1.3, 2.1.1, and 1.1.2 (as it relates to Rule 2.5.1) (now Mutual Fund Dealer Rules 2.1.3, 2.1.1, and 1.1.2 (as it relates to Rule 2.5.1));
- b) on or about April 1, 2019, accessed the system of another MFDA Member using login credentials that were provided to him by an Approved Person registered with the other Member, and sent confidential client information from the system to a third party, without the other Member's knowledge or consent, contrary to MFDA Rules 2.1.3 and 2.1.1 (now Mutual Fund Dealer Rules 2.1.3 and 2.1.1); and
- c) on November 28, 2019, misled the Member during its investigation into his conduct, contrary to MFDA Rule 2.1.1 (now Mutual Fund Dealer Rule 2.1.1).

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

1. The Respondent is prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer for a period of 12 months commencing on the date of this Order pursuant to s. 24.1.1(e) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(e));
2. The Respondent shall pay a fine in the amount of \$40,000 in certified funds on the date of this Order, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(b));

3. The Respondent shall pay costs in the amount of \$5,000 in certified funds on the date of this Order, pursuant to s. 24.2 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.2);
4. The Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or an ethics course acceptable to Staff of CIRO, prior to becoming re-registered as a dealing representative with a Dealer Member of CIRO registered as a mutual fund dealer, pursuant to s. 24.1.1(f) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(f));
5. The Respondent shall in the future comply with Mutual Fund Dealer Rules 2.1.3, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 2.1.3, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1)); and
6. 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 (formerly section 23 of MFDA By-law No. 1), requests production of or access to exhibits in this proceeding that contain personal information as defined by CIRO's Privacy Policy, then the Corporate Secretary's Office, Mutual Fund Dealer Division of CIRO 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 21<sup>st</sup> day of August, 2023.

“Robert P. Armstrong”

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Robert P. Armstrong,  
Chair

“Guenther Kleberg”

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Guenther Kleberg,  
Industry Representative

“Eugene Park”

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Eugene Park,  
Industry Representative

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