IN THE MATTER OF

THE MUTUAL FUND DEALER RULES[i]

and

Aziz Fatehali Khamisa

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Canadian Investment Regulatory Organization, a consolidation of IIROC and the MFDA ("**CIRO**"), 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 Ontario District Committee (the "**Hearing Panel**") of CIRO should accept the settlement agreement (the "**Settlement Agreement**") entered into between Staff of CIRO ("**Staff**") and Aziz Fatehali Khamisa (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 Rules:[1]

Between December 14, 2020 and January 28, 2021, the Respondent failed to disclose an agreement that was material to a proposed transaction to effect a change of control of a Member of the MFDA, thereby:

(i) failing to provide full disclosure of the material terms of the proposed transaction, contrary to Mutual Fund Dealer Rules 2.1.1, 2.5.2, and 1.1.2(b) (as it relates to section 3.10 of CIRO By-law No. 1) (formerly MFDA Rules 2.1.1, 2.5.2, and 1.1.2 (as it relates to section 13.7 of MFDA By-law No. 1));

(ii) failing to provide information to the MFDA that it required or considered necessary or desirable, contrary to section 3.10 of CIRO By-law No. 1 (formerly, section 13.7 of MFDA By-law No. 1) and Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1); and

(iii) misleading the MFDA concerning the full terms of the proposed change of control, 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 be prohibited from conducting securities related business while in the employ of or associated with any Dealing Member of CIRO registered as a mutual fund dealer for a period of one year commencing from

[1] At the time of the conduct addressed in this proceeding, MFDA Rules 1.1.2, 2.1.1, and 2.5.2 and section 13.7 of MFDA By-law No. 1 were in effect and are now incorporated into Mutual Fund Dealer Rules 1.1.2(b), 2.1.1, and 2.5.2 and section 3.10 of CIRO By-law No. 1 referred to in this proceeding.

the date this Settlement Agreement is accepted, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

(b) the Respondent shall be prohibited from being an officer, director or acting in a supervisory capacity including without limitation acting as Ultimate Designated Person, Chief Compliance Officer, Branch Manager or Compliance Officer, while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer for a period of five years from the date this Settlement Agreement is accepted, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

(c) the Respondent shall pay a fine in the amount of $40,000 in certified funds on the date this Settlement Agreement is accepted, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

(d) the Respondent shall pay costs in the amount of $5,000 in certified funds on the date this Settlement Agreement is accepted, pursuant to Mutual Fund Dealer Rule 7.4.2;

(e) the Respondent shall in the future comply with Mutual Fund Dealer Rules 2.1.1, 2.5.2, and 1.1.2(b) (as it relates to section 3.10 of CIRO By-law No. 1) and with section 3.10 of CIRO By-law No. 1; and

(f) the Respondent will attend by video conference on the date set for the Settlement Hearing.

6. The Respondent consents to the Hearing Panel making a confidentiality order on the following terms:

> 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 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 intimate financial and

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

7. Staff and the Respondent agree to the settlement on the basis of the facts set out in this Settlement Agreement herein.

IV. AGREED FACTS

Registration History

8. Between December 5, 2006 and March 30, 2022, the Respondent was registered in the securities industry.

9. Between August 7, 2019 and March 30, 2022, the Respondent was registered in Ontario and British Columbia as a dealing representative with TeamMax Investment Corp. (the "**Member**"), a former Member of the MFDA.

10. Between August 7, 2019 and March 30, 2022, the Respondent was registered as the Chief Compliance Officer of the Member.

11. Between January 28, 2020 and March 30, 2022, the Respondent was registered as the Ultimate Designated Person (the "**UDP**") of the Member.

12. The Respondent is no longer registered in the securities industry in any capacity.

13. At all material times, the Respondent conducted business in the Richmond Hill, Ontario area.

14. At all material times, Antony Kin San Chau ("**Chau**") was the controlling shareholder, officer, and sole director of the Member.

15. Effective August 12, 2022, the Member resigned from Membership in the MFDA.

The Respondent Failed to Disclose a Material Agreement Related to a Change of Control of the Member

16. At all material times, pursuant to section 13.7 of MFDA By-law No. 1 (now section 3.10 of CIRO By-law No. 1), MFDA approval was required for, among other things, any change of control of a Member. In particular, section 13.7 stated that:

(a) the Member must give written notice to the MFDA of any proposed change of control;

(b) upon receiving notice, the MFDA shall review the proposed transaction and may request from the Member, its auditors, or any other person involved in the transaction, such information as the MFDA may require or consider necessary or desirable; and

(c) the MFDA may (i) approve the transaction (which approval may be subject to terms and conditions) or (ii) direct that the transaction not be completed if the MFDA determines in its sole discretion that the obligations of the Member to its clients cannot be satisfied or the By-laws and Rules will not be complied with by the Member.

17. On or around December 11, 2020, the Respondent and Chau entered into a Share Purchase Agreement pursuant to which the Respondent agreed to purchase from Chau all of the shares of the Member.

18. At the time of the Share Purchase Agreement, the Respondent was the UDP of the Member, and Chau was the sole owner, controlling shareholder, and director of the Member.

19. On or around the same date, the Respondent and Chau entered into an additional agreement titled: "Strictly Private and Confidential (NDA) (Re: Ultimate Spirit of Agreement TeamMax Investment Corp)" (the "**Spirit Agreement**").

20. The Spirit Agreement provided that:

(a) Chau would retain control of the "Advisors Network" at the time of the closing of the Share Purchase Agreement as well as any advisors recruited by Chau;

(b) Chau would have "rights" with respect to the "Advisor's Grid";

(c) Chau would have signing authority over the "TD Bank Operating Account"; and

(d) Chau's prior approval was required for any further sale of the shares of the Member.

21. The Spirit Agreement also provided that all of the above terms take priority over the terms of the Share Purchase Agreement.

22. The Spirit Agreement purported to give Chau control over material aspects of the Member's operation and business.

23. On December 14, 2020, after having notified MFDA Staff ("**Staff**") of the proposed change of control of the Member, the Respondent emailed Staff, copying Chau, and provided Staff with a copy of the Share Purchase Agreement.

24. Although Chau and the Respondent had already entered into the Spirit Agreement at the time, neither of them provided a copy of the Spirit Agreement or disclosed its terms or existence to the MFDA.

25. On December 15, 2020, Staff emailed the Respondent, copying Chau, requesting additional information concerning the proposed change of control of the Member, contemplated by the Share Purchase Agreement. In particular, Staff requested information about the Member's corporate organization chart following completion of the proposed transactions; any anticipated changes to the Member's officers and directors; and any

anticipated changes to the Member's operations following the closing of the proposed change of control.

26. On December 15, 2020, the Respondent emailed Staff, copying Chau, advising, among other things, that the Member would be 100% owned by the Respondent; that Chau would be replaced as officer and director with the Respondent; that Chau would continue with the Member only as a dealing representative; and that the Member did not anticipate any changes to its operations following the closing of the proposed change of control.

27. Neither the Respondent nor Chau provided a copy of the Spirit Agreement or disclosed its existence in response to Staff's inquiries.

28. Staff reviewed the proposed change of control for, among other things, its impact on the Member's operations, finances, and compliance with the MFDA By-laws and Rules based on the representations and information received from the Respondent and Chau.

29. On December 18, 2020, the MFDA approved the proposed change of control of the Member set out in the Share Purchase Agreement, subject to two conditions: (1) evidence that the Member would continue to be compliant with MFDA Rule 4, namely the requirement that it hold an appropriate financial institution bond; and (2) evidence of approval (or non-objection) of the proposed change of control of the Member by the Ontario Securities Commission (the "**Commission**"). The conditions were satisfied on January 28, 2021.

30. The Respondent, as the purchaser and UDP of the Member, failed to disclose the Spirit Agreement to Staff.

Additional Factors

31. The Spirit Agreement, had it been disclosed, would have been relevant and material to Staff's analysis of the proposed change of control. As indicated above at paragraph

26, as part of Staff's due diligence, Staff needed to understand who would be in control of the Member once the proposed change of control was completed.

32. As stated above at paragraphs 20 to 22, the Spirit Agreement purported to give considerable control to Chau. Chau and the Member, while under the control of Chau, had been subject to prior MFDA proceedings (MFDA File Nos. 201406 and 201695) and were subject to ongoing regulatory investigations at the time the Respondent and Chau sought permission to complete the proposed change of control. Those regulatory investigations later resulted in proceedings being commenced against Chau and the Member and findings of misconduct (MFDA File Nos. 202127 and 202128).

33. As described above at paragraph 29, the Respondent was required to and did obtain a letter from the Commission that it did not object to the proposed change of control of the Member. The Respondent did not disclose the Spirit Agreement or its terms to Commission Staff, and represented that Chau was to become semi-retired and would act only as a dealing representative after the proposed change of control was completed. Had the Spirit Agreement been disclosed to Commission Staff, it would have been relevant and material to Commission Staff's analysis of the proposed change of control.

34. The Respondent has not previously been subject to CIRO (or MFDA) proceedings.

35. By entering into this Settlement Agreement, the Respondent has accepted responsibility for his misconduct and saved CIRO the time, resources, and expenses associated with conducting a contested hearing on the allegations.

V. ADDITIONAL TERMS OF SETTLEMENT

36. 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.

37. 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.ciro.ca.

38. 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.

39. 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 CIRO 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 contraventions described in this Settlement Agreement. Nothing in this

Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any 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.

40. 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.

41. 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.

42. 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 will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

43. 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 16 day of February, 2024.

"Aziz Khamisa"

Aziz Khamisa

"Witness"

Witness - Signature

"Witness"

Witness - Print name

"Alan Melamud"

Staff of the Canadian Investment Regulatory Organization
per: Alan Melamud, Senior Enforcement Counsel

iM# 1134958

[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 called the Canadian Investment Regulatory Organization (referred to herein as "CIRO") and is recognized under applicable securities legislation. CIRO 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 CIRO, contraventions of former MFDA regulatory requirements may be enforced by CIRO.