Re Kiryak

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Natalie Kiryak

2024 CIRO 62

Canadian Investment Regulatory Organization
Hearing Panel (Nova Scotia District)

Heard: June 27, 2024 in Halifax, Nova Scotia (via videoconference)
Decision: June 27, 2024
Reasons for Decision: July 15, 2024

Hearing Panel:
Thomas J. Lockwood, K.C., Chair
Ann Etter, Industry Representative
Joshua Martin, Industry Representative

Appearances:
Samantha Wu, CIRO Enforcement Counsel
David Di Paolo, Counsel for the Respondent
Natalie Kiryak, Respondent (Present)

REASONS FOR DECISION

I. INTRODUCTION

¶ 1 By Notice of Settlement Hearing, dated April 1, 2024, Enforcement Staff of the Canadian Investment Regulatory Organization ("CIRO") gave notice that a hearing would be held before a Hearing Panel on June 27, 2024, to consider a request to accept a Settlement Agreement between Enforcement Staff and Natalie Kiryak, pursuant to Rule 7.4.4 of the Mutual Fund Dealer Rules.

¶ 2 The Notice of Settlement Hearing advised that the Hearing was not open to the public but that the public would be notified if the Settlement Agreement was accepted by the Hearing Panel.

¶ 3 At the Settlement Hearing, the Hearing Panel considered the provisions of the Settlement Agreement. After hearing submissions, both as to the applicable law and as to why this particular Settlement Agreement met the appropriate criteria, the Hearing Panel retired to consider whether we were in a position to accept the Settlement Agreement on the basis of the material before us.

¶ 4 After carefully considering the Settlement Agreement and the submissions of the parties, the Hearing Panel unanimously accepted the Settlement Agreement. We made an Order to this effect on June 27, 2024. At that time, we advised that written reasons would follow. These are those Reasons.

II. SETTLEMENT AGREEMENT

¶ 5 The Settlement Agreement is attached hereto and marked as Appendix A. In the Settlement Agreement, the Respondent admitted that, at all material times, she knew that she could process transactions on the

Dealer Member's system, and that purchase transactions generated performance credits, while switches did not. The Respondent further admitted that, between February of 2019 and August of 2019, she processed 20 transactions in respect of 15 clients as redemptions and purchases, rather than as switches, in order to receive increased performance credits.

¶ 6 Consequently, the Respondent admitted that she failed to comply with her Dealer Member's policies and procedures with respect to the processing of trades as switches, contrary to Mutual Fund Dealer Rules 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1). She also admitted that she engaged in conduct which gave rise to a conflict of interest, which she failed to disclose to her Dealer Member, or ensure was addressed by the exercise of responsible business judgment influenced only by the best interests of the client, contrary to Mutual Fund Dealer Rules 2.1.4 and 2.1.1.

III. THE LAW

¶ 7 Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1) requires Members and Approved Persons to be aware of the possibility of conflicts of interest arising between the interests of the Member or Approved Person and the interests of the client. Where an Approved Person becomes aware of any conflict or potential conflict, Rule 2.1.4 requires the Approved Person to immediately disclose it to the Member, and the Approved Person and the Member to ensure that it is addressed by the exercise of responsible business judgment influenced only by the best interests of the client.

Mutual Fund Dealer Rule 2.1.4 (formerly MFDA Rule 2.1.4).

¶ 8 Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1) prescribes the standard of conduct applicable to registrants in the mutual fund industry. The Rule requires that each Member and Approved Person deal fairly, honestly, and in good faith with clients; observe high standards of ethics and conduct in the transaction of business; and refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest.

Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

¶ 9 MFDA Hearing Panels have held that Approved Persons who processed transactions as redemptions and purchases, rather than as switches,

(a) so that the transactions would be counted towards the Dealer Member's performance targets, or

(b) to earn performance credits, increasing the likelihood of receiving additional compensation,

engaged in conduct that gave rise to conflicts of interest and breached the standard of conduct contrary to MFDA Rules 2.1.4 and 2.1.1.

¶ 10 By processing the transactions as described above to benefit themselves potentially, the Approved Persons exposed the clients to unnecessary risks that the value of their mutual funds could decrease after the redemptions were processed but before the purchases were processed. Had the Approved Persons completed the transactions as switches instead, the transactions would not have exposed the clients to such market risks as the assets would have remained invested.

Eng (Re), [2022] Hearing Panel of the Central Regional Council, MFDA File No. 202205, Panel Decision dated June 29, 2022, at paras. 3, 17, 19-20.

Hale (Re), [2021] Hearing Panel of the Prairie Regional Council, MFDA File No. 202046, Panel Decision dated March 9, 2021, at paras. 23-25, 28, 34-37.

Leonard (Re), [2020] Hearing Panel of the Central Regional Council, MFDA File No. 201919, Panel Decision dated October 2, 2020, at paras. 6, 10, 12, 36.

Rana (Re), [2019] Hearing Panel of the Central Regional Council, MFDA File No. 201871, Panel Decision dated March 19, 2019, at paras. 3, 13.

Khaldi (Re), [2024] Hearing Panel of the Nova Scotia District, CIRO File No. 202245, Panel Decision (Misconduct) dated January 15, 2024, at paras. 1, 31-34.

IV. PRINCIPLES AND FACTORS REGARDING THE ACCEPTANCE OF SETTLEMENT AGREEMENTS

¶ 11 Investor protection is the primary goal of securities regulation. Settlements play an important and necessary role in meeting this objective.

Pezim v. British Columbia (Superintendent of Brokers), [1994] 2 S.C.R. 557 at paras. 59 and 68.

¶ 12 In our view, the role of a Hearing Panel in a Settlement Hearing is not the same as its role in making a penalty determination after a contested Hearing. In a contested Hearing, the Hearing Panel attempts to determine the correct penalty. In a Settlement Hearing, the Hearing Panel takes into account the settlement process itself and the fact that the parties have agreed to the penalties set out in the Settlement Agreement. In our view, a Hearing Panel should not interfere lightly in a negotiated settlement and should not reject a Settlement Agreement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.

¶ 13 Previous MFDA Hearing Panels have determined the factors which should be considered in determining whether a Settlement Agreement should be accepted. These include the following:

(a) Whether acceptance of the Settlement Agreement would be in the public interest and whether the penalty imposed will protect investors;

(b) Whether the Settlement Agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the Settlement Agreement;

(c) Whether the Settlement Agreement addresses the issues of both specific and general deterrence;

(d) Whether the proposed settlement will prevent the type of conduct described in the Settlement Agreement from occurring again in the future;

(e) Whether the Settlement Agreement will foster confidence in the integrity of the Canadian capital markets;

(f) Whether the Settlement Agreement will foster confidence in the integrity of the MFDA;

(g) Whether the Settlement Agreement will foster confidence in the regulatory process itself.

(h) Jacobson (Re), [2007], Hearing Panel of the Prairie Regional Council, MFDA File No. 200712, Reasons for Decision, dated July 13, 2007, at para. 68.

¶ 14 Previous Hearing Panels have also identified a number of additional factors which should be considered when determining whether the penalty sought to be imposed is appropriate. These include:

(a) The seriousness of the allegations proved against the Respondent;

(b) The Respondent's past conduct, including prior sanctions;

(c) The Respondent's experience in the capital markets;

(d) The level of the Respondent's activity in the capital markets;

(e) Whether the Respondent recognizes the seriousness of the improper activity;

(f) The harm suffered by investors as a result of the Respondent's activities;

(g) The benefits received by the Respondent as a result of the improper activity;

(h) The risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction;

(i) The damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;

(j) The need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;

(k) The need to alert others to the consequences of inappropriate activities to those who are permitted to participate in capital markets; and

(l) Previous decisions made in similar circumstances.

Headley [Re], 2006, Hearing Panel of the Central Regional Council, MFDA File No. 200509, Reasons for Decision dated February 21, 2006 at para. 85.

¶ 15 When determining whether a penalty agreed upon by the parties is appropriate, the Hearing Panel may also consider the CIRO Sanction Guidelines ("Guidelines"), which came into effect on February 1, 2024. The Guidelines set out general principles which should be considered in connection with a proposed settlement agreement, as well as some key factors commonly reviewed when considering the appropriateness of the sanctions. The Guidelines' principles state that sanctions should be significant enough to prevent and discourage future misconduct by a particular respondent (specific deterrence) and to deter others from engaging in similar mistakes (general deterrence). General deterrence can be achieved if a sanction strikes an appropriate balance by addressing a registrant's specific misconduct but is also in line with industry expectations.

V. CONSIDERATIONS IN THE PRESENT CASE

¶ 16 Staff made very detailed written and oral submissions as to how these principles and factors applied to the case before us. These included the following:

(a) Nature of the Misconduct

¶ 17 We agree with the submissions of Staff that the contraventions in this matter are serious. The Respondent placed her own interests ahead of her clients. She processed transactions as redemptions and subsequent purchases to receive increased performance credits such that she could receive additional compensation. Her misconduct exposed clients to a risk of market loss while the clients' assets were not invested between the time of the redemption and the time when the purchase was made. In fact, 9 clients incurred losses as a result of her misconduct.

¶ 18 The Respondent's failure to comply with her Dealer Member's policies and procedures was, likewise, serious misconduct. It undermined the ability of the Dealer Member to supervise her conduct and protect the interests of clients and the public.

(b) The Respondent's Past Conduct Including Prior Sanctions

¶ 19 The Respondent has not previously been the subject of any prior MFDA or CIRO disciplinary proceedings.

(c) The Respondent's Recognition of the Seriousness of the Misconduct

¶ 20 The Respondent has acknowledged that the misconduct constitutes a serious contravention of the Mutual Dealer Rules. By entering into the Settlement Agreement, the Respondent has accepted responsibility for the misconduct, and has saved CIRO the time, resources and expenses associated with a contested disciplinary proceeding.

(d) Harm Suffered by Investors

¶ 21 The Dealer Member reimbursed clients for their losses. No clients complained to either the Dealer Member or CIRO.

(e) Benefits Received by the Respondent

¶ 22 The Dealer Member reversed the additional compensation received by the Respondent. It also issued a disciplinary letter to the Respondent.

(f) Deterrence

¶ 23 Deterrence is intended to capture both specific deterrence of the wrongdoer, as well as general deterrence of other participants in the capital markets, in order to protect investors.

¶ 24 The proposed sanctions will specifically deter the Respondent from engaging in similar misconduct. They

will also act as a general deterrent by demonstrating that Approved Persons who engage in similar misconduct will be subject to meaningful sanctions.

(g) Previous Decisions Made in Similar Circumstances

¶ 25 Staff provided the Hearing Panel with a detailed chart seeking to show that the proposed resolution is within the reasonable range of appropriateness with regard to other decisions made by Hearing Panels in similar circumstances.

¶ 26 The following cases were discussed:

Eng (Re), [2022] Hearing Panel of the Central Regional Council, MFDA File No. 202205, Panel Decision dated June 29, 2022.

Hale (Re), [2021] Hearing Panel of the Prairie Regional Council, MFDA File No. 202046, Panel Decision dated March 9, 2021.

Rana (Re), [2019] Hearing Panel of the Central Regional Council, MFDA File No. 201871, Panel Decision dated March 19, 2019.

Leonard (Re), [2020] Hearing Panel of the Central Regional Council, MFDA File No. 201919, Panel Decision dated October 2, 2020.

Khaldi (Re), [2024] Hearing Panel of the Nova Scotia District, CIRO File No. 202245, Panel Decision (Misconduct) dated January 15, 2024.

VI. DECISION

¶ 27 After a thorough review of the factors by which we should be guided, and the facts of this case, as reflected in the Settlement Agreement, we were, unanimously, of the view that this Settlement Agreement was reasonable and in the public interest and should be accepted by the Hearing Panel. We so informed the parties at the conclusion of the Settlement Hearing.

DATED at Halifax, Nova Scotia this 15th day of July 2024

"Thomas J. Lockwood"
Thomas J. Lockwood, K.C., Chair

"Ann Etter"
Ann Etter, Industry Representative

"Joshua Martin"
Joshua Martin, Industry Representative

Appendix "A"

Settlement Agreement

IN THE MATTER OF:

The Mutual Fund Dealer Rules[i]

and

Natalie Kiryak

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 Nova Scotia District Hearing Committee (the "Hearing Panel") of CIRO should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of CIRO ("Staff") and Natalie Kiryak (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]

(a) between February 2019 and August 2019, the Respondent processed 20 transactions in respect of 15 clients as redemptions and purchases, rather than as switches, in order to receive increased performance credits, thereby:

i. engaging in conduct which gave rise to a conflict of interest which the Respondent failed to disclose to the Dealer Member, or ensure was addressed by the exercise of responsible business judgment influenced only by the best interests of the client, contrary to Mutual Fund Dealer Rules 2.1.4 and 2.1.1 (formerly MFDA Rules 2.1.4 and 2.1.1); and

ii. failing to comply with the Dealer Member's policies and procedures with respect to the processing of trades as switches, contrary to Mutual Fund Dealer Rules 2.1.1. and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 2.1.1, 1.1.2, and 2.5.1).

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 of $17,500, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

(b) the Respondent shall pay costs of $5,000, pursuant to Mutual Fund Dealer Rule 7.4.2;

(c) the payment by the Respondent of the fine and costs shall be paid to CIRO as follows:

(i) $5,000 (costs) funds shall be paid in certified funds upon acceptance of the Settlement Agreement;

(ii) $4,375 (fine) on or before the last business day of the month following the acceptance of the Settlement agreement;

(iii) $4,375 (fine) on or before the last business day of the second month following the acceptance of the Settlement agreement;

(iv) $4,375 (fine) on or before the last business day of the third month following the acceptance of the Settlement agreement; and

(v) $4,375 (fine) on or before the last business day of the fourth month following the acceptance of the Settlement agreement;

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[1] At the time of the conduct addressed in this proceeding, MFDA Rules 2.1.4, 2.1.1, and 1.1.2 (as it relates to MFDA Rule 2.5.1) were in effect and are now incorporated into Mutual Fund Dealer Rules 2.1.4, 2.1.1, 1.1.2 and 2.5.1 referred to in this proceeding. On June 30, 2021, amendments to MFDA Rule 2.1.4 came into effect, and on July 7, 2022, amendments to MFDA Rule 1.1.2 came into effect. As the conduct addressed in this proceeding pre-dated the amendment to these Rules, the version of MFDA Rule 2.1.4 that was in effect between February 27, 2006 and June 30, 2021 is applicable to this proceeding, and the version of MFDA Rule 1.1.2 that was in effect prior to July 7, 2022 is applicable to this proceeding.

(d) if the Respondent fails to make any of the payments of the costs and fine described above in sub-paragraph 5(c) when the payments become due, then the unpaid balance of the fine and costs owed by the Respondent shall immediately become due and payable to CIRO;

(e) the Respondent shall attend on the date set for the Settlement Hearing; and

(f) the Respondent shall in the future comply with Mutual Fund Dealer Rules 2.1.4, 2.1.1, and 1.1.2 (as it relates to Rule 2.5.1).

¶ 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 January 22, 2018 and April 6, 2020, the Respondent was registered as a dealing representative in Nova Scotia with Scotia Securities Inc., a Dealer Member of CIRO, formerly a Member of the MFDA (the "Dealer Member").

¶ 9 On April 6, 2020, the Respondent resigned from the Dealer Member. The Respondent is not currently registered in the securities industry in any capacity.

¶ 10 At all material times, the Respondent carried on business in the Dartmouth, Nova Scotia area.

Processing Transactions as Redemptions and Purchases Rather than Switches

¶ 11 At all material times, the Dealer Member's policies and procedures required its Approved Persons to avoid conflicts of interest, and gave its Approved Persons guidance about how to process switch transactions.

¶ 12 On or about July 26, 2019, the Dealer Member published a bulletin that required its dealing representatives to process transfers between mutual funds of the same fund family as switches rather than as a redemption and a subsequent purchase (the "Bulletin").

¶ 13 At all material times, the Respondent knew that:

(a) she could process switch transactions on the Dealer Member's system;

(b) purchase transactions generated performance credits; and

(c) switches did not generate performance credits.

¶ 14 Between February and August 2019, the Respondent processed 20 transactions in respect of 15 clients as redemptions and purchases, rather than as switches. Specifically, these transactions involved approximately 25 redemptions and 31 purchases.

¶ 15 In the period after the Dealer Member published the Bulletin, the Respondent processed two of the transactions described above in respect of one client as redemptions and purchases, rather than as switches. Specifically, these transactions involved approximately two redemptions and four purchases.

¶ 16 For all the transactions described herein, the Respondent processed the redemptions of clients' existing mutual funds and subsequently purchased new mutual funds within the same fund family using the redemption proceeds, when the transactions could have been processed as switches.

¶ 17 To process the transactions, the Respondent had the clients sign redemption forms or provide verbal instructions to redeem their existing mutual fund holdings to a cash position, and subsequently, within 3 to 8 days, the Respondent had the clients sign purchase forms or provide verbal instructions to authorize transactions to purchase units of mutual funds in the same fund family as the mutual funds that had been redeemed.

¶ 18 By processing the transactions in the manner described above, the Respondent exposed the clients to the risk of market loss while the clients' assets were not invested between the time of the redemption and the time when the purchase was made. Had the Respondent completed the transactions as switches (rather than as redemptions and purchases), the transactions would not have exposed the clients to this risk as the assets would have remained continuously invested.

¶ 19 By processing the transactions as redemptions and purchases, the clients sustained losses that could have been avoided if the transactions had been processed as switches, as follows:

Client	Loss
LB	$131.22
CG	$0.35
LL	$50.52
FM	$623.65
AS	$36.84
MS	$20.86
CT	$34.34
AV	$928.14
PW	$154.79
TOTAL:	**$1,980.71**

¶ 20 At the material time, transactions carried out as redemptions and purchases contributed more towards meeting the Dealer Member's performance targets than conducting transactions as switches. By processing the transactions as described above as redemptions and purchases, the Respondent received additional compensation totaling approximately $163.

¶ 21 The Respondent did not disclose to or obtain approval from the Dealer Member to process the transactions described above as redemptions and purchases, rather than as switches.

¶ 22 Had the transactions carried out as redemptions and purchases been conducted as switches, the transactions would not have counted towards the Dealer Member's performance targets that were available to her at the material time.

¶ 23 The Respondent's conduct described above gave rise to a conflict or potential conflict of interest that the Respondent failed to disclose to the Member or the clients in writing or ensure was addressed by the exercise of responsible business judgment influenced only by the best interests of the clients.

Dealer Member's Investigation

¶ 24 In 2019, the Dealer Member commenced an internal investigation to determine whether its Approved Persons had processed transactions in client accounts as redemptions and purchases, rather than as switches, and had received performance credits for the transactions.

¶ 25 During the Dealer Member's investigation, it identified the redemption and repurchase transactions described above.

¶ 26 As a result of the Respondent's conduct, on or about May 8, 2020, the Dealer Member issued a disciplinary letter in respect of processing redemptions and purchases as opposed to switches, as described above.

¶ 27 Around the same time, the Dealer Member reversed the additional compensation of $163 that the

Respondent received, as described above.

Additional Factors

¶ 28 The Respondent has not been the subject of any prior MFDA or CIRO disciplinary proceedings.

¶ 29 The Dealer Member reimbursed clients for their losses, described above.

¶ 30 None of the clients have complained to the Dealer Member or CIRO.

¶ 31 By entering into this Settlement Agreement, the Respondent has saved CIRO time, resources, and expenses associated with conducting a contested hearing of the allegations.

V. ADDITIONAL TERMS OF SETTLEMENT

¶ 32 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.

¶ 33 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.

¶ 34 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.

¶ 35 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;

(i) 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 and 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;

(c) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to Mutual Fund Dealer Rule 7.4.1.1 (Approved Persons) for the purpose of giving notice to the public thereof in accordance with Mutual Fund Dealer Rule 7.4.5; and

(ii) 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.

¶ 36 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.

¶ 37 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.

¶ 38 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.

¶ 39 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 1st day of April, 2024.

"Megan Lynn Stokes"
Megan Lynn Stokes

"AS" BM
Witness – Signature Witness – Print name

"Sam Wu"
Staff of the Canadian Regulatory Organization
Sam Wu, Enforcement Counsel

[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.