Re Desjardins Securities Inc.

IN THE MATTER OF:

The Investment Dealer and Partially Consolidated Rules

and

Desjardins Securities Inc.

2024 CIRO 87

Canadian Investment Regulatory Organization Hearing Panel
(Québec District)

Heard: November 5, 2024 (by videoconference)
Decision: November 5, 2024
Written reasons: December 9, 2024

Hearing Panel
Jacques R. Fournier, Chair
Jean Jeannot and Danielle Le May

Appearances:
Francis Larin, Enforcement Counsel
Thomas Grenier, articling law student
Julie-Martine Loranger, Counsel for the Respondent
Marie-Noelle Rochon, Counsel for the Respondent

DECISION ON ACCEPTANCE OF SETTLEMENT AGREEMENT

INTRODUCTION

¶ 1 Enforcement Staff and the Respondent, Desjardins Securities Inc. (the Parties) have agreed on a settlement, a copy of which is attached to this decision. Enforcement Staff requested that the Hearing Panel determine whether the said settlement could be accepted pursuant to sections 8215 and 8428 of the Investment Dealer and Partially Consolidated Rules (IDPC Rules) of the Canadian Investment Regulatory Organization (CIRO).

¶ 2 Out of a concern for accuracy and to avoid repetition, the Hearing Panel reproduces the relevant passages of the agreement below:

PART III – AGREED FACTS

Overview

¶ 3 The Respondent's policies and procedures respecting supervision contained shortcomings which permitted:

(a) on three occasions, in 2019, 2020 and 2021, the acceptance of orders received from its representative JV, with the intention of enabling clients residing in Québec to participate in new issues as well as a take-over bid for which they were not eligible, by purchasing units through a

client in another province who was eligible, in order to resell them to Québec clients by means of OTC cross trades, before trading the units on the secondary market;

(b) from June 2020 to February 2022, for two clients of its representative MB, the implementation of an active options trading strategy that was not within the bounds of sound business practice, and which, for one of these clients, resulted in options trades that were unsuitable for that client.

Background

¶ 4 The Respondent was, at all material times, a dealer member of CIRO (previously IIROC).

Material Facts

(a) Supervision of the activities of representative JV

¶ 5 At all material times, JV was a registered representative with the Respondent.

¶ 6 In February 2021, JV placed orders intended to enable three clients residing in Québec to participate in a new issue for which they were not eligible, by purchasing these units through a client from another province who was eligible, in order to resell them to the clients in Québec by way of OTC cross trades before trading them on the secondary market.

¶ 7 In the course of an investigation of the Respondent, Enforcement Staff discovered that these trades had been executed in 2021 by the Respondent's representative and that they had been made with the Respondent's knowledge.

¶ 8 The trades were executed by JV while under strict supervision by the Respondent.

¶ 9 The investigation then revealed that this representative had already used this modus operandi on at least two other occasions in the past, with respect to a new issue in 2019 and a take-over bid in 2020.

¶ 10 The Respondent knew that these trades had been executed and had allowed them.

¶ 11 The branch manager and the Respondent's Compliance Department were copied on the correspondence sent by representative JV to the Respondent's Trade Entry department with the details of these trades for execution of the relevant orders.

¶ 12 The transactions at the time did not trigger any response from the Respondent concerning the prohibition against Québec residents participating in the new issues or the take-over bid, and no measure was therefore taken by the Respondent to prevent these trades or to forbid the representative from circumventing the prohibition.

¶ 13 As well, representative JV personally set the prices at which the orders for these OTC trades would be executed, without any verification by the Respondent in this regard to ensure compliance with the prescribed rules in this matter.

¶ 14 Not until March 2021 did the Respondent intervene for the first time with representative JV, to question and clarify its expectations regarding OTC transactions, including a specific prohibition against any OTC trading by Québec clients on new issues not eligible in Québec.

¶ 15 Around November 2021, the Respondent decided to put an end to representative JV's business practice of trading new issues on OTC markets.

¶ 16 The commissions received by the Respondent on these trades were $6,188.03, after deduction of the commissions paid to representative JV.

(b) Supervision of the activities of representative MB

¶ 17 At all material times, MB was a registered representative of the Respondent.

¶ 18 Beginning in summer 2020, MB on his own initiative implemented an active options trading strategy with two clients in particular.

¶ 19 This trading strategy notably relied on short-term fluctuations in the price of the underlying shares in

order to increase the return on the clients' portfolios.

¶ 20 To that effect, MB and the Respondent proceeded to open an options margin account for the two clients in June and August 2020.

¶ 21 It appears that, for these two clients, the strategy was not guided by any target return and resulted in considerable losses for the clients:

(a) For client GDB, capital losses resulting from these option transactions were $468,809 for the period from June 2020 to February 2022, even though the client's portfolio generated returns of 27.54% during this period;

(b) As for client FML, capital losses resulting from these options transactions totalled $52,931 for the period from August 2020 to November 2021, even though the client's portfolio generated returns of 0.19% during this period.

Client GDB

¶ 22 The client GDB opened a brokerage account with MB and the Respondent in 2010.

¶ 23 This client's investor profile, as appears from his KYC and the updates made in 2014 and 2016, indicated that his investment knowledge was "good", that his risk tolerance was "medium" and that his investment objectives for this account were exclusively [translation] "income securities, growth securities and moderate/high risk investment securities".

¶ 24 The client's knowledge of options trading was nil.

¶ 25 Up until 2020, the client's portfolio was composed of relatively conservative investments and he had not expressed any dissatisfaction regarding this type of investments or the returns they generated.

¶ 26 Following the opening of client GDB's options margin account in June 2020, his investment objectives were also updated on or around August 19, 2020:

GDB	***June 8, 2020***	***August 19, 2020***
Investment objectives		
Moderate/higher risk income securities and growth securities	*80%*	*30%*
Speculative securities and stock market strategies	*20%*	*70%*
Risk tolerance		
Low		
Medium		
High	*100%*	*100%*

¶ 27 However, this update was not intended to truly reflect the risk tolerance or investment objectives of the client GDB, but rather to align the KYC file with the client's portfolio, in line with the options trading strategy now employed by MB.

¶ 28 Despite the investor profile and the composition of client GDB's portfolio prior to June 2020, MB recommended to the client to continue with his options trading strategy even after substantial gains might have been realized.

¶ 29 Between June 2020 and February 2022, MB executed 379 options trades in client GDB's account, and the total commissions billed by the Respondent were $1,118,741.76.

¶ 30 During this same period, the monthly commissions billed to client GDB exceeded the $1,500 threshold on 17 occasions and the $3,000 threshold on 15 occasions, for a monthly average of $58,880 overall.

¶ 31 On or around February 18, 2022, client GDB filed a complaint with the Respondent regarding MB.

¶ 32 Pursuant to this complaint, the Respondent and client GDB agreed on a compensation amount in settlement of the matter.

Client FML

¶ 33 Client FML's brokerage account was opened with the Respondent in September 2018.

¶ 34 The investor profile for this client, as appears from his KYC file, indicated that his investment knowledge was "good", that his risk tolerance was "medium" and that his investment objectives for this account were exclusively focused on "income securities, growth securities and moderate/higher risk investment securities."

¶ 35 Client FML had no knowledge of options trading.

¶ 36 MB took charge of client FML's account with the Respondent in January 2020.

¶ 37 Between August 2020 and November 2021, MB executed 101 options trades in client FML's account, for which the total commissions billed by the Respondent were $125,491.

¶ 38 During this same period, the monthly commissions billed to client FML exceeded the $1,500 threshold on 12 occasions and the $3,000 threshold on 10 occasions, for a monthly average of $7,842 overall.

¶ 39 On or around February 14, 2022, client FML filed a complaint with the Respondent regarding MB.

¶ 40 Pursuant to this complaint, the Respondent and client FML agreed on a compensation amount in settlement of the matter.

Miscellaneous

¶ 41 Subsequent to the alleged facts, the Respondent has issued a directive forbidding the type of trades executed by representative JV.

¶ 42 Representative MB admits having executed numerous discretionary trades in the accounts of clients GDB and FML, even though none of the accounts were previously approved as "discretionary" accounts.

¶ 43 From June 2020 to November 2021, representative MB falsely claimed to the Respondent that he had discussed the trades with the clients beforehand. He admits having falsified notes reporting on the supposed conversations with clients GDB and FML, notably with regard to the options trades executed in a discretionary manner.

¶ 44 To that effect, MB further ignored certain reminders sent by the Respondent.

¶ 45 On or around October 21, 2022, the Respondent imposed the following measures on representative MB:

¶ 46 Rewrite and pass the Conduct and Practices Handbook exam (CPH);

¶ 47 Twelve (12) months of strict supervision;

¶ 48 A fine of $150,000.

¶ 49 MB has complied with the first two measures mentioned above, the Respondent having agreed to waive the financial penalty in consideration of the settlement agreement and the related sanctions subsequently agreed upon by CIRO and MB.

¶ 50 Deficiencies in supervision

¶ 51 Deficiencies were observed in the Respondent's supervision of representative JV from September 2019 to February 2021, notably concerning:

(a) Compliance with restrictions applicable to provinces of distribution;

(b) The absence of appropriate timely follow-up.

¶ 52 Deficiencies were observed in the Respondent's supervision of representative MB from June 2020 until February 2022, notably concerning:

(a) Tier 1 reviews (monthly gross commissions of at least $1,500);

(b) Tier 2 reviews (monthly gross commissions of at least $3,000);

(c) Commissions/account value ratios;

(d) The profile of the affected clients as well as the strategy employed;

(e) The absence of appropriate timely follow-up.

PART IV – CONTRAVENTION

¶ 53 Given the conduct described above, the Respondent acknowledges its responsibility for the following contravention of CIRO requirements:

> During the material period of September 2019 to February 2022, the Respondent failed to establish and maintain a system that allowed adequate supervision of the business activities of at least two of its registered representatives, contrary to Dealer Member Rules 38.1 and 2500 (prior to January 1, 2022), and Investment Dealer and Partially Consolidated Rule 3900 (after January 1, 2022).

PART V – TERMS OF SETTLEMENT

¶ 54 The Respondent agrees to the following sanctions and costs:

i. A fine in the amount of $225,000;

ii. Disgorgement of $623,924.73, representing the commissions received by the Respondent and taking into account the compensation it paid to the affected clients;

iii. Costs in the amount of $25,000.

¶ 55 If this Settlement Agreement is accepted by the hearing panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

¶ 56 If the hearing panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

¶ 57 If the hearing panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Investment Dealer Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement.

DISCUSSION

Hearing Panel's Role

¶ 58 The Sanction Guidelines, as well as the established case law in the matter, limit the role of a hearing panel who is asked to rule on an application to accept a settlement agreement to determine whether the range of sanctions established previously in similar cases is followed in the said agreement.

¶ 59 It is not up to the hearing panel to decide on the merits of the case or suggest changes. The options for the hearing panel are to accept or reject the settlement agreement.

¶ 60 IDPC Rule 8215(5) provides that a hearing panel only has the power to determine whether a settlement agreement can be accepted or not.

¶ 61 That is what the hearing panel concluded in *Re Milewski*, [1999] I.D.A.C.D. No. 17. We cite the relevant

passage here:

> Although a settlement agreement must be accepted by a District Council before it can become effective, the standards for acceptance are not identical to those applied by a District Council when making a penalty determination after a contested hearing. In a contested hearing, the District Council attempts to determine the correct penalty. A District Council considering a settlement agreement will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness. Put another way, the District Council will reflect the public interest benefits of the settlement process in its consideration of specific settlements.

¶ 62 The same principle is stated in *Re Arnold,* 2023 CIRO 1, para. 15, *Re Barber,* 2023 CIRO 04, para. 18 and *Re Harvey,* 2022 IIROC 32, para. 12.

THE CASE BEFORE US

¶ 63 The Respondent admitted that, during the material period from September 2019 to February 2022, it failed to establish and maintain a system that allowed adequate supervision of the business activities of two of its registered representatives, contrary to Dealer Member Rules 38.1 and 2500(prior to January 1, 2023) and IDCP Rule 3900(after January 1, 2023).

¶ 64 The following sanctions were agreed to in the Settlement Agreement:

(i) a fine of $225,000;

(ii) disgorgement of $623,924, representing the commissions received by the Respondent and taking into account the compensation it paid to the affected clients;

(iii) costs of $25,000.

¶ 65 The issue before us is to determine whether the proposed sanctions are comparable to those imposed in similar cases in order to achieve the objective of public protection; the Panel has studied all the precedents submitted to it in relation to the obligation of supervision, especially the cases involving major financial institutions, including:

Re Scotia Capital, 2017 IIROC 48

- a fine of $200,000 plus costs of $20,000;
- payment of $100,000 from the Supervisor to be donated to charity;
- costs of $20,000.

Re National Bank Financial, 2022 IIROC 27

- a fine of $250,000 plus costs of $40,000;

Re TD Waterhouse Inc., 2018 IIROC 44

- a fine of $140,000 plus costs of $10,000

Re BMO Nesbitt Burns, 2022 IIROC 26

- a fine of $125,000 plus costs of $15,000.

¶ 66 The most recent cases record fines ranging from $120,000 to $250,000 being imposed on major financial institutions for this type of offence, i.e., deficient supervision.

¶ 67 The proposed sanction in this matter is at the high end of the range. Further, any clients who suffered losses were compensated.

¶ 68 In the case involving JV, a representative of the Respondent whose disciplinary file was the subject of a settlement agreement which has been accepted at a hearing held today, it was established that the clients had

been informed of the trades, had agreed to the prices and had suffered no losses.

¶ 69 The commissions earned have been paid back, taking into account that the Respondent has compensated the clients in the amount of $623,924.73. In the cases of both clients GDB and ML, they were compensated after the conclusion of an agreement with them.

¶ 70 Consequently, the Respondent made no profit on the said trades and in fact assumed the substantial losses incurred. There is no doubt that this is a strong deterrent factor.

¶ 71 These are the reasons why the Panel accepted the Settlement Agreement and so informed the parties on the date of the hearing.

FOR THESE REASONS, THE HEARING PANEL ACCEPTS THE SETTLEMENT AND TAKES NOTE OF THE RESPONDENT'S COMMITMENTS, NAMELY:

(i) payment of a fine of $225,000;

(ii) disgorgement of $623,924.73, representing the commissions received by the Respondent and taking into account the compensation it paid to the affected clients;

¶ 72 payment of an additional amount of $25,000 in costs.

¶ 73 The Panel also takes note of the Respondent's commitment to pay the amounts set out in the Settlement Agreement within thirty days of the Panel's acceptance, and takes note of the Staff's following commitment:

¶ 74 If the Hearing Panel accepts this Settlement Agreement, the Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of the Settlement Agreement attached hereto, unless the Respondent fails to comply with any of its terms, in which case Enforcement Staff may bring proceedings under Investment Dealer Rule 8200 against the Respondent. Such proceedings may be based on, but are not limited to, the facts set out Part III of the Settlement Agreement.

DATED at Montréal, Québec, this 9th day of December, 2024.

"Jacques Fournier"
Jacques R. Fournier, Chair

"Jean Jeannot"
Jean Jeannot, Member

"Danielle Le May"
Danielle Le May, Member

Appendix A
Settlement Agreement

IN THE MATTER OF:

The Investment Dealer and Partially Consolidated Rules

and

Desjardins Securities Inc.

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

¶ 1 The Canadian Investment Regulatory Organization ("CIRO")[i] will issue a Notice of Application to announce that a settlement hearing will be held before a hearing panel to consider whether, pursuant to sections 8215 and 8428 of the Investment Dealer and Partially Consolidated Rules (the "Investment Dealer Rules"), the hearing panel should accept this Settlement Agreement between Enforcement Staff and Desjardins Securities Inc. (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

¶ 2 Enforcement Staff and the Respondent jointly recommend that the hearing panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

¶ 3 For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Overview

¶ 4 The Respondent's policies and procedures respecting supervision contained shortcomings which permitted:

(a) on three occasions, in 2019, 2020 and 2021, the acceptance of orders received from its representative JV, with the intention of enabling clients residing in Québec to participate in new issues as well as a take-over bid for which they were not eligible, by purchasing units through a client in another province who was eligible, in order to resell them to Québec clients by means of OTC cross-trades, before trading the units on the secondary market;

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Background

¶ 5 The Respondent was, at all material times, a dealer member of CIRO (previously IIROC).

Material Facts

a) Supervision of the activities of representative JV

¶ 6 At all material times, JV was a registered representative with the Respondent.

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¶ 8 In the course of an investigation of the Respondent, Enforcement Staff discovered that these trades had been executed in 2021 by the Respondent's representative and that they had been made with the Respondent's knowledge.

¶ 9 The trades were executed by JV while under strict supervision by the Respondent.

¶ 10 The investigation then revealed that this representative had already used this modus operandi on at least two other occasions in the past, with respect to a new issue in 2019 and a take-over bid in 2020.

¶ 11 The Respondent knew that these trades had been executed and had allowed them.

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¶ 13 The transactions at the time did not trigger any response from the Respondent concerning the prohibition against Québec residents participating in the new issues or the take-over bid, and no measure was therefore taken by the Respondent to prevent these trades or to forbid the representative from circumventing the prohibition.

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¶ 20 This trading strategy notably relied on short-term fluctuations in the price of the underlying shares in order to increase the return on the clients' portfolios.

¶ 21 To that effect, MB and the Respondent proceeded to open an options margin account for the two clients in June and August 2020.

¶ 22 It appears that, for these two clients, the strategy was not guided by any target return and resulted in considerable losses for the clients:

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Medium		
High	100%	100%

¶ 28 However, this update was not intended to truly reflect the risk tolerance or investment objectives of the client GDB, but rather to align the KYC file with the client's portfolio, in line with the options trading strategy now employed by MB.

¶ 29 Despite the investor profile and the composition of client GDB's portfolio prior to June 2020, MB recommended to the client to continue with his options trading strategy even after substantial gains might have been realized.

¶ 30 Between June 2020 and February 2022, MB executed 379 options trades in client GDB's account, while the total commissions billed by the Respondent came to $1,118,741.76.

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¶ 33 Pursuant to this complaint, the Respondent and client GDB agreed on a compensation amount in settlement of the matter.

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¶ 37 MB took charge of client FML's account with the Respondent in January 2020.

¶ 38 Between August 2020 and November 2021, MB executed 101 options trades in client FML's account, for which the total commissions billed by the Respondent rose to $125,491.

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Miscellaneous

¶ 42 Subsequent to the alleged facts, the Respondent has issued a directive forbidding the type of trades executed by representative JV.

¶ 43 Representative MB admits having executed numerous discretionary trades in the accounts of clients GDB and FML, even though none of the accounts were previously approved as "discretionary" accounts.

¶ 44 From June 2020 to November 2021, representative MB falsely claimed to the Respondent that he had discussed the trades with the clients beforehand. He admits having falsified notes reporting on the supposed conversations with clients GDB and FML, notably with regard to the options trades executed in a discretionary manner.

¶ 45 To that effect, MB further ignored certain reminders sent by the Respondent.

¶ 46 On or around October 21, 2022, the Respondent imposed the following measures on representative MB:

(a) Rewrite and pass the Conduct and Practices Handbook exam (CPH);

(b) Twelve (12) months of strict supervision;

(c) A fine of $150,000.

¶ 47 MB has complied with the first two measures mentioned above, the Respondent having agreed to waive the financial penalty in consideration of the settlement agreement and related sanctions subsequently entered into between CIRO and MB.

Deficiencies in supervision

¶ 48 Deficiencies were observed in the Respondent's supervision of representative JV from September 2019 to February 2021, notably concerning:

(a) Compliance with restrictions applicable to provinces of distribution;

(b) The absence of appropriate timely follow-up.

¶ 49 Deficiencies were observed in the Respondent's supervision of representative MB from June 2020 until February 2022, notably concerning:

(a) Tier 1 reviews (monthly gross commissions of at least $1,500);

(b) Tier 2 reviews (monthly gross commissions of at least $3,000);

(c) Commissions/account value ratios;

(d) The profile of the affected clients as well as the strategy employed;

(e) The absence of appropriate timely follow-up.

PART IV – CONTRAVENTION

¶ 50 Given the conduct described above, the Respondent acknowledges its responsibility for the following contravention of CIRO requirements:

During the material period of September 2019 to February 2022, the Respondent failed to establish and maintain a system that allowed adequate supervision of the business activities of at least two of its registered representatives, contrary to Dealer Member Rules 38.1 and 2500 (prior to January 1, 2022), and Investment Dealer and Partially Consolidated Rule 3900 (after January 1, 2022).

PART V – TERMS OF SETTLEMENT

¶ 51 The Respondent agrees to the following sanctions and costs:

(i) A fine in the amount of $225,000;

(ii) Disgorgement of $623,924.73, representing the commissions received by the Respondent and taking into account the compensation it paid to the affected clients;

(iii) Costs in the amount of $25,000.

¶ 52 If this Settlement Agreement is accepted by the hearing panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

¶ 53 If the hearing panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

¶ 54 If the hearing panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Investment Dealer Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

¶ 55 This Settlement Agreement is conditional on acceptance by the hearing panel.

¶ 56 This Settlement Agreement shall be presented to a hearing panel at a settlement hearing in accordance with sections 8215 and 8428 of the Investment Dealer Rules, in addition to any other procedures that may be agreed upon between the parties.

¶ 57 Enforcement Staff and the Respondent agree that this Settlement Agreement will form all the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the hearing panel.

¶ 58 If the hearing panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules of CIRO and any applicable legislation to any further hearing, appeal and review.

¶ 59 If the hearing panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement, or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.

¶ 60 The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the hearing panel.

¶ 61 The Settlement Agreement will become available to the public upon its acceptance by the hearing panel, and CIRO will post a full copy of this Settlement Agreement on the CIRO website. CIRO will publish a notice and news release of the facts, contraventions and the sanctions agreed upon in this Settlement Agreement, and the hearing panel's written reasons for its decision to accept this Settlement Agreement.

¶ 62 If this Settlement Agreement is accepted, the Respondent agrees that neither the Respondent nor anyone on its behalf will make a public statement inconsistent with this Settlement Agreement.

¶ 63 This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the hearing panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

¶ 64 The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

¶ 65 An electronic copy of any signature will be treated as an original signature.

DATED the 30 th day of August 2024.

"Witness"

Witness

(s) Radek Loudin

Radek Loudin, Chief Compliance Officer

Respondent: Desjardins Securities Inc.

(s) Francis Larin

Francis Larin

Senior Enforcement Counsel

on behalf of

Enforcement Staff, CIRO

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[i] On January 1, 2023, IIROC and the MFDA were consolidated into a single self-regulatory organization recognized under applicable securities legislation.
The Canadian Investment Regulatory Organization ("CIRO") has adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-laws, 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 the rules and certain by-laws and policies of the MFDA that were in force immediately prior to amalgamation. Where the rules of IIROC and the rules and by-laws and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules.
Section 1105 (Transitional provision) of the Investment Dealer and Partially Consolidated Rules sets out CIRO's continuing jurisdiction, including that CIRO shall continue the regulation of any person who was subject to the jurisdiction of the Investment Industry Regulatory Organization of Canada, just as the latter did.