Re Scotia Capital

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Scotia Capital Inc.

2017 IIROC 15

Investment Industry Regulatory Organization of Canada
Hearing Panel (Ontario District)

Heard: February 14, 2017
Decision: February 14, 2017
Reasons: February 15, 2017

Hearing Panel:
Paul M. Moore, Q.C., Chair, Guenther W.K. Kleberg, Zahra Bhutani
Appearances:
Rob DelFrate, Senior Enforcement Counsel, IIROC
David DiPaolo and Maureen Doherty, Counsel to Scotia Capital Inc.
In attendance:
John Pereira, Managing Director & Head, Hollis Wealth, Global Wealth Management, Scotiabank

REASONS FOR ACCEPTANCE OF SETTLEMENT AGREEMENT

Acceptance of settlement agreement

¶ 1 The panel accepted the settlement agreement between the staff of IIROC and Scotia Capital Inc., the respondent, dated January 27, 2017.

¶ 2 A copy of the settlement agreement is attached to these reasons. It sets out the facts, the contraventions, the agreed sanctions, and mitigating and other factors relevant in determining the appropriateness of the agreed sanctions. It also contains full forms of abbreviated names and short-form terms used in these reasons.

Contraventions

¶ 3 The respondent admitted to the following contravention of IIROC's rules:

> "Between January 2009 and December 2011, the respondent failed to adequately supervise the activities of Krishna Sammy, a portfolio manager at DWM, to ensure compliance with the Dealer Member rules, contrary to IIROC Dealer Member Rules 38.1, 1300.2, 1300.15 and 2500."

Agreed sanctions

¶ 4 The agreed sanctions were a fine of $175,000 and a costs award of $10,000.

Issues faced by the panel

¶ 5 The key issues before the panel were: 1) whether the settlement agreement was fair and reasonable to the parties; 2) whether the agreed sanctions provided an adequate deterrent to the respondent and others; and 3) whether they were within a reasonable range of appropriateness, considering the precedent cases submitted by staff.

Key factors in our determination of the appropriateness of the agreed sanctions

¶ 6 We considered and accepted the explanations of why the agreed sanctions are appropriate set out in the written submission of counsel for IIROC.

IIROC's Sanction Guidelines

¶ 7 IIROC's Sanction Guidelines provide that the following italicized items should be taken into account in determining whether sanctions are appropriate:

a. The number, size and character of the transactions at issue.

b. Whether the respondent engaged in numerous acts and/or a pattern of misconduct.

c. Whether the respondent engaged in the misconduct over an extended period of time.

¶ 8 The respondent's failure to adequately supervise Mr. Sammy extended over a 2 year period. During that time, there were a number of clients whose managed accounts exceeded their stated risk tolerance levels. Although a number of these accounts were pushed offside as a result of the increase in the share price of Biosign, some were offside prior to this increase and in some cases, these accounts were allowed to remain offside for several months.

¶ 9 However, rather than a pattern of misconduct or numerous instances of different misconduct, this case involves primarily a repeat of the same or similar failing. The respondent's Institutional Compliance Team did identify when the managed accounts exceeded the stated risk levels and initiated steps to address the concerns raised. The concentration in Biosign was also identified. However, these concerns were not dealt with in a sufficiently timely manner and therefore occurred multiple times.

¶ 10 The conflict of interest trading affected a number of clients in both managed and non-managed accounts. These potential conflicts were not identified by the respondent's supervisory system and were therefore allowed to continue throughout the entire period.

¶ 11 The supervisory failings in this case were limited to the underlying misconduct of only one registered representative.

d. Whether the misconduct was intentional, willfully blind, or reckless with respect to regulatory requirements.

¶ 12 The respondent's misconduct in this case was primarily negligent rather than intentional, willfully blind or reckless. The respondent took steps and put systems in place to ensure that Mr. Sammy's underlying misconduct would be identified. However, the dual compliance structure in place at DWM at the time contributed to the conflict of interest trading going undetected.

¶ 13 When the suitability and Biosign issues were identified, the respondent questioned Mr. Sammy and requested that the issues be dealt with. It was the failure to deal with the misconduct in a timely manner, rather than a complete failure to supervise, which gave rise to the breach of the respondent's obligations.

e. Extent of harm to clients or other market participants.

¶ 14 The underlying misconduct by Mr. Sammy in this case resulted in certain clients ultimately suffering financial losses, as found by another hearing panel in a case against him.

f. Extent of harm to market integrity or the reputation of the marketplace, or both.

¶ 15 Since Mr. Sammy's departure from DWM, Scotia Capital has paid over $3.5 million to 47 clients to compensate clients affected by Mr. Sammy's misconduct, thereby reducing the financial harm to clients as well as harm to the reputation of the marketplace.

Old DWM versus new Scotia Capital

¶ 16 The contraventions related to the supervisory controls of DWM and the actual supervision of Mr. Sammy prior to DWM's acquisition by and subsequent amalgamation into Scotia Capital.

¶ 17 Subsequent to the amalgamation, Scotia Capital changed the supervisory structure, put in new controls, and withdrew its sponsorship of Mr. Sammy's registration.

¶ 18 Furthermore, as mentioned above, Scotia Capital reimbursed, to the tune of approximately $3.5 million, without extensive litigation, clients of Mr. Sammy who came forward with complaints of losses.

¶ 19 Accordingly, it can be concluded that Scotia Capital acted reasonably promptly to clean up the supervisory situation it inherited in acquiring DWM.

¶ 20 However, the liabilities of DWM, and the consequences that flow from them, were carried forward into Scotia Capital by the amalgamation. Therefore, it is appropriate that Scotia Capital be sanctioned for the misconduct of DWM.

Protective of the public, not punitive

¶ 21 The purpose of regulation by IIROC, (and the imposition of sanctions by it), is to be protective of the public, and not punitive. Accordingly, appropriate sanctions in our case should not be to punish Scotia Capital for the misconduct. Rather they should be, and be seen to be, an adequate deterrent against similar conduct in the future by Scotia Capital and by others in the industry in similar circumstances.

Impact on the respondent

¶ 22 We considered the impact the agreed sanctions would have on Scotia Capital. Although $185,000 may not be terribly significant to Scotia Capital in the circumstances [it already having paid out approximately $3.5 million; and having done its due diligence prior to the acquisition, very likely knowing that it would have to clean up the supervisory situation and inherent liabilities], and should not be considered punitive, it is more than a nominal fine and should serve as an appropriate deterrent. In this determination we noted the nature and extent of the misconduct in issue.

Range of appropriateness

¶ 23 Counsel referred us to several precedential cases. We were satisfied that the agreed sanctions were within the range of appropriateness when compared to the cases and when the suggestions of IIROC'S Sanctions Guidelines are taken into account.

Fair and reasonable

¶ 24 Both parties to the settlement agreement were represented by counsel. The agreement was freely negotiated. Each party had their own motivating reasons for settling and submitted that they considered it to be fair and reasonable. In view of this, and the fact that the agreed sanctions provide an adequate deterrent to the respondent and others, and are within an appropriate range, we found that the settlement agreement was fair and reasonable.

Costs

¶ 25 Costs of $10,000 are reasonable in the circumstances.

Conclusion

¶ 26 For the above reasons, we accepted the settlement agreement because to do so was in the public interest.

Dated at Toronto this 15th day of February, 2017

Paul M. Moore

Guenther W.K. Kleberg

Zahra Bhutani

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Investment Industry Regulatory Organization of Canada ("IIROC") will issue a Notice of Application to announce that it will hold a settlement hearing to consider whether, pursuant to Section 8215 of the Consolidated Enforcement, Examination and Approval Rules of IIROC, a hearing panel ("Hearing Panel") should accept the settlement agreement ("Settlement Agreement") entered into between the staff of IIROC ("Staff") and Scotia Capital Inc. ("Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. 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 failed to adequately supervise the accounts managed by one of its former portfolio managers, Krishna Sammy ("Sammy"). The Respondent allowed the holdings in Sammy's clients' managed accounts to exceed the risk tolerance levels that were suitable for these clients.

5. The Respondent also failed to ensure that that they properly identified and managed conflicts of interest between Sammy and his clients by allowing Sammy to recommend shares of certain issuers while at the same time selling shares of these same issuers from his personal account.

6. Finally, the Respondent failed to ensure that Sammy had divested a significant number of shares in a high risk security that he had acquired in his clients' managed accounts.

REGISTRATION HISTORY

7. DundeeWealth, a division of DWM Securities Inc. ("DWM") was acquired by The Bank of Nova Scotia on February 1, 2011 and was subsequently amalgamated with Scotia Capital Inc. on November 1, 2013. Since that time it has operated under the name HollisWealth.

8. At all material times, DWM was a Member of the IDA, and then IIROC, with its head office located in Toronto, Ontario.

THE DUNDEE COMPLIANCE STRUCTURE

9. From 2007 to January 2011, the compliance structure at DWM was divided into two groups, each

headed by a Co-Chief Compliance Officer. One Co-Chief Compliance Officer was in charge of the institutional compliance team (the "Institutional Compliance Team"). This team was responsible for, among other things, the supervision of accounts managed by registered portfolio managers ("Managed Accounts"). The other Co-Chief Compliance Officer headed a retail compliance team responsible for, among other things, the supervision of non-managed accounts ("Non-Managed Accounts").

10. Following the acquisition of DWM by Scotia in February 2011, the separate compliance groups were merged. The Co-Chief Compliance Officer in charge of the Institutional Compliance Team did not stay with DWM following the acquisition of the company by Scotia.

KRISHNA SAMMY

11. From August 1999 to December 2011, Sammy was registered as a Registered Representative and Supervisor with a Brampton, Ontario branch of DWM, an IIROC Dealer Member.

12. In May 2005, Sammy became registered as a portfolio manager. Thereafter, several of Sammy's clients opened Managed Accounts at DWM. The Institutional Compliance Team was responsible for supervision of all trading in Sammy's Managed Accounts.

THE 20% VARIANCE

13. All clients who opened a Managed Account at DWM were required to complete an Investment Management Agreement ("IMA") along with a New Account Application Form ("NAAF"). Both the IMA and the NAAF recorded the risk tolerance level that was appropriate for and agreed to by the clients for the Managed Accounts.

14. During the relevant time, the Institutional Compliance Team allowed Sammy to include a "+/- 20% variance" (the "20% Variance") in determining the risk tolerance levels in the Managed Accounts. Sammy was the only portfolio manager at DWM who was permitted to employ the 20% Variance.

15. In some instances, a reference to the 20% Variance appeared on both the NAAF and the IMA. In other cases, the 20% Variance appeared on only one or the other of the NAAF or IMA. Accordingly, in some cases, it was unclear on the face of the documents if the clients were aware that the Managed Accounts could hold up to 20% more risk than what they were prepared to accept.

SAMMY RECOMMENDED UNSUITABLE INVESTMENTS

16. Between January 2009 and December 2011, Sammy made unsuitable investments in the Managed Accounts of several of his clients which resulted in the risks associated with the securities in their Managed Accounts exceeding the clients' risk tolerance levels as outlined in their respective NAAFs and IMAs.

17. In addition to being invested in high risk securities, Sammy's clients were also highly concentrated in a small number of individual holdings. These included Mahdia Gold Corp., Northcore Technologies Inc., Petroworth Resources Inc., Intertainment Media Inc. and Biosign Technologies Inc. (collectively, the "Issuers").

18. The securities of the Issuers were all high risk and speculative investments and were considered as such by the Respondent.

19. Between January 2009 and January 2011, the Institutional Compliance Team queried the suitability of several trades in the Managed Accounts. Specifically, the Institutional Compliance Team questioned Sammy about trades that resulted in the risk level of the securities held in the clients' Managed Accounts exceeding the risk levels outlined in the clients' NAAFs and IMAs.

20. However, the Institutional Compliance Team only queried trades that resulted in risk levels of the

holdings in the Managed Accounts exceeding the risk tolerance levels in the NAAF and/or IMA by more than 20%.

21. The Institutional Compliance Team often requested that Sammy either change the holdings in the Managed Accounts to reflect the risk tolerances set out in the NAAFs and/or IMAs or, if appropriate, to amend the risk tolerance after discussing with the clients.

22. Despite numerous queries from the Institutional Compliance Team, in several instances, no changes to the holdings in the Managed Accounts or to the clients' risk tolerances were made.

23. The Respondent not only failed to take adequate measures to ensure that the holdings in the Managed Accounts were brought into line with the clients' objectives, in several instances, the Respondent allowed Sammy to purchase additional high risk securities in the Managed Accounts. These purchases further increased the clients' exposure to risk. This increase in risk was over and above the 20% Variance that Sammy was allowed to employ.

24. In some cases, the risk levels of the Managed Accounts continued to significantly exceed the risk tolerance levels outlined in the NAAFs and/or IMAs for up to six months.

CONFLICTS OF INTEREST

Trading in Shares of Mahdia Gold Corp.

Acquisition of Shares by Sammy

25. In October 2009, Sammy received 3.6 million shares of Wintercrest Resources Ltd. into his Canadian margin account. At the time, these shares were valued at $0.10 per share.

26. In December 2009, following a corporate reorganization, Wintercrest changed its name to Mahdia Gold Corp. and each share of Wintercrest was converted into a half share of Mahdia. Following this reorganization, Sammy held 1.8 million shares of Mahdia in his Canadian margin account, valued at $0.20 each.

27. In November 2011, Sammy acquired, via a private placement, an additional 500,000 shares of Mahdia, which were deposited into his Canadian margin account.

Purchase of Shares by Clients and Sale of Shares by Sammy on the Same Day

28. Between December 2009 and December 2011, Sammy began acquiring share of Mahdia for his clients in both the Managed and Non-Managed Accounts. In total, Sammy**'**s clients purchased over 4.1 million shares in 128 Non-Managed Accounts and an additional 4 million shares in 114 Managed Accounts. The average cost of these purchases was $0.32 per share, with prices ranging from $0.125 to $0.95 per share. These clients also sold 825,400 shares of Mahdia during this time period at an average price of $0.20 per share.

29. During this period, Sammy sold over 1.8 million shares of Mahdia from his personal Canadian margin account**.** The average price for these sales was $0.26 per share, with prices ranging from $0.16 to $0.79.

30. On seven days in particular, as outlined in the table below, Sammy sold a total of 790,000 shares of Mahdia from his Canadian margin account at an average price of $0.33 per share. On those same days, Sammy purchased or recommended the purchase of 748,000 shares of Mahdia to his clients at an average price of $0.34 per share. Each of these purchases was solicited by Sammy.

Date	Shares purchased in Managed Accounts	Average Price	Shares Purchased in Non-Managed Accounts	Average Price	Shares Sold in the Sammy's Personal Account	Average Price
November 22, 2010	230,000	$0.18	0	n/a	140,000	$0.18
November 25, 2010	130,000	$0.19	0	n/a	100,000	$0.18
June 3, 2011	9,000	$0.79	92,000	$0.83	30,000	$0.79
August 2, 2011	5,000	$0.40	25,000	$0.40	70,000	$0.40
August 3, 2011	0	n/a	35,000	$0.40	200,000	$0.39
November 14, 2011	0	n/a	105,000	$0.40	150,000	$0.37
December 7, 2011	20,000	$0.34	97,000	$0.35	100,000	$0.34
Totals	**394,000**	**$0.21**	**354,000**	**$0.50**	**790,000**	**$0.33**

31. The average daily trading volume for Mahdia on these seven days was only 370,442 shares. As such, the above trading activity represented a significant portion of the transactions on each of these days.

32. On some of these days, Sammy sold shares from his personal account prior to purchasing the shares in the Managed Accounts. On other days, Sammy sold his shares after the purchases in the Managed Accounts.

Trading in Shares of Northcore Technologies Inc.

Acquisition of Shares by Sammy

33. By January 2009, Sammy held over 1.4 million shares of Northcore Technologies Inc. in his Canadian margin account. At the time, these shares were valued at $0.20 per share.

34. On December 21, 2009, Sammy received an additional 166,667 shares of Northcore into his Canadian margin account. On October 5, 2010, Sammy received a further 2.5 million shares of Northcore into this account, which were acquired through a private placement.

Purchase of Shares by Clients and Sale of Shares by Sammy on the Same Day

35. Between January 2009 and December 2011, Sammy purchased shares of Northcore for his clients in both the Managed and Non-Managed Accounts. In total, Sammy purchased over 15.8 million shares in 291 Non-Managed Accounts and an additional 7.6 shares million in 126 Managed Accounts. The average cost of these purchases was $0.23 per share, with prices ranging from $0.085 to $0.39 per share. These clients also sold 12.8 million shares of Northcore during this time period at an average price of $0.22 per share.

36. During this period, Sammy sold over 1.3 million shares of Northcore from his Canadian margin account. The average price for these sales was $0.21 per share, with prices ranging from $0.15 - $0.25. Sammy did not purchase any shares of Northcore on the market during this period.

37. On nine days in particular, as outlined in the table below, Sammy sold a total of 766,000 shares of Northcore from his Canadian margin account at an average price of $0.21. On some of those days, Sammy also sold or recommended the sale of 367,553 Northcore shares in client accounts at an average price of $0.20. On those same days, Sammy purchased or recommended the purchase of 465,500 shares of Northcore to his clients at an average price of $0.22 per share. Each of these purchases was solicited by Sammy.

Date	**Shares purchased in Managed Accounts**	**Average Price**	**Shares Purchased in Non-Managed Accounts**	**Average Price**	**Shares Sold in Sammy's Personal Account**	**Average Price**
January 5, 2009	0	n/a	27,000	$0.15	100,000	$0.15
May 29, 2009	0	n/a	24,000	$0.20	54,000	$0.19
June 5, 2009	0	n/a	21,000	$0.23	71,000	$0.22
October 1, 2009	0	n/a	146,000	$0.25	100,000	$0.25
December 21, 2009	29,500	$0.20	125,000	$0.20	130,000	$0.21
December 29, 2009	13,000	$0.23	34,000	$0.23	136,000	$0.22
January 7, 2010	3,000	$0.20	0	n/a	50,000	$0.21
June 16, 2010	20,000	$0.23	22,000	$0.23	50,000	$0.23
July 12, 2010	500	$0.20	0	n/a	75,000	$0.20
Totals	**66,000**	**$0.21**	**399,500**	**$0.22**	**766,000**	**$0.21**

38. The average daily trading volume for Northcore on these nine days was only 324,771 shares. As such, the above trading activity represented a significant portion of the transactions on each of these days.

39. On some of these days, Sammy sold shares from his personal account prior to purchasing the shares in the Managed Accounts. On other days, Sammy sold his shares after the purchases in the Managed Accounts.

40. Each of the transactions in the Managed Accounts was reviewed by the Institutional Compliance Team. Each of the transactions in the Non-Managed Accounts and in Sammy's personal accounts was reviewed by the Retail Compliance Team. However, at no time did the Institutional Compliance Team at DWM query the sales of Mahdia or Northcore by Sammy and purchases by his clients in the Managed Accounts to ascertain whether a potential conflict of interest existed and if it was being properly addressed.

41. Accordingly, the Respondent failed to ensure that DWM had an appropriate supervisory system in place to identify potential conflicts of interest in trading in Managed Accounts and the personal accounts of its portfolio managers. Specifically, the Respondent was unable to determine whether the purchases by

Sammy's clients created liquidity in the shares of Mahdia and Northcore which allowed him to realize a higher price on the sale of his personal shares of those issuers.

BIOSIGN

42. In or around September 2009, Sammy began accumulating shares of Biosign in the Managed Accounts of several clients.

43. By July 2010, the share price of Biosign had increased significantly. As a result, Biosign, a high risk security, represented a significant portion of the assets in the Managed Accounts.

44. In or around September 2010, the Managed Accounts Committee ("MAC") at DWM became concerned about the concentration levels of Biosign in the Managed Accounts.

45. On or around October 27, 2010, the MAC decided that, to address the concentration concerns, Sammy would be required to divest a portion of the shares of Biosign held in the Managed Accounts.

46. The Institutional Compliance Team was responsible for ensuring that, on a daily basis, Sammy sold the lesser of 30,000 shares of Biosign or 25% of the day's trading volume in Biosign.

47. The Institutional Compliance Team advised Sammy of this obligation by email on October 28, 2010.

48. Between October 28, 2010 and November 15, 2010, Sammy repeatedly failed to meet these sales obligations.

49. By email dated November 15, 2010, the Institutional Compliance Team advised Sammy that he had sold only 179,000 Biosign shares in the Managed Accounts, whereas, in accordance with the directive of the MAC, he was required to have sold 305,750 Biosign shares, leaving him 126,750 shares short of the target.

50. By email dated November 25, 2010, the Institutional Compliance Team again emailed Sammy to advise that he remained short of this required sales target for Biosign shares. The email noted that he was now short by 263,853 shares and that he had not sold any shares for 5 consecutive days.

51. Between November 25, 2010 and January 24, 2011, the Institutional Compliance Team repeatedly reminded Sammy of his obligation to divest the Biosign shares in accordance with the MAC directive.

52. The Respondent failed to take sufficient measures to ensure that the shares were divested and that clients' interests were protected.

53. By January 24 2011, Sammy was 1,153,415 shares short of his targeted sales obligation.

MITIGATING FACTORS

Remedial Steps

54. The misconduct referred to in this Settlement Agreement took place at DWM, prior to its acquisition by Scotia in February 2011. Following the acquisition and amalgamation of the Compliance Team at DWM, Scotia's own compliance program identified the concentration issues in Sammy's managed accounts. In addition to enacting remedial measure to address such concentration, Sammy was advised that DWM was no longer prepared to sponsor his registration. Sammy departed DWM in December of 2011.

55. Since that time, Scotia has paid $3,566,416.17 to 47 clients to remediate and compensate those clients for Sammy's conduct.

56. Moreover, since the acquisition of DWM, Scotia has developed enhanced compliance policies and procedures including:

i. Revamping the Compliance structure to consolidate compliance oversight of managed and non-managed accounts;

ii. The elimination of the 20% Variance;

iii. Revising the investment management agreement used for all managed accounts and linking it to a new approved investment policy statement ("IPS") which is mandatory for all new managed accounts and transitioning existing accounts to the new IPS by November 30, 2017; and

iv. Significantly enhancing Tier 1 and Tier 2 supervision of managed accounts.

PART IV – CONTRAVENTIONS

57. By engaging in the conduct described above, the Respondent committed the following contraventions of IIROC's Rules:

a) Between January 2009 and December 2011, the Respondent failed to adequately supervise the activities of Krishna Sammy, a portfolio manager at DWM, to ensure compliance with the Dealer Member Rules, contrary to IIROC Dealer Member Rules 38.1, 1300.2, 1300.15 and 2500.

PART V – TERMS OF SETTLEMENT

58. The Respondent agrees to the following sanctions and costs:

a) A fine in the amount of $175,000; and

b) Costs in the amount of $10,000.

59. 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 Staff and the Respondent.

PART VI – STAFF COMMITMENT

60. If the Hearing Panel accepts this Settlement Agreement, 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 paragraph 61 below.

61. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

62. This Settlement Agreement is conditional on acceptance by the Hearing Panel.

63. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with the procedures described in Sections 8215 and 8428, in addition to any other procedures that may be agreed upon between the parties.

64. Staff and the Respondent agree that this Settlement Agreement will form all of 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.

65. If the Hearing Panel accepts the Settlement Agreement, the Respondent agrees to waive all rights under the IIROC Rules and any applicable legislation to any further hearing, appeal and review.

66. If the Hearing Panel rejects the Settlement Agreement, Staff and the Respondent may enter into another settlement agreement or Staff may proceed to a disciplinary hearing based on the same or related allegations.

67. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

68. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IIROC will post a full of copy of this Settlement Agreement on the IIROC website. IIROC will also publish a summary of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement.

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

70. The Settlement Agreement is effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

71. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

72. A fax or electronic copy of any signature will be treated as an original signature.

DATED this _27____ day of _January_____, 2017__.

"Witness"	"Scotia Capital Inc."
Witness	Name:
	On behalf of Scotia Capital Inc.
"Witness"	"Rob DelFrate"
Witness	Rob DelFrate
	Enforcement Counsel on behalf of Enforcement Staff of the Investment Industry Regulatory Organization of Canada

The Settlement Agreement is hereby accepted this _14__ day of February_____, 2017__ by the following Hearing Panel:

Per: "Paul Moore"
Panel Chair

Per: "Zahra Bhutani"
Panel Member

Per: "Guenther Kleberg"
Panel Member