Re St-John

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Sean St-John

2018 IIROC 04

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

Heard: February 1, 2018 in Toronto, Ontario
Decision: February 1, 2018
Written Reasons: February 8, 2018

Hearing Panel:
Martin L. Friedland, C.C., Q.C., Chair, Lou D'Souza and Daniel P. Iggers
Appearances:
Andrew P. Werbowski, Senior Enforcement Counsel, IIROC
R. Paul Steep, McCarthy Tetrault, Counsel for the Respondent

REASONS FOR DECISION

INTRODUCTION

¶ 1 Staff of the Investment Industry Regulatory Organization of Canada ("IIROC") and the Respondent, Sean St-John ("St-John" or "the Respondent"), entered into the attached Settlement Agreement, dated January 22, 2018.

¶ 2 The Settlement Agreement was presented to the Hearing Panel for acceptance on February 1, 2018. The Respondent's Counsel and Staff of IIROC jointly recommended that the Hearing Panel accept the Settlement Agreement. The Respondent appeared at the hearing with counsel.

¶ 3 After hearing counsel for IIROC and counsel for the Respondent and considering the material filed, the Hearing Panel issued an order accepting the Settlement Agreement. These are our reasons for making that order.

¶ 4 The Respondent is currently the Executive Vice-President and Managing Director and Co-Head, Fixed Income, at National Bank Financial Inc. ("NBF"). He was first employed in the securities industry in 1990 with Burns Fry Ltd., subsequently employed with Nesbitt Burns Ltd. and then Richardson Greenshields. He commenced employment with NBF on October 1, 1996. He was the Co-Head of Fixed Income at the material time relating to the issues before the Hearing Panel.

THE BOND MARKET

¶ 5 This hearing involves the bond market – or, as it is often referred to, "the fixed income market." This market is enormously important to the Canadian economy. A detailed study by the Ontario Securities Commission in 2014, *The Canadian Fixed Income Market*, noted that in that year 'over $255 billion of fixed

income securities were issued in the primary market and more than $10 trillion traded in the secondary market." The bond market throughout the world is larger than the market for equities.

¶ 6 There have been very few IIROC disciplinary hearings related to the bond market. We were told that the present case is only the second such IIROC hearing. The last one was in 2011, *Re Pope* 2011 IIROC 68, to be discussed below. The MFDA does not regulate bond trading and so has not had any disciplinary cases relating to bonds. The only Ontario Securities Commission case appears to be one where the participant had not registered with the Commission. (*Execution Access, LLC*, approval of settlement October 20, 2017.)

¶ 7 Rules relating to bond trading can be found in IIROC Rule 2800, "Code of Conduct for Corporation Dealer Member Firms Trading in Wholesale Domestic Debt Markets." The Preface to the rules, which were first developed in 1998, states:

> "Rule 2800 describes the standards for trading by market participants in wholesale domestic Canadian debt markets. This [IIROC] policy was developed jointly with the Bank of Canada and Department of Finance to ensure the integrity of Canadian debt securities markets and thereby to encourage liquidity, efficiency and the maintenance of active trading and lending and promote public confidence in such debt markets."

Additional rules were later enacted: see Rule 2800B and Rule 2800C.

¶ 8 The key subsection for our purposes is section 4.1 of Rule 2800, "Duty to Deal Fairly." It reads:

> "Dealer Members must observe high standards of ethics and conduct in the transaction of their business and prohibit any business conduct or practice which is unbecoming or detrimental to the public interest. Dealer Members must act fairly, honestly and in good faith when marketing, entering into, executing and administering trades in the Domestic Debt Market."

¶ 9 A related section, section 3.2, "Conflicts of Interest," should also be noted. It states that "one of the underlying principles is that a fair, efficient and liquid Domestic Debt Market relies in part on open and unbiased dealings by Dealer Members, and fulfillment by Dealer Members of their duties to customers before their own interests or those of their personnel.' One of the examples it gives is "fair client priority."

The Settlement Agreement

¶ 10 The Respondent agreed in the Settlement Agreement that he breached IIROC Rule 2800. Paragraph 34 of the Settlement Agreement states:

> "By engaging in the conduct described… the Respondent committed the following contraventions of IIROC's Rules:
>
> > During September 2012, the Respondent failed to act fairly, when executing and administering trades in the Domestic Debt Market contrary to Dealer Member Rule 2800."

¶ 11 Paragraph 35 sets out the "Terms of Settlement": "The Respondent agreed to the following sanctions and costs:

a) A fine in the amount of $90,000; and

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

¶ 12 The Respondent's misconduct in the distribution can be broken down into two parts. One relates to the Respondent's conduct in the initial distribution in the bond issue. The second relates to the Respondent's later purchase of the *same* debentures in the secondary market for his personal benefit.

¶ 13 Only an overview of the transactions will be given in these reasons. The attached Settlement Agreement contains fuller details.

DISTRIBUTION OF DEBENTURES

¶ 14 The debentures in question are not identified in the Settlement Agreement and are simply referred to as "Company A Debentures."

¶ 15 In September 2012, NBF acted as Co-Lead of the syndicate for a new issue of Company A Debentures. The Respondent contacted "Client A" – not otherwise identified – and learned that this institutional client was interested in participating in the offering of Company A Debentures.

¶ 16 The Settlement Agreement States in paragraph 6: "The Respondent was aware that a client would be allocated Company A Debentures with the common expectation that the client would resell a portion of the Company A Debentures to NBF, so that NBF could then trade the debentures to support the market. This common expectation was known to the Respondent prior to the closing of the books and pricing of the Company A Debentures."

¶ 17 Paragraphs 13 to 26 of the Settlement Agreement describe the various conversations involving the Respondent, Client A, and others. The upshot was, as set out in paragraphs 22 and 23, that "[I]n the final allocation process, Client A was allocated $30 million Company A Debentures" and subsequently "Client A informed NBF that it would keep $20 million Company A Debentures and sell $10 million back" to NBF. Paragraph 26 states that 'numerous other clients at NBF received reduced allocations." The paragraph goes on to state: "Given that the demand at issuance for the Company A Debentures exceeded the available new issue securities, the circumstances above failed to respect the fair allocation process required by IIROC Dealer Member Rule 2800 and NBF's own internal policies."

¶ 18 NBF's internal policies and procedures regarding "New Issue Policy for Corporate Debt Financing," as set out in paragraph 25 of the Settlement Agreement, states: "NBF will make bona fide efforts to distribute the total amount of primary debt offering to clients. NBF will make best efforts to ensure client orders receive priority fills prior to inventory or non-client accounts."

¶ 19 The demand for Company A Debentures exceeded the availability of the new issue of securities and consequently approximately 90% of the institutional purchasers received less than their expressed interest in Company A debentures in the final allocation. Because Client A was willing to resell $10 million in Company A Debentures *back* to NBF, many interested institutional clients would necessarily have received *reduced* allocations. The understanding between the Respondent and Client A would not have been known to these clients.

¶ 20 The Respondent, having pre-arranged with Client A to resell $10 million Company A Debentures back to NBF, breached his duty to deal fairly pursuant to Rule 2800 (4.1 and possibly 3.2) and NBF's internal policies and procedures regarding client priority in primary debt offerings. All of the clients who received a *reduced* allocation had their interest subordinated to NBF as a result of the $10 million in Company A debentures which was unfairly allocated to Client A and subsequently sold to NBF by virtue of this improper private arrangement made through the Respondent.

THE RESPONDENT'S PERSONAL TRADING ACTIVITIES

¶ 21 Shortly after the initial distribution, the Respondent purchased $250,000 Company A Debentures in the secondary market for an account of which he was the beneficial owner.

¶ 22 The Respondent did not obtain pre-approval through NBF's Compliance Department for personal trading and instead relied on his retail investment advisor to obtain the pre-approval. As one of the most senior members of the Fixed Income group at NBF, the Respondent occupied – and continues to occupy – a leadership position and set "the tone from the top" with respect to his personal trading. He was aware of NBF's policies governing his obligations to seek pre-trade approval from Compliance, but, according to paragraph 32 of the Settlement Agreement 'relied on his retail investment advisor to obtain the required pre-approval."

¶ 23 The NBF's policies provide that "[T]rading by the Head of Fixed Income sales and trading will be reviewed by Compliance."

¶ 24 Again, the Respondent accepts that this is a breach of Rule 2800.

STANDARD FOR REVIEWING A SETTLEMENT AGREEMENT

¶ 25 A Hearing Panel can either accept or reject a Settlement Agreement. It cannot modify it. The standard for reviewing a Settlement Agreement was well-stated in a Pacific District hearing, *Re Johnson* (2012 IIROC 19), where the panel stated:

> "The test applicable to a decision whether to accept or reject a settlement is well-known. Simply put, a panel should accept such an agreement unless it considers the penalty provided for clearly to fall outside a reasonable range of appropriateness."

¶ 26 There are many similar statements. See, for example, *Re Taggart* (2013 IIROC 24); *Re Scotia Capital* (2013 IIROC 38); *Re Jiwa and Hoffar* (2012 IIROC 9); *Re Rotstein and Zackheim* (2012 IIROC 27); *Re Portfolio Strategies Securities Inc.* (2012 IIROC 36), and *Re Ast* (2012 IIROC 38), all stemming from *Re Milewski* ([1999] I.D.A.C.D. no. 17), where the panel stated:

> "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."

¶ 27 A recent IIROC Panel, *Re Donnelly* (2016 IIROC 23), rightly observed in accepting a Settlement Agreement (paragraphs 7 and 8):

> "It is usually in the public interest that matters be settled where possible rather than be determined through contested hearings. The reasons for this are often that an earlier determination of a dispute is better than a later determination. Settlements are usually less expensive than contested litigation, and there is less congestion in the dispute settling system when matters are taken out of the system through settlements. Finally where both parties agree, the result is often more palatable to the parties and society than in a contested hearing where the winner takes all.
>
> For these reasons, a panel considering the acceptance of a settlement agreement will try to reach a determination of acceptance. It will recognize that settlements are often hotly debated with much compromise and give-and-take between the parties in order to reach an acceptable position agreeable to both parties. Furthermore, the panel will recognize that it is not privy to all the facts and the motivations and considerations that each of the parties have in coming to a solution of the dispute that is agreeable to them."

¶ 28 The Panel in Re Donnelly went on to say in paragraph 29: "Where both parties to a settlement agreement are represented by counsel, and have the means to undergo a contested hearing, but have reached a settlement, it is unlikely that a panel would ever conclude that the settlement was unfair and not reasonable." In the present case both sides were represented by experienced counsel and there was extensive negotiations.

¶ 29 For the reasons set out by the panel in Re Jacob 2017 IIROC 17, we have used this well-known Milewski test – does the agreed penalty clearly fall outside a reasonable range of appropriateness? – and not the R. v. Anthony-Cook ([2016] S.C.J. No. 43) test, also cited by counsel, of whether the proposed submission is "so unhinged from the circumstances of the offence and the offender that its acceptance would lead reasonable and informed persons, aware of all the relevant circumstances, including the importance of promoting certainty in resolution discussions, to believe that the proper functioning of the justice system has broken down." The Supreme Court of Canada test, may well be applicable to crowded criminal courts where serious cases are being thrown out because of delay, but not to IIROC hearings where the process is differently structured, where there are two experienced industry members on each panel and where IIROC recently revised its sanctions guidelines. The word 'unhinged' used in the criminal law context suggests that Settlement Agreements would, except in

bizarre agreements, always be rubber-stamped.

¶ 30 Few Settlement Agreements are, in fact, rejected by IIROC or MFDA Panels, but the possibility of doing so tends to put some pressure on the parties to come up with reasonable settlements in the eyes of the members of the Panel and, in particular, in the eyes of the two experienced industry members on each Panel. Industry expectations are important for a self-regulatory body and are, in fact, specifically mentioned in the recently revised IIROC Sanction Guidelines.

WHY THE PANEL APPROVED THE SETTLEMENT AGREEMENT

¶ 31 Although the conduct in the present case was serious, particularly because the Respondent was one of the most senior members of the Fixed-Income group at NBF, we did not view the penalty of $90,000 and costs of $10,000 as "clearly falling outside a reasonable range of appropriateness." Both seem reasonable to us. The Respondent has agreed to pay the full sum of the penalty and costs within 30 days of the acceptance of the Settlement Agreement. The penalty satisfies the need for both general and specific deterrence. In the case of the personal dealings by the Respondent in the secondary market, there was no immediate investment gain and the market price at the time was paid for the debentures.

¶ 32 We have taken into account the importance of the settlement process, the give-and-take of Settlement Hearings and the fact that in the present case both sides were represented by experienced counsel. It is also relevant that the Respondent cooperated with IIROC throughout the investigation and hearing. We are confident that IIROC considered the full range of possible penalties, including: suspension of registration; written reprimand; re-writing of certain regulatory examinations; and the imposition of close/strict supervision.

¶ 33 The Respondent had not previously been disciplined by IIROC. Both counsel – and the IIROC investigator who was present at the Hearing – assured us that this was a "one-off" situation and that it did not represent a pattern of conduct.

¶ 34 The penalty is in line with the earlier case of *Re Pope* 2011 IIROC 68 – the only comparable case presented to us – where the penalty set by the panel, after a contested hearing on an agreed statement of facts, was $50,000. In both cases, the Respondent was a senior experienced person in a very responsible position. The facts are reasonably comparable, except that the conduct in the present case could be considered more serious because the Respondent had the benefit of the *Pope* decision and should have been aware that his conduct was contrary to IIROC Rule 2800. Moreover, there was the added misconduct of trading in the secondary market without seeking pre-trade approval by the NBF Compliance Department.

¶ 35 For the above reasons, we accepted the Settlement Agreement.

Dated at Toronto, Ontario this 8th day of February, 2018.

Martin L. Friedland

Lou D'Souza

Daniel P. Iggers

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 Sean St-John ("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 is the Executive Vice-President and Managing Director and Co-Head, Fixed Income at National Bank Financial Inc. ("NBF"). He has been employed in the securities industry for several years and occupies a senior role in the capital markets.

5. In September 2012, NBF acted as Co-Lead of the syndicate for a new issue of Company A Debentures (the "Company A Debentures").

6. The Respondent was aware that a client would be allocated Company A Debentures with the common expectation that the client would resell a portion of the Company A Debentures to NBF, so that NBF could then trade the debentures to support the market. This common expectation was known to the Respondent prior to the closing of the books and pricing of the Company A Debentures.

7. The demand at issuance for the Company A Debentures exceeded the available new issue securities and the ultimate resale to NBF failed to respect fair allocation principles.

8. In addition, the Respondent indicated to NBF's Managing Director, Fixed Income, Head Corporate Debt Trading his desire to purchase 250,000 Company A Debentures after the debentures began trading on the secondary market, for an account of which he was the beneficial owner.

9. The Respondent subsequently purchased Company A Debentures in the secondary market, through his retail investment advisor. Contrary to NBF's policies, the Respondent did not obtain pre-approval through NBF's compliance department for the personal trade and instead relied on his retail investment advisor to obtain the pre-approval.

10. In light of the conduct described above, the Respondent failed to act fairly when executing and administering trades in the Domestic Debt Market contrary to IIROC Dealer Member Rule 2800.

The Respondent's Registration History

11. The Respondent was first employed in the securities industry in 1990 with Burns Fry Ltd. He was subsequently employed with Nesbitt Burns Ltd. from October to December 1994 and Richardson Greenshields Ltd. from December 1994 to September 1996.

12. The Respondent commenced employment with NBF on October 1, 1996 and remains there currently. He has been registered in various executive positions and is currently the Executive Vice-President and Managing Director and Co-Head, Fixed Income.

The Company A Debentures new issue

13. In September 2012, NBF acted as Co-Lead of the syndicate for a new issue of Company A Debentures. The financing closed on September 19, 2012.

14. Between September 14 and September 19, 2012, there were a number of telephone conversations between representatives of NBF, including the Respondent, and a specific institutional client, "Client A".

15. Specifically, on Friday, September 14, 2012, at around 1:25 p.m. the Respondent contacted Client A by

telephone to determine its potential interest in participating in the new issue of Company A Debentures. Client A advised that it would be potentially interested in $25 million Company A Debentures "or something like that", as Client A reasonably anticipated there would be cutbacks on the allocation.

16. On Monday, September 17, 2012, at around 11:26 a.m. the Respondent spoke with a colleague on the trade desk in the Montreal office of NBF, and discussed the level of interest of Client A. The Respondent advised that colleague that Client A was interested in "30 with you at 10" for a total of 40. There were further discussions regarding potential allocations and potential pricing of the deal.

17. On Monday, September 17, 2012 at around 5:08 p.m. the Respondent spoke with two other colleagues at NBF, by telephone. The Respondent advised that Client A had "raised its interest from 25 to 30 including our 10, so they're there for 40".

18. On Wednesday, September 19, 2012 at around 9:00 a.m., the Respondent indicated by telephone to a colleague that he had communicated with Client A regarding the order. The colleague indicated that he had not spoken with Client A but that he "expects something from that". The Respondent indicated that Client A "wants 30 and we put him in for 40 full fill".

19. On Wednesday, September 19, 2012 at around 10:54 a.m., the Respondent advised a colleague that that they would not be able to give Client A its full fill and they would need to cut back on the allocation. The Respondent underlined that he would get some bonds, meaning that he expected Client A would still be willing to sell bonds to NBF after the securities began trading in the secondary market, so that NBF could then trade the debentures to support the market.

20. On Wednesday, September 19, 2012 at around 12:00 p.m., the Respondent advised a colleague that Client A would receive $22 million Company A Debentures and NBF would receive $8 million. The colleague emphasized to the Respondent that the Company A Debentures needed to be traded as soon as they were priced.

21. On Wednesday, September 19, 2012 at around 1:30 p.m., two colleagues of the Respondent spoke with a representative of Client A by telephone. The Respondent was privy to the conversation as he was situated beside one of the colleagues for the duration of the phone call. Client A indicated that it was not pleased with the allocation it was receiving and that if its allocation was only 75% of the request, it might not be willing to give back $10 million Company A Debentures to NBF. Client A was informed that there had been a miscommunication. Client A subsequently advised that they were "business partners in the long run" and that NBF would obtain some Company A Debentures on the break. Client A indicated that "23-7" was "good".

22. In the final allocation process, Client A was allocated $30 million Company A Debentures.

23. On Wednesday, September 19, 2012 at around 2:04 p.m. Client A informed NBF that it would keep $20 million Company A Debentures and sell $10 million back.

24. On Wednesday, September 19, 2012 at around 3:09 p.m., NBF offered Client A a purchase price of "par 25". Client A accepted the offer and sold $10,000,000 Company A Debentures at 100 ¼ to NBF.

25. NBF's internal policies and procedures regarding "New Issue Policy for Corporate Debt Financing" indicates that:

> "NBF will make bona fide efforts to distribute the total amount of a primary debt offering to clients. NBF will make best efforts to ensure client orders receive priority fills prior to inventory or non-client accounts."

26. Numerous other clients at NBF received reduced allocations: of 45 accounts (excluding the account for retail carve out), only 4 received a full allocation. Client A did not receive a full allocation. In those circumstances, while no binding commitment for Client A to sell back to NBF had been concluded, it was

the expectation of Client A and of the Respondent that a resale was likely to occur shortly after the offering was announced. Given that the demand at issuance for the Company A Debentures exceeded the available new issue securities, the circumstances above failed to respect the fair allocation process required by IIROC Dealer Member Rule 2800 and NBF's own internal policies.

The Respondent's Personal Trading Activities

27. NBF's policies and procedures at the time relating to personal trading activities in employee accounts provide as follows:

> "All trades for Employee Accounts, other than Third Party Managed Accounts, must be executed through the broker, advisor, or standard electronic means used by retail investors in the normal course. Employees are not permitted to enter orders for their personal trading accounts by communicating directly with the Institutional Trade Desk. Trade Desk employees are not permitted to execute trades for their own account or for anyone who is not an approved client of the firm."

28. NBF's policies and procedures at the time required the Respondent to seek pre-approval for any personal trading. NBF's policies provide as follows:

> "The pre-approval process for sales and trading employee in these divisions requires the completion of a pre-approval form and submission for approval to the following direct or indirect supervisors:
>
> […]
>
> In respect of fixed income, submission for approval to the Managing Director and Head of the Fixed Income sales and trading desk. Trading by the Head of Fixed Income sales and trading will be reviewed by Compliance."

29. On September 19, 2012, the Respondent indicated to NBF's Managing Director, Fixed Income, Head Corporate Debt Trading, his desire to purchase 250,000 Company A Debentures after the debentures began trading on the secondary market, for an account of which he was the beneficial owner.

30. On September 19, 2012 at around 2:07 p.m. NBF's Managing Director, Fixed Income Head Corporate Debt Trading asked the Respondent if he was working with a retail IA at which point the Respondent asked that his interest be confirmed, the trade be put in the book and he would have his retail IA contact a colleague who worked on the NBF Retail Bond Desk in Toronto.

31. On September 19, 2012 at around 2:53 p.m. the Respondent asked NBF's Managing Director, Fixed Income Head Corporate Debt Trading to "just make sure I get something at 101".

32. Subsequently, on September 20, 2012, the Respondent purchased 250,000 Company A Debentures on the secondary market for an account of which he is the sole beneficial owner. The purchase price paid was $102.00 which is the same price that retail buyers were transacting at that moment. The trade was made through the Respondent's retail investment advisor. The Respondent did not obtain pre-approval for the trade. Instead, the Respondent relied on his retail investment advisor to obtain the required preapproval.

33. There was no personal investment gain in relation with the above purchase.

PART IV – CONTRAVENTIONS

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

> During September 2012, the Respondent failed to act fairly, when executing and administering trades in the Domestic Debt Market contrary to Dealer Member Rule 2800.

PART V – TERMS OF SETTLEMENT

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

    a) A fine in the amount of $90,000; and

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

36. 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

37. 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 the paragraph below.

38. 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

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

40. 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.

41. 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.

42. 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.

43. 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.

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

45. 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.

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

47. 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

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

binding agreement.

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

DATED this "22" day of "January", 20 "18".

"Witness"	"Sean St-John"
Witness	Respondent
"Charles Corlett"	"Andrew P. Werbowski"
Witness	Andrew P. Werbowski Senior Enforcement Counsel on behalf of Enforcement Staff of the Investment Industry Regulatory Organization of Canada

The Settlement Agreement is hereby accepted this "1st" day of "February", 20"18" by the following Hearing Panel:

Per: "Martin Friedland"
Panel Chair

Per: "Lou D'Souza"
Panel Member

Per: "Daniel Iggers"
Panel Member