

Re RBC Dominion Securities

IN THE MATTER OF:

**The Dealer Member Rules of the Investment Industry Regulatory
Organization of Canada (IIROC)**

and

RBC Dominion Securities

2014 IIROC 25

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

Heard June 10, 2014
Decision: June 19, 2014

Hearing Panel:

Martin L. Friedland, C.C., Q.C. (Chair), Debbie Archer, Charles Macfarlane

Appearances:

Diana Iannetta, IIROC Senior Enforcement Counsel

Jeremy Devereux, for the Respondent

DECISION AND REASONS

INTRODUCTION

¶ 1 The staff of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Respondent, RBC Dominion Securities (the “Respondent” or “RBC DS”), entered into the attached Settlement Agreement, dated June 9, 2014. The settlement was in accordance with IIROC Dealer Member Rules 20.35 to 20.40, inclusive, and Rule 15 of the Dealer Member Rules of Practice and Procedure.

¶ 2 The Settlement Agreement was presented to the Hearing Panel for acceptance on June 10, 2014.

¶ 3 In the Settlement Agreement (paragraph 5), the Respondent admits to the following contraventions of IIROC Rules, Guidelines, Regulations or Policies:

“From April 2010 to August 2011, in the manner described in this Settlement Agreement, RBC DS failed to adequately supervise a registered representative (“RR”) and certain of his client accounts when the RR recommended certain inverse exchange-traded funds to clients, contrary to IIROC Dealer Member Rule 2500.”

¶ 4 Staff and the Respondent agreed to a fine of \$90,000.

¶ 5 The Respondent also agreed to pay costs to IIROC in the sum of \$2,500.

¶ 6 At the end of the hearing, the Panel approved the Settlement Agreement. These are our reasons for doing so.

FACTUAL BACKGROUND

¶ 7 RBC DS is a Dealer Member with its head office in Toronto. Derek Axford (“Axford”) was a registered representative employed by the Respondent in a London Ontario branch office. Axford recommended the

purchase of certain inverse exchange-traded funds (“IETF”s), which were described in their prospectuses, in the words of the Settlement Agreement (paragraph 34), as “riskier or highly speculative securities”, to clients who had only a medium or medium-high risk tolerance noted on their New Account Application Forms (“NAAF”s).

¶ 8 Axford discussed the proposed strategy with his branch manager Bryan Vickers (“Vickers”) before recommending it to clients. Vickers did not advise against the strategy, and as a result 37 clients, with only medium or medium-high risk tolerance noted on their NAAFs, purchased the IETFs.

¶ 9 The Settlement Agreement acknowledges (paragraph 13) that RBC DS “failed to ensure that, during the relevant period, Axford’s recommendation to his clients to purchase the IETFs was suitable for those clients, and as a result, the Respondent failed to adequately fulfill its responsibilities to supervise Axford.

¶ 10 Axford was previously disciplined by an IIROC panel on June 10, 2013, (2013 IIROC 36) which accepted a proposed Settlement Agreement between IIROC and Axford, in which the parties agreed that there be:

- (a) a suspension from approval in any registered capacity with IIROC for a period of four months;
- (b) a fine of \$30,000;
- (c) a requirement that the Axford successfully complete the Conduct and Practices Handbook course prior to seeking re-registration;
- (d) a requirement that Axford be placed under close supervision for a period of six months upon re-approval; and
- (e) that Axford pay costs to IIROC in the amount of \$2,500.

¶ 11 An IIROC disciplinary proceedings against the branch manager, Vickers, was heard in separate proceedings on the same day as the present Settlement Agreement hearing. An agreed statement of facts between Vickers and IIROC staff on the question of Vickers’ responsibility for failing to supervise Axford’s conduct formed the basis of this panel’s decision on the appropriate penalty to be imposed in the circumstances of that case. That decision, *Re Vickers* (2014 IIROC 26), will be reported at about the same time as the present RBC DS decision.

IETFs AND AXFORD’S STRATEGY

¶ 12 In early 2010, Axford formed the view, based on research and analysis he had undertaken, that stocks were overvalued and that the market was going to decline. As a result of his analysis, he recommended to clients that they re-balance their portfolios by selling their long equity positions and investing the proceeds in a combination of cash, low risk securities, and IETFs. Pursuant to this strategy, the positions in the IETFs were the largest of the three categories, often comprising over 50% of the client’s account.

¶ 13 As is well-known, exchange-traded funds (“ETFs”) are securities that trade on an exchange that track the performance of an underlying benchmark or index. “Inverse” or “short” ETFs, however, seek to deliver the inverse or opposite of the performance of the index or benchmark they track. If the market goes down, the inverse ETF – in theory – goes up.

¶ 14 Axford believed that this strategy would decrease the clients’ risk exposure and that the products were not highly speculative.

¶ 15 The two IETFs used were the Horizons IETF and the ProShares IETF. The prospectus of the former states (see paragraph 17 of the attached Settlement Agreement): “Units of the ETFs are highly speculative and involve a high degree of risk, some not traditionally associated with mutual funds.” The latter prospectus states (see paragraph 18 of the Settlement Agreement) that “the Fund may not be suitable for all investors and should be used only by knowledgeable investors who understand the potential consequences of seeking daily inverse investment results.”

¶ 16 The risk of such products was the subject of an IIROC Notice dated June 11, 2009, which states, in part:

“Exchange-traded funds (ETFs) that offer leverage or that are designed to perform inversely to the index or benchmark they track, or both, are growing in number and popularity. While such products may be useful in some sophisticated trading strategies, they are highly complex financial instruments that are typically designed to achieve their stated objectives on a daily basis. Due to the effects of compounding, their performance over longer periods of time can differ significantly from their stated daily objective. Therefore, leveraged and inverse ETFs that are reset daily typically are unsuitable for retail investors who plan to hold them for longer than one trading session, particularly in volatile markets.”

¶ 17 Prior to executing his strategy, Axford discussed his strategy in detail with his branch manager, Vickers, and advised him that he intended to implement the strategy in the accounts of several of his clients. Vickers agreed with Axford that the IETFs were not high risk investments.

AB’S ACCOUNTS AND OTHER CLIENTS’ ACCOUNTS

¶ 18 AB was one of the clients to whom Axford recommended the purchase of the IETFs. As outlined in the Settlement Agreement, she is currently age 77. She had several accounts with RBC DS: a Registered Retirement Investment Fund (“RRIF”), a cash account, and a Tax Free Savings Account (“TFSA”).

¶ 19 In 2008, Axford asked AB to update her New Account Application Form, which she did, showing 0% high risk for both the RRIF account and the TFSA.

¶ 20 The result of Axford’s strategy was that IETFs comprised 57% of AB’s RRIF account and almost 100% of her TFSA. The accounts decreased in value (the market went up) and in April 2011 AB instructed Axford to sell the IETFs in both accounts. AB suffered losses on the sales of the IETFs but achieved a positive annualized return on her overall portfolio for the entire period of time that Axford was her Registered Representative.

¶ 21 As a result of her complaint she was compensated by RBC DS for the losses on the sales of the IETFs. RBC DS agrees in the Settlement Agreement (paragraph 34) that ‘Large position in these securities were not suitable for AB based on the risk tolerance recorded on her NAAFs.’

¶ 22 Thirty-six other clients with no tolerance for high risk investments recorded on their NAAFs also purchased the IETFs, a number of whom suffered losses on the IETFs.

FAILURE TO SUPERVISE

¶ 23 The Settlement Agreement outlines (paragraphs 38 to 44) the various steps taken by RBC DS personnel. The branch manager discussed the issue with Axford, but did not advise Axford against the strategy for any of Axford’s clients.

¶ 24 RBC DS head-office Compliance department contacted the branch shortly after the purchases had begun. They made inquiries of branch management and noted that most, if not all, of Axford’s accounts were now concentrated in two IETFs and a fixed income fund. About 40% of Axford’s complete book of business was invested in one of these IETFs, the Horizons IETF.

¶ 25 The branch manager again discussed the issue with Axford, who was asked to explain in writing his strategy and what he told his clients.

¶ 26 Neither the branch manager nor the Compliance department asked Axford to recommend to any of the clients that they discontinue the strategy he had recommended to them. The Compliance department made no further inquiries of Axford or branch management at the time.

¶ 27 Paragraph 44 of the Settlement Agreement states:

“Based on the foregoing, during the material time, the Respondent failed to use due diligence to ensure that Axford’s recommendations to certain of his clients were suitable based on those clients’ investment objectives and risk tolerance as recorded on their NAAFs, contrary to Dealer Member Rules 38.4 and 2500.”

¶ 28 Rule 38.4(a) provides that “A Supervisor must fully and properly supervise each ...Registered Representative...so as to ensure their compliance with the Rules of the Corporation and all other laws,

regulations and policies applicable to the Dealer Member's securities ...business.”

¶ 29 Rule 2500 provides in great detail ‘Minimum Standards for Retail Customer Account Supervision.’ It sets out in Part IV a two-tier review process for Dealer Members, such as the Respondent, with multiple business locations. The first level review will normally be conducted by a Supervisor at each business location having a resident Supervisor. Vickers filled that role. The second-tier review, the rule states, ‘is generally not at the same depth as first level supervision. It should [be] reasonably designed to identify serious account problems, including all those listed regarding first level reviews, that may have been missed by the first level supervision and ensure that first level supervision is being adequately conducted.’

¶ 30 The allegation agreed to by the Respondent involves the failure to adequately supervise account activity at this second level of supervision.

MITIGATING AND OTHER FACTORS

¶ 31 The Settlement Agreement outlines some of the mitigating and other factors that led to the joint recommendation of a fine of \$90,000 and costs of \$2,500.

¶ 32 The strategy had been discussed with Axford by the branch manager, Vickers, before and after its implementation. The head office compliance department raised questions about the issue with Vickers and Vickers said that it was likely that he was going to call some of Axford's clients directly, although he then only spoke about those issues with two or three clients in the course of other discussions.

¶ 33 It is also noted that in 2012, prior to any investigation or review by IIROC, RBC DS instructed Axford to recommend to clients that they discontinue the strategy. Further, the Respondent has cooperated with IIROC throughout its investigation.

¶ 34 This was not a case of complete abdication of responsibility by the branch manager or the head office compliance department. It is a case where they could have done more and investigated the situation more thoroughly.

ACCEPTANCE OF THE SETTLEMENT AGREEMENT BY THE PANEL

¶ 35 The Panel cannot vary a Settlement Agreement, even if we would have imposed a different penalty. We can either accept it or reject it.

¶ 36 The standard for reviewing a Settlement Agreement was well-stated in a recent 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.”

¶ 37 See also *Re Portfolio Strategies Securities* (2012 IIROC 36) which also note “that the settlement process is an important one which should be encouraged and supported.” And, finally, see the statement in *Re Rotstein and Zackheim* (2012 IIROC 27):

“Based upon this material it is our responsibility to review the agreement in order to satisfy ourselves that it falls within a reasonable range of appropriateness to the offence and circumstances recorded in the agreement and that there is nothing in the agreement which would be contrary to the public interest or bring the administration of the Rules of IIROC into public disrepute. If we are satisfied that the Settlement Agreement does not offend these principles then it should be accepted.”

OUR DECISION

¶ 38 We accepted the settlement because we were satisfied, to use the language in the *Rotstein and Zackheim* case, that the penalties proposed in the Settlement Agreement are within a reasonable range of appropriateness to the offence and circumstances recorded in the attached agreement and that there is nothing in the agreement which would be contrary to the public interest or bring the administration of the Rules of IIROC into public disrepute.

¶ 39 The penalty proposed is reasonably consistent with the suggested penalties in the March 2009 IIROC Dealer Member Disciplinary Guidelines. It is almost double the suggested minimum fine. Staff argues that “The proposed Settlement Agreement achieves both the objective of specific and general deterrence” and “will send the message that serious sanctions will result from failing to supervise its registrants and client accounts.”

¶ 40 Counsel took us through some comparable cases. There is a wide range of penalties. Some are higher; some are lower. In some of the higher cases there is a failure in the system, rather than a failure to properly supervise a registered representative. Some involve leveraged exchange-traded funds, arguably a riskier investment than an inverse fund that is not leveraged, as in the present case. Each case depends upon its facts. We accept Staff’s submission to us that cases involving “specific failures to supervise an RR(s) or client account(s) have attracted lower fines, recently within the range of \$60,000 to \$175,000.” Counsel for IIROC argues that this case “is more analogous to these types of cases cited...by Staff.”

¶ 41 Although the Respondent earned commissions as a result of the purchases of the IETFs in the normal course of business, there is no evidence that the Respondent has been otherwise enriched by the conduct in this case.

¶ 42 Finally, the Respondents have co-operated with IIROC’s investigation and admit their wrongdoing. A Settlement Agreement, as Staff rightly point out, avoids “the necessity of IIROC conducting both a protracted investigation and a lengthy hearing.”

¶ 43 The Panel therefore accepted the Settlement Agreement and gave effect thereto as of June 10, 2014.

Dated at Toronto this 19th day of June, 2014.

Martin L. Friedland, C.C., Q.C., Chair

Debbie Archer, Industry Representative

Charles Macfarlane, Industry Representative

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. IIROC Enforcement Staff and the Respondent, RBC Dominion Securities Inc. (the “Respondent” or “RBC DS”), consent and agree to the settlement of this matter by way of this settlement agreement (“the Settlement Agreement”).
2. The Enforcement Department of IIROC has conducted an investigation (“the Investigation”) into the conduct of the Respondent.
3. The Investigation discloses matters for which the Respondent may be disciplined by a hearing panel appointed pursuant to IIROC Transitional Rule No.1, Schedule C.1, Part C (“the Hearing Panel”).

II. JOINT SETTLEMENT RECOMMENDATION

4. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement.
5. The Respondent RBC DS admits to the following contravention of IIROC Rules:
 - i. From April 2010 to August 2011, in the manner described in this Settlement Agreement, RBC DS failed to adequately supervise a registered representative (“RR”) and certain of his client accounts when the RR recommended certain inverse exchange-traded funds to clients, contrary to IIROC Dealer Member Rule 2500.
6. Staff and RBCDS agree to the following term of settlement:
 - a) A fine of \$90,000.

7. The Respondent agrees to pay costs to IIROC in the sum of \$2,500.

III. STATEMENT OF FACTS

A. Acknowledgment

8. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

B. Overview

9. RBC DS was at all material times a Dealer Member with its head office located in Toronto, Ontario.

10. Derek Axford was a registered representative employed by the Respondent in a London, Ontario branch.

11. Axford recommended the purchase of certain inverse exchange-traded funds (the “IETFs”), which were described in their prospectuses at the time as riskier or highly speculative securities, to clients who had only a medium or medium-high risk tolerance noted on their New Account Application form (“NAAF”).

12. Axford discussed the proposed strategy with his branch manager before recommending it to clients. His branch manager did not advise against the strategy, and as a result, 37 clients with only medium or medium-high risk tolerance noted on their NAAFs purchased the IETFs.

13. For the reasons set out herein, the Respondent failed to ensure that, during the relevant period, Axford’s recommendation to his clients to purchase the IETFs was suitable for those clients, and as a result, the Respondent failed to adequately fulfill its responsibilities to supervise Axford.

C. IETFs and Axford’s Strategy

14. Exchange-Traded Funds (“ETFs”) are securities that trade on an exchange that track the performance of an underlying benchmark or index. The underlying assets of the benchmark or index may be stocks, bonds or other assets such as commodities.

15. “Inverse” or “short” ETFs, seek to deliver the inverse or opposite of the performance of the index or benchmark they track. The holdings in these funds include equities, but can also include derivatives including swaps and forward contracts.

16. The IETFs at issue are the Horizons BetaPro S&P/TSX 60 Inverse ETF (the “Horizons IETF”), and the ProShares Short S&P 500 (the “ProShares IETF”).

17. The prospectus for the Horizons IETF describes the fund as highly speculative and involving a high degree of risk.

Units of the ETFs are highly speculative and involve a high degree of risk, some not traditionally associated with mutual funds. No ETF by itself constitutes a balanced investment plan. An investor may lose a portion or even all of the money that he or she places in an ETF.

...

The risk of loss in trading derivatives can be substantial. In considering whether to buy Units of an ETF, the investor should be aware that trading derivatives can quickly lead to large losses as well as large gains. Such trading losses can sharply reduce the net asset value of an ETF and consequently the value of an investor’s Units in the ETF. Market conditions may also make it difficult or impossible for an ETF to liquidate a position.

18. The prospectus for the ProShares IETF at the relevant time stated that this IETF seeks investment returns that correspond to the inverse of the S&P 500 Index.

The Fund is different from most exchange-traded funds in that it seeks inverse returns and only on a daily basis... Accordingly, the Fund may not be suitable for all investors and should be used only by knowledgeable investors who understand the potential consequences of seeking daily inverse investment results. Shareholders should actively monitor their investments.

19. In or about early 2010, Axford formed the view based on research and analysis he had undertaken that stocks were overvalued and that the market was going to decline. As a result of his analysis, Axford recommended to clients that they re-balance their portfolios by selling their long equity positions and investing the proceeds in a combination of: (a) cash; (b) low risk securities; and (c) the IETFs. Pursuant to this strategy the positions in the IETFs were the largest of the three categories, often comprising over 50% of the client's account.
20. In Axford's view, this strategy would decrease his clients' risk exposure.
21. Despite the statements in the prospectuses and other research, Axford was of the view that the IETFs were not riskier or highly speculative products.
22. Prior to executing his strategy, Axford discussed the strategy and the basis for the strategy in detail with his branch manager. Axford advised his branch manager that he intended to implement the strategy in the accounts of several of his clients. His branch manager agreed with Axford that the IETFs were not high risk investments. His branch manager believed that the IETFs were significantly less risky than leveraged ETFs.
23. The branch manager did not advise against the strategy, or advise Axford of the statements in the prospectuses quoted above regarding risks, or that these IETFs may not be suitable for clients who had no tolerance for high risk as recorded on their NAAFs.

D. AB's Accounts

24. One of the clients to whom Axford recommended the purchase of the IETFs was AB.
25. AB is currently 77 years old, and retired from paid employment. Prior to retirement, she was a registered nurse for 45 years.
26. In late 2003, AB opened a Registered Retirement Investment Fund (RRIF) account with RBC DS. Axford was her investment advisor. In early 2005, she opened a cash account with RBC DS, also with Axford as her investment advisor.
27. In May 2008, Axford asked AB to update her NAAF. The NAAF for the RRIF account indicated that AB had "limited" investment knowledge, and recorded her Investment Objectives and Risk Factors as follows:

Investment Objectives:

- 20% Income
- 0% Long Term Growth
- 40% Medium Term Growth
- 40% Short Term Growth

Risk Factors:

- 20% Low
- 60% Medium
- 20% Medium-High
- 0% High Risk

28. In January 2009, AB opened a Tax Free Savings Account (TFSA). The NAAF for this account recorded her Investment Objectives and Risk Factors as follows:

Investment Objectives:

- 50% Long Term Growth

50% Short Term Growth

Risk Factors:

100% Medium-High

29. In April 2010, based on the analysis described above, Axford recommended his strategy to AB, including the purchase of the IETFs in AB's RRIF and TFSA accounts.
30. As a result, in April 2010, the IETFs comprised approximately 57% of AB's RRIF account. Horizons IETF, which was purchased in the TFSA, comprised approximately 95% of that account.
31. Four to six months after the purchase, both IETFs began to decline in value. AB became concerned about the decline and Axford advised her to continue to hold the IETFs as he viewed them as longer-term investments.
32. In or around April 2011, AB instructed Axford to sell the IETFs in both accounts. By this date, she had held them in her account for almost one year.
33. AB suffered losses on the sales of the IETFs but achieved a positive annualized return on her overall portfolio for the period of time that Axford was her Registered Representative. AB was compensated by RBC DS for the losses on the sales of the IETFs.
34. Both IETFs were described in their prospectuses at the time as riskier or highly speculative securities. Each involved taking a view that the market would generally decline. Large positions in these securities were not suitable for AB based on the risk tolerance recorded on her NAAFs.

E. The IETFs Recommended to Other Clients

35. In addition to AB, pursuant to his strategy, Axford recommended and purchased the IETFs in a significant number of other accounts for clients who did not have a stated tolerance for high risk, or had a minimal tolerance for high or higher than medium risk recorded on their NAAFs. The purchases were made as part of the strategy discussed above. In most cases, this resulted in large concentrations of the IETFs in these accounts.
36. Thirty-six other clients with no tolerance for high risk investments recorded on their NAAFs purchased the IETFs.
37. A number of these clients suffered losses on the IETFs that they purchased, although the clients also achieved gains from other investments in the accounts (such as government bonds, GICs and money market funds). The average loss per client on their purchases of the IETFs was \$17,303.18. While some of the clients ended up with an overall account gain and some ended up with an overall account loss, the average net loss per client was \$2,131.38.

F. Steps Taken and the Failure to Supervise

38. As stated above, prior to Axford executing his strategy, he had discussions with his branch manager regarding the strategy and his reasoning for implementing the strategy. Although the strategy involved the two IETFs which were described in their prospectuses at the time as high risk or speculative securities, the branch manager did not advise Axford against the strategy for any of Axford's clients.
39. In April 2010, shortly after Axford began executing his strategy and purchasing the IETFs in client accounts, RBC DS' Compliance department made inquiries of branch management and noted that most, if not all, of Axford's accounts were now concentrated in the two IETFs and a fixed income fund. The Compliance department further noted that approximately 41% of Axford's book of business was invested in the Horizons IETF.
40. In response, the assistant branch manager, on behalf of the branch manager, advised the Compliance department that branch management were aware of these issues and were continuing to review them with Axford.

41. The branch manager had a detailed discussion with Axford wherein Axford again explained his strategy. In response to an inquiry from Compliance, Axford explained his strategy in writing. The branch manager reviewed the written explanation and asked that Axford add to it the explanation Axford gave to his clients. The explanation offered by Axford did not refer to the statements in the prospectuses for the IETFs regarding risk.
42. Based on that written explanation, neither the branch manager nor the Compliance department asked Axford to recommend to any of the clients that they discontinue the strategy he recommended to them. This is despite the fact that several of Axford's clients had no tolerance for high risk investments recorded on their NAAFs.
43. The Compliance department made no further inquiries of Axford or branch management at that time.
44. Based on the foregoing, during the material time, the Respondent failed to use due diligence to ensure that Axford's recommendations to certain of his clients were suitable based on those clients' investment objectives and risk tolerance as recorded on their NAAFs, contrary to Dealer Member Rules 38.4 and 2500.

G. Mitigating and Other Factors

45. The branch manager, and the assistant branch manager working under his supervision, discussed the strategy with Axford on several occasions after it was implemented. The branch manager and his assistant branch manager reviewed Axford's client accounts as part of their daily and monthly supervision of all branch accounts.
46. The branch manager responded promptly to an inquiry from the Compliance department regarding Axford's trading. While he advised the Compliance department that he was likely going to call some of Axford's clients directly, he only spoke about those issues with two or three clients, in the course of other discussions.
47. In 2012, prior to any investigation or review by IIROC, RBC DS instructed Axford to recommend to clients that they discontinue the strategy.
48. The Respondent has cooperated with IIROC throughout its investigation.

IV. TERMS OF SETTLEMENT

49. This settlement is agreed upon in accordance with IIROC Dealer Member Rules 20.35 to 20.40, inclusive and Rule 15 of the Dealer Member Rules of Practice and Procedure.
50. The Settlement Agreement is subject to acceptance by the Hearing Panel.
51. The Settlement Agreement shall become effective and binding upon the Respondents and Staff as of the date of its acceptance by the Hearing Panel.
52. The Settlement Agreement will be presented to the Hearing Panel at a hearing ("the Settlement Hearing") for approval. Following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement.
53. If the Hearing Panel accepts the Settlement Agreement, the Respondents waive their right under IIROC rules and any applicable legislation to a disciplinary hearing, review or appeal.
54. If the Hearing Panel rejects the Settlement Agreement, Staff and the Respondents may enter into another settlement agreement; or Staff may proceed to a disciplinary hearing in relation to the matters disclosed in the Investigation.
55. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel.
56. Staff and the Respondents agree that if the Hearing Panel accepts the Settlement Agreement, they, or anyone on their behalf, will not make any public statements inconsistent with the Settlement Agreement.

57. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondents are payable immediately upon the effective date of the Settlement Agreement.
58. Unless otherwise stated, any suspensions, bars, expulsions, restrictions or other terms of the Settlement Agreement shall commence on the effective date of the Settlement Agreement.

AGREED TO by the Respondent at the City of Toronto in the Province of Ontario, this 9th day of June, 2014.

“Shelley Hough”

“David Agnew”

CEO, RBC WEALTH MANAGEMENT CANADA

WITNESS

RESPONDENT

AGREED TO by Staff at the City of Toronto in the Province of Ontario, this 9 day of June, 2014.

“Susan Kushneryk”

“Diana Iannetta”

WITNESS

DIANA IANNETTA

Senior Enforcement Counsel on behalf of Staff of
the Investment Industry Regulatory Organization of
Canada

ACCEPTED at the City of Toronto in the Province of Ontario, this 10th day of June, 2014, by the following Hearing Panel:

Per: “Martin Friedland”

Panel Chair

Per: “Debbie Archer”

Panel Member

Per: “Charles Macfarlane”

Panel Member

Copyright © 2014 Investment Industry Regulatory Organization of Canada. All rights reserved.