

Re Global Maxfin Capital & El-Bouji

IN THE MATTER OF:

**The Rules of the Investment Industry Regulatory Organization of
Canada (“IIROC”)**

and

Global Maxfin Capital Inc.

and

Issam El-Bouji

2016 IIROC 09

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

Heard: December 3, 2015
Decision: December 3, 2015
Reasons: February 17, 2016

Hearing Panel:

Thomas J. Lockwood, Q.C., Chair, Richard E. Austin and F. Michael Walsh

Appearances:

Andrew Werbowski – for IIROC

Kathleen Strachan – for the Respondents

**REASONS FOR DECISION
(SETTLEMENT AGREEMENT HEARING)**

¶ 1 This Hearing Panel was convened on December 3, 2015, with respect to a Settlement Agreement entered into by IIROC Enforcement Staff (“IIROC Staff”) with Global Maxfin Capital Inc. (“Global Maxfin”) and Issam El-Bouji (“El-Bouji”) in November of 2015.

¶ 2 We carefully reviewed the Settlement Agreement and heard and considered the submissions made by Counsel for IIROC Staff as well as Counsel for the Respondents. After a brief period of deliberation, the Hearing Panel advised the parties that we would accept the Settlement Agreement.

¶ 3 We further advised that we would provide Reasons for our decision. These are those Reasons.

¶ 4 In the Settlement Agreement, the Respondents admitted to the following contraventions of IIROC Dealer Member Rules, Guidelines, Regulations or Policies:

- (a) Between June 30, 2012 and September 25, 2012, Global Maxfin failed to maintain Risk Adjusted Capital at a level greater than zero as calculated in accordance with IIROC Form 1 and was capital deficient in sums ranging from \$253,841 to \$2,205,698 and thereby contravened IIROC Dealer Member Rule 17.1.
- (b) Between June 30, 2012 and September 25, 2012, El-Bouji failed to ensure that he supervised the activities of the Dealer Member that are directed towards ensuring compliance with IIROC's

Dealer Member Rules and promote compliance by the Dealer Member and individuals acting on its behalf and thereby contravened IIROC Dealer Member Rule 38.5.

¶ 5 Dealer Member Rule 17.1 provides as follows:

“Every Dealer Member shall have and maintain at all times risk adjusted capital greater than zero calculated in accordance with Form 1 and with such requirements as the Board of Directors may from time to time prescribe. If at any time the risk adjusted capital of a Dealer Member is, to the knowledge of such Dealer Member, less than zero, such Dealer Member shall immediately notify the Corporation.”

¶ 6 Dealer Member Rule 38.5 provides as follows:

“38.5 Ultimate Designated Person

- (a) A Dealer Member must designate an individual who is approved under the Corporation’s rules in the category of Ultimate Designated Person and who shall be responsible to the Corporation for the conduct of the firm and the supervision of its employees and to perform the functions described in paragraph (c).
- (b) A Dealer Member must not designate an Individual to act as the firm’s Ultimate Designated Person unless the individual is:
 - (i) the chief executive officer or sole proprietor of the Dealer Member;
 - (ii) an Officer in charge of a division of the Dealer Member, if the activity that requires the firm to register under provincial or territorial securities laws occurs only within the division, or
 - (iii) an individual acting in a capacity similar to that of an Officer described in paragraph (a) or (b).
- (c) The Ultimate Designated Person must
 - (i) supervise the activities of the Dealer Member that are directed towards ensuring compliance with the Corporation’s Dealer Member rules and applicable securities law requirements by the firm and each individual acting on the Dealer Member’s behalf, and
 - (ii) promote compliance by the Dealer Member, and individuals acting on its behalf, with the Corporation’s Dealer Member rules and applicable securities laws.”

¶ 7 The Settlement Agreement contained a Statement of Facts which had been agreed to by IIROC Staff and the Respondents. It was acknowledged that the terms of the settlement contained in the Settlement Agreement were based on these specific facts.

¶ 8 The Statement of Facts provided, *inter alia*, as follows:

“(ii) Factual Background

The Respondents

8. Global Maxfin Corporation Inc. [sic] is a Type 2 Introducing Broker and has been a member of IIROC since February 2002. As an IIROC Dealer Member, Global Maxfin has specific financial reporting obligations and is required to accurately disclose its financial position for regulatory purposes.

9. At all relevant times, El-Bouji was an officer, director, the controlling mind and the Ultimate Designated Person ("UDP") of Global Maxfin. As such, he was required to ensure that he supervised the activities of the Dealer Member that are directed towards ensuring compliance with IIROC's Dealer Member Rules and promote compliance by the Dealer Member and individuals acting on its behalf.

The Early Warning System

10. The Early Warning system is designed to measure a number of characteristics which are likely to identify the potential for financial difficulty of a Dealer Member. If a firm is placed in Early Warning, it is monitored more closely. Certain restrictions, including more frequent financial reporting obligations, can be imposed.

11. At various times between March 2007 and June 2012, Global Maxfin had been designated in Early Warning Level I.

12. From July 2012 to June 2013 and again from August 2013 to September 2013, Global Maxfin was in Early Warning Level 2. Level 2 is a more serious designation than Level 1 and financial reporting obligations, as well as other business restrictions, are increased.

13. In October 2013, Global Maxfin returned to Early Warning Level 1 and in November 2013, it was no longer designated in any level of Early Warning.

14. Global Maxfin has remained out of the Early Warning system since November 2013, with the exception of June 30, 2015 when it was designated in Early Warning Level 1.

15. The reporting of accurate financial information, particularly when a Dealer Member is in Early Warning, is critically important to allow for proper regulatory assessment of any potential financial risks. The Early Warning system is designed to detect and prevent potential situations of capital deficiency from arising.

Minimum Capital Requirements and Securities Concentration Charge

16. IIROC Dealer Member Rule 17.I describes the requirement to maintain risk adjusted capital ("RAC"). The calculation of RAC is the primary means by which the financial status of a Dealer Member is prescribed and monitored.

18. In addition, IIROC Dealer Member Rule 100.20 prescribes a mandatory calculation known as a securities concentration charge which must be performed and included in RAC calculations in specific circumstances. This concentration rule is intended to provide a capital cushion for the amount of likely fluctuation in the market value of securities which a firm or its clients might have in their portfolios. The concentration rule provides an additional cushion in the case where a firm is exposed to a significant degree to the securities of one issuer.

The Capital Deficiencies

19. IIROC Financial & Operations Compliance Staff ("FinOps Staff") is responsible for monitoring the financial position of Dealer Members. FinOps Staff receives periodic financial reporting from Dealer Members and also conducts on-site Field Examinations.

20. In the course of a routine Field Examination, FinOps Staff reviewed the Monthly Financial Report for July 31, 2012 which had been filed by Global Maxfin. FinOps Staff noted that Global Maxfin had incorrectly omitted the securities concentration charge and was, in fact, capital deficient as at September 25, 2012 by approximately \$300,000.

21. The securities concentration charge was required to be included in the RAC calculation as a result of certain securities positions of Ourico Gold Inc. held in client accounts and securities positions of Barrick Gold Corporation held in Global Maxfin's inventory account.

22. In light of the incorrect filing of the July 2012 MFR, FinOps Staff recalculated Global Maxfin's figures submitted for June 2012 to September 2012 and noted that Global Maxfin had, in fact, been capital deficient from June 30, 2012 to August 24, 2012 and then again from September 7 to September 25, 2012.

23. FinOps Staff notified Global Maxfin by letter dated September 25, 2012 of the capital deficiencies findings. Global Maxfin was required to remedy the deficiencies by close of business on September 26, 2012.

24. By correspondence dated September 28, 2012, Global Maxfin's then-CFO advised that the deficiencies had been rectified by selling the securities positions or receiving cash into the accounts which were subject to the securities concentration charge.

25. The full extent of the capital deficiencies are set out in Appendix "A". In addition to monthly financial reporting obligations for June, July and August, 2012, Global Maxfin was required to make weekly financial reports of RAC estimates to FinOps Staff.

26. As set out in Appendix "A" only one financial report (the August 31 MFR) is positive. All other reports, when correctly calculated, show a capital deficiency ranging from \$253,841 to \$2,205,698. Eight (8) of the sixteen (16) reporting periods demonstrate capital deficiencies in excess of \$1,000,000. Three (3) of the sixteen (16) reporting periods demonstrate capital deficiencies in excess of \$2,000,000.

Aggravating Factors

27. In August, 2011, Global Maxfin was specifically advised by IIROC FinOps Staff about the requirement to include a securities concentration charge in appropriate circumstances. This was identified as a significant deficiency and conveyed to Global Maxfin and to El-Bouji on August 15, 2011 when FinOps Staff concluded its 2011 FinOps Compliance Examination. El-Bouji wrote to FinOps Staff on September 21, 2011 acknowledging the issue and explaining that matters had been rectified with Global Maxfin's carrying broker.

28. Accordingly, both Global Maxfin and El-Bouji were aware of the previous improper financial reporting and were in a position to correctly report on a going-forward basis.

29. Global Maxfin's financial reporting of June 2012 to September 2012 again omitted the securities concentration charge, despite having been advised by FinOps Staff of its importance.

30. The inaccurate financial reporting took place when Global Maxfin was designated in Early Warning Level 2 and at a time when accurate regulatory reporting was critically important.

Mitigating Factors

31. Upon notification by IIROC of the capital deficiency, the problem was rectified within one day.

32. The CFO who was responsible for the calculations is no longer employed by Global Maxfin and the current CFO has correctly applied the securities concentration charge on subsequent regulatory filings.

APPENDIX A

GLOBAL MAXFIN CAPITAL INC.

CAPITAL DEFICIENCIES

Date of MFR or RAC Estimate	RAC as submitted by Global Maxfin	Securities Concentration Charge	Adjusted RAC (Capital Deficiency)
June 30, 2012 MFR	499,000	(752,841)	(253,841)
July 6, 2012 RAC estimate	510,000	(939,244)	(429,244)
July 13, 2012 RAC estimate	384,000	(1,199,704)	(815,704)
July 20, 2012 RAC estimate	156,000	(2,337,290)	(2,181,290)
July 26, 2012 RAC estimate	127,000	(2,034,637)	(1,907,637)
July 31, 2012 MFR	122,000	(1,681,028)	(2,107,528)*
August 3, 2012 RAC estimate	217,000	(2,210,209)	(1,993,209)
August 10, 2012 RAC estimate	625,000	(2,830,698)	(2,205,698)

August 17, 2012 RAC estimate	411,000	(1,683,218)	(1,272,218)
August 24, 2012 RAC estimate	281,000	(1,377,234)	(1,096,234)
August 31, 2012 MFR	591,000	(437,345)	153,655
September 7, 2012 RAC estimate	330,000	(1,154,720)	(824,720)
September 13, 2012 RAC estimate	607,000	(932,396)	(325,396)
September 19, 2012 RAC estimate	600,000	(1,831,163)	(1,231,163)
September 21, 2012 RAC estimate	642,000	(942,161)	(300,161)
September 25, 2012 RAC estimate	470,000	(1,208,314)	(738,314)

*- includes other adjustments identified during the FinOps field examination.”

- ¶ 9 Based on the agreed facts, the parties jointly submitted that the following penalties should be imposed:
- (a) a fine in the amount of \$40,000.00 on Global Maxfin;
 - (b) a fine in the amount of \$15,000.00 on El-Bouji; and
 - (c) costs in the amount of \$5,000.00.

THE LAW

¶ 10 The duties of a Hearing Panel when considering a Settlement Agreement are clear.

¶ 11 Rule 20.36(1) of the IIROC Dealer Member Rules provides as follows:

- “(1) Upon conclusion of a settlement hearing, the Hearing Panel may either:
- (a) accept the Settlement Agreement; or
 - (b) reject the Settlement Agreement.”

¶ 12 In making the decision to either accept or reject the Settlement Agreement, the Hearing Panel should determine whether the proposed settlement falls within a range of reasonableness. As has been stated, on many occasions, this allows for a range of possible results. Settlement is a product of compromise. Each settlement must be judged on its own peculiar set of facts and circumstances.

Reasonableness of Settlement

¶ 13 In submitting that the Settlement Agreement before us fell within the reasonable range, Staff referred the Hearing Panel to the IIROC Sanction Guidelines (“Guidelines”) as well as a number of previous Decisions.

¶ 14 The Guidelines became effective on February 2, 2015. The Guidelines superseded and replaced all previous versions of the Dealer Member Disciplinary Sanction Guidelines and the UMIR Disciplinary Sanction Guidelines.

¶ 15 The Guidelines are intended, *inter alia*, to assist IIROC Staff and respondents in the negotiation of settlement agreements, as well as hearing panels, in making a determination as to whether to accept a settlement agreement once it has been negotiated.

¶ 16 The Guidelines are divided into two parts, namely sanction principles and the key factors to be taken into consideration when determining what is an appropriate sanction in a particular case.

¶ 17 Staff reviewed certain of the applicable principles as well as the key factors to show how this Settlement Agreement complied with same.

¶ 18 Staff also reviewed a number of previous settlement hearing cases seeking to show that, on a comparative basis, the settlement reached with the Respondents in the case before us was reasonable.

¶ 19 The cases reviewed included the following:

- (a) *Re Aquino*, [2001] I.D.A.C.D. No. 10;
- (b) *Re Groome Capital.com Inc.*, [2001] I.D.A.C.D. No. 30;
- (c) *Re Alexander*, [2005] I.D.A.C.D. No. 40;
- (d) *Re Questrade Capital Inc.*, 2008 IIROC 12.

¶ 20 Staff, finally, brought to our attention the June 17, 2015 Decision by a Hearing Panel of the Mutual Fund Dealers Association of Canada (“MFDA”) in the case of Global Maxfin Investments Inc. and Issam (“Sam”) El-Bouji.

¶ 21 It was acknowledged that the individual Respondent is identical in both cases. This is important as, in the MFDA Decision, reference is made to an Order of the Ontario Securities Commission, dated April 16, 2014, whereby the Respondent El-Bouji is prohibited from becoming or acting as a director or officer of any reporting issuer, registrant or investment fund manager for nine years and permanently prohibited from becoming or acting as a UDP or CCO of any registrant or investment fund manager.

¶ 22 We were advised that this nine year prohibition would apply to Mr. El-Bouji’s relationship with the Respondent Global Maxfin in the case before us. The parties also indicated that this period of prohibition was taken into account in arriving at the proposed settlement.

¶ 23 The Allegations against Global Maxfin Investments Inc. and Mr. El-Bouji in the MFDA Settlement Agreement bore a striking similarity to the Allegations in the case before us.

¶ 24 Global Maxfin Investments Inc. admitted to having failed to maintain its Risk Adjusted Capital at a level greater than zero for a period of approximately five years from May 2004 to September 2009. Mr. El-Bouji admitted that, for a period in excess of five years (from November 2004 to November 2009), he failed in his capacity as the Ultimate Designated Person to ensure compliance by the corporation with the equivalent MFDA Rule and Policy.

¶ 25 The monetary penalty against the corporation was a fine of \$50,000.00 and costs of \$15,000.00.

¶ 26 The monetary penalty against Mr. El-Bouji was a fine of \$25,000.00 and costs of \$10,000.00.

¶ 27 In the case before us, the periods of non-compliance by the Respondents were significantly shorter, with the proposed fines and costs awards reflecting this fact.

DECISION

¶ 28 After a careful review of the Settlement Agreement, the Guidelines, the precedent cases and, in particular, the April 2014 Order of the Ontario Securities Commission, we concluded that the penalties proposed fall within a range of reasonableness and that it was in the public interest that the Settlement Agreement be accepted.

DATED this 17th day of February, 2016.

Thomas J. Lockwood, Chair

Richard E. Austin, Member

F. Michael Walsh, Member

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. IIROC Enforcement Staff (“Staff”) and the Respondents, Global Maxfin Capital Inc. (“Global Maxfin”) and Issam El-Bouji (“El-Bouji”) consent and agree to the settlement of this matter by way of this agreement (the “Settlement Agreement”).
2. The Enforcement Department of IIROC has conducted an investigation (“the Investigation”) into the

conduct of the Respondents.

3. The Investigation discloses matters for which the Respondents 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 Respondents jointly recommend that the Hearing Panel accept this Settlement Agreement.
5. The Respondents admit to the following contraventions of IIROC Dealer Member Rules, Guidelines, Regulations or Policies:
 - a) Between June 30, 2012 and September 25, 2012, Global Maxfin Capital Inc. failed to maintain Risk Adjusted Capital at a level greater than zero as calculated in accordance with IIROC Form 1 and was capital deficient in sums ranging from \$253,841 to \$2,205,698 and thereby contravened IIROC Dealer Member Rule 17.1.
 - b) Between June 30, 2012 and September 25, 2012, El-Bouji failed to ensure that he supervised the activities of the Dealer Member that are directed towards ensuring compliance with IIROC's Dealer Member Rules and promote compliance by the Dealer Member and individuals acting on its behalf and thereby contravened IIROC Dealer Member Rule 38.5.
6. Staff and the Respondents agree to the following terms of settlement:
 - a) payment by Global Maxfin a fine in the sum of \$40,000;
 - b) payment by El-Bouji a fine in the sum of \$15,000; and
 - c) payment of costs by the Respondents in the sum of \$5,000.

III. STATEMENT OF FACTS

(i) Acknowledgment

7. Staff and the Respondents 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.

(ii) Factual Background

The Respondents

8. Global Maxfin Corporation Inc. is a Type 2 Introducing Broker and has been a member of IIROC since February 2002. As an IIROC Dealer Member, Global Maxfin has specific financial reporting obligations and is required to accurately disclose its financial position for regulatory purposes.
9. At all relevant times, El-Bouji was an officer, director, the controlling mind and the Ultimate Designated Person ("UDP") of Global Maxfin. As such, he was required to ensure that he supervised the activities of the Dealer Member that are directed towards ensuring compliance with IIROC's Dealer Member Rules and promote compliance by the Dealer Member and individuals acting on its behalf.

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10. The Early Warning system is designed to measure a number of characteristics which are likely to identify the potential for financial difficulty of a Dealer Member. If a firm is placed in Early Warning, it is monitored more closely. Certain restrictions, including more frequent financial reporting obligations, can be imposed.
11. At various times between March 2007 and June 2012, Global Maxfin had been designated in Early Warning Level 1.
12. From July 2012 to June 2013 and again from August 2013 to September 2013, Global Maxfin was in Early Warning Level 2. Level 2 is a more serious designation than Level 1 and financial reporting obligations, as well as other business restrictions, are increased.

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14. Global Maxfin has remained out of the Early Warning system since November 2013, with the exception of June 30, 2015 when it was designated in Early Warning Level 1.
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16. IROC Dealer Member Rule 17.1 describes the requirement to maintain risk adjusted capital (“RAC”). The calculation of RAC is the primary means by which the financial status of a Dealer Member is prescribed and monitored.
17. In particular, Dealer Member Rule 17.1 provides:

Every Dealer Member shall have and maintain at all times risk adjusted capital greater than zero calculated in accordance with Form 1 and with such requirements as the Board of Directors may from time to time prescribe. If at any time the risk adjusted capital of a Dealer Member is, to the knowledge of such Dealer Member, less than zero, such Dealer Member shall immediately notify the Corporation.
18. In addition, IROC Dealer Member Rule 100.20 prescribes a mandatory calculation known as a securities concentration charge which must be performed and included in RAC calculations in specific circumstances. This concentration rule is intended to provide a capital cushion for the amount of likely fluctuation in the market value of securities which a firm or its clients might have in their portfolios. The concentration rule provides an additional cushion in the case where a firm is exposed to a significant degree to the securities of one issuer.

The Capital Deficiencies

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20. In the course of a routine Field Examination, FinOps Staff reviewed the Monthly Financial Report for July 31, 2012 which had been filed by Global Maxfin. FinOps Staff noted that Global Maxfin had incorrectly omitted the securities concentration charge and was, in fact, capital deficient as at September 25, 2012 by approximately \$300,000.
21. The securities concentration charge was required to be included in the RAC calculation as a result of certain securities positions of Ourico Gold Inc. held in client accounts and securities positions of Barrick Gold Corporation held in Global Maxfin’s inventory account.
22. In light of the incorrect filing of the July 2012 MFR, FinOps Staff recalculated Global Maxfin’s figures submitted for June 2012 to September 2012 and noted that Global Maxfin had, in fact, been capital deficient from June 30, 2012 to August 24, 2012 and then again from September 7 to September 25, 2012.
23. FinOps Staff notified Global Maxfin by letter dated September 25, 2012 of the capital deficiencies findings. Global Maxfin was required to remedy the deficiencies by close of business on September 26, 2012.
24. By correspondence dated September 28, 2012, Global Maxfin’s then-CFO advised that the deficiencies had been rectified by selling the securities positions or receiving cash into the accounts which were subject to the securities concentration charge.

25. The full extent of the capital deficiencies are set out in Appendix “A”. In addition to monthly financial reporting obligations for June, July and August, 2012, Global Maxfin was required to make weekly financial reports of RAC estimates to FinOps Staff.
26. As set out in Appendix “A” only one financial report (the August 31 MFR) is positive. All other reports, when correctly calculated, show a capital deficiency ranging from \$253,841 to \$2,205,698. Eight (8) of the sixteen (16) reporting periods demonstrate capital deficiencies in excess of \$1,000,000. Three (3) of the sixteen (16) reporting periods demonstrate capital deficiencies in excess of \$2,000,000.

Aggravating Factors

27. In August, 2011, Global Maxfin was specifically advised by IIROC FinOps Staff about the requirement to include a securities concentration charge in appropriate circumstances. This was identified as a significant deficiency and conveyed to Global Maxfin and to El-Bouji on August 15, 2011 when FinOps Staff concluded its 2011 FinOps Compliance Examination. El-Bouji wrote to FinOps Staff on September 21, 2011 acknowledging the issue and explaining that matters had been rectified with Global Maxfin’s carrying broker.
28. Accordingly, both Global Maxfin and El-Bouji were aware of the previous improper financial reporting and were in a position to correctly report on a going-forward basis.
29. Global Maxfin’s financial reporting of June 2012 to September 2012 again omitted the securities concentration charge, despite having been advised by FinOps Staff of its importance.
30. The inaccurate financial reporting took place when Global Maxfin was designated in Early Warning Level 2 and at a time when accurate regulatory reporting was critically important.

Mitigating Factors

31. Upon notification by IIROC of the capital deficiency, the problem was rectified within one day.
32. The CFO who was responsible for the calculations is no longer employed by Global Maxfin and the current CFO has correctly applied the securities concentration charge on subsequent regulatory filings.

IV. TERMS OF SETTLEMENT

33. 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.
34. The Settlement Agreement is subject to acceptance by the Hearing Panel.
35. The Settlement Agreement shall become effective and binding upon the Respondents and Staff as of the date of its acceptance by the Hearing Panel.
36. 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.
37. If the Hearing Panel accepts the Settlement Agreement, the Respondents waive his/her/its right under IIROC rules and any applicable legislation to a disciplinary hearing, review or appeal.
38. 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.
39. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel.
40. 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.
41. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondents are payable

immediately upon the effective date of the Settlement Agreement.

42. 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 "Richmond Hill" in the Province of "Ontario", this "17th" day of "November", "2015".

"General Counsel"

Witness

"Global Maxfin Corporation Inc."

"CAPITAL"

AGREED TO by the Respondent at the City of "Richmond Hill" in the Province of "Ontario", this "16" day of "November", "2015".

"General Counsel"

Witness

"Issam El-Bouji"

AGREED TO by Staff at the City of "Toronto" in the Province of "Ontario", this "12th" day of "November", "2015".

"Vito Pedone"

"Staff Investigator, IIROC"

Witness

"Andrew P. Werbowski"

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

APPENDIX A

GLOBAL MAXFIN CAPITAL INC.

CAPITAL DEFICIENCIES

Date of MFR or RAC Estimate	RAC as submitted by Global Maxfin	Securities Concentration Charge	Adjusted RAC (Capital Deficiency)
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September 25, 2012 RAC estimate	470,000	(1,208,314)	(738,314)

* - includes other adjustments identified during the FinOps field examination.

ACCEPTED at the City of "Toronto" in the Province of "Ontario", this "3rd" day of "December", "2015", by the following Hearing Panel:

Per: "Thomas Lockwood"

Panel Chair

Per: "Michael Walsh"

Panel Member

Per: "Richard Austin"

Panel Member

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