



July 24, 2019

VIA EMAIL

Charles Corlett
Director, Enforcement Litigation
Investment Industry Regulatory Organization of Canada
Suite 2000, 121 King Street West
Toronto, ON M5H 3T9

Dear Sirs/Mesdames:

Re: IIROC Notice 19-0076 Minor Contravention Program and Early Resolution Offers

Mandeville Private Client Inc. (“**Mandeville**”) is pleased to submit its comments regarding the proposed amendments to Consolidated Rules 1200, 8200 and 8400 (the “**Proposed Amendments**”) and the Staff Policy Statement on Early Resolution Offers (the “**Staff Policy Statement**”) as set out below.

WHO WE ARE

Mandeville Private Client Inc. is a member of the Investment Industry Regulatory Organization of Canada (“**IIROC**”) and is registered as an investment dealer in all provinces across Canada. Mandeville provides a full range of investment wealth creation services to retail investors.

Mandeville is part of the Mandeville group of companies which is committed to providing clients with outstanding personal service and high quality products. Mandeville offers a differentiated approach to wealth creation by providing traditional investment products as well as private and alternative investment opportunities. Mandeville’s goal is to democratize these private and alternative investment opportunities for wealth creation and, where appropriate, provide clients with the same investment techniques used by ultra-high net worth and institutional investors.

For more information about Mandeville, you can visit our website at www.mandevilleinc.com.

GENERAL COMMENTS

Mandeville appreciates IIROC’s effort to expand enforcement alternatives in furtherance of protecting investors, supporting healthy capital markets and fostering confidence in the regulatory systems. On the whole, we are supportive of the proposed programs but we do see areas of potential concern as noted in our comments below.

Mandeville Private Client Inc.

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MANDEVILLE'S TARGETED COMMENTS

Mandeville generally supports the Minor Contravention Program ("MCP") and Early Resolution Offers ("EROs") as a means to address conduct that is clearly in contravention of IIROC Rules.

However, the concern arises whereby the MCP and EROs may cause Staff to conclude that there has been a rule contravention, when Staff would otherwise conclude that there has not been a contravention and/or close an investigation with no action but for the MCP and EROs. Mandeville is requesting that IIROC provide such assurance that there will be no enforcement steps, including a MCP resolution or ERO where appropriate.

Further, Mandeville encourages Staff to consider that the MCP and EROs not require any admission of a contravention. In our view, this would increase respondent take up of the MCP and EROs, while still achieving the important goal of deterrence.

We note that the MCP and ERO program details do not refer to costs. We would like to see clarification that there will be no costs sought from respondents in either the MCP or ERO program.

MCP

In our view, the Program should include Dealers. The eligibility criteria apply equally to Dealers, and they, like Approved Persons, may engage in conduct that is inadvertently in contravention.

While we appreciate that an MCP Agreement would not need to be disclosed on an Approved Person's Form 33-109F4, the fact that it is nevertheless available to the CSA and other SROs and may be relied on at a future disciplinary hearing involving the Approved Person, we believe would be problematic from a sponsoring firm's hiring due diligence perspective. The new dealer would not be aware of this information (the Approved Person and the regulators would be) and it may potentially be used in future proceedings with the Dealer learning of it for the first time. From a dealer perspective, we would like to see this potential for an imbalance of information sharing addressed.

EROs

We would appreciate clarity with respect to what is meant by "...a reduction of 30% on the sanctions *Staff would otherwise seek* in a settlement agreement" [emphasis added]. We understand that in negotiations to settle a proceeding, Staff sometimes make opening and early sanction offers that are at the highest end of an available sanction range, as determined by settlement and contested hearing precedent. As such, offering a 30% discount on such amounts would effectively be no discount. We respectfully suggest that IIROC include guidance to the effect that the 30% reductions are on the sanctions that Staff would otherwise seek based on a mid-point of relevant settlement and contested hearing precedent.

Finally, we would appreciate confirmation that the reference to “sanctions” is a reference to monetary payment and that the ERO program will exclude suspensions.

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We thank you for considering our comments and we would be pleased to respond to any questions or meet with you to discuss our comments.

Yours truly,

<p><i>“Frank Laferriere”</i></p> <p>Frank Laferriere Senior Vice President and Chief Operating Officer</p>		<p><i>“Julie A. Clarke”</i></p> <p>Julie A. Clarke General Counsel</p>
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cc: Market Regulation
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