Re CIBC World Markets

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

CIBC World Markets Inc.

2022 IIROC 05

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

Heard: March 30, 2022 via videoconference
Decision: March 30, 2022
Written Reasons: April 8, 2022

Hearing Panel:
Martin L. Friedland, C.C., Q.C. (Chair), Edward V. Jackson and Charles F. Macfarlane
Appearances:
Rob DelFrate, Senior Enforcement Counsel, IIROC
Gillian Dingle, Counsel for the Respondent
Lou D'Souza, on behalf of the Respondent

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT

INTRODUCTION

¶ 1 Staff of the Investment Industry Regulatory Organization of Canada ("IIROC") and the Respondent, CIBC World Markets Inc. ("CIBC" or the "Respondent"), a Dealer Member of IIROC, entered into the attached Settlement Agreement, dated March 20, 2022. A hearing was held on March 30, 2022, to determine whether the Panel would accept the Settlement Agreement.

¶ 2 IIROC had alleged that the Respondent committed the following contraventions of IIROC's Rules (see paragraph 37 of the Settlement Agreement):

> Between September 2019 and July 2020, the Respondent failed to comply with its trading supervision obligations to maintain a system of risk management and supervisory controls, policies and procedures reasonably designed, in accordance with prudent business practices, to ensure the management of financial, regulatory and other risks associated with the use by its DEA ["direct electronic access"] client of an automated order system contrary to UMIR 7.1, UMIR Policy 7.1 and UMIR 7.13.

¶ 3 The Respondent admits in the Settlement Agreement that it acted in a manner contrary to UMIR 7.1, UMIR Policy 7.1 and UMIR 7.13.

¶ 4 The Rules and Policies that were breached require IIROC Dealer Members to have established standards that are reasonably designed to manage risks associated with providing direct electronic access ("DEA") to clients and to develop, implement and maintain policies and procedures that are reasonably designed to ensure compliance with UMIR and each Policy.

¶ 5 The Universal Market Integrity Rules ("UMIR") set out in detail the requirements applicable to IIROC Participant Dealer Members, Access Persons, and Marketplaces for securities-related trading on all marketplaces that IIROC regulates. As the title of the Rules indicates, the rules are designed to ensure the integrity of trading in securities in Canada, protecting investors and supporting healthy Canadian capital markets.

¶ 6 There are hundreds of pages of relatively complex UMIR Rules and Policies covering a wide range of activities. Part 7 of the Rules and Policies relates to "Trading in a Marketplace." Rule 7.1 deals with "Trading Supervision Obligations." Policy 7.1 covers "Responsibility and Compliance," and Rule 7.13 deals with "Direct Electronic Access and Routing Arrangements." Specific Regulatory Requirements are set out in paragraphs 13-20 of the Settlement Agreement.

¶ 7 At the conclusion of the Settlement Hearing, the Panel accepted the Settlement Agreement. These are our reasons for doing so.

AGREED FACTS IN THE SETTLEMENT AGREEMENT

¶ 8 Between September 2019 and July 2020, the Respondent failed to comply with its trading supervision obligations to detect and prevent the entry of any order by a direct electronic access client (the "DEA Client") that interfered with fair and orderly markets contrary to UMIR 7.1, UMIR Policy 7.1 and UMIR 7.13.

¶ 9 The DEA Client engaged in – and is still engaged in – proprietary trading and has direct electronic access to IIROC regulated marketplaces pursuant to an Electronic Trading Systems Interconnect Agreement with the Respondent. The DEA Client's orders are routed through the Respondent directly to IIROC-regulated marketplaces, and it uses automated order systems to trade.

¶ 10 In particular, TraderID B of the DEA Client – the trader whose conduct prompted an investigation by IIROC Enforcement Staff resulting in the present Hearing – engaged in trading conduct that was similar to conduct at the same DEA Client that had previously been the subject of a "gatekeeper" report (see IIROC Rule 10.16 – Gatekeeper Obligations of Directors, Officers and Employees of Participants and Access Persons).

¶ 11 The Respondent has an obligation to adopt, document and maintain a system of risk management and supervisory controls, policies and procedures reasonably designed, in accordance with prudent business practices, to ensure the management of financial, regulatory and other risks associated with the use, by its DEA Client, of an automated order system.

¶ 12 The Respondent had earlier filed a gatekeeper report regarding certain order entry activity by the DEA Client. The gatekeeper report identified concerns that TraderID A entered, amended, and deleted orders during the pre-open session that affected the Calculated Opening Price of certain securities. An internal review conducted by the Respondent concluded that the order entry activity under TraderID A was potentially manipulative and a possible violation of UMIR 2.2.

¶ 13 The gatekeeper report for TraderID A concluded: "We believe the activities of [TraderID A] were not *bona fide* and that the trader had no intentions to trade, but rather represented a means of detecting at what price levels would be the most advantageous for the client to trade at market open."

¶ 14 The conduct that TraderID A engaged in was abusive liquidity detection, commonly known as "pinging" the market. "Pinging" the market is the practice of entering orders and quickly deleting them, in order to discern whether existing orders are market or limit orders, at which levels liquidity exists, and what price might be most advantageous to trade at market open.

¶ 15 As a result of its internal review, the Respondent and the DEA Client agreed that TraderID A would be restricted from routing orders during the pre-open session until further notice.

¶ 16 Although no further order entry activity by TraderID A was detected, similar order entry activity occurred under a different TraderID, TraderID B.

¶ 17 IIROC Enforcement Staff commenced an investigation that identified that the DEA Client, through TraderID B, was responsible for numerous amendments and cancellations to orders entered in the pre-open session, and appeared to Enforcement Staff to be similar to the conduct of TraderID A.

¶ 18 In the circumstances, IIROC Enforcement Staff believed, the Respondent had an obligation to make appropriate enquiries to satisfy itself that similar order entry activity by the same DEA Client through a different trader did not raise the same concerns that resulted in the filing of the initial gatekeeper report.

¶ 19 The order entry activity of the DEA Client through TraderID B and the frequent amendments and cancellations of those orders was sufficiently similar conduct to that of TraderID A, that this should have caused the Respondent to perform an analysis of TraderID B's conduct. As highlighted in Appendix A of the Settlement Agreement, TraderID B was responsible for over 90 per cent of the hundreds of calculated opening price changes for a number of securities on certain days. The Respondent did ultimately perform such an analysis and concluded that the order entry conduct by TraderID B was materially different than the conduct of TraderID A and did not raise the same gatekeeper concerns. However, this investigation was only taken after Enforcement Staff commenced its own investigation.

¶ 20 Paragraph 33 of the Settlement Agreement concludes: "The Respondent did not take reasonable steps at the time the order entry activity was occurring to ensure that the trades placed by TraderID B were *bona fide* and did not otherwise interfere with fair and orderly markets and failed to comply with its supervisory obligations pursuant to UMIR 7.1, UMIR Policy 7.1 and UMIR 7.13."

TERMS OF SETTLEMENT

¶ 21 Paragraph 38 of the Settlement Agreement provides:

> The Respondent agrees to the following sanctions and costs:
>
> a) a fine of $150,000, payable by the Respondent to IIROC; and
>
> b) costs of $15,000, payable by the Respondent to IIROC.

STANDARD FOR REVIEWING A SETTLEMENT AGREEMENT

¶ 22 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.

¶ 23 There are many similar statements – see, for example, *Re Mackie Research and McCarthy* 2019 IIROC 28 – 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.

WHY THE PANEL APPROVED THE SETTLEMENT AGREEMENT

¶ 24 The conduct in this case was serious. As set out in Appendix "A" of the Settlement Agreement, TraderID B was responsible for multiple orders, amendments and cancellations resulting in a significant number of Calculated Opening Price changes during the pre-open session for numerous securities. This conduct appears similar in nature to the conduct of TraderID A. On many days, TraderID B was responsible for over 90% of the hundreds of Calculated Opening Price changes in these securities. Such conduct had the

potential to adversely affect market integrity. This should have been a significant red flag to alert the Respondent of a possible UMIR Rules breach.

¶ 25 As stated by the panel in *Re Instinet Canada* Ltd. 2020 IIROC 18 at paragraph 11: "In providing direct electronic access to IIROC-regulated marketplaces, a Participant is not relieved from any obligations under UMIR with respect to the supervision of trading activities by a direct electronic access client. The Participant retains full responsibility for any order entered by a direct electronic access client and the Participant must adequately address the additional risks posed by orders entered directly by clients to the marketplaces."

¶ 26 The misconduct in the present case was relatively limited. It involved one trader for a one-year period. The misconduct of the Respondent was not intentional, willfully blind, or reckless with respect to regulatory requirements. It was an error in judgment in not following through with an adequate investigation of TraderID B's conduct.

¶ 27 Of considerable significance is the fact that the Respondent implemented remedial measures to identify, review and, where appropriate following that review, prohibit similar activity in the future. As outlined in paragraph 36 of the Settlement Agreement, this includes revised policies and procedures for monitoring DEA clients, specifically with respect to DEA clients about whom CIBC has filed a gatekeeper report or DEA clients whose activity CIBC has identified as higher risk. These remedial measures are designed to significantly lessen the likelihood of a recurrence of similar misconduct in the future by the Respondent and its DEA clients.

¶ 28 The fine of $150,000 is consistent with the cases cited to us by counsel at the hearing: *Re Morgan Stanley Canada* 2011 IIROC 45; *Re Jitney Trade* 2013 IIROC 42; *Re Jitney Trade* 2017 IIROC 25; and *Re Instinet Canada* Ltd. 2020 IIROC 18. No case is directly similar to the present case. The last case cited, which comes reasonably close to the present case, is also a case of trying to affect the market price of a security. The panel stated at paragraph 14: "Quote manipulation is a manipulative trading practice whereby orders are entered with no intention that they be executed in order to temporarily manipulate the price of a security in order to secure a price advantage to the detriment of other market participants. This manipulative trading practice disrupts and distorts the genuine price formation process of the marketplace." The fine in that case was $150,000.

¶ 29 The fine in the present case is also consistent with the IIROC Sanction Guidelines.

¶ 30 The fine, although not a significant sum for this Respondent, acts as a general deterrent to others in the industry. It delivers a message and provides some deterrence to those in the industry whose conduct is related to the integrity of the market must be closely watched.

¶ 31 Further, we have taken into account the fact that by entering into a Settlement Agreement, there is a recognition of wrongdoing, a saving of time and costs, and the removal of the uncertainty of a contested hearing.

¶ 32 The penalty in the present case, we believe, falls within a reasonable range of appropriateness.

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

Dated at Toronto this 8 day of April 2022.

Martin L. Friedland

Edward V. Jackson

Charles F. Macfarlane

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 IIROC Rules, a hearing panel ("Hearing Panel") should accept the settlement agreement ("Settlement Agreement") entered into between the staff of IIROC ("Staff") and CIBC World Markets Inc. (the "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. Between September 2019 and July 2020 (the "Relevant Period"), the Respondent failed to comply with its trading supervision obligations to detect and prevent the entry of any order by a direct electronic access client (the "DEA Client") that interfered with fair and orderly markets contrary to UMIR 7.1, UMIR Policy 7.1 and UMIR 7.13.

5. In particular, the DEA Client engaged in trading conduct that was similar to conduct at that same DEA Client that had previously been the subject of a gatekeeper report.

6. The Respondent has an obligation to adopt, document and maintain a system of risk management and supervisory controls, policies and procedures reasonably designed, in accordance with prudent business practices, to ensure the management of financial, regulatory and other risks associated with the use by its DEA Client of an automated order system.

7. The Respondent had earlier filed a gatekeeper report regarding certain order entry activity by the DEA Client. The gatekeeper report identified concerns that TraderID A entered, amended and deleted orders during the pre-open session that affected the Calculated Opening Price (the "COP") of certain securities. An internal review conducted by the Respondent concluded that the order entry activity under TraderID A was potentially manipulative and a possible violation of UMIR 2.2.

8. As a result of its internal review, the Respondent and the DEA Client agreed that TraderID A would be restricted from routing orders during the pre-open session until further notice. Although no further order entry activity by TraderID A has been detected, similar order entry activity has occurred under a different TraderID.

9. In the circumstances, the Respondent had an obligation to make appropriate enquiries to satisfy itself that similar order entry activity by the same DEA Client through a different trader did not raise the same concerns that resulted in the filing of the initial gatekeeper report.

Background

10. The Respondent is registered as an investment dealer and is a Participant under UMIR.

11. The DEA Client is engaged in proprietary trading and has direct electronic access to IIROC-regulated marketplaces pursuant to an Electronic Trading Systems Interconnect Agreement (the "DEA Agreement") with the Respondent. The DEA Client's orders are routed through the Respondent directly to IIROC-regulated marketplaces and it uses automated order systems to trade.

12. The DEA Agreement contains a schedule which lists fourteen personnel employed by the Client who have access to the Systems Interconnect. The schedule does not indicate whether those individuals have been assigned a specific Trader ID.

Specific Regulatory Requirements

13. In providing direct electronic access to IIROC-regulated marketplaces, a Participant is not relieved from any obligations under UMIR with respect to the supervision of trading activities by a direct electronic access client. The Participant retains full responsibility for any order entered by a direct electronic access client and the Participant must adequately address the additional risks posed by orders entered directly by clients to the marketplaces.

14. UMIR 7.13(1) provides that a Participant may grant direct electronic access to a client provided that the participant has established standards that are reasonably designed to manage the Participant's risks associated with providing such direct electronic access.

15. UMIR 7.13(2)(d) and (e) require that the standards established by a Participant under UMIR 7.13(1) must include a requirement that the client has reasonable arrangements in place to monitor the entry of orders transmitted using direct electronic access and that all reasonable steps are taken to ensure that the use of automated order systems do not interfere with fair and orderly markets.

16. UMIR 7.1 and UMIR Policy 7.1 further require a Participant to develop, implement and maintain policies and procedures that are reasonably designed to ensure compliance with UMIR and each Policy.

17. Part 8 of UMIR Policy 7.1 sets out specific provisions applicable to automated order systems. Part 8 requires that trading supervision by a Participant is in accordance with a documented system of risk management and supervisory controls, policies and procedures reasonably designed to ensure the management of risks associated with the use of an automated order system by any client of the Participant.

18. Specifically,

> *The Market Regulator expects the risk management and supervisory controls, policies and procedures to comply with the Electronic Trading Rules and be reasonably designed to prevent the entry of any order that would interfere with fair and orderly markets. This includes adoption of compliance procedures for trading by clients containing detailed guidance on how testing of client orders and trades is to be conducted to ensure that prior to engagement and at least annually thereafter, each automated order system is satisfactorily tested assuming various market conditions. In addition to regular testing of the automated order systems, preventing interference with fair and orderly markets requires development of pre-programmed internal parameters to prevent or "flag" with alerts on a real-time basis, the entry of orders and execution of trades by an automated order system that exceed certain volume, order, price or other limits.*

19. In addition, on February 14, 2013, IIROC issued Rules Notice 13-0053 which provided guidance on the obligations of Participants related to, amongst other things, trading strategies using automated order systems or direct electronic access.

20. The Rules Notice described the obligations of a Participant regarding algorithmic and high frequency trading as follows:

> *In the event that algorithmic or high frequency trading is engaged in by the Participant or its clients, IIROC expects the Participant to ensure that compliance procedures adopted include the ability to monitor all orders, the use of automated pre-trade controls and real-time alert systems as part of the Participant's risk management and supervisory controls which may assist in curtailing potentially abusive trading practices. IIROC also expects the Participant to engage in*

regular post-trade review and analysis using higher sample sizes of orders given the greater risks of manipulative and deceptive acts or practices that may be associated with algorithmic or HFT trading including, without limitation, to detect patterns related to layering, spoofing, quote manipulation, quote stuffing and abusive liquidity detection strategies. Participants should consider using an automated compliance system for post-trade review and analysis of orders that have been generated by an automated order system. In addition, IIROC expects a Participant to follow gatekeeper obligations concerning manipulative trading activity and take steps to ensure that any problematic strategies detected be further prevented and immediately terminated.

The Initial Gatekeeper Report

21. On May 27, 2019, IIROC market surveillance noted certain order entry activity by the DEA Client through TraderID A in the pre-opening session and made inquiries of the Respondent. In response to this inquiry, the Respondent conducted an internal review and on August 29, 2019, filed with IIROC a Gatekeeper Report.

22. The internal review initially focused on a 30-business day period (April 29 to June 10, 2019) for TraderID A. The review was subsequently expanded to a six-month period (January 1 to June 30, 2019).

23. The internal review considered whether TraderID A had engaged in potential manipulative and deceptive order-entry behavior during the pre-open session. Specifically, the review focused on whether TraderID A had engaged in abusive liquidity detection, commonly known as "pinging" the market. "Pinging" the market is the practice of entering orders and quickly deleting them, in order to discern whether existing orders are market or limit orders, at which levels liquidity exists, and what price might be most advantageous to trade at market open.

24. The Respondent concluded in its Gatekeeper Report that through TraderID A, the DEA Client had:

> *"during the initial 30 business day period reviewed, [TraderID A] was actively entering/ amending/deleting orders pre-open (8:30 am – 9:35 am) on each day."*

25. The Respondent's internal review also noted that for three securities, TraderID A was responsible for 82%, 44% and 33% of the COP changes for those securities.

26. The Respondent contacted the DEA Client and requested an explanation for the order entry activity. The DEA Client attributed the volume of amendments to the trading algorithm reacting to the amendments of orders entered by other market participants.

27. Notwithstanding this explanation, the Respondent filed a gatekeeper report with IIROC that specifically noted its concerns regarding the "entering of an order or series of orders for a security that were not intended to be executed". The gatekeeper report concluded:

> *We believe the activities of [TraderID A] were not bona fide and had no intentions to trade, but rather a means of detecting at what price levels would be the most advantageous for the client to trade at market open*.

28. The Respondent and the DEA Client agreed that trading through TraderID A would be restricted from routing orders during the pre-open session until further notice. The Respondent did not ascertain the specific identity of TraderID A, but it has not received any request from the DEA Client to eliminate the restrictions imposed.

Enforcement Staff Investigation

29. Enforcement Staff commenced an investigation by way of referral from IIROC's Trade Review and Analysis ("TR&A") department.

30. During the Relevant Period, Enforcement Staff identified that the DEA Client, through TraderID B, was

responsible for numerous amendments and cancellations to orders entered in the pre-open session, and appeared to Enforcement Staff to be similar to the conduct of TraderID A.

Order Entry Activity Subsequent to the Gatekeeper Report

31. Enforcement Staff analyzed subsequent order entry activity by the DEA Client's Trader IDs. No orders in the pre-open session have been entered by TraderID A since August 2019. As set out in Appendix "A", however, TraderID B has been responsible for multiple orders, amendments and cancellations resulting in a significant number of COP changes during the pre-open session for numerous securities. This conduct appears similar in nature to the conduct of TraderID A.

Conclusion

32. The order entry activity of the DEA Client through TraderID B and the frequent amendments and cancellations of those orders was sufficiently similar conduct to that of TraderID A, that this should have caused the Respondent to perform an analysis of TraderID B's conduct. The Respondent did ultimately perform such an analysis and concluded that the order entry conduct by TraderID B was materially different than the conduct of TraderID A, and did not raise the same gatekeeper concerns. However, this investigation was only taken after Staff commenced its own investigation.

33. Although the Respondent had previously filed the Gatekeeper Report where it had concluded that similar order-entry activity by the DEA Client through TraderID A was "[believed to be] not *bona fide* and that TraderID A had no intentions to trade", and despite the prior concerns the Respondent had raised about the DEA Client's trading (as reflected in the Gatekeeper Report), the Respondent did not take reasonable steps at the time the order entry activity was occurring to ensure that the trades placed by TraderID B were *bona fide* and did not otherwise interfere with fair and orderly markets and failed to comply with its supervisory obligations pursuant to UMIR 7.1, UMIR Policy 7.1 and UMIR 7.13.

The Respondent's Internal Controls

34. The Respondent has required the DEA Client to confirm that they have taken reasonable steps to ensure that any algorithms used do not interfere with fair and orderly markets, and that the DEA Client has tested each algorithm in accordance with prudent business practices, both initially, annually and after any significant modification.

35. The Respondent retains a supervisory obligation to examine each order entered on a marketplace by way of direct electronic access and where circumstances warrant, make appropriate inquiries of clients to ensure orders do not interfere with a fair and orderly market and are otherwise in compliance with UMIR requirements.

Remedial Measures

36. The Respondent has implemented remedial measures to identify, review and, where appropriate following that review, prohibit similar activity in the future. The Respondent has:

    a) Revised its policies and procedures to implement an enhanced monitoring of any client about whom the Respondent has filed a gatekeeper report. In the event a gatekeeper report is filed, the Respondent will engage in a formal review of the conduct that gave rise to the filing of the report, as well as implement a remediation plan to address future conduct by the same client.

    b) Revised its policies and procedures to implement a "High Risk Review" report (H3R). The H3R is intended to be reasonably designed to identify clients whose trading conduct may not be offside UMIR Rules, but nonetheless presents greater risk to the Respondent's DEA business. Criteria for inclusion of a client on the H3R include:

        i. clients whose trading fires a high volume of alerts;

ii. clients who adjust their trading limits more than others;

iii. clients who are subject to comparatively more regulatory queries; and

iv. overall activity of clients who send a higher volume of messages to a marketplace, with focus on auction and the pre-opening session.

c) Where clients are identified as High Risk on the H3R, the Respondent shall undertake a focused review of alerts attributed to these clients.

d) The Respondent's compliance and supervision departments will meet quarterly with the relevant business lines to review the H3R.

PART IV – CONTRAVENTIONS

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

Between September 2019 and July 2020, the Respondent failed to comply with its trading supervision obligations to maintain a system of risk management and supervisory controls, policies and procedures reasonably designed, in accordance with prudent business practices, to ensure the management of financial, regulatory and other risks associated with the use by its DEA client of an automated order system contrary to UMIR 7.1, UMIR Policy 7.1 and UMIR 7.13.

PART V – TERMS OF SETTLEMENT

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

a) a fine of $150,000.00, payable by the Respondent to IIROC; and

b) costs of $15,000.00, payable by the Respondent to IIROC.

39. 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

40. If the Hearing Panel accepts this Settlement Agreement, Staff will not initiate any further action against 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.

41. If the Hearing Panel accepts this Settlement Agreement and 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

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

43. 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.

44. 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.

45. 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.

46. 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.

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

48. 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.

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

50. 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

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

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

DATED this "20th" day of "March", 2022.

"CIBC World Markets Inc."

CIBC World Markets Inc.

Per: ["Robert Cancelli"]

[Title] "Managing Director and Head,

Prime Services Group & Investor's Edge

"Andrew P. Werbowski"

Andrew P. Werbowski

Director, Enforcement Litigation on behalf of Enforcement Staff of the Investment Industry Regulatory Organization of Canada

The Settlement Agreement is hereby accepted this "30" day of "March", 2022 by the following Hearing Panel:

Per: "Martin Friedland"

Panel Chair

Per: "Edward Jackson"

Panel Member

Per: "Charles Macfarlane"

Panel Member

APPENDIX "A"

Date	Security	Number of TraderID B orders reacting to TraderID B orders	Total number of COP changes during pre-open session	% of COP changes for which TraderID B was Responsible
5/8/2020	NA.PR.A	424	438	96.8%
9/17/2019	CM.PR.R	367	379	96.8%
3/27/2020	BAM.PF.B	366	381	96.1%
4/21/2020	NA.PR.G	361	371	97.3%
3/23/2020	TD.PF.J	318	322	98.8%
9/17/2019	BAM.PF.G	286	296	96.6%
9/25/2019	BAM.PR.Z	231	248	93.1%
6/16/2020	NA.PR.A	204	219	93.2%
10/15/2019	TD.PF.M	187	195	95.9%
[1]10/2/2019	BAM.PF.D	185	190	97.4%
11/13/2019	NA.PR.G	176	187	94.1%
4/28/2020	NA.PR.C	175	183	95.6%
6/9/2020	TD.PF.H	173	180	96.1%
10/2/2019	RY.PR.N	173	176	98.3%
10/28/2019	BAM.PF.E	162	174	93.1%
1/14/2020	CM.PR.S	154	166	92.8%
12/23/2019	BAM.PR.Z	154	164	93.9%
10/10/2019	BNS.PR.E	154	214	72.0%
9/25/2019	BAM.PR.R	143	149	96.0%
9/16/2019	BAM.PF.A	137	149	91.9%
2/25/2020	CM.PR.T	134	140	95.7%
2/18/2020	BNS.PR.I	124	130	95.4%
10/9/2019	TD.PF.G	121	130	93.1%
6/17/2020	TD.PF.H	119	129	92.2%
6/4/2020	BAM.PR.T	117	132	88.6%

[1] Triggered a CIBC internal alert, and an IIROC Almas alerts for Pre-Open Spoofing (131).