



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: MD Sabab Alam

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Mutual Fund Dealers Association of Canada (the “MFDA”) will announce that it proposes to hold a hearing (the “Settlement Hearing”) to consider whether, pursuant to section 24.4 of MFDA By-law No. 1, a hearing panel of the Prairie Regional Council (the “Hearing Panel”) of the MFDA should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and the Respondent, MD Sabab Alam (the “Respondent”).

2. Staff and the Respondent, consent and agree to the terms of this Settlement Agreement.

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

II. CONTRAVENTIONS

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA:

On or about February 11, 2020, the Respondent processed a trade in the account of a client without the client's authorization, contrary to the Member's policies and procedures and MFDA Rules 2.1.1, 2.3.1, and 1.1.2 (as it relates to Rule 2.5.1).

III. TERMS OF SETTLEMENT

5. Staff and the Respondent agree and consent to the following terms of settlement:

- a) The Respondent shall pay a fine in the amount of \$9,000, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- b) The Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1;
- c) The payment by the Respondent of the fine and costs shall be made to and received by the MFDA in certified funds as follows:
 - i. \$3,500 (costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii. \$1,500 (costs) on or before the last business day of the first month following the date of the Settlement Agreement;
 - iii. \$2,000 (fine) on or before the last business day of the first month following the date of the Settlement Agreement;
 - iv. \$3,500 (fine) on or before the last business day of the second month following the date of the Settlement Agreement; and
 - v. \$3,500 (fine) on or before the last business day of the third month following the date of the Settlement Agreement;
- d) The Respondent shall in the future comply with MFDA Rules 2.1.1, 2.3.1 and 1.1.2 (as it relates to Rule 2.5.1); and
- e) The Respondent shall attend in person or by videoconference on the date set for the Settlement Hearing.

6. Staff and the Respondent agree to the settlement on the basis of the facts set out in this Settlement Agreement herein and consent to the making of an Order in the form attached as Schedule “A”.

IV. AGREED FACTS

Registration History

7. Commencing in May 2019, the Respondent has been registered in Alberta as a dealing representative with Scotia Securities Inc. (the “Member”), a Member of the MFDA.

8. At all material times, the Respondent conducted business in the Calgary, Alberta area.

Unauthorized Trading

9. At all material times, the Member’s policies and procedures required its Approved Persons to obtain and maintain evidence of client authorization before executing trades in a client’s account.

10. In or around November or December 2019, the Respondent received a telephone call from client KK, a client of the Member whose accounts were serviced by the Respondent. Client KK told the Respondent that his spouse, client SK, wished to transfer her spousal Registered Retirement Savings Plan (“RRSP”) holdings at another financial institution to the Member (the “Transfer”).

11. Subsequently, client KK attended a meeting with the Respondent during which client KK discussed his and client SK’s desire to keep the proceeds of the Transfer in a safe investment. Client KK did not provide the Respondent with any instructions or authorization to purchase a specific investment product on client SK’s behalf after the Transfer was complete.

12. On or about January 14, 2020, client SK attended a meeting with the Respondent, at which time the Respondent arranged for client SK to sign a Scotia Account Application form, a Scotia Investor Selector form, and a Transfer Authorization form in order to facilitate the opening of a new spousal RRSP account with the Member, and the transfer of her holdings at the other financial institution to the Member in cash.

13. During the meeting with client SK, the Respondent did not make any investment recommendations to client SK. The Respondent also did not receive any investment instructions from client SK concerning the purchase of any specific mutual fund or funds with the monies that were to be transferred from her account at the other financial institution to the Member.

14. On or about February 6, 2020, client SK's monies were transferred from the other financial institution to the Member.

15. On or about February 11, 2020, without the prior knowledge or authorization of client SK, the Respondent processed a purchase of the Scotia Innova Growth Portfolio mutual fund in the amount of \$73,806.07 in client SK's account (the "Purchase"), which the Respondent states he believed client SK would want because it was similar to the investments she had held at the other financial institution. Client SK had not signed documentation or provided instructions authorizing the Purchase.

16. On or about February 11, 2020, the day the Respondent processed the Transfer described above, the Respondent recorded the following note on an Investment Direction Form:

Client [SK] instructed over the phone on 11/02/2020 at 10:00am to transfer funds from Spousal RRSP cash into mutual fund Scotia Innova Growth Portfolio of \$73,806.07.

17. This note recorded by the Respondent is false because, as described above, the Respondent never obtained instructions from the Respondent to purchase the Scotia Innova Growth Portfolio in her spousal RRSP account and the Respondent did not speak with client SK on the phone on February 11, 2020.

18. In or around March 2020, client KK complained to the Respondent and the Respondent's branch manager that the Respondent had processed the Purchase without client SK's authorization.

19. On or about March 16, 2020, client SK instructed the Member to switch the holdings that she had acquired through the Purchase to another mutual fund. As of that date, the value of the mutual funds that had been purchased in client SK's account without her authorization had declined in value by approximately \$14,631. The Member has fully compensated client SK for this loss.

Additional Factors

20. During Staff's interview with the Respondent's conduct, the Respondent acknowledged that he processed the Purchase in client SK's account without client SK's authorization, and that he created a false note that purported to record client SK's instructions to process the Purchase which the Respondent had not in fact received.
21. The Respondent has not previously been the subject of MFDA disciplinary proceedings.
22. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a contested hearing on the allegations.

V. ADDITIONAL TERMS OF SETTLEMENT

23. This settlement is agreed upon in accordance with section 24.4 of MFDA By-law No. 1 and Rules 14 and 15 of the MFDA Rules of Procedure.
24. The Settlement Agreement is subject to acceptance by the Hearing Panel. At or following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. MFDA Settlement Hearings are typically held in the absence of the public pursuant to section 20.5 of MFDA By-law No. 1 and Rule 15.2(2) of the MFDA Rules of Procedure. If the Hearing Panel accepts the Settlement Agreement, then the proceeding will become open to the public and a copy of the decision of the Hearing Panel and the Settlement Agreement will be made available at www.mfda.ca.
25. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately, and any suspensions, revocations, prohibitions, conditions or other terms of the Settlement Agreement shall commence, upon the effective date of the Settlement Agreement.
26. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel:
 - a) the Settlement Agreement will constitute the entirety of the evidence to be submitted at the settlement hearing, subject to rule 15.3 of the MFDA Rules of Procedure;

- b) the Respondent agrees to waive any rights to a full hearing, a review hearing or appeal before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction;
- c) except for any proceedings commenced to address an alleged failure to comply with this Settlement Agreement, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in this Settlement Agreement, whether known or unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;
- d) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to section 24.1.2 of MFDA By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of MFDA By-law No. 1; and
- e) neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against the Respondent.

27. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in this Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

28. If, for any reason, this Settlement Agreement is not accepted by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of MFDA By-law No. 1, unaffected by the Settlement Agreement or the settlement negotiations.

29. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law. The terms of the Settlement Agreement, including the attached Schedule “A”, will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

30. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile or electronic copy of any signature shall be as effective as an original signature.

DATED this 10th day of August, 2022.

“MD Sabab Alam”

MD Sabab Alam

“KN”

Witness – Signature

KN

Witness – Print name

“Charles Toth”

Staff of the MFDA
Per: Charles Toth
Vice-President, Enforcement



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Re: MD Sabab Alam

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") provided notice to the public of a Settlement Hearing in respect of MD Sabab Alam (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] (the "Settlement Agreement"), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of MFDA By-law No. 1;

AND WHEREAS based upon the admissions of the Respondent, the Hearing Panel is of the opinion that on or about February 11, 2020, the Respondent processed a trade in the account of a client without the client's authorization, contrary to the Member's policies and procedures, and MFDA Rules 2.1.1, 2.3.1, and 1.1.2 (as it relates to Rule 2.5.1).

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall pay a fine in the amount of \$9,000, pursuant to s. 24.1.1(b) of MFDA By-law No. 1.

2. The Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1.
3. The payment by the Respondent of the fine and costs shall be made to and received by the MFDA in certified funds as follows:
 - i. \$3,500 (costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii. \$1,500 (costs) on or before [date];
 - iii. \$2,000 (fine) on or before [date];
 - iv. \$3,500 (fine) on or before [date]; and
 - v. \$3,500 (fine) on or before [date].
4. The Respondent shall in the future comply with MFDA Rules 2.1.1, 2.3.1, and 1.1.2 (as it relates to Rule 2.5.1).
5. If at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this [day] day of [month], 20[].

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]

DM 897077