



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: Muhammad Fahad

Heard: July 30, 2021 by electronic hearing in Toronto, Ontario

Decision: July 30, 2021

Reasons for Decision: March 23, 2022

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Thomas J. Lockwood, Q.C.
Michael Coulter
Eugene Park

Chair
Industry Representative
Industry Representative

Appearances:

Brendan Forbes)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
)	
Michael Bookman)	Counsel for Respondent
)	
)	
Muhammad Fahad)	Respondent
)	
)	

I. INTRODUCTION

1. By Notice of Settlement Hearing dated May 26, 2021, the Mutual Fund Dealers Association of Canada (the “MFDA”) gave notice that an electronic hearing would be held before a hearing panel of the Central Regional Council of the MFDA (the “Hearing Panel”) on July 30, 2021, to consider whether, pursuant to Section 24.4 of MFDA By-law No. 1, the Hearing Panel should accept the settlement agreement dated May 11, 2021 (the “Settlement Agreement”), entered into between Staff of the MFDA and Muhammad Fahad (the “Respondent”).
2. Due to the existence of COVID-19, and with the consent of the parties, the Settlement Hearing was conducted electronically by videoconference on July 30, 2021.
3. At the commencement of the Settlement Hearing, the Hearing Panel granted the joint request of the parties to move the proceedings “in camera” so that the Settlement Agreement could be considered in the absence of the public. This procedure is consistent with Rule 15.2(2) of the *MFDA Rules of Procedure*.
4. The Hearing Panel then considered the provisions of the Settlement Agreement. After hearing submissions, both as to the applicable law and as to why this particular Settlement Agreement met the appropriate criteria, the Hearing Panel retired to consider whether we were in a position to accept the Settlement Agreement on the basis of the material before us.
5. After carefully considering the Settlement Agreement and the submissions of the parties, the Hearing Panel unanimously accepted the Settlement Agreement. We made an Order to this effect on July 30, 2021. At that time, we advised that written Reasons would follow. These are those Reasons.

II. SETTLEMENT AGREEMENT

6. The salient portions of the Settlement Agreement are as follows:

“JOINT SETTLEMENT RECOMMENDATION

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the Mutual Fund Dealers Association of Canada (“MFDA”):
 - a) between April 2018 and January 2019, the Respondent signed the signature or initials of 16 clients on 38 account forms and, in some instances, submitted the forms to the Member for processing, contrary to MFDA Rule 2.1.1;

- b) between April 2018 and January 2019, the Respondent signed the signature of another Approved Person on 3 account forms in respect of 2 clients and submitted the forms to the Member for processing, contrary to MFDA Rule 2.1.1;
 - c) on September 26, 2018, the Respondent altered 2 account forms in respect of 1 client by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
 - d) between April 2018 and July 2018, the Respondent obtained and possessed 3 pre-signed account forms in respect of 3 clients, contrary to MFDA Rule 2.1.1.
5. Staff and the Respondent agree and consent to the following terms of settlement:
- a) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 2 years commencing from the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
 - b) the Respondent shall pay a fine in the amount of \$21,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
 - c) the Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
 - d) the Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or an ethics course acceptable to Staff of the MFDA, prior to becoming re-registered as a dealing representative with a Member of the MFDA, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
 - e) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
 - f) the Respondent will attend in person, 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 Part III herein and consent to the making of an Order in the form attached as Schedule “A”.

AGREED FACTS

Registration History

7. In March 2016, the Respondent first became registered in the securities industry.
8. Between April 11, 2018 and February 7, 2019, the Respondent was registered in Ontario as a dealing representative with Credential Asset Management Inc. (the “Member”), a Member of the MFDA.

9. On February 7, 2019, the Member terminated the Respondent and he is not currently registered in the securities industry in any capacity.

10. At all material times, the Respondent conducted business in the St. Catharines, Ontario area.

The Respondent Signed Client Signatures and Initials

11. Between April 11, 2018 and January 5, 2019, the Respondent signed the signature or initials of 16 clients on 38 account forms. The Respondent submitted 37 of the 38 account forms to the Member for processing.

12. The account forms consisted of: 12 New Account Application Forms, 7 Investment Instruction Forms, 5 Wealth Strategy Statements, 2 Registered Education Savings Plan (“RESP”) Withdrawal Forms, 2 Applications to Withdraw or Transfer Money to a Life Income Fund (“LIF”), 2 Third Party Determination Forms, 2 Transfer Authorization Forms, 2 Electronic Funds Transfer Authorization Forms, 1 LIF Transfer Agreement, 1 Family Education Savings Plan Application, 1 Systematic Plan Instructions Form and 1 Direct Debit/Deposit Request.

The Respondent Signed the Signature of a Former Approved Person

13. Prior to the Respondent joining the Member in April 2018, the accounts of clients RM and KM were serviced by TR, another Approved Person at the Member. In April 2018, the Respondent became the Approved Person responsible for servicing the accounts of clients RM and KM.

14. Between April 2018 and January 2019, the Respondent signed the signature of TR on 3 New Client Application Forms in respect of clients RM and KM and submitted the forms to the Member for processing. The Respondent also signed the signatures of clients RM and KM on these account forms.

15. By signing the signature of TR, the Respondent interfered with the Member’s ability to supervise his conduct and the conduct of TR, impaired the Member’s ability to verify trade instructions and compromised the integrity of the audit trail.

Altered Account Forms

16. On September 26, 2018, the Respondent altered the client contact information on 2 New Account Application Forms in respect of 1 client by altering information on the account forms without having the client initial the alterations.

Pre-Signed Forms

17. At all material times, the policies and procedures of the Member prohibited Approved Persons from the use of blank or partially signed forms.

18. Between April 2018 and July 2018, the Respondent obtained and possessed 3 pre-signed account forms in respect of 3 clients.

19. The pre-signed account forms consisted of: 2 Transfer Authorization Forms and 1 New Account Application Form.

The Member's Investigation

20. In or about January 2019, the Member conducted a review of the client files maintained by the Respondent and discovered 3 of the account forms described in the Settlement Agreement.

21. On January 23, 2019, the Member conducted a full review of the client files maintained by the Respondent and discovered the remaining forms that are the subject of this Settlement Agreement.

22. On February 7, 2019, the Member terminated the Respondent.

23. Between January 2019 and June 2019, the Member contacted or attempted to contact the affected clients in order to address the deficiencies in the account forms described above. Between January 2019 and June 2019, the Member met with clients to review the transaction history and the Know-Your-Client ("KYC") information with the client and to have the clients sign updated copies of the deficient account forms. In addition, the Member called or wrote to affected clients regarding the accuracy of the clients' KYC information and requested that the clients contact the Member if they had any concerns with the KYC information. No clients responded with any concerns to the Member's communications.

Additional Factors

24. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond any commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

25. There is no evidence of client loss or lack of authorization.

26. The Respondent has not previously been the subject of MFDA disciplinary proceedings.

27. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources and expenses associated with conducting a full hearing of the allegations.”

III. THE LAW

7. MFDA Rule 2.1.1 states, in part, as follows:

“2.1.1 Standard of Conduct.

Each Member and each Approved Person of a Member shall:

- (a) deal fairly, honestly and in good faith with its clients;
- (b) observe high standards of ethics and conduct in the transaction of business;
- (c) not engage in any business conduct or practice which is unbecoming or detrimental to the public interest; . . .”

Pre-Signed Account Forms are Not Permissible

8. “Pre-signed account forms” is a generic term which applies to a variety of situations where an Approved Person seeks to rely on a client’s signature on a document when the signature was not provided by the client at the time the document was completed. Most commonly, an Approved Person obtains a client’s signature on a partially or completely blank account form, completes the form, then uses the form to process transactions in the client’s account.

9. The MFDA has been warning Approved Persons against the use of pre-signed account forms for a number of years.

Staff Notice #MSN-0035 dated December 10, 2004.

Staff Notice #MSN-0066 dated October 31, 2007, (updated March 4, 2013 and January 26, 2017).

MFDA Bulletin #0661-E dated October 2, 2015.

10. MFDA Hearing Panels have consistently held that obtaining or using pre-signed forms is a contravention of the standard of conduct prescribed under MFDA Rule 2.1.1.

Lewis (Re), [2018] Hearing Panel of the Prairie Regional Council, MFDA File No. 2017121, Hearing Panel Decision dated March 26, 2018 at para. 24.

Bedard (Re), [2018] Hearing Panel of the Central Regional Council, MFDA No. 201772, Reasons for Decision dated February 17, 2018 at para. 16.

11. The use of pre-signed account forms adversely affects the integrity and reliability of account documents, leads to the destruction of the audit trail, has a negative impact on Member complaint handling, and has the potential for misuse in the form of unauthorized trading, fraud and misappropriation. As the Hearing Panel explained in *Price (Re)*:

Pre-signed forms present a legitimate risk that they may be used by an Approved Person to engage in discretionary trading . . . At its worst, pre-signed forms create a mechanism for an Approved Person to engage in acts of fraud, theft or other forms of harmful conduct towards a client . . . Pre-signed forms also subvert the ability of a Member to properly supervise trading activity. They destroy the audit trail. The presence of the client's signature on a trade form can no longer be taken as confirmation that the client authorized a particular trade. It also compromises the ability of the Member to subsequently investigate and respond to a client complaint concerning the propriety of trading activity in his or her account.

Price (Re), [2011] Hearing Panel of the Central Regional Council, MFDA File No. 200814, Decision and Reasons (Misconduct) dated April 18, 2011 at paras. 122-124.

12. The prohibition on the use of pre-signed account forms applies regardless of whether:
- a) the client was aware, or authorized the use, of the pre-signed account forms; and
 - b) the forms were used by the Approved Person for discretionary trading or other improper purposes.

Byce (Re), [2013] Hearing Panel of the Central Regional Council, MFDA File No. 201311, Reasons for Decision dated September 4, 2013.

Price (Re), *supra*.

13. In the present case, as reflected in paragraph 4(d) of the Settlement Agreement, the Respondent admits that he obtained and possessed 3 pre-signed account forms in respect of 3 clients, contrary to MFDA Rule 2.1.1.

Altered Forms are not Permissible

14. When an Approved Person alters information on an account form without having the client initial the form to show that the client is aware of the change and has authorized it, the Approved Person engages in conduct that is contrary to MFDA Rule 2.1.1.

Lewis, *supra* at para. 29.

Lok (Re), [2020] Hearing Panel of the Central Regional Council, MFDA File No. 202011, Hearing Panel Decision dated May 11, 2020 at para. 9.

15. As with “pre-signed forms”, the MFDA has previously warned Approved Persons against altering account forms without having the client initial the form to show that they are aware of the change.

MFDA Notice #MSN-0066 dated October 31, 2007 (updated March 4, 2013 and January 26, 2017).

MFDA Bulletin #0661-E dated October 2, 2015.

16. The above reasoning in *Price*, as to why pre-signed forms affect the integrity and reliability of account documents, also applies to altered forms. Unlike pre-signed account forms, where the client knows he or she is signing an incomplete form to be used in some way, in the case of a form altered by the Approved Person, the possibility exists that the client is unaware of the Approved Person’s actions.

17. In both MFDA Bulletin #0661-E, dated October 2, 2015, and Staff Notice #MSN-0066, updated on January 26, 2017, Approved Persons were advised that Staff would be seeking enhanced penalties for conduct which occurred after October 2, 2015.

18. Hearing Panels have accepted that conduct occurring post-Bulletin is an aggravating factor:

“In the view of this Hearing Panel, the amount of the fine in this instance together with the extent of the suspension are appropriate, taking into account the nature of the conduct, as well as the aggravating factor of its occurrence subsequent to the issuance of MFDA Bulletin #0661-E on October 2, 2015, the contents of which, the Respondent was, or should have been, well aware.”

Owen (Re), [2017] Hearing Panel of the Prairie Regional Council, MFDA File No. 201784, Panel Decision dated December 7, 2017, at para. 44.

19. In the present case, as stated in paragraph 4(c) of the Settlement Agreement, the Respondent admits that he altered and used to process transactions 2 account forms in respect of 1 client by altering information on the account form without having the clients initial the alteration, contrary to MFDA Rule 2.1.1.

Signing Client Signatures is not Permissible

20. When an Approved Person signs client signatures or initials on an account form purported to be by the client, the Approved Person has engaged in conduct which is contrary to MFDA Rule 2.1.1.

21. The MFDA has previously warned Approved Persons against signing the signatures of clients on account forms.

MFDA Notice #MSN-0035 dated December 10, 2004 (updated March 4, 2013).

MFDA Notice #MSN-0066 dated October 31, 2007 (updated March 4, 2013).

MFDA Bulletin #0661-E dated October 2, 2015.

22. Previous Hearing Panels have also held that signing a client's signature contravenes the standard of conduct under MFDA Rule 2.1.1.

Suleman (Re), [2019] Hearing Panel of the Prairie Regional Council, MFDA File No. 201880, Reasons for Decision dated January 21, 2019 at para. 21.

Bedard (Re), *supra* at para. 16.

23. Previous Hearing Panels have further held that signing a client's signature is particularly serious misconduct. In the MFDA matter of *Barnai (Re)*, the Hearing Panel, citing earlier decisions, summarized the principles with respect to signing client signatures (emphasis added);

Falsifying client signatures or initials is serious misconduct. Signature falsification (like the use of pre-signed forms) adversely affects the integrity and reliability of account documents, leads to the destruction of the audit trail, has a negative impact on Member complaint handling, and has the potential for misuse in the form of unauthorized trading, fraud and misappropriation.

As a Hearing Panel of the Investment Dealers Association (now IIROC) stated in *Bell (Re)*:

“Forgery is always serious. It is unequivocally condemned because it is fundamentally dishonest and dangerous. Any act of forgery is a step onto a steep and slippery slope of deception that is always potentially harmful to clients and actually harmful to the Member firm and the securities industry as a whole.”

[...]

Barnai (Re), [2015] Hearing Panel for the Central Regional Council, MFDA No. 201325, Reasons for Decision dated March 17, 2015 at paras. 6-7.

24. Similar to “pre-signed forms”, signing a client's signature on an account document adversely affects the integrity and reliability of the account document, leads to the destruction of

the audit trail, has a negative impact on Member complaint handling, and has the potential for misuse in the form of unauthorized trading, fraud and misappropriation.

25. In the present case, as stated in paragraph 4(a) of the Settlement Agreement, the Respondent admits that he signed the signature of 16 clients on 38 account forms and, in some instances, submitted the forms to the Member for processing, contrary to MFDA Rule 2.1.1.

Signing the Signature of another Approved Person is not Permissible

26. In paragraph 4(b) of the Settlement Agreement, the Respondent admits that he signed the signature of another Approved Person on 3 account forms in respect of 2 clients and submitted the forms to the Member for processing.

27. This conduct is clearly contrary to Rule 2.1.1. It is an act of forgery.

28. Signing the signature of another Approved Person adversely affects the integrity and reliability of the account documents, leads to the destruction of the audit trail and adversely affects the Member's ability to oversee both the Approved Person who falsified the signature, as well as the Approved Person whose signature was falsified.

IV. PRINCIPLES AND FACTORS REGARDING THE ACCEPTANCE OF SETTLEMENT AGREEMENTS

29. Investor protection is the primary goal of securities regulation. Settlements play an important and necessary role in meeting this objective.

Pezim v. British Columbia (Superintendent of Brokers), [1994] 2 S.C.R. 557 at para. 59.

30. In our view, the role of a Hearing Panel in a Settlement Hearing is not the same as its role in making a penalty determination after a contested Hearing. In a contested Hearing, the Hearing Panel attempts to determine the correct penalty. In a Settlement Hearing, the Hearing Panel takes into account the settlement process itself and the fact that the parties have agreed to the penalties set out in the Settlement Agreement. In our view, a Hearing Panel should not interfere lightly in a negotiated settlement and should not reject a Settlement Agreement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.

31. Previous MFDA Hearing Panels have determined the factors which should be considered in determining whether a Settlement Agreement should be accepted. These include the following:

- (i) Whether acceptance of the Settlement Agreement would be in the public interest and whether the penalty imposed will protect investors;
- (ii) Whether the Settlement Agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the Settlement Agreement;
- (iii) Whether the Settlement Agreement addresses the issues of both specific and general deterrence;
- (iv) Whether the proposed settlement will prevent the type of conduct described in the Settlement Agreement from occurring again in the future;
- (v) Whether the Settlement Agreement will foster confidence in the integrity of the Canadian capital markets;
- (vi) Whether the Settlement Agreement will foster confidence in the integrity of the MFDA;
- (vii) Whether the Settlement Agreement will foster confidence in the regulatory process itself.

Jacobson (Re), [2007], Hearing Panel of the Prairie Regional Council, MFDA
File No. 200712, Reasons for Decision, dated July 13, 2007, at para. 70.

32. Previous Hearing Panels have also identified a number of additional factors which should be considered when determining whether the penalty sought to be imposed is appropriate. These include:

- a) The seriousness of the allegations proved against the Respondent;
- b) The Respondent's past conduct, including prior sanctions;
- c) The Respondent's experience in the capital markets;
- d) The level of the Respondent's activity in the capital markets;
- e) Whether the Respondent recognizes the seriousness of the improper activity;
- f) The harm suffered by investors as a result of the Respondent's activities;
- g) The benefits received by the Respondent as a result of the improper activity;
- h) The risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction;
- i) The damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;
- j) The need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;

- k) The need to alert others to the consequences of inappropriate activities to those who are permitted to participate in capital markets; and
- l) Previous decisions made in similar circumstances.

Headley [Re], 2006, Hearing Panel of the Central Regional Council, MFDA File No. 200509, Reasons for Decision dated February 21, 2006 at para. 85.

33. When determining whether a penalty agreed upon by the parties is appropriate, the Hearing Panel may also consider the MFDA's Sanction Guidelines ("Guidelines") which came in to effect on November 15, 2018. The Guidelines are not mandatory or binding on the Hearing Panel, but provide a summary of the key factors upon which discretion can be exercised consistently and fairly. Many of the same factors that are listed above, which have been considered in previous decisions of MFDA Hearing Panels, are also reflected and described in the Guidelines.

V. CONSIDERATIONS IN THE PRESENT CASE

34. Staff made very detailed written and oral submissions as to how these principles and factors applied to the case before us. These included the following:

(a) Nature of the Misconduct

35. We agree with the submissions of Staff that signing client signatures, signing the signature of another Approved Person, obtaining and processing pre-signed forms and altering account forms without obtaining client initials, in the manner described in the Settlement Agreement, are serious breaches of MFDA Rule 2.1.1. The fact that the obtaining and processing of pre-signed forms and the altering of the information on account forms without obtaining client initials occurred after October 2, 2015 is an aggravating factor.

(b) The Respondent's Past Conduct Including Prior Sanctions

36. The Respondent has not previously been the subject of MFDA disciplinary proceedings.

(c) Respondent's Recognition of the Seriousness of his Misconduct

37. By entering into this Settlement Agreement, the Respondent has accepted responsibility for his misconduct and avoided the necessity of the MFDA incurring the time and expense of conducting a lengthy disciplinary hearing.

(d) Harm Suffered by Clients or Investors

38. There is no evidence of any lack of authorization or client loss resulting from the Respondent's conduct as described in the Settlement Agreement.

(e) Benefits Received by the Respondent

39. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct at issue in this proceeding beyond commissions and fees that he would ordinarily be entitled to had the transactions been carried out in the proper manner.

(f) Deterrence

40. Deterrence is intended to capture both specific deterrence of the wrongdoer as well as general deterrence of other participants in the capital markets in order to protect investors.

41. We agree with the submission of Staff that the proposed penalty will ensure deterrence to both the Respondent and to the mutual fund industry.

42. In our view, the proposed penalty will specifically deter the Respondent from engaging in similar activity by imposing a meaningful sanction upon him which reflects the seriousness of the misconduct at issue.

43. The proposed penalty will also act as a general deterrent by reinforcing the message that signing client signatures, signing the signature of another Approved Person, obtaining pre-signed forms and altering account forms without obtaining client initials will not be tolerated within the mutual fund industry and will result in both a fine and prohibition against Approved Persons who engage in this misconduct.

(g) Previous Decisions Made in Similar Circumstances

44. Staff provided the Hearing Panel with a detailed chart seeking to show that the proposed resolution is within the reasonable range of appropriateness with regards to other decisions made by MFDA Hearing Panels in similar circumstances.

45. The following cases were discussed:

Lewis (Re), [2018] Hearing Panel of the Prairie Regional Council, MFDA File No. 2017121, Hearing Panel Decision dated March 26, 2018.

Yip (Re), [2018] Hearing Panel of the Central Regional Council, MFDA File No. 2017106, Reasons for Decision dated July 20, 2018.

Suleman (Re), [2019] Hearing Panel of the Prairie Regional Council, MFDA File No. 201880, Reasons for Decision dated January 21, 2019.

Bedard (Re), [2018] Hearing Panel of the Central Regional Council, MFDA No. 201772, Reasons for Decision dated February 17, 2018.

Lisborg (Re), [2016] Hearing Panel of the Pacific Regional Council, MFDA File No. 201616, Hearing Panel Decision dated April 26, 2016.

VI. DECISION

46. After a thorough review of the factors by which we should be guided, and the facts of this case, as reflected in the Settlement Agreement, we were, unanimously, of the view that this Settlement Agreement was reasonable and in the public interest and should be accepted by the Hearing Panel. We so informed the parties at the conclusion of the Settlement Hearing.

VII. ORDER

47. After accepting the Settlement Agreement, we made the following Order, attached as Schedule “A”:

- a) The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 2 years commencing from the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to section 24.1.1(e) of MFDA By-law No. 1;
- b) The Respondent shall pay a fine in the amount of \$21,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.1.1(b) of MFDA By-law No. 1;
- c) The Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of MFDA By-law No. 1;
- d) The Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or an ethics course acceptable to Staff of the MFDA, prior to becoming re-registered as a dealing representative with a Member of the MFDA, pursuant to section 24.1.1(f) of MFDA By-law No. 1;
- e) The Respondent shall in the future comply with MFDA Rule 2.1.1; and
- f) 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 23rd day of March, 2022.

“Thomas J. Lockwood”

Thomas J. Lockwood, Q.C.
Chair

“Michael Coulter”

Michael Coulter
Industry Representative

“Eugene Park”

Eugene Park
Industry Representative



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: Muhammad Fahad

ORDER

(ARISING FROM SETTLEMENT HEARING ON JULY 30, 2021)

WHEREAS on May 26, 2021, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of MFDA By-law No. 1 in respect of Muhammad Fahad (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated May 11, 2021 (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 the Hearing Panel is of the opinion that:

- a) between April 2018 and January 2019, the Respondent signed the signature or initials of 16 clients on 38 account forms and, in some instances, submitted the forms to the Member for processing, contrary to MFDA Rule 2.1.1;
- b) between April 2018 and January 2019, the Respondent signed the signature of another Approved Person on 3 account forms in respect of 2 clients and submitted the forms to the Member for processing, contrary to MFDA Rule 2.1.1;

- c) on September 26, 2018, the Respondent altered 2 account forms in respect of 1 client by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
- d) between April 2018 and July 2018, the Respondent obtained and possessed 3 pre-signed account forms in respect of 3 clients, contrary to MFDA Rule 2.1.1.

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

1. The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 2 years commencing from the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall pay a fine in the amount of \$21,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
3. The Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
4. The Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or an ethics course acceptable to Staff of the MFDA, prior to becoming re-registered as a dealing representative with a Member of the MFDA, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
5. The Respondent shall in the future comply with MFDA Rule 2.1.1; and
6. 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 30th day of July, 2021.

“Thomas J. Lockwood”

Thomas J. Lockwood, QC
Chair

“Eugene Park”

Eugene Park
Industry Representative

“Michael Coulter”

Michael Coulter
Industry Representative

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