



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: Fahad Izhar

Heard: September 22, 2022 by electronic hearing in Toronto, Ontario

Decision: September 22, 2022

Reasons for Decision: November 24, 2022

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Frederick H. Webber
Guenther W. K. Kleberg
Kenneth P. Mann

Chair
Industry Representative
Industry Representative

Appearances:

Michael A. M. Mantle)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
Fahad Izhar)	Respondent
)	
)	

I. SETTLEMENT AGREEMENT

1. This was a settlement hearing pursuant to a settlement agreement dated May 12, 2022 between the Mutual Fund Dealers Association of Canada (the “MFDA”) and Fahad Izhar (the “Respondent”), a copy of which is attached hereto as Schedule “A” (the “SA”). The Panel received written and oral submissions from MFDA counsel that the Panel should accept the SA, and an oral statement from the Respondent that he concurred in the MFDA submissions.

II. FACTS

2. The relevant facts are set out in section III of the SA.

III. CONTRAVENTIONS

3. In the SA, the Respondent admitted to the following contravention:

- a) In February 2020, the Respondent signed the signatures of two clients on two account forms, and submitted the account forms to the Member for processing, contrary to MFDA Rule 2.1.1; and
- b) In March 2020, in response to an inquiry from the Member regarding the suitability of a client’s fund holdings, the Respondent altered the client’s investment objectives on an account form without having met with or discussed the information with the client, and also signed the client’s signature on the account form, contrary to MFDA Rules 2.2.1 and 2.1.1.

IV. AGREED SANCTIONS

4. In the SA, the Respondent agreed to the following sanctions:

- a) a fine in the amount of \$16,000 in certified funds upon acceptance by the Hearing Panel of the SA; and
- b) costs in the amount of \$5,000 in certified funds upon acceptance by the Hearing Panel of the SA.

V. MFDA RULE 2.1.1 – STANDARD OF CONDUCT

5. MFDA Rule 2.1.1 requires that Members and Approved Persons deal fairly, honestly and in good faith with clients, observe high standards of ethics and conduct in the transaction of business and refrain from engaging in any business conduct or practice which is unbecoming or

detrimental to the public interest. The Rule is central to the MFDA mandate of enhancing investor protection and strengthening public confidence in the Canadian mutual fund industry.

VI. SIGNING CLIENT SIGNATURES

6. Based upon current case law, a number of which were cited by MFDA counsel and reviewed by the Hearing Panel, industry advisories and Member policies and procedures, the Hearing Panel agrees with MFDA submissions that an Approved Person has engaged in conduct contrary to MFDA Rule 2.1.1 when they sign a client signature on an account form. The cases reviewed by this Hearing Panel are *Barnai (Re)*, [2015] Hearing Panel of the Central Regional Council, MFDA File No. 201325, *Singh (Re)*, [2017] Hearing Panel of the Central Regional Council, MFDA File No. 2017110, and *Lewis (Re)*, [2018] Hearing Panel of the Prairie Regional Council, MFDA File No. 2017121

7. The MFDA has previously warned Approved Persons against signing a client's signature.

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

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

8. Signing a client's signature is considered serious misconduct, similar to other forms of document falsification described in said Notice and Bulletin and in cases cited to the Hearing Panel by MFDA counsel.

9. Such misconduct is considered serious because it 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.

10. Signing a client's signature is considered serious misconduct regardless of whether

- a) It is done for client convenience or whether the client was aware or authorized the use of their signature; or
- b) The forms were used by the Approved Person for discretionary trading or other improper purposes.

11. However, following the principles stated in *Lamontagne (Re)*, [2009] IIROC No. 6 and *Bell (Re)*, [2005] L.D.A.D.C. No. 15, while document falsification is considered serious

misconduct, “hearing panels may distinguish between more and less egregious examples...” The Hearing Panel will revisit this principle later in its reasons.

VII. ALTERING ACCOUNT FORMS

12. At the relevant time, MFDA Rule 2.2.1 stated, in part, that:

2.2.1 “Know-Your-Client” Each Member and Approved Person shall use due diligence:

- a) to learn the essential facts relative to each client and to each order or account accepted;
- b) to ensure that the acceptance of any order for any account is within the bounds of good business practice;
- c) to ensure that each order accepted or recommendation made, including recommendations to borrow to invest, for any account of a client is suitable for the client based on the essential facts relative to the client and any investments within the account;
- d) to ensure that, notwithstanding the provisions of paragraph (c), where a transaction, including a transaction involving the use of borrowed funds, proposed by a client is not suitable for the client based on the essential facts relative to the client and the investments in the account, the Member or Approved Person has so advised the client before execution thereof and the Member or Approved Person has maintained evidence of such advice.

13. The Respondent admits that he violated MFDA Rules 2.2.1 and 2.1.1. In response to a deficiency notice regarding the suitability of the client’s investment holdings, the Respondent, without having spoken with the client, changed the client’s investment objective on a Know-Your-Client (“KYC”) account system so that the altered investment objective matched the client’s investment holdings. The Respondent altered the client’s investment objectives from 55% income and 45% growth to an allocation of 40% income and 60% growth.

14. MFDA Hearing Panels have adopted the conclusion of the Ontario Securities Commission from *E. A. Mannin Ltd. et al.* and later in *Daubney (Re)* that the “Know-Your-Client” and “Suitability” obligations are “an essential component of the consumer protection scheme of the Act [securities legislation] and a basic obligation of a registrant, and a course of conduct by a registrant involving the failure to comply with them is an extremely serious matter.”

E. A. Manning Ltd. et al. (Re), [1995] LNONOSC 377 at p. 27.

Daubney (Re), (2008) 31 OSCB 4817 at para. 15.

Arseneau (Re), [2012] Hearing Panel of the Atlantic Regional Council, MFDA File No. 201115 dated September 28, 2012 at para. 52.

Badasha (Re), [2015] Hearing Panel of the Pacific Regional Council, MFDA File No. 201424 dated June 9, 2015 at para. 47.

15. As stated in prior MFDA cases and MFDA Staff Notices, the obligations set out in MFDA Rule 2.2.1 are ongoing: “Members and APs must obtain and maintain complete, timely and accurate KYC information.”

MFDA #MSN-0069 dated February 22, 2013.

Popovich (Re), [2015] Hearing Panel of the Central Regional Council, MFDA File No. 201240, and Panel Decision dated January 14, 2015 at para. 154.

16. MFDA Hearing Panels have held that where an Approved Person updates the client’s KYC information without communicating directly with the client, the Approved Person has violated the KYC obligation set out in MFDA Rule 2.2.1 and the standard of conduct set out in MFDA Rule 2.1.1.

Wray (Re), [2017] Hearing Panel of the Central Regional Council, MFDA File No. 201661, Panel Decision dated June 8, 2017 at para. 3.,

Adams (Re), [2015] Hearing Panel of the Central Regional Council, MFDA File No. 201255, Panel Decision dated March 18, 2015 at paras. 31-32.

Del Plavignano (Re) [2019] Hearing Panel of the Central Regional Council, MFDA File No. 201809, Panel Decision dated February 7, 2019 at para. 5.

17. MFDA Hearing Panels have also held that where an Approved Persons selects KYC information to justify investment holdings in particular fund(s), he or she violates the KYC obligation set out in MFDA Rule 2.2.1.

Yahn (Re), [2017] Hearing Panel of the Prairie Regional Council, MFDA File No. 201746, Panel Decision dated December 6, 2017 at paras. 34-35.

Moroz (Re), [2018] Hearing Panel of the Central Regional Council, MFDA File No. 201633, Panel Decision dated August 22, 2018 at paras. 24-36.

Mark (Re), [2019] Hearing Panel of the Pacific Regional Council, File No. 201915, Panel Decision dated June 10, 2019 at paras. 27-30.

VIII. ACCEPTANCE OF SETTLEMENT AGREEMENTS

18. Under Section 24.4.3 of MFDA By-law No. 1, a hearing panel has only two options regarding a settlement agreement; it may either accept the settlement agreement or reject it.

19. The role of a hearing panel at a settlement hearing is fundamentally different than its role at a contested hearing. As was stated by the MFDA hearing panel in *Sterling Mutuals Inc. (Re)*, quoting *Milewski (Re)*:

We also note that while in a contested hearing the Panel attempts to determine the correct penalty, in a settlement hearing the Panel 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.

Sterling Mutuals Inc. (Re), [2008] Hearing Panel of the Central Regional Council, MFDA File No. 200820, Panel Decision dated September 3, 2008 at para. 37.

Milewski (Re), [1999] I.D.A.C.D. No. 17, Ontario District Council Decision dated July 28, 1999, at p. 10.

The principle stated in this paragraph 19 has been followed in a number of cases, cited to this Hearing Panel such as *Jacobson (Re)*, [2007] Hearing Panel of the Prairie Regional Council, MFDA File No. 200712, panel decision dated July 13, 2007, at para. 68, and has been followed by this Hearing Panel.

20. Settlements play an important and necessary role in facilitating the MFDA's principal goal of protecting the investing public. Settlements provide an efficient and effective way for the MFDA to proscribe conduct that is harmful to the public, while providing a flexible remedy that can be tailored to address the interests of the MFDA and respondents. This principle has been stated in a number of cases, e.g. *British Columbia Securities Commission v. Seifert*, 2007 BCCA 484 at para. 31 (C.A).

IX. ACCEPTANCE OF SETTLEMENT AGREEMENTS, GENERAL CONSIDERATIONS

21. When determining whether it would be appropriate to accept a proposed settlement, MFDA hearing panels have taken into account the following considerations:

- a) whether acceptance of the settlement agreement would be in the public interest and whether the penalty imposed will protect investors;

- b) whether the settlement agreement is reasonable and proportionate, having regard to the conduct of the respondent as set out in the settlement agreement;
- c) whether the settlement agreement addresses the issues of both specific and general deterrence;
- d) whether the proposed settlement will prevent the type of conduct described in the settlement agreement from occurring again in the future;
- e) whether the settlement agreement will foster confidence in the integrity of the Canadian capital markets;
- f) whether the settlement agreement will foster confidence in the integrity of the MFDA; and
- g) whether the settlement agreement will foster confidence in the regulatory process itself.

Jacobson (Re), *supra* at para.70.

X. APPROPRIATENESS OF SANCTIONS, RELEVANT FACTORS

22. Hearing panels have taken into account the following factors when evaluating whether the penalties proposed should be accepted:

- a) the seriousness of the allegations proven against the Respondent;
- b) the Respondent's past conduct, including prior sanctions;
- c) the Respondent's experience and level of activity in the capital markets;
- d) whether the Respondent recognizes the seriousness of the improper activity;
- e) the harm suffered by investors as a result of the Respondent's activities;
- f) the benefits received by the Respondent as a result of the improper activity;
- g) the risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction;
- h) the damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;
- i) 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;
- j) the need to alert others who are permitted to participate in the capital markets of the consequences of inappropriate activities; and

- k) previous decisions made in similar circumstances.

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

23. The hearing panel may also refer to the MFDA's Sanction Guidelines, which came into 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.

XI. FACTORS IN THIS CASE

24. This Panel took into account the factors and principles stated above in determining whether to consent to the SA. Set out below are the factors that are particularly pertinent to this case.

(a) Nature of the Misconduct

25. As stated above, signing a client's signature on account forms is considered a serious breach of MFDA Rule 2.1.1.

26. The conduct is further aggravated because a portion of the forms were obtained after the MFDA issued MFDA Bulletin #0661-E on October 2, 2015.

27. Previous cases, such as *Botescu (Re)*, [2020] Hearing Panel of the Central Regional Council, MFDA File No. 202008, and *Badasha (Re)*, [2015] Hearing Panel of the Pacific Regional Council, MFDA File No. 201424, have found that updating a client's investment objectives without having spoken to them is a serious breach of MFDA Rules 2.2.1 and 2.1.1.

28. In a case heard earlier today (*Re Sandra Rizovska-Spasik*), the Hearing Panel (made up of the same members as in this case), followed the cases of *Re Lamontagne* and *Re Bell* referred to in paragraph 11 above, in order to better determine how egregious the respondent's conduct actually was. This Hearing Panel followed the same process and discussed the Respondent's conduct with the Respondent and with MFDA counsel at the hearing. The Respondent advised the Panel that he had received the clients' consent to sign the clients' signatures and their consent to the transactions underlying the changes to the KYC forms. The MFDA submissions stated that "The underlying transactions were authorized." and this was confirmed by MFDA counsel at the

hearing. Therefore the “misconduct” was the Respondent’s failure to get the clients actual signatures and not the failure to get the clients’ consent to the account forms or the transactions.

29. All of the cases involving altering documents, signing for a client, forgery of clients’ signatures, pre-signed forms and the like, are concerned with the concept of “falsification”. This Hearing Panel reiterates its view expressed in *Re Sandra Rizovska-Spasik* that having the client’s prior consent to such actions by the Respondent, even in the absence of the client’s actual signature, makes that conduct much less egregious than doing so without the client’s consent; Even MFDA Notice # 0066 and MFDA Bulletin # 0661-E acknowledge that an Approved Person need not obtain the client’s signature on all forms such as where the client had previously signed a Limited Trading Authority (“LTA”) form. However, given the current state of the case law, industry instructions, and Member Policies, signing a client’s signature and altering account forms as alleged are still misconduct, albeit of a less egregious nature where the client has given their consent.

30. While having the client sign a document in person may be the best evidence of its authenticity, there are many ways to get a client’s consent to a document other than signing it themselves in person, as already recognized by the MFDA in its discussion of LTAs and has provided guidance to the industry and specifically identified the use of electronic signatures as a way to address forms issues in MFDA Bulletin #0825-P, released on June 8, 2020 (<https://mfda.ca/policy-andregulation/bulletins-0825-p/>) and MSN-0016, updated on June 8, 2020 (<https://mfda.ca/policy-and-regulation/notices/msn-0016>). Electronic signature systems such as Docusign have become accepted in recent years in place of signing in person.

(b) Recognition of the Misconduct

31. The Respondent has acknowledged that his misconduct is a serious breach of MFDA Rules. By entering into the SA, the Respondent has accepted responsibility for his actions and avoided the time and expense of a full disciplinary hearing.

(c) Client Harm

32. There is no evidence of client loss, client complaints and the underlying transactions were authorized.

(d) Benefits Received by the Respondent

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

(e) The Respondent's Past Conduct including Prior Sanctions

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

(f) Deterrence

35. 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. As stated by the Supreme Court of Canada in *Cartaway Resources Corp. (Re)*, 2004 SCC 26 at para. 61:

The Oxford English Dictionary (2nd ed. 1989), vol. XII, defines “preventive” as “[t]hat anticipates in order to ward against; precautionary; that keeps from coming or taking place; that acts as a hindrance or obstacle”. A penalty that is meant to deter generally is a penalty that is designed to keep an occurrence from happening; It discourages similar wrongdoing in others. In a word, a general deterrent is preventative. It is therefore reasonable to consider general deterrence as a factor, albeit not the only one, in imposing a sanction under s.162. The respective importance of general deterrence as a factor will vary according to the breach of the Act and the circumstances of the person charged with breaching the Act.

36. MFDA Hearing Panels have commented that misconduct similar to the forms misconduct engaged in by the Respondent, continues to persist. See e.g. *Ramjohn (Re)*, [2021] Hearing Panel of the Central Regional Council, MFDA File No. 202067, and *Gilchrist (Re)*, [2017] Hearing Panel of the Central Regional Council, MFDA File No. 2016100. The Panel agrees with the MFDA submissions that meaningful penalties are required to deter such misconduct from reoccurring and accepts the statement of the MFDA, that it is satisfied that the sanctions agreed to by the Respondent will be a sufficient deterrent to the Respondent and a general deterrence to other industry members engaging in similar activity in the future.

37. This Panel wishes to emphasize the importance of general deterrence. Notwithstanding this Panel’s conclusion that the Respondent’s misconduct is of a less egregious nature, industry participants must refrain from the conduct engaged in by the Respondent in this case given the current state of the law.

(g) Previous Decisions

38. MFDA counsel reviewed with the Panel several cases which were similar to this case, viz.:

Ajin (Re), [2022] Hearing Panel of the Atlantic Regional Council, MFDA File No. 202178
(Reasons for Decision not yet released);

Yu (Re), [2022] Hearing Panel of the Pacific Regional Council, MFDA File No. 202170,
Panel decision dated May 12, 2022;

Terrill (Re), [2019] Hearing Panel of the Prairie Regional Council, MFDA File No.201909,
Panel Decision dated May 19, 2019;

Botescu (Re), [2020] Hearing Panel of the Central Regional Council, MFDA File No.
202008, Panel Decision dated May 11, 2020;

Mark (Re), [2019] Hearing Panel of the Pacific Regional Council, File No. 201915, Panel
Decision dated June 10, 2019.

39. The Panel agrees that the proposed resolution is within the reasonable range of appropriateness with regard to these other decisions made by MFDA hearing panels in similar circumstances.

XII. CONCLUSION

40. For the reasons set out above, the Panel has concluded that acceptance of the SA would advance the public interest. The Respondent has admitted to his misconduct, and the penalties proposed are reasonable and proportionate having regard to the nature and extent of the Respondent's misconduct and all of the circumstances and are in keeping with the MFDA's mandate to enhance investor protection and strengthen public confidence in the Canadian mutual fund industry by ensuring high standards of conduct. Accordingly, the Panel accepted the SA.

DATED this 24th day of November, 2022.

“Frederick H. Webber”

Frederick H. Webber
Chair

“Guenther W. K. Kleberg”

Guenther W. K. Kleberg
Industry Representative

“Kenneth P. Mann”

Kenneth P. Mann
Industry Representative

Schedule "A"

Settlement Agreement

File No. 202223



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: Fahad Izhar

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Fahad Izhar (the "Respondent"), consent and agree to settlement of this matter by way of this agreement (the "Settlement Agreement").

2. Staff conducted an investigation of the Respondent's activities which disclosed activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No.1.

II. JOINT SETTLEMENT RECOMMENDATION

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

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) In February 2020, the Respondent signed the signatures of two clients on two account forms, and submitted the account forms to the Member for processing, contrary to MFDA Rule 2.1.1; and

- b) In March 2020, in response to an inquiry from the Member regarding the suitability of a client's fund holdings, the Respondent altered a client's investment objectives on an account form without having met with or discussed the information with the client, and also signed the client's signature on the account form, contrary to MFDA Rules 2.2.1 and 2.1.1.
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 \$16,000 in certified funds upon acceptance of the Settlement Agreement, 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 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
 - c) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
 - d) the Respondent will attend in person (via-videoconference) on the specified 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 "1".

III. AGREED FACTS

Registration History

7. On approximately September 11, 2017, the Respondent became registered in the securities industry.
8. Between approximately September 11, 2017 and May 7, 2020, the Respondent was registered in Ontario as a dealing representative with TD Investment Services Inc. (the "Member"), a Member of the MFDA.
9. On May 7, 2020, the Member terminated the Respondent as a result of the conduct described herein, and he is not currently registered in the securities industry in any capacity.
10. At all material times, the Respondent conducted business in the Toronto, Ontario area.

Signing Client Signatures

11. At all material times, the Member's policies and procedures prohibited its Approved Persons from falsifying client signatures under all circumstances.
12. In February 2020, the Respondent signed the signatures of two clients on two account forms, and submitted the account forms to the Member for processing.
13. The account forms consisted of 2 TD Mutual Funds Transaction and Account Maintenance Forms.
14. As part of its investigation into the Respondent's conduct, the Member met with the affected clients and confirmed that the underlying transactions were authorized.

Completing KYC Documentation Without Meeting With the Client

15. On or about March 1, 2020, the Respondent met with client DA at the Respondent's branch to open an investment account. The Respondent and the client completed documentation to open an account, including a TFSA Customer Investor Profile Form containing Know-Your-Client ("KYC") information, and submitted the account form to the Member for processing.
16. On or about March 2, 2020, the Respondent was informed of a deficiency notice indicating that the fund holdings in client DA's account were inconsistent with the investment objectives on file for the client. The Member instructed the Respondent to have the client attend the branch to sign a new TFSA Customer Investor Profile Form.
17. On or about March 3, 2020, without having spoken with the client, the Respondent altered client DA's investment objective from 55% income and 45% growth to an allocation of 40% income and 60% growth. The Respondent subsequently printed out a new TFSA Customer Investor Profile Form containing the updated investment objective information, and signed the signature of the client on the account form.
18. As part of its investigation into the Respondent's conduct, the Member met with client DA in order to review the client's portfolio. In addition, the Member met with client DA who signed a new TFSA Customer Investor Profile Form confirming that the updated investment objective information described above was accurate. The opening of the investment account at the Member was authorized by the client, and no issues with the suitability of the investments were identified.

The Member's Investigation

19. The Respondent's branch manager identified signature irregularities on the account forms described above during a branch supervisory review.
20. On April 9, 2020, the Member commenced an investigation to address the deficiencies in the account forms described above. The Member contacted the three affected clients in order to have them attend the branch to review their portfolios and re-sign updated account documents.
21. The Member completed a review of the trades submitted for processing by the Respondent for a one year period from March 2019 to March 2020. The Member did not identify any further instances of the Respondent signing client signatures on account forms.
22. On May 7, 2020, the Member terminated the Respondent for the conduct described herein.

Additional Factors

23. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond any commissions and fees that the Respondent would ordinarily be entitled to receive had the transactions been carried out in the proper manner.
24. There is no evidence of client loss or complaints.
25. The Respondent has not previously been the subject of MFDA disciplinary proceedings.
26. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a contested hearing of the allegations.

IV. ADDITIONAL TERMS OF SETTLEMENT

27. 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.
28. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (the "Settlement Hearing"). 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.

29. 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.

30. 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 respecting the Respondent in this matter;
- 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) 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. 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 s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of 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.

31. 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 By-law No. 1, unaffected by the Settlement Agreement or the settlement negotiations.

32. Staff and the Respondent agree that the terms of the Settlement Agreement, including the attached Schedule “A”, will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

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

DATED this 12th day of May, 2022.

“Fahad Izhar”

Fahad Izhar

“MA”

Witness – Signature

MA

Witness – Print name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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
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Re: Fahad Izhar

ORDER

WHEREAS on [date], 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 Fahad Izhar (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 the Hearing Panel is of the opinion that the Respondent:

- a) In February 2020, the Respondent signed the signatures of two clients on two account forms, and submitted the account forms to the Member for processing, contrary to MFDA Rule 2.1.1; and
- b) In March 2020, in response to an inquiry from the Member regarding the suitability of a client's fund holdings, the Respondent altered a client's investment objectives on an account form without having met with or discussed the information with the

client, and also signed the client's signature on the account form, contrary to MFDA Rules 2.2.1 and 2.1.1.

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 \$16,000 in certified funds upon acceptance of the Settlement Agreement, 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 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
3. The Respondent shall in the future comply with MFDA Rule 2.1.1; and
4. 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]

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