



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: Qanoot Subzwari

Heard: March 7, 2022 by electronic hearing in Toronto, Ontario

Decision: March 7, 2022

Reasons for Decision: May 10, 2022

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Frederick W. Chenoweth
Melody Potter
Matthew Prew

Chair
Industry Representative
Industry Representative

Appearances:

Brendan Forbes)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
)	
Qanoot Subzwari)	Respondent
)	
)	

I. BACKGROUND

1. By Notice of Settlement Hearing, dated September 29, 2021, a Hearing Panel of the Central Regional Counsel of the Mutual Fund Dealers Association of Canada (the “MFDA”) was convened to consider whether, pursuant to s. 24.4 of By-law No. 1 of the MFDA, the Panel should accept a settlement agreement dated the 21st day of February, 2022, (“Settlement Agreement”) entered into by the Staff of the MFDA (“Staff”) and the Respondent.

2. At the outset of the proceeding, the Panel considered a joint motion by Staff and the Respondent to move the proceedings “in camera”. The Panel granted the motion. The Panel then considered the provisions of the Settlement Agreement, aided by submissions as to the applicable law, which should guide the Panel in determining whether or not to accept or reject the Settlement Agreement. The Panel unanimously accepted the Settlement Agreement and issued an Order accordingly. These are the Panel’s reasons for doing so. The Panel also made an Order at the end of the hearing, declaring the hearing open to the public.

II. THE CONTRAVENTIONS

3. In the Settlement Agreement, the Respondent admits that:

- a) between February 2019 and May 2019, the Respondent set up pre-authorized contributions in the accounts of clients without the knowledge or authorization of the clients in order to meet sales targets or to qualify for a bonus based on Member sales incentives, thereby failing to deal fairly, honestly and in good faith with clients, failing to observe high standards of conduct in the transaction of business and engaging in conduct which is unbecoming and detrimental to the public interest, contrary to MFDA Rule 2.1.1; and
- b) between February 2019 and May 2019, the Respondent entered false or misleading information on account forms submitted to the Member which falsely indicated that the clients authorized the implementation of pre-authorized contributions in the clients’ accounts, contrary to MFDA Rule 2.1.1.

III. THE FACTS

4. In the Settlement Agreement, the Staff and the Respondent agreed to a series of facts, which are set out in Part IV of the said Settlement Agreement. The Settlement Agreement is attached as Appendix “A” to these Reasons.

5. From April 11, 2018 to October 9, 2019, the Respondent was registered in Ontario as a dealing representative with Scotia Securities Inc. (the “Member”), a member of the MFDA. At all material times, the Respondent conducted business in a branch of the Member in Milton, Ontario. The Respondent was also employed by the Bank of Nova Scotia (“the Bank”) which is affiliated with the Member which operated a bank branch at the same premises as the Branch.

6. The Member and the Bank terminated the Respondent on October 9, 2019 after discovering the conduct described in the Settlement Agreement. The Respondent is not currently registered in the Securities Industry in any capacity.

IV. DISCUSSION

7. The Panel was aware that prior to accepting a Settlement Agreement, a Hearing Panel must be satisfied that:

- a) The facts admitted by the Respondent constitute misconduct in contravention of the By-laws, MFDA Rules or policies, or provincial securities legislation; and
- b) The penalties contemplated in the Settlement Agreement fall within a reasonable range of appropriateness, bearing in mind the nature and extent of the misconduct and all the circumstances.

8. The Panel accepted that the role of a Hearing Panel at a settlement hearing is fundamentally different than its role at a contested hearing. As stated by the MFDA Hearing Panel in *Sterling Mutuals Inc. (Re)*, citing the I.D.A. Ontario District Council in *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.” [Emphasis added].

Sterling Mutual Inc. (Re), MFDA File No. 200820, Hearing Panel of the Central Regional Council, Decision and Reasons dated August 21, 2008 at para. 37.

Milewski (Re), [1999] I.D.A.C.D. No. 17 at p. 12, Ontario District Council Decision dated July 28, 1999.

9. MFDA Rule 2.1.1 prescribes the standard of conduct applicable to registrants in the mutual fund industry. The Rule requires, among other things, that:

“Each Member and Approved Person of a Member shall: deal fairly, honestly and in good faith with its clients; observe high standards of ethics and conduct in the transaction of business; and not engage in any business conduct or practice which is unbecoming or detrimental to the public interest.”

MFDA Rule 2.1.1(a)-(c)

10. A pre-authorized contribution (“PAC”) is a type of trade authorized by a client wherein the client arranges for recurring contributions to be made from the client’s bank or similar account to the client’s investment account at the Member and instructs the Member to use the contributions to purchase one or more pre-selected mutual funds in the client’s investment account.

11. These contributions and subsequent purchases usually occur at pre-set intervals (I.E. weekly or monthly) and involve both a deposit into the client’s investment account as well as an immediate purchase of pre-selected mutual funds.

12. As with all mutual fund trades, a PAC transaction must always be completed at the direction or with the authorization of the client.

13. As stated within the Settlement Agreement, the Respondent entered 22 PAC transactions into the Member’s sales back-office system in respect of 20 clients without the knowledge or authorization of the clients.

14. The Respondent cancelled each of these PAC transactions before any contributions into the investment accounts of the clients began.

Settlement Agreement, para. 19.

15. The Respondent established the false PACs in client accounts in order to obtain additional sales revenue credited towards achieving his sales targets and which would also be used to calculate his annual bonus.

Settlement Agreement, para. 20.

16. Prior MFDA Hearing Panels have held that creating and cancelling PAC transactions in client accounts, without the clients’ knowledge or approval and for the purpose of meeting sales goals, is a contravention of MFDA Rule 2.1.1

Pattenden (Re), [2014] Hearing Panel of the Central Regional Council, MFDA File No. 201354, Reasons for Decision dated August 18, 2014 at para 9.

17. Prior MFDA Hearing Panels have also held that similar misconduct, such as falsification of client signatures and discretionary trading, is prohibited under MFDA Rule 2.1.1.

Boutilier (Re), [2021] Hearing Panel of the Atlantic Regional Council, MFDA File No. 202108, Reasons for Decision dated October 4, 2021.

Arena (Re), [2020] Hearing Panel of the Central Regional Council, MFDA File No. 202047, Reasons for Decision dated December 7, 2020.

18. By establishing false PACs in the accounts of clients, and subsequently cancelling the PACs in order to obtain credit towards achieving sales targets, the Respondent failed to deal fairly, honestly and in good faith with clients, failed to observe high standards of conduct in the transaction of business and engaged in conduct which is unbecoming and detrimental to the public interest.

19. The Panel considered in detail the agreed facts set out in the Settlement Agreement, and having done so, concluded that both allegations admitted by the Respondent had been proven and constitute misconduct in contravention of the MFDA By-laws, Rules or policies, or provincial securities legislation.

V. PENALTY

20. The Panel then proceeded to consider the appropriateness of the proposed penalty as set out in the Settlement Agreement. In doing so, the Panel considered the submissions of Staff, the submissions of the Respondent, the MFDA Sanction Guidelines and the substantial case law to which it was referred.

21. The Panel was mindful that the primary goal of securities regulation is the protection of the investor. The Panel was further mindful that in addition to protection of the public, the goals of securities regulation also include fostering public confidence in the capital markets and the securities industry.

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

Breckenridge (Re), MFDA File No. 200718, Hearing Panel of the Central Regional Council, Decision and Reasons dated November 14, 2007 at para. 71.

22. Factors which Hearing Panels frequently consider when determining whether a penalty is appropriate, including the following:

- a) The seriousness of the allegations proved 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 activity;
- 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 to the consequences of inappropriate activity in the capital markets; and
- k) Previous decisions made in similar circumstances.

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

23. The Panel also referred to the MFDA's Sanction Guidelines which came into effect on November 15, 2018. The Guidelines are not mandatory or binding on Hearing Panels but provide a summary of the key factors upon which discretion can be exercised consistently and fairly. The Guidelines recommend consideration of many of the same factors that have been applied in previous cases and are listed and applied above.

MFDA Sanction Guidelines.

24. The Panel agreed with Staff submissions that emphasis should be placed upon the following factors:

- a) The creation of 22 false PACs in the accounts of clients without their knowledge or approval and the entering of false or misleading information on account forms submitted to the member are serious breaches of MFDA Rule 2.1.1.
- b) The Respondent has acknowledged that his conduct constitutes a serious contravention of the MFDA rules. By entering into the Settlement Agreement, the Respondent has accepted responsibility for his misconduct and has saved the MFDA the time, resources and expenses associated with a full discipline hearing.

- c) The Respondent has not previously been the subject of an MFDA discipline proceeding.
- d) There is no evidence of client loss resulting from the Respondent's conduct described in the Settlement Agreement.
- e) There is no evidence that the Respondent received any financial benefit from his conduct in that commissions were not paid at an elevated commission rate because the improper conduct of the Respondent was discovered prior to the payment of commissions.
- f) The proposed penalties are significant enough to act as both a general and specific deterrent warning that the use of falsified or altered forms and the creation of improper unauthorized PAC accounts will not be tolerated within the mutual fund industry.
- g) The Respondent had provided Staff with a demonstrated inability to pay a greater fine. As stated within the Settlement Agreement, the Respondent no longer worked in the financial services industry and worked in several jobs in unrelated industries. The Respondent is also the sole earner for his family as well as his parents, due to the Respondent's father having sustained a serious injury in a motor vehicle accident. The Respondent's employment income is less than the expenses which he incurs for his own family and his parents. Due to these additional costs associated with supporting his family and his parents, the Respondent carried debt of over \$140,000, has minimal assets and no savings.

VI. RESULT

25. For the above reasons, the Panel concluded that the Settlement Agreement was reasonable and proportionate. Accordingly, the following penalties were imposed upon the Respondent:

- 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 18 months commencing from the date of this Order, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
- b) The Respondent shall pay a fine in the amount of \$4,000 in certified funds on the date of this Order, pursuant to s. 24.1.1(b) of MFDA By-law No.1;
- c) The Respondent shall pay costs in the amount of \$2,500 in certified funds on the date of this Order, pursuant to s. 24.2 of MFDA By-law No. 1; and

- d) 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 10th day of May, 2022.

“Frederick W. Chenoweth”

Frederick W. Chenoweth
Chair

“Melody Potter”

Melody Potter
Industry Representative

“Matthew Prew”

Matthew Prew
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: Qanoot Subzwari

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (the "MFDA") will announce that it proposes to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the Central 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, Qanoot Subzwari.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff conducted an investigation of the Respondent's activities. The investigation disclosed that the Respondent had engaged in 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.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule "A".

4. Staff and the Respondent agree that the terms of this 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.

III. ACKNOWLEDGEMENT

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to Part IX) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

IV. AGREED FACTS

Registration History

6. From April 11, 2018 to October 9, 2019, the Respondent was registered in Ontario as a dealing representative with Scotia Securities Inc. (the “Member”), a Member of the MFDA.

7. At all material times, the Respondent conducted business at a branch of the Member (the “Branch”) in Milton, Ontario. The Respondent is also employed by the Bank of Nova Scotia (the “Bank”) which is affiliated with the Member and which operated a bank branch at the same premises as the Branch.

8. The Member and the Bank terminated the Respondent on October 9, 2019 after discovering the conduct described in this Settlement Agreement. The Respondent is not currently registered in the securities industry in any capacity.

Unapproved Pre-Authorized Contributions and False Notes

9. A pre-authorized contribution (“PAC”) is a type of trade authorized by a client whereby the client arranges for recurring contributions to be made from the client’s bank or similar account to the client’s investment account at the Member and instructs the Member to use the contributions to purchase one or more pre-selected mutual funds in the client’s investment account.

10. As part of the process for establishing PACs in client accounts, the Approved Person must complete an Investment Direction Form (“IDF”) for the client account which includes, among

other things, the contribution details and a description of the mutual fund to be purchased through the PAC.

11. In circumstances where an Approved Person receives a PAC request from a client by telephone, fax, or email, the Approved Person must document additional information in respect of the instructions received from the client as well as certain disclosures made to the client as part of the IDF.

12. At all material times, the Member maintained a sales incentive program whereby an Approved Person's performance and bonus were evaluated based on the amount of sales revenue, also known as Customer Advice Results ("CARs"), generated by the Respondent including by, among other things, the establishment of PACs.

13. Between February 1, 2019 and May 24, 2019, the Respondent entered 22 PAC transactions into the Member's sales back office system in respect of 20 clients without the clients' knowledge or authorization.

14. In 19 of the 22 instances, the Respondent created IDFs and client notes that falsely indicated that clients had approved the purchase of the PACs within their account through the process described in paragraph 11. The Respondent had not communicated with or obtained approval from the clients prior to establishing the PACs in the client accounts.

15. The details of the PACs established by the Respondent using IDF forms and client notes containing false information are as follows:

Client	Amount and Frequency of PAC	Date Respondent Falsely Recorded Client Instructions	PAC Start Date
1	\$1,000 monthly	February 15, 2019	April 15, 2019
2	\$275 bi-weekly	May 7, 2019	September 12, 2019
3	\$240 weekly	March 29, 2019	August 1, 2019
4	\$375 bi-weekly	May 8, 2019	June 14, 2019
5	\$500 bi-weekly	February 7, 2019	March 15, 2019
6	\$350 bi-weekly	February 8, 2019	April 5, 2019
7	\$500 bi-weekly	March 13, 2019	April 11, 2019
8	\$500 bi-weekly	March 18, 2019	April 11, 2019
9	\$400 bi-weekly	March 27, 2019	May 2, 2019

Client	Amount and Frequency of PAC	Date Respondent Falsely Recorded Client Instructions	PAC Start Date
10	\$350 bi-weekly	February 1, 2019	May 17, 2019
11	\$400 bi-weekly	April 29, 2019	August 7, 2019
12	\$450 bi-weekly	April 16, 2019	July 26, 2019
13	\$210 monthly	February 28, 2019	January 15, 2020
14	\$425 bi-weekly	April 27, 2019	August 30, 2019
15	\$430 bi-weekly	May 24, 2019	August 22, 2019
16	\$400 bi-weekly	February 28, 2019	October 1, 2019
17	\$500 bi-weekly	February 13, 2019	May 15, 2019
18	\$350 bi-weekly	April 11, 2019	August 1, 2019
19	\$500 bi-weekly	February 20, 2019	May 15, 2019

16. In 3 additional instances, the Respondent met with clients in person, added IDF forms to a set of unrelated forms which were used to process separate transactions, and had the clients sign the forms to indicate that the clients had approved the IDF forms. The Respondent did not identify the IDF forms to the clients and did not explain to the clients that the IDF forms were used to establish PACs within the client accounts.

17. The Respondent used the IDFs signed by the clients to falsely indicate that the clients had approved PACs within their account. The clients were unaware that they had signed the IDF or the implications of doing so (i.e. the clients were unaware that they were signing IDFs to establish PACs within their account).

18. The details of the PACs established by the Respondent by falsely obtaining client signatures on IDF forms are as follows:

Client	Amount and Frequency of PAC	Date Clients Signed IDFs	PAC Start Date
1	\$200 bi-weekly	May 11, 2019	July 26, 2019
2	\$200 bi-weekly	April 16, 2019	May 10, 2019
3	\$425 bi-weekly	May 22, 2019	September 18, 2019

19. In all of the above 22 instances described in paragraphs 13 to 18, the Respondent cancelled the PACs before any contributions into the investment accounts of the clients started. By cancelling the PACs prior to the start date of the contributions, the Respondent would obtain the sales revenue

generated by establishing the PACs even though no contributions were made into client investment accounts through the PAC. Due to the fact that the PACs were cancelled prior to the start date of the contributions, the clients did not suffer financial losses.

20. The Respondent established the 22 false PACs in order to obtain this additional sales revenue credited towards achieving his sales targets which would also be used to calculate his annual bonus.

21. The Respondent would have been entitled to receive a bonus based on the sales revenue generated from the falsified PACs described above if his conduct had not been discovered by the Member.

22. On October 9, 2019, the Member and the Bank terminated the Respondent after discovering the conduct which is described in this Settlement Agreement. The Member terminated the Respondent prior to paying any bonuses.

Additional Factors

23. The Respondent is no longer employed in the financial services industry and now works several jobs in retail services, as a delivery person, and as a driver. The Respondent states that he is the sole earner for his family, and also supports his parents who are financially dependent on the Respondent due to the Respondent's father having sustained serious injury in a motor-vehicle accident and being unable to work. As a result, the Respondent incurs additional costs associated with supporting his parents. The Respondent's income is less than the expenses he pays for his family and parents. In addition, the Respondent carries debt of over \$140,000, has minimal assets and no savings. MFDA Staff has received evidence which corroborates the Respondent's information set out above.

24. As a result of these unique circumstances, Staff has agreed to the penalty that is reflected in this Settlement Agreement.

25. There is no evidence of any client harm resulting from the Respondent's misconduct.

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 contested hearing in this case.

V. CONTRAVENTIONS

28. Between February 2019 and May 2019, the Respondent set up pre-authorized contributions in the accounts of clients without the knowledge or authorization of the clients in order to meet sales targets or to qualify for a bonus based on Member sales incentives, thereby failing to deal fairly, honestly and in good faith with clients, failing to observe high standards of conduct in the transaction of business and engaging in conduct which is unbecoming and detrimental to the public interest, contrary to MFDA Rule 2.1.1.

29. Between February 2019 and May 2019, the Respondent entered false or misleading information on account forms submitted to the Member which falsely indicated that clients authorized the implementation of pre-authorized contributions in the clients' accounts, contrary to MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

30. The Respondent agrees 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 18 months 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 of \$4,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to Section 24.1.1(b) of MFDA Bylaw No. 1;
- c) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of MFDA Bylaw No. 1;
- d) the Respondent shall in the future comply with MFDA Rules 2.1.1 and 5.1(b); and
- e) the Respondent will attend in person, on the date set for the Settlement Hearing.

VII. STAFF COMMITMENT

31. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts set out in Part IV and the contraventions described in Part V of this Settlement Agreement, subject to the provisions of Part IX below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set

out in Parts IV and V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Parts IV and V, 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.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

32. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent. 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.

33. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the Settlement Hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and 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.

34. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.1 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.

35. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, 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 him.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

36. 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 Part IV of the 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.

X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

37. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made 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 this Settlement Agreement or the settlement negotiations.

38. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

XI. DISCLOSURE OF AGREEMENT

39. 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.

40. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

42. A facsimile copy of any signature shall be effective as an original signature.

DATED this 21st day of February, 2021.

“Qanoot Subzwari”

Qanoot Subzwari

Witness – Signature

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
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Qanoot Subzwari

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 Qanoot Subzwari (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:

- a) Between February 2019 and May 2019, the Respondent set up pre-authorized contributions in the accounts of clients without the knowledge or authorization of the clients in order to meet sales targets or to qualify for a bonus based on Member sales incentives, thereby failing to deal fairly, honestly and in good faith with clients, failing to observe high standards of conduct in the transaction of business and engaging in conduct which is unbecoming and detrimental to the public interest, contrary to MFDA Rule 2.1.1; and

- b) Between February 2019 and May 2019, the Respondent entered false or misleading information on account forms submitted to the Member which falsely indicated that clients authorized the implementation of pre-authorized contributions in the clients' accounts, 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 18 months commencing from the date of this Order, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall pay a fine in the amount of \$4,000 in certified funds on the date of this Order, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
3. The Respondent shall pay costs in the amount of \$2,500 in certified funds on the date of this Order, pursuant to s. 24.2 of MFDA By-law No. 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]