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: Xiao Feng Xin

Heard: April 13, 2022 by electronic hearing in Vancouver, British Columbia
Decision: April 13, 2022
Reasons for Decision: July 11, 2022

REASONS FOR DECISION

Hearing Panel of the Pacific Regional Council:

Joseph A. Bernardo	Chair
Barbara Fraser	Industry Representative
David Webb	Industry Representative

Appearances:

Brendan Forbes	)	Enforcement Counsel for the Mutual Fund Dealers Association of Canada
Stefan Kruse	)	Counsel for Respondent
Xiao Feng Xin	)	Respondent

I. INTRODUCTION

1. On April 13, 2022, the Hearing Panel was asked in a closed session to consider a settlement agreement dated February 28, 2022 (the "Settlement Agreement") made between the staff ("Staff") of the Mutual Fund Dealer's Association of Canada (the "MFDA") and Xiao Feng Xin (the "Respondent"). The Settlement Agreement is attached as Schedule "1".

2. The Settlement Agreement concerned an Approved Person signing a client's name to account forms and engaging in account related activities without client authorization. The Hearing Panel accepted the Settlement Agreement for the following reasons.

II. AGREED FACTS AND LAW

Facts

3. The parties agree that:

a) On March 2, 2017, the Respondent became registered as a dealing representative with TD Investment Services Inc., a Member of the MFDA (the "Member"), and commenced conducting business in and around New Westminster, British Columbia.

b) The Member's policies and procedures prohibited its Approved Persons from:

i. placing mutual fund trade orders without client authorization; or

ii. falsifying documentation in any way, including by signing or initialling documents on the behalf of clients.

c) The Respondent serviced a Tax Free Savings Account ("TFSA") that belonged to one of the Member's clients ("Client").

d) On or around May 8 and 9, 2018, the Respondent without the Client's authorization:

i. signed the Client's name to an account transaction form and submitted it to the Member for processing, causing the Client's TFSA to be closed and the investments held in the account to be redeemed for approximately $16,679;

ii. signed the Client's name on an account opening application form, causing a new TFSA to be opened in the Client's name;

iii. caused the new TFSA to purchase $16,780 of the same mutual funds that had been held in the original TFSA; and

iv. registered the Client to make supposedly pre-authorized contributions to the new TFSA in the amount of $50 per month.

e) The mutual fund repurchases resulted in an over contribution to the new TFSA, and as a consequence the Client incurred a tax penalty of approximately $1,593.

f) The Respondent was eligible to receive a semi-annual bonus in January 2019, subject to his meeting certain performance indicators. By opening the new TFSA and enrolling the Client to make monthly contributions, the Respondent earned 0.2% of the total credits he needed to receive the bonus.

g) On May 28, 2018 the Member terminated the Respondent, and he did not receive the bonus.

h) In July 2019, the Client complained to the Member that the account redemption and opening of the new TFSA had both occurred without his knowledge or authorization. The Member reversed the unauthorized transactions and compensated the Client for the tax penalty.

i) The Respondent has not previously been the subject of MFDA disciplinary proceedings. He is not currently registered in the securities industry in any capacity.

III. LAW

4. MFDA Rule 2.1.1 obligates an Approved Person to observe high ethical standards. This includes refraining from business conduct that is unbecoming or detrimental to the public interest.

5. This broad ethical obligation is informed by the specific requirements imposed by the other Rules, including:

a) Rules 1.1.2 and 2.5.1, which obligate an Approved Person to follow their employing Member's supervisory policies and procedures.

b) Rule 2.1.4, which obligates an Approved Person who becomes aware of any conflict or potential conflict of interest to immediately address it in a specifically prescribed manner.

6. The Respondent acknowledges that in May 2018 he:

a) contravened Rule 2.1.1, when he signed the Client′s name on two account forms and submitted them to the Member for processing; and

b) contravened Rules 2.1.1, 1.1.2, 2.5.1, and 2.1.4 (as it was prior to its amendment on June 30, 2021), when he redeemed the holdings in the original account, opened a new TFSA, and set up a monthly purchase account all without the Client's authorization.

IV. APPLICABLE STANDARD

7. Under MFDA By-Law 24.4, a settlement hearing panel′s jurisdiction is defined narrowly: a panel's discretion is limited to either accepting or rejecting a settlement agreement; it has no authority to impose its own preferred outcome on the parties.

8. It follows that a hearing panel ought not to assess a settlement agreement against the outcome the panel might itself order if it were free to do so. Instead, a panel′s role is to take the agreed upon facts at their face value and weigh the sanctions proposed in the settlement against the MFDA's core objectives of protecting the investing public and the integrity of the mutual fund industry. An outcome that clearly falls ″outside a reasonable range of appropriateness" may properly be rejected. Otherwise, it is incumbent on the hearing panel to accept it.

> *Sterling Mutuals Inc. (Re),* MFDA File No. 20080, September 3, 2008, at paragraph 37, citing the reasoning in *Milewski (Re)*, [1999] I.D.A.C.D. No. 17 at p.11, Ontario District Council Decision dated July 28, 1999.

9. The rationale for this deferential approach is the well-established policy that settlements are to be encouraged and supported because they enable the efficient allocation of limited enforcement resources, which in turn serves to advance the MFDA's protective mission. Moreover, emerging as a negotiated compromise between the competing perspectives of the litigants, a settlement necessarily represents a pragmatic and nuanced resolution of the facts and issues arrived at by the persons best situated to assess them.

> *B.C. Securities Commission* v. *Seifert* [2007] B.C.J. No. 2186, at paragraph 49.

10. As the British Columbia Court of Appeal stated with respect to a settlement involving the British Columbia Securities Commission:

> Settlements assist the Commission to ensure that its overriding objective, the protection of the public, is met. Settlements proscribe activities that are harmful to the public. In so doing, they are effective in accomplishing the purposes of the statute. They provide means of reaching a flexible remedy that is tailored to address the interests of both the Commission and the person under investigation.
>
> *Seifert*, *supra*, at paragraphs 26 and 31.

V. ASSESSING APPROPRIATENESS

11. The appropriateness of a settlement outcome depends on whether it can reasonably be said to satisfy the overarching principles that inform sanctioning generally.

12. Penalties in securities regulatory proceedings are required to be forward looking and preventative in orientation, not retrospective or punitive. Regardless of whether the context is a contested disciplinary hearing or a settlement, the appropriateness of proposed sanctions turns on whether their deterrent effect is both necessary to protect the investing public from future harm and proportional to the misconduct. As the Supreme Court of Canada stated in *Cartaway Resources Corp.*, the importance of deterrence when "imposing a sanction… will vary according to the breach… and the circumstances of the person charged".

> *Pezim* v. *British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557, at paras. 59 and 68.
>
> *Canada (Minister of Citizenship and Immigration)* v. *Vavilov*, 2019 SCC 65 at paras. 14, 85.
>
> *Cartaway Resources Corp. (Re)*, [2004] 1 S.C.R. 672 at para. 61.

13. This requires a case specific assessment of the objective risk the misconduct presents to the investing public. In this regard the key factors to be considered are summarized in the MFDA's Sanction Guidelines, and the relative importance to be placed on any single factor will depend on the nature and scope of the misconduct. In this case, the most relevant factors are:

a) The gravity of the misconduct.
b) The harm to the Client and the benefit to the Respondent, if any, arising from the misconduct.
c) Whether the Respondent recognizes the significance of his misconduct.
d) The continuing risk, if any, the Respondent may present to the investing public.
e) Whether the proposed sanctions meet the need for both specific and general deterrence.

VI. PROPOSED SANCTIONS

14. The Settlement Agreement proposed the following penalties:

a) 12 month prohibition against conducting securities related business;
b) $10,000 fine; and

c) $5,000 costs.

15. In support of this position, Enforcement Counsel referred to some relatively recent decisions involving similar or analogous misconduct:

Subzwari (Re), MFDA File No. 202159, March 7, 2022.

Rana (Re), MFDA File No. 201871, March 19, 2019.

Wu (Re), MFDA File No. 201863, May 24, 2019.

Cummins (Re), MFDA File No. 201645, June 8, 2017.

MacDonald (Re), MFDA File No. 201506, September 21, 2016.

16. In all of these cases, the respondent had prepared and submitted account documentation for processing without proper client authorization. The misconduct typically involved some combination of falsifying the client′s signature in account documents, completing or altering a previously signed account document, and opening accounts without the client′s knowledge. The precedents are all settlement decisions, except for *MacDonald, supra,* which was decided on the basis of an agreed statement of facts.

17. In keeping with sanctioning principles, the relative severity of the outcomes in the precedents reflects the gravity of the underlying misconduct: breaches that imposed losses on clients or served to benefit the respondent financially correspondingly resulted in sanctions at the higher end. In *Subzwari, supra*, the respondent received an 18 month prohibition after setting up ″pre-authorized" recurring contributions for 22 accounts in order to meet bonus requirements, all without the clients' knowledge or approval. In *MacDonald, supra,* the respondent received a 12 month prohibition and a fine of $10,000 after falsifying a client's signature to satisfy an emailed redemption direction, thereby enabling the unknown persons who had hacked the email account to defraud the client of about $8,400.

18. Costs of $2,500 were ordered in each precedent, except in *Rana, supra*, where the amount was $5,000. As in the present case, none of the respondents in the previous cases had a prior disciplinary history.

VII. DECISION

19. There are no circumstances under which it is permissible to sign a client's name to a form. The MFDA has been emphatic in stating that this always constitutes signature falsification.

a) On December 10, 2004, the MFDA issued Staff Notice — *Recording and Maintaining Evidence of Client Trade Instructions* #MSN-0035, cautioning mutual fund dealers and salespersons that using pre-signed trade order forms, falsifying client signatures, and photocopying client signatures to engage in discretionary trading is contrary to both the MFDA Rules and securities legislation.

b) On October 31, 2007, the MFDA issued *Staff Notice — Signature Falsification* #MSN-0066, explaining why the practice is deleterious and to warn Approved Persons there are no circumstances under which it is acceptable.

c) On March 4, 2013, the MFDA updated and re-issued #MSN-0066 to remind Approved Persons that signature falsification is strictly prohibited.

d) On October 2, 2015, the MFDA issued Bulletin #0661-E cautioning Approved Persons that going forward it would seek increased penalties in all signature falsification cases.

e) On January 26, 2017, the MFDA updated and re-issued #MSN-0066 to yet again warn Approved Persons against engaging in signature falsification.

20. Signature falsification is prohibited because the practice is inherently risky. Regardless of an Approved Person's purpose, it is always wrong to sign a document in a client's name because doing so undercuts the integrity and reliability of the Member's account documentation. This in turn hampers the Member's ability to audit account activity, misleads its supervisory personnel, and interferes with the Member's ability to address potential client complaints. It also opens the door to unauthorized trading and its potential to enable fraud.

21. It follows that by signing the Client's name to two account forms the Respondent contravened Rule 2.1.1.

22. The version of Rule 2.1.4 that was in place in May 2018 required an Approved Person, among other things, to be aware of potential conflicts of interest and, should one arise in connection with a proposed transaction, to immediately disclose it in writing to the client before proceeding with the transaction.

23. Reconstituting the Client′s portfolio in a new TFSA and registering him to make monthly contributions to it were in the Respondent′s economic interest, because they had the effect of earning the Respondent credits towards his next bonus. Instead of informing the Client of those transactions beforehand, the Respondent instead proceeded to undertake them without the Client's

knowledge. By definition, this was a contravention of Rule 2.1.4 and a violation of the Member's supervisory policies and procedures contrary to Rules 1.1.2 and 2.5.1.

24. The Settlement Agreement does not disclose the Respondent's motive for engaging in the misconduct. As a matter of strict logic, it is indisputable that he stood to gain financially from the improper transactions. As a practical matter, however, it is not reasonable to infer that the Respondent engaged in a single episode of misconduct for the purpose of earning a 0.2% credit towards his semi-annual bonus. Whatever the reason for the misconduct, on the available facts it was limited to an isolated instance from which the Respondent could not realistically expect to gain a meaningful financial benefit. This suggests the risk he presents to the investing public going forward is limited.

25. As with all settlements, that the Respondent has elected to enter into the Settlement Agreement is by itself a factor that deserves to be given significant weight. The Respondent's unqualified admission of liability not only saves the MFDA the resources that would otherwise be required to conduct a contested hearing, but objectively confirms that the Respondent has recognized the seriousness of his misconduct.

26. The 12 month prohibition and financial penalties proposed by the parties can be fairly characterized as being at the upper end of the reasonable sanction range for similar misconduct. In the Hearing Panel's view, they represent a proportionate response to the need for specific and general deterrence in this case, and the Settlement Agreement was accepted for that reason.

DATED this 11th day of July, 2022.

"Joseph A. Bernardo"
Joseph A. Bernardo
Chair

"Barbara Fraser"
Barbara Fraser
Industry Representative

"David Webb"
David Webb
Industry Representative

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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: Xiao Feng Xin

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Mutual Fund Dealers Association of Canada (the "MFDA") will announce by new release 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 Pacific 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 Xiao Feng Xin (the "Respondent").

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 January 2015 to May 2015**,** the Respondent was registered in British Columbia as a dealing representative with CIBC Securities Inc., a Member of the MFDA.

7. From March 2, 2017 to May 28, 2018, the Respondent was registered in British Columbia as a dealing representative with TD Investment Services Inc. ("TDISI"), a Member of the MFDA.

8. On May 28, 2018, the TDISI terminated the Respondent, and he is not currently registered in the securities industry in any capacity.

9. At all material times, the Respondent was also employed with a bank affiliated with TDISI (the "Bank").

10. At all material times, the Respondent carried on business in the New Westminster, British Columbia area.

Unauthorized Account Opening and Trading, and Signing a Client's Signature

11. At all material times, TDISI's policies and procedures prohibited its Approved Persons from:

a) placing an order to trade in mutual funds without the client's authorization;

b) falsifying any account information, record or document in any way; and

c) signing or initialing documentation for or on behalf of clients.

12. At all material times, client JW was a client of TDISI whose Tax Free Savings Account ("TFSA") at TDISI was serviced by the Respondent.

13. Between on or about May 8 and 9, 2018, without client JW's knowledge or authorization, the Respondent:

a) redeemed the investments held in client JW's TFSA;
b) closed client JW's TFSA;
c) opened a new TFSA for client JW; and
d) repurchased investments in the new TFSA that client JW had previously held in his TFSA.

14. Without the knowledge or authorization of client JW, the Respondent facilitated the steps described above in paragraph 13 by engaging in the following conduct:

a) the Respondent signed client JW's signature on a Transaction and Account Maintenance form and submitted it to the Member for processing in order to redeem approximately $16,679 from client JW's TFSA;
b) the Respondent signed client JW's signature on a TFSA account opening application form that he then used to open a new TFSA (the "New TFSA") for client JW;
c) the Respondent submitted paperwork to TDISI to purchase $16,780 of the same mutual funds which were redeemed from the TFSA that client JW held prior to May 8, 2018 in the New TFSA [by means of the transaction described in sub-paragraph 14(a) above]; and
d) registered client JW for a Pre-Authorized Purchase Plan ("PPP") in the amount of $50 per month.

15. The Respondent's compensation was primarily salary based. However, the Respondent was eligible to receive a semi-annual bonus that was calculated taking into account the Respondent's performance as measured against certain key performance indicators.

16. By opening of a new TFSA for client JW and registering client JW for a monthly PPP without the client's authorization, the Respondent stood to earn credit towards his eligibility for semi-annual bonus income in January 2019. As a result of his termination in May 2018, the

Respondent did not receive a bonus in January 2019. The unauthorized transactions in this case would have earned the Respondent 0.2% of the credit that he required to become eligible for a bonus.

17. Client JW incurred a tax penalty of $1,593.24 due to the over contribution to his TFSA arising from the Respondent's actions described above at sub-paragraph 14(c).

18. In July 2019, client JW complained to TDISI that the redemption from his TFSA and the opening of the New TFSA were both processed without his knowledge or authorization.

19. TDISI reversed the unauthorized transactions that had been processed in client JW's TFSA and New TFSA. The Bank compensated client JW for the tax penalty that he had incurred.

Additional Factors

20. 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.

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

V. CONTRAVENTIONS

22. The Respondent admits that in May 2018, without the authorization of a client, the Respondent opened an account, processed redemptions, and set up a pre-authorized purchase plan for a client, contrary to the Member's policies and procedures and MFDA Rules 2.1.4, 2.1.1, 2.5.1, and 1.1.2.

23. The Respondent admits that in May 2018, he signed a client's signature on two account forms and submitted the account forms to the Member for processing, contrary to MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

24. 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 or associated with any Member of the MFDA for a period of 12 months 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 $10,000, pursuant to section 24.1.1(b) of By-law No. 1;

c) The Respondent shall pay costs in the amount of $5,000, pursuant to section 24.2 of By-law No. 1;

d) If the Respondent becomes registered again in the future, he shall in the future comply with MFDA Rules 2.1.1, 2.1.4, 2.5.1and 1.1.2; and

e) The Respondent will attend in person or by videoconference, on the date set for the Settlement Hearing.

VII. STAFF COMMITMENT

25. 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

26. Acceptance of this Settlement Agreement shall be sought at a hearing of the Pacific 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.

27. 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 his rights to a full hearing, a review hearing 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.

28. 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 and 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.

29. 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 it him.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

30. 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

31. 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.

32. 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

33. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 28th day of February, 2022.

"Xiao Feng Xin"
Xiao Feng Xin

"RB"
Witness – Signature

RB
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: Xiao Feng Xin

ORDER

WHEREAS on [date], 2021, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 commencing a disciplinary proceeding against Xiao Feng Xin (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 on the basis of the facts admitted by the Respondent in Part IV of the Settlement Agreement and the contraventions admitted by the Respondent in Part V of the Settlement Agreement, the Hearing Panel is of the opinion that:

a) In May 2018, without the authorization of a client, the Respondent opened an account, processed redemptions, and set up a pre-authorized purchase plan for a client, contrary to the Member's policies and procedures and MFDA Rules 2.1.4, 2.1.1, 2.5.1, and 1.1.2; and

b) The Respondent admits that in May 2018, he signed a client's signature on two account forms and submitted the account forms to the Member for processing, 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 or associated with any Member of the MFDA for a period of 12 months 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;

2. The Respondent shall pay a fine of $10,000, pursuant to Section 24.1.1(b) of MFDA By-law No. 1;

3. The Respondent shall pay costs to the MFDA in the amount of $5,000, pursuant to section 24.2 of Bylaw No. 1;

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], 2022.

Name,
Chair

Name,
Industry Representative

Name,
Industry Representative