



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE *SECURITIES ACT*
R.S.O 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF THE REGISTRATION OF
ANU BALA JAIN**

On July 30, 2013, staff of the Ontario Securities Commission (**Staff**) informed Anu Bala Jain (**Jain**), an individual applying for a reactivation of registration under the *Securities Act* (Ontario) as a dealing representative in the category of mutual fund dealer that it had recommended to the Director that her application be granted, subject to the terms and conditions set out in Schedule A to this decision. In support of its recommendation, Staff alleged the following:

1. On February 15, 2012, Jain entered into a settlement agreement (the **Settlement Agreement**) with staff of the Mutual Fund Dealers Association of Canada (the **MFDA**) to resolve disciplinary proceedings brought against her in MFDA file number 201139. The Settlement Agreement was approved by a hearing panel of the MFDA on February 27, 2012. The Settlement Agreement is attached as Schedule B to this decision.
2. In the Settlement Agreement, Jain admitted that she had engaged in stealth advising with respect to eighteen clients, that she had falsely denied this stealth advising to her sponsoring firm (including through the preparation and presentation of fictitious notes purporting to document client meetings), and that she falsely denied her stealth advising to staff of the MFDA during their investigation into her conduct.
3. Pursuant to the Settlement Agreement, Jain's status as an Approved Person with the MFDA was suspended for a period of one year from February 27, 2012, she was permanently prohibited from acting as a branch manager for a Member of the MFDA, she was required to pay a fine and costs, and she was required to successfully complete the *Conduct and Practices Handbook Course*.
4. On June 21, 2013, Jain attended an interview with Staff during which she repeated her admission of the conduct referred to Settlement Agreement, took full responsibility for her actions, and expressed remorse for her conduct.

Jain did not an opportunity to be heard in relation to Staff's recommendation, and agreed to the proposed terms and conditions.

Jain's application for a reactivation of her registration is granted effective August 13, 2013, subject to the terms and conditions set out in Schedule A.

SCHEDULE A

Terms and Conditions for the Registration of Anu Bala Jain

The registration of Anu Bala Jain (the **Registrant**) as a dealing representative in the category of mutual fund dealer is subject to the terms and conditions set out below. These terms and conditions were imposed by the Director pursuant to subsection 27(3) of the *Securities Act* (Ontario) (the **Act**).

Supervision

1. The registration of the Registrant shall be subject to strict supervision by his sponsoring firm for a period of 1 year from the date hereof.
2. Written monthly supervision reports (in the specified form) are to be submitted to the Ontario Securities Commission (the **OSC**), Attention: Deputy Director, Registrant Conduct, Compliance and Registrant Regulation Branch, and also to the Mutual Fund Dealers Association (**MFDA**), Attention: Manager, Compliance, reporting details of the Registrant's sales activities and dealings with clients. Monthly supervision reports shall be submitted within 15 calendar days after the end of each month.

Referral Arrangements

3. The Registrant shall not enter into any referral arrangements for the purposes of National Instrument 31-103 – *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* unless the Registrant's sponsoring firm has provided its prior written consent to the arrangement.
4. The Registrant will not enter into a referral arrangement with the individual identified as "MRM" in the order of the MFDA dated February 27, 2013 in MFDA file number 201130, *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: Anu Bala Jain*, or with anyone who the Registrant knows, or has reasonable grounds to believe, is acting on MRM's behalf.

Notifying the OSC

5. The Registrant must immediately report to the OSC's Deputy Director, Registrant Conduct, Compliance and Registrant Regulation Branch if she is under investigation by the MFDA or is reprimanded in any way by the MFDA.

Failure to Comply

6. If the Registrant fails to comply with any of these terms and conditions, the Director may suspend the Registrant's registration.

STRICT SUPERVISION REPORT

To be filed with the Deputy Director, Registrant Conduct Team, Compliance and Registrant Regulation Branch, Ontario Securities Commission

I hereby certify that supervision has been conducted for the month ending _____, 201_ of the trading activities of Anu Bala Jain by the undersigned. I further certify the following:

1. All orders, both buy and sell, and sales contracts have been reviewed by a supervising officer of Queen Financial Group Inc. prior to the trade occurring.
2. All client accounts have been reviewed for leveraging, suitability of investments, overconcentration of investments, excess trading or switching, and any amendments to know your client information.
3. A review of trading activity on a daily basis has been conducted of the dealing representative's client accounts.
4. No transactions have been made in any client account until the full and correct documentation is in place.
5. The Registrant has not been granted any power of attorney over any client accounts.
6. All payments for the purchase of the investments were made payable to the dealer. There were no cash payments accepted.
7. No client complaints have been received during the preceding month. If there have been complaints, an outline of the nature of the complaint and follow-up action initiated by the company is attached.*
8. There has been no handling of clients' funds or securities or issuance of cheques to clients without management approval.
9. Any transfer of funds or securities between clients' accounts has been authorized in writing and reviewed by the supervising officer.
10. Spot audits relative to the dealing representative's client accounts have been conducted during the preceding month to ensure compliance with these procedures and no violations of these procedures were discovered.

* In the event of client complaints or violations of securities legislation and/or the dealer's internal policies and procedures, the OSC must be notified immediately.

SCHEDULE B

**Settlement Agreement
File No. 201130**

**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: Anu Bala Jain

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 Anu Bala Jain (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 MFDA 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 Parts IV and V 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 X) 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 March 31, 2004 to January 18, 2010, the Respondent was registered in Ontario as a mutual fund salesperson with Global Maxfin Investments Inc. (“Global Maxfin”). While at Global Maxfin, she was also registered as a branch manager from October 12, 2007 to January 18, 2010.

7. Prior to working at Global Maxfin, the Respondent was registered with PFSL Investments Canada Ltd (“PFSL”) from May 28, 2003 to July 3, 2003.

8. Since March 15, 2010, the Respondent has been registered in Ontario as a mutual fund salesperson and branch manager with Queen Financial Group Inc. (“Queen Financial”). On May

24, 2011, following discussions with MFDA Staff concerning the events described herein, Queen Financial suspended the Respondent's responsibilities as a branch manager pending the outcome of this proceeding.

9. The Respondent states that notwithstanding the fact that she was registered on the dates and in the registration categories set out above, her industry experience was quite limited prior to November 2006 when she began working as a mutual fund salesperson on a full time basis (with Global Maxfin) for the first time. Prior to November 2006, the Respondent's securities industry experience was limited to work primarily as a scholarship salesperson on a part-time basis. During 2006, while registered with Global Maxfin, she was also briefly employed by Toronto Hydro.

10. The Respondent has no previous disciplinary history and has not been the subject of complaints or internal discipline by Global Maxfin, PFSL or Queen Financial except as described herein with respect to the matters described in this Settlement Agreement.

11. Global Maxfin is registered as a mutual fund dealer and an exempt market dealer in British Columbia, Alberta, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador. Global Maxfin is also registered as a mutual fund dealer in the Northwest Territories and Nunavut and as a scholarship plan dealer in British Columbia, Alberta, New Brunswick, Nova Scotia and Newfoundland and Labrador. Global Maxfin became a Member of the MFDA on June 7, 2002.

12. Queen Financial is registered as a mutual fund dealer and an exempt market dealer in Ontario and as a mutual fund dealer in British Columbia. Queen Financial became a Member of the MFDA on October 3, 2006.

Facilitating Stealth Advising

13. In September 2007, the Respondent worked from a branch office of Global Maxfin in Mississauga, Ontario with three other Approved Persons. The Respondent was the branch manager of the location.

14. During the summer of 2007, the Respondent met an individual named MRM at a Global Maxfin event. In 2007, MRM was licensed to sell insurance products through a managing general agency affiliated with Global Maxfin, but he was not registered to sell securities, including mutual funds.

15. In September 2007, MRM told the Respondent that he had some insurance clients who wanted to purchase mutual funds. MRM asked the Respondent to provide him with the necessary documentation to open accounts for the individuals at Global Maxfin and to process trades in those accounts. MRM also requested that the Respondent facilitate this activity by processing all of the documentation under her Global Maxfin representative code. In exchange for doing so, the Respondent would be entitled to retain 40% of the sales commissions generated from trading activity in the individuals' accounts, and would remit the remaining 60% to MRM. The Respondent agreed to participate in this arrangement (the "Stealth Advising Arrangement").

16. In accordance with Stealth Advising Arrangement, between September 2007 and February 2008, MRM met with 18 individuals in the absence of the Respondent to complete the account opening and trade processing documentation. MRM provided the completed documentation to the Respondent, who signed it and submitted it to the Member for processing using her representative code.

17. In a number of cases, MRM recommended that clients borrow money to invest in mutual funds, thereby implementing a leveraging strategy for the clients.

18. By failing to meet with these individuals prior to opening accounts and processing trades for them, the Respondent failed to fulfill her obligation to:

- (a) learn the essential facts relative to each client and each order or account accepted;
- (b) ensure that the acceptance of each order was within the bounds of good business practice;
- (c) ensure that each order accepted or recommendation made for each account was suitable for the client and in keeping with the client's investment objectives;

- (d) explain to the individuals the features and risks of using borrowed monies to invest (leveraging);
- (e) ensure the leveraging strategy was appropriate for the clients; and
- (f) ensure that the additional risk disclosure documentation required by MFDA Rule 2.6 was provided to the clients, explained to them and signed by them.

19. Between September 14, 2007 and March 17, 2008, the Respondent sent 10 cheques to MRM in payment of his share of the sales commissions earned on the trading activity in the individuals' accounts, in accordance with the terms of Stealth Advising Arrangement. The total amount sent to MRM was \$21,825.

20. Based on the 60%-40% commission split called for under the terms of the Stealth Advising Arrangement, the Respondent retained approximately \$14,550 in sales commissions from the trading activity in the accounts of the 18 clients.

21. MRM was not registered as a mutual fund salesperson and did not possess the necessary proficiencies to advise or trade in securities on behalf of the 18 individuals.

22. There is no evidence that Global Maxfin was aware of the Stealth Advising Arrangement. As a consequence, at all material times, MRM was not subject to the policies and procedures of, or supervision by, Global Maxfin.

23. By participating in the Stealth Advising Arrangement, the Respondent facilitated the processing of securities related business by MRM, an unregistered individual, through the accounts and facilities of Global Maxfin. MRM was not in an employer-employee relationship, a principal-agent relationship or an introducing dealer-carrying dealer relationship with Global Maxfin, as required by MFDA Rule 1.1.1(c).

24. During the period that the Stealth Advising Arrangement was in place, the Respondent was the designated branch manager. In her capacity as the branch manager, the Respondent failed to ensure that business conducted on behalf of the Member was in compliance with

applicable securities legislation and the By-laws and Rules of the MFDA, contrary to MFDA Rule 2.5.3(b)(i).¹

25. On February 21, 2008, after completing the proficiency requirements necessary to become a registrant, MRM was registered in Ontario as a mutual fund salesperson with Global Maxfin. As a result, the Stealth Advising Arrangement came to an end.

26. On November 5, 2009, MRM was terminated in good standing by Global Maxfin (which at that time was unaware of the Stealth Advising Arrangement).

The Complaint of MA

27. On March 15, 2010, the Respondent transferred her registration to Queen Financial.

28. In April 2010, client MA contacted the Ontario Securities Commission (the “OSC”) and the MFDA when he learned that MRM had not been registered as a mutual fund salesperson when he advised client MA and his brother SA to implement a leveraging strategy to purchase mutual funds for their account at Global Maxfin. Client MA noted that the Respondent’s name appeared on his Global Maxfin account statements as the Approved Person responsible for his account but that he had never met her.

The Global Maxfin Investigation

29. In accordance with its complaint handling obligations pursuant to MFDA Rule 2.11 and MFDA Policy No. 3, Global Maxfin commenced an investigation after receiving a copy of client MA’s complaint from the MFDA.

30. At the time client MA’s complaint was received in April 2010, the Respondent was no longer an Approved Person with Global Maxfin (she had transferred to Queen Financial on March 15, 2010). Global Maxfin therefore contacted the Respondent at Queen Financial to

¹ As of January 21, 2011, amendments to the MFDA Rules were implemented which resulted, among other things, in the renumbering of former MFDA Rule 2.5.3(b)(i) to current MFDA Rule 2.5.5(d)(i).

inform her of the complaint and scheduled a meeting with her on May 26, 2010 at Global Maxfin's office.

31. On May 26, 2010, the Respondent attended the meeting at Global Maxfin's office and denied the allegations in client MA's complaint. During an hour of questioning by Global Maxfin's compliance staff, the Respondent insisted that she had met with clients MA and SA at her office on three occasions and she produced copies of handwritten notes from her client file and claimed that the notes recorded what had occurred during meetings with clients MA and SA on October 3, 16 and 17, 2007 (the "Notes").

32. On the basis of the information and documentation provided by the Respondent, including the Notes, Global Maxfin sent a letter to client MA dated June 16, 2010 denying the allegations in client MA's complaint.

33. On June 22, 2010, client MA reasserted to Global Maxfin that he and his brother SA had never met the Respondent and had never attended a meeting at her office. He informed Global Maxfin that:

- i) all correspondence about investment decisions was exchanged exclusively with MRM by e-mail;
- ii) all meetings occurred with MRM at his home (and the Respondent was not present at any of the meetings); and
- iii) blank client account forms had been presented to him by MRM to be signed.

34. Client MA also provided Global Maxfin with copies of several e-mails from MRM that were received by client MA between September 29, 2007 and October 18, 2007 concerning the implementation of the leveraging strategy that MRM had recommended to client MA. The Respondent was not referenced in or copied on any of the correspondence

35. On the basis of the additional information provided by client MA, Global Maxfin reopened its investigation of client MA's complaint. Global Maxfin contacted additional clients of the Respondent. Three clients informed Global Maxfin that MRM had implemented

leveraging strategies for them prior to his registration as an Approved Person and indicated that they had met with MRM and not the Respondent when they opened their accounts and implemented the leveraging strategies that MRM recommended.

36. Most of the clients whose accounts had been the subject of the Stealth Advising Arrangement did not respond to Global Maxfin's inquiries about whether they dealt with the Respondent or MRM when opening accounts and receiving investment advice.

37. By letter dated July 27, 2010, Global Maxfin informed client MA that Global Maxfin had concluded that client MA and his brother, client SA had been provided with investment advice by MRM before he became an Approved Person.

The Queen Financial Investigation

38. On May 26, 2010, MFDA Staff informed Queen Financial that the Respondent may have facilitated stealth advising by an unregistered individual.

39. When compliance staff from Queen Financial questioned the Respondent about the MFDA Staff's concerns, she falsely denied that she had participated in a stealth advising arrangement.

The MFDA Investigation

40. On May 26, 2010, MFDA Enforcement Staff sent a request to the Respondent for a response to the allegations in client MA's complaint. At the outset of MFDA Staff's investigation, Global Maxfin provided MFDA Staff with copies of the Notes that the Respondent had provided to Global Maxfin.

41. On June 1, 2010, the Respondent sent a three page response to the MFDA in which she described client MA's allegations as "completely baseless, shocking to me and an attempt to tarnish my image". The Respondent further stated in her letter that she had met with client MA in her office three times to provide him with investment advice and to implement a leveraging

strategy in his account. The Respondent also denied that she had ever had a business or commission splitting arrangement with MRM when MRM was not registered. All of the Respondent's assertions were false.

42. During the course of the MFDA's investigation, MFDA Staff learned that in November 2010, the Respondent met with client SA and questioned him as to why client MA was proceeding with his complaint. Client SA informed the Respondent that client MA had no intention of withdrawing his complaint.

43. In response to follow-up inquiries by Global Maxfin, the original three clients who had earlier acknowledged that they had dealt with MRM recanted their statements and denied that they had ever met with an advisor other than the Respondent.

44. On April 14, 2011, at the request of MFDA Staff, the Respondent attended an interview to provide information relevant to the investigation. In response to questioning by MFDA Staff, the Respondent admitted, among other things, that:

- i) she had entered into the Stealth Advising Arrangement;
- ii) she has never met client MA;
- iii) she had never met client MA or SA prior to the time she allowed account opening documents and trading in their accounts to be processed under her representative code in October 2007;
- iv) she provided false information to the compliance staff at Global Maxfin and Queen Financial in response to their questions about her conduct;
- v) she prepared the Notes that she had produced to Global Maxfin describing three meetings between her and clients MA and SA in October 2007, however, the meetings described in the Notes had not in fact occurred; and
- vi) the June 1, 2010 written response that she submitted to the MFDA in response to the complaint of MA falsely asserted that she had met with MA and SA in October 2007 and denied MA's allegation that he had never met her.

45. Following the interview with MFDA Staff, in response to an undertaking requested by MFDA Staff during the interview, the Respondent provided Staff with a list of clients for whom she had allowed accounts to be opened and trades to be processed under her representative code under the terms of the Stealth Advising Arrangement. The Respondent also provided copies of cheques that she had sent to MRM in accordance with the Stealth Advising Arrangement.

46. By providing false and misleading information, and omitting to provide other relevant information, to MFDA Staff and to compliance staff at Global Maxfin and Queen Financial, and by creating the Notes of three meetings with clients MA and SA that never actually occurred and providing the Notes to Global Maxfin, the Respondent attempted to frustrate the MFDA's investigation and to interfere with the Members' handling of client MA's complaint, contrary to MFDA Rule 2.1.1 and s. 22. 1 of MFDA By-law No. 1.

47. Since April 14, 2011 when the Respondent attended an interview with MFDA Staff (as referenced in paragraph 44 above), the Respondent has admitted to her misconduct, expressed remorse and cooperated fully with Staff's investigation of her conduct.

48. The Respondent granted Staff access to notices of assessment from the Canada Revenue Agency showing records of her income for the years 2007-2010 and Staff is satisfied that the fine agreed to under the terms of settlement in Part VI below constitutes a substantial proportion of the Respondent's annual income.

V. THE RESPONDENT'S REPRESENTATIONS

49. The Respondent states that in May 2010, MRM contacted her after MA's complaints were submitted to the OSC and the MFDA and:

- i) told her that if she admitted to the conduct alleged by MA, she would lose her license;
- ii) counseled her to prepare the Notes to persuade compliance staff and investigators that she had met with MA and SA in October 2007; and

- iii) drafted substantial portions of the written response to the MFDA that she submitted on June 1, 2010 in an attempt to discredit MA and deny his allegations.

50. The Respondent states that:

- i) she panicked when she learned about MA's complaint;
- ii) her anxiety was increased as a result of MRM's warning to her in May 2010 that MA's complaint would likely result in the loss of her career and livelihood;
- iii) she impulsively accepted MRM's advice to falsely deny the allegations in MA's complaint and to create the Notes to corroborate her falsely stated position;
- iv) in retrospect, she deeply regrets the way in which she responded to the complaint.

VI. CONTRAVENTIONS

51. The Respondent admits that between September 2007 and February 2008, she allowed MRM, an unregistered individual, to:

- i) open new accounts at the Member for 18 individuals with whom the Respondent never met;
- ii) recommend and implement leveraging strategies for these clients; and
- iii) recommend and process trades in the accounts of these clients using the Respondent's representative code;

thereby:

- a) facilitating stealth advising by MRM, contrary to MFDA Rules 1.1.1(c) and 2.1.1;
- b) failing to ensure that she (the Respondent) performed the necessary due diligence to learn the essential facts relative to the clients and failing to ensure that the investments and the leveraging strategies were suitable and appropriate for the clients, contrary to MFDA Rules 2.2.1 and 2.1.1; and
- c) failing in her (the Respondent's) capacity as a branch manager to ensure that business conducted at the branch was in compliance with MFDA By-laws, Rules

and applicable legislation, contrary to MFDA Rules 2.5.3(b)(i)² and 2.1.1.

52. The Respondent admits that between May 26, 2010 and April 14, 2011, in response to a complaint by client MA, in respect of whom the Respondent was identified as the Approved Person responsible for servicing client MA's accounts, the Respondent made false and misleading statements and omitted to provide other relevant information during the course of investigations by two Members and by MFDA Staff:

- (a) in a written statement to MFDA Staff, dated June 3, 2010;
- (b) in oral statements to compliance staff at two Members; and
- (c) by preparing notes of three meetings with client MA in October 2007 which had not in fact occurred;

contrary to MFDA Rule 2.1.1 and s. 22.1 of MFDA By-law No. 1.

VII. TERMS OF SETTLEMENT

53. The Respondent agrees to the following terms of settlement:

- (a) the authority of the Respondent to conduct securities related business while in the employ of, or associated with, any Member of the MFDA shall be suspended for a period of 1 year from the date that this Settlement Agreement is accepted by a Hearing Panel;
- (b) the Respondent shall be permanently prohibited from being registered or acting as a Branch Manager, Compliance Officer or in any other supervisory capacity for a Member of the MFDA;
- (c) the Respondent shall pay a fine in the amount of \$20,000;
- (d) the Respondent shall pay the costs of this proceeding in the amount of \$2,500;
- (e) the fine and the costs shall be payable in accordance with the following terms:
 - i. \$7,500 of the fine and \$2,500 in costs shall be payable immediately upon acceptance of the Settlement Agreement; and
 - ii. the remaining \$12,500 of the fine shall be paid in 5 installments of \$2,500 payable by cheques post-dated to the following dates: April 1, 2012, June 1, 2012,

²On January 21, 2011, amendments to the numbering and wording of certain MFDA Rules came into effect as a consequence of which, former MFDA Rule 2.5.3 is now amended and incorporated into Rule 2.5.5.

August 1, 2012, October 1, 2012 and December 1, 2012;

- (f) The Respondent agrees that if she fails to pay all or part of the fine installments on the dates when the installments are due in accordance with sub-paragraph 53(e) above, then automatically and without further notice, and without Staff having to again appear before a Hearing Panel or commence any further proceeding, the Respondent's suspension from conducting securities related business while in the employ of, or associated with, any Member of the MFDA shall be extended by the total number of days that any installment payments remained in arrears;
- (g) Prior to conducting securities related business while in the employ of or associated with a Member of the MFDA following the one year suspension set out in sub-paragraph 53(a) above, the Respondent shall write or rewrite and pass the Conduct and Practices Handbook course offered by the Canadian Securities Institute or another course approved by the MFDA that includes content concerning business ethics and procedure;
- (h) In accordance with s. 24.4.2(b), the Respondent agrees that if she conducts securities related business while in the employ or associated with a Member of the MFDA in the future, she will comply with all MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulations made thereunder and she will not facilitate trading by unregistered individuals or submit false or misleading information or documents to any securities regulator including a securities commission or the MFDA or to any Member of the MFDA or employees or agents of a Member.
- (i) the Respondent will attend in person, on the date set for the Settlement Hearing.

VIII. STAFF COMMITMENT

54. 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 VI of this Settlement Agreement, subject to the provisions of Part X below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in Part VI 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 VI, 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.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

55. 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.

56. 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 her 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.

57. 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. 24.1.2 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.

58. 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 her.

X. FAILURE TO HONOUR SETTLEMENT AGREEMENT

59. 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.

XI. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

60. 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 Bylaw No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

61. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that she 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.

XII. DISCLOSURE OF AGREEMENT

62. 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.

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

XIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated: February 15, 2012.

“Dorothy Hagel”

Witness- Signature

Dorothy Hagel

Witness – Print Name

“Anu Bala Jain”

Anu Bala Jain

“Mark Gordon”

Staff of the MFDA

Per: Mark Gordon

Executive Vice-President