



Ontario  
Securities  
Commission  
3S8

Commission des  
valeurs mobilières  
de l'Ontario

22nd Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22e étage  
20, rue queen ouest  
Toronto ON M5H

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**FILE NO.:** 2019-31

**IN THE MATTER OF  
THE TORONTO-DOMINION BANK**

D. Grant Vingoe, Vice-Chair and Chair of the Panel  
Lawrence P. Haber, Commissioner  
Heather Zordel, Commissioner

August 30, 2019

**ORDER**

(Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on August 30, 2019, the Ontario Securities Commission held a hearing at the offices of the Commission, to consider the Joint Request for a Settlement Hearing filed by The Toronto-Dominion Bank (**TD**) and Staff of the Commission (**Staff**) for approval of a settlement agreement entered into on August 23, 2019 (the **Settlement Agreement**);

ON READING the Statement of Allegations dated August 26, 2019 and the Settlement Agreement, and on hearing the submissions of the representatives for TD and Staff, and on considering the undertaking of TD dated August 23, 2019 attached as Schedule "A" to this Order;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;
2. TD will conduct an internal audit of Toronto Dominion Securities' (**TDS**) compliance with FX Global Code, and the practices and procedures relating thereto, including in relation to the disclosure of confidential customer information in its global FX business, and institute any necessary changes in accordance with the process set out in Schedule "B" to the Order, pursuant to paragraph 4 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);
3. the funds received pursuant to the voluntary payment of \$9,300,900 are designated for allocation or use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act; and

4. TD shall pay costs in the amount of \$800,000, pursuant to section 127.1 of the Act.

<i>"Lawrence P. Haber"</i>	<i>"D. Grant Vingoe"</i>	<i>"Heather Zordel"</i>
_____	_____	_____
Lawrence P. Haber	D. Grant Vingoe	Heather Zordel

## Schedule "A"



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

**- and -**

**IN THE MATTER OF THE TORONTO-DOMINION BANK**

**UNDERTAKING TO THE ONTARIO SECURITIES COMMISSION**

1. This Undertaking is given in connection with the settlement agreement dated **[date]** (the "Settlement Agreement") between The Toronto-Dominion Bank (the "Respondent") and Staff ("Staff") of the Commission. All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.
  
2. The Respondent undertakes to the Commission to:
 

make a voluntary payment to be designated for allocation or use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act, in the amount of \$9,300,900 by wire transfer to the Commission before the order approving the Settlement Agreement is made, which payment is conditional upon approval of the Settlement Agreement by the Commission.

**DATED at Toronto, Ontario this 23<sup>rd</sup> day of August, 2019.**

*“C. Daniel Wolski”*

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Witness: C. Daniel Wolski

**THE TORONTO-DOMINION BANK**

By: *“Bob Dorrance”*

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Name: Bob Dorrance

Title: Group Head, Wholesale Banking,  
TD Bank Group

**Schedule “B” – REVIEW OF PRACTICES AND PROCEDURES**

1. The Toronto-Dominion Bank (“TD”) Internal Audit Group will conduct an internal audit of the compliance of TDS with the FX Global Code, and the practices and procedures relating thereto, including in relation to the disclosure of confidential customer information in TDS’ global FX business (the “FX Business Compliance System”) covering the period from February 1, 2020 to July 31, 2020 to ensure that:

- (a) the activities of TDS’ FX Business are aligned with the FX Global Code;
- (b) in relation to its FX business, TDS’ culture, governance arrangements, policies, procedures, systems and controls are of a sufficiently high standard to effectively manage the following risks (‘the Specified Risks’):
  - 1. Attempts to manipulate (or control) fixes (including ‘building’);
  - 2. Application of ‘hard mark-ups’ to clients;
  - 3. Coordinated trading (e.g. instructions when to/not to trade);
  - 4. Performing ‘partial fills’ of client orders;
  - 5. Use of layering and/or wash trades;
  - 6. Triggering of client stop loss orders;
  - 7. Inappropriately trading ahead of client orders (e.g. front running);
  - 8. Inappropriately sharing or receiving confidential information with traders at other firms (including (i) the use of codes to identify clients, and (ii) the sharing of spreads);
  - 9. Inappropriately assigning ‘transaction window’ rates to client orders (e.g. assigning the client the worst rate available);
  - 10. Inappropriate use of personal trading accounts (including spread betting); and

11. Other types of unacceptable behaviour, trader misconduct, breaches of client confidentiality and failure to manage conflicts of interest.

(i) The internal audit will include, but not be limited to:

1. front office culture;
2. the adequacy of the first line of defence (i.e. the risk and control environment relating to day to day operations, including monitoring of traders' activity and conduct);
3. the adequacy of compliance and risk in the first and second lines of defence;
4. the adequacy of the challenge of risk management by the second line of defence;
5. the role and appropriateness of financial incentives and performance management;
6. the adequacy of training for the specific relevant business area;
7. the adequacy of communications monitoring and surveillance;
8. the adequacy of the management of conflicts of interest; and
9. benchmarks, whether trading, judgement or submissions based, which fall within any of these business areas.

(c) the FX Business' Trade Business Management and Compliance Systems are designed to prevent and identify any non-compliance at an early stage, to allow for correction of the conduct in a timely manner, and to escalate breaches for appropriate action; and

(d) all applicable TD staff are trained on TD's policies regarding the disclosure of confidential information including the specifics of permitted and non-permitted communications with third parties.

2. TD shall deliver the internal audit report (the “Report”) to a Manager in the Derivatives branch of the Commission (the “OSC Manager”) by December 1, 2020;
3. Within 3 months of the delivery of the Report to the OSC Manager, TD shall deliver a plan for implementation of any recommendations in the Report, including timeline for implementation. Once the recommendations have been fully implemented, the Chief Compliance Officer of TD (the “CCO”) shall provide written confirmation to the OSC Manager that there has been full implementation of the recommendations in the Report (the “Confirmation Letter”);
4. Within 12 months of the provision of the Confirmation Letter to the OSC Manager, the CCO shall provide a letter (the “Attestation Letter”) to the OSC Manager, stating that the recommendations of internal audit in the Report are being appropriately followed, administered and enforced by TD.
5. TD shall immediately submit to Staff a direction giving consent for unrestricted access and permission for Staff and the TD internal audit team to communicate with one another regarding the internal audit and TD’s progress with respect to the implementation of the recommendations in the Report.