



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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20, rue queen ouest  
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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 SATISH TALAWDEKAR  
AND ANAND HARIHARAN**

**SETTLEMENT AGREEMENT BETWEEN  
STAFF OF THE ONTARIO SECURITIES COMMISSION  
AND ANAND HARIHARAN**

**PART I – INTRODUCTION**

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), it is in the public interest for the Commission to make certain orders in respect of Anand Hariharan (“Hariharan” or the “Respondent”).

**PART II – JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Notice of Hearing dated March 11, 2015 (the “Proceeding”) against the Respondent according to the terms and conditions set out in Part V of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority in Canada, the Respondent agrees with the facts as set out in Part III and the conclusions in Part IV of this Settlement Agreement (the “Settlement Agreement”).

## **PART III – AGREED FACTS**

### **A. OVERVIEW**

4. The Proceeding relates to Staff’s allegations concerning trading by Hariharan in the call option contracts of an issuer called Loral Space & Communications Inc. (“Loral”). Hariharan bought the options based on a tip from his close childhood friend Satish Talawdekar (“Talawdekar”) of material, non-public information concerning the purchase of Loral’s major subsidiary by MacDonald, Dettwiler & Associates Inc. (“MDA”).

### **II. THE RESPONDENT**

5. Hariharan is a resident of Mississauga, Ontario and was at the time of the trading described herein employed as an aircraft maintenance engineer.

### **III. HARIHARAN’S CONDUCT**

#### **A. The Purchase of Loral Call Options**

6. On or about June 25, 2012, Hariharan received a tip from his close childhood friend Talawdekar. Talawdekar was a resident of Mississauga, Ontario and an employee of MDA.

7. Leading up to its public announcement on June 26, 2012, at 9:25 PM, MDA had successfully negotiated the acquisition of a major subsidiary of Loral in what amounted to a transformative acquisition for MDA (“the Announcement” and “the Acquisition”). Below is a table representing the market impact of the Announcement on the price of Loral and MDA shares:

<b>Security Description</b>	<b>Marketplace Closing Share Price June 26, 2012</b>	<b>Marketplace Closing Share Price June 27, 2012</b>	<b>Dollar Increase in Share Price</b>	<b>Percentage Increase</b>
MDA shares	\$44.65	\$57.13	\$12.48	28%
Loral shares	US \$59.36	US \$67.21	\$7.85	13.2%

8. MDA issued a material change report concerning the Acquisition on June 29, 2012.

9. The fact of MDA's bid to acquire the Loral subsidiary was a material fact to both Loral and to MDA. At the relevant time, MDA was an Ontario reporting issuer but Loral was not a reporting issuer in Ontario.

10. Talawdekar became aware of the Acquisition in the course of his employment in the IT department at MDA's Brampton offices, before there was general disclosure by MDA, which only occurred with the Announcement. He conveyed the substance of the material, non-public information respecting the Acquisition to his friend Hariharan.

11. As a result of receiving this tip and with knowledge of the Acquisition, starting on the day before the Announcement and continuing on the day of the Announcement (but before the Announcement), Hariharan entered orders to purchase 220 short-dated, out-of-the-money call option contracts of Loral. This provided Hariharan with the right to purchase 22,000 Loral shares if the price went up to the strike price set out in the contract.

**B. Profit Made by Hariharan**

12. The day following the Announcement, Hariharan sold all of the 220 Loral option contracts, realizing a combined profit of US\$68,683.40 in his self-directed and joint account, a 623% return in one day.

**PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST**

13. While Hariharan's conduct involving the purchase of Loral call option contracts as outlined above did not technically contravene s. 76(1) of the Act (because Loral was not an Ontario reporting issuer), his conduct impugned the integrity and fairness of the capital markets because of the misuse of material, confidential information obtained from Talawdekar.

14. Consequently Hariharan's conduct was contrary to the public interest.

**PART V – TERMS OF SETTLEMENT**

15. Hariharan agrees to the terms of settlement listed below.

16. The Commission will make an order, pursuant to sections 127 and 127.1 of the Act, that:
- (a) the settlement agreement is approved;
  - (b) trading in any securities by Hariharan including as the term “security” is defined in subsection 76(6) of the Act, whether direct or indirect, shall cease for a period of 10 years from the date of the order approving the settlement agreement.
  - (c) the acquisition of any securities by Hariharan, including as the term “security” is defined in subsection 76(6) of the Act, whether direct or indirect, is prohibited for a period of 10 years from the date of the order approving the settlement agreement;
  - (d) As an exception to the provisions of paragraph 16(b), Hariharan is permitted to sell securities in his personal or joint registered retirement savings plan account for a period of thirty days from the date of the order approving this settlement agreement;
  - (e) After the payments set out in paragraphs 16(i) and 17, below are made by Hariharan in full, as an exception to the provisions of paragraphs 16(b) and (c):
    - (i) trading shall be permitted only in:
      - (A) mutual fund, exchange-traded fund or index fund securities, bonds, guaranteed investment certificates, for the account of any registered retirement savings plans, tax free savings accounts and self-directed retirement savings plans in which Hariharan and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts; and
      - (B) shares of Jazz Aviation Hariharan is entitled to purchase or is provided as a result of Hariharan’s employment with Jazz Aviation, and all such trading is carried out through a registered dealer in Canada to

whom he must give a copy of this Order at the time he opens or modifies these accounts;

(ii) the acquisition of any securities shall be permitted only in:

(A) mutual fund, exchange-traded fund or index fund securities, bonds, guaranteed investment certificates for the account of any registered retirement savings plans, tax free savings accounts and self-directed retirement savings plans in which Hariharan and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts; and

(B) shares of Jazz Aviation Hariharan is entitled to purchase or is provided as a result of Hariharan's employment with Jazz Aviation, and all such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;

- (f) any exemptions contained in Ontario securities law do not apply to Hariharan for a period of 10 years from the date of the order approving the settlement agreement;
- (g) Hariharan is reprimanded;
- (h) Hariharan is prohibited for a period of 10 years from the date of the order approving the settlement agreement from becoming or acting as a registrant, an investment fund manager, a promoter, or as a director or officer of any of those entities;
- (i) Hariharan shall pay investigation costs to the Commission in the amount of \$5,000; and

Hariharan's voluntary payment of \$35,000 pursuant to paragraph 17 of the settlement agreement, below, is designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.

17. Hariharan undertakes to make a voluntary payment to the Commission prior to the order approving the settlement agreement of \$35,000, being a significant portion of the profits obtained by him through the Loral call option contracts trading.

18. Hariharan undertakes to fully cooperate with Staff of the OSC in any ensuing investigation and proceeding arising from this matter.

19. Hariharan undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in the Settlement Agreement. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

20. Hariharan agrees to attend in person at the hearing before the Commission to consider the proposed settlement.

#### **PART VI – STAFF COMMITMENT**

21. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 22 below.

22. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

#### **PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT**

23. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled on a date to be determined by the Secretary to the Commission, or such

other date as may be agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

24. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

25. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

26. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

27. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

#### **PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

28. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

- (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and
- (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

29. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

**PART IX – EXECUTION OF SETTLEMENT AGREEMENT**

30. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

31. A scanned copy of any signature will be treated as an original signature.

**DATED AT TORONTO** this 31<sup>st</sup> day of March 2015

“Anand Hariharan”

“Sangeeta Hariharan”

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Anand Hariharan

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Witness: Sangeeta Hariharan  
(signature and printed name)

“Tom Atkinson”

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Tom Atkinson  
Director, Enforcement Branch