

NOTICE / NEWS RELEASE

For immediate release

Enforcement Notice Decision 12-0070

For further information, please contact:

Enforcement Contact:

Jeff Kehoe
Vice President, Enforcement
416 943-6996
jkehoe@iiroc.ca

Media Contact:

David Thomas
Director, Public Affairs
416 943-6921
dthomas@iiroc.ca

IN THE MATTER OF First Leaside Securities Inc. - Suspension

February 24, 2012 (Toronto, Ontario) - Following an expedited hearing held on February 24, 2012, in Toronto Ontario, with notice to First Leaside Securities Inc. (FLSI), a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC) ordered the following:

- 1) that FLSI's membership with IIROC be immediately suspended;
- 2) that FLSI comply with IIROC Dealer Member Rule 600 throughout the suspension period, to the extent it is consistent with the terms of the Initial Order, dated February 23rd, 2012, of the Ontario Superior Court of Justice In the Matter of the Companies' Creditors Arrangement Act, and any subsequent Orders in that proceeding;
- 3) that FLSI immediately cease dealing with the public, including the removal of its website (www.firstleasidesecurities.com);
- 4) that IIROC Staff may undertake any action to facilitate the orderly transfer of client accounts in cooperation with Penson Financial Services Canada Inc., including liquidating trades except those trades involving securities which are subject to the Cease Trade Agreement with Staff of the Ontario Securities Commission;
- 5) FLSI shall report to IIROC Staff as directed every 30 days regarding any action taken pursuant to this Order, until such time as all FLSI client accounts have been transferred to third party Member Firms;



- 6) The risk adjusted capital and minimum capital requirement (together, the “Regulatory Capital”) shall be dealt with in accordance with the terms of the Initial Order of the Ontario Superior Court of Justice In the Matter of the Companies’ Creditors Arrangement Act of which FLSI was an applicant, dated February 23, 2012 (the “CCAA Order”);
- 7) In the event that FLSI shall desire the Regulatory Capital to be dealt with otherwise than in accordance with the CCAA Order, such other dealing shall only be effected by further Order of the Court in the CCAA proceedings, and FLSI shall consult with IIROC Staff and attempt to seek agreement on the terms of such use of the Regulatory Capital before any motion is brought to (i) amend or vary the CCAA Order in that regard or (ii) seek a further Order in that regard; and
- 8) Upon completion of the transfer of client accounts, and determination of any claims against FLSI, to the satisfaction of IIROC Staff, IIROC Staff may move, without notice to FLSI, for an order terminating the membership of FLSI.

The Order came into effect on Friday February 24, 2012.

The Hearing Panel’s Order is available at

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=A396707FBE034B30B5E0189EB702DF6B&Language=en>

The Notice of Application for the matter is available at

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=1DF4F68108BE4E69AADD66B9762A4DBE&Language=en>

First Leaside Securities Inc. is a dealer member of IIROC.

* * *

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. Created in 2008 through the consolidation of the Investment Dealers Association of Canada and Market Regulation Services Inc., IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive capital markets.

IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of dealer firms and their registered employees and through setting and enforcing market integrity rules regarding trading activity on Canadian equity marketplaces.

IIROC investigates possible misconduct by its member firms and/or individual registrants. It can bring disciplinary proceedings which may result in penalties including fines, suspensions,

IIROC Notice 12-0070 Enforcement Notice/News Release – In the Matter of First Leaside Securities Inc. - Suspension



permanent bars, expulsion from membership, or termination of rights and privileges for individuals and firms.

All information about disciplinary proceedings relating to current and former member firms is available in the [Enforcement section](#) of the IIROC website. Background information regarding the qualifications and disciplinary history, if any, of advisors currently employed by IIROC-regulated firms is available free of charge through the [IIROC AdvisorReport](#) service. Information on how to make investment dealer, advisor or marketplace-related complaints is available by calling 1.877.442.4322.