

NEWS RELEASE

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IIROC's Enforcement Report marks significant progress with strengthened enforcement authority in six provinces

Suitability and seniors continue to represent bulk of cases reviewed by regulator

May 4, 2018 (Toronto, Ontario) – The Investment Industry Regulatory Organization of Canada (IIROC) today published its annual [Enforcement Report](#), highlighting actions taken and progress made in six provinces that strengthen the public interest regulator's ability to protect investors and enhance market integrity.

Since January 2017, IIROC has gained additional legal authority for its enforcement actions:

- April 2018: British Columbia passed amendments to give IIROC the ability to collect disciplinary fines through the courts;
- March 2018: Manitoba introduced legislation to give IIROC the ability to collect disciplinary fines through the courts, protection from malicious lawsuits and the ability to launch appeals to the Manitoba Securities Commission;
- October 2017: Quebec's Assemblée Nationale is reviewing legislation, which includes providing IIROC with protection from malicious lawsuits and with the authority to better collect evidence during investigations and present evidence in hearings. IIROC currently has the ability to collect fines through the courts in Quebec;
- June 2017: Alberta provided IIROC with protection against lawsuits for acting in good faith and with the authority to collect evidence during the investigations stage resulting in IIROC having a full enforcement toolkit in this province;
- May 2017: Ontario gave IIROC the ability to collect disciplinary fines directly through the courts; and
- January 2017: Prince Edward Island Office of the Superintendent of Securities gave IIROC the authority to directly register disciplinary decisions with the Supreme Court of PEI, as well as the authority to increase cooperation at the disciplinary hearing stage.

"These legislative changes make a positive and crucial contribution to IIROC's ability to protect Canadian investors," says Elsa Renzella, IIROC's Senior Vice-President, Registration and Enforcement. "In jurisdictions where our authority is greater, we see an overall change in behaviour among sanctioned advisors taking their responsibilities more seriously. This sends an important message: our regulatory system has integrity and, although the vast majority of advisors are ethical and fair, IIROC will hold wrongdoers accountable."

In addition to the pursuit of these enforcement tools, Enforcement's core focus remained suitability, with half of those matters involving seniors. Suitability accounted for 45 per cent of all prosecutions while seniors represented almost 40 per cent of all cases reviewed and approximately 30 per cent of prosecutions. Overall, for 2017, IIROC received 1,163 complaints and completed 127 investigations, referring nearly half (46%) of these to Prosecutions.

Another significant highlight was Enforcement's actions against firms and senior compliance personnel, with the number of prosecutions involving firm supervisory failings increasing by 25 per cent and total fines against firms almost doubling.

The total sanctions IIROC imposed on disciplined individuals increased year over year to \$3.4 million, up from \$3.1 million in 2016. IIROC collected 91.2 per cent of the fines it imposed against firms in 2017 and 16.2 per cent of fines against individuals – almost double last year's 8.3 per cent. Despite this healthy increase in its collection rate, IIROC acknowledges that there remains much work ahead, with more than \$32 million in outstanding fines imposed over the past decade across the country.

While IIROC has focused on having a complete enforcement toolkit, it also recognizes the importance of having the right complement of tools to ensure a properly tailored enforcement response that is firm, timely and proportionate. As such, IIROC has launched a consultation on two proposed new programs, the Minor Rules Violation Program and Early Resolution Offers, which would enhance its enforcement process and add flexibility, making actions more fair and proportionate to the seriousness of the misconduct. If adopted, these proposals will better position IIROC to focus its resources on infractions that are more serious or harmful to investors.

IIROC's 2017 Enforcement Report also highlights ongoing collaboration with regulatory and government partners and stakeholders across Canada in order to close gaps in financial regulation, preventing disciplined individuals from avoiding the consequences of their actions by switching jurisdictions or selling different financial products. Specifically, IIROC entered into agreements in 2017 with the [Alberta Insurance Council](#), the [Life Insurance Council of Saskatchewan](#) and the [Financial Consumer Agency of Canada](#) to share disciplinary records and documents and to also conduct joint investigations, where appropriate.

Highlights

In 2017, IIROC:

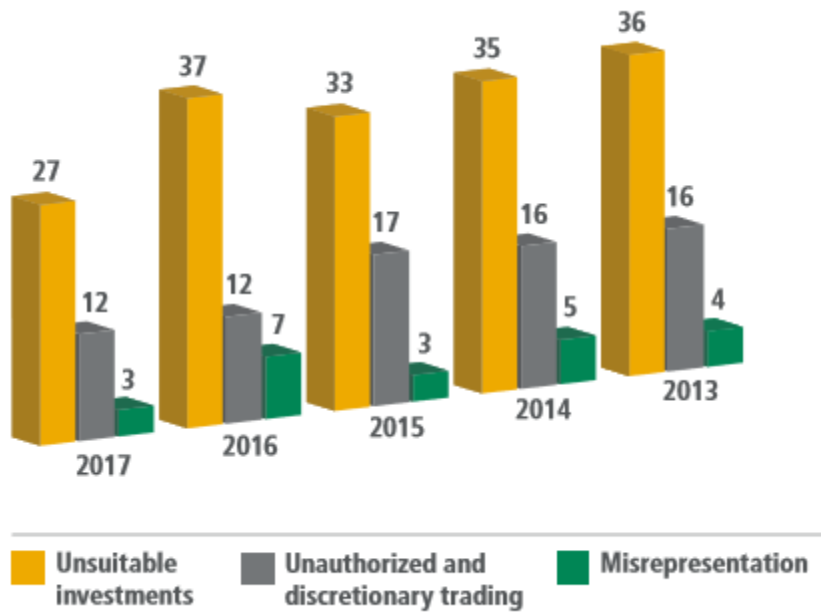
- completed 127 investigations
- successfully prosecuted 37 individuals and 7 firms
- permanently suspended 1 firm and suspended 16 individuals
- permanently barred 5 individuals from working at an IIROC-regulated firm in a registered capacity
- imposed total sanctions of \$3.4 million against individuals and \$1 million against IIROC-regulated firms
- Collected 16.2 per cent of fines against individuals

Additional Resources

- Investors can search IIROC's [Unpaid Fines Report](#) for the most recent list of individuals who have not paid the full amount of fines and costs imposed as a result of disciplinary actions.
- All information about disciplinary proceedings relating to current and former member firms is available in the [Enforcement](#) section of IIROC's website.
- Background information regarding the qualifications and disciplinary history, if any, of advisors employed by IIROC-regulated firms is available free of charge through [IIROC AdvisorReport](#).

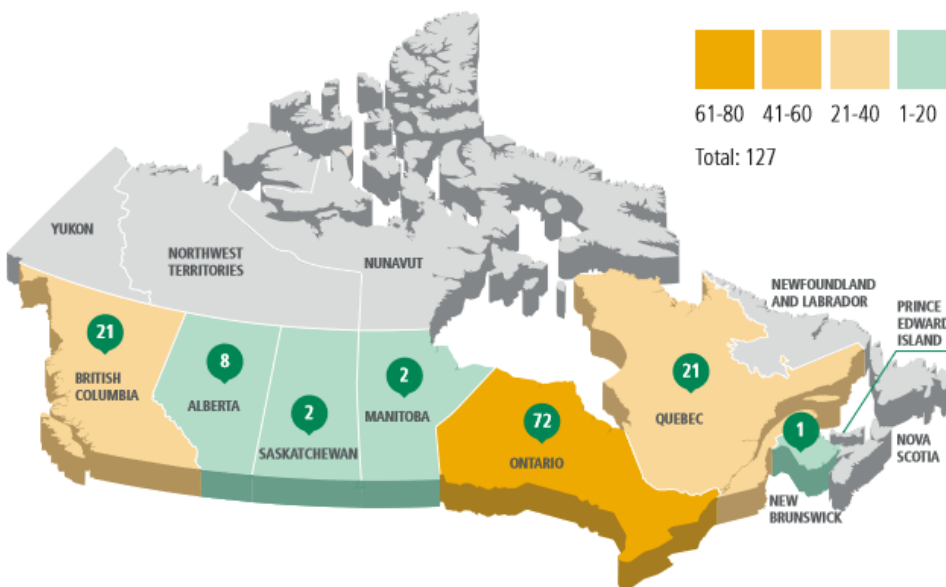
Graphics

Top Three Complaints Received by IIROC



In 2017, more than one-third of IIROC's enforcement cases pertained to unsuitable investments.

Investigations by Province



In 2017, IIROC completed 127 investigations against firms and individuals across Canada.

IIROC is the national self-regulatory organization that oversees all investment dealers and their trading activity in Canada's debt and equity markets. IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while supporting healthy Canadian 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 debt and equity marketplaces.

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