

This Rule consists of wording which has been replaced, in certain circumstances effective September 1, 2016, as set forth in [IIROC Rules Notice 16-0122](#). For additional information on the transition of this Rule please also refer to Schedule C.1 of the [Transition Rule](#).

RULE 20

CORPORATION HEARING PROCESSES

PART 1 - DEFINITIONS

20.1 In this Rule:

"**Applicant**" means:

an [individual](#) or Firm that applies for approval or [membership](#) pursuant to Part 7 of this Rule or an [Approved Person](#) or Dealer Member that applies for an exemption pursuant to Part 8 of this Rule.

"**Business days**" means:

a day other than Saturday, Sunday or any officially recognized Federal statutory holiday or any officially recognized Provincial statutory holiday in the applicable District. In calculating the number of business days, the days on which the events happen are excluded.

"**Calendar days**" means:

all days in a calendar year. In calculating the number of calendar days, the days on which the events happen are excluded.

"**Decision**" means:

a determination, including reasons, arrived at after consideration of facts and/or law by a [Decision-maker](#) pursuant to this Rule. Decision includes rulings and orders.

"**Decision-maker**" means:

the [person](#) or body making the [decision](#) under the respective provision of Rule 20. The [Decision-maker](#) can be: Corporation Staff (20.18 Part 7 Rule 20, 20.24 Part 8 Rule 20); the District Council or a sub-committee of the District Council (20.18 and 20.20 Part 7 Rule 20, 20.24 and 20.25 Part 8 Rule 20); the Board of Directors; (20.21 Part 7 Rule 20), a Board Panel; (20.22 Part 7 Rule 20), a District Council Panel; (20.26 Part 8 Rule 20) and a [Hearing Panel](#).

"**Disciplinary Hearing**" means:

A hearing held by a [Hearing Panel](#), under Rule 20.33 or Rule 20.34, that is not a settlement hearing, to determine whether the imposition of penalties against an [Approved Person](#) or Dealer Member is warranted for any of the reasons set out in Rule 20.33(1) or Rule 20.34(1).

"**Former Judge**" means:

an [individual](#) who has served as a judge in any provincial or federal court in Canada or an [individual](#) who is or has been qualified to practice law and has served as an adjudicator on an administrative tribunal in Canada.

"**Hearing Panel**" means:

a panel that is appointed pursuant to the Hearing Committees and Hearing Panels Rule to perform an approval review hearing (20.19 Part 8 Rule 20), an early warning level 2 review hearing (20.29 Part 9 Rule 20), a [Disciplinary Hearing](#) (20.33 and 20.34 Part 10 Rule 20), a settlement

hearing (20.36 Part 10 Rule 20), an expedited hearing (20.45 and 20.46 Part 10 Rule 20), or an expedited review hearing (20.47 Part 10 Rule 20).

"**Monitor**" means:

a Monitor appointed pursuant to Rule 20.46 to monitor the company's business and financial affairs and to act in furtherance of powers granted by a [Hearing Panel](#).

"**Panel**" means:

a [Hearing Panel](#), a District Council Panel (20.26 Part 8 Rule 20).

"**Release of Decision**" means:

when a [decision](#) made under this Rule is made available to the [Respondent](#), [Applicant](#), [Approved Person](#) or Dealer Member pursuant to the Corporation Practice and Procedure.

"**Respondent**" means:

an [Approved Person](#) or Dealer Member who is the subject of a [disciplinary hearing](#), settlement hearing, expedited hearing, or appeal hearing under Rule 20.

"**Settlement Agreement**" means:

an agreement reached by the Corporation and the [Respondent](#) whereby the parties agree to disciplinary charges, facts and penalty.

Terms used in this Rule 20 which are not defined herein shall have the same meanings as used or defined in the Hearing Committees and Hearing Panels Rule.

PART 2 -- GENERAL AUTHORITY OF PANELS

20.2 Exercise Of Authority

- (1) A [Panel](#) may make any determination, hold any hearing and make any [decision](#), order, interim order or impose any terms required to implement such order, required or permitted under Rule 20 or under the Corporation Practice and Procedure.
- (2) A [Panel](#) is not bound by any legal or technical rules of evidence and may admit as evidence in a hearing, whether or not given or proven under oath or affirmation, anything that is relevant to the proceedings.
- (3) A [Panel](#) may require presentation of evidence or testimony under oath or affirmation.

PART 3 -- DECISION-MAKING AND EFFECTIVENESS OF DECISIONS

20.3 Repealed.

20.4 Territorial Application of Decisions

- (1) Any [decision](#) made under this Rule shall have effect in all of the Districts, unless otherwise ordered by the [Decision-maker](#) or unless such extension or application of the [decision](#) is limited by law.

20.5 Effective Date of Decision

- (1) Any [decision](#) made pursuant to Rule 20 shall become effective on the date that the [decision](#) is made, unless it provides otherwise.
- (2) Notwithstanding subsection (1), a [decision](#) made pursuant to Rule 20.28 shall become effective as prescribed in Rule 20.29(3).

20.6 Effective Date of Penalties

- (1) Suspensions, bars, expulsions, restrictions or other conditions or terms imposed on approval or [Membership](#) commence as of the effective date of the [decision](#), unless otherwise determined by the [Decision-maker](#).
- (2) Any fine imposed on a [Respondent](#) shall be payable immediately when the [decision](#) becomes effective unless otherwise agreed by the parties.

PART 4 - CONTINUING JURISDICTION

20.7 Former Dealer Members and Approved Persons

- (1) For the purposes of Rule 19 and Rule 20, any Dealer Member and any [Approved Person](#) shall remain subject to the jurisdiction of the Corporation for a period of five years from the date on which such Dealer Member or [Approved Person](#) ceased to be a Dealer Member or an [Approved Person](#) of the Corporation, subject to subsection (2).
- (2) An enforcement hearing under Part 10 of this Rule may be brought against a former [Approved Person](#) who re-applies for approval under Part 7 of this Rule, notwithstanding expiry of the time period set out in subsection (1).
- (3) An [Approved Person](#) whose approval is suspended or revoked or a Dealer Member who is expelled from [membership](#) or whose rights or privileges are suspended or terminated shall remain liable to the Corporation for all amounts owing to the Corporation.

PART 5 - HEARING COMMITTEE

20.8 Repealed.

20.9 Repealed.

20.10 Repealed.

20.11 Repealed.

20.12 Repealed.

PART 6 - DECISION-MAKERS

20.13 Repealed.

20.14 Repealed.

20.15 Repealed.

20.16 Repealed.

20.17 Repealed.

PART 7 - INDIVIDUAL AND MEMBERSHIP APPROVALS

APPROVAL APPLICATIONS

20.18 Powers of District Council

- (1) The District Council shall have the power, which it may delegate to a Sub-Committee of the District Council comprised of three industry members or to Corporation Staff, to:
 - (a) approve an application for approval as a:
 - (i) [Supervisor](#) under Rule 4,
 - (ii) [Director](#) or [Executive](#) under Rule 7,

- (iii) [Registered Representative](#) or [Investment Representative](#), under Rule 18,
 - (iv) Ultimate Designated Person, Chief Financial Officer or Chief Compliance Officer under Rule 38, or
 - (v) Trader under Rule 500.
- (2) The District Council shall have the power, which it may delegate to a Sub-Committee of the District Council or to Corporation Staff, pursuant to subsection (1), to:
- (a) approve an application for approval referred to in Rule 20.18(1)(a) subject to such terms and conditions as the District Council considers just and appropriate;
 - (b) refuse an application for approval referred to in Rule 20.18(1)(a), if in its opinion:
 - (i) the [Applicant](#) does not meet any requirements prescribed by the [Rules](#) or [Rulings](#);
 - (ii) the [Rules](#) and [Rulings](#) of the Corporation will not be complied with by the [Applicant](#);
 - (iii) the [Applicant](#) is not qualified for approval by reason of integrity, solvency, training or experience; or
 - (iv) such approval is otherwise not in the public interest.
- (3) The District Council shall have the power, which it may delegate to a Sub-Committee of the District Council or to Corporation Staff, pursuant to subsection (1), to impose such terms and conditions on the continued approval of an [Approved Person](#) as the District Council considers just and appropriate.
- (4) The District Council shall have the power, which it may delegate to a Sub-Committee of the District Council, pursuant to subsection (1), to revoke or suspend the approval of an [individual](#) at any time during the period of approval of the [individual](#) if it appears to the District Council,
- (i) that the [individual](#) is not suitable for approval by reason of integrity, solvency, training or experience or has failed to comply with the [Rules](#) or [Rulings](#) of the Corporation; or
 - (ii) that the approval is otherwise not in the public interest.
- (5) The District Council shall not do any of the following without giving an [individual](#) an opportunity to be heard:
- (i) Refuse to approve the [individual](#).
 - (ii) Impose terms and conditions on the approval, either as a condition of approval or at any time during the period in which the [individual](#) is approved.
 - (iii) Suspend or revoke the approval of the [individual](#) under (4).

20.19 Review Hearings

- (1) Corporation Staff, the [Applicant](#) or an [Approved Person](#) may request a review of a [decision](#) under Rule 20.18 by a [Hearing Panel](#) within ten [business days](#) after [release of the decision](#).
- (2) If a review is not requested within ten [business days](#) after [release of the decision](#), the [decision](#) under Rule 20.18 becomes final.
- (3) No member of a District Council who has participated in a [decision](#) under Rule 20.18 shall participate on the [Hearing Panel](#).

- (4) A review hearing held under this Part shall be held in accordance with the Corporation Practice and Procedure.
- (5) The [Hearing Panel](#) may:
 - (a) affirm the [decision](#);
 - (b) quash the [decision](#);
 - (c) vary or remove any terms and conditions imposed on approval or continued approval;
 - (d) limit the ability to re-apply for approval for such period of time as it determines just and appropriate; and
 - (e) make any [decision](#) that could have been made by the District Council pursuant to Rule 20.18.
- (6) A [decision](#) of the [Hearing Panel](#) is a [decision](#) for which no further review or appeal is provided in the [Rules](#).

MEMBERSHIP APPLICATIONS

20.20 Recommendation of District Council

- (1) The District Council, or a Sub-Committee of the District Council comprised of three industry members established pursuant to Rule 11, shall make a recommendation to the Board of Directors to:
 - (a) approve an application for [Membership](#) made pursuant to Section 3.5 of General By-law No. 1;
 - (b) approve the application subject to such terms and conditions as may be considered just and appropriate; or
 - (c) refuse the Application if, in the opinion of the District Council or the Sub-committee of the District Council:
 - (i) the [Applicant](#) does not meet any requirements prescribed by the [Rules](#) or Rulings;
 - (ii) the [Rules](#) and Rulings of the Corporation will not be complied with by the [Applicant](#);
 - (iii) the [Applicant](#) is not qualified for approval by reason of integrity, solvency, or experience; or
 - (iv) such approval is otherwise not in the public interest.

20.21 Applicant opportunity to be heard by the Board of Directors

- (1) Prior to the consideration of an application for [Membership](#) by the Board of Directors, the [Applicant](#) shall be:
 - (a) provided with copies of the Corporation staff recommendation, the District Council recommendation and any other documents to be provided to the Board of Directors relating to the consideration of its Application; and
 - (b) informed that it has an opportunity to be heard by the Board of Directors prior to the [Board](#) deciding on its Application.

The [Applicant](#) must inform the Corporation within ten (10) [business days](#) of its receipt of these recommendations and other documents whether it wants to heard by the Board of Directors prior to the [Board](#) deciding on its Application.

20.22 Powers of the Board of Directors

- (1) The Board of Directors shall have the power to:
 - (a) approve an application for [Membership](#) made pursuant to Section 3.5 of General By-law No. 1;
 - (b) approve the application subject to such terms and conditions as may be considered just and appropriate;
 - (c) refuse the application if, in its opinion:
 - (i) the [Rules](#) and Rulings of the Corporation will not be complied with by the [Applicant](#);
 - (ii) the [Applicant](#) is not qualified for approval by reason of integrity, solvency, or experience; or
 - (iii) such approval is otherwise not in the public interest.

20.23 District Council Powers -- Exemption for Payment of Entrance Fee

- (1) Notwithstanding Rule 20.20 , Rule 20.21 and Rule 20.22, if an [Applicant](#) is exempted from payment of the Entrance Fee and has met all [Membership](#) application conditions pursuant to Section 3.5 of General By-law No. 1, except any conditions the District Council has waived in the circumstances, the District Council may approve the application for [Membership](#) without referral to the Board of Directors for final [decision](#).

PART 8 - EXEMPTION REQUEST APPLICATIONS

PROFICIENCY EXEMPTIONS

20.24 Powers of District Councils

- (1) Persons may apply for a proficiency exemption pursuant to Rule 2900.
- (2) The District Council, or a Sub-Committee of the District Council comprised of three industry members and established pursuant to Rule 11, shall have the power, to:
 - (a) exempt any [person](#) or class of persons from proficiency requirements, pursuant to paragraph B of Rule 2900 - Part I Proficiency Requirements on such terms and conditions, if any, as it may determine;
 - (b) exempt any [person](#) from writing or re-writing any required course or examination, pursuant to paragraph C of Rule 2900 - Part II Course and Examination Exemptions, on such terms and conditions, if any, as it may determine; or
 - (c) exempt any [person](#) from the Continuing Education Program requirements, pursuant to Rule 2900 -- Part III The Continuing Education Program, on such terms and conditions, if any, as it may determine.
- (3) The District Council, or a Sub-Committee of the District Council comprised of three industry members and established pursuant to Rule 11, may delegate the power to approve or refuse proficiency exemptions to Corporation Staff.

INTRODUCING CARRYING BROKER ARRANGEMENT EXEMPTIONS

20.25 Powers of District Councils

- (1) Dealer Members may apply for an exemption from the introducing carrying broker arrangement requirements pursuant to Rule 35.
- (2) The District Council, or a sub-committee of the District Council, established pursuant to Rule 11, shall have the power to:
 - (a) exempt any Dealer Member from any of the requirements of Rule 35 on such terms and conditions, if any, as it determines to be just and appropriate; and
 - (b) exempt any arrangements between a Dealer Member and a Dealer Member's foreign [affiliate](#), pursuant to Rule 35.6, from the requirements of Rule 35 on such terms and conditions, if any, as it determines to be just and appropriate.
- (3) The Dealer Member shall comply with any rules applicable to introducing carrying broker arrangement exemption applications prescribed by the Corporation Practice and Procedure.
- (4) The Dealer Member shall be provided with notice of the [decision](#) where the exemption is granted and the [decision](#) with reasons where the exemption is refused or granted subject to conditions.

EXEMPTION REVIEW HEARINGS

20.26 Review Hearings

- (1) The [Applicant](#) or Corporation Staff may apply for a review of the District Council decisions pursuant to Rule 20.24 or Rule 20.25 within ten [business days](#) after release of the decision.
- (2) If the [Applicant](#) does not request a review within the time period prescribed in subsection (1), the District Council [decision](#) to refuse the exemption request application or approve the exemption request application subject to terms and conditions, shall become final.
- (3) If Corporation Staff requests a review within the time period prescribed in subsection (1), the request for review shall operate as a stay from the District Council [decision](#).
- (4) A review of a District Council [decision](#) shall be heard by a District Council Panel comprised of three members of the District Council. No member of a District Council who participated in the District Council [decision](#) shall sit on the District Council Panel.
- (5) The District Council Panel may:
 - (a) affirm the [decision](#);
 - (b) quash the [decision](#);
 - (c) vary or remove any terms and conditions imposed on an [Applicant](#); and
 - (d) make any [decision](#) that could have been made by the District Council or a sub-committee of the District Council pursuant to Rule 20.24 and Rule 20.25.
- (6) A [decision](#) of the District Council Panel is a [decision](#) for which no further review or appeal is provided in the [Rules](#).

20.27 Costs

- (1) The District Council Panel may order against the [Applicant](#) any costs associated with the exemption request review hearing determined to be appropriate and reasonable.

- (2) Costs shall not be assessed where the District Council Panel grants the exemption request.

PART 9 - EARLY WARNING REVIEW PROCEEDINGS

20.28 Imposition of Prohibitions - Early Warning Level 2

- (1) The Corporation may order that a Dealer Member designated as being in Early Warning Level 2, pursuant to Rule 30, be prohibited from:
 - (a) opening any new branch offices;
 - (b) hiring any new [registered representative](#), or [investment representative](#);
 - (c) opening any new customer accounts; or
 - (d) changing, in any material respect, the inventory positions of the Dealer Member.
- (2) Written notice of an order made under subsection (1) shall be provided to the Dealer Member.

20.29 Review of Early Warning Level 2 Prohibitions

- (1) The Dealer Member may request a review of a Rule 20.28 order by a [Hearing Panel](#) within three [business days](#) after [release of the decision](#).
- (2) If a request for review is made, the hearing shall be held as soon as reasonably possible and no later than twenty-one [calendar days](#) after the request for review, unless otherwise agreed by the parties.
- (3) If a Dealer Member does not request a review within the time period prescribed in subsection (1), the Rule 20.28 order becomes effective and final.
- (4) A [Hearing Panel](#) may:
 - (a) affirm the order;
 - (b) quash the order; or
 - (c) vary or remove any prohibitions imposed on the Dealer Member; and
 - (d) make any [decision](#) that could have been made by the Corporation pursuant to Rule 20.28.
- (5) A [decision](#) of the [Hearing Panel](#) is a [decision](#) for which no further review or appeal is provided in the [Rules](#).

PART 10 -- ENFORCEMENT HEARINGS

INITIATION OF ENFORCEMENT HEARINGS

20.30

- (1) The Corporation may hold hearings, as set out under this Rule, in order to ensure compliance with and enforcement of the [Rules](#) and Rulings and federal or provincial statutes, regulations, rulings or policies relating to trading or advising in respect of securities or commodities.
- (2) The categories of enforcement hearings under Rule 20 are: disciplinary hearings; settlement hearings and expedited hearings. Enforcement hearings shall be conducted in accordance with this Rule and the Corporation Practice and Procedure.

POWERS OF COMPULSION

20.31 Dealer Members, Approved Persons and Corporation Staff

- (1) Every Dealer Member, [Approved Person](#) and Corporation Staff member shall:
 - (a) attend and give evidence respecting any matter relevant to hearings pursuant to Rule 20.33, Rule 20.34 or Rule 20.42 upon receipt of notice from the National Hearing Coordinator or his or her designate or order of a [Hearing Panel](#); and
 - (b) produce for inspection and provide copies of any books, records, accounts and documents that are in the possession or [control](#) of the Dealer Member or [Approved Person](#), to a [Hearing Panel](#) upon receipt of notice from the National Hearing Coordinator or order of the [Hearing Panel](#).
- (2) Failure to comply with subsections 1(a) or (b) constitutes a contravention of the [Rules](#) and may result in disciplinary action under Rule 20.33 or Rule 20.34.

20.32 Partners, Directors, Officers and Employees of Members

- (1) Where a [Hearing Panel](#) requires the attendance before it of any partner, [director](#), [officer](#) or employee of a Dealer Member, who is not an [Approved Person](#), the Dealer Member shall direct such employee to attend and to give information or make such production of documents as can be required of a [person](#) referred to in Rule 20.31.
- (2) Failure by the Dealer Member to comply with subsection (1) constitutes a contravention of the [Rules](#) and may result in disciplinary action under Rule 20.34.

PENALTIES

20.33 Approved Persons

- (1) Upon conclusion of a [disciplinary hearing](#), a [Hearing Panel](#) may impose the penalties set out at 20.33(2) if, in the opinion of the [Hearing Panel](#), the [Approved Person](#):
 - (a) failed to comply with or carry out the provisions of any federal or provincial statute, regulation, ruling or policy relating to trading or advising in respect of securities or commodities;
 - (b) failed to comply with the provisions of any Rule or Ruling of the Corporation; or
 - (c) failed to carry out an agreement or undertaking with the Corporation.
- (2) Pursuant to subsection (1), a [Hearing Panel](#) may impose any one or more of the following penalties upon the [Approved Person](#):
 - (a) a reprimand;
 - (b) a fine not exceeding the greater of:
 - (i) \$1,000,000 per contravention; and
 - (ii) an amount equal to three times the profit made or loss avoided by such [Approved Person](#) by reason of the contravention.
 - (c) suspension of approval for any period of time and upon any conditions or terms;
 - (d) terms and conditions of continued approval;
 - (e) prohibition of approval in any capacity for any period of time;
 - (f) termination of the rights and privileges of approval;

- (g) revocation of approval;
- (h) a permanent bar from approval with the Corporation; or
- (i) any other fit remedy or penalty.

20.34 Dealer Members

- (1) Upon conclusion of a [disciplinary hearing](#), a [Hearing Panel](#) may impose the penalties set out at Rule 20.34(2) if, in the opinion of the [Hearing Panel](#), the Dealer Member:
 - (a) failed to comply with or carry out the provisions of any federal or provincial statute, regulation, ruling or policy relating to trading or advising in respect of securities or commodities;
 - (b) failed to comply with the provisions of any Rule or Ruling of the Corporation;
 - (c) failed to carry out an agreement or undertaking with the Corporation; or
 - (d) failed to meet liabilities to another Dealer Member or to the public.
- (2) Pursuant to subsection (1), a [Hearing Panel](#) may impose any one or more of the following penalties upon the Dealer Member:
 - (a) a reprimand;
 - (b) a fine not exceeding the greater of:
 - (i) \$5,000,000 per contravention; and
 - (ii) an amount equal to three times the profit made or loss avoided by the Dealer Member by reason of the contravention;
 - (c) suspension of the rights and privileges of the Dealer Member (and such suspension may include a direction to the Dealer Member to cease dealing with the public) for any period of time and upon any conditions or terms;
 - (d) terms and conditions of continued [Membership](#);
 - (e) termination of the rights and privileges of [Membership](#);
 - (f) expulsion of the Dealer Member from [membership](#) in the Corporation; or
 - (g) any other fit remedy or penalty.

SETTLEMENT HEARINGS

20.35 Negotiation of Settlement Agreements

- (1) Corporation Staff may negotiate a [Settlement Agreement](#) with any [Approved Person](#) or Dealer Member.
- (2) The parties to a [Settlement Agreement](#) may agree to the imposition of any of the penalties prescribed by Rule 20.33 or Rule 20.34.
- (3) Settlement discussions may occur at any time until the conclusion of a settlement hearing or a [disciplinary hearing](#).
- (4) All negotiations of a [Settlement Agreement](#) are conducted on a without prejudice basis to the Corporation and all other persons involved in the negotiations and cannot be used as evidence or referred to in any proceedings.

20.36 Hearing Panel Powers

- (1) Upon conclusion of a settlement hearing, the [Hearing Panel](#) may either:
 - (a) accept the [Settlement Agreement](#); or
 - (b) reject the [Settlement Agreement](#).
- (2) Settlement Agreements shall become effective and binding upon Corporation Staff and an [Approved Person](#) or Dealer Member upon acceptance by a [Hearing Panel](#). An [Approved Person](#) or Dealer Member shall be deemed to have been penalized pursuant to Rule 20.33 or Rule 20.34 upon acceptance of a [Settlement Agreement](#) by a [Hearing Panel](#).

20.37 Acceptance Of Settlement Agreement

- (1) A [decision](#) of the [Hearing Panel](#) accepting a [Settlement Agreement](#) is a final [decision](#) for which no further review or appeal is provided in the [Rules](#).

20.38 Rejection of Settlement Agreement -- Proceeding to a Subsequent Settlement Hearing

- (1) If a [Settlement Agreement](#) is rejected by a Hearing Panel, the parties may agree to enter into another [Settlement Agreement](#).
- (2) No member of the [Hearing Panel](#) that presided over the initial settlement hearing shall sit on the [Hearing Panel](#) presiding over the subsequent settlement hearing.
- (3) The reasons for rejecting a [Settlement Agreement](#) shall not be made public upon rejection of the initial settlement hearing, but shall be made available to a [Hearing Panel](#) presiding over the subsequent settlement hearing.

20.39 Rejection of Settlement Agreement -- Proceeding to A Disciplinary Hearing

- (1) If a [Settlement Agreement](#) or a subsequent [Settlement Agreement](#) is rejected by a [Hearing Panel](#), the Corporation may proceed to a [disciplinary hearing](#) based on the same or related disciplinary charges pursuant to Rule 20.33 or Rule 20.34.
- (2) No member of the [Hearing Panel](#) that presided over the settlement hearing or subsequent settlement hearing shall sit on a [Hearing Panel](#) constituted for a [disciplinary hearing](#) on the same or related disciplinary charges.

20.40 Rejection of Settlement Agreement

- (1) A [decision](#) of the [Hearing Panel](#) rejecting a [Settlement Agreement](#) is a final [decision](#) for which no further review of appeal is provided in the [Rules](#).

EXPEDITED HEARINGS

20.41 Expedited Hearings

- (1) Expedited hearings are held upon application by Corporation Staff and without notice to the [Respondent](#) in the circumstances prescribed in Rule 20.42 and Rule 20.43.

20.42 Types of Expedited Hearings- Members

- (1) A [Hearing Panel](#) may impose any of the penalties prescribed by Rule 20.45 upon a Dealer Member in any of the following circumstances:

Bankruptcy

- (a) a Dealer Member makes a general assignment for the benefit of its creditors, makes an authorized assignment or a proposal to its creditors; is declared

bankrupt, or a winding-up order is made in respect of a Dealer Member or a receiver or other [officer](#) with similar powers is appointed in respect of all or any part of the undertaking and property of the Dealer Member.

Suspension or Cancellation of Registration or Membership

- (b) the registration of a Dealer Member as a dealer in securities or commodities under any statute respecting trading or advising in respect of securities or commodities or as an underwriter in any statute in respect of securities or commodities has lapsed or is suspended or cancelled;
- (c) a [recognized stock exchange](#), [securities commission](#), securities regulatory authority, [self-regulatory organization](#) or any recognized trading or quotation system suspends the [Membership](#) or privileges of a Dealer Member;

Financial or Operating Difficulty

- (d) where a Dealer Member is in such financial or operating difficulty that the [Hearing Panel](#) determines the Dealer Member cannot be permitted to continue to operate without risk of imminent harm to the public, other Dealer Members or the Corporation;

Failure to Cooperate With Corporation Compliance Examinations or Investigations

- (e) where a Dealer Member fails to cooperate with Corporation compliance examinations or investigations pursuant to Rule 19 and the [Hearing Panel](#) determines that the Dealer Member cannot be permitted to continue to operate without risk of imminent harm to the public, other Dealer Members or the Corporation;

Criminal Charges

- (f) where a Dealer Member has been charged with a criminal offence relating to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading, and such criminal charge likely brings the capital markets into disrepute.

Non-Compliance With Conditions

- (g) where a Dealer Member fails to comply with terms or conditions imposed pursuant to Rule 20.33, Rule 20.34 or Rule 20.38 or Rule 20.29.

20.43 Types of Expedited Hearings - Approved Persons

- (1) A [Hearing Panel](#) may impose any of the penalties set out in Rule 20.45 upon an [Approved Person](#) in any of the following circumstances:

Suspension or Cancellation of Registration or Approval

- (a) the registration or approval of an [Approved Person](#) under any statute respecting trading or advising in respect of securities or commodities has lapsed, is suspended or cancelled;
- (b) a [recognized stock exchange](#), [securities commission](#), securities regulatory authority, [self-regulatory organization](#) or recognized trading or quotation system suspends an [Approved Person](#);

Failure to Cooperate With Corporation Compliance Examinations and Investigations

- (c) failure to cooperate with Corporation compliance examinations and investigations pursuant to Rule 19 and the [Hearing Panel](#) determines that the [Approved Person](#) cannot be permitted to continue to be an [Approved Person](#) without risk of imminent harm to the public, other Dealer Members or the Corporation;

Criminal Charges

- (d) where an [Approved Person](#) has been charged with a criminal offence relating to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading, and such criminal charge likely brings the capital markets into disrepute;

Non-Compliance With Conditions

- (e) where an [Approved Person](#) fails to comply with terms or conditions imposed pursuant to Rule 20.33, Rule 20.34, or Rule 20.38.

20.44 Non-payment of Fines or Costs

- (1) In the event that a fine or costs imposed by a [Hearing Panel](#) are not paid within the prescribed time, the Corporation may summarily, without further notice, suspend a Dealer Member or [Approved Person](#), until such fine or costs are paid.

20.45 Powers Of Hearing Panel

- (1) A [Hearing Panel](#) has the power to impose any of the following penalties upon a [Respondent](#) who is an [Approved Person](#) or Dealer Member in the circumstances prescribed in Rule 20.42 and Rule 20.43:
 - (a) suspension of approval or [Membership](#);
 - (b) imposition of terms or conditions on a suspension of approval or [Membership](#);
 - (c) imposition of terms or conditions on continued approval or [Membership](#);
 - (d) direction to immediately cease dealing with the public;
 - (e) an order with terms and conditions to facilitate the orderly transfer of client accounts from a Dealer Member suspended under this Rule;
 - (f) termination of the rights and privileges of approval or [Membership](#);
 - (g) expulsion of an [Approved Person](#) or Dealer Member from the Corporation; or
 - (h) imposition of a [Monitor](#) pursuant to Rule 20.46.

20.46 Powers Of Hearing Panel To Impose A Monitor

- (1) A [Hearing Panel](#) may order the imposition of a [Monitor](#), on such terms and conditions as it deems just and appropriate, where it is in the interest of the public, and the [Hearing Panel](#) determines that:
 - (a) the Dealer Member is at financial risk and may become insolvent;
 - (b) client accounts are at risk of financial loss due to a Dealer Member's financial condition, inadequate internal controls or deficient operating procedures;

- (c) the Dealer Member has failed to maintain regulatory capital requirements as prescribed by the [Rules](#) or any federal or provincial statute, regulation, ruling or policy relating to trading or advising in respect of securities or commodities; or
 - (d) the securities firm has been suspended by the Corporation or other regulatory or [self-regulatory organization](#) for failure to meet regulatory capital requirements.
- (2) A [Monitor](#) appointed pursuant to subsection (1) shall monitor the Dealer Member's business and financial affairs in accordance with the terms and conditions specified by the [Hearing Panel](#).
- (3) A [Hearing Panel](#) may assign any of the following terms and conditions to the [Monitor](#), for such period of time as the [Hearing Panel](#) determines is just and appropriate in the circumstances:
- (a) to enter and re-enter the Dealer Member's premises and to remain on site to conduct day-to-day monitoring of all of the Dealer Member's business activities, including but not limited to, monitoring and review of accounts receivable, accounts payable, client accounts, margin, client free credits, the Dealer Member's banking, any books or records of the Dealer Member, trading conducted by or on behalf of the Dealer Member for its' own account or the account of its' clients, payment of any debts or the creation of new [debt](#) and any reconciliation required to be completed by the Dealer Member;
 - (b) to make copies of information and to provide copies of such information to Corporation Staff or any other agency the [Hearing Panel](#) determines appropriate;
 - (c) to provide ongoing reporting of the Monitor's findings or observations to Corporation Staff or any other agency the [Hearing Panel](#) determines appropriate;
 - (d) to monitor compliance by the Dealer Member with any terms or conditions which have been imposed on the Dealer Member by the Corporation or any other regulator, including but not limited to, compliance with early warning terms and conditions;
 - (e) to verify and assist with the preparation of any regulatory filings, including but not limited to, the calculation of risk adjusted capital;
 - (f) to conduct or have conducted an appraisal of the Dealer Member's net worth or valuation of any part of the Dealer Member's assets;
 - (g) to assist the staff of the Dealer Member to facilitate the orderly transfer of client accounts;
 - (h) to pre-authorize any issuance of cheques or payments made by or on behalf of the Dealer Member or distribution of any of the Dealer Member's assets; or
 - (i) any other such terms or conditions that the [Hearing Panel](#) determines is just and appropriate to assign to the [Monitor](#).
- (4) The expenses related to a [Monitor](#) appointed pursuant to Rule 20.46 shall be borne by the Dealer Member.

20.47 Review Hearing

- (1) The [Respondent](#) may file a written request for review of any [decision](#) made pursuant to Rule 20.45 within thirty [calendar days](#) after [release of the decision](#) of the [Hearing Panel](#).

- (2) If a request for review is made, pursuant to subsection (1), a hearing shall be held as soon as reasonably possible and no later than twenty-one [calendar days](#) after filing of the written request for review unless otherwise agreed by the parties.
- (3) No member of a [Hearing Panel](#) who presided over a hearing held pursuant to Rule 20.45 shall sit on a [Hearing Panel](#) constituted for review of that [decision](#).
- (4) If a [Respondent](#) does not request a review within the time period prescribed in subsection (1), the [Hearing Panel decision](#) shall become final.
- (5) Unless the [Hearing Panel](#) orders otherwise, a request for a review shall not operate as a stay from a [decision](#) made pursuant to Rule 20.45.
- (6) A review [decision](#) of the [Hearing Panel](#) is a [decision](#) for which no further review or appeal is provided in the [Rules](#).

20.48 Powers of The Hearing Panel - Review Hearing

- (1) The [Hearing Panel](#) presiding over the review hearing may:
 - (a) affirm any [decision](#);
 - (b) quash any [decision](#);
 - (c) vary any [decision](#) or penalty; and
 - (d) make any [decision](#) that could have been made by a [Hearing Panel](#) pursuant to Rule 20.45.

ASSESSMENT OF COSTS

20.49 Assessment of Costs

- (1) In addition to imposing any of the penalties set out in Rule 20.33, Rule 20.34 or Rule 20.45, the [Hearing Panel](#) may assess and order any Corporation Staff investigation and prosecution costs determined to be appropriate and reasonable in the circumstances.
- (2) Costs shall not be assessed where the [Hearing Panel](#) has not made a finding against the [Respondent](#) based on any of the grounds set out at Rule 20.33(1) or Rule 20.34(1) or where an expedited [decision](#) is quashed upon review pursuant to Rule 20.48(1).

PART 11 - PUBLIC HEARINGS

20.50 Public Hearings

- (1) The following types of hearings shall be open to the public subject to subsection (2):
 - (a) settlement hearings, after a [Settlement Agreement](#) has been accepted by [Hearing Panel](#), pursuant to Rule 20.36;
 - (b) disciplinary hearings pursuant to Rule 20.33 and Rule 20.34; and
 - (c) expedited review hearings pursuant to Rule 20.47.
- (2) The hearings prescribed in subsection (1) shall be held in the absence of the public where the [Hearing Panel](#) is of the opinion that the desirability of avoiding disclosure, of intimate financial, personal or other matters, in the interests of any [person](#) affected or in the public interest outweighs the desirability of adhering to the principle that hearings be public.
- (3) Notwithstanding subparagraph (1) and (2), in Quebec, any disciplinary panel must be public. However, such disciplinary panel may on its own initiative or on request, order a

closed-door hearing or prohibit the publication or release of information or documents in the interest of good morals or public order.

PART 12 - RULE MAKING POWERS

20.51 Repealed.

PART 13 - TRANSITIONAL PROVISIONS

20.52 Transitional Provisions

- (1) Subject to subsection (2), any provision of any Rule or Ruling of the Corporation in effect immediately prior to the coming into effect of these [Rules](#) shall remain in full force and effect until such Rule or Ruling, has been repealed.
- (2) In the event of a conflict between this Rule and the provisions of any Rule or Ruling of the Corporation that remains in effect after this Rule comes into effect, the provisions of this Rule shall prevail.

