

Backgrounder: Alternative forms of disciplinary action

Enforcement plays a key role in IIROC's efforts to protect investors and support healthy capital markets across Canada. We ensure timely identification, investigation and prosecution of regulatory misconduct, as well as the detection and pre-emptive disruption of potential misconduct.

Enforcement must be fair, effective and timely.

Disciplinary programs in other jurisdictions

IIROC researched disciplinary programs implemented by other jurisdictions to achieve flexible, proportionate enforcement responses.

Jurisdiction	Program
Financial Industry Regulatory Authority (FINRA)	Minor Rules Violation Program
Australian Stock Exchange (ASX)	Notification of Alleged Minor Infringements
Bourse de Montreal (MX)	Fines for Minor Violations
ICE Futures Canada	Administrative Penalty Provisions
Australian Securities and Investments Commission (ASIC)	Infringement Notices

How does enforcement currently work?

IIROC enforces rules on:

- the proficiency, sales, business and financial conduct of all Canadian dealer firms and their registered employees; and
- market integrity rules regarding trading activity on all equity marketplaces in the country.

Effective enforcement helps to enhance investor confidence in the financial services industry. Visit our [2016 Enforcement Report](#).

What kind of disciplinary programs is IIROC considering?

1. A minor violation program to fine minor rule infractions, bypassing a formal disciplinary hearing. Individuals would be fined \$2,500 and firms would be fined \$5,000.
2. An early resolution program to conclude settlements, once sufficient facts are known, at an earlier point in the disciplinary process. The aim is to significantly reduce the time required to complete cases.

Why does IIROC want to introduce these options?

- Full disciplinary actions require a significant investment of time and resources. IIROC believes a program to address minor violations that is proportionate to the misconduct would be effective and strengthen our ability to focus on matters that are more serious and/or harmful to investors.
- The new proposed programs would permit IIROC to tailor its enforcement response to address wrongdoing of varying degrees of seriousness.
- This disciplinary process would ensure proportionate, fair penalties tailored to the misconduct and the circumstances.
- IIROC would experience increased operational efficiency and faster resolution – meaning quicker results and more-efficient use of resources.

How long does a matter take if it proceeds to a hearing?

- A typical case that proceeds from investigation through to the disciplinary process can take a year or more to complete. We are in the early stages of exploring and seeking comment on the proposed alternative programs – so we can't yet say specifically how long we expect these new programs to take. However, we do expect quicker results and more-efficient use of resources.

What are next steps?

- After 90 days, IIROC will prepare a response to the written feedback and investor survey results. IIROC may revise the proposed programs in response to comments receive and republish for further comment or for implementation. We may also request meetings/discussions with some people, to elaborate on some of their feedback.

Read the full Notice here: http://www.iroc.ca/Documents/2018/DCF3af16-1ea7-4e64-b49b-12e05eb9bce7_en.pdf

Visit our Enforcement website

here: <http://www.iroc.ca/industry/enforcement/Pages/Enforcement.aspx>

For more information:

Andrea Zviedris
Manager, Media & Public Affairs
416-943-6906
azviedris@iroc.ca