PART 2 – ABUSIVE TRADING

2.1 Just and Equitable Principles - Repealed

2.1 Specific Unacceptable Activities

(1) Without limiting the generality of any other Rule, a Participant or Access Person shall not:

(a) enter into a transaction for the purpose of rectifying a failure in connection with a failed trade prior to the time that a report must be filed in accordance with Rule 7.10 if the Participant or Access Person knows or ought reasonably to know that such transaction will result in a failed trade; or

(b) when trading a security on a marketplace that is subject to Marketplace Trading Obligations, intentionally entering on that marketplace on a particular trading day two or more orders which would impose an obligation on the person with Marketplace Trading Obligation to

(i) execute with one or more of the orders, or

(ii) purchase at a higher price or sell at a lower price with one or more of the orders

in accordance with the Marketplace Trading Obligations that would not be imposed on the person with Marketplace Trading Obligations if the orders had been entered on the marketplace as a single order or entered at the same time.

(2) Without limiting the generality of any other Rule, a Participant shall not:

(a) directly or indirectly use another person to effect a trade other than on a marketplace in circumstances when an exemption is not available for the Participant to complete the trade other than on a marketplace in accordance with Rule 6.4;

(b) make a pattern of trading in a particular security with knowledge of an expression of interest by a client in that particular security; or

(c) without the specific consent of the client, enter client and principal orders in such a manner as to attempt to obtain execution of a principal order in priority to the client order.

(3) A Participant or Access Person shall not enter an order on a marketplace that is intended to execute as a pre-arranged trade or an intentional cross without the prior approval of a Market Regulator if the pre-arranged trade or intentional cross would be undertaken at a price that will be:

(a) less than the lesser of 95% of the best bid price and the best bid price less 10 trading increments; or

(b) more than the greater of 105% of the best ask price and the best ask price plus 10 trading increments.

(4) As a condition for granting approval of the pre-arranged trade or intentional cross for the purposes of subsection (3), the Market Regulator may require the Participant or Access Person to enter a series of orders on one or more protected marketplaces over a period of time considered reasonable by the Market Regulator in order to move the market price to the price at which the pre-arranged trade or intentional cross will occur and that time period will generally be not less than:

(a) 5 minutes if the price variation from the best ask price or best bid price, as applicable, is more than 5% but less than 10%; and

(b) 10 minutes if the price variation is 10% or more.

POLICY 2.1 – JUST AND EQUITABLE PRINCIPLES - REPEALED

Defined Terms:	*NI 21-101 section 1.1 – "order"* *NI 21-101 section 1.4 – Interpretation -- "security"* *UMIR section 1.1 – "Access Person", "best ask price", "best bid price", "bypass order", "client order", "designated trade", "disclosed volume", "Exchange", "failed trade", "intentional cross", "Market Regulator", "marketplace", "Marketplace Trading Obligations", "Participant", "pre-arranged trade", "principal order", "protected marketplace", "Requirements", "trading day" and "trading increment"* *UMIR section 1.2(2) – "person" and "trade"*
Related Provisions:	*UMIR section 7.10 and Part 2 of Policy 5.3*
Regulatory History:	*Effective March 9, 2007, the applicable securities commissions approved an amendment to replace clause (d) at the end of Part 1 of Policy 2.1. See Market Integrity Notice 2007-002 – **"Provisions Respecting Competitive Marketplaces"** (February 26, 2007).* *Effective May 16, 2008, the applicable securities commissions approved amendments to Policy 2.1 to replace the opening sentence of the last paragraph of Part 1 of Policy 2.1 and to replace Part 2 of Policy 2.1. See Market Integrity Notice 2008-008 – **"Provisions Respecting Off-Marketplace Trades"** (May 16, 2008).* *On October 15, 2008, the applicable securities commissions approved amendments to Part 1 of Policy 2.1 that came into force on October 14, 2008 to delete and replace the second paragraph, to include a reference to failed trades. See IIROC Notice 08-0143 – **"Provisions Respecting Short Sales and Failed Trades"** (October 15, 2008).* *Effective August 26, 2011, the applicable securities commissions approved amendments to delete and replace clause (d) of Part 1 of Policy 2.1, to replace the term "Market Maker Obligations" with the new defined term "Marketplace Trading Obligations". See IIROC Notice 11-0251 – **"Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations"** (August 26, 2011).* *Effective December 9, 2013, the applicable securities commissions approved amendments to the French version of UMIR. See IIROC Notice 13-0294 – **"Amendments to the French version of UMIR"** (December 9, 2013).* *Effective September 18, 2015, the applicable securities commissions approved amendments to Part 2 of Policy 2.1. See IIROC Notice 15-0211 - Notice of Approval – **"Provisions Respecting Unprotected Transparent Marketplaces and the Order Protection Rule"** (September 18, 2015).* *Effective September 1, 2016, the applicable securities commissions approved amendments to repeal Rule 2.1 of UMIR and Policy 2.1, with the substance of the Policy incorporated into the new Rule 2.1 "Specific Unacceptable Activities". See IIROC Notice 16-0122 – **"Implementation of the consolidated IIROC Enforcement, Examination and Approval Rules"** (June 9, 2016).*
Guidance:	*See Market Integrity Notice 2005-027 - "**Guidance – "Advantages" to the Purchaser of a Security**" (July 29, 2005).*
Guidance:	*See IIROC Notice 11-0043 - "**Guidance on "Locked" and "Crossed" Markets**" (February 1, 2011).*
Disciplinary Proceedings:	***In the Matter of Ronald David Johnson ("Johnson") (September 13, 2002) OOS 2002-003*** *Facts – During the period April 1999, to May 1999, Johnson, an Approved Person of the Alberta Stock Exchange employed by Canaccord Capital Corporation, participated in the distribution of shares of a private placement. The issuer of the private placement relied on a "close friends and*

	business associates" exemption under the Securities Act (Alberta) to distribute the securities. Johnson place five clients in the private placement notwithstanding that the clients could not properly rely on the "close friends and business associates" exemption.
	Disposition – Johnson knew or should have known that the "close friends and business associates" exemption provided by the securities legislation was not applicable in the case of the five clients with whom he placed the securities. In doing so, he engaged in conduct that was unbecoming and inconsistent with just and equitable principles of trade which was detrimental to the public interest.
	Requirements Considered – Alberta Stock Exchange By-laws 8.27 and 16.01A. Comparable UMIR Provision - Rule 2.1
	Sanction - $12,000 fine and costs of $7,500
Disciplinary Proceedings:	***In the Matter of Norman Karl Jeske ("Jeske") (December 12, 2002) OOS 2002-010***
	Facts – During the period of July 1, 1998 to February 1, 1999, Jeske, an investment advisor at Dominick & Dominick Securities Inc., in the course of acting for a company engaged in a normal course issuer bid failed to exercise due diligence in relation to the entry of orders by the company for the purchase of its shares, including from accounts related to or affiliated with the company and its insiders.
	Disposition – In failing to exercise due diligence in relation to the entry of orders, Jeske's conduct or method of business was inconsistent with just and equitable principles of trade and detrimental to the interests of public.
	Requirements Considered – VSE Policy 21.10, VSE Rules B.4.16 and F.2.08, VSE By-law 5.01(2). Comparable UMIR Provision - Rule 2.1.
	Sanction - $12,500 fine and costs of $1,000; disgorgement of $2,392 in gains; suspended from access to the Toronto Stock Exchange for 30 days.
Disciplinary Proceedings:	***In the Matter of Luke Roger Beresford Smith ("Smith") (October 24, 2002) OOS 2002-011***
	Facts – Between October 21, 1996 and December 21, 1996, Smith, an Investment Advisor with C.M. Oliver & Co. Ltd, effected or participated in trades on behalf of three client accounts who engaged in a pattern of initiating buy and sell orders for a particular security and at substantially the same time and at substantially the same price between the clients' accounts.
	Disposition – The trades amongst the clients' accounts could have created the appearance of an artificial market that could have unduly disturbed the normal market condition, and could have created a misleading appearance of trading activity for the particular security. Smith failed in his role as a gatekeeper and his conduct was inconsistent with just and equitable principles of trade.
	Requirements Considered – VSE By-law 5.01(2). Comparable UMIR Provision - Rule 2.1 and Policy 2.1, reference made to "gatekeeper function" (Rule 10.16 effective April 1, 2005)
	Sanction - $7,500 fine and costs of $2,500.
Disciplinary Proceedings:	***In the Matter of Garett Steven Prins ("Prins") (April 1, 2003) OOS 2003-001***
	Facts – On several occasions between November 22, 2001 and July 18, 2002, Prins informed a registered trader at another dealer of pending client orders for particular securities. The registered trader used this information to enter beneficial trades in the particular securities.
	Disposition – Prins acted contrary to just and equitable principles of trade when he disclosed information of pending client trades to a trader at another dealer.
	Requirements Considered – TSX Rule 7-106(1)(b) and Rules 2.1(1) and 4.1(1)(c)
	Sanction - $50,000 fine and costs of $15,000; Suspended from access to the Toronto Stock Exchange for 3 months
Disciplinary Proceedings:	***In the Matter of Douglas Francis Corrigan ("Corrigan") (May 28, 2003) OOS 2003-002***
	Facts - Corrigan, an investment advisor at Dominick & Dominick Securities Inc. was assigned the account of Client X, an insider of Tree Brewing Co. Ltd. ("Tree Brewing"), a VSE-listed issuer. Between August 1, 1998 and March 31, 1999, Corrigan effected or participated in trades of shares of Tree Brewing on behalf of Client X which involved a pattern of uneconomic and repetitive trading whereby Client X sold and subsequent re-purchase of a comparable number of shares of Tree Brewing for the purpose of deferring payment for the securities traded.
	Disposition - Corrigan had an obligation to closely monitor the trading by the client and use due diligence to learn the essential facts each order he accepted. In failing to discharge his due diligence obligations and failing to recognize the "red flags" Duke failed to discharge his "gatekeeper" obligation and engaged in conduct which was inconsistent with just and equitable principles of trade.
	Requirements Considered – VSE By-law 5.01(2). Comparable UMIR Provision - Rule 2.1 and

	Policy 2.1, reference made to "gatekeeper function" (Rule 10.16 effective April 1, 2005)
	Sanction - $10,000 fine and costs of $3,000; disgorgement of $5,492 in gains
Disciplinary Proceedings:	***In the Matter of Dean Duke ("Duke") (May 28, 2003) OOS 2003-003***
	Facts – Duke, a trader at Canaccord Capital Corporation was assigned the account of Client X, an insider of Tree Brewing Co. Ltd. ("Tree Brewing), a VSE-listed issuer. Between August 1, 1998 and March 31, 1999, Duke effected or participated in trades of shares of Tree Brewing on behalf of Client X which involved a pattern of uneconomic and repetitive trading whereby Client X sold and subsequent re-purchase of a comparable number of shares of Tree Brewing for the purpose of deferring payment for the securities traded.
	Disposition – Duke had an obligation to closely monitor the trading by Client X and use due diligence to learn the essential facts of each order he accepted. In failing to discharge his due diligence obligations and failing to recognize the "red flags" Duke failed to discharge his "gatekeeper" obligation and engaged in conduct which was inconsistent with just and equitable principles of trade.
	Requirements Considered – VSE By-law 5.01(2). Comparable UMIR Provision - Rule 2.1 and Policy 2.1
	Sanction - $20,000 fine and costs of $3,000; disgorgement of $3,633.57 in gains
Disciplinary Proceedings:	*Rule 2.1(1) was considered* ***In the Matter of Frank Patrick Greco ("Greco") (May 28, 2003) Decision 2003-004.*** *See Disciplinary Proceedings under Rule 4.1.*
Disciplinary Proceedings:	***In the Matter of Garnet Glen Ferguson ("Ferguson") (November 6, 2003) OOS 2003-008***
	Facts – On September 25, 2000, Ferguson, a registered representative, while in possession of material non-public information, entered into a pre-arranged transaction with a promoter of an issuer of a Canadian Venture Exchange Inc. listed stock to purchase shares of the company on behalf of six of his clients. The trade materially upticked the price of the stock. Subsequently, between October 2-6, 2000, and prior to the material information respecting the issuer being partially disclosed generally, Ferguson sold the shares of the company in "solicited" sales for three of the clients at a significant premium.
	Disposition – In purchasing securities on behalf of his clients while in possession of material information, which he knew or ought to have know had not been generally disclosed, and for do so in the context of effecting a new high trade where he ought to have known that the effect of such a purchase would be to create an abnormal market condition for that security, Ferguson's conduct was inconsistent with just and equitable principles of trade and detrimental to the public interest.
	Requirements Considered – CDNX Rules F.2.18(4)(a) and F.2.01(2). Comparable UMIR Provision - Rule 2.1 and Policy 2.1.
	Sanction - $15,000 fine and costs of $2,500; disgorgement of $1,095 in gains.
Disciplinary Proceedings:	***In the Matter of Brian Alexander Kaufman ("Kaufman") (November 6, 2003) OOS 2003-009***
	Facts – Between July 2000 and February 2001, Kaufman, a registered representative, caused a series of trades to be transacted on behalf of his client who was engaged in suspicious trading activities which included perceived undeclared short sales, uneconomical trading and up-ticked purchases in thinly traded securities. Despite knowing these facts, Kaufman appeared to execute sell orders without reasonable knowledge that the apparent long sales were in fact covered by freely tradeable shares.
	Disposition – The failed settlements, uneconomic trading and market dominance in a thinly traded security by the client ought to have put Kaufman on a heightened state of alert for possible market abuses. Kaufman should have not continued to execute sales for his clients without ensuring that the accounts were long or without credible evidence that his clients held freely tradeable shares in other accounts to cover those sales. In failing to identify these red flags Kaufman failed to act as a "gatekeeper" and engaged in conduct which was inconsistent with just and equitable principles of trade and detrimental to the public interest.
	Requirements Considered – CDNX Rules F.1.01(1), F.2.01(2) and E.1.01. Comparable UMIR Provision - Rule 2.1 and Policy 2.1.
	Sanction - $10,000 fine and costs of $4,000, disgorgement of $1,363.82 in gains; strict supervision for 6 months; successful completion of the Conduct and Practices Handbook examination.
Disciplinary Proceedings:	***In the Matter of Linda Grace Malinowski ("Malinowski") (November 26, 2003) OOS 2003-011***
	Facts – In her capacity as sales assistant, Malinowski was responsible for entering orders for one stock on behalf of clients and at the direction of the investment advisor for whom she worked. Between February 1 and June 9 of 2000 she was responsible for entering unsolicited buy orders on behalf of clients that were alleged to be engaged in trading which created a false and misleading

	appearance of trading activity in the stock and in certain instances, created artificial prices. Malinowski raised concerns about the trading of the clients, but was told by her IA that she shouldn't be concerned. She did not escalate the matter further and continued to take orders from the clients. *Disposition - Persons entering orders on behalf of clients have a gatekeeper responsibility to guard against entering orders for clients who may appear to be engaging in manipulative and deceptive trading. Malinowski failed in her duty as gatekeeper and hence constituted conduct contrary to just and equitable principles of trade.* *Requirements Considered – Section 17.09(1)(b) of the General By-law of the TSX and Rule 7-106(1)(b) of the Rules of the TSX. Comparable UMIR Provision – Rule 2.1(1).* *Sanction - $10,000 fine; successful completion of the Conduct and Practices Handbook examination.*
Disciplinary Proceedings:	***In the Matter of David Avery Little ("Little") (December 22, 2003) OOS 2003-014*** *Facts – Between July 4 and July 12, 2002, Little, a registered representative at Yorkton Securities Inc. ("Yorkton"), instructed traders at Yorkton to jitney sell orders for EQT shares held by Yorkton in an Inventory Account. Shortly after the execution of each jitney sell order, Little caused an order to be entered on behalf of a client, who was also an insider of EQT ("Related Client"), to purchase small quantities of EQT shares at prices in excess of the price at which Little had sold the shares. Five of these Related Client orders and trades entered and executed during the relevant period produced up ticks.* *Disposition – When a registrant acts for an insider of an issuer in whose securities trades are made, the registrant must exercise a higher level of due diligence to learn the essential facts relative to the orders. In failing to take greater care when accepting and executing unsolicited orders for a Related Client Little failed to act as a "gatekeeper" and failed to act in accordance with just and equitable principles of trade.* *Requirements Considered – Rules 2.1(1) and 10.4(1)(a).* *Sanction - $12,500 fine and costs of $2,500.*
Disciplinary Proceedings:	***In the Matter of Kai Tolpinrud ("Tolpinrud") (January 16, 2004) OOS 2004-001*** *Facts – Canaccord Capital Corporation employed Tolpinrud to trade for institutions, quasi-institutional clients, and corporate clients and at the same time permitted him to trade his personal account and inventory accounts. In reliance on this arrangement, between March 1, 2001 and March 11, 2002 Tolpinrud took advantage of client orders and information when acting as agent for the purchase and sale of securities to commit numerous infractions and contraventions including frontrunning, trading opposite his clients, improper client-principal trading, failing to give client orders priority when he entered client and non-client orders and other infractions.* *Disposition – Tolpinrud engaged in trading practices which contravened the requirements of the CDNX and the TSE and were inconsistent with just and equitable principles of trade and detrimental to the interests of the public.* *Requirements Considered – TSE Rule 4-405(1), CDNX Rules C.2.17, F.2.01, F.2.03, F.2.04, F.2.05, F.2.10(2)(f), F.2.18 (8), G.3.01(6). Comparable UMIR Provisions – Rule 2.1, 2.2, 4.1, 5.3.* *Sanction - $110,000 fine and costs of $21,500; disgorgement of $29,925 gain; permanent withdrawal of access to the TSX-VN, TSX and all other marketplaces regulated by RS.*
Disciplinary Proceedings:	***In the Matter of Gerald Douglas Phillips ("Phillips") (February 26, 2004) SA 2004-002*** *Facts – On June 26, 2003, Phillips, a registered representative entered a client market sell order at a $0.70 limit in the exchange book even though there were pending buy orders in the TSX's special terms book against which the client's order could have traded at a better price.* *Disposition – In failing to make an effort to fill the client's market order at the better price offered in the special terms book, Phillips caused his dealer to breach its best price obligation to the client and acted in a manner which was inconsistent with just and equitable principles of trade.* *Requirements Considered – Rules 2.1(1)(a), 5.2 and 10.4(1)(a).* *Sanction - $10,000 fine and costs of $3,500.*
Disciplinary Proceedings:	***In the Matter of Louis Anthony De Jong ("DeJong") and Dwayne Barrington Nash ("Nash") (July 29, 2004) Decision 2004-004*** *Facts – DeJong and Nash were both employees of Credit Suisse First Boston Canada Inc. ("CSFB"). Client X advised DeJong that he was interested in buying a large block of BCE shares which CSFB recently acquired in an unrelated transaction. In order to deliver the shares to client X at the agreed upon price, DeJong and Nash made improper use of a CSFB error account to document a loss to CSFB and sold the shares to client X in an improper off-marketplace transaction. RS alleged that Nash and DeJong violated Rule 2.1(1), for which they were liable under Rule*

	10.4(1)(a). *Held - While Rule 10.4(1)(a) extends liability to employees for breaches of Rule 2.1, to the extent that the acts of DeJong and Nash fell factually within Rule 6.4 of UMIR, RS lacked the jurisdiction and authority to extend liability to DeJong and Nash under Rule 10.4(1)(a).* *Requirements Considered – Rules 2.1(1), 6.4 and 10.4(1)(a).* *Disposition – charges against DeJong and Nash dismissed.*
Disciplinary Proceedings:	***In the Matter of CIBC World Markets Inc., ("CIBC") Scott Mortimer and Carl Irizawa (December 21, 2004) SA 2004-008*** *Facts – From March to December, 2002, a group of related clients with accounts at CIBC engaged in suspicious trading in stocks and warrants listed on the TSX and the TSX Venture Exchange. The trading was carried out through numerous accounts held by the client group at CIBC, its affiliates and an unrelated investment dealer, and involved the alleged manipulation of illiquid derivative securities through a series of set-up trades entered through a Direct Market Access account at CIBC and another dealer and crosses between accounts held by the client group at CIBC.* *Disposition – Both the investment advisor and his sales assistant failed to fulfill their respective gatekeeper responsibilities by failing to recognize the "red flags" upon entry of the crosses and upon review of the crosses the day after they were conducted. The "red flags" ought to have caused them to further scrutinize the clients' trading and escalate their issues of concern to supervisory personnel.* *A Participant is responsible for ensuring that it adequately supervises all trading, including Direct Market Access trading. The policies and procedures employed by CIBC were not adequate in that they did not focus on the potentially manipulative or deceptive nature of the client trading and as a result CIBC failed to recognize the "red flags" posed by the nature of the related clients trading.* *Requirements Considered – Sections 2-401(5) and 7-106(1)(b) of the Toronto Stock Exchange Rules and Rule 2.1(1), 7.1(1) and Policy 7.1.* *Sanction -* *CIBC - $700,000 fine and costs of $92,500; undertakings involving strict supervision and training of staff* *Scott Mortimer - $50,000 fine and costs of $15,000* *Carl Irizawa - $20,000 fine and costs of $7,500.*
Disciplinary Proceedings:	***In the Matter of Glen Grossmith ("Grossmith") (July 18, 2005) SA 2005-004*** *Facts – In February of 2005, Grossmith, a trader employed with UBS Securities Canada Inc. ("UBS Canada") tried to conceal trading improprieties conducted by another trader at UBS Canada's US affiliate by altering an existing Canadian client trade ticket, creating a false and misleading "chat" communication and failing to be forthcoming regarding these circumstances during UBS Canada's investigation of the trading irregularities.* *Disposition – Grossmith's alteration of a trade ticket and failure to act in a forthcoming manner with UBS Canada's compliance department's investigation of the trading irregularities constituted conduct inconsistent with just and equitable principles of trade and resulted in UBS Canada violating certain audit trail requirements under UMIR.* *Requirements Considered – Rules 2.1(1)(a), 10.3(4), 10.4(1)(a) and 10.11(1).* *Sanction - $75,000 fine and costs of $25,000; suspension from RS regulated marketplaces for 3 months; 6 months strict supervision.*
Disciplinary Proceedings	***In the Matter of Ricardo Mashregi ("Mashregi") (October 14, 2005) DN 2005-007*** *Facts – Between October 2003 and February 2005, Mashregi, a registered trader at Dundee Securities Corporation engaged in a practice which involved the entry of anonymous non-client overlapping orders (buy side order was higher than or equal to the price of the sell order) on both sides of the market prior to 9:28 a.m. and subsequently canceling or changing one or both of the orders between 9:28 a.m. and the opening of the market. By entering orders in this manner, Mashregi positioned himself for a guaranteed fill in the opening session and avoided the application of the TSX trading mechanism that allocates which orders will receive a complete fill at the opening.* *Disposition – The positioning of anonymous non-client overlapping orders in order to guarantee a fill in the opening session and avoid the application of the TSX trading mechanism that allocates which orders will receive a complete fill at the opening constituted conduct which was contrary to just and equitable principles of trade.* *Requirements Considered – Rule 2.1.*

	Sanction - $50,000 fine and costs of $10,000.
Disciplinary proceedings:	***In the Matter of Ian Scott Douglas ("Douglas") (December 14, 2005) DN 2005-009***
	Facts – Between July 2003 and December 2003, Douglas, a junior trader at Dundee Securities Corporation engaged in a practice which involved the entry of anonymous non-client overlapping orders (buy side order was higher than or equal to the price of the sell order) on both sides of the market prior to 9:28 a.m. and subsequently canceling or changing one or both of the orders between 9:28 a.m. and the opening of the market. By entering orders in this manner, Douglas positioned himself for a guaranteed fill in the opening session and avoided the application of the TSX trading mechanism that allocates which orders will receive a complete fill at the opening.
	Disposition – The positioning of anonymous non-client overlapping orders in order to guarantee a fill in the opening session and avoid the application of the TSX trading mechanism that allocates which orders will receive a complete fill at the opening constituted conduct which was contrary to just and equitable principles of trade.
	Requirements Considered – Rule 2.1.
	Sanction – $30,000 fine and costs of $15,000.
Disciplinary Proceedings:	***In the Matter of Dale Alfred Michaud ("Michaud") (January 11, 2006) DN 2006-001***
	Facts – On October 10, 2003, Michaud, a trader at Canaccord Capital Corporation received an order to buy 1 million shares of a TSXV issuer at $0.15 on behalf of a number of client and non-client accounts. The buy order was to be sent to a Jitney Dealer to be executed as an arranged cross with accounts at the Jitney Dealer. Shortly after placing the buy order with the Jitney Dealer, and prior to the execution of the arranged cross, Michaud entered a non-client day order to buy 10,000 shares of the issuer at $0.16 at a time when the prevailing bid price for the issuer was $0.18.
	Disposition – By entering his buy order at a price which was lower than the prevailing bid price at a time when he knew or ought to have known that the order would have to be "taken out" before the Jitney Dealer could execute the cross, Michaud acted contrary to just and equitable principles of trade.
	Requirements Considered – Rule 2.1.
	Sanction - $15,000 fine and costs of $10,000; disgorgement of $210 gain.
Disciplinary Proceedings:	***In the Matter of Margaret Alice Coleman ("Coleman") and Judy Gail Koochin ("Koochin") (April 5, 2006) DN 2006-002***
	Facts – Between June 24, 2004 and September 30, 2004, Coleman, a registered representative and Trading Officer at a CIBC World Markets Inc. ("CIBC WM") branch and Koochin, a registered futures contract representative at the same branch, entered a series of buy orders for a TSXV issuer on behalf of a client who had an interest in maintaining the market price of the issuer. During the relevant period, the client submitted 27 orders for the purchase of the issuer's shares in a manner that suggested that the client was maintaining the market price within a pre-determined range. In all but two instances (where orders were entered by a trading assistant) Koochin or Coleman submitted the orders to the TSXV by means of an electronic connection to the computerized order management and routing system of CIBC WM.
	Disposition – In failing to recognize the "red flags" associated with the pattern of orders submitted by the client and for entering orders they knew or ought to have known reasonably could have been expected to create an artificial price in the shares, Koochin and Coleman's conduct was contrary to just and equitable principles of trade.
	Requirements Considered – Rule 2.1
	Sanction –
	Coleman: $150,000 fine and costs of $13,125; 6 months strict supervision.
	Koochin: $75,000 fine and costs of $6,562.50; 6 months strict supervision.
Disciplinary Proceedings:	***In the Matter of Kevin Moorhead ("Moorhead") (May 22, 2008) DN 2008-001***
	Facts – Between August 29, 2005 and October 27, 2005, Moorhead and/or his assistant, on Moorhead's instructions, entered orders on a marketplace for certain securities with the intention of establishing an artificial and/or a high closing bid price in order to improve the daily profit and loss position of shares held in Moorhead's inventory account and/or to assist a trader at another firm to increase the daily profit or reduce the daily loss in his inventory account.
	Disposition – By entering orders on a marketplace that were not justified by any real demand for the securities Moorhead knew that his order entry activity would create, or could reasonably be expected to create, an artificial price for the securities contrary to Rule 2.2 and Policy 2.2 of UMIR.
	Requirements Considered – Rule 2.2(1), 2.2(2)(b) and Policy 2.2.

	Sanction – $40,000 fine and costs of $10,000 and suspension from all RS regulated marketplaces for three months.
Disciplinary Proceedings:	***In the Matter of Tony D'Ugo ("D'Ugo") (April 6, 2010) DN 10-0093***
	Facts – During the period from January 21 to February 13, 2008, D'Ugo, a registered representative at BMO InvestorLine Inc., entered orders and executed trades in shares of a company on the TSX Venture Exchange for a client and his related accounts with the intention of keeping the closing price of the security at or above $3.00 per share, so that the client would avoid margin calls from some firms that would be made if the price fell below $3.00. D'Ugo also accepted trading instructions in respect of three client accounts from a person not authorized in writing to provide such instructions.
	Disposition – D'Ugo entered orders and executed trades for a client and his associates that he knew or ought to have known created or could reasonably have been expected to create, an artificial price and/or bid for the security contrary to UMIR 2.2(2)(b), 10.4(1) and 10.16(1)(b) and he accepted trading instructions in respect of three client accounts from a person not authorized in writing to provide such instructions contrary to UMIR 2.1(1) and 10.4(1).
	Requirements Considered – Rules 2.1, 2.2(2)(b), 10.4(1) and 10.16(1)(b).
	Sanctions – D'Ugo was fined $40,000, ordered to pay $15,000 in costs, suspended from access to IIROC-regulated marketplaces for 2 years from March 15, 2010, required to re-write and complete the Conduct and Practices Handbook examination prior to resuming his employment with a brokerage firm and is subject to one year of close supervision by his employer firm when resuming employment with a brokerage firm.
Disciplinary Proceedings:	***In the Matter of Clark Alexander Squires ("Squires") (October 6, 2010) DN 10-0263***
	Facts – On February 11, 2009, while employed as a registered representative at Brant Securities Ltd. ("Brant"), Squires solicited sell orders for three clients in the securities of a publicly-traded company listed on the TSX while also holding the position of director with the company. Squires did not inform the clients or his firm's compliance department that he was in possession of material undisclosed information about the company when soliciting the sell orders. The company issued a press concerning the material information after the sell orders were executed. Brant's compliance department thereafter identified the sales of the security in the client accounts and cancelled the transactions with the concurrence of Squires.
	Disposition – Under the terms of a Settlement Agreement, Squires admitted that he failed to transact his business in a manner that was open, fair and in accordance with just and equitable principles of trade when he traded on information that was not generally available to other market participants and by failing to inform his compliance department of the circumstances.
	Requirements Considered – Rules 2.1, and 10.3(4).
	Sanctions – Squires agreed to a $20,000 fine and $5,000 in costs.
Disciplinary Proceedings:	***In the Matter of National Bank Financial ("NBF"), Paul Clarke ("Clarke") and Todd O'Reilly ("O'Reilly") (January 21, 2011) DN 11-0029 and DN 11-0030***
	Facts – Between April 2006 and June 2007, Clarke, a Registered Representative, and O'Reilly, an Investment Representative, both employed at the NBF Halifax retail branch (the "Halifax Representatives"), placed orders through the Montreal Retail Trade Desk rather than through NBF's automated order entry system. NBF's automated system required a complete record of audit trail requirements for order entry. The Montreal Retail Trade Desk, however, routinely accepted orders from the Halifax Representatives without identifying the client accounts for which the orders were placed and did not keep adequate records of the required audit trail information. Among other things, trade tickets were inadequate as they were not time-stamped or failed to include the order price and/or quantity and in certain cases trade tickets were not available. In addition, the Halifax Representatives were permitted to hold trades executed through the Montreal Retail Trade Desk in a firm inventory account (the "Accumulation Account") for up to 30 days without allocating them to client accounts as distinct from the standard T+3 settlement date stated in NBF's policy and procedure. The ability to enter orders without identifying a client account and to delay allocation to client accounts allowed clients of the Halifax Representatives to access firm capital for up to 30 days, caused uncertainty regarding ownership of certain positions, and resulted in the ability of the Halifax Representatives to grant preferential treatment to their clients.
	Although supervision failings with respect to both the Halifax Representatives and Montreal Retail Trade Desk were continually highlighted by NBF during the relevant period, corrective measures were not effected in a timely manner. Subsequent to an IIROC investigation, NBF overhauled the retail trade desk compliance practices and procedures regarding the Accumulation Account and governing the Montreal Retail Trade Desk. There were no client complaints or losses claimed as a result of NBF's conduct, nor unpaid accounts by any client and NBF suffered no losses as a result of

	the exposure to credit risk. *Disposition – NBF admitted in a settlement agreement that it failed to fully and properly supervise the Halifax Representatives and the Montreal Retail Trade Desk and failed on receipt or origination of certain orders to record specific information relating to the orders as required. Participants must supervise their employees to ensure that trading in securities on a marketplace is carried out in compliance with the applicable requirements, which include provisions of securities legislation, UMIR, National Instrument 23-101 - Trading Rules and the Marketplace Rules of any applicable Exchange. Participants must comply strictly with audit trail requirements. Such compliance is a cornerstone of effective compliance and supervision. A complete and proper audit trail is the foundation on which Participants demonstrate and evidence compliance with regulatory requirements.* *Clarke and O'Reilly admitted in a settlement agreement that they failed to transact business openly and fairly and in accordance with just and equitable principles of trade as they effected improper post-execution allocations of trades and granted preferential treatment to certain clients on more than one occasion by entering orders without identifying the client account and delaying the allocation of the executed trades to client accounts. In addition they admitted to causing contraventions of UMIR by failing on receipt or origination of certain orders to record specific information relating to the orders as required.* *Requirements Considered – Rule 2.1, 7.1 10.3(4), 10.4(1), 10.11(1), Policy 2.1, and 7.1* *Sanction - NBF agreed to a $250,000 fine and $30,000 in costs, Clarke agreed to a fine of $110,000 and costs of $5,000 and O'Reilly agreed to a fine of $15,000 and $2,500 in costs.*