2.2 Manipulative and Deceptive Activities

(1) A Participant or Access Person shall not, directly or indirectly, engage in or participate in the use of any manipulative or deceptive method, act or practice in connection with any order or trade on a marketplace if the Participant or Access Person knows or ought reasonably to know the nature of the method, act or practice.

(2) A Participant or Access Person shall not, directly or indirectly, enter an order or execute a trade on a marketplace if the Participant or Access Person knows or ought reasonably to know that the entry of the order or the execution of the trade will create or could reasonably be expected to create:

(a) a false or misleading appearance of trading activity in or interest in the purchase or sale of the security; or

(b) an artificial ask price, bid price or sale price for the security or a related security.

(3) For greater certainty, the entry of an order or the execution of a trade on a marketplace by a person in accordance with the Marketplace Trading Obligations shall not be considered a violation of subsection (1) or (2) provided such order or trade complies with applicable Marketplace Rules or terms of the contract with the marketplace and the order or trade was required to fulfill applicable Marketplace Trading Obligations.

POLICY 2.2 – MANIPULATIVE AND DECEPTIVE ACTIVITIES

Part 1 – Manipulative or Deceptive Method, Act or Practice

There are a number of activities which, by their very nature, will be considered to be a manipulative or deceptive method, act or practice. For the purpose of subsection (1) of Rule 2.2 and without limiting the generality that subsection, the following activities when undertaken on a marketplace constitute a manipulative or deceptive method, act or practice:

(a) making a fictitious trade;

(b) effecting a trade in a security which involves no change in the beneficial or economic ownership; and

(c) effecting trades by a single interest or group with the intent of limiting the supply of a security for settlement of trades made by other persons except at prices and on terms arbitrarily dictated by such interest or group.

If persons know or ought reasonably to know that they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (1) of Rule 2.2 irrespective of whether such method, act or practice results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price for a security or a related security.

Part 2 – False or Misleading Appearance of Trading Activity or Artificial Price

For the purposes of subsection (2) of Rule 2.2 and without limiting the generality of that subsection, if any of the following activities are undertaken on a marketplace and create or could reasonably be expected to create a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price, the entry of the order or the execution of the trade shall constitute a violation of subsection (2) of Rule 2.2:

(a) entering an order or orders for the purchase of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the sale of that security, has been or will be entered by or for the same or different persons;

(b) entering an order or orders for the sale of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the purchase of that security, has been or will be entered;

(c) making purchases of, or offers to purchase, a security at successively higher prices or in a pattern generally of successively higher prices;

(d) making sales of or offers to sell a security at successively lower prices or in a pattern generally of successively lower prices;

(e) entering an order or orders for the purchase or sale of a security to:

(i) establish a predetermined sale price, ask price or bid price,

(ii) effect a high or low closing sale price, ask price or bid price, or

(iii) maintain the sale price, ask price or bid price within a predetermined range;

(f) entering an order or a series of orders for a security that are not intended to be executed;

(g) entering an order for the purchase of a security without, at the time of entering the order, having the ability or the reasonable expectation to make the payment that would be required to settle any trade that would result from the execution of the order;

(h) entering an order for the sale of a security without, at the time of entering the order, having the reasonable expectation of settling any trade that would result from the execution of the order; and

(i) effecting a trade in a security, other than an internal cross, between accounts under the direction or control of the same person.

If persons know or ought reasonably to know that they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (2) of Rule 2.2 irrespective of whether such activity results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price for a security or a related security.

Part 3 – Artificial Pricing

For the purposes of subsection (2) of Rule 2.2, an ask price, bid price or sale price will be considered artificial if it is not justified by real demand or supply in a security. Whether or not a particular price is "artificial" depends on the particular circumstances.

Some of the relevant considerations in determining whether a price is artificial are:

(a) the prices of the preceding trades and succeeding trades;

(b) the change in the last sale price, best ask price or best bid price that results from the entry of the order on a marketplace;

(c) the recent liquidity of the security;

(d) the time the order is entered and any instructions relevant to the time of entry of the order; and

(e) whether any Participant, Access Person or account involved in the order:

(i) has any motivation to establish an artificial price, or

(ii) represents substantially all of the orders entered or executed for the purchase or sale of the security.

The absence of any one or more of these considerations is not determinative that a price is or is not artificial.

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", "consolidated market display", "internal cross", "last sale price", "Marketplace Trading Obligations", "Market Regulator", "marketplace", "Marketplace Rules", "Participant" and "related security"
	UMIR section 1.2(2) – "person" and "trade"
Related Provisions:	*UMIR Policy 1.2 Part 3 – interpretation of "ought reasonably to know"*
Regulatory History:	*Effective April 1, 2005, the applicable securities commissions approved an amendment to repeal and replace Rule 2.2 and Policy 2.2. See Market Integrity Notice 2005-011– "**Provisions Respecting Manipulative and Deceptive Activities"** (April 1, 2005).*
	*Effective August 26, 2011, the applicable securities commissions approved amendments to subsection 2.2(3). to (a) insert after the phrase "Marketplace Rules" the phrase "or terms of the contract with the marketplace"; and to (b) delete each occurrence of the phrase "Market Maker Obligations" and substitute "Marketplace Trading Obligations". See IIROC Notice 11-0251 – "**Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations"** (August 26, 2011).*
	*On March 2, 2012, the applicable securities commissions approved an amendment to repeal clause (d) of Part 1 of Policy 2.2 effective October 15, 2012. See IIROC Notice 12-0078 – "**Provisions Respecting Regulation of Short Sales and Failed Trades"** (March 2, 2012).*
	*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"**.*
Guidance:	*See Market Integrity Notice 2002-010 – **"Changes in Beneficial and Economic Ownership"** (June 26, 2002).*
Guidance:	*See Market Integrity Notice 2003-002 – "**Prohibition on Double Printing"** (January 13, 2002).*
Guidance:	*See Market Integrity Notice 2005-004 – "**Double Printing and the Entry of Orders"** (March 4, 2005).*
Guidance:	*See Market Integrity Notice 2005-029 – "**Entering Orders on Both Sides of the Market"** (September 1, 2005).*
Guidance:	*See Market Integrity Notice 2006-004 – "**Facilitation of a Client Special Settlement Trade and Double Printing"** (February 6, 2006).*
Guidance:	*See Market Integrity Notice 2006-008 – "**Use of the Market-On-Close Facility"** (March 10, 2006).*
Guidance:	*See Market Integrity Notice 2006-020 – "**Compliance Requirements for Trading on Multiple Marketplaces"** (October 30, 2006).*

Guidance:	*See Market Integrity Notice 2007-015– "**Specific Questions Related to Trading on Multiple Marketplaces"** (August 10, 2007).*
Guidance:	*See IIROC Notice 11-0043 – "**Guidance on "Locked" and "Crossed" Markets"** (February 1, 2011).*
Guidance:	*See IIROC Notice 13-0053 – "**Guidance on Certain Manipulative and Deceptive Trading Practices"** (February 14, 2013)*
Disciplinary Proceedings:	***In the Matter of Douglas Christie ("Christie") (September 5, 2002) OOS 2002-002***
	Facts – Christie was employed as a Registered Trader ("RT"). One of his stocks of responsibility was Mosaid Technologies ("Mosaid"). Christie's compensation was based on trading profits and was calculated based on the closing month's inventory balance with all long positions written to the posted bid. On February 28, 2001 and between June 22 to 29, 2001, Christie engaged in a pattern of entering buy orders for Mosaid moments before the close of trading which had the effect of increasing the bid price. In all cases the bids expired unfilled at the end of the day.
	Disposition – During the relevant periods, Christie entered bids in a listed security on behalf of a principal or non-client account when the effect of such action was to establish an artificial quotation or a high closing quotation in the listed security. Christie knew that his firm calculated the value of his inventory account based on the closing bids on all long positions, and in entering the high closing bids, he did so for his own financial purposes without the intention of buying or fulfilling his responsibilities as an RT.
	Requirements Considered – TSX Rule 4-202 and Policy 4-202. Comparable UMIR Provision - Rule 2.2 and Policy 2.2.
	Sanction - $15,000 fine and costs of $6,000.
Disciplinary Proceedings:	***In the Matter of Erica Fearn ("Fearn") (October 28, 2002) OOS 2002-007***
	Facts – From October 1997 to November 1998, Fearn, an investment advisor, engaged in a pattern of non-economic trading in client accounts which had a pre-existing debit positions in their accounts. Fearn's practice involved buying, and immediately thereafter selling the same share positions in the client's account for the sole purpose of causing the clients' account debit position to be re-aged, thereby postponing payment for the debits in the client accounts.
	Disposition – Fearn effected or participated in trades when her client did not have the ability of bona fide intention to properly settle the transactions and for the purpose of deferring payment for the securities traded. As a result of this trading, the normal market price for those securities was unduly disturbed and created an abnormal market condition.
	Requirements Considered – VSE By-law 5.02(4)(a). Comparable UMIR Provision - Rule 2.2 and Policy 2.2.
	Sanction - $7,000 voluntary payment and $3,000 for costs.
Disciplinary Proceedings:	***In the Matter of John Andrew Scott ("Scott") (November 13, 2003) OOS 2003-010***
	Facts – Between February 1, 2000 and July 5, 2000, Scott and his sales assistant entered orders on behalf of a group of clients who actively traded a material amount of shares of a particular company. The trading conducted on behalf of these clients created a false and misleading appearance of trading activity in the particular stock and in certain instances, created artificial prices for the stock. Scott also engaged in improper off-marketplace transactions in shares of the stock for his own personal account.
	Disposition – Scott used or knowingly participated in the use of a manipulative or deceptive method of trading in connection with the purchase and sale of stock which created a false or misleading appearance of trading activity or an artificial price for the security.
	Requirements Considered – Sections 11.01 and 11.26 of the General By-law of the TSX, Part XIV of the Rulings and Directions of the Board of the TSX, Rule 4-202 and Policy 4-202 of the TSX. Comparable UMIR Provision - Rule 2.2 and Policy 2.2.
	Sanction - $125,000 fine and costs of $35,000; disgorgement of $53,765.85; Suspension from RS regulated marketplaces for a period of 2 years.
Disciplinary Proceedings:	*Rule 2.2 was considered **In the Matter of Kai Tolpinrud ("Tolpinrud") (January 16, 2006) OOS 2004-001.** See Disciplinary Proceedings under Rule 2.1.*
Disciplinary Proceedings:	***In the Matter of UBS Securities Canada Inc. ("UBS Canada") (October 8, 2004) SA 2004-006***
	Facts – Despite warnings by RS and the release of Market Integrity Notices on the issue of double-printing UBS Canada continued to engage in a pattern of double printing from September 2003 to July 2004, whereby instead of buying or selling in to the market to fill client orders, UBS bought or sold through its inventory account and subsequently crossed inventory buys and sells to fill client orders. UBS Canada also failed to develop and implement appropriate policies and procedures, and

	test such policies and procedures, in relation to its trading on marketplaces regulated by RS, despite repeated deficiencies being identified by RS through its Trade Desk Review program. *Disposition – The practice of double printing violated the UMIR prohibition against manipulative and deceptive methods of trading. In allowing a continued pattern of double printing despite the issuance by RS of market integrity notices regarding double printing and for its failure to develop and implement appropriate policies and procedures in relation to its trading on marketplaces regulated by RS, UBS Canada failed to fulfill its compliance and supervisory obligations.* *Requirements Considered – Rules 2.2(1), 10.11(3), 7.1(1) and Policy 7.1.* *Sanction - $2,000,000 fine and costs of $100,000; retainer of an independent consultant to review existing supervisory and compliance systems.*
Disciplinary Proceedings:	***In the Matter of W. Scott Leckie (July 19, 2005) SA 2005-005*** *Facts – Between April and June of 2003, the trader employed a short selling strategy on behalf of a client by trading through Dealer One. When the trader was unable to borrow shares to cover the client's short position, he opened an account on behalf of the client at another Participant ("Dealer Two") where he believed he could borrow the shares. When he was subsequently unable to borrow the shares at Dealer Two, he sold short shares in the client's account at Dealer Two and bought the shares in the client's account at Dealer One to cover the outstanding short position. During the relevant period the trader engaged in a practice of entering into, and covering short positions, by trading between the two client accounts at Dealers One and Two.* *Disposition – Effecting trades in securities which involved no change in beneficial or economic ownership was "wash trading" and constituted a manipulative and deceptive method of trading.* *Requirements Considered – Rules 2.2(2)(b) and 10.4(1)(a).* *Sanction - $100,000 fine and costs of $20,000.*
Disciplinary Proceedings:	***In the Matter of Ian Macdonald, Edward Boyd, Peter Dennis and David Singh (July 28, 2005) SA 2005-006*** *Facts – In August of 2004, RBC DS and another Participant agreed to execute trades in two securities in the Market-on-Close facility ("MOC") of the TSX by the entry of market orders on opposite sides of the market. RBC DS entered its required orders for RBC DS inventory accounts. The other Participant subsequently failed to enter the agreed counterparty orders. This resulted in a MOC imbalance, which was broadcast at 3:40 pm. RBC DS then entered offsetting limit MOC orders for RBC DS inventory accounts to limit its potential liability created by the MOC imbalance.* *Disposition - Entry by employees of a Participant of limit MOC orders to off-set market MOC orders entered by those employees for that Participant, even in circumstances where the employees are trying to "correct" an existing MOC imbalance, were "wash trades" and constituted a manipulative and deceptive method of trading.* *Requirements Considered – Rules 2.2(1), 2.2(2)(b) and 10.4(1)(a).* *Sanction –* *Ian Macdonald $90,000 fine and costs of $35,000* *Edward Boyd $60,000 fine and costs of $20,000* *David Singh $60,000 fine and costs of $20,000* *Peter Dennis $20,000 fine and costs of $7,000.*
Disciplinary Proceedings:	***In the Matter of Alfred Simon Gregorian ("Gregorian") (April 12, 2006) DN 2006-003*** *Facts – Between September 1, 2002 and May 31, 2003, and between November 1, 2003 and January 12, 2004, Gregorian, an investment advisor at Research Capital Corporation, participated in his clients' use of manipulative methods of trading in connection with the purchase and sale of securities in International Wex Technologies Inc ("WXI"), a TSXV listed issuer. Between September 1, 2002 and May 31, 2003, Gregorian placed 801 orders for shares of WXI for the accounts of two clients from orders provided by insiders of WXI who held trading authorizations over the clients' accounts. The pattern of order entry and trading involved placing bids in the market when the share price of WXI was under pressure and executing uptick purchases to "correct" intra-day downticks in the price of WXI in an effort to improperly support the price of the WXI shares.* *Between November 1, 2003 and January 12, 2004, Gregorian participated in his client's use of manipulative methods of trading in connection with the purchase of shares of WXI by engaging in a pattern of trading which was not consistent with a bona fide effort to accumulate shares of WXI over time at the most favourable prices and represented an overall pattern of trading at prices higher than would otherwise been dictated by market forces.* *Disposition – The nature and extent of the trading in the clients' accounts coupled with the extraordinary commission charges and frequency of uneconomic trading evidences Gregorian's*

	knowing participation in the manipulative and deceptive methods of trading that occurred in the clients' accounts.
	Requirements Considered – Rule 2.2.
	Sanction - $39,000 fine and disgorgement of $16,260 of financial benefit to Gregorian; suspension from RS regulated marketplaces for 5 years.
Disciplinary Proceedings:	***In the Matter of Michael Bond ("Bond") and Sesto DeLuca ("DeLuca") (June 4, 2007) DN 2007-003***
	Facts – Between April 4, 2005 and July 29, 2005, Bond, an inventory trader employed by W.D. Latimer Co. Limited, created an artificial bid price for the shares of three thinly traded TSX Venture Exchange listed issuers (the "Securities") when he entered several buy orders late in the trading session for the Stocks that were unlikely to be filled.
	Between April 2005 and July 2005, DeLuca was the person responsible for supervising trading at W.D. Latimer, which including supervising Bond. DeLuca failed to review unfilled orders placed by Bond, thereby allowing Bond to create an artificial bid price for the Securities.
	Disposition – By entering orders to buy the Securities when he knew or ought reasonably to have known that the entry of such orders could create or could reasonably be expected to create an artificial bid price for the Securities Bond breached UMIR 2.2(2)(b). Deluca, by failing to review unfilled orders placed by Bond breached Rule 7.1(4) Policy 7.1 of UMIR.
	Requirements Considered – Rules 2.2(2)(b), 7.1(4) and Policy 7.1.
	Sanction – Bond – $100,000 fine, costs of $25,000 and suspension from access to all marketplaces regulated by RS for a period of two years *DeLuca – reprimanded for his conduct.*
Disciplinary Proceedings:	***In the Matter of Luc St. Pierre ("St. Pierre") (December 31, 2007) DN 2007-006***
	Facts – Between February 2, 2005 and May 19, 2005, St. Pierre, acting on behalf of a client entered 31 orders to purchase shares of Halo Resources Ltd. ("HLO"), an issuer whose shares trade on the TSX Venture Exchange ("TSXV"). All of the orders entered by St. Pierre (which were generally for one or two board lots) were executed at a price which was higher than the preceding independent transaction for shares of HLO, and in case of 16 orders, their execution was the last trade of the day for HLO shares.
	Further, St. Pierre administered accounts for three clients who were either associated with each other or associated with Golden Hope Mines Ltd. ("GNH"), an issuer whose shares are traded on the TSXV. Through St. Pierre, these three clients executed trades representing 56% of the total trading volume in GNH on the TSXV, of which forty-five trades, or 46% of the total trading volume in GNH, were between the three clients and were submitted to St. Pierre within seconds of each other. In addition to the majority of such trades not being properly marked as "crosses", sale orders entered by the three clients were systematically entered prior to purchase orders in order to facilitate the transfer of debit and credit positions between the clients' accounts.
	Disposition – By entering orders on a marketplace when he knew or ought to have known that the entry of such orders could create an artificial price for the securities, St Pierre breached Rule 2.2 and Policy 2.2 of UMIR
	Requirements Considered – Rule 2.2 and Policy 2.2.
	Sanction – A Hearing Panel imposed a fine of $40,000, costs in the amount of $70,000, suspension of access to all marketplaces regulated by IIROC for a period of 5 years, successful completion of the Conduct and Practices Handbook examination before the Respondent may be employed with a Participant, and heightened supervision for the length of the 5 year suspension if employed with a Participant.
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 Martin Fabi ("Fabi") (October 27, 2008) DN 08-0159***
	Facts – On December 31, 2007 Fabi, a Registered Representative with MF Global Canada Co., acting on instructions from a client, executed trades on the TSX Venture Exchange for 6 listed equities at or near the end of the trading day resulting in the "up-ticking" of the closing price of the securities. The client, a fund manager, managed a portfolio of securities that included the 6 securities, and which represented approximately 68% of the market value of the fund's portfolio.
	Disposition – The purpose of Rule 2.2 and Policy 2.2 is to protect the marketplace from manipulative and deceptive trading activity and artificial pricing. Given the timing and circumstances surrounding the entry of the orders at or near the end of the trading day, and based on conversations Fabi had with the fund manager prior to the entry of the orders, Fabi ought to have known that the fund manager had a motivation to effect a high closing sale price for the securities. By entering orders and executing trades on a marketplace that Fabi ought to have known would create an artificial price for the securities Fabi failed to fulfill his gatekeeper obligation and acted contrary to Rule 2.2 and Policy 2.2.
	Requirements Considered – Rules 2.2(2)(b) and 10.4(1) and Policy 2.2.
	Sanction – $15,000 fine and costs of $5,000.
Disciplinary Proceedings:	***In the Matter of Luc St. Pierre ("St Pierre") (November 18, 2008) DN 08-0195***
	Sanction – $30,000 fine and costs of $70,000; suspension of access to all IIROC regulated marketplaces for 5 years; successful completion of the Conduct and Practices Handbook examination; and heightened supervision for a period of 5 years if employed by a Participant.
Disciplinary Proceedings:	*Rule 2.2 was considered* ***In the Matter of Tony D'Ugo ("D'Ugo") (April 6, 2010) DN 10-0093****. See Disciplinary Proceedings under Rule 2.1.*
Disciplinary Proceedings:	***In the Matter of Francesco Mauro ("Mauro") and Scott Fraser Harding ("Harding") (May 25, 2010) DN 10-0149***
	Facts – Between December 14, 2006 and January 24, 2007 (the "Relevant Period"), Mauro was employed with CIBC World Markets Inc. ("CIBC") as a registered representative, branch manager, and officer (trading securities) and Harding worked as an associate investment advisor with Mauro and entered most orders for Mauro's clients. During the Relevant Period, Harding entered unsolicited orders and executed trades on behalf of a client in the shares of a listed company on the TSX Venture Exchange that was the subject of a private placement at $1.00 per unit, facilitated by CIBC. Harding entered 46 buy orders in the client's account when the price of the security fell below $1.00 and traded below $1.00 for 20 trading days, of which 24 were active orders that traded at or above the posted offer price upon entry, 14 were entered in the last hour of trading and restored the share price of the security to close at or near $1.00 after a price decline, 13 established the closing price of the shares, 12 established the closing price at $1.00, 6 had a limit price of $1.00 and traded entirely at the posted offer price of $1.00; and 7 had a limit price of $1.00 and traded entirely at successive prices up to $1.00. Mauro had a duty to supervise Harding's execution of trades. In conducting his reviews, while his computer terminal permitted him to review up-to-the-minute trading in his branch, including trade times, Mauro did not actively monitor this.
	Disposition – Under the terms of a Settlement Agreement, Harding admitted that between December 14, 2006 and January 24, 2007 he failed in his role as a gatekeeper. He entered orders and executed trades on behalf of a client for a listed company on the TSX Venture Exchange that he ought to have known could reasonably be expected to create an artificial price for the security contrary to UMIR 2.2(2)(b) and UMIR Policy 2.2 (e), for which he is liable under UMIR 10.4(1). Mauro admitted under the terms of the Settlement Agreement, that during the Relevant Period he did not meet the standard required of him in his role as a supervisor by failing to fully and properly supervise Harding as necessary, to ensure that he complied with UMIR and its Policies, contrary to UMIR 7.1 (4) and Policy 7.1.
	Requirements Considered – Rules 2.1, 2.2(2)(b), 10.4(1), 10.16(1)(b), 7.1(4) and Policy 2.2(e) and 7.1.
	Sanctions – Harding agreed to a $40,000 fine and $10,000 in costs. Mauro agreed to $25,000 fine and $5,000 in costs.
Disciplinary Proceedings:	***In the Matter of James Martin MacMenamin ("MacMenamin") (June 3, 2010) DN 10-0162***
	Facts – MacMenamin, while a trader employed by Jones, Gable & Company Limited, was paid 50% of any profits (realized and unrealized) that he generated in a proprietary inventory account that he operated. On a monthly basis, for compensation purposes, the long positions in the proprietary inventory account were valued at their closing bid price. For the month of April 2008, the valuation

	day for the proprietary inventory account was April 25, 2008, on which date MacMenamin placed a day buy order late in the day for shares of a security trading on the TSX Venture Exchange at a limit price $0.07 greater than the previous trade, and $0.07 higher than the prevailing best bid price. The day buy order became the closing bid price for April 25, 2008, creating an unrealized profit in the proprietary inventory account, which otherwise would have incurred an unrealized loss. *MacMenamin further entered orders on behalf of the proprietary inventory account between November 19 and December 9, 2008, that he did not intend to execute in order to entice an algorithmic trading program to join or displace him from the best displayed bid or offer price for the shares of certain securities. When the algorithm joined or displaced his order, MacMenamin cancelled his order and then bought or sold from the algorithm order that had joined or displaced his order. This activity enabled MacMenamin to purchase shares at a lower cost and to sell shares at a higher price.* *Disposition – Under the terms of a Settlement Agreement, MacMenamin admitted that on April 25, 2008, he entered an order on behalf of a proprietary inventory account that he knew or ought to have known would create or could reasonably be expected to create an artificial closing bid price for the shares, contrary to UMIR 2.2(2)(b) and UMIR Policy 2.2, for which he is liable under UMIR 10.4(1); and that between November 19 and December 9, 2008, he entered orders on behalf of a proprietary inventory account that he knew or ought to have known he did not intend to execute, contrary to UMIR 2.2(2)(a) and UMIR Policy 2.2, for which he is liable under UMIR 10.4(1).* *Requirements Considered – Rules 2.1, 2.2(2)(a),(b), 10.4(1) and Policy 2.2.* *Sanctions – MacMenamin agreed to a $25,000 fine and $5,000 in costs.*
Disciplinary Proceedings:	***In the Matter of TD Securities Inc. ("TDSI"), Kenneth Nott ("Nott"), Aidin Sadeghi ("Sadeghi"), Christopher Kaplan ("Kaplan"), Robert Nemy ("Nemy") and Jake Poulstrup ("Poulstrup") (collectively, the "Individual Respondents") (December 20, 2010) DN 10-0338*** *Facts – The Individual Respondents were all TSX Registered Traders hired by TDSI to work as Inventory Traders (also called Proprietary Traders). Between May 1 to October 31, 2005 (the "Relevant Period"), each of the Individual Respondents entered high closing bids on either NEX, TSX-V or TSX to purchase one or more of five illiquid stocks (collectively, the "Five Stocks"). The collective trading pattern of the Individual Respondents revealed that orders in the illiquid stocks were placed very late in the day in small lots that set the closing bids day after day, week after week, and month after month. TDSI had at its disposal a number of display "tools" that could be selected to assist in monitoring and supervising the traders, however, there was no tool available in the Relevant Period to monitor real time orders (i.e. bids and offers). TDSI was only provided with reports (e.g. high month end closings) that did not include any information regarding bids and offers. Consequently, TDSI did not have a systematic procedure to review orders.* *Disposition – An artificial bid price results when there is an intention to establish a price that is not justified by real demand or supply in a security. In the Relevant Period, the Individual Respondents made closing bids in the context of the market with the intention that the bids would not trade but instead would stand as the closing bid at the end of the trading day thereby increasing the value of their inventory positions (which were calculated on the basis of the closing bids) and increasing their compensation and access to capital. The circumstantial evidence of motive and trading patterns (the frequency of setting the closing bids, late time of the closing bid orders, bidding in small lots and the illiquid nature of the stocks), supported an inference on a balance of probabilities that the Individual Respondents intended to engage in the improper practice of entering artificial closing bids in the Five Stocks. This finding was buttressed by direct evidence of instant messages and telephone calls between the Individual Respondents which showed concern for monthly ranking, the value of the adjusted cost base in a month other than a pay period month end and a willingness to manipulate the market for personal reasons. In the Relevant Period, Nott entered 230 artificial closing bids; Sadeghi entered 3 artificial closing bids; Kaplan entered 37 artificial closing bids; Nemy entered 38 artificial closing bids; and Poulstrup entered 14 artificial closing bids, all of which were in contravention of UMIR 2.2(2)(b) and UMIR Policy 2.2.* *There was no proof, however, that TDSI failed to comply with its UMIR Rule 7.1 and UMIR Policy 7.1 trading supervision obligations and this allegation was dismissed. TDSI did not have a real time software surveillance system during the Relevant Period to detect the time and sequence of bids and offers in the marketplace. Demonstrating a pattern of late bids by a trader was one the factors relied on in drawing an inference of artificial closing bids, however the time required to do so was beyond the capacity of TDSI as the end of the day trading of a stock would have to be printed from the Firm Book every day for sufficient days to reveal a pattern of late bids. In the circumstances, the random review approach employed by TDSI was reasonable and realistic. Moreover, TDSI deserved credit for the manner in which it monitored and detected bidding improprieties in one of the Five Stocks and for the prompt filing of a Gatekeeper Report after the discovery of a wash trade between*

	Nott and Sadeghi. While there was a fundamental flaw in the TDSI compliance monitoring system employed following the Relevant Period to evaluate whether there had been improper trading, as it had not been configured to generate alerts for late bids that were below the last sale and thus made within the "context of the market", (as was the case with the Individual Respondents), this was due to an honest but erroneous interpretation of UMIR Policy. The correct interpretation is that the process of bidding within the context of the market in order to maintain the value of a stock contravenes UMIR and bidding must be in accordance with true market supply and demand. *Requirements Considered – Rule 2.2(2)(b), 7.1 and Policy 2.2, 7.1.* *Sanction – The Hearing Panel determined in the case of all the Individual Respondents that there be no order of suspension as they had not obtained employment at all, or for a significant period of time, since September, 2008, and that except for Sadeghi, they be under close supervision for six months, the terms of which would be determined by an employer. Additional penalties and orders were imposed as follows:* • *Nott: (a) a fine of $15,000.00; and (b) costs of $5,000.00.* • *Sadeghi: (a) a fine of $5,000.00. The Hearing Panel noted that there would be no order for supervision and strongly recommended that the close supervision order in effect be rescinded.* • *Kaplan: (a) a fine of $35,000.00; and (b) costs of $15,000.00. In addition, the Hearing Panel ordered that the trade restrictions in effect cease to apply to Kaplan immediately.* • *Nemy: (a) a fine of $75,000.00; and (b) costs of $37,500.00.* • *Poulstrup: (a) a fine of $20,000.00; and (b) costs of $10,000.00. In addition, the Hearing Panel ordered that trade restrictions in effect cease to apply to Poulstrup immediately.* *Review – IIROC staff has filed a Notice of Request for Hearing and Review to the Ontario Securities Commission for a review of the decision of the IIROC Hearing Panel, dated November 30, 2010, relating to TDSI.* *Disposition – The Review application was dismissed by the OSC on July 19, 2013 as there was no error of law or principle in the IIROC Hearing Panel's decision. The OSC concluded that the IIROC Hearing Panel's statement regarding the erroneous understanding of UMIR was not central to its finding with respect to TDSI's supervision of the TDSI traders and noted that the decision makes clear the obligation of Participants to supervise both trades and orders, including orders that are in the context of the market, so as to comply with their obligations under UMIR Rule 7.1 and Policy 7.1.*
Disciplinary Proceedings:	***In the Matter of Gary John Williamson ("Williamson") (February 28, 2011) DN 11-0085*** *Facts – Between January 1, 2008 and February 29, 2008, Williamson, a trader employed by Global Maxfin Capital Inc. ("Global Maxfin"), entered numerous bid orders on the TSX Venture Exchange ("TSXV") for an illiquid security very late in the trading day. All the orders were entered as day orders, none of the orders were filled and all increased the closing bid price. Given the illiquidity of the security and the short length of time the orders were open, Williamson's bid orders had virtually no prospect of being filled. Global Maxfin earned revenue through proprietary trading. Williamson was assigned an individual inventory account and was the only person who entered orders in his inventory account. Williamson's inventory account was valued daily for all the long positions at the closing bid and all short positions at the closing offer. Williamson was aware of his profit and loss position and was compensated based on commissions earned as well as profits and losses within his inventory account. Prior to the impugned trading activity, Williamson was indebted to Global Maxfin in excess of $32,000 as a result of a foreign exchange error and trading losses in his inventory account. Williamson's monthly compensation was partially reduced to pay down his indebtedness to Global.* *Disposition – Pursuant to a Settlement Agreement, Williamson admitted that between January 1, 2008 and February 29, 2008, he entered orders on the TSXV that he knew or ought reasonably to have known would create or could reasonably be expected to create an artificial bid price contrary to UMIR 2.2(2)(b) and UMIR Policy 2.2 for which he is liable under UMIR 10.4(1). Williamson entered orders to purchase securities of an issuer without any intention that the orders would be executed and for no bona fide purpose. Williamson entered the orders with the intention of establishing a high closing bid price in order to improve the unrealized daily profit and loss position of the shares held in his inventory account and thereby to misrepresent the performance of the security. The high closing bid prices were artificial in that they were not justified by any real demand for the securities, and misrepresented the performance and actual demand for the securities to the market and to other market participants. The impugned transactions served to overstate the unrealized profits or understate the unrealized losses for the security in his inventory account.* *Requirements Considered – Rule 2.2(2)(b),10.4(1) and Policy 2.2*

	Sanction – Williamson agreed to pay a fine of $40,000; to a suspension of access to an IIROC-regulated marketplace for a period of 6 months; and to pay costs in the amount of $5,000.
Disciplinary Proceedings:	***In the Matter of Donald Dean MacKenzie ("MacKenzie") (May 12, 2011) DN 11-0152***
	Facts – Between September 2007 and June 2008, MacKenzie, a registered representative with RBC Dominion Securities Inc. ("RBCDS"), entered numerous late bid orders for an illiquid security on the Toronto Stock Exchange ("TSX"), in various non-arm's length accounts at RBCDS. Mackenzie entered the orders with the intention of establishing a high closing bid price to narrow the spread between the closing bid and ask prices because he felt the assigned market maker was not discharging his Market Maker Obligations and maintaining a fair and orderly market for the security. Upon detecting the pattern of late bid orders, RBCDS internally disciplined the Mackenzie.
	Disposition – Pursuant to a Settlement Agreement, MacKenzie admitted that between September, 2007 and June 2008, he entered orders on the TSX that he knew or ought reasonably to have known would create or could reasonably be expected to create an artificial bid price contrary to UMIR 2.2(2)(b) and UMIR Policy 2.2 for which he is liable under UMIR 10.4(1). The closing bid orders had no bona fide purpose and were entered to establish a high closing bid price in order to narrow the spread between the bid price and the ask price. In so doing, MacKenzie misrepresented the performance and actual demand for the security to the market and to other market participants.
	Requirements Considered – Rule 2.2(2)(b),10.4(1) and Policy 2.2.
	Sanction – MacKenzie agreed to pay a fine of $20,000; to a prohibition on seeking re-registration approval with any Dealer Member of IIROC for a period of 3 months; and to pay costs in the amount of $5,000.
Disciplinary Proceedings:	***In the Matter of David Charles Parkinson ("Parkinson") (February 22, 2012) DN 12-0061***
	Facts – Between November and December 2007, and in March, 2008, (the "Relevant Period") Parkinson, a Registered Representative employed by CIBC World Markets Inc. ("CIBC WM"), entered orders and executed trades on the TSX Venture Exchange ("TSXV") for two securities on behalf of a client, that maintained and supported the price of the securities at a level predetermined by Parkinson's client. In particular, Parkinson entered closing trades and closing bids in the securities for the client's accounts causing end of day upticks in the sale price and bid price. Margin was granted on the securities at Parkinson's request on behalf of the client, which was calculated by CIBC WM using a stock's closing bid price. Parkinson's client entered a settlement agreement with the Ontario Securities Commission admitting that between June 2007 and April 2008 he engaged in trading that had the effect of maintaining and/or increasing the closing price of one of the securities which was traded in the CIBC WM account.
	Disposition – Pursuant to a Settlement Agreement, Parkinson admitted that in the Relevant Period he entered orders and trades on behalf of a client that he ought reasonably have known would create or could reasonably be expected to create an artificial price for two TSXV securities, contrary to UMIR 2.2(2)(b) and UMIR Policy 2.2 for which he is liable under UMIR 10.4(1). Parkinson had a gatekeeper obligation to be aware of and alert to potential or known manipulative and deceptive activity.
	Requirements Considered – Rule 2.2(2)(b),10.4(1) and Policy 2.2.
	Sanction – Parkinson agreed to pay a fine of $30,000; to a suspension of access to an IIROC-regulated marketplace for a period of 6 months from termination of his employment; and to pay costs in the amount of $10,000.
Disciplinary Proceedings:	***In the Matter of William Geddes ("Geddes") (March 15, 2012) DN 12-0098***
	Facts – Between December 2007 and October, 2008, (the "Relevant Period") Geddes, a Registered Representative with National Bank Financial Ltd. ("NBF") entered buy orders for a security listed on the Toronto Stock Exchange (TSX) in his and his wife's accounts (the "Geddes Accounts"), to increase the closing price of the security as its share price was generally in decline. Geddes' client accounts also held positions in the same security. The orders Geddes placed were uneconomic due to the high commission costs which they generated. Geddes sold few of the shares in the Geddes Accounts, however, and did not profit from the increase in the value of his clients' monthly account statements caused by the entry of the buy orders for the security.
	Disposition – Pursuant to a Settlement Agreement, Geddes admitted that in the Relevant Period he entered buy orders he ought reasonably to have known would create or could reasonably be expected to create an artificial sale price for the security, contrary to UMIR 2.2(2) and UMIR Policy 2.2, for which he is liable under UMIR 10.4.
	Requirements Considered – Rule 2.2(2), 10.4 and Policy 2.2.
	Sanction – Geddes agreed to pay a fine of $30,000, a 60 day suspension from registration, successful completion of the Conduct and Practices Handbook Course and to pay costs in the

	amount of $1,500.
Disciplinary Proceedings:	***In the Matter of Vinh-Phat Nguyen-Qui ("Nguyen-Qui") (October 11, 2012) DN 12-0298***
	Facts – Between October and December 2009 (the "Relevant Period"), Nguyen-Qui, a Registered Representative employed by W.D. Latimer Co. Limited, entered buy and sell orders on the TSX in the pre-opening market and cancelled them prior to market opening for the sole objective of acquiring a better chronological position once the market opened. Nguyen-Qui also entered short sale orders in the pre-opening market without designating them as short sales and/or at a price below the last sale price as indicated in the consolidated market display.
	Disposition – In the Relevant Period, Nguyen-Qui entered orders he knew or ought to reasonably have known would create or could reasonably be expected to create, a false or misleading appearance of trading activity or interest in the purchase or sale of the security, contrary to UMIR 2.2(2)(a); entered short sale orders in the pre-opening market without proper designation contrary to UMIR 6.2(1)(b)(viii); and entered short sale orders in the pre-opening market below the last sale price, contrary to UMIR 3.1(1).
	Requirements Considered – Rule 2.2(2)(a), 3.1(1) and 6.2(1)(b)(viii).
	Sanction – The Hearing Panel imposed a prohibition on Nguyen-Qui from accessing the market as a Registered Representative for a period of two months and a fine of $10,000 for the first violation plus fines of $5,000 for each of the two additional violations; Nguyen-Qui was also required to take the Trader Training Course again and pay costs in the amount of $10,000.
Disciplinary Proceedings:	***In the Matter of James William Watson ("Watson") (October 29, 2012) DN 12-0319***
	Facts – Between November 2010 and April 2011 (the "Relevant Period"), Watson, a trader employed by Jones Gable & Company Limited, entered orders for a security listed on the TSXV to effect a high closing bid price that misrepresented the performance and actual demand for the security and artificially increased the value of the position in the security held in Watson's inventory account.
	Disposition – Pursuant to a Settlement Agreement Watson admitted that in the Relevant Period, he entered orders on the TSXV that he knew or ought to reasonably have known would create or could reasonably be expected to create, a false or misleading appearance of trading activity or interest in the purchase or sale of the security or an artificial bid price for the security, contrary to UMIR 2.2(2) and Policy 2.2.
	Requirements Considered – Rule 2.2(2) and Policy 2.2.
	Sanction – Watson agreed to pay a $10,000 fine, to a suspension of access to IIROC-regulated marketplaces for a period of 14 days, as well as to pay costs in the amount of $1,500.
Disciplinary Proceedings:	*Rule 2.2 and Policy 2.2 were considered* ***In the Matter of Alexey Eydelman ("Eydelman") and Questrade Inc. ("Questrade") (May 24 2013) DN 13-0140****. See Disciplinary Proceeding under Rule 7.1.*
Disciplinary Proceedings:	***In the Matter of Jean-François Lemay ("Lemay") (June 5 2013) DN 13-0150***
	Facts – Between September and October 2008 (the "Relevant Period"), Lemay, a registered representative at Union Securities Ltd, entered buy and sell orders on the TSXV when he knew that identical buy and sell orders were being entered simultaneously, with no change of beneficial ownership, creating fictitious buy and sell transactions involving the same securities.
	Disposition – In the Relevant Period, Lemay entered orders or executed transactions when he knew, or ought reasonably to have known, that the entry of such orders or the execution of the transactions would create, or could reasonably be expected to create, a false or misleading appearance of trading activity with respect to the security, contrary to UMIR 2.2(2)(a) and Policy 2.2.
	Requirements Considered – Rule 2.2(2)(a) and Policy 2.2.
	Sanction – The Hearing Panel imposed a suspension from access to the marketplaces for a period of six months and a fine of $35,000 on Lemay. Lemay was also subject to strict supervision by his employer for a period of 12 months should he return to employment with an IIROC-regulated firm, and to successfully complete the Conduct and Practices Handbook Course. Lemay was also required to pay costs in the amount of $25,000.
Disciplinary Proceedings:	***In the Matter of Yufeng Zhang ("Zhang") (June 7 2013) DN 13-0155***
	Facts – Between July and December 2010 (the "Relevant Period"), Zhang, a proprietary trader employed by Wolverton Securities Ltd, entered orders in the pre-opening session in several TSXV-listed securities in order to identify the depth of the market and more particularly to detect the size of iceberg orders entered on the opposite side of the market.
	Disposition – Pursuant to a Settlement Agreement Zhang admitted that in the Relevant Period, he engaged in a manipulative or deceptive practice in the pre-opening on a marketplace contrary to

	UMIR 2.2(1) and Policy 2.2. *Requirements Considered – Rule 2.2(1) and Policy 2.2.* *Sanction – Zhang agreed to pay a $10,000 fine, to a suspension of access to IIROC-regulated marketplaces for 1 month, and to pay costs in the amount of $1,500.*
Disciplinary Proceedings:	*Rule 2.2 and Policy 2.2 were considered* ***In the Matter of JitneyTrade Inc. ("JitneyTrade") (July 23, 2013) DN 13-0196.*** *See Disciplinary Proceedings under Rule 7.1.*
Disciplinary Proceedings:	***In the Matter of Zhenyu Li ("Li") (July 27, 2015) DN 15-0164*** *Facts – Between August 2012 and November 2012 (the "Relevant Period"), Li, while employed as a proprietary trader at National Bank Financial Inc., entered non-bona fide orders in the pre-opening on the TSX and TSXV that he ought to have known would affect the Calculated Opening Price (the "COP") of the securities to his own advantage. Li's pattern of order entry, a practice commonly known as "spoofing", misrepresented the supply, demand, or price for the securities.* *Disposition – Pursuant to a Settlement Agreement Li admitted that in the Relevant Period, he entered orders that he ought reasonably to have known would create, or could reasonably be expected to create, a false or misleading appearance of trading activity in or interest in the purchase or sale of the securities or an artificial sale price for the securities, contrary to UMIR 2.2(2) and Policy 2.2.* *Requirements Considered – Rule 2.2(2) and Policy 2.2.* *Sanction – Li agreed to pay a $10,000 fine, to a suspension of access to IIROC-regulated marketplaces for 1 month, and to pay costs in the amount of $1,500.*