

NOTICE / NEWS RELEASE

For immediate release

Enforcement Notice Decision 12-0376

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IN THE MATTER OF Northern Securities Inc. – Expedited Hearing

December 14, 2012 (Toronto, Ont.) – Following an expedited hearing held on December 14, 2012, in Toronto, Ontario with notice to Northern Securities Inc. (NSI) and with NSI’s consent, a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC) imposed the following terms and conditions on NSI’s continued approval and Membership:

1. By no later than the close of business on December 31, 2012, NSI must have a fully executed agreement with one or more Dealer Members to assign its client accounts, by bulk transfer, that would result in the transfer of all of NSI’s client accounts from NSI’s carrying broker, Penson Financial Services Canada (“Penson”) by the close of business on January 15, 2013.
2. If NSI does not have a fully executed agreement within the time prescribed in paragraph 1, NSI agrees to assign all of its client accounts to Penson forthwith.
3. As of the close of business on December 31, 2012, as a condition of its continuing approval and Membership, NSI shall (a) cease any sales and advisory activity for retail or institutional customers; and (b) restrict its activities to mergers and acquisitions, research and corporate finance.
4. Notwithstanding paragraph 3, NSI may seek approval from IIROC for any other registrable activities and must seek approval for any change in business set out in paragraph 3.



5. NSI must continue to meet all obligations of Membership and nothing in this Order limits IIROC staff's ability to seek the imposition of penalties pursuant to Dealer Member Rule 20.45 for any failure of NSI to meet those obligations.
6. NSI will contact all clients by December 17, 2012 and provide notice of these matters in a manner and form satisfactory to IIROC staff. In particular, NSI shall notify clients of the following:
 - i. As of December 31, 2012 all NSI client accounts will be restricted to liquidating trades and/or transfer-outs as a result of the termination of the Introducing Broker/Carrying Broker Agreement between NSI and Penson;
 - ii. Clients have the right to transfer their accounts with NSI to another Dealer Member immediately to avoid the application of the restrictions to their accounts; and
 - iii. Clients must instruct their new Dealer Member to notify Penson of any transfer as soon as possible and by no later than December 31, 2012 to avoid the application of the restrictions to their accounts.

This Order shall come into effect immediately.

The panel's Order is available at

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=E1A952CCBF1946EE8A50826401686779&Language=en>.

Documents related to ongoing IIROC enforcement proceedings – including Reasons and Decisions of Hearing Panels – are posted on the IIROC website as they become available. Click [here](#) to search and access all IIROC enforcement documents.

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IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. Created in 2008 through the consolidation of the Investment Dealers Association of Canada and Market Regulation Services Inc., IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive capital markets.

IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of dealer firms and their registered employees



and through setting and enforcing market integrity rules regarding trading activity on Canadian equity marketplaces.

IIROC investigates possible misconduct by its member firms and/or individual registrants. It can bring disciplinary proceedings which may result in penalties including fines, suspensions, permanent bars, expulsion from membership, or termination of rights and privileges for individuals and firms.

All information about disciplinary proceedings relating to current and former member firms is available in the [Enforcement section](#) of the IIROC website. Background information regarding the qualifications and disciplinary history, if any, of advisors currently employed by IIROC-regulated firms is available free of charge through the [IIROC AdvisorReport](#) service. Information on how to make investment dealer, advisor or marketplace-related complaints is available by calling 1.877.442.4322.