

NEWS RELEASE

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IIROC Adopts Early Resolution Offers

Program encourages timely resolution of cases to enhance investor protection

April 8, 2021 (Toronto, Ontario) – The Investment Industry Regulatory Organization of Canada (IIROC) has announced that it is adopting the use of [Early Resolution Offers](#) effective immediately.

As part of IIROC’s three-year Strategic Plan, IIROC sought new ways for Enforcement to address wrongdoing in a fair and proportionate manner. In 2018, IIROC launched a public consultation on two new disciplinary options to address minor rule infractions and more timely resolution of disciplinary cases. The two proposals were a Minor Contravention Program and the use of Early Resolution Offers.

After extensive consultation IIROC has decided to commence the use of Early Resolution Offers. The Early Resolution Offers promote the efficient resolution of cases at an earlier point in the enforcement process, while also ensuring investor harm is addressed through voluntary acts of compensation and the implementation of remedial measures by firms.

“In developing Early Resolution Offers, IIROC reviewed its practices and saw an opportunity to impact the settlement process. While there are often valid reasons for the extensive negotiation of settlements, we believe there is an opportunity to achieve earlier resolutions in more cases, which leads to greater efficiency, more timely deterrence and effectively addresses investor harm,” said Charles Corlett, IIROC’s Vice-President, Enforcement.

It was also an opportunity to be more transparent in the credit provided to those who wish to admit responsibility and resolve cases sooner. Firms and advisors who choose to resolve a case by Early Resolution Offer will be granted a reduction of 30% on the sanctions IIROC would otherwise seek in a settlement agreement and a quicker resolution of the proposed enforcement proceeding. In offering the reduction, IIROC staff will consider the extent to which there has been proactive and exceptional cooperation, remedial measures put in place and compensation paid.

“Strengthening enforcement is one of IIROC’s strategic initiatives and plays a key role in our efforts to protect investors and support healthy Canadian capital markets,” said Corlett. “We want to encourage

individuals to proactively cooperate and encourage firms to take remedial measures and address any investor harm through voluntary acts of compensation.”

IIROC also announced it will withdraw to the [Minor Contravention Program](#), after public commenters expressed concerns about the scope of the proposed program. IIROC intends to revisit the proposal to address these concerns.

About IIROC:

IIROC is the pan-Canadian self-regulatory organization that oversees all investment dealers and their trading activity in Canada’s debt and equity markets. IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while supporting healthy Canadian capital markets. IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of 175 Canadian investment dealer firms of varying sizes and business models, and their more than 30,000 registered employees. IIROC also sets and enforces market integrity rules regarding trading activity on Canadian debt and equity marketplaces.

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