

Rule 8200

Enforcement Proceedings

8201. Introduction

- (1) This Rule sets out the authority of [IIROC](#) and [hearing panels](#) to hold hearings for enforcement purposes.
- (2) Enforcement proceedings are intended to ensure compliance with and to enforce [IIROC requirements](#), [securities legislation](#), and other requirements relating to trading or advising in respect of securities, commodities contracts or derivatives.

8202. Definitions

- (1) In this Rule,
 - “decision” means a determination made by a [hearing panel](#) under this Rule and includes a [sanction](#) and other order or ruling.
 - “investigation” means an investigation under Rule 8100 (Enforcement Investigations).

PART A - GENERAL

8203. Hearings

- (1) A [hearing](#) must be conducted in accordance with this Rule and the [Rules of Procedure](#).
- (2) A [hearing panel](#) may hold any [hearing](#) and make any [decision](#) that is authorized under this Rule and the [Rules of Procedure](#).
- (3) A [hearing panel](#) may admit as evidence in a [hearing](#) any oral testimony and any document or other thing that is relevant, whether or not given or proven under oath or affirmation or admissible as evidence in a court.
- (4) A [hearing panel](#) may require testimony or other evidence to be given or proven under oath or affirmation.
- (5) A [hearing](#) under this Rule must be open to the public, unless it is:
 - (i) a [settlement hearing](#), in which case it will be opened to the public only after a [settlement agreement](#) has been accepted by the [hearing panel](#),
 - (ii) a [hearing](#) to consider a temporary order under section 8211,
 - (iii) a [hearing](#) or part of a [hearing](#) where the [hearing panel](#) is of the opinion that the desirability of avoiding disclosure of intimate, personal or other matters outweighs the desirability of allowing the [hearing](#) or part of the [hearing](#) to be open to the public, or
 - (iv) a [hearing](#) held in Quebec where the [hearing panel](#), on its own initiative or on the request of a [party](#), orders the [hearing](#) or part of the [hearing](#) to be closed or prohibits the publication or release of documents in the interest of good morals or public order.
- (6) A [party](#) to an enforcement proceeding may be represented by counsel or, where permitted by law, an agent.
- (7) A [hearing panel](#) must provide written reasons for a [decision](#) made by it, including a [decision](#) accepting or rejecting a [settlement agreement](#) under section 8215, but not including an evidentiary or other procedural ruling, made in the course of a [hearing](#), that is not dispositive of the issues raised in the hearing.

8204. Application and Effective Date of Decisions

- (1) A [decision](#) under this Rule applies in all [Districts](#), unless the [hearing panel](#) orders otherwise or unless the application of the [decision](#) is limited by *law*.
- (2) A [decision](#), other than a ruling in the course of a [hearing](#), is effective on the date the [decision](#) is dated by the [National Hearing Coordinator](#), unless this Rule or the [decision](#) provides otherwise, in which case the [decision](#) is effective on the date so provided.
- (3) A [sanction](#), other than a fine or disgorgement, takes effect on the effective date of the [decision](#) imposing it, unless the [decision](#) provides otherwise.
- (4) A fine, disgorgement and costs imposed by a [decision](#) are payable when the [decision](#) is effective, unless the [decision](#) provides or the [parties](#) agree otherwise.

8205. Commencement of Enforcement Proceedings

- (1) [IIROC](#) may commence proceedings and hold [hearings](#), as provided in this Rule, to ensure compliance with and to enforce [IIROC requirements](#), [securities legislation](#), and other requirements relating to trading or advising in respect of securities, commodities contracts and derivatives.
- (2) A proceeding under this Rule must be commenced by notice of application or notice of hearing in accordance with the [Rules of Procedure](#).

8206. Limitation

- (1) A [Regulated Person](#) remains subject to this Rule for six years following the date on which they cease to be:
 - (i) a [Dealer Member](#),
 - (ii) a non-[Dealer Member](#) user or subscriber of a [Marketplace](#) for which [IIROC](#) is the regulation services provider, or
 - (iii) an employee, partner, director, officer or any other representative designated in [IIROC requirements](#) of a
 - (a) a [Dealer Member](#), or
 - (b) a non-[Dealer Member](#) user or subscriber of a [Marketplace](#) for which [IIROC](#) is the regulation services provider.
- (2) [IIROC](#) may commence a proceeding under this Rule against a [Regulated Person](#) up to six years after the date of the occurrence of the last event on which the proceeding is based.
- (3) If a proceeding is commenced within the limitation period in subsection 8206(1) or 8206(2), the [respondent](#) remains subject to the requirements of this Rule until the proceeding, including any review or appeal, is completed.

8207. Amounts Owing to IIROC

- (1) A [person](#) remains liable to [IIROC](#) for all amounts owing to [IIROC](#).

8208. Powers of Compulsion

- (1) A [hearing panel](#) may require a [Regulated Person](#), an employee, partner, director or officer of a [Regulated Person](#) or [IIROC](#), including [IIROC](#) staff, and, if authorized by *law*, any other [person](#) to attend and give evidence or produce [records](#) and documents in connection with a [hearing](#) under this Rule.
- (2) A [Regulated Person](#) must, upon receipt of an order of a [hearing panel](#) or a notice from the [National Hearing Coordinator](#) so requiring,
 - (i) attend and give evidence, and

- (ii) produce for inspection and provide copies of any [records](#) or documents in the [Regulated Person's](#) possession or control.
- (3) If a [hearing panel](#) requires an employee, partner, director or officer of a [Regulated Person](#), who is not an [Approved Person](#), to attend at a hearing, the [Regulated Person](#) must direct the individual to attend and give evidence.

PART B - Disciplinary Proceedings

8209. Sanctions for Dealer Members

- (1) If, after a [hearing](#), a [hearing panel](#) finds that a [Dealer Member](#) has contravened a [IIROC requirement](#), a [securities legislation](#) requirement, or other requirement relating to trading or advising in respect of securities, commodities contracts, or derivatives, the [hearing panel](#) may impose one or more of the following [sanctions](#):
 - (i) a reprimand
 - (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,
 - (iii) a fine not exceeding the greater of
 - (a) \$5,000,000 for each contravention, and
 - (b) an amount equal to three times the profit made or loss avoided by the [Dealer Member](#), directly or indirectly, as a result of the contravention,
 - (iv) suspension of membership in [IIROC](#) or of any right or privilege associated with membership, including a direction to cease dealing with clients, for any period of time and on any terms and conditions,
 - (v) imposition of any terms or conditions on the [Dealer Member's](#) continued membership, including on access to a [Marketplace](#),
 - (vi) expulsion from membership and termination of the rights and privileges of membership, including access to a [Marketplace](#),
 - (vii) permanent bar to membership in [IIROC](#),
 - (viii) appointment of a [monitor](#), and
 - (ix) any other [sanction](#) determined to be appropriate under the circumstances.
- (2) A [Dealer Member](#) may be sanctioned under subsection 8209(1) based on the conduct of an [employee](#), partner, [Director](#) or [officer](#).
- (3) A sanction imposed under subsection 8209(1) relating to access to a [Marketplace](#) applies to all [Marketplaces](#).

8210. Sanctions for Regulated Persons other than Dealer Members

- (1) If after a [hearing](#), a [hearing panel](#) finds that an [Approved Person](#), a non-[Dealer Member](#) user or subscriber of a [Marketplace](#) for which [IIROC](#) is the regulation services provider or an employee, partner, director or officer of such a user or subscriber has contravened a [IIROC requirement](#), a [securities legislation](#) requirement, or other requirement relating to trading or advising in respect of securities, commodities contracts, or derivatives, the [hearing panel](#) may impose on such [person](#) one or more of the following sanctions:
 - (i) a reprimand
 - (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,

- (iii) a fine not exceeding the greater of
 - (a) \$5,000,000 for each contravention, and
 - (b) an amount equal to three times the profit made or loss avoided by the [person](#), directly or indirectly, as a result of the contravention,
 - (iv) suspension of the [person's](#) approval or any right or privilege associated with such approval, including access to a [Marketplace](#), for any period of time and on any terms and conditions,
 - (v) imposition of any terms or conditions on the [person's](#) continued approval or continued access to a [Marketplace](#),
 - (vi) prohibition of approval in any capacity, for any period of time, including access to a [Marketplace](#),
 - (vii) revocation of approval,
 - (viii) a permanent bar to approval in any capacity or to access to a [Marketplace](#),
 - (ix) a permanent bar to employment in any capacity by a [Regulated Person](#), and
 - (x) any other [sanction](#) determined to be appropriate under the circumstances.
- (2) A [sanction](#) imposed under subsection 8210(1) relating to access to a [Marketplace](#) applies to all [Marketplaces](#).
- (3) A director or officer of a [Regulated Person](#) may be sanctioned under subsection 8210(1) based on the conduct of the [Regulated Person](#) with which he or she is associated.
- (4) A [Regulated Person](#) must not employ, hire, retain, or otherwise engage, in any capacity, a [person](#) who is sanctioned under clause 8210(1)(ix).

8211. Temporary Orders

- (1) On application by [Enforcement Staff](#), if a [hearing panel](#) is satisfied that the length of time required to conclude a [hearing](#) could be prejudicial to the public interest, the [hearing panel](#) may, without notice to the [respondent](#), make a temporary order that suspends or restricts a [Regulated Person's](#) rights and privileges and may impose terms and conditions that the [hearing panel](#) considers appropriate.
- (2) A temporary order that is made without notice under subsection 8211(1) expires fifteen calendar days after the date on which it is made, unless:
- (i) a [hearing](#) is commenced within that period to confirm or set aside the temporary order,
 - (ii) the [Regulated Person](#) consents to an extension of the temporary order, or
 - (iii) a [securities regulatory authority](#) orders otherwise.
- (3) [IIROC](#) must immediately give written notice of a temporary order under subsection 8211(1) to every [person](#) directly affected by it.

8212. Protective Orders

- (1) On application by [Enforcement Staff](#), a [hearing panel](#) may hold a [hearing](#) to consider a request for an order under subsection 8212(4), following notice to the [respondent](#) in accordance with subsection 8426(1).
- (2) After a [hearing](#) under this section with respect to a Dealer Member, a [hearing panel](#) may make one or more of the orders set out in subsection 8212(4), if it finds that
- (i) the [Dealer Member](#) or a parent corporation or control person of the [Dealer Member](#) has made a general assignment for the benefit of creditors or an authorized

- assignment or proposal to its creditors, has been declared bankrupt, or is the subject of a winding-up order, an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, or similar legislation or an application for its liquidation or dissolution,
- (ii) a receiver or receiver-manager has been appointed in respect of all or part of the [Dealer Member's](#) undertaking or property or all or part of the undertaking or property of a parent corporation or control person of the [Dealer Member](#),
 - (iii) the [Dealer Member](#) has tendered its resignation, is not carrying on business as an investment dealer or is in the process of winding up or terminating its business as an investment dealer,
 - (iv) the [Dealer Member's](#) registration as a dealer under [securities legislation](#) has lapsed or been suspended or terminated,
 - (v) a [securities regulatory authority](#), stock exchange, self-regulatory organization or clearing agency has suspended the [Dealer Member's](#) membership or privileges,
 - (vi) the [Dealer Member](#) has been convicted of contravening a [law](#) relating to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading,
 - (vii) the [Dealer Member's](#) continued operation would create a risk of imminent harm to its clients, investors, other [Regulated Persons](#) or [IIROC](#) because the [Dealer Member](#)
 - (a) is in financial or operating difficulty, or
 - (b) has failed to cooperate in respect of an investigation under Rule 8100 (Enforcement Investigations), or
 - (viii) the [Dealer Member](#) has not complied with terms or conditions of a [sanction](#) or a prohibition under Dealer Member Rule 30 (early warning level 2) to which it is subject.
- (3) After a [hearing](#) under this section with respect to a [Regulated Person](#), other than a [Dealer Member](#), a [hearing panel](#) may make one or more of the orders set out in subsection 8212(4), if it finds that:
- (i) the [person's](#) registration under [securities legislation](#) has lapsed or been suspended or terminated,
 - (ii) a [securities regulatory authority](#) has made an order prohibiting the [person](#) from trading in securities, acting as a director or officer of a market participant or as a promoter, or engaging in investor relations activities, or has denied the [person](#) the use of an exemption under [securities legislation](#),
 - (iii) a stock exchange, self-regulatory organization or clearing agency has suspended the [person](#) or the [person's](#) privileges,
 - (iv) the [person](#) has been convicted of contravening a [law](#) relating to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading,
 - (v) the [person's](#) continued approval would create a risk of imminent harm to clients, investors, other [Regulated Persons](#) or [IIROC](#) because the [person](#) has failed to cooperate in respect of an investigation under Rule 8100 (Enforcement Investigations), or
 - (vi) the [person](#) has not complied with terms or conditions of a [sanction](#) to which the

- person is subject.
- (4) After a hearing under this section, a hearing panel may make an order:
 - (i) suspending membership, approval or access to a Marketplace on any terms and conditions,
 - (ii) with terms and conditions, requiring a Dealer Member that is suspended under this section to take steps to facilitate the orderly transfer of its client accounts to another Dealer Member,
 - (iii) imposing terms and conditions on continued membership, approval or access to a Marketplace,
 - (iv) directing immediate cessation of any or all dealing with clients or any other persons,
 - (v) expelling a Dealer Member from IIROC and terminating the rights and privileges of membership,
 - (vi) revoking approval or access to a Marketplace, or
 - (vii) appointing a monitor over a Dealer Member's business and affairs.
 - (5) A person may request, in writing, a review by a hearing panel of a decision made after a hearing under this section, within thirty days after the effective date of the decision.
 - (6) A hearing shall be held as soon as practicable, and no later than twenty-one days, after a review is requested under subsection 8212(5), unless the person requesting the review and Enforcement Staff agree otherwise.
 - (7) A member of a hearing panel whose decision is the subject of a review under this section may not be a member of the hearing panel on the review.
 - (8) A hearing panel may stay an order made under subsection 8212(4), subject to any terms and conditions it considers appropriate.
 - (9) On a review under this section, a hearing panel may:
 - (i) affirm the order,
 - (ii) quash the decision,
 - (iii) vary the decision or order, or
 - (iv) make any order authorized by subsection 8212(4).

8213. Monitor

- (1) If a hearing panel appoints a monitor under section 8209 or section 8212 with respect to the business and affairs of a Dealer Member, the monitor has authority to supervise and monitor the Dealer Member's business and affairs in accordance with the terms and conditions imposed by the hearing panel.
- (2) A hearing panel may impose any terms and conditions, and any time periods, on a monitor's authority with respect to a Dealer Member's business and affairs that the hearing panel considers appropriate, including authority to:
 - (i) enter the Dealer Member's premises and conduct day-to-day monitoring of the Dealer Member's business activities,
 - (ii) monitor and review accounts receivable, accounts payable, client accounts, margin, client free credits, banking arrangements and transactions, trading conducted by the Dealer Member for clients and for its own account, payment of

- debts, creation of new debt and the [Dealer Member's](#) books and [records](#),
- (iii) make copies of any [records](#) or other documents and provide copies of such [records](#) and documents to [IIROC](#) or any other regulatory or self-regulatory authority,
 - (iv) report the [monitor's](#) findings or observations, on an ongoing or other basis, to [IIROC](#) or any other regulatory or self-regulatory authority,
 - (v) monitor the [Dealer Member's](#) compliance with any terms or conditions imposed on the [Dealer Member](#) by [IIROC](#) or any other regulatory or self-regulatory authority or by the [hearing panel](#), including compliance with any early warning terms and conditions,
 - (vi) verify and assist with the preparation of any regulatory filings, including the calculation of *risk adjusted capital*,
 - (vii) conduct or have conducted an appraisal of the [Dealer Member's](#) net worth or a valuation of any of the [Dealer Member's](#) assets,
 - (viii) assist the [Dealer Member's employees](#) in facilitating the orderly transfer of the [Dealer Member's](#) client accounts, and
 - (ix) pre-authorize cheques issued or payments made by or on behalf of the [Dealer Member](#) or distribution of any of the [Dealer Member's](#) assets.
- (3) A [Dealer Member](#) must cooperate with the [monitor](#), require its [employees](#), partners, [Directors](#) and [officers](#) to cooperate with the [monitor](#) and take all reasonable steps to have its [affiliates](#) and service providers cooperate with the [monitor](#) with respect to the exercise by the [monitor](#) of its authority under this section.
- (4) The [Dealer Member](#) must pay all expenses relating to a [monitor](#) appointed to monitor the [Dealer Member's](#) business and affairs, including the [monitor's](#) fees.
- (5) [IIROC](#) staff, a [monitor](#), or a [Dealer Member](#) subject to a [monitor](#) may at any time apply to a [hearing panel](#) for directions concerning the [monitor's](#) authority or the conduct of the [monitor's](#) activities.
- (6) On an application under subsection 8213(5), a [hearing panel](#) may make any order it considers appropriate.

8214. Costs

- (1) After a [hearing](#) under this Rule, other than a [hearing](#) under section 8211, a [hearing panel](#) may order a [person](#) who is the subject of a [sanction](#) to pay any costs incurred by or on behalf of [IIROC](#) in connection with the [hearing](#) and any investigation related to the [hearing](#).
- (2) Costs ordered under subsection 8214(1) may include:
- (i) costs for time spent by [IIROC](#) staff,
 - (ii) fees paid by [IIROC](#) for legal or accounting services or for services rendered by an expert witness,
 - (iii) witness fees and expenses,
 - (iv) costs of recording and transcribing evidence and preparation of transcripts, and
 - (v) disbursements, including travel costs.

8215. Settlements and Settlement Hearings

- (1) [Enforcement Staff](#) may agree in a [settlement agreement](#) to settle a proceeding or proposed proceeding against a [Regulated Person](#) at any time prior to the conclusion of a [disciplinary hearing](#).

- (2) A [settlement agreement](#) must contain:
- (i) a statement of the contraventions agreed to by the [respondent](#), with references to the relevant [IIROC requirements](#) and [laws](#),
 - (ii) the agreed facts,
 - (iii) the [sanctions](#) and costs to be imposed on the [respondent](#),
 - (iv) a waiver by the [respondent](#) of all rights to any further [hearing](#), appeal and review,
 - (v) a provision that [Enforcement Staff](#) will not initiate any further action against the [respondent](#) in relation to the matter addressed in the [settlement agreement](#),
 - (vi) a provision that the [settlement agreement](#) is conditional on acceptance by a [hearing panel](#),
 - (vii) a provision that the [settlement agreement](#) and its terms are confidential, unless and until it has been accepted by a [hearing panel](#),
 - (viii) a provision that the [parties](#) will not make any public statement that is inconsistent with the [settlement agreement](#), and
 - (ix) any other provisions not inconsistent with clauses 8215(2)(i) to 8215(2)(viii) that the [parties](#) agree to include in the [settlement agreement](#).
- (3) Discussions relating to settlement are on a without prejudice basis to [Enforcement Staff](#) and any other [person](#) participating in the discussions and must not be used as evidence or referred to in any proceeding.
- (4) A [settlement agreement](#) may impose any obligations on a [respondent](#) to which the [respondent](#) agrees, whether or not they could be imposed by a [hearing panel](#) under this Rule.
- (5) After a [settlement hearing](#), a [hearing panel](#) may accept or reject a [settlement agreement](#).
- (6) A [settlement agreement](#) becomes effective and binding on the [parties](#) to it upon acceptance by a [hearing panel](#).
- (7) If a [settlement agreement](#) is accepted by a [hearing panel](#), any [sanction](#) imposed under it is deemed to have been imposed under this Rule.
- (8) If a [settlement agreement](#) is rejected by a [hearing panel](#),
- (i) either:
 - (a) the [parties](#) may agree to enter another [settlement agreement](#), or
 - (b) [Enforcement Staff](#) may proceed to a [disciplinary hearing](#) based on the same or related allegations and charges,and
 - (ii) the [hearing panel's](#) reasons for rejecting the [settlement agreement](#) must be made available to a [hearing panel](#) considering a subsequent [settlement agreement](#) based on the same or related allegations and charges, but must not be made public or referred to in a subsequent [disciplinary hearing](#).
- (9) A member of a [hearing panel](#) that rejects a [settlement agreement](#) may not be a member of a [hearing panel](#) that considers a subsequent [settlement agreement](#) or conducts a [disciplinary hearing](#) based on the same or related allegations.

8216. Failure to Pay Fine or Costs

- (1) If a [Regulated Person](#) does not pay a fine, costs or other amount ordered to be paid by a [hearing panel](#) or required to be paid under a [settlement agreement](#), [IIROC](#) may, seven days

after sending written notice, summarily suspend the membership of the [Dealer Member](#) and all rights and privileges of the [Regulated Person](#) relating to approval or access to a [Marketplace](#), until the fine, costs or other amount has been paid.

8217. Review by a Securities Regulatory Authority

- (1) A [party](#) to a proceeding under this Rule may apply to the [securities regulatory authority](#) in the relevant [District](#) for review of a final [decision](#) in the proceeding.
- (2) A [person](#) who is entitled to request a review of a [decision](#) under section 8212 or is the subject of a [decision](#) making a temporary order under section 8211 may not apply to a [securities regulatory authority](#) for review of the [decision](#), unless the [person](#) has requested a review or other [hearing](#) by a [hearing panel](#) and the [hearing panel](#) has made a final [decision](#).
- (3) For purposes of subsection 8217(1), [Enforcement Staff](#) is directly affected by a [decision](#) in a proceeding in which [Enforcement Staff](#) is a [party](#).