

# 2012 BCSECCOM 96

**Questrade, Inc.**

## **Settlement Agreement**

***Securities Act, RSBC 1996, c.418***

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Questrade, Inc. (Questrade) agree as follows:

### **Agreed Statement of Facts**

1. Questrade is registered in Canada, including British Columbia, in the category of investment dealer (or equivalent), with its head office in Toronto, Ontario.
2. Questrade is a self-directed online discount broker. Questrade receives commissions on a per trade basis and no advising representatives are affiliated with its online self-directed transactions.

### ***Cease trade Orders***

3. The Executive Director issued cease trade orders under section 164(1) of the Act against the following Over-the-Counter (OTC) reporting issuers:
  - (a) Trend Technology Corporation (Trend, on October 20, 2009 (Trend CTO));
  - (b) Americas Energy Company – Aeco (Aeco), on November 27, 2009, (Aeco CTO);
  - (c) Intelligent Living Corp. (ILC), on October 1, 2009, (ILC CTO);
  - (d) Dynamotive Energy Systems Corporation (Dynamotive), on May 25, 2010, (Dynamotive CTO);
  - (e) Strongbow Resources Inc. (Strongbow), on June 26, 2009, (Strongbow CTO); and
  - (f) Artepharm Global Corp. (Artepharm), on August 25, 2010, (Artepharm CTO). On November 19, 2010, staff revoked the Artepharm CTO;  
(collectively the CTOs).

## 2012 BCSECCOM 96

4. The Canadian Securities Administrators (CSA) sent email messages (the Emails) to its subscribers announcing the CTOs on:
  - (a) June 26, 2009, at 3:00 pm, respecting the Strongbow CTO;
  - (b) October 1, 2009 at 3:01pm, respecting the ILC CTO;
  - (c) October 20, 2009 at 6:00pm, respecting the Trend CTO;
  - (d) November 27, 2009 at 7:00 pm, respecting the Aeco CTO;
  - (e) May 25, 2010, at 2:00pm, respecting the Dynamotive CTO; and
  - (f) August 25, 2010, at 3:00 pm, respecting the Artepharm CTO;
5. Questrade did not subscribe to the CSA service in order to receive the Emails until April 26, 2010.

### ***Trading Contrary to the CTOs***

6. Questrade failed to implement an appropriate compliance system to identify and block execution of the trades outlined below, contrary to the CTOs:
  - (a) from October 27, 2009 to November 27, 2009, Questrade conducted or permitted six trades of Trend for three BC client accounts, contrary to the Trend CTO;
  - (b) from December 1, 2009 to June 2, 2010, Questrade conducted or permitted 44 trades of Aeco for 10 BC client accounts, contrary to the Aeco CTO. Further, Questrade permitted nine of these trades after staff sent a request for information;
  - (c) from October 27, 2009 to January 29, 2010, conducted six trades of ILC securities for one BC resident client account, contrary to the ILC CTO;
  - (d) on June 1, 2010, conducted one trade of Dynamotive securities for one BC resident client account, contrary to the Dynamotive CTO;
  - (e) from August 11, 2010 to December 10, 2010, conducted seven trades of Strongbow securities for one BC resident client account, contrary to the Strongbow CTO; and
  - (f) on September 9, 2010, conducted one trade of Artepharm securities for one BC resident client account, contrary to the Artepharm CTO.

## 2012 BCSECCOM 96

### ***Mitigating Factors***

7. Questrade has implemented numerous changes to its compliance systems, including hiring more compliance staff, drafting new compliance policies and CTO procedures, and creating new oversight committees, in order to rectify its compliance deficiencies.

### ***Undertakings***

8. Questrade undertakes to pay \$30,000 to the Commission, which is due and payable immediately without further demand.

### **Order**

- ¶ 2 The Executive Director will issue an order in the public interest under section 161 of the Act (the Order) that Questrade:

1. comply fully with the Act, the *Securities Rules*, BC Reg. 194/97, and any applicable regulations; and
2. be reprimanded.

### **Consent to Reciprocal Orders**

- ¶ 3 Any securities regulator in Canada may rely on the facts admitted in this agreement solely for the purpose of making an order similar to the one contemplated above.

### **Waiver**

- ¶ 4 Questrade waives any right they may have, under the Act or otherwise, to a hearing, hearing and review, judicial review, or appeal related to, in connection with, or incidental to this settlement.

## 2012 BCSECCOM 96

### Counterpart

¶ 5 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

¶ 6 March 16, 2012

¶ 7 “MJS Empensando” )  
Questrade, Inc. )  
(Signing Authority) )  
Mary Joyce S. Empensando )  
Print Signing Authority Name )  
 )  
“Miriam Lee” )  
Witness Signature )  
 )  
Miriam Lee )  
Witness Name (please print) )  
 )  
5650 Yonge Street, Suite 1700 )  
Address )  
Toronto, ON M2M 4G3 )  
 )  
 )  
Senior Manager, Compliance )  
Occupation )

¶ 8 March 26, 2012

“Paul Bourque”

¶ 9 Paul C. Bourque, Q.C.  
Executive Director