

## Appendix A – MFD Rule Amendments (Clean)

### 7.4 Discipline Powers

#### 7.4.1 Power of Hearing Panels to Discipline

##### 7.4.1.1 Approved Persons

A Hearing Panel shall have power to impose upon an Approved Person or any other person under the jurisdiction of the Corporation any one or more of the following penalties:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, as a result of committing the violation;
- (c) a fine not exceeding the greater of:
  - (i) \$5,000,000.00 per offence; and
  - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- (d) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (e) revocation of the authority of such person to conduct securities related business;
- (f) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time;
- (g) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel;

if, in the opinion of the Hearing Panel, the person:

- (h) has failed to carry out any agreement with the Corporation;
- (i) has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- (j) has failed to comply with the provisions of any By-law or Rules of the Corporation;
- (k) has engaged in any business conduct or practice which such Hearing Panel in its discretion considers unbecoming or not in the public interest; or
- (l) is otherwise not qualified whether by integrity, solvency, training or experience.

#### 7.4.1.2 Members

A Hearing Panel shall have power to impose upon a Member any one or more of the following penalties:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, as a result of committing the violation;
- (c) a fine not exceeding the greater of:
  - (i) \$5,000,000.00 per offence; and
  - (ii) an amount equal to three times the profit obtained or loss avoided by the Member as a result of committing the violation;
- (d) Suspension of the rights and privileges of the Member (and such suspension may include a direction to the Member to cease conducting securities related business) for such specific period and upon such terms as such Hearing Panel may determine, or, if the rights and privileges have already been suspended under Rule 7.4.3, the continuation of such suspension (including a prohibition on the Member conducting securities related business) for such specified period and upon such terms as such Hearing Panel may determine;
- (e) termination of any and all of the rights and privileges of Membership;
- (f) expulsion of the Member from the Corporation;
- (g) such terms and conditions on Membership of the Member as may be considered appropriate by the Hearing Panel;
- (h) appointment of a monitor in accordance with Rule 7.4.7; and
- (i) directions for the orderly transfer of client accounts from the Member;

if, in the opinion of the Hearing Panel, the Member:

- (j) has failed to carry out any agreement with the Corporation;
- (k) has failed to meet any liabilities to another Member or to the public;
- (l) has engaged in any business conduct or practice which the Hearing Panel in its discretion considers unbecoming a Member or not in the public interest;
- (m) has ceased to be qualified as a Member by reason of the ownership, integrity, solvency, training or experience of the Member or any of its Approved Persons or other employees or agents, or any person having an ownership interest in the capital or indebtedness of the Member;

- (n) has failed to comply with or carry out the provisions of any of the By-laws or Rules of the Corporation; or
- (o) has failed to comply with or carry out the provisions of any applicable federal or provincial statute relating to its business or of any regulation or policy made pursuant thereto.

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#### 7.4.7 Monitor

##### 7.4.7.1 Powers of a Monitor

A monitor appointed pursuant to Rule 7.4.1.2(h) or Rule 7.4.3.3(g) shall oversee and report on the Member's activities in accordance with any of the following terms and conditions and for such specified period as the Hearing Panel may determine:

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##### 7.4.7.2 Expenses of the Monitor

A Hearing Panel may in its discretion require that the Member pay the whole or part of the expenses related to a monitor appointed pursuant to Rule 7.4.1.2(h) or Rule 7.4.3.3(g).

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