Re Weir

IN THE MATTER OF:

The Investment Dealer and Partially Consolidated Rules

and

Robert Russell Weir

2024 CIRO 83

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: November 7, 2024 in Toronto, Ontario via videoconference
Decision: November 7, 2024
Reasons for Decision: November 25, 2024

Hearing Panel:
Barry Bresner, Chair, Richard Austin and Emily Jelich

Appearances:
Rob DelFrate, Senior Enforcement Counsel
Bruce O'Toole, for Robert Russell Weir
Robert Russell Weir (present)

REASONS FOR DECISION

INTRODUCTION

1. This hearing was held pursuant to sections 8215 (Settlements and Settlement Hearings) and 8428 (Settlement Hearings) of the Investment Dealer and Partially Consolidated Rules (the "IDPC Rules") to consider whether to accept a settlement agreement negotiated between Staff of the Enforcement Department of CIRO ("Staff") and Robert Russell Weir (the "Respondent"), dated September 30, 2024 (the "Settlement Agreement"). A copy of the Settlement Agreement is attached as Appendix A to these Reasons. Part III of the Settlement Agreement recites the facts agreed to by the parties.[1]

2. In the Settlement Agreement, the Respondent admitted to having disclosed potentially confidential information to a hedge fund client in connection with two block trade transactions in April and May 2020, contrary to Investment Dealer Rule 1400, which sets out the general standards of conduct that apply to Regulated Persons.

3. The sanction agreed to in the Settlement Agreement was:

   (i) a fine of $75,000,

   (ii) a prohibition on approval in any capacity for a period of six (6) months,

   (iii) a requirement to complete the Conduct and Practices Handbook Course (or equivalent) prior to approval, and

[1] Pursuant to subsection 8428(6) of the IDPC Rules, the only facts disclosed to a hearing panel are the facts contained in a settlement agreement and such other facts as may be disclosed with the consent of all parties. In the present matter, the only facts considered by the Hearing Panel were the agreed facts in Part III of the Settlement Agreement.

(iv) costs of $5,000.

4. At the conclusion of the hearing, after due consideration of the agreed facts, the submissions of the parties and the sanction guidelines, the Panel concluded that the Settlement Agreement was in the public interest and accepted it, with reasons to follow. These are those reasons.

OVERVIEW

5. In April and May 2020, in connection with two unrelated proposals for bought deal block trade transactions for publicly listed issuers, information which ought to have been identified as confidential or potentially confidential was communicated to a hedge fund client by the Respondent, then a registered representative employed as the Head of Sales and Trading at Stifel Nicolaus Canada Inc. ("Stifel").[2]

6. Following the communications at issue, the hedge fund client entered short sale transactions with other Dealer Members, which may have allowed it to profit from the information communicated to it by the Respondent. The short sale transactions were undertaken without the knowledge of the Respondent. The circumstances are described in detail in the agreed facts[3] but, for present purposes, can be summarized as follows:

The Issuer 1 Block Trade Transaction

(a) In May 2020, Stifel entered an agreement with a shareholder ("Shareholder 1") of Issuer 1 to divest a portion of its holdings in Issuer 1 by way of a bought deal block trade ("Issuer 1 Block Trade").

(b) The possibility of negotiating a transaction with Shareholder 1 was discussed at an internal Stifel meeting attended by the Respondent on May 6, 2020. While the potential Issuer 1 Block Trade was discussed, Stifel did not have any agreement with Shareholder 1 at that time. Within minutes after that meeting, the Respondent contacted a portfolio manager at Hedge Fund 1. Approximately 20 minutes later the portfolio manager at Hedge Fund 1 entered short sale orders with two different Dealer Members for a total of 200,000 shares of Issuer 1, of which 162,700 were filled at an average price of $6.687.

(c) On May 7, 2020, the Respondent attended an internal Stifel Liability Committee call at which approval was sought and granted to propose terms to Shareholder 1. A bought deal engagement letter was then sent to Shareholder 1. Later that same day, there were numerous communications between the Respondent and the portfolio manager at Hedge Fund 1 regarding the potential transaction. At 2:25 pm on May 7, 2020, Stifel was advised that Shareholder 1 would be proceeding with the proposed block sale and that Stifel would co-lead the transaction. At 2:55 pm, the Respondent received an email detailing the terms and timing of the Issuer 1 Block Trade.

(d) The Respondent communicated with the portfolio manager at Hedge Fund 1 within minutes of learning of the terms and timing of the Issuer 1 Block Trade. Unbeknownst to the Respondent, at 3:01 pm on May 7, 2020, the portfolio manager immediately entered a short sale order for 100,000 shares of Issuer 1, which was fully filled at an average price of $6.99.

(e) At 4:31 pm on May 7, 2020, Shareholder 1 announced an offering of 20,000,000 units of Issuer 1, consisting of 1 share and one half of a private placement common share purchase warrant, at $6.35 per unit.

(f) In total, on May 6 and 7, 2020, the portfolio manager at Hedge Fund 1 placed short sale orders for 262,700 shares of Issuer 1 which were filled at an average price of $6.80. The orders were placed within minutes of the communications from the Respondent. Based on the unit offering price of $6.35, Hedge Fund 1 earned a potential profit of $118,945.

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[2] Mr. Weir has not been registered in any capacity since December 2021.

[3] The facts are also reflected in the prior Decision of the hearing panel in *Re Stifel Nicolaus Canada Inc.*,2024 CIRO 68.

The Issuer 2 Block Trade Transaction

(a) On April 8, 2020, Stifel initiated discussions with a shareholder of Issuer 2 ("Shareholder 2") regarding a potential bought deal block trade transaction for Shareholder 2's interest in Issuer 2 ("the Issuer 2 Block Trade").

(b) On April 9, 2020, the Respondent messaged representatives of Hedge Fund 1 to advise them that Stifel was trying to place 12 million shares of Issuer 2 on behalf of Shareholder 2 at a price of $9.50 to $10.00. Less than 4 minutes after receiving that information from the Respondent, Hedge Fund 1 entered a short sale order with a different Dealer Member for 100,000 shares of Issuer 2, of which 91,000 were filled at an average price of $10.663. The Respondent was not aware of the short sale order.

(c) Shortly thereafter on April 9, Hedge Fund 1 entered further short sale orders with two different Dealer Members for a total of 200,000 shares of Issuer 2, of which 175,751 were filled at an average price of $10.682. Later that afternoon, after further communications with the Respondent and after Issuer 2 was added to Stifel's Watch List, Hedge Fund 1 entered a short sale order at a different Dealer Member for 100,000 shares of Issuer 2, which was fully filled at an average price of $10.789. As a result of the short sale transactions, Hedge Fund 1 realized a potential profit of approximately $258,561.

(d) On Good Friday, April 10, 2020, the engagement letter between Shareholder 2, Stifel and a second Dealer Member was fully executed. The following Monday, Shareholder 2 issued a press release announcing the sale of 12 million units, consisting of 1 share of Issuer 2 and a half warrant, at a price of $10.00. Hedge Fund 1 entered an expression of interest for 1.4 million units and received a full allocation.

ANALYSIS

7. The role of a hearing panel on a settlement hearing, as defined in subsection 8215(5) of the IDPC Rules, is to either accept or reject a proposed settlement. The principles applicable to that determination are well-established. As stated in the oft-cited decision of *Milewski (Re)*[4], the hearing panel must be satisfied that the sanctions agreed to in a settlement agreement are "within a reasonable range of appropriateness" and a settlement should not be rejected unless the panel views the penalty as clearly falling outside of that range.

8. Hearing panels have consistently recognized that reasonable settlements serve the public interest by resolving disputes more quickly and less expensively and by freeing up system resources for other matters.[5] Settlements are the result of negotiation and compromise between the parties who are in the best position to address the issues, and it is not the role of the hearing panel to second-guess the parties. As stated in *Donnelly (Re)*:

> It is usually in the public interest that matters be settled where possible rather than be determined through contested hearings. The reasons for this are often that an earlier determination of a dispute is better than a later determination. Settlements are usually less expensive than contested litigation, and there is less congestion in the dispute settling system when matters are taken out of the system through settlements. Finally, where both parties agree, the result is often more palatable to the parties and society than in a contested hearing where the winner takes all.
>
> For these reasons, a panel considering the acceptance of a settlement agreement will try to reach a determination of acceptance. It will recognize that settlements are often hotly debated with much compromise and give-and-take between the parties in order to reach an acceptable position agreeable to both parties. Furthermore, the panel will recognize that it is not privy to all the facts and the motivation and considerations that each of the parties have in coming to a solution of the dispute that is agreeable to them.[6]

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[4] [1999] I.D.A.C.D. No.17

[5] *Donnelly (Re)*, 2016 IIROC 23

[6] *Ibid*, paras. 7, 8

9. In assessing the reasonableness of the sanctions agreed to in the Settlement Agreement, the Panel considered the CIRO Sanction Guidelines (the "Guidelines"), which provide the general principles applicable to all disciplinary and settlement proceedings (Part I) and the key factors commonly taken into consideration (Part II). The Guidelines are designed to promote consistency, fairness and transparency in the disposition of such proceedings, but recognize that determining the reasonableness of a sanction in a given case is both discretionary and fact specific.

10. The formulation of an appropriate sanction turns on a balancing of the relevant mitigating and aggravating factors and a consideration of the sanctions imposed in analogous prior decisions, if any. In the present matter, the relevant factors are as follows:

Mitigating Factors

- The Respondent does not have a prior disciplinary record;
- There was no financial harm to the public or direct financial gain to the Respondent from the short sale transactions;
- The contraventions occurred over a roughly one-month period in 2020 and there has been no recurrence;[7]
- The Respondent has admitted and accepted responsibility for the contraventions.

Aggravating Factors

- The Respondent was a senior employee of Stifel.
- The Respondent's disclosures to Hedge Fund 1 were intentional and his failure to recognize that the information was either confidential or potentially confidential can be characterized as reckless or, at minimum, negligent.

11. The Guidelines require the Hearing Panel to consider the sanctions imposed in similar circumstances in other cases. While there are prior decisions which have considered the appropriate sanction for a failure to protect confidential information, each case turns on its own unique circumstances. A similar issue arose in *Re Mackie Research & McCarthy*[8]. An institutional sales trader ("McCarthy") had failed to comply with Mackie's policies and procedures for the protection of confidential information and, more particularly, failed to advise his compliance department that he was in possession of confidential information relating to a proposed financing. McCarthy agreed to a fine of $100,000, a one-month suspension of approval, a requirement to complete the Partners, Directors and Senior Officers Course and costs of $5,000.

12. In *Re Mackie Research & McCarthy*, the hearing panel noted that the protection of confidential information is critical to the integrity of the capital markets. We agree that the disclosure of confidential or potentially confidential information poses a serious risk of undermining confidence in the integrity of the markets and that an appropriate sanction must reflect the gravity of that risk.

13. The hearing panel in *Re Mackie Research & McCarthy* also took account of McCarthy's previous disciplinary history. The Respondent has no disciplinary history and that is a mitigating factor in this case.

14. In *Re Bishop*[9], the hearing panel considered a situation in which Bishop, a registered representative with Scotia Capital, admitted to having failed to take appropriate measures to protect the financial markets from the disclosure of material information about a listed issuer. The CEO of the issuer was a friend of Bishop's and had communicated material information to him on 12 separate occasions over a period of several years. On two occasions, Bishop shared that information with clients before a press release had been issued, but after the relevant markets had closed for trading. Bishop had no prior disciplinary record, did not benefit from the information and there was no harm to any clients. In approving the settlement, consisting of a fine of $15,000

[7] The significance of there having been no recurrence is lessened by the fact that the Respondent has not been registered in any capacity since December 2021.

[8] 2019 IIROC 29

[9] 2023 CIRO 08

and costs of $5,000, the hearing panel also considered that Scotia Capital had imposed an internal sanction of $50,000, placed Bishop on close supervision for 12 months and required him to re-write the Conduct and Practices Handbook Course examination.

15. In considering the reasonableness of a proposed settlement, a fundamental concern is the need to protect the public interest by restraining future conduct that might harm the capital markets by providing sanctions which are significant enough to deter future misconduct by the Respondent (specific deterrence) and others (general deterrence). In the present matter, the proposed sanction are substantial and satisfy the goals of specific and general deterrence.

16. Having considered the mitigating and aggravating factors, the Guidelines and the prior decisions, we are satisfied that the sanctions sit comfortably within the reasonable range of appropriateness.

CONCLUSION

17. For the reasons stated above, the Panel accepted the Settlement Agreement.

DATED at Toronto, Ontario this 25th day of November 2024.

"Barry Bresner"
Barry Bresner, Chair

"Richard Austin"
Richard Austin

"Emily Jelich"
Emily Jelich

Appendix "A"

Settlement Agreement

IN THE MATTER OF:

The Investment Dealer and Partially Consolidated Rules

and

Robert Russell Weir

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization ("CIRO")[i] will issue a Notice of Application to announce a settlement hearing pursuant to sections 8215 and 8428 of the Investment Dealer and Partially Consolidated Rules (the "Investment Dealer Rules") to consider whether a hearing panel should accept this Settlement Agreement between Enforcement Staff and Robert Russell Weir (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Enforcement Staff and the Respondent jointly recommend that the hearing panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Overview

4. In April and May 2020, Robert Russell Weir ("Weir"), a registered representative of Stifel Nicolaus Canada Inc. ("Stifel") disclosed potentially confidential information to a hedge fund client regarding proposed transactions for two publicly listed issuers. Following the communications of the information at issue, the hedge fund client entered short sell transactions at other Dealer Members which may have allowed it to profit on the information communicated to it. These short sale transactions were undertaken without the Respondent's knowledge.

5. The integrity of the capital markets requires Regulated Persons to adhere to the highest standards when dealing with potentially confidential information.

Background

6. The Respondent was a registered representative and Head of Sales and Trading with Stifel from December 2019 until December 2021. He was registered with other Dealer Members, including GMP Capital, since 2000. He has not been registered since December 2021.

Issuer 1 Block Trade

7. In May 2020, a shareholder ("Shareholder 1") of Issuer 1 entered into an agreement with Stifel and another Dealer Member to divest a portion of its holdings in Issuer 1 by way of a bought deal block trade (the "Issuer 1 Block Trade").

<u>The Respondent's Communications Regarding the Issuer 1 Block Trade</u>

8. At 12:00 p.m. on May 6, 2020, the Respondent attended an internal meeting with Stifel's investment banking team at which a potential Issuer 1 Block Trade was discussed. At that stage, there was no mandate from Shareholder 1 and there had been no meaningful discussions between Shareholder 1 and Stifel.

9. At 12:23 p.m., following the internal meeting, the Respondent contacted XX, a portfolio manager at Hedge Fund 1 asking, "Call me when free".

10. At 12:35 p.m., XX called the Respondent and they had a conversation lasting approximately 3 minutes.

11. Approximately 20 minutes after their conversation, XX entered short sale orders at two different Dealer Members totaling 200,000 shares of Issuer 1, of which 162,700 was filled at an average price of $6.687. The Respondent had no knowledge that these short sale orders had been entered.

12. Subsequent communications between the Respondent and XX indicate that they further discussed the broader market support in the potential Issuer 1 Block Trade and Hedge Fund 1's specific interest in participating for 1 million shares or units.

13. At 9:00 a.m. on May 7, 2020, Stifel had an internal Liability Committee call seeking approval to propose terms to Shareholder 1. The Respondent was a member of the Liability Committee and confirmed his approval. Shortly thereafter, Stifel presented a bought deal engagement letter to Shareholder 1.

14. Between 9:30 a.m. and 12:20 p.m. on May 7, the Respondent and XX exchanged numerous Bloomberg messages relating to a potential Issuer 1 Block Trade. In these messages, XX said "lets get the ball rolling" and "we trying?" to which the Respondent responded "Yep." "Big time." The Respondent later advised "Fish on the line", "Not on the boat" and "next call at 130 pm".

15. At 2:25 p.m. on May 7, 2020, Stifel was advised that Shareholder 1 would be proceeding with the Issue 1 Block Trade and that Stifel would co-lead the offering.

16. At 2:55 p.m., the Respondent received an email sent to the Stifel Liability Committee advising of the terms and timing of the Issuer 1 Block Trade.

17. At 2:57 p.m., the Respondent messaged XX "Tonight". At 3:01 p.m., XX entered a short sale order at a different Dealer Member for 100,000 shares of Issuer 1, which was fully filled at an average price of $6.99. The Respondent had no knowledge that this short sale order was entered.

18. On May 7, 2020, at 4:31 p.m., Shareholder 1 announced an offering of 20,000,000 units at a price of

$6.35. Each unit consisted of one Issuer 1 share and one half of a private placement common share purchase warrant. This offering was subsequently upsized to 23,900,000 units.

19. In total, following communications with the Respondent, XX placed short sales of 262,700 shares of Issuer 1 on May 6 and 7 at an average price of approximately $6.80. These orders were entered within minutes of conversations between the Respondent and XX, at other Dealer Members. Based on the offering price of $6.35 per unit, these short sales resulted in a potential profit to the Hedge Fund of approximately $118,945.

Issuer 2 Block Trade

20. In April 2020, Shareholder 2 entered into an agreement with Stifel and another Dealer Member to divest a portion of its holdings in Issuer 2 by way of a bought deal block trade (the "Issuer 2 Block Trade").

21. On April 8, 2020, Stifel initiated discussions with Shareholder 2 about a potential block trade deal of its shares in Issuer 2.

The Respondent's Communications Regarding the Issuer 2 Block Trade

22. On April 9, 2020, the Respondent contacted two clients about a potential Issuer 2 Block Trade. At 11:20 a.m., the Respondent messaged representatives of Hedge Fund 1 advising that Stifel was "trying to place 12 mm shares [Issuer 2] from [Shareholder 2] at $9.50 to $10".

23. Less than 4 minutes later, Hedge Fund 1 entered a short sale order at a different Dealer Member for 100,000 shares of Issuer 2, of which 91,000 was filled at an average price of $10.663. The Respondent had no knowledge that this short sale order was entered.

24. At 11:30 and 11:38 a.m., the Respondent advised other Stifel employees that Hedge Fund 1 indicated that it would take 1 million shares of the Issuer 2 Block Trade.

25. At 11:43 a.m. and 12:34 p.m., Hedge Fund 1 entered short sale orders at two different Dealer Members totaling 200,000 shares of Issuer 2, of which 175,751 was filled at an average price of $10.682. The Respondent had no knowledge that these short sale orders were entered.

26. Between 1:33 and 1:58 p.m., the Respondent and XX exchanged numerous Bloomberg messages relating to the Issuer 2 Block Trade.

27. At 2:27 p.m. the Respondent suggested to another colleague at Stifel that "[Issuer 2] could be 19mm shares at $10" and that "Hedge Fund 1 there for 1 mm shares+".

28. At 3:20 p.m., Issuer 2 was added to Stifel's "Watch List".

29. At 3:36 p.m., the Respondent messaged XX advising "Looks like 7.5 mm units at $10. 9 month ½ warrant at $13.50... they would do up to 12 mm units".

30. At 3:43 p.m., Hedge Fund 1 entered a short sale order at a different Dealer Member for 100,000 shares of Issuer 2, which was fully filled at an average price of $10.789. The Respondent had no knowledge that this short sale order was entered.

31. At 4:00 p.m., Stifel's Liability Committee had a call to approve the block trade of 7.5 million units of Issuer 2. Shortly thereafter, Stifel and Shareholder 2 agreed to proceed with selling units at a price of $10.00, with the engagement letter to be settled concurrently.

32. At 8:03 p.m., Stifel's Liability Committee had a call to approve an upsize of the Issuer 2 Block Trade to 12 million units. The Respondent was a member of the Liability Committee and confirmed his approval.

33. On April 10, 2020 (Good Friday), the engagement letter between Shareholder 2, Stifel and the other Dealer Member was fully executed.

34. On Monday, April 13, 2020, at 7:00 a.m., Shareholder 2 issued a press release announcing the sale of 12 million units, consisting of one Issuer 2 share and ½ warrant at a price of $10.00.

35. Hedge Fund 1 entered an expression of interest for 1.4 million units and received a full allocation.

36. In total, following communications with the Respondent, Hedge Fund 1 placed short sales of 366,751

shares of Issuer 2 on April 9 at an average price of approximately $10.71, at other Dealer Members. Based on the offering price of $10.00 per unit, these short sales resulted in a potential profit to the Hedge Fund of approximately $258,561.

Additional Factors

37. The Respondent has not previously been the subject of IIROC or CIRO disciplinary proceedings.

PART IV – CONTRAVENTIONS

38. By engaging in the conduct described above, the Respondent committed the following contraventions of CIRO requirements:

(i) In April and May 2020, the Respondent disclosed potentially confidential information to a hedge fund client contrary to contrary to Investment Dealer Rule 1400.

PART V – TERMS OF SETTLEMENT

39. The Respondent agrees to the following sanctions and costs:

(i) Fine in the amount of $75,000;

(ii) A prohibition on approval in any capacity for a period of six (6) months;

(iii) A requirement to complete the Conduct and Practices Handbook Course (or equivalent) prior to approval; and

(iv) Costs in the amount of $5,000.

40. If this Settlement Agreement is accepted by the hearing panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

41. If the hearing panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

42. If the hearing panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Investment Dealer Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

43. This Settlement Agreement is conditional on acceptance by the hearing panel.

44. This Settlement Agreement shall be presented to a hearing panel at a settlement hearing in accordance with sections 8215 and 8428 of the Investment Dealer Rules, in addition to any other procedures that may be agreed upon between the parties.

45. Enforcement Staff and the Respondent agree that this Settlement Agreement will form all the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the hearing panel.

46. If the hearing panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules of CIRO and any applicable legislation to any further hearing, appeal and review.

47. If the hearing panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.

48. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has

been accepted by the hearing panel.

49. This Settlement Agreement will become available to the public upon its acceptance by the hearing panel and CIRO will post a copy of this Settlement Agreement on the CIRO website. CIRO will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the hearing panel's written reasons for its decision to accept this Settlement Agreement.

50. If this Settlement Agreement is accepted, the Respondent agrees that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.

51. This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the hearing panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

52. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

53. An electronic copy of any signature will be treated as an original signature.

DATED this "30th" day of "September", 2024.

"NT"
Witness

"Robert Russell Weir"
Robert Russell Weir

"Rob DelFrate"
Rob DelFrate
Enforcement Counsel on behalf of Enforcement Staff of the Canadian Investment Regulatory Organization

The Settlement Agreement is hereby accepted this "7" day of "November", 2024 by the following Hearing panel:

Per: "Barry Bresner"
Chair

Per: "Emily Jelich"
Industry Member

Per: "Richard Austin"
Industry Member

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[i] The Canadian Investment Regulatory Organization ("CIRO") has adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the "Interim Rules"). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and the rules and certain by-laws and policies of the MFDA that were in force immediately prior to amalgamation. Where the rules of IIROC and the rules and by-laws and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules.

Section 1105 (Transitional provision) of the Investment Dealer and Partially Consolidated Rules sets out CIRO's continuing jurisdiction, including that CIRO shall continue the regulation of any person subject to the jurisdiction of the Investment Industry Regulatory Organization of Canada that was formerly conducted by the Investment Industry Regulatory Organization of Canada.