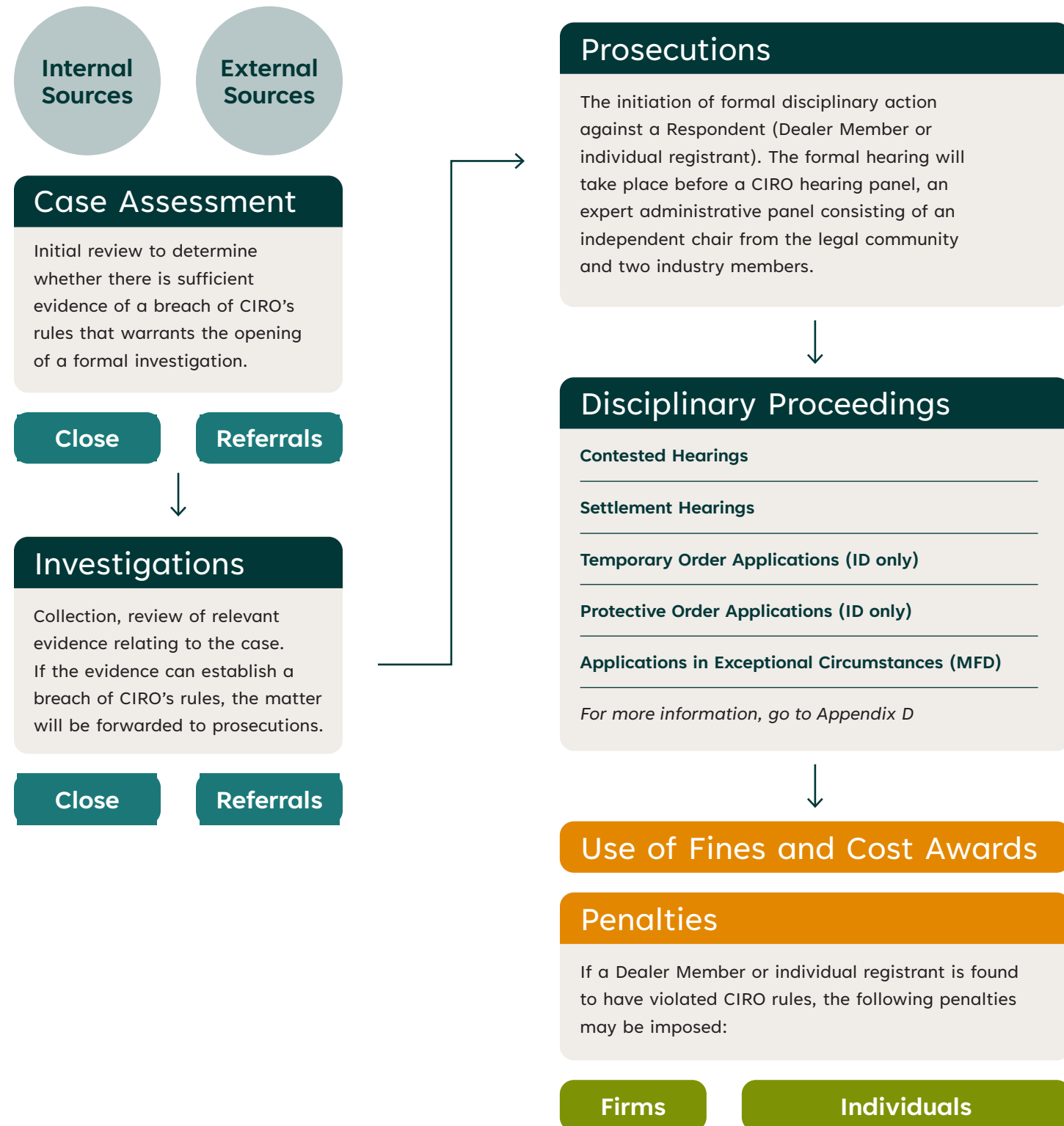


Appendix B: Enforcement Process



● Internal Sources

- Registration Department
- Compliance Departments [Business Conduct Compliance (BCC), Financial & Operations Compliance (FinOps), and Trading Conduct Compliance (TCC)]
- Trading Review & Analysis (TR&A)/ Market Surveillance
- [Business Conduct Compliance (BCC), Financial & Operations Compliance (FinOps), and Trading Conduct Compliance (TCC)]
- Complaints & Inquiries

For more information, go to Appendix C

● External Sources

- Public Complaints & ComSet and METS Reports
- Referrals from Outside Agencies
- (Securities Commissions, other SROs, police and other agencies)
- CIRO's Whistleblower Service

For more information, go to Appendix C

● Close

With no action or issue a Cautionary Letter

● Referrals

To provincial securities commissions, other domestic or foreign regulators/agencies, police if there is evidence of criminal activity.

● Use of Fines and Cost Awards

All fines collected can only be used for certain purposes as designated in the Canadian Securities Administrators' Recognition Orders of CIRO. This includes education or research projects that are in the public interest, the administration of disciplinary panels and/or the development of programs or systems to address emerging regulatory issues that relate to investor protection or the integrity of the capital markets. See Fine Collection Rates on page 25.

Pursuant to CIRO Rules, CIRO cost awards are used to pay for any costs incurred by CIRO in relation to its investigations and hearings.

● Firms

- A reprimand
- Fines, up to a maximum of \$5 million per contravention or an amount equal to three times the profit made, or loss avoided
- Imposition of conditions on membership
- A period of suspension
- Expulsion

● Individuals

- A reprimand
- Fines, up to a maximum of \$5 million per contravention or an amount equal to three times the profit made, or loss avoided
- Imposition of terms and conditions
- A period of suspension
- A permanent ban