



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES
AND THE UNIVERSAL MARKET INTEGRITY RULES**

AND

HAYWOOD SECURITIES INC.

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization (“CIRI”) 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 Haywood Securities Inc. (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. During 2014 to October 2022 (the “Relevant Period”), the Respondent used a report known as the High/Low Closing Report (the “HiLo Report”) to comply with its supervisory obligation to detect and prevent potentially manipulative trading activity such as high closing.

5. The Respondent relied upon a third party service provider for its HiLo Report. Unbeknownst to the Respondent, during the Relevant Period, the third party service provider stopped including any information on the HiLo Report relating to trading activity for issuers trading on the Canadian Securities Exchange (the “CSE”).
6. The deficiencies with the HiLo Report only came to the Respondent’s attention when CIRO’s Trade Review and Analysis department requested information from the Respondent in August 2022 regarding trading activity in a CSE issuer.
7. Staff’s review commenced upon receiving information from CIRO’s Trade Review and Analysis department and consisted of reviewing potentially manipulative trading activity at the Respondent during March 2021, April 2021 and June 2022 (the “Review Period.”)
8. CSE issuers made up a large part of the Respondent’s business during the Review Period. There were numerous CSE buy and sell trades by the Respondent in the last half hour of the trading day during the Review Period.
9. The Respondent’s and Staff’s review of the trading activity in the queried CSE issuers revealed that the Respondent failed to supervise end of day high/low close trades and high bid/low offer orders in CSE listed issuers during the Review Period and further, failed to identify potentially manipulative trading in at least one of the queried issuers.

Background

10. The Respondent is a CIRO Dealer Member with its head office located in Vancouver, B.C. and is a Participant under UMIR.

Respondent’s supervisory system

11. The Respondent’s compliance and supervisory system as set out in its Policies and Procedures Manual, is supplemented by its compliance matrix, which outlined tasks for compliance personnel and delegation of duties.
12. During the Relevant Period, the Respondent utilized various reports for its supervision, (which reports were referenced in its compliance matrix), including the HiLo Report. The HiLo Report was provided to the Respondent by a third party service provider.

The HiLo Report

13. The Respondent's compliance department used the HiLo Report as part of its review and supervision of trading activity. The HiLo Report was defined by the Respondent as a daily report showing any orders between a specific pre-determined time near to market close which improve the market price of a specific symbol and may be in violation of UMIR rules prohibiting manipulative practices.
14. The HiLo Report included market data such as closing price and the previous bid/ask spread to assist in identifying and monitoring potentially deceptive trades.
15. The HiLo Report, however, only captured data on the TMX exchanges, namely the TSX, TSX-V and Alpha. The HiLo Report did not capture data for any securities trading on the CSE and had not done so since 2014, a period of some eight years.
16. Although the Respondent used various other reports in its daily and monthly supervisory obligations, the Respondent advised that the HiLo Report was the primary report it used to identify and supervise potentially high closing activity.
17. During the Relevant Period, the Respondent did not have a system to test for partial disruptions in the data delivery from its third party service providers. Nor did the lack of CSE issuer data come to the Respondent's attention in any annual systems check.

CSE issuers were a large part of the Respondent's business

18. The lack of CSE data on the HiLo Report was not insignificant as CSE issuers formed a large part of the Respondent's business during the Review Period, in particular during 2021.
19. There were numerous buys and sells involving CSE issuers by the Respondent in the last half hour of the trading day during March and April 2021. There were large daily buy and sell volumes by the Respondent on the CSE in the last half hour of the trading day during March 2021.

CSE Trading activity during the Review Period

20. Between March 1, 2021 and April 23, 2021, a registrant at the Respondent executed 20 trades in a CSE issuer which resulted in an uptick against the last board lot trade price. Most of the orders were for 500 shares. Four of the orders were entered within the last half hour of the trading day.

Remedial Action by the Respondent

21. The Respondent advised Staff that by November 2022, it had updated its supervisory review including the Respondent's compliance matrix, to specifically include reviewing market data from the CSE, in order to review for high closing.
22. The Respondent further advised Staff that by November 2022, it had changed the vendor reports, to ensure inclusion of market data from the CSE, for its high close supervision.
23. Since June 2025 the Respondent has been using Position Watch (in conjunction with the HiLo Report and the Respondent's Daily Orders and Trades Report), to identify end of day trades that are potentially deceptive.
24. The Respondent has implemented an annual internal audit (commencing in calendar Q4) to test for any disruptions in its data services.

Other

25. The Respondent has no prior disciplinary history.
26. The Respondent advised Staff that its admitted conduct was inadvertent.
27. In December 2022, the Respondent imposed internal sanctions on one of its registrants, namely a fine of \$5,000, an internal reprimand and the requirement of a successful re-write of the Trader's Training Course within six months, all which took place by June 2023, as requested by the Respondent.

PART IV – CONTRAVENTIONS

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

During 2014 to October 2022, the Respondent failed to adequately supervise end of day high/low close trades and high bid/low offer orders for issuers trading on the Canadian Securities Exchange, contrary to UMIR 7.1 and Policy 7.1.

PART V – TERMS OF SETTLEMENT

29. The Respondent agrees to the following sanction and costs:
- (i) A fine in the amount of \$100,000.
 - (ii) Costs in the amount of \$5,000.
30. If this Settlement Agreement is accepted by the hearing panel, the Respondent agrees to pay the amounts referred to above immediately upon such acceptance, unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

31. 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.
32. 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

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

34. 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.
35. 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.
36. If the hearing panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules and By-law of CISO and any applicable legislation to any further hearing, appeal and review.
37. 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.
38. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the hearing panel.
39. This Settlement Agreement will become available to the public upon its acceptance by the hearing panel and CISO will post a copy of this Settlement Agreement on the CISO website. CISO 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.
40. 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.
41. 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

42. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
43. An electronic copy of any signature will be treated as an original signature.

DATED this "12" day of November, 2025.

"Haywood Securities Inc."
Respondent Haywood Securities Inc.

"Kathryn Andrews"
Kathryn Andrews
Senior Enforcement Counsel on behalf of
Enforcement Staff of the Canadian
Investment Regulatory Organization

The Settlement Agreement is hereby accepted this "4" day of "December", 2025 by the following Hearing panel:

Per: "Linda Murray"
Chair

Per: "Bruce Maranda"
Industry Member

Per: "David Duquette"
Industry Member