

**CIRO DISGORGEMENT DISTRIBUTION PROGRAM  
POLICY**

**PART 1  
DEFINITIONS**

**Guidance and Procedures:** This Policy is accompanied by a Guidance and Procedures document, which is intended to assist prospective claimants by providing additional information on the notification and claims process, parties considered to be eligible applicants, and other related matters.

**Definitions**

**1.** In this Policy:

“administrator” means an individual or entity appointed by CIRO to manage the process of distributing funds recovered through disgorgement orders to eligible applicants under the CIRO Disgorgement Distribution Program (the “Program”);

“approved claim amount” means, for each distribution, the total value of recognized direct financial losses of all persons or companies that filed claims and whose claims were approved by CIRO;

"disgorgement order" means an order made by a CIRO hearing panel as a result of a contravention of the CIRO Rules by a registrant;

"eligible applicant" means a person or company that:

- (a) incurred direct financial losses as a result of a contravention that gave rise to a disgorgement order, and that
- (b) did not directly or indirectly engage in the contravention that gave rise to the disgorgement order.

**PART 2  
REQUIREMENT TO DISTRIBUTE**

**Circumstances where a distribution is required**

**2. (1)** CIRO will distribute funds received under a disgorgement order, other than in circumstances where:

- (a) in the opinion of CIRO, the costs of administering the distribution would not justify making the distribution given the value of the amount received under the disgorgement order and the number of potential eligible applicants;

(b) the decision giving rise to the disgorgement order has not been finally disposed of in accordance with subsection (5).

(2) In circumstances where CIRO has received only part of the amount payable under a disgorgement order, CIRO must hold the amount for potential distribution to eligible applicants for up to 3 years from the date of the final disposition of the decision that gave rise to the disgorgement order if sufficient additional amounts are received to justify making a distribution within that period.

(3) CIRO is not required to make a distribution if, after 3 years from the date of the final disposition of the decision that gave rise to the disgorgement order, the amount received under the disgorgement order is insufficient to justify making a distribution.

(4) Despite subsection (3), CIRO may hold amounts received for potential future distribution to eligible applicants for a longer period if CIRO is of the opinion that sufficient additional amounts may be recovered within a reasonable timeframe to justify making a distribution and if:

- (a) there is an ongoing action, application or other proceeding to recover additional amounts owing under the disgorgement order, or
- (b) the disgorgement order or a settlement or other agreement provides that payments under the disgorgement order may be made at a future date.

(5) The final disposition of the decision that gave rise to the disgorgement order described in subsections (1), (2) and (3) occurs on the later of

- (a) the expiry of the applicable time for a review of the final decision of a hearing panel in which the disgorgement order was issued, and
- (b) the exhaustion of the review process if a review application is filed.

### **PART 3**

#### **PUBLICATION OF DISGORGEMENT AMOUNTS AND NOTICE OF CLAIMS PROCESS**

##### **Publication of money received under disgorgement orders**

3. (1) If CIRO receives money under a disgorgement order, it must publish the amount of money received under the disgorgement order.

(2) Information described in subsection (1) must be posted on CIRO's website and must be updated to include any additional amounts received under the disgorgement order in a timely manner.

##### **Publication of notice of claims process**

**4. (1)** If a distribution of money is required, notice of the claims process must be posted on CIRO's website accompanied by a press release and must set out the period within which an eligible applicant may file a claim.

**(2)** An eligible applicant may file a claim by submitting an application in accordance with **Part 5** of this Policy.

#### **PART 4**

#### **REQUIREMENT TO UPDATE CLAIMS APPLICATION**

##### **Requirement to update claims application**

**5.** If a person or company has made an application for a payment, and the information provided in the application materially changes, the applicant must report the change to CIRO promptly to ensure that information provided in respect of the application for payment remains accurate and is not misleading.

##### **Claim denial – misleading or inaccurate information**

**6.** CIRO may deny the claim for payment of a person or company if any of the following apply:

- (a) the person or company fails to comply with section 5;
- (b) in their application, the applicant makes a statement or provides information to CIRO that is inaccurate or misleading, or fails to provide information, as a result of which the information which has been provided in the application is materially inaccurate or misleading.

#### **PART 5**

#### **CLAIMS PROCESS**

##### **Content of the notice of claims process**

**7.** The notice described in section 4 must include all of the following information:

- (a) the proceeding in which the disgorgement order was made;
- (b) the amount of money received under the disgorgement order;
- (c) a statement that any eligible applicants are entitled to make a claim for payment from the disgorged amount;
- (d) a description of how an eligible applicant can make a claim;
- (e) the final day for filing a claim, which must be at least 90 days from the date of the notice posted on CIRO's website in accordance with subsection 4 (1);
- (f) an address, including an electronic address, and telephone number to which inquiries about potential claims may be directed;

- (g) an address, including an electronic address, where claims should be filed;
- (h) a statement that a claim that does not comply with all requirements of the Policy that relate to claims (e.g. making claims, ongoing requirement to provide current information in respect of claims, etc.) will be denied;
- (i) any other information that CIRO considers appropriate.

### **Claim requirements**

- 8. (1)** An applicant must use a claim form provided by CIRO.
- (2)** The claim must include a description of the direct financial loss incurred by the applicant and the amount claimed, supported by documentary evidence.
- (3) *Double recovery not permitted.*** The claim must identify any other sources from which payment for the amount claimed by the applicant under this section has been paid, is payable or may be payable to the applicant, and the amount of that payment.
- (4)** The claim must be filed on or before the final day for filing a claim and must be updated in accordance with section 5.

### **Determining eligibility and amount of payment**

**9. (1)** After reviewing all claims filed in accordance with section 8, CIRO may make a payment to the applicant from money received under a disgorgement order if CIRO is satisfied that all of the following apply:

- (a) the applicant is an eligible applicant in respect of the disgorgement order;
- (b) the amount of the applicant's direct financial loss can be quantified;
- (c) sufficient proof of the direct financial loss has been provided.

**(2)** When determining the amount to be paid to an eligible applicant, CIRO must consider all of the following:

- (a) the amount of money received under the disgorgement order;
- (b) the direct financial loss suffered by the eligible applicant;
- (c) the direct financial losses suffered by all eligible applicants;
- (d) any other information that CIRO considers appropriate in the circumstances.

**(3)** When determining an applicant's direct financial loss for the purposes of this section, CIRO must not include any amount claimed by the applicant in respect of a loss of opportunity, interest on any loss, or any non-financial losses, and must consider all of the following:

- (a) whether the applicant received or is entitled to receive a payment from other sources for the direct financial loss resulting from the contravention that gave rise to the

- disgorgement order;
- (b) whether the applicant benefitted from the contravention that gave rise to the disgorgement order.

(4) CIRO must prorate payments among eligible applicants if, having considered the matters under subsection (2), CIRO determines that the money received under the disgorgement order is insufficient to pay the approved claim amount.

(5) Even if an applicant is eligible to receive a payment in accordance with this section, CIRO may decline to make a payment to the applicant if, in the opinion of CIRO, the amount of the payment would be too small to justify the costs of paying it.

#### **Reconsideration Process**

10. (1) An applicant may request in writing a reconsideration of their eligibility or the amount of their pro-rata allocation under the distribution within 30 days from the date of the written notice.

(2) The notice in subsection (1) must be provided by CIRO by mail, courier, or electronic or digital transmission to the applicant's last known address, including an electronic address provided in the applicant's claim form.

(3) A decision-maker, independent of the administrator, will conduct a review and issue a final notice within 30 days of the reconsideration request.

#### **No payment until all claims are determined**

11. (1) No payments will be made to an eligible applicant until all claims filed in accordance with section 8 have been considered and the amount to be paid to each eligible applicant is determined by CIRO under section 9.

(2) Despite subsection (1), if an applicant has filed additional supporting documentation in respect of a request for reconsideration in accordance with section 10, CIRO may hold back the disputed claim amount and make payments, including partial payments, to the remaining eligible applicants.

#### **Residual funds**

12. If, after 180 days following the date payments are issued to eligible applicants, CIRO has been unable to distribute amounts approved for payment, then any such amounts will be treated as other monetary sanctions. CIRO will retain discretion to modify this period to accommodate exceptional circumstances.

#### **Appointment of an external administrator**

13. CIRO may appoint an external administrator to distribute the disgorged amount if CIRO considers that this would be appropriate, given the nature or volume of claims received.

**PART 6**  
**ADMINISTRATIVE COSTS**

**Payment of administrative costs**

**14. (1)** In this section:

"administrative costs" include reasonable costs incurred in connection with the administration of the Program.

The payment of administrative costs in relation to the distribution of disgorged amounts must be made as follows:

- (a) first, from monetary sanctions other than disgorgement designated for distribution received by CIRO except where an external administrator is appointed under section 13.
- (b) if any administrative costs remain after the payment described in paragraph (a) and where an external administrator is appointed under section 13, administrative costs may be deducted from the disgorged funds that are subject to the distribution.

**PART 7**  
**REPORTING**

**Oversight and Reporting**

**15. (1)** CIRO will oversee the Program and maintain records of all communications, notices, and distributions.

**(2)** CIRO will publish a report no later than 60 days after the date on which money received pursuant to a disgorgement order is fully distributed under the Program.

**(3)** The report under subsection (2) must contain all of the following information:

- (a) the amount of money received by CIRO under the disgorgement order that was the subject of the distribution;
- (b) the method of distribution;
- (c) the estimated or total number of harmed investors, if known;
- (d) the total number of applicants;
- (e) the total number of eligible applicants who received a payment;
- (f) the total value of all approved claims;
- (g) the total amount distributed to eligible applicants;
- (h) the amount of any administrative costs;
- (i) the percentage of each eligible applicant's approved claim amount paid under the distribution.