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Canadian Investment
Regulatory
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Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
MAZHAR HUSSAIN MALIK**

NOTICE OF HEARING

A first appearance will be held before a Hearing Panel of the Canadian Investment Regulatory Organization (“CIRO”)¹ pursuant to Mutual Fund Dealer Rule 7.3 to schedule a hearing in the matter of Mazhar Hussain Malik (the “Respondent”). The first appearance and the hearing will be subject to Mutual Fund Dealer Rule 7, and the Mutual Fund Dealer Rules of Procedure (“Rules of Procedure”), as further referenced below, that govern the conduct of enforcement proceedings.

The first appearance will be held by way of videoconference on Wednesday, May 13, 2026 at 10:00 a.m. ET.

The purpose of the hearing will be to determine whether the Respondent has contravened Ciro requirements. A summary of the facts alleged and intended to be relied upon by Ciro, the conclusions drawn by Ciro based on the alleged facts, and alleged contraventions are contained in the Statement of Allegations attached to this Notice of Hearing.

If the Hearing Panel finds that the Respondent has contravened Ciro requirements as alleged in the Statement of Allegations, the Hearing Panel may impose one or more of the following sanctions pursuant to Mutual Fund Dealer Rule 7.4.1.1:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
 - (i) \$5,000,000 for each 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;
- (c) 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;

- (d) revocation of the authority of such person to conduct securities related business;
- (e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and
- (f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

In addition, pursuant to Mutual Fund Dealer Rule 7.4.2, a Hearing Panel may require the Respondent to pay any costs incurred by or on behalf of CIRO in connection with the proceeding and any investigation related to the proceeding.

The Respondent must serve on Enforcement Staff a Reply to this Notice of Hearing in accordance with Rule of Procedure 8 and Mutual Fund Dealer Rule 7.3.2 within 20 days from the effective date of service of this Notice of Hearing. The Respondent must also file the Reply at the Hearing Office in accordance with Rule of Procedure 4.6.

The Reply may either:

- (a) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by CIRO in the Statement of Allegations; or
- (b) admit the facts alleged and conclusions drawn by CIRO in the Statement of Allegations and plead circumstances in mitigation of any penalty to be assessed.

Pursuant to Mutual Fund Dealer Rule 7.3.3 and Rule of Procedure 8.3, the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by CIRO in the Statement of Allegations that the Respondent does not specifically deny in the Reply.

Pursuant to Mutual Fund Dealer Rule 7.3.4 and Rules of Procedure 7.3 and 8.4, if the Respondent fails to:

- (a) serve and file a Reply; or
- (b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a Reply may have been served,

the Hearing Panel may, among other things, proceed with the hearing on the date and at the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without further notice to and in the absence of the Respondent, and the



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STATEMENT OF ALLEGATIONS**

Further to a Notice of Hearing dated March 16, 2026, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1

On or around June 12, 2023, the Respondent processed an unauthorized transaction in a client's account, contrary to Mutual Fund Dealer Rule 2.1.1.

Contravention 2

Between January 2018 and April 2022, the Respondent engaged in personal financial dealings with Dealer Member clients, by borrowing from and loaning monies to clients, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Dealer Member or otherwise ensure were addressed by the exercise of responsible business judgment influenced only by the best interest of the clients, contrary to MFDA Rules 2.1.4 and 2.1.5.¹

¹ On June 30, 2021, MFDA Rule 2.1.4 was replaced by MFDA Rule 2.1.4(2). As the conduct addressed in this proceeding occurred before and after this amendment, the version of MFDA Rule 2.1.4 that was in effect between February 27, 2006 and June 30, 2021, and the version of MFDA Rule 2.1.4(2) that was in effect between June 30, 2021 and April 13, 2022 are applicable to this proceeding. On December 31, 2021, MFDA Rule 2.1.5 came into effect, and is also applicable to conduct addressed in this proceeding that occurred after this date.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. Without contacting the client, or receiving prior client authorization, the Respondent purchased a Guaranteed Investment Certificate (“GIC”) in a client’s account. The Respondent recorded false notes on Investment Directions forms to process this unauthorized transaction. Upon discovering this unauthorized transaction in his account, the client complained to the Dealer Member that he did not provide verbal instructions or authorization to purchase the GIC.
2. The Respondent also engaged in personal financial dealings with two Dealer Member clients in the amount of \$147,242. The Respondent entered into three loan transactions with one of the clients, borrowing a total of \$77,242 from and loaning \$45,000 to that client. The Respondent also entered into a loan transaction with a second client, borrowing \$25,000 from that client. The Respondent did not disclose to the Dealer Member that he was engaging in personal financial dealings with these clients, and the Dealer Member did not provide written authorization or approval to the Respondent to engage in these loan transactions.

Registration History

3. Between February 24, 2011 and April 10, 2024, the Respondent was registered in Ontario as a dealing representative with Scotia Securities Inc. (the “Dealer Member”), a Dealer Member of CIRO registered as a mutual fund dealer.
4. At all material times, the Respondent conducted business in the Ottawa, Ontario area.
5. On April 10, 2024, the Dealer Member terminated the Respondent.
6. The Respondent is not currently registered in the securities industry in any capacity.

Contravention 1 – Unauthorized Transaction in a Client’s Account

7. At all material times, the Dealer Member’s policies and procedures prohibited Approved Persons from processing transactions without client authorization.
8. Client ZS submitted a transfer request to another financial institution to transfer his pension into his Registered Retirement Savings Plan (“RRSP”) account held at the Dealer Member.
9. On June 12, 2023, the Dealer Member received a cheque in the amount of \$4,297.54, payable to client ZS from the other financial institution.
10. On that same date, the Respondent used the monies to purchase a BNS 30-month non-redeemable GIC in the amount of \$4,297.54 in the client’s account (the “unauthorized GIC transaction”), without contacting the client or receiving prior client authorization to process the transaction.
11. The Respondent completed two Investment Directions forms, dated June 12, 2023, to process the unauthorized GIC transaction.
12. On the first Investment Directions form, the Respondent indicated that he received an inbound call from client ZS instructing him to invest the monies in cash into the Savings Accelerator component of the client’s RRSP account. On the second Investment Directions form, the Respondent indicated that he received another inbound call from client ZS instructing him to invest the monies received from the cheque to purchase the BNS 30-month non-redeemable GIC in the amount of \$4,297.54 at 4.80%. On both forms, the Respondent recorded that he had received instructions from client ZS over the telephone to process these transactions.
13. The Respondent recorded false notes on the Investment Directions forms since, as described above, the Respondent did not have any contact with client ZS regarding the transactions processed on June 12, 2023, and client ZS did not provide instructions or authorization to purchase the GIC.

14. In or around July 2023, client ZS checked his online banking account to see whether the Dealer Member had received the monies that he had requested be transferred to the Dealer Member. Client ZS then discovered that the monies had been invested into the GIC described above.
15. On July 25, 2023, client ZS complained to the Dealer Member that the GIC described above had been purchased in his account without his consent or authorization and requested the transaction be reversed. Subsequently, the Dealer Member offered client ZS \$500 in compensation to resolve his complaint, which client ZS accepted.
16. By engaging in the conduct described above, the Respondent processed an unauthorized transaction, contrary to Mutual Fund Dealer Rule 2.1.1.

Contravention 2 – Personal Financial Dealings of \$147,242 with Dealer Member Clients

17. At all material times, the Dealer Member's policies and procedures prohibited Approved Persons from engaging in personal financial dealings with clients and from borrowing money from clients. Approved Persons were also required to avoid conflicts of interest and disclose any conflicts of interest to the Dealer Member.
18. At all material times, client KS and client MS were clients of the Dealer Member. Their investment accounts were serviced by the Respondent.
19. As described in more detail below, without the Dealer Member's knowledge or approval, the Respondent borrowed \$102,242 from client KS and client MS, and loaned \$45,000 to client KS. The Respondent did not disclose to the Dealer Member these personal financial dealings that he was engaged in with the two clients.

The Respondent Borrowed \$77,242 from and Loaned \$45,000 to Client KS

20. The Respondent engaged in three loan transactions with client KS. The loans were not in writing, and had no set terms for repayment, duration or interest.
21. On March 18, 2020, the Respondent borrowed \$47,242 from client KS.

22. On March 21, 2020, the Respondent repaid the loan.
23. On December 9, 2020, the Respondent loaned \$45,000 to client KS.
24. On December 23, 2020, client KS repaid the loan.
25. On January 28, 2022, the Respondent borrowed \$30,000 from client KS.
26. On April 13, 2022, the Respondent repaid the loan.

The Respondent Borrowed \$25,000 from Client MS

27. Between 2018 and 2021, the Respondent borrowed \$25,000 from client MS. The loan was not in writing, and had no set terms for repayment, duration or interest.
28. On February 9, 2021, the Respondent transferred \$3,750 to client MS, as payment towards the amount of the outstanding loan.

The Personal Loan Transactions Created Conflicts of Interest

29. The Dealer Member did not provide written authorization or approval to the Respondent to engage in personal loan transactions with clients.
30. By borrowing from and loaning monies to clients KS and MS, the Respondent engaged in personal financial dealings with Dealer Member clients, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Dealer Member or otherwise ensure were addressed by the exercise of responsible business judgment influenced only by the best interests of the clients.
31. By virtue of the foregoing, the Respondent engaged in conduct contrary to MFDA Rules 2.1.4 and 2.1.5.

DATED at Toronto, Ontario this 16th day of March 2026.