CIRO · OCRI
Canadian Investment Regulatory Organization
Organisme canadien de réglementation des investissements

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES

AND

KIRISHANTH CHANDRAN

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization ("CIRO") [i] will issue a Notice of Settlement Hearing to announce a settlement hearing pursuant to Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure ("Rules of Procedure") to consider whether a Hearing Panel should accept this Settlement Agreement between Enforcement Staff and Kirishanth Chandran (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.

Registration History

4. Between August 11, 2022 and April 23, 2024, when he resigned in connection with the matters described below, the Respondent was registered as a dealing representative in Ontario with Scotia Securities Inc. (the "Dealer Member"), a Dealer Member of CIRO.

5. At the material time, the Respondent conducted business in the Scarborough, Ontario area.

6. The Respondent is not currently registered in the securities industry in any capacity.

Contravention – Unauthorized Transactions and Establishing of Pre-Authorized Contributions

7. At the material time, the Dealer Member's policies and procedures required its Approved Persons to:

   (a) before opening an account,

      i. collect the client's Know-Your-Client ("KYC") information through discussion with the client;

      ii. obtain the client's express consent to open an account; and

      iii. review the account application with the client and obtain the client's signature;

   (b) before processing an investment purchase or establishing pre-authorized contributions ("PAC")[1],

      i. validate or collect the client's KYC information;

      ii. obtain the client's express consent to purchase the investment or set up the PAC;

      iii. review the investment directions form ("IDF") with the client; and

      iv. obtain the client's signature on the IDF and KYC form, or, if the client gave trade instructions over phone, fax, or email, to document the client's authorization for the transaction on the IDF.

8. At the material time, the Dealer Member maintained a sales incentive program whereby an Approved Person's performance and bonus were evaluated based on sales revenue, also

[1] A PAC is a type of trade authorized by a client whereby the client arranges for recurring contributions to be made from the client's bank account or similar account to the client's investment account at the Dealer Member, and instructs the Dealer Member to use the contributions to purchase one or more pre-selected mutual funds in the client's investment account.

known as Customer Advice Results ("CARs"), generated by, among other things, the establishment of PACs and purchase of mutual funds.

Client SK

9. On April 5, 2024, without SK's knowledge or authorization, the Respondent:

   (a) opened an account for SK at the Dealer Member by:

      i. preparing an account application and a KYC Form;

      ii. signing the client's signature on both forms and the client's initials on the account application; and

      iii. submitting the forms to the Dealer Member for processing;

   (b) set up a PAC of $250 (the source of which was SK's account at the bank affiliated with the Dealer Member (the "Bank")) in client SK's newly opened account by:

      i. completing an IDF;

      ii. signing the client's signature on the form, and

      iii. submitting the form to the Dealer Member for processing.

10. On the same day, the Respondent created notes in the Dealer Member's system that falsely indicated that client SK had authorized the opening of the account and setting up of the PAC in the account.

11. As a result of the PAC set up by the Respondent, two contributions totaling $500 were made in the newly opened account of client SK.

12. On April 25, 2024, client SK complained to the Dealer Member that she did not authorize the opening of the account or establishing of the PAC.

Clients MJ and RZ

13. Between April 11 and 12, 2024, without the knowledge or authorization of MJ and RZ, the Respondent:

(a) opened accounts for MJ and RZ at the Dealer Member by:

i. preparing account applications and KYC forms;

ii. signing the client's signature on the account application and KYC forms, as well as the client's initials on the account applications; and

iii. submitting the forms to the Dealer Member for processing;

(b) transferred $9,000 from MJ's account at the Bank to the client's newly opened account at the Dealer Member, and purchased a mutual fund for client MJ by:

i. completing an IDF and signing the client's signature; and

ii. submitting the form to the Dealer Member for processing;

(c) transferred $8,001.42 from RZ's account at the Bank to the client's newly opened account at the Dealer Member, and purchased a mutual fund for client RZ by:

i. completing an IDF and signing the client's signature on the IDF, and

ii. submitting the form to the Dealer Member for processing.

14. Between April 11 and 12, 2024, the Respondent created notes on the IDFs and in the Dealer Member's system that falsely indicated that clients MJ and RZ had authorized the opening of the accounts and purchases of mutual funds within their accounts.

15. Client MJ and client RZ complained to the Dealer Member that they did not authorize the opening of their accounts or purchasing of mutual funds.

16. SK, MJ, and RZ did not have accounts with the Dealer Member until the Respondent opened them for SK, MJ, and RZ without their knowledge or authorization.

17. The Dealer Member promptly reversed the above-described transactions and closed the above-described accounts after receiving complaints from clients SK, MJ, and RZ.

18. In response to the complaints of clients SK, MJ, and RZ, the Dealer Member commenced an investigation into the Respondent's conduct, where it was discovered that the Respondent engaged in the conduct described above.

19. On April 17, 2024, the Dealer Member suspended the Respondent for the conduct described above. On April 23, 2024, the Respondent resigned from the Dealer Member and the Bank.

Additional Factors

20. The Respondent processed the above-described transactions in respect of client clients SK, MJ, and RZ to increase his sales revenue on which his performance would be evaluated and thereby potentially increase his eligibility for promotion with increased compensation.

21. The Respondent states that he targeted clients SK, MJ, and RZ because they were international students and he assumed the clients had no need for the monies in their accounts at the Bank.

22. The Respondent received CARs as part of the Dealer Member's sales incentive program for the transactions, however he did not ultimately receive any compensation relating to these transactions since he resigned.

23. The Respondent has not previously been the subject of MFDA or CIRO disciplinary proceedings.

24. By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources and expenses associated with conducting a contested hearing of the allegations.

PART IV – CONTRAVENTIONS

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

    In April 2024, the Respondent opened new accounts for clients and processed transactions or set up pre-authorized contributions in the clients' accounts without authorization of the clients, contrary to Mutual Fund Dealer Rule 2.1.1.

PART V – TERMS OF SETTLEMENT

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

    (a) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any CIRO Dealer Member for a period of 2 years commencing on the date that this settlement agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(f);

    (b) a fine of $25,000 pursuant to Mutual Fund Dealer Rule 7.4.1.1(c);

    (c) costs of $5,000, pursuant to Mutual Fund Dealer Rule 7.4.2; and

    (d) the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1.

27. 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

28. 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.

29. 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 Mutual Fund Dealer Rule 7 against the Respondent. These proceedings may be based on, but not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

30. This Settlement Agreement is conditional on acceptance by the Hearing Panel.

31. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with Mutual Fund Dealer Rule 7.4.4, and Rules of Procedure 14 and 15, in addition to any other procedures that may be agreed upon between the parties.

32. 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.

33. If the Hearing Panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules and By-law No. 1 of CIRO, and any applicable legislation to any further hearing, appeal, and review.

34. 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.

35. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

36. 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.

37. 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.

38. 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

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

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

DATED this 29th day of September, 2026.

"Witness"
Witness (print name)

"Respondent"
Respondent – Kirishanth Chandran

"Sam Wu"
Sam Wu
Enforcement Counsel on behalf of
Enforcement Staff of the
Canadian Investment Regulatory
Organization

The Settlement Agreement is hereby accepted this 28th day of October, 2026 by the following Hearing Panel:

Per: "Deborah Anschell"
Chair

Per: "Zahra Bhutani"
Industry Member

Per: "Vanessa Gardiner"
Industry Member

[i] Where the rules, by-laws, and policies of the Mutual Fund Dealers Association of Canada (the "MFDA") that were in force immediately prior to amalgamation of the Investment Industry Regulatory Organization of Canada and the MFDA have been incorporated into the Mutual Fund Dealer Rules, Enforcement Staff have referenced the relevant section of the Mutual Fund Dealer Rules.