



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

Order

File No. 202317

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULESⁱ
and
Antony Kin San Chau**

ORDER

WHEREAS on July 17, 2023, the Canadian Investment Regulatory Organization (“CIRO”) issued a Notice of Hearing pursuant to Mutual Fund Dealer Rules 7.3 and 7.4 in respect of a disciplinary proceeding commenced against Aziz Fatehali Khamisa (“Khamisa”) and Antony Kin San Chau (the “Respondent”);

AND WHEREAS the first appearance in this hearing was held electronically by videoconference on September 14, 2023 during which a schedule was set for the balance of the proceeding;

AND WHEREAS the Respondent did not serve and file a Reply to the Notice of Hearing in accordance with Rule 8.1(1) of the Mutual Fund Dealer Rules of Procedure and did not attend the first appearance in person or by representative, despite being properly served with the Notice of Hearing;

AND WHEREAS on February 16, 2024, Staff of CIRO (“Staff”) and Khamisa entered into a settlement agreement, which was approved by a hearing panel of the Ontario District Hearing Committee at a settlement hearing that occurred on February 21, 2024;

AND WHEREAS a second appearance was held electronically by videoconference on March 5, 2024 during which a schedule was set for the hearing on the merits in respect of the Respondent;

AND WHEREAS the Respondent did not attend the second appearance;

AND WHEREAS on March 27, 2024 a hearing on the merits was conducted before a differently constituted hearing panel of the Ontario District Hearing Committee (the “Hearing Panel”) electronically by videoconference;

AND WHEREAS the Respondent did not attend the hearing on the merits;

AND UPON reading the affidavits and written submissions filed by Staff and hearing the oral submissions of Staff, the Hearing Panel is of the opinion that the Respondent, between December 14, 2020 and January 28, 2021, failed to disclose an agreement that was material to a proposed transaction to effect a change of control of a Member of the MFDA, thereby:

- (a) failing to provide full disclosure of the material terms of the proposed transaction, contrary to Mutual Fund Dealer Rules 2.1.1 and 1.1.2(b) (as it relates to section 3.10 of CIRO By-law No. 1) (formerly MFDA Rules 2.1.1 and 1.1.2 (as it relates to section 13.7 of MFDA By-law No. 1));
- (b) failing to provide information to the MFDA that it required or considered necessary or desirable, contrary to section 3.10 of CIRO By-law No. 1 (formerly, section 13.7 of MFDA By-law No. 1) and Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1); or

- (c) misleading the MFDA concerning the full terms of the proposed change of control, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).¹

IT IS HEREBY ORDERED THAT:

1. The Respondent is permanently prohibited from conducting securities related business while in the employ of or associated with any Dealing Member of CIRO registered as a mutual fund dealer, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e).
2. The Respondent shall pay a fine of \$65,000 in certified funds on the date of this Order, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b).
3. The Respondent shall pay costs in the amount of \$6,000 in certified funds on the date of this Order, pursuant to Mutual Fund Dealer Rule 7.4.2.

DATED this 27th day of March 2024.

“Barry Bresner”

Barry Bresner,
Chair

“Casimir Litwin”

Casimir Litwin,
Industry Representative

“Craig Woolford”

Craig Woolford,
Industry Representative

ⁱ On January 1, 2023, the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Mutual Fund Dealers Association of Canada (the “MFDA”) were consolidated into a single self-regulatory organization that is called the Canadian Investment Regulatory Organization (referred to herein as “CIRO”) and is recognized under applicable securities legislation. CIRO adopted interim rules that incorporate the

¹ At the time of the misconduct, the Respondent contravened section 13.7 of MFDA By-law No. 1 and MFDA Rules 2.1.1 and 1.1.2 (as it relates to section 13.7 of MFDA By-law No. 1), which are now incorporated into section 3.10 of CIRO By-law No. 1 and Mutual Fund Dealers Rules 2.1.1 and 1.1.2(b) (as it relates to section 3.10 of CIRO By-law No. 1) referred to in this proceeding.

pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the “Interim Rules”). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and certain by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation. Where the rules of IIROC and the by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, this Order has referenced the relevant section of the Interim Rules. Pursuant to Mutual Fund Dealer Rule 1A and s. 14.6 of By-law No. 1 of CIRO, contraventions of former MFDA regulatory requirements may be enforced by CIRO.