

## **IIROC Notice 19-0076 Minor Contravention Program and Early Resolution Offers**

### IIAC Comments

On July 23, 2019 the IIAC submitted a response to IIROC Notice 19-0076 *Minor Contravention Program and Early Resolution Offers*, published on April 25, 2019. The IIAC supports the IIROC Early Resolution Offers (ERO) initiative through which it is seeking to grant a 30% reduction in sanctions sought by Staff in settlement agreements and a speedier resolution of enforcement proceedings. We also provided suggestions on ways to enhance its proposed Minor Contravention Program (MCP).

The IIAC highlighted several issues for IIROC to consider in implementing this mandate. Regarding the MCP, our submission included suggestions relating to the transparency of IIROC hearing panels' decisions, including their composition as well as clarification around the permissibility of a second MCP agreement. The IIAC also argued against a proposed increase in the fine amount for minor contraventions while suggesting that IIROC follow a tiered fine approach, similar to the Montreal Exchange's List of Fines for Minor Violations. We stressed the need for further clarity with respect to how much time registrants will have to accept an offer under the MCP and requested more specific examples to offer additional transparency to registrants around eligibility parameters to be included in the MCP. We also requested further clarity on how admissions under the MCP would trigger disclosure requirements to organizations such as the CFA Societies Canada or FP Canada and stated that a registrant's standing with these external organizations will impact their willingness to consider the MCP.

The IIAC appreciated IIROC's ERO initiative and suggested that these offers would be most beneficial if they were discussed early in the enforcement stage to reduce the burden on firms. We requested more information regarding the timeline of EROs and guidance on the process in the event an ERO is rejected the first time. Furthermore, the IIAC requested clarity on the process in the event that a respondent declines an ERO and proceeds to an enforcement hearing. Further to this point, we requested clarity on whether the hearing panel would be made aware of the sanctions amount on which the 30% discount was offered as well as any other sanctions relief offered to respondents. We presented the IIAC's view that this information should be made available to subsequent hearing panels to provide full transparency and a balanced view.

If you have any questions regarding this submission, please contact Mustapha Saleem at [msaleem@iiac.ca](mailto:msaleem@iiac.ca)