



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: WFG Securities Inc.

ORDER

WHEREAS on April 21, 2016, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of WFG Securities Inc. (the “Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated April 20, 2016 (the “Settlement Agreement”), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that the Respondent engaged in the following contraventions of the By-laws, Rules or Policies of the MFDA:

- (a) between November 1, 2010 and January 31, 2013, the Respondent failed to record client information and/or transaction details for scholarship plans on its back office system and/or failed to maintain trade blotters that included scholarship plan transactions, and thereby failed to facilitate branch and head office

supervision of the Heritage Plan client account activities, contrary to MFDA Rule 5.1 and MFDA Policy No. 2;

- (b) between November 1, 2010 and January 31, 2013, the Respondent failed to establish, implement and maintain policies and procedures for the supervision of client activity in scholarship plans, thereby failing to ensure the handling of its business was in accordance with the By-laws, Rules and Policies and with applicable securities legislation, contrary to MFDA Rules 2.5.1, MFDA Policy No. 2 and MFDA Policy No. 5;
- (c) between November 1, 2010 and January 31, 2013, the Respondent failed to require its Approved Persons to complete the Respondent's Know-Your-Client ("KYC") forms and/or obtain KYC information for clients opening scholarship plans, thereby failing to use due diligence to learn the essential facts relative to each client and to each order or account accepted, contrary to MFDA Rules 2.2.1 and 2.2.2, and MFDA Policy No. 2.

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall pay a fine in the amount of \$50,000 pursuant to s. 24.1.2 of MFDA By-law No. 1 upon the acceptance of the Settlement Agreement.
2. The Respondent shall pay costs in the amount of \$10,000 pursuant to s. 24.2 of MFDA By-law No. 1 upon the acceptance of the Settlement Agreement.
3. The Respondent shall in the future comply with all MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulations made thereunder, including MFDA Rules 2.2.1, 2.2.2, 2.5.1, 5.1, and 5.3, and MFDA Policies No. 2 and No. 5.
4. If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to

the non-party without first redacting from them any and all intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this 4th day of May, 2016.

“Frederick W. Chenoweth”

Frederick W. Chenoweth,
Chair

“Gunther Kleberg”

Guenther Kleberg,
Industry Representative

“Brigitte Geisler”

Brigitte Geisler,
Industry Representative

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