

Order

File No. 201775



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: Sun Life Financial Investment Services (Canada) Inc.

ORDER

(ARISING FROM SETTLEMENT HEARING ON DECEMBER 20, 2017)

WHEREAS on December 15, 2017, the Mutual Fund Dealers Association of Canada (“MFDA”) issued a Notice of Settlement Hearing pursuant to s. 24.4 of MFDA By-law No. 1 (“By-law No. 1”) in respect of Sun Life Financial Investment Services (Canada) Inc. (“Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated December 18, 2017 (“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 Staff and the Respondent made a joint request for the abridgement of the ten day notice period required by Rule 15.2 of the MFDA Rules of Procedure in order to permit the Hearing Panel to proceed with the Settlement hearing on December 20, 2017;

AND WHEREAS the Hearing Panel is of the opinion that:

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- i. between April 1, 2013 and June 30, 2015, the Respondent failed to adequately supervise leveraged accounts and concentration risk, contrary to MFDA Rules 2.5.1 and 2.2.1;
- ii. between January 2010 and June 2015, the Respondent failed to report client complaints, bankruptcy and termination of Approved Persons within 5 business days, contrary to MFDA Policy No. 3 and MFDA Policy No. 6;
- iii. between June 2014 and June 3, 2016, the Respondent failed to adequately supervise the suitability of the sale of DSC mutual funds to clients, contrary to MFDA Rules 2.5.1 and 2.2.1;
- iv. between November 2015 and January 2016, the Respondent failed to adequately supervise a trade, contrary to MFDA Rule 2.5.1; and
- v. commencing in 2002, the Respondent failed to establish and maintain an adequate system of controls and supervision to ensure that it complied with securities legislation relating to internal dealer incentive and sales practices and marketing and educational practices, contrary to MFDA Rules 2.5.1 and 2.1.1.

IT IS HEREBY ORDERED THAT the ten day notice period required according to Rule 15.2 of the MFDA Rules of Procedure is abridged pursuant to the discretion of the Hearing Panel exercised in accordance with Rules 1.3, 1.5 and 2.2(1)(a) of the MFDA Rules of Procedure, and the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent will pay a fine of \$1,700,000 pursuant to section 24.1.2(b) of MFDA By-law No. 1;
2. The Respondent will pay costs of \$100,000 pursuant to section 24.2 of MFDA By-law No. 1;
3. If at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the

MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this 21st day of December, 2017.

“John Lorn McDougall”

John Lorn McDougall, QC
Chair

“Brigitte J. Geisler”

Brigitte J. Geisler
Industry Representative

“Joseph Yassi”

Joseph Yassi
Industry Representative

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