



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: Muhammad Fahad

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Muhammad Fahad (the “Respondent”), consent and agree to settlement of this matter by way of this agreement (the “Settlement Agreement”).
2. Staff conducted an investigation of the Respondent’s activities which disclosed activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No.1.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.
4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the Mutual Fund Dealers Association of Canada (“MFDA”):
 - a) between April 2018 and January 2019, the Respondent signed the signature or initials of 16 clients on 38 account forms and, in some instances, submitted the forms to the Member for processing, contrary to MFDA Rule 2.1.1;

- b) between April 2018 and January 2019, the Respondent signed the signature of another Approved Person on 3 account forms in respect of 2 clients and submitted the forms to the Member for processing, contrary to MFDA Rule 2.1.1;
 - c) on September 26, 2018, the Respondent altered 2 account forms in respect of 1 client by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
 - d) between April 2018 and July 2018, the Respondent obtained and possessed 3 pre-signed account forms in respect of 3 clients, contrary to MFDA Rule 2.1.1.
5. Staff and the Respondent agree and consent to the following terms of settlement:
- a) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 2 years commencing from the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
 - b) the Respondent shall pay a fine in the amount of \$21,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
 - c) the Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
 - d) the Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or an ethics course acceptable to Staff of the MFDA, prior to becoming re-registered as a dealing representative with a Member of the MFDA, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
 - e) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
 - f) the Respondent will attend in person, on the date set for the Settlement Hearing.
6. Staff and the Respondent agree to the settlement on the basis of the facts set out in Part III herein and consent to the making of an Order in the form attached as Schedule "A".

III. AGREED FACTS

Registration History

7. In March 2016, the Respondent first became registered in the securities industry.
8. Between April 11, 2018 and February 7, 2019, the Respondent was registered in Ontario as a dealing representative with Credential Asset Management Inc. (the “Member”), a Member of the MFDA.
9. On February 7, 2019, the Member terminated the Respondent and he is not currently registered in the securities industry in any capacity.
10. At all material times, the Respondent conducted business in the St. Catharines, Ontario area.

The Respondent Signed Client Signatures and Initials

11. Between April 11, 2018 and January 5, 2019, the Respondent signed the signature or initials of 16 clients on 38 account forms. The Respondent submitted 37 of the 38 account forms to the Member for processing.

12. The account forms consisted of: 12 New Account Application Forms, 7 Investment Instruction Forms, 5 Wealth Strategy Statements, 2 Registered Education Savings Plan (“RESP”) Withdrawal Forms, 2 Applications to Withdraw or Transfer Money to a Life Income Fund (“LIF”), 2 Third Party Determination Forms, 2 Transfer Authorization Forms, 2 Electronic Funds Transfer Authorization Forms, 1 LIF Transfer Agreement, 1 Family Education Savings Plan Application, 1 Systematic Plan Instructions Form and 1 Direct Debit/Deposit Request.

The Respondent Signed the Signature of a Former Approved Person

13. Prior to the Respondent joining the Member in April 2018, the accounts of clients RM and KM were serviced by TR, another Approved Person at the Member. In April 2018, the Respondent became the Approved Person responsible for servicing the accounts of clients RM and KM.

14. Between April 2018 and January 2019, the Respondent signed the signature of TR on 3 New Client Application Forms in respect of clients RM and KM and submitted the forms to the Member for processing. The Respondent also signed the signatures of clients RM and KM on these account forms.

15. By signing the signature of TR, the Respondent interfered with the Member's ability to supervise his conduct and the conduct of TR, impaired the Member's ability to verify trade instructions and compromised the integrity of the audit trail.

Altered Account Forms

16. On September 26, 2018, the Respondent altered the client contact information on 2 New Account Application Forms in respect of 1 client by altering information on the account forms without having the client initial the alterations.

Pre-Signed Forms

17. At all material times, the policies and procedures of the Member prohibited Approved Persons from the use of blank or partially signed forms.

18. Between April 2018 and July 2018, the Respondent obtained and possessed 3 pre-signed account forms in respect of 3 clients.

19. The pre-signed account forms consisted of: 2 Transfer Authorization Forms and 1 New Account Application Form.

The Member's Investigation

20. In or about January 2019, the Member conducted a review of the client files maintained by the Respondent and discovered 3 of the account forms described in the Settlement Agreement.

21. On January 23, 2019, the Member conducted a full review of the client files maintained by the Respondent and discovered the remaining forms that are the subject of this Settlement Agreement.

22. On February 7, 2019, the Member terminated the Respondent.

23. Between January 2019 and June 2019, the Member contacted or attempted to contact the affected clients in order to address the deficiencies in the account forms described above. Between January 2019 and June 2019, the Member met with clients to review the transaction history and the Know-Your-Client ("KYC") information with the client and to have the clients sign updated copies of the deficient account forms. In addition, the Member called or wrote to affected clients regarding the accuracy of the clients' KYC information and requested that the clients contact the

Member if they had any concerns with the KYC information. No clients responded with any concerns to the Member's communications.

Additional Factors

24. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond any commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

25. There is no evidence of client loss or lack of authorization.

26. The Respondent has not previously been the subject of MFDA disciplinary proceedings.

27. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources and expenses associated with conducting a full hearing of the allegations.

IV. ADDITIONAL TERMS OF SETTLEMENT

28. This settlement is agreed upon in accordance with section 24.4 of MFDA By-law No. 1 and Rules 14 and 15 of the MFDA Rules of Procedure.

29. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (the "Settlement Hearing"). At, or following the conclusion of, the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. MFDA Settlement Hearings are typically held in the absence of the public pursuant to section 20.5 of MFDA By-law No. 1 and Rule 15.2(2) of the MFDA Rules of Procedure. If the Hearing Panel accepts the Settlement Agreement, then the proceeding will become open to the public and a copy of the decision of the Hearing Panel and the Settlement Agreement will be made available at www.mfda.ca.

30. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately, and any suspensions, revocations, prohibitions, conditions or other terms of the Settlement Agreement shall commence, upon the effective date of the Settlement Agreement.

31. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel:

- a) the Settlement Agreement will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter;
- b) the Respondent agrees to waive any rights to a full hearing, a review hearing or appeal before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction;
- c) Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts and contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in this Settlement Agreement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;
- d) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of By-law No. 1; and
- e) neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against the Respondent.

32. If, for any reason, this Settlement Agreement is not accepted by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of By-law No. 1, unaffected by the Settlement Agreement or the settlement negotiations.

33. Staff and the Respondent agree that the terms of the Settlement Agreement, including the attached Schedule "A", will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

34. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile copy of any signature shall be effective as an original signature.

DATED this 11th day of May, 2021.

“Muhammad Fahad”

Muhammad Fahad

Witness – Signature

Witness – Print Name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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**IN THE MATTER OF A SETTLEMENT HEARING
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Re: Muhammad Fahad

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of MFDA By-law No. 1 in respect of Muhammad Fahad (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] (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 MFDA By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that:

- a) between April 2018 and January 2019, the Respondent signed the signature or initials of 16 clients on 38 account forms and, in some instances, submitted the forms to the Member for processing, contrary to MFDA Rule 2.1.1;
- b) between April 2018 and January 2019, the Respondent signed the signature of another Approved Person on 3 account forms in respect of 2 clients and submitted the forms to the Member for processing, contrary to MFDA Rule 2.1.1;

- c) on September 26, 2018, the Respondent altered 2 account forms in respect of 1 client by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
- d) between April 2018 and July 2018, the Respondent obtained and possessed 3 pre-signed account forms in respect of 3 clients, contrary to MFDA Rule 2.1.1.

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

1. The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 2 years commencing from the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall pay a fine in the amount of \$21,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
3. The Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
4. The Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or an ethics course acceptable to Staff of the MFDA, prior to becoming re-registered as a dealing representative with a Member of the MFDA, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
5. The Respondent shall in the future comply with MFDA Rule 2.1.1; and
6. 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 [day] day of [month], 20[].

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]

DM 834198