



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: Tuomo Tapio Kostamo

ORDER

(ARISING FROM SETTLEMENT HEARING ON JULY 16, 2021)

WHEREAS on December 15, 2020, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to section 24.4 of MFDA By-law No. 1 in respect of Tuomo Tapio Kostamo (the “Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated July 7, 2021 (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 based upon the admissions of the Respondent, the Hearing Panel is of the opinion that:

- a) commencing in 2016, the Respondent recommended that approximately 25 clients concentrate all, or a substantial portion, of their account holdings in precious metals sector mutual funds at a level of concentration that exceeded concentration limits permitted by the Member, contrary to the policies and procedures of the Member and MFDA Rules 2.1.1, 2.2.1, 2.5.1, and 1.1.2;
- b) commencing in 2016, the Respondent inaccurately recorded purchases by clients of precious metals sector mutual funds as unsolicited when, in fact, the Respondent

had recommended the purchases to the clients, contrary to the policies and procedures of the Member and MFDA Rules 2.1.1, 2.2.1, 2.5.1 and 1.1.2; and

c) between August 2016 and November 2018, the Respondent recommended that client JG invest a substantial portion of client JG's investable assets in precious metals sector mutual funds without using due diligence to ensure that:

- i. investment recommendations that he made to client JG were suitable having regard to the client's essential Know-Your-Client information; and
- ii. he adequately informed client JG about the risks of holding investments concentrated in precious metals sector mutual funds;

contrary to the policies and procedures of the Member and MFDA Rules 2.2.1, 2.1.1, 2.5.1 and 1.1.2;

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

1. The Respondent is prohibited from conducting securities related business in any capacity while in the employ or associated with an MFDA Member for a period of 5 years pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall immediately pay a fine of \$15,000 in certified funds, pursuant to Section 24.1.1(b) of MFDA By-law No. 1;
3. The Respondent shall immediately pay costs in the amount of \$5,000 in certified funds, pursuant to section 24.2 of MFDA By-law No. 1; and
4. 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 16th day of July, 2021.

“Michael Carroll”

Michael Carroll, Q.C.

Chair

“Holly Millar”

Holly Millar

Industry Representative

“Darlene Barker”

Darlene Barker

Industry Representative

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