

IN THE MATTER OF
THE *SECURITIES ACT*, RSNS 1989, CHAPTER 418, AS AMENDED (Act)

-and-

IN THE MATTER OF SCOTIA SECURITIES INC.

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The parties to this Settlement Agreement are the Respondent, Scotia Securities Inc. (Scotia Securities) and the Director of Enforcement for the Nova Scotia Securities Commission, Enforcement Branch (the Director).
2. The parties agree that the Nova Scotia Securities Commission (the Commission) has jurisdiction over this matter.
3. The parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

PART II – PROCEDURE FOR APPROVAL OF THE AGREEMENT

4. The Director agrees to request a Notice of Hearing be issued setting down a hearing (Settlement Hearing) wherein the Commission will consider whether it is in the public interest to approve this Agreement and issue an order in the form attached as **Schedule “A”**.
5. The parties agree this Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
6. The Director agrees to recommend the allegations acknowledged and admitted by Scotia Securities be resolved and disposed of in accordance with this Agreement.
7. The parties acknowledge this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.

PART III – STATEMENT OF AGREED FACTS

Acknowledgement

8. The Director and Scotia Securities agree with the facts and conclusions set out in this Agreement.

Background

9. Scotia Securities is an extra-provincial corporation incorporated in Ontario.

10. Scotia Securities has a registered office at 5th Floor, Scotia Plaza, 40 King Street West, Toronto, Ontario. Scotia Securities' recognized agent for service in Nova Scotia has a mailing address at 1601 Lower Water Street, PO Box 730, Halifax.
11. Scotia Securities is registered as a Mutual Fund Dealer with the Commission and has 54 branches located throughout Nova Scotia.

The Late Filings

12. Between July 2017 and March 2021, Scotia Securities filed with the Commission 25 notices of either termination of registration or change to employment information of an employee (the Notices) outside of the 10-day filing requirement pursuant to sections 4.2(2)(a) and 4.1(1)(b) of National Instrument 33-109 *Registration Information* (NI 33-109).
13. The deadlines for filing the Notices with the Commission which Scotia Securities missed ranged from July 8, 2017, until March 29, 2021. One was due to be filed in 2017, 5 in 2018, 15 in 2019, 2 in 2020, and 2 in 2021.
14. The number of days over which the Notices were filed late ranged from 4 to 629. Nineteen of the Notices were filed at least 2 months late and 12 were filed more than 100 days late.
15. Scotia Securities previously admitted to late-filing 8 notices of termination of registration of its salespersons between July 2005 and September 2006, which conduct was the subject of a previous settlement agreement approved by the Commission in 2007.

Violations of Nova Scotia Securities Law

16. As a result of late filing the 25 Notices of registration termination or changes to employment information of its employees, Scotia Securities violated sections 4.1(1)(b) and 4.2(2)(a) of NI 33-109.

PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT

17. Scotia Securities admits the facts and acknowledges that it violated Nova Scotia securities laws as set forth in Part III herein.
18. Scotia Securities acknowledges that its actions were contrary to the public interest.

PART V – MITIGATING FACTORS

19. Scotia Securities acknowledges and accepts responsibility for its conduct which is the subject matter of this Agreement.

20. Scotia Securities cooperated fully with the investigation of this matter and responded to requests from enforcement staff in a timely manner.
21. Scotia Securities has undertaken several initiatives to educate its employees about reporting requirements and improve its internal reporting procedures. These initiatives include the implementation of a web-based technology designed to enable Scotia Securities to collaborate with its branches to increase data accuracy, improve controls, and drive compliance with filing requirements.

PART VI – TERMS OF SETTLEMENT

22. The terms of settlement are set forth in this Agreement and in the order contained in **Schedule “A”** to this Agreement, which is expressly incorporated herein.
23. Scotia Securities consents to the order contained in **Schedule “A”**.
24. The terms of settlement as set out in the order contained in **Schedule “A”** are as follows:
 - (a) Pursuant to section 135 of the Act, Scotia Securities shall forthwith pay an administrative penalty in the amount of forty thousand dollars (\$40,000); and
 - (b) Pursuant to section 135A of the Act, Scotia Securities shall forthwith pay costs in the amount of one thousand dollars (\$1,000) in connection with the investigation and conduct of this proceeding.

PART VII – COMMITMENTS

25. If this Agreement is approved and the order as set out in **Schedule “A”** is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.
26. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this Agreement.
27. If this Agreement is approved by the Commission, Scotia Securities agrees to abide by all terms of this Agreement.
28. If, for any reason whatsoever, this Agreement is not approved, or the order set forth in **Schedule “A”** is not granted by the Commission:
 - (a) The Director and Scotia Securities will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;

- (b) The negotiations that led to this Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of the Director and Scotia Securities or as may otherwise be required by law; and
 - (c) Scotia Securities agrees that it will not raise in any proceeding the Agreement or the negotiations as a basis of any attack or challenge of the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness, or any other challenge that may otherwise be available.
29. Scotia Securities acknowledges the Director has the discretion to withdraw from this Agreement if additional facts or issues are discovered that cause her to conclude it would not be in the public interest to request approval of this Agreement. In the event of such withdrawal, notice will be provided to Scotia Securities in writing and the provisions of paragraph 28 of this Agreement will apply.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

30. The Director or Scotia Securities may refer to any or all parts of this Agreement as required by the General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this Agreement is not approved by the Commission.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

31. Scotia Securities acknowledges that orders made by the Commission may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically without notice to Scotia Securities.
32. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile or electronic copy of any signature shall be as effective as an original signature.

DATED at Toronto, Ontario this 25th day of August, 2021.

SIGNED, SEALED AND DELIVERED

In the presence of:



Witness: Lilian Bartja

SCOTIA SECURITIES INC.



Per: Jeff Bartja, Managing Director
Investment Distributions & Partnerships

DATED at Halifax, Nova Scotia, this 14 day of JULY, 2021.

SIGNED, SEALED AND DELIVERED

In the presence of:

Vanessa Allen

Witness:

Vanessa Allen



Stephanie Atkinson
Director of Enforcement
NS Securities Commission

SCHEDULE "A"

IN THE MATTER OF
THE SECURITIES ACT, RSNS 1989, CHAPTER 418, AS AMENDED (Act)

-and-

IN THE MATTER OF SCOTIA SECURITIES INC.

ORDER

(Sections 135 and 135A)

WHEREAS on _____, 2021, the Nova Scotia Securities Commission (Commission) issued a Notice of Hearing to the Respondent, Scotia Securities Inc. (Scotia Securities) pursuant to sections 135 and 135A of the Act;

AND WHEREAS Scotia Securities entered into a Settlement Agreement with the Director of Enforcement for the Commission whereby it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND WHEREAS the Director of Enforcement and Scotia Securities recommend approval of the Settlement Agreement;

AND WHEREAS the Commission determined that Scotia Securities has contravened Nova Scotia securities laws and it is in the public interest to make this order;

AND UPON reviewing the Settlement Agreement and hearing submissions of counsel for the Director of Enforcement and counsel for Scotia Securities;

IT IS HEREBY ORDERED that:

1. The Settlement Agreement dated _____, 2021, a copy of which is attached, is approved;
2. Pursuant to section 135 of the Act, Scotia Securities shall forthwith pay an administrative penalty in the amount of forty thousand dollars (\$40,000); and
3. Pursuant to section 135A of the Act, Scotia Securities shall forthwith pay costs in the amount of one thousand dollars (\$1,000) in connection with the investigation and conduct of this proceeding.

DATED at Halifax, Nova Scotia, this _____ day of _____, 2021.

NOVA SCOTIA SECURITIES COMMISSION

(Chair)