

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**

AND

YOUSEF HASHMI

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Investment Industry Regulatory Organization of Canada (“IIROC”) will issue a Notice of Application to announce that it will hold a settlement hearing to consider whether, pursuant to Section 8215 of the Consolidated Enforcement, Examination and Approval Rules of IIROC, a hearing panel (“Hearing Panel”) should accept the settlement agreement (“Settlement Agreement”) entered into between the staff of IIROC (“Staff”) and Yousef Hashmi (“Respondent”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Overview

4. The Respondent was employed by Scotia Capital Inc. (“Scotia”) in Charlottetown, Prince Edward Island (“PEI”) as a Registered Representative (“RR”). He effected unauthorized

trades in six clients' accounts between July 2008 and December 2015. The below clients live in PEI. The clients were aware that trades were occurring in their accounts but did not know that the Respondent was required to obtain instructions from them before effecting the trades.

Background

5. The Respondent has been working in the securities industry since 1987 and had been employed with Scotia since 1992. He has not been an IIROC registrant since May 1, 2016.
6. The Respondent has never been licensed to operate discretionary accounts nor has he ever been registered as a Portfolio Manager. He was approved for securities, options and futures trading.

Client WC

7. WC was born in 1946 and became a client of the Respondent in May 2007.
8. WC opened a margin account with options. WC's New Account Application Form ("NAAF") listed his investment experience as moderate, with investment objectives of 100% short term capital appreciation and 100% high risk tolerance.
9. Between July 2008 and May 2012, the Respondent effected trades in WC's account without discussing the particulars of the trades in advance with WC.
10. WC knew that the Respondent was trading in options but the decisions as to which securities to buy or sell were made by the Respondent, who rarely spoke with WC. Approximately 90% of the trading by the Respondent in this account was in options.

Client BA

11. BA was a client of the Respondent. BA opened three personal accounts as well as a corporate account with the Respondent.
12. BA's NAAFs listed his investment experience as moderate, with investment objectives of 100% short term capital appreciation and 100% high risk tolerance.
13. Between January 2010 and December 2015, the Respondent effected trades in BA's accounts without discussing the particulars of the trades in advance with BA.
14. Most of the trading occurred in BA's margin account, which traded mainly in options.

Client EB

15. EB was a client of the Respondent. EB opened an account with the Respondent in 2008.

16. EB's NAAF listed his investment experience as moderate, with investment objectives of 100% short term capital appreciation and 100% high risk tolerance.
17. Between February 2010 and December 2012, the Respondent effected trades in EB's account without discussing the particulars of the trades in advance with EB.
18. Options trading accounted for over 90% of the trades made in EB's account.

Client HB

19. HB was a client of the Respondent. HB had a joint account with his wife. HB was born in 1945. HB opened the joint account in 2010.
20. HB's NAAF listed his investment experience as moderate, with investment objectives of 100% short term capital appreciation and 100% high risk tolerance.
21. Between January 2010 and December 2013, the Respondent effected trades in HB's account without discussing the particulars of the trades in advance with HB.
22. Most of the trading in HB's account was in options. HB was not contacted by the Respondent prior to orders being entered. After trades were made, he became aware of the trades and he assumed that it was acceptable for the Respondent to proceed in this manner.

Client LD and N Co.

23. LD was a client of the Respondent and was also the principal of N Co. which had a corporate account with the Respondent.
24. N Co. and LD's NAAFs listed their investment experience as moderate, with investment objectives of 100% short term capital appreciation and 100% high risk tolerance.
25. Between February 2010 and September 2013, the Respondent effected trades in the accounts without discussing the particulars of the trades in advance with LD/N Co.
26. LD was not contacted by the Respondent prior to orders being entered. The bulk of the trading in both accounts was in options. LD assumed it was acceptable for the Respondent to proceed in this manner.

Client MF

27. MF was a client of the Respondent. MF opened 3 accounts with the Respondent.
28. MF's NAAFs listed his investment experience as moderate, with investment objectives of 100% short term capital appreciation and 100% high risk tolerance.

29. Between October 2010 and August 2015, the Respondent effected trades in MF's accounts without discussing the particulars in advance with MF.
30. MF and the Respondent met approximately once a year to discuss his accounts.

Other

31. The Respondent effected multiple trades in the above clients' accounts during the relevant time period. Disgorgement of commission has been included in the amount of the fine set out below.
32. The Respondent has no previous disciplinary history.

PART IV – CONTRAVENTIONS

33. By engaging in the conduct described above, the Respondent committed the following contravention of IIROC's Rules:

Between July 2008 and December 2015, Yousef Hashmi effected unauthorized trades in six clients' accounts, contrary to IIROC Dealer Member Rule 29.1.

PART V – TERMS OF SETTLEMENT

34. The Respondent agrees to the following sanctions and costs:
 - a) A fine in the amount of \$25,000;
 - b) A one year suspension from registration with IIROC in any capacity;
 - c) To successfully re-write the Conduct and Practices Examination within 12 months of any re-registration with IIROC;
 - d) 6 months of close supervision upon any re-registration with IIROC, and,
 - e) Costs of \$2,500.
35. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Staff and the Respondent.

PART VI – STAFF COMMITMENT

36. If the Hearing Panel accepts this Settlement Agreement, Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.
37. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

38. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
39. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with the procedures described in Sections 8215 and 8428, in addition to any other procedures that may be agreed upon between the parties.
40. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.
41. If the Hearing Panel accepts the Settlement Agreement, the Respondent agrees to waive all rights under the IIROC Rules and any applicable legislation to any further hearing, appeal and review.
42. If the Hearing Panel rejects the Settlement Agreement, Staff and the Respondent may enter into another settlement agreement or Staff may proceed to a disciplinary hearing based on the same or related allegations.
43. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
44. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IIROC will post a full of copy of this Settlement Agreement on the

IIROC website. IIROC will also publish a summary of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement.

45. If this Settlement Agreement is accepted, the Respondent agrees that neither he nor anyone on his behalf will make a public statement inconsistent with this Settlement Agreement.
46. The Settlement Agreement is effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

47. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
48. A fax or electronic copy of any signature will be treated as an original signature.

DATED this “7” day of June, 2017.

“Witness”
Witness

“Yousef Hashmi”
Respondent Yousef Hashmi

“Ricki Newmarch”
Witness

“Kathryn Andrews”
Kathryn Andrews
Senior Enforcement Counsel on
behalf of Enforcement Staff of the
Investment Industry Regulatory
Organization of Canada

The Settlement Agreement is hereby accepted this “20th” day of “July”, 2017 by the following Hearing Panel:

Per: “Gerard Mitchell”
Panel Chair

Per: “Roland Coffill”
Panel Member

Per: “David Smith”
Panel Member