

**INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**

IN THE MATTER OF:

**AN EXPEDITED HEARING UNDER *DEALER MEMBER RULE 20.42* OF THE
INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA**

AND

FIRST LEASIDE SECURITIES INC.

ORDER

THIS APPLICATION by the Staff of the Investment Industry Regulatory Organization of Canada (IIROC) coming on for hearing at Toronto, Ontario on Friday, February 24, 2012, pursuant to Dealer Member Rules 20.41, 20.42, and Rule 16 of the Rules of Practice and Procedure, and upon reviewing the materials filed in support; and on hearing counsel for Staff of IIROC, **First Leaside Securities Inc. (FLSI)**, a Dealer Member of IIROC;

THIS HEARING PANEL ORDERS:

- 1) that FLSI's membership with IIROC be immediately suspended;
- 2) that FLSI comply with IIROC Dealer Member Rule 600 throughout the suspension period, to the extent it is consistent with the terms of the Initial Order, dated February 23rd, 2012, of the Ontario Superior Court of Justice *In the Matter of the Companies' Creditors Arrangement Act*, and any subsequent Orders in that proceeding;
- 3) that FLSI immediately cease dealing with the public, including the removal of its website (www.firstleasidesecurities.com);
- 4) that IIROC Staff may undertake any action to facilitate the orderly transfer of client accounts in cooperation with Penson Financial Services Canada Inc., including liquidating trades except those trades involving securities which are subject to the Cease Trade Agreement with Staff of the Ontario Securities Commission;
- 5) FLSI shall report to IIROC Staff as directed every 30 days regarding any action taken pursuant to this Order, until such time as all FLSI client accounts have been transferred to third party Member Firms;
- 6) The risk adjusted capital and minimum capital requirement (together, the "Regulatory Capital") shall be dealt with in accordance with the terms of the Initial Order of the Ontario Superior Court of Justice *In the Matter of the*

Companies' Creditors Arrangement Act of which FLSI was an applicant, dated February 23, 2012 (the "CCAA Order");

- 7) In the event that FLSI shall desire the Regulatory Capital to be dealt with otherwise than in accordance with the CCAA Order, such other dealing shall only be effected by further Order of the Court in the CCAA proceedings, and FLSI shall consult with IIROC Staff and attempt to seek agreement on the terms of such use of the Regulatory Capital before any motion is brought to (i) amend or vary the CCAA Order in that regard or (ii) seek a further Order in that regard;
- 8) Upon completion of the transfer of client accounts, and determination of any claims against FLSI, to the satisfaction of IIROC Staff, IIROC Staff may move, without notice to FLSI, for an order terminating the membership of FLSI; and
- 9) This Order comes into effect **February 24, 2012**.

DATED at Toronto, Ontario, this 24th day of February 2012.

Chair
Ms. Julia Dublin

Ms. Debbie Archer

Mr. David Kerr