**FIN 4203**

**Individual Activities**

**Week 2**

Student Name: SYED ADNAN

Student ID: C0908413

Date: 2024-09-28

You have to visit the website of CIRO or IIROC and study disciplinary actions against two investment dealers.

Please write a one-page summary (facts, analysis, and conclusion) about the one common CIRO or IIROC rule that these two investment dealers had violated and the significance of the rule.

**Facts:** The two investment dealers violated a common rule of CIRO. Both dealers failed to address significant compliance issues identified in past, including 2006 “Strategic Scope” Sales Compliance Review. Despite warnings, the firms neglected to take necessary actions to rectify the issues, leading to continued non – compliance with regulatory standards. In Portus case, the dealers, failed to perform adequate due diligence before entering into referral arrangements with Portus and in the other case the dealer also failed to properly supervise employees and manage compliance issues.

**Analysis:** The compliance review is a critical aspect of CIRO regulations designed to maintain the integrity of the financial system. In both the cases, the failure to remediate past violations resulted in regulatory risks, for example, Acadian Securitas engaged a consultant, John Carson, to review and implement compliance improvements as recommended by IIROC, with ongoing oversight and periodic reviews over the following year, fully funded by Acadian. The same case with Ontario dealers, they violated due diligence and supervision rules by failing to properly vet referral arrangements, which led to the requirements to repay referral fees to clients. This is similar to violation of IIROC rules for inadequate oversight, internal controls and supervision representatives in other compliance failures, as both involve failing to ensure proper supervision and due diligence in client dealings and referral practices.

**Conclusion:** In conclusion, both cases highlight the dealer’s failure to uphold critical compliance standards, specially in terms of due diligence and supervision. May it be through, improper referral arrangements or weak internal oversight, these breaches underscore the importance of robust governance and regulatory adherence to protect clients and maintain integrity of financial markets.