THE FOUR STAGES OF ENFORCEMENT

ONE

DISCOVERY OF POTENTIAL MISCONDUCT

TWN

INVESTIGATION

INTERNAL SOURCES

Information from compliance, surveillance, corporate finance, registrant regulation, exchange oversight, other enforcement cases

CASE ASSESSMENT

CSA members assess nature and seriousness of issue and investigate where appropriate

If evidence suggests no illegal activity, close with no action or send caution letter

EXTERNAL SOURCES

Tips and complaints from public, whistleblower programs, market participants and outside agencies (self-regulatory organizations, exchanges, law enforcement)

LAW ENFORCEMENT AGENCY

Some cases referred to police or integrated teams

REGULATOR INVESTIGATION

Seek orders, if appropriate, to stop illegal activity or freeze assets while investigation is underway

Collect and review evidence and, if warranted, prepare for administrative or criminal enforcement action

SELF-REGULATORY ORGANIZATIONS (SROS)

Some cases referred to SROs (IIROC, MFDA or CSF) if evidence suggests that the conduct violated organization's rules

If not enough evidence for administrative hearing or criminal trial, close with no action or undertake disruptive activity, such as sending caution letter or issuing investor alert

A settlement agreement, including a nocontest settlement, may be concluded at any stage of the enforcement process

THREE

LEGAL PROCEEDINGS

COURT

(Criminal Code offences or provincial securities offences that carry jail time)

Court renders judgment based on trial or guilty plea

*Prosecution by securities regulator depends on jurisdiction

ADMINISTRATIVE TRIBUNAL (provincial securities law violations)

Three-member panel or single member renders decision after hearing

FOUR

SANCTIONS

SENTENCES

- Imprisonment (up to 14 years, depending on the offence)
- Fines
- Restitution
- Criminal record

ADMINISTRATIVE SANCTIONS

- Administrative penalties
- Disgorgement of profits
- Banishment or suspension from capital market activities, or restrictions imposed
- Cease-trade orders or cancellation of transactions



