

Financial Loss Claims Report

In some situations, an investor loses money because of the illegal or improper conduct of a market participant. If the losses resulted from illegal or improper behavior, an investor can make a claim to recover financial losses up to \$250,000.

The Manitoba Securities Commission reviews all complaints and claims and if warranted, conducts an investigation and a hearing to determine whether that person or company should be allowed to continue to sell stocks, bonds, mutual funds or other forms of securities in Manitoba.

A claim can be made in the event that you have suffered a financial loss of up to \$250,000 as a result of one of the following circumstances:

- ▶ **A violation of The Securities Act**

- ▶ **The illegal or improper conduct of a person or company selling securities**

The Manitoba Securities Commission takes personal claims very seriously and if it is determined that a claim for Compensation for Financial Loss can be put forward, the following steps will be taken:

- 1. Commission hearing to determine if misconduct occurred and to request a compensation order if warranted**

- 2. Commission staff will present the claim on behalf of the investor. There is no cost to the investor to file a claim**

- 3. If an order is issued as a result of the hearing it can be filed as a Judgment of the Court of Queen's Bench of Manitoba without the need to file a Statement of Claim**



Financial Loss Claims Report March 31, 2021

| SUMMARY OF CLAIM ACTIVITY | | | |
|------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|
| Status | February 1, 2003 - March 31, 2020 | April 1, 2020 - March 31, 2021 | Total Inception - March 31, 2021 |
| Claims Initiated by MSC | 401 | 0 | 401 |
| Claims initiated by claimant | 21 | 0 | 22 |
| Closed – no claim Filed | 245 | 0 | 245 |
| Claims received | 178 | 0 | 178 |

Since the Financial Loss Compensation legislation was enacted in February 2003, The Manitoba Securities Commission has sent 401 letters to potential claimants advising them of their ability to make a claim. If a claim is not filed with the Commission within one year of a letter being sent to a potential claimant, the file is closed. A further 22 claims have been initiated by claimants who made their application directly to the MSC.

In the past fiscal year, there were no claim forms filed with the Commission.

| SUMMARY OF ACTIVE CLAIMS | |
|--------------------------|----------------------|
| Status | As of March 31, 2021 |
| Approved by Director | 8 |
| Pending | 0 |

As at March 31, 2021 there were eight claims approved by the Director for a hearing.

As at March 31, 2021 there were no pending claims being reviewed to determine if they meet the criteria set out in the legislation to have the claim heard at a Commission hearing. This review may include ongoing investigation into the matter, or gathering of additional information required in order to assess the claim.

| SUMMARY OF CONCLUDED CLAIMS | | | |
|----------------------------------|---------------------------------|-----------------------------------|-------------------------------------|
| Status | Feb. 1, 2003 – Mar. 31, 2020 | April 1, 2020 – March 31, 2021 | Total Inception - March 31, 2021 |
| Settled/No Hearing | 61 | 0 | 61 |
| Comp Ordered - MSC | 45 | 0 | 45 |
| Rejected | 28 | 0 | 28 |
| Restitution Ordered - Prov Court | 10 | 0 | 10 |
| Abandoned | 13 | 0 | 13 |
| Total Concluded | 157 | 0 | 157 |

Since inception, 61 claims have been settled without a hearing being held. 45 Financial Loss Orders have been issued by The Manitoba Securities Commission for a total amount of \$1,105,391.61. In 10 cases, restitution to the clients has been dealt with through the Provincial Court system. 28 claims were rejected by the Director because the claim did not meet the criteria under The Securities Act. 13 claimants abandoned their claims after the claim process had been initiated.

| Legend | |
|------------------------------|--|
| Claim Initiated | Letter to victim informing of ability to file claim under Section 148.2 of <i>The Securities Act</i> . |
| Closed-No Claim Filed | Victim did not file claim with the Commission within one year of receiving notice. |
| Pending | The investigation related to the claim is ongoing, and/or additional information is required to assess claim. |
| Forwarded to Director | Awaiting review by director |
| Approved | Claim approved by Director and will be forwarded to Commission for consideration when a hearing is held. |
| Concluded | The claim file has been closed. |
| ▶ Settled/No Hearing | Claim was settled prior to hearing being held, or it was determined that administrative hearing would not proceed. |
| ▶ Compensation Ordered | Commission issued order for compensation. |
| ▶ Rejected | Claim does not meet the criteria under <i>The Securities Act</i> . |
| ▶ Abandoned by Claimant | Decision by victim not to proceed with claim. |