

3.7 Unauthorized Trading – By-law 29.1

One of the five primary values set out in the Code of Ethics states that “Registrants must conduct themselves with trustworthiness and integrity, and act in an honest and fair manner in all dealings with the public, clients, employers and colleagues.” There is a relationship of trust and confidence that exists between a registrant and client. When a registrant executes trades without the knowledge or consent of his/her client, the registrant has breached his/her ethical obligations to his client.

Considerations in Addition to General Principles	Recommended Sanctions
1. Number of unauthorized trades.	▪ Fine: Minimum fine of \$15,000.
2. Underlying reason for executing unauthorized trades. (eg. for personal financial gain).	▪ Disgorgement of profits.
3. The number of clients affected.	▪ Period of Close and/or Strict supervision.
4. Period of time unauthorized trading took place.	▪ Re-write of CPH.
5. Suitability of unauthorized trades.	▪ Period of suspension (in most egregious cases involving large number of large value trades).
6. Magnitude of client losses, if any.	